

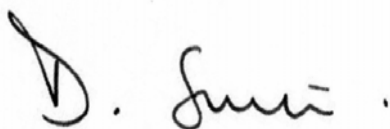
CIVIC CENTRE,
SUNDERLAND
18th February, 2011

TO THE MEMBERS OF SUNDERLAND CITY COUNCIL

YOU ARE SUMMONED TO ATTEND A MEETING of Sunderland City Council to be held in the Council Chamber, Civic Centre, Sunderland, on **WEDNESDAY, 2nd MARCH, 2011** at **2.00 p.m.**, at which it is proposed to consider and transact the following business, viz:-

1. To read the Notice convening the meeting.
2. To approve the minutes of the ordinary meeting of the Council held on 26th January 2011 (copy herewith).
3. Receipt of Declarations of Interest.
4. Announcements (if any) under Rule 2(iv).
5. Apologies.
6. Report of the Cabinet
 - (i) Draft Council Tax Leaflet 2011/2012
 - (ii) Capital Programme 2011/2012 and Treasury Management Policy and Strategy Including Prudential Indicators for 2011/2012 to 2013/2014
 - (iii) Revenue Budget 2011/2012
 - (iv) Determination of Council Tax 2011/2012

(Copy herewith).



CHIEF EXECUTIVE.

Sunderland City Council

At a meeting of SUNDERLAND CITY COUNCIL held in the CIVIC CENTRE on WEDNESDAY, 26TH JANUARY, 2011 at 6.00 p.m.

Present: The Mayor (Councillor T Martin) in the Chair
The Deputy Mayor (Councillor N Wright)

Councillors	Allan	Forbes, D.	O'Connor	Timmins
	Anderson	Forbes, M.	Old	Trueman, D.
	Ball	Foster	Oliver	Trueman, H.
	Bell	Francis	Padgett	Tye
	Blackburn	Gibson, E.	Richardson, D.	Vardy
	Bonallie	Gibson, P.	Richardson, I.	Walker
	Charlton	Gofton	Rolph	Walton, J.
	Copeland	Hall, A.	Scaplehorn	Walton, L.
	Cuthbert	Heron	Scott, J	Watson, P.
	Dixon, M.	Kay	Shattock	Watson, S.
	Dixon, P.	Kelly	Smith, D.	Williams
	Ellis	Macknight	Smith, P.	Wilson, A.
	Emerson	Maddison	Snowdon	Wilson, D.
	Errington	Martin, L.	Speding	Wood
	Essl	Miller	Stewart	Wright, A.
	Fairs	Mordey	Tate	Wright, T.
	Fletcher	Morrissey		

The Notice convening the meeting was read.

Minutes

RESOLVED that the minutes of the last ordinary meeting of the Council held on 24 November, 2010 (copy circulated) be confirmed and signed as a correct record.

Declarations of Interest

The following Councillors declared personal interests in the under mentioned items of business for the reasons respectively indicated:-

Item 7(iii) Report of the Cabinet – Calculation of Council Tax Base	Councillors Anderson, Blackburn, Heron and Tate	Members of Hetton Town Council
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Item 7(iv) – Report of the Cabinet – Revenue Budget Proposals 2011/12	Councillor Allan	Member of Unions involved in Single Status
	Councillors Anderson, Blackburn and H. Trueman	South Tyne and Wear Waste Management Partnership Joint Executive Committee
	Councillor Blackburn	Tyne and Wear Integrated Transport Authority
	Councillor Rolph	Member of LGPS Member of Unison
	Councillor Tate	Member of GMB Chair of Hetton Home Care
Item 7(v) – Report of the Cabinet – Revenue Budget Third Review 2010	Councillors Anderson, Blackburn, Charlton, P. Smith, Speding, P. Watson	Members of GMB (in relation to Single Status)
	Councillor Allan	Member of GMB and Unison (in relation to Single Status and Equal Pay) Governor of Thorney Close Primary School
Item 10 – Notice of Motion – Pupil Premium	Councillor Oliver	Governor of Farrington Community College
	Councillor Wood	Governor of St. Aidan’s School
	The Mayor, Councillor T. Martin	Member of the National Union Of Teachers

Mayor’s Announcements

(i) Mr Colin Anderson Deceased

It was with sadness that the Mayor asked the Council to remember former Councillor Colin Anderson, who had served on the Council between 1972 and 2007 representing the constituents of Central ward. Colin had been Sunderland’s youngest ever Alderman and had served as Leader of the Council from 1999 to 2002.

Members and Officers then joined the Mayor in observing a minute's silence as a mark of respect for Mr Anderson.

Reception of Petitions

RESOLVED that the undermentioned petition, submitted by the Councillor named, be received and referred for consideration in accordance with the Council's Petitions Scheme, to the Chief Officer indicated below:-

- (i) Councillor M. Dixon – petition requesting an extension of the hours of operation of the traffic lights on the A690/A19 roundabout – Executive Director of City Services.

Apologies for Absence

Apologies for absence were submitted to the meeting on behalf of Councillors Chamberlin, G. Hall, Howe, J.B. Scott, Wake and Wakefield.

The Cabinet reported as follows:-

1. Updating the Constitution

That they had given consideration to a report of the Head of Law and Governance (copy circulated) which had proposed amendments to the Constitution in order to transfer those powers which were currently delegated to the Director of Financial Resources under the Constitution to the new Executive Director of Commercial and Corporate Services. The Executive Director was also to be designated as the Chief Finance Officer under Section 151 of the Local Government Act 1972.

Accordingly the Cabinet had recommended the Council to note and endorse the arrangements for the transfer of delegated powers and the position of Chief Finance Officer (Section 151 Local Government Act 1972) set out in the report, to give effect to the Council's revised management structure.

2. Housing and Neighbourhood Renewal Enforcement Policy

That they had given consideration to a report of the Executive Director of Health, Housing and Adult Services (copy circulated) on the statutory requirement to produce, review and publish a service specific enforcement policy and to seek approval for the proposed Housing and Neighbourhood Renewal Enforcement Policy which would act to serve statutory, strategic and operational aims.

The policy had been considered by the Sustainable Communities Scrutiny Committee and there was overwhelming support for it. The Committee was keen to see that all Members were made aware of the policy as it would be

very useful information for Members when dealing with relevant issues in their Wards.

Accordingly the Cabinet had recommended the Council to approve and adopt the Housing and Neighbourhood Renewal Enforcement Policy with immediate effect.

3. Calculation of Council Tax Base

That they had given consideration to a report of the Executive Director of Commercial and Corporate Services (copy circulated) seeking approval to the calculation of the Council Tax Base for 2011/2012 in accordance with the Local Government Finance Act 1992 and had recommended to Council that:-

- (i) the report for the calculation of the Tax Bases for the City Council and Hetton Town Council for 2011/2012 be approved, and
- (ii) pursuant to the report and in accordance with the Local Authorities (Calculation of Tax Base) Regulations 1992, as amended by Local Authorities (Calculation of Council Tax Base) (Amendment) (England) Regulations 2003, the amount calculated by the City of Sunderland Council as its Council Tax Base for the year 2011/2012, shall be £80,167 and for the area of Hetton Town Council shall be £4,017.

4. Revenue Budget Proposals 2011/2012

That they had given consideration to a joint report of the Chief Executive and the Executive Director of Commercial and Corporate Services (copy circulated) noting the impact of the provisional Local Government Finance Settlement on the Budget Planning Framework for 2011/2012 and submitting the provisional budget proposals for 2011/2012 as a basis for the continuation of budget consultation, prior to the receipt of the final Local Government Finance Settlement for 2011/2012.

They had also referred the report to the Management Scrutiny Committee for further advice and consideration. The Committee had urged the Council to maximise the take up of free school meals in order to secure a greater level of Pupil Premium Funding. The Committee also commented that the low council tax base in Sunderland, together with the overall changes in funding impacted greater on the City than the more prosperous areas. The Committee had congratulated Officers on their efforts to minimise the effects of the funding reductions and the additional impact of the front loading of the Formula grant reductions.

Accordingly the Cabinet had recommended the Council to approve the provisional budget proposals, as a basis for the continuation of budget consultation, prior to the receipt of the final Local Government Finance Settlement 2011/2012.

5. Revenue Budget Third Review 2010/2011

That they had given consideration to a report of the Executive Director of Commercial and Corporate Services (copy circulated) on the overall Revenue position following the third review for 2010/2011 including:

- proposed contingency transfers and budget transfers for the third quarter of 2010/2011;
- details of the latest position regarding the impact of the Government review of public spending and the Council's response.

In accordance with the Council's Budget and Policy Framework certain transfers had required Council approval. The following extract referred to those transfers of funds:

'Additional cost containment actions taken to date have enabled in year savings to be achieved in excess of the level of in year grant reductions experienced by £3.467m. In addition savings as a result of interest on investments and rescheduling of debt of £4m are projected for this year. It is proposed that these amounts and any further underspendings from cost containment measures together with underspent contingencies at the end of 2011/2012 are transferred to the strategic investment reserve and earmarked to support transitional costs arising from the 2011/2012 budget setting process.'

They had also referred the extract of the budget transfers to the Management Scrutiny Committee for advice and consideration. The Committee had noted and supported the prudent approach the Council was taking on the proposed contingency transfers and budget transfers for the third quarter of 2010/11.

Accordingly the Cabinet had recommended the Council to approve the budget transfers for the third quarter of 2010/2011 as set in the above extract.

6. Adoption of Schedule 3 of the Local Government (Miscellaneous Provisions) Act 1982

That they had given consideration to a joint report of the Executive Director of Commercial and Corporate Services and Executive Director of City Services (copy circulated) to request that the provisions of Schedule 3 of the Local Government (Miscellaneous Provisions) Act 1982 as amended by Section 27 of the Policing and Crime Act 2009 relating to the regulation of sex establishments be formally adopted.

Accordingly the Cabinet had recommended that the Council resolve that Schedule 3 to the Local Government (Miscellaneous Provisions) Act 1982 (as amended by section 27 of the Policing and Crime Act 2009) in relation to the regulation of sex establishments shall apply to its area and that the Schedule shall come into force on 7 March 2011.

The Leader of the Council, duly seconded by the Deputy Leader of the Council, moved the report of the Cabinet and it was, accordingly:

RESOLVED that the views of the Management Scrutiny Committee be noted and the report of the Cabinet be approved and adopted.

Written Questions under Rule 8.2

Pursuant to Rule 8.2 of the Council Rules of Procedure, Members of the Council asked questions of the Leader and Members of the Executive.

Action Taken on Petitions

The Council received the undermentioned reports on action taken in relation to petitions which had been presented to Council.

(i) Petition (Southwick P.A.C.T) from residents of Southwick Central Area, regarding traffic issues along Faber Road. Presented by Councillor Copeland on 14th June 2010

The Executive Director of City Services had received the petition in relation to this matter on 16th June 2010. Subsequently a review of the planning background and highways issues involved in the redevelopment in the area had been carried out.

The principles of redevelopment had been agreed in the Southwick Masterplan, which was approved at Cabinet on the 18th January 2006. This had established the planning policy and the form of main road layout, and subsequent planning permissions had been granted for phases of the redevelopment. Works to complete the Faber Road improvements were being carried out by Gentoo Construction, and included traffic signals, pedestrian refuges, mini roundabouts and parking bays.

Officers had attended the local residents meetings ("Police and Community Together" programme or "P.A.C.T.") where traffic issues had been a regular point of discussion.

The Executive Director of City Services, in consultation with local ward members and the portfolio holder for Attractive and Inclusive City had considered the findings and recommendations of the review report. It had been concluded that the Faber Road improvements would continue to be implemented as originally intended, and the performance of the route would be monitored and reviewed as part of the ongoing road safety strategy of the area. An additional issue raised by residents regarding misuse of the new children's play park at Beaumont Street would also be monitored.

Councillors Norma Wright, Christine Shattock, Rosalind Copeland and the Lead Petitioner had been notified.

(ii) Petition requesting the installation of traffic calming measures around the Barnes Junior and Infant Schools. Presented by Councillor Allan on 27th January 2010

The Executive Director of City Services had considered the petition and determined that the petitioners' request should be acceded to. A scheme would be implemented in the current financial year to install the traffic calming measures.

Councillor Allan and the lead petitioner had been notified of the Executive Director's decision.

(iii) Petition requesting the withdrawal of relief on business rates granted to the Scientologists based in Fawcett Street because they were not registered with the Charity Commission, therefore should not be treated as a charity, nor are the Scientologists premises registered as a place of worship. The petitioners stated that businesses were struggling to survive and had to pay their rates and most businesses could not afford to operate from such a prime location. They believed this decision was unfair and unacceptable and Sunderland City Council should revoke the decision immediately. Presented by Councillor Morrissey on 24th November 2010

The Executive Director of Commercial and Corporate Services had considered the petition and had responded to the points made in the petition as follows:

- **The Scientologists are not a registered charity, therefore should not be treated as a charity.**

The Church of Scientology Religious Education College Inc. ('CoS') was granted mandatory and discretionary relief from national non-domestic rates ('business rates'), on its property in Fawcett Street, Sunderland. This decision was based upon a judgement as to whether the organisation is established for 'charitable purposes' and not on its status as a registered charity.

During the last four years, officers have considered the application, at length and in depth. Due regard was given to the decision of the Charity Commission to refuse the application of another organisation, the Church of Scientology (England and Wales), for registration as a charity. However, it is important to note, that for the purposes of business rates relief, the ratepayer does not need to be registered with the Charity Commission in order to be eligible for mandatory and/or discretionary rating relief. The ratepayer does, however, have to demonstrate that it is an organisation established for 'charitable purposes' i.e. purposes beneficial to the community. On this point, the Council reviewed the Charity Commission's published guidance to examine the scope of the descriptions of 'charitable purposes' contained within the Charities Act 2006.

Officers carried out enquiries with other Local Authorities, some of whom also grant relief to this organisation, and considered the information submitted by the applicant, legislation, case law, legal advice and also carried out a visit to the property in question. CoS provided the Council with persuasive evidence to demonstrate its assertion that it is an organisation established for charitable purposes and that its use of the premises in Fawcett Street benefited sections of the public in Sunderland. As a consequence of having considered guidance, advice and information, it was concluded on balance that the local organisation should benefit from the relief granted.

The Director has confirmed that any application made for business rates relief would be treated in the same manner and the decision would be reached on the basis of the information available to the Council.

- **The Scientologists premises are not registered as a place of worship.**

Following the receipt of legal advice in the initial stages of the decision making process, the Council did not class Scientology as a religion for the purposes of its application nor did it treat the premises as a place of worship, registered or otherwise.

- **Most businesses cannot afford to operate from such a prime location.**

A number of Charity Shops in Sunderland receive mandatory relief (80%) from national non-domestic rates ('business rates'). These are located throughout the City Centre including Fawcett Street, Blandford Street, High Street and Holmeside.

Small Business Rate Relief is also granted to businesses with a Rateable Value of less than £18,000, which is a measure that was introduced by the former Government and implemented by the present Coalition Government. There are a number of properties that receive Small Business Rate Relief throughout the city centre, including some in Fawcett Street.

The Council seeks to assist small businesses wherever possible.

- **The decision is unfair and unacceptable.**

The Council endeavours to treat all organisations fairly and equitably within the parameters set out in regulations approved by Government. The Council can only make decisions based on the regulations. It is clear that clarification is required from government on the current regulations and legislative change may be required to prevent non-registered charities from benefiting from the relief, if this is its intended policy.

Councillor Morrissey and the Lead Petitioner had been notified.

Notices of Motion

(i) Notice of Motion – Pupil Premium

Councillor Oliver, seconded by Councillor Wood, moved the following motion in relation to the Pupil Premium:-

“This Council welcomes the Pupil Premium and asks that it be put to best use for all pupils in the City.”

The Leader of the Council, seconded by the Deputy Leader, moved an amendment to insert, after the word “premium” the words “,given the savage and ideologically driven cuts inflicted on the children of our City by this Conservative led Government, which means the Dedicated Schools Grant for the City will be over eight million pounds less next year”

Upon being put to the vote the amendment was carried, with 49 Members voting in favour thereof, viz:-

The Mayor (Councillor T Martin) in the Chair
The Deputy Mayor (Councillor N Wright)

Councillors	Allan	Foster	Old	Timmins
	Anderson	Gibson, E.	Padgett	Trueman, D.
	Ball	Gibson, P.	Richardson, D.	Trueman, H.
	Bell	Gofton	Rolph	Tye
	Blackburn	Hall, A.	Scaplehorn	Walker
	Bonallie	Heron	Scott, J	Watson, P.
	Charlton	Kay	Shattock	Watson, S.
	Copeland	Kelly	Smith, P.	Williams
	Emerson	Macknight	Snowdon	Wilson, A.
	Errington	McClennan	Speding	Wilson, D.
	Essl	Miller	Stewart	Wright, T.
	Fletcher	Mordey	Tate	

1 Member abstaining, viz:-

Councillor Oliver

And 16 Members voting against, viz;-

Councillors	Cuthbert	Fairs	Martin, L.	Walton, J.
	Dixon, M.	Forbes, M.	Morrissey	Walton, L.
	Dixon, P.	Francis	Richardson, I.	Wood
	Ellis	Maddison	Vardy	Wright, A.

Upon being put to the vote the new substantive motion was carried with 49 Members voting in favour, viz:-

The Mayor (Councillor T Martin) in the Chair
The Deputy Mayor (Councillor N Wright)

Councillors	Allan	Foster	Old	Timmins
	Anderson	Gibson, E.	Padgett	Trueman, D.
	Ball	Gibson, P.	Richardson, D.	Trueman, H.
	Bell	Gofton	Rolph	Tye
	Blackburn	Hall, A.	Scaplehorn	Walker
	Bonallie	Heron	Scott, J	Watson, P.
	Charlton	Kay	Shattock	Watson, S.
	Copeland	Kelly	Smith, P.	Williams
	Emerson	Macknight	Snowdon	Wilson, A.
	Errington	McClennan	Speding	Wilson, D.
	Essl	Miller	Stewart	Wright, T.
	Fletcher	Mordey	Tate	

And 16 Members voting against, viz:-

Councillors	Cuthbert	Fairs	Martin, L.	Vardy
	Dixon, M.	Forbes, M.	Morrissey	Walton, J.
	Dixon, P.	Francis	Oliver	Wood
	Ellis	Maddison	Richardson, I.	Wright, A.

Accordingly it was:-

RESOLVED that this Council welcomes the pupil premium, given the savage and ideologically driven cuts inflicted on the children of our City by this Conservative led Government, which means the Dedicated Schools Grant for the City will be over eight million pounds less next year and asks that it be put to best use for all pupils in the City

(ii) Notice of Motion – Government Cuts

The Leader of the Council, seconded by Councillor Mordey, moved the following motion in relation to the Government Cuts:-

“This Council deplores the savage and ideologically driven cuts imposed on local government spending announced by the Coalition Government. Furthermore, we act to limit as much as possible the impact of the imposed cuts on the services this Council provides to the people of Sunderland.”

Councillor Bell, seconded by Councillor Gofton, moved that an extension of the time limit for the Leader’s speech be agreed by Council and on being put to the meeting the extension was agreed.

Upon being put to the vote, the motion was carried, with 48 Members voting for, viz:-

The Mayor (Councillor T Martin) in the Chair

The Deputy Mayor (Councillor N Wright)

Councillors	Allan	Fletcher	Padgett	Timmins
	Anderson	Foster	Richardson, D.	Trueman, D.
	Ball	Gibson, E.	Rolph	Trueman, H.
	Bell	Gibson, P.	Scaplehorn	Tye
	Blackburn	Gofton	Scott, J	Walker
	Bonallie	Hall, A.	Shattock	Watson, P.
	Charlton	Heron	Smith, P.	Watson, S.
	Copeland	Kelly	Snowdon	Williams
	Ellis	Macknight	Speding	Wilson, A.
	Emerson	McClennan	Stewart	Wilson, D.
	Errington	Miller	Tate	Wright, T.
	Essl	Mordey		

And 11 Members voting against, viz:-

Councillors	Dixon, M.	Francis	Vardy	Wood
	Dixon, P.	Martin, L.	Walton, L.	Wright, A.
	Forbes, M.	Morrissey	Walton, J.	

Accordingly it was:-

RESOLVED that this Council deplores the savage and ideologically driven cuts imposed on local government spending introduced by the Coalition Government. Furthermore, we will act to limit as much as possible the impact of the imposed cuts on the services this Council provides to the people of Sunderland.

Quarterly Report on Special Urgency Decisions

The Leader of the Council submitted a quarterly report (copy circulated) on executive decisions which had been taken under Rule 16 of the Local Authorities (Executive Arrangements) (Access to Information) (England) Regulations 2000.

(For copy report – see original minutes).

RESOLVED that the report be noted

Appointments to Committees and Outside Bodies – Health and Wellbeing Scrutiny Committee, Children, Young People and Learning Scrutiny Committee, Standards Committee, Sherburn House Charity, the Association of North East Councils and Active Sunderland Board

The Director of Commercial and Corporate Services submitted a report (copy circulated) requesting Council to consider nominations to seats on the Health and Wellbeing Scrutiny Committee, the Children, Young People and Learning Scrutiny

Committee, Standards Committee, Sherburn House Charity, the Association of North East Councils and Active Sunderland Board.

(For copy report – see original minutes)

The Leader of the Council having moved that the recommendations contained in the report be approved and having nominated Councillor Padgett to serve as a replacement Governor to the Sherburn House Charity and Councillor Mordey to serve as a representative on ANEC, it was:-

RESOLVED that:-

- (i) Councillor Morrissey be appointed to the vacancy on the Health and Wellbeing Scrutiny Committee
- (ii) Ms Janice Bell and Ms Hayley Harper be appointed as voting, co-opted members who are parent governors on the Children, Young People and Learning Scrutiny Committee.
- (iii) The existing terms of office for Mr G Cook and Mr J Patterson, as independent members of the Standards Committee be extended until such time as the Council reviews its arrangements in respect of the standards regime, in light of the Coalition Government's proposals.
- (iv) Councillor Padgett be appointed as replacement Governor to the Sherburn House Charity for the remainder of the unexpired term up to 28th August, 2012.
- (v) The appointment of the Leader as a Director of ANEC Limited be noted and Councillor Mordey be appointed as a Member of ANEC.
- (vi) Councillor Blackburn, the Portfolio Holder for Attractive and Inclusive City, be appointed to the Active Sunderland Board.

(Signed) T. MARTIN,
Mayor.

THE CABINET reports as follows:-

That they have referred the initial proposals on these matters to the Management Scrutiny Committee which supported the recommendations set out in the report to the Cabinet dated 17th January 2011.

That they have also subsequently, on 16th February 2011, submitted the attached report numbered 2 to the meeting of the Audit and Governance Committee on 11th February 2011 and also the reports numbered 1, 2 ,3 and 4 to the Management Scrutiny Committee on 17th February 2011.

The Management Scrutiny Committee commented that it appreciated and acknowledged the hard work that the Cabinet and Officers had undertaken in formulating the budget and how the Portfolio Holders had worked together to mitigate the impact of the constraints that the Council has been placed under.

Subsequently the precept figures of the Tyne and Wear Fire and Rescue Authority have been confirmed as those set out in the report to Cabinet on 16th February 2011. The Northumbria Police Authority have notified the Council of their precept figures for 2011/12 however the Band B figure of £65.09 as originally reported has been amended to £65.08. All other banding figures were as reported to Cabinet on 16th February 2011 and this very minor amendment is now reflected in Item 4.

NOTE: Members are requested to bring their copies of the Capital Programme 2011/2012 and Revenue Budget 2011/2012 which have been bound separately.

In relation to the report numbered 2 below entitled “Capital Programme 2011/2012 and Treasury Management Policy and Strategy, Including Prudential Indicators for 2011/2012 to 2013/2014”, Appendix 2 is now included as part of the separately bound document.

In relation to the report numbered 3 below entitled “Revenue Budget 2011/2012”, Appendix D has not been printed with this item, but the recommendation, which includes all of the substantive content of the report, is set out in full at item 4 below.

In relation to the report numbered 3 below entitled “Revenue Budget 2011/2012”, Appendix H is now included as part of the separately bound document.

Copies of the documents can also be viewed on the Council’s website at:-

<http://www.sunderland.gov.uk/committees/CmisWebPublic/Meeting.aspx?meetingID=>

1. Draft Council Tax Leaflet 2011/2012

That they have given consideration to the report relating to the Draft Council Tax Leaflet 2011/2012 document and recommend that the final version be circulated with Council Tax Bills. The latest outline version of the Council Tax Leaflet 2011/2012 will be tabled at the meeting.

2. Capital Programme 2011/2012 and Treasury Management Policy and Strategy, Including Prudential Indicators for 2011/2012 to 2013/2014

That they have given consideration to the attached joint report of the Executive Director of Commercial and Corporate Services and recommend that approval be given to:

- (i) the proposed Capital Programme for 2011/2012;
- (iii) the Annual Treasury Management Policy and Strategy (including specifically the Annual Borrowing and Investment Strategies);
- (iii) the prudential indicators for 2011/2012 to 2013/2014; and
- (iv) the Annual Minimum Revenue Provision Statement for 2011/2012.

The Audit and Governance Committee was consulted specifically on the Treasury Management Strategy and Policy for 2011/2012 and noted the careful and prudent approach adopted by the Council had been maintained for the 2011/2012 strategy.

The Committee received clarification on the potential use of external fund managers and endorsed the criteria which would be applied should they be appointed in the future.

The Committee were satisfied that the arrangements for Treasury Management were in an excellent position for the next and future years, and resolved that the Council be advised accordingly.

3. Revenue Budget 2011/2012

That they have given consideration to the attached joint report of the Chief Executive and the Executive Director of Commercial and Corporate Services on:

- the overall revenue budget position for 2011/2012;
- the projected balances position as at 31st March, 2011 and 31st March, 2012 and advise on their level;
- a risk analysis of the Revenue Budget 2011/2012;
- a summary of the emerging medium term financial position facing the Council from 2012/2013 to 2014/2015;
- views received from the North East Chamber of Commerce and Trade Unions.

They therefore recommend that:

- (i) the Revenue Budget for 2011/2012 be approved; and,
- (ii) that the notes of the meetings with the North East Chamber of Commerce and the Trades Unions be noted.

4. Determination of Council Tax 2011/2012

That they have given consideration to a report of the Executive Director of Commercial and Corporate Services making, subject to the approval of the Revenue Budget 2011/2012, recommendations with respect to Council Tax levels for 2011/2012, and advising that the Council Tax is calculated using the tax bases for the areas of the City Council and Hetton Town Council as approved by Council on 26th January, 2011, and setting out a number of resolutions required to be made to determine the Council Tax, including the confirmed precepts from the Major Precepting Authorities and the Parish of Hetton Town Council.

They therefore recommend that:

- (i) it be noted that, at its meeting on 26th January, 2011, the Council approved the following amounts for the year 2011/2012 in accordance with regulations made under Section 33 (5) of the Local Government Finance Act 1992:
 - (a) £80,167 being the amount calculated by the Council, in accordance with Regulation 3 of the Local Authorities (Calculation of Council Tax Base) Regulations 1992, as its Council Tax Base for the year;
 - (b) £4,017 being the amount calculated by the Council, in accordance with Regulation 6 of the Regulations, as the amount of its Council Tax Base for the year for dwellings in the area of the Parish of Hetton Town Council.
- (ii) the following amounts be now calculated by the Council for the year 2011/2012 in accordance with Sections 32 to 36 of the Local Government and Finance Act 1992:
 - (a) £744,664,552 being the aggregate of the amounts which the Council estimates for the items set out in Section 32 (2) (a) to (e) of the Act.
 - (b) £490,935,200 being the aggregate of the amounts which the Council estimates for the items set out in Section 32 (3) (a) to (c) of the Act.

- (c) £253,729,352 being the amount by which the aggregate at (ii)(a) above, exceeds the aggregate at (ii)(b) above calculated by the Council, in accordance with Section 32 (4) of the Act, as its budget requirement for the year.
- (d) £158,601,834 being the aggregate of the sums which the Council estimates will be payable for the year into its General Fund in respect of redistributed Non-Domestic Rates, Revenue Support Grant, and the amount of the sum which the Council has estimated will be transferred from its Collection Fund to its General Fund in accordance with Section 97(3) of the Local Government Finance Act 1988 (Council Tax Surplus).
- (e) £1,186.6169 being the amount at (ii)(c) above, less the amount at (ii)(d) above, all divided by the amount at (i)(a) above, calculated by the Council, in accordance with Section 33 (1) of the Act, as the basic amount of its Council Tax for the year.
- (f) £52,663 being the precept notified by Hetton Town Council as a special item under Section 34 (1) of the Act.
- (g) £1,185.9600 being the amount at (ii)(e) above less the result given by dividing the amount at (ii)(f) above by the amount at (i)(a) above, calculated by the Council, in accordance with Section 34 (2) of the Act, as the basic amount of its Council Tax for the year for dwellings in those parts of its area to which no special item relates.
- (h) £1,199.0700 being the amount given by adding to the amount at (ii)(g) above, the amount (ii)(f) divided by the amount at (i)(b) above, calculated by the Council in accordance with Section 34 (3) of the Act as the basic amounts of its Council Tax for the year for dwellings in the area of the Parish of Hetton Town Council.

Parts of the Council's Area

(i)	Valuation Bands	Hetton Town Council	All other parts of the Council's area
	A	£ 799.38	£ 790.64
	B	£ 932.61	£ 922.41
	C	£1,065.84	£1,054.19
	D	£1,199.07	£1,185.96
	E	£1,465.53	£1,449.51
	F	£1,731.99	£1,713.05
	G	£1,998.45	£1,976.60
	H	£2,398.14	£2,371.92

being the amounts given by multiplying the amounts at (ii)(g) and (ii)(h) above, by the number which, in proportion set out in Section 5(1) of the Act, is applicable to dwellings listed in a particular valuation band divided by the number which in that proportion is applicable to dwellings listed in valuation band D, calculated by the Council, in accordance with Section 36(1) of the Act, as the amounts to be taken into account for the year in respect of categories of dwellings listed in different valuation bands.

- (iii) it be noted that for the year 2011/2012, the Tyne and Wear Fire and Rescue Authority and the Northumbria Police Authority have confirmed the following amounts in precepts issued to the Council, in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of dwellings as follows:

Precepting Authority

Valuation Bands	Northumbria Police Authority	Tyne & Wear Fire and Rescue Authority
A	£55.79	£48.77
B	£65.08	£56.90
C	£74.38	£65.03
D	£83.68	£73.16
E	£102.28	£89.42
F	£120.87	£105.68
G	£139.47	£121.93
H	£167.36	£146.32

- (iv) having calculated the aggregate in each case of the amounts of (ii)(i) and (iii) above, and having received confirmation of the precept in paragraph (iii), the Council, in accordance with Section 30 (2) of the Local Government Finance Act 1992, hereby sets the following amounts as the amounts of Council Tax for the year 2010/2011 for each of the categories of dwellings shown below:

Parts of the Council's Area

Valuation Bands	Hetton Town Council	All other parts of the Council's Area
A	£903.94	£895.20
B	£1,054.59	£1,044.39
C	£1,205.25	£1,193.60
D	£1,355.91	£1,342.80
E	£1,657.23	£1,641.21
F	£1,958.54	£1,939.60
G	£2,259.85	£2,238.00
H	£2,711.82	£2,685.60

Draft Council Tax Leaflet 2011/2012

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

1.0 Purpose of the Report

1.1 This report submits for consideration the draft Council Tax Leaflet for 2011/2012.

2.0 Description of Decision

2.1 Cabinet is requested to consider the contents of the draft Council Tax Leaflet and, subject to the inclusion of financial and other information once the Revenue Budget has been set, ask Council to approve it.

3.0 Background

3.1 The Local Government Finance Act 1992 requires all Local Authorities to produce a Summary of Financial Information to accompany the annual Council Tax bill.

3.2 Since approval at a Cabinet meeting in December 2003, the format of the Council Tax Leaflet to accompany the Council Tax Bill has been adapted to provide information on the progress the council is making in relation to its priorities and the council's finances. It was agreed that the chosen format represented a more effective and cost efficient method of communicating with local people and its circulation with the Council Tax bill was seen as an example of best practice.

3.3 A more detailed account of the council's performance in 2010/2011 and Budget information will be outlined in the Corporate Improvement Plan 2011/2012 and Revenue Budget 2011/2012, which are to be the subject of separate reports to Cabinet.

4.0 Proposal

4.1 The draft Council Tax Leaflet for 2011/2012 has been structured to reflect the Strategic Priorities of the Sunderland Strategy 2008-2025, a format that was identified as best practice by the Audit Commission and is comparable to the structure of previous years. The document focuses on demonstrable service improvements and developments that are planned to take place in 2011/2012 (and, as was the case last year, an Annual Report will be produced in the Summer which will communicate the council's achievements during 2010/2011 – this will be the subject of a further report to Cabinet in due course). The document takes account of the Communities and Local Government requirements regarding the inclusion of efficiencies information within Council Tax bills.

4.2 The document is in essence a summary of performance and financial information designed to be multi-purpose in that it can be posted to households, made available at public reception points and also be available on the council's website.

4.3 It is not possible to include the financial information and all of the related other performance information at this time. This will be incorporated into the document following Council approval at its Budget meeting in March 2011. Owing to the constraints of the production schedule a full copy of the document will not therefore be available for Cabinet prior to final printing taking place. The latest outline version of the document will be tabled at the meeting. Final sign off will be undertaken by the Leader of the Council in conjunction with the Chief Executive and the Executive Director of Commercial and Corporate Services.

5.0 Reasons for Decision

5.1 The Local Government Finance Act 1992 requires Local Authorities to produce a Summary of Financial Information to accompany the annual Council Tax bill.

6.0 Alternative Options

6.1 As the Local Government Act Finance Act 1992 requires local authorities to produce a Summary of Financial Information to accompany the annual Council Tax bill, no alternative options have been considered.

7.0 Financial Implications

7.1 The costs for printing and distributing the Summary of Financial Information 2011/2012 are provided for within the council's base budget.

Background Papers

Service Level Assessment Guide 2011/2012
Service Level Assessment Templates 2011/2012

Cabinet - 16th February 2011

Capital Programme 2011/2012 and Treasury Management Policy and Strategy 2011/2012, including Prudential Indicators for 2011/2012 to 2013/2014.

Report of the Executive Director of Commercial and Corporate Services

1. Purpose of the Report

- 1.1 To update Cabinet on the level of capital resources and commitments for the forthcoming financial year and seek a recommendation to Council to the overall Capital Programme 2011/2012 and the Treasury Management Policy and Strategy (including both borrowing and investment strategies) for 2011/2012 and to set the Prudential Indicators for 2011/2012 to 2013/2014.

2. Description of Decision

Cabinet is requested to recommend to Council approval of:

- the proposed Capital Programme for 2011/2012;
- the Annual Treasury Management Policy and Strategy (including specifically the Annual Borrowing and Investment Strategies);
- the prudential indicators for 2011/2012 to 2013/2014;
- the Annual Minimum Revenue Provision Statement for 2011/2012.

3. Capital Programme 2011/2012

General

- 3.1 The proposed Capital Programme for 2011/2012 totals £76.228 million and reflects ongoing capital scheme commitments from previous years of £39.392 million, slippage of £10.800 million from 2010/2011 and new starts of £26.036 million. The details of the full Capital Programme for 2011/2012 are included as Appendix 2 and the proposed new starts are set out in Appendix 1 which the rest of this section of the report covers in more detail.

Resources Available for new Starts

Resources - Grants

- 3.2 As reported to Cabinet in January 2011 resources have been allocated for the main programme areas of Children's Services, Adult Services, Highways, and Housing on the basis of their specific government funding approvals and other service specific resources. The table below details new Government Grants announced for 2011/2012 onwards.

	2011-12 £000s	2012-13 £000s	2013-14 £000s provisional	2014-15 £000s provisional
Highways Capital Maintenance	2,804	2,919	2,877	2,768
Highways Integrated Transport	2,008	2,141	2,141	3,011
Total Transport	4,812	5,060	5,018	5,779
Education Capital Maintenance	3,979			
Education Basic Need	3,308			
Total Education*	7,287			
Department of Health	829	845		
Total Government Grants	12,928	5,905	5,018	5,779

*In addition the Department for Education has announced funding of £2.051m for which schools will have direct responsibility.

The above table shows significantly reduced grants of over 50% compared to previous years, which have been considered in drafting of proposals for future years capital programmes submitted by Directorates. The Council is still awaiting details of future years grant funding in a number of areas such as Major Transport Schemes and an indicative allocation of £1.097m for 2011/2012 and £0.845m for 2012/2013 has been received in respect of Disabled Facilities Grants.

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

Resources – Capital Receipts

- 3.3 Due to the effects of the economic downturn and the fact that the housing market is still depressed, economic recovery is expected to continue to be slow. As a result, very few capital receipts have been, or are anticipated to be received in 2010/2011 or in 2011/2012.

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

Resources – Other

- 3.4 To support the Other Services Block new starts an assessment has been made of the capital programme and a range of potential sources of funding including:
- Revenue Budget and potential Savings;
 - Reallocation of existing reserves.

After reviewing the above and taking into account capital commitments, resources available to support new starts at this stage total £4.470 million for 2011/2012 and £2.570 million for 2012/2013.

In addition there are a number of projects which are eligible for funding through prudential borrowing on either an 'invest to save' basis or in order to enable strategic priorities of the Council to proceed. The proposed revenue budget includes prudent provision for capital financing charges that may arise from an additional £10.057 million of prudential borrowing in 2011/2012 and £11.700 million in 2012/2013. The revenue budget is framed to enable such levels to be affordable and sustainable into future years.

Detailed Proposals for New Starts and Capital Programme 2011/2012

- 3.5 Since the January 2011 Cabinet meeting, consultation with the appropriate Cabinet Portfolio Holders has been undertaken on the proposals to utilise the resources available for new starts. Account was taken of the priorities set out in the Sunderland Economic Masterplan and also the outcome of budget consultations. Details of proposed new capital projects are detailed in Appendix 1. The recommended Capital Programme is included in full as Appendix 2 to this report.

Further Reports

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

4. Prudential Framework and Code

- 4.1 One of the principal features of the Local Government Act 2003 was to provide the primary legislative framework to introduce a prudential regime for the control of Local Authority capital expenditure. The regime relies upon both secondary legislation in the form of regulations, and a prudential code issued and maintained by the Chartered Institute of Public Finance and Accountancy (CIPFA). The Prudential Code was reported to Council in March 2004.
- 4.2 Under the prudential framework local authorities are free to borrow without specific government consent if they can afford to service the debt without extra government support. The basic principle is that authorities are free to invest as long as their capital spending plans are affordable, sustainable and prudent. This allows the Council the freedom to manage and control its capital programme and how it is financed. The key elements of control and management of capital finance are through:
- capital expenditure plans – the Council's Capital Programme;
 - external debt - how the Council proposes to fund its Capital Programme;
 - treasury management – the management of the Council's investments, cash flows, banking, money market and capital market transactions, the effective control of risks associated with those activities and the pursuit of optimum performance consistent with those risks.
- 4.3 All authorities must follow the prudential code published by CIPFA. This involves setting various prudential limits and indicators that must be approved by the Council before the start of the relevant financial year as part of their budget setting process. The prudential and treasury management indicators have been prepared for the financial year 2011/2012, taking into account all matters specified in the code. Regular monitoring will take place during the year and reports made to Cabinet to show the council's performance and compliance with these indicators as part of the quarterly capital review reports as appropriate.
- 4.4 All of the indicators together with background information to these indicators and what they are seeking to assess, are detailed in Appendix 3 in full compliance with the code.
- 4.5 In addition regulations came into force on 31st March 2008 revoking secondary legislation to make a Minimum Revenue Provision (MRP) charge to the revenue account for the repayment of debt associated with expenditure incurred on capital assets. The legislation was replaced with a new duty for local authorities to set, each year, an amount of MRP it considers prudent. It also recommends that an annual statement of its policy on making a MRP in respect of the following financial year is submitted to full Council for approval.
- 4.6 The recommended Minimum Revenue Provision Statement for 2011/2012 for the Council is set out in Section 6.11 a) to d) of Appendix 4.

5. Treasury Management

- 5.1 Treasury management is defined as “the management of the local authority's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.”

5.2 Statutory requirements

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

The Department of Communities and Local Government issued revised investment guidance which came into effect from 1 April 2010. There are no major changes required over and above the arrangements that the Council already has in place and were included in the revised CIPFA Treasury Management Code of Practice 2009 that the Council fully adheres to.

5.3 CIPFA requirements

The Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management (revised November 2009) was adopted by this Council on 3rd March 2010.

The primary requirements of the Code are as follows:

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

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

2. The Council will receive reports on treasury management policies, practices and activities, including, as a minimum, an annual strategy and plan in advance of the year, a mid-year review and an annual report after its close, in the form prescribed in its TMP's.
3. The Council delegates responsibility for the implementation and regular monitoring of its treasury management policies and practices to Cabinet, and for the execution and administration of treasury management decisions to the Executive Director of Commercial and Corporate Services, who acts in accordance with the organisation's Policy Statement, TMPs and CIPFA's Standard of Professional Practice on Treasury Management.
4. The Council has previously nominated the Audit and Governance Committee to be responsible for ensuring effective scrutiny of the treasury management strategy and policies.

5.4 Treasury Management Strategy for 2011/2012

5.4.1 The Treasury Management Strategy comprises a Borrowing and an Investment Strategy. These set out the Council's policies for managing its borrowing and investments and for giving priority to the security and liquidity of investments.

5.4.2 There are no major changes being proposed to the overall Treasury Management Strategy in 2011/2012 which maintains the careful and prudent approach adopted by the Council in

previous years. Particular areas that inform the strategy include the extent of potential borrowing included in the Council's capital programme, the availability of borrowing, and the current and forecast global and UK economic position, in particular forecasts relating to interest rates and security of investments.

- 5.4.3 The proposed Treasury Management Strategy Statement for 2011/2012 is set out in Appendix 6 and is based upon the views of the Executive Director of Commercial and Corporate Services, supplemented with market data, market information and leading market forecasts provided by the Council's treasury adviser, Sector Treasury Services.
- 5.4.4 The strategy is subject to regular review to ensure compliance to the agreed treasury management strategy and that the strategy adapts to changing financial markets as appropriate. It is pleasing to note that the Council's current average rate of borrowing at 3.35% is low in comparison with other local authorities whilst the current rate earned on investments at 1.49% is higher than the benchmark rate. In addition debt rescheduling undertaken by the Council has achieved significant savings in interest charges and discounts and these interest savings have been secured for many years to come. For example, since November 2008 the Council has rescheduled debt worth £59.5 million with an ongoing reduction in interest costs of just under £1.0 million per annum. Market conditions are under constant review so that the Council can take a view on the optimum time to carry out further borrowing or debt rescheduling.

6. **Suggested Reason for Decision**

- 6.1 To comply with statutory requirements.

7. **Alternative Options**

- 7.1 No alternatives are submitted for Cabinet consideration

Background Papers

Various Notifications regarding Capital Resources for 2011/2012

Sector City Watch (Monthly)

Local Government Act 2003

The Prudential Code for Capital Finance in Local Authorities

Treasury Management in the Public Services Code of Practice and Cross-Sectoral Guidance Notes (Fully Revised Second Edition 2009)

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

Capital Programme 2011/2012 – New Starts

1.0 Children’s Services Capital Proposals 2011/2012

1.1 The Secretary of State for Education, Michael Gove announced details of schools capital funding for 2011/2012 as part of the Local Government Finance Settlement on 13th December 2010.

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

	2010/2011 Original Allocation £'000	2010/2011 Revised June Allocation £'000	2011/2012 Allocation £'000
Education – LA Block			
Primary Capital Grant	6,470	6,470	0
Modernisation	2,923	2,923	0
Capital Maintenance	0	0	3,979
Extended Schools	256	117	0
Basic Need	865	865	3,308
Schools Access Initiative	513	513	0
Harnessing Technology	1,042	519	0
	12,069	11,407	7,287
Schools Block			
Local Authority Devolved Formula Capital (Standards Fund)	4,076	4,076	770
Local Authority Voluntary Aided Devolved Formula Capital (Standards Fund)	1,068	1,068	222
Local Authority Co-ordinated Voluntary Aided Programme	1,371	1,371	1,059
	6,515	6,515	2,051
Other			
Children’s Social Care	50	50	0
Youth Capital Fund Grant	174	87	0
Sure Start, Early Years and Childcare Grant	1,050	1,050	0
	1,274	1,187	0
All Capital Approvals	19,858	19,109	9,338

1.2 Proposals for Children’s Services Capital Programme New Starts 2011/2012

1.2.1 In 2011/12 Sunderland City Council will be allocated £3.308 million in Basic Need funding and £3.979 million for Capital Maintenance.

1.2.2 Education Capital has been severely reduced with a 60% reduction nationally compared to 2010/11 funding levels (largely due to the demise of Building Schools for the Future). The allocation has been provided for 2011/12 only, pending the outcome of the James Review commissioned by the Coalition Government and due to report later this year.

1.2.3 Basic Need (BN) funding will provide new school places where needed and must cover the needs of maintained and voluntary aided (VA) schools. There is no requirement for new places in community schools (or academies) at present given continuing levels of surplus places but the Council will need to discuss a pro-rata share of this funding with the Dioceses and

potentially Academy Trusts. As neither BN or Capital Maintenance funds are ring fenced it is proposed to treat both allocations as a single sum to address urgent maintenance priorities in secondary non-BSF schools and primary schools.

- 1.2.4 The Asset Management Plan identifies significant levels of capital maintenance necessary. This work includes the replacement of life-expired boiler plant, water systems, infrastructure, roofing and windows. The estimated cost for Priority 1 work in secondary schools is £2.838 million and in primary schools this is £2.833 million.
- 1.2.5 The priority for Children's Services is health and safety, keeping buildings wind and watertight, and thereby avoiding school closures. A contingency sum is therefore also required to address the numerous ad-hoc situations that arise in schools year on year.
- 1.2.6 The Council also has statutory responsibilities in relation to Health and Safety in schools which must be funded through capital maintenance budgets. It is proposed to undertake a comprehensive programme in 2011/2012 in relation to legionella prevention.
- 1.2.7 For a number of years Children's Services has relied upon temporary borrowing in lieu of capital receipts to support investment in new school builds. This is not sustainable moving forward and £1.000 million is to be repaid from 2011/2012 funding allocations with £0.250 million allocated on an ongoing basis until repayments have been made (pending further government announcements concerning future capital allocations).
- 1.2.8 In addition Devolved Formula Capital grant, allocated to schools, will reduce by 75% in 2011/12. A typical secondary school will now receive approximately £25,000 with a typical primary school receiving around £6,000 - £7,000 per year to address maintenance priorities or to upgrade ICT stock.

2.0 Highways Capital Proposals 2011/2012

2.1 The table below details new Government Grants announced by the Department for Transport for 2011/2012 onwards.

	2010-11 £000s	2011-12 £000s	2012-13 £000s	2013-14 £000s provisional	2014-15 £000s provisional
Highways Capital Maintenance	4,729	2,804	2,919	2,877	2,768
Highways Integrated Transport	2,658	2,008	2,141	2,141	3,011
Maintenance – Named Bridges	243				
Total Transport	7,630	4,812	5,060	5,018	5,779

2.1.1 The total allocations represent a reduction of 37% on the revised 2010/2011 allocations (43% reduction on the original 2010/2011 allocations). The reduction is greater than for other Tyne and Wear authorities as in 2010/2011 Sunderland received an additional 'dampening' allocation to ensure that grant received was not less than 75% of the grant received in the previous year. This 'dampening' has ended in 2011/2012.

2.2 Proposals for Highways Capital Programme New Starts 2011/2012

2.2.1 Both the Highways Capital Maintenance and Integrated Transport funding blocks are calculated through a needs-based formula and in Metropolitan Areas will now be allocated to the Integrated Transport Authority (ITA) in that area. It is up to the ITA to distribute funds to constituent authorities in their area. At its meeting on 27th January 2011 the Tyne and Wear ITA ratified that the distribution of funds to the Tyne and Wear districts would be distributed by the same allocation methods used in previous years.

Whilst the LTP funding source is not ring fenced should the Council decide to use funding for non-transport capital schemes, then future years allocations from Tyne and Wear ITA may be at risk.

2.2.2 The proposed capital programme for future years, including ongoing commitments, will support the following priorities

To support economic development and regeneration by:-

- maintaining our highways including the completion works to Penshaw Bridge and undertaking works to Lambton Interchange Bridge (A195)
- managing congestion

To address climate change by:-

- promoting sustainable travel, including the introduction of a parking management scheme at the Royal Hospital
- providing low carbon vehicle infrastructure by completing the installation of electric vehicle charging points in public car parks

To support safe and sustainable communities by:-

- improving road safety, including the introduction of the initial 20 mph zone in residential streets
- improving access

Appendix 1

Capital Scheme	£000s
Ongoing commitments	2,859
Supporting Economic Development and Regeneration	167
Supporting Safe and Sustainable Communities	1,786
	4,812

3.0 Health, Housing and Adult Services Capital Proposals 2011/2012

- 3.1 In 2010/2011 the Council received £0.429 million for Adult Services. Under new arrangements that consolidate various funding streams, capital grant funding from the Department of Health (DoH) has been maintained nationally at 2010/2011 levels and will rise in line with inflation. Councils will receive DoH capital grant on the basis of social care Relative Needs Formula, rather than the bidding process for various grants that has been used in the past. The allocation to Sunderland is £0.829 million in 2011/2012 and £0.845 million in 2012/2013 and should be used to support three key areas which comprise of personalisation, reform and efficiency.
- 3.2 Housing funding in previous years has been made available through the Single Housing Investment Plan (SHIP) provided by the Regional Housing Board. The Council received £1.687 million in 2010/2011 however notification has been received of the cessation of the regional pot for SHIP funding from 2011/2012. The Department for Communities and Local Government announced in the Spending Review that they will protect their element of Disabled Facilities Grant funding, while removing the ring fence. Further details of the grant award to Sunderland are awaited, although nationally the allocation has increased from £1.688 billion in 2010/2011 to £1.800 billion in 2011/2012.
- 3.3 **Proposals for Health, Housing and Adult Services Capital Programme New Starts 2011/2012**

The following projects are proposed for inclusion in the 2011/2012 capital programme:

3.3.1 Housing**Disabled Facilities Grant**

It is proposed that Disabled Facilities Grants scheme is continued in 2011/2012 and funded through the a specific government grant of £1.097 million (indicative allocation), a Council contribution of £0.570 million, a Directorate revenue contribution of £0.301 million, a contribution from Registered Social Landlords of £0.130 million and DoH funding of £0.300 million (indicative allocation) amounting to a total new programme of £2.398 million.

Housing Renovation Loans Scheme

The Loans Scheme has in previous years been funded from SHIP resources. This funding stream has now ceased and in order to continue the scheme the regional partnership will be submitting a bid to the Regional Growth Scheme via 5 Lamps (the scheme administrators). Should the bid be successful the Council will need to make a financial contribution of £0.100 million per annum for 3 years.

3.3.2 Adult Services**Refurbishment Works**

Annually the Directorate reviews all establishments including those occupied by clients and a schedule of refurbishment works totalling £0.312 million has been identified to ensure that they are maintained at an acceptable level. This includes a contribution towards the relocation of Sunderland Carers Centre to premises within Thompson Park and an existing commitment for works to the café at Herrington Park which once complete will become a social enterprise providing a place of employment for clients with learning disabilities.

IT Schemes

An allocation of £0.044 million is proposed to support various IT schedules of work that are required, following consultations, to ensure that current systems support the modernisation agenda.

Extra Care

It is proposed £0.540 million is allocated towards extra care, allowing the council to contribute towards enabling the provision of housing solutions for older households in the city. It will enable the provision of more reablement opportunities, maximising referrals into appropriate self contained accommodation and supporting independent living for longer with the provision of care and support tailored to the needs of the individual.

Summary of Capital Proposals

	Department of Health £'000	B/Fwd Directorate Resources £'000	TOTAL £'000
Housing Renovation Loans Scheme	17	83	100
Refurbishment Works	312		312
IT Schemes		44	44
Extra Care	500	40	540
	829	167	996

4.0 **Other Services Capital New Start Proposals 2011/2012**

The following new projects are proposed for inclusion in the 2011/2012 capital programme:

4.1 **Economic Development Block Provision – £0.800 million**

The proposal seeks to continue the policy of providing funding for a range of capital projects and job creation and retention initiatives that support economic development and regeneration objectives in the city in accordance with the Economic Masterplan. The fund provides a resource to deal with unforeseen demands on both the revenue and capital budgets, and covers both strategic investments in infrastructure and facilities for business and direct support to business growth and investment activities, particularly where new job creation will result.

4.2 **City Centre ‘Quick Wins’ (including Fawcett Street Public realm) £1.000 million**

It is proposed to continue the programme commenced in 2009 to demonstrate the Council's commitment to the City Centre and to support businesses during the economic downturn. Programme of support includes Street Scene Improvements; Festivals and Events; Marketing and Promotion; and business support measures.

Following the quick wins street scene project and market square public realm in the City Centre further works to Fawcett Street will deliver the next phase of investment in the city centre public realm.

4.3 **Advanced Site Works £2.000 million (£1.000 million in 2011/2012 and in 2012/2013)**

This is works to a key strategic site in the Economic Master Plan to support economic development and regeneration.

4.4 **Spatial Retail Work £0.120 million**

It is recommended that a contingency is established to procure specialist retail advice to assist the Council to consider planning developments to aid effective decision making.

4.5 **World Heritage Site Public Realm £1.700 million (£0.250 million in 2011/2012 and 2012/2013, and £0.400 million, per annum in 2013/2014 to 2015/2016)**

As part of the bid to secure World Heritage Status for St Peter's Church, this funding will deliver the landscape vision that supports the nomination document. The Council has made a commitment in the management plan to carry out public realm works on this site. Overall expenditure details are subject to review.

4.6 **Network Upgrade £0.030 million**

The last major upgrade of the corporate network was undertaken in 2005. The devices that were installed 5 years ago are coming to the end of their life and require replacing to ensure the corporate network continues to be protected for power failures.

4.7 **Telephony Upgrade £0.077 million**

The current digital telephone system (Avaya VOIP) was installed in 2006 and support for the system will be removed by the supplier in 2011. There is a requirement to upgrade the telephony system which will provide additional functionality and support smarter working. The total cost for the telephony system upgrade will be £0.200 million with £0.123 million available from existing budgets.

4.8 **Strategic Acquisitions £4.000 million**

The physical regeneration of the City is dependent upon the ability of the Council to intervene in the market and where necessary to assemble strategically important parcels of

land that can contribute to the delivery of regeneration projects. It is proposed that a sum of £4.000 million is allocated to fund land acquisitions in accordance with the Council's policy and with the aims and objectives of the Economic Masterplan. Proposals for acquisition will be brought forward in accordance with the requirements of the Council's policy.

4.9 **Highways Maintenance £0.300 million**

It is proposed that funding is allocated to carry out work needed to address structural damage caused to highways following the severe winter conditions. The supplementary budget requested assumes no one-off funding will be available from central government.

4.10 **Capital Contingencies**

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

- 'invest to save' schemes to support property rationalisation, smarter working and other process improvements that will help to deliver the efficiency savings required to further the business transformation agenda
- major IT infrastructure projects such as working with partners on a £40m Regional Growth Fund bid to deliver superfast broadband citywide
- other major regeneration and transport capital works within the City that will support the five Aims of the Sunderland Economic Masterplan

Prudential and Treasury Indicators 2011/2012 to 2013/2014

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

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

- P1 Actual capital expenditure incurred in 2009/2010 was £99.921 million and the estimates of capital expenditure to be incurred for the current and future years that are recommended for approval are:

	2010/11	2011/12	2012/13	2013/14
	£'000	£'000	£'000	£'000
A Estimated Capital Expenditure	70.298	76.228	29.437	14.324

An estimate has been made of future spend on the basis of indicative grants approved for 2011/2012 onwards. The profile of expenditure will be updated in the quarterly capital reviews to Cabinet as further projects are approved.

- P2 Estimates of the ratio of financing costs to net revenue stream for the current and future years, and the actual figures for 2009/2010 are:

Ratio of financing costs to net revenue stream				
2009/2010	2010/2011	2011/2012	2012/2013	2013/2014
Actual	Estimate	Estimate	Estimate	Estimate
5.74%	6.01%	7.86%	9.42%	9.70%

The estimates of financing costs include current commitments and the proposals in the revenue budget and capital programme reports. The forecasts show an increase in anticipated ratios of financing costs to net revenue stream in future years as a result of forecast reductions in future years Formula Grant allocations and additional prudential borrowing proposed in the capital programme.

The indicators also show an increase reflecting the fact that significant amounts of expenditure are planned to be financed from earmarked reserves which will lead to investment levels reducing over time and due to forecasted low levels of interest rates as a result of the economic downturn, the end of which is uncertain. It should be noted that the ratios will vary depending on the interest rate obtained on investments and the level of investments available. If there is, for example, slippage in the use of prudential borrowing to fund the capital programme then the ratios shown in the table above will decrease, whilst any reduction in the interest

rate obtained on investments, beyond that estimated, will lead to an increase in the reported ratios.

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

- P3 Estimates of the end of year Capital Financing Requirement for the Council for the current and future years and the actual Capital Financing Requirement at 31st March 2010 are:

Capital Financing Requirement				
31/03/10	31/03/11	31/03/12	31/03/13	31/03/14
£000	£000	£000	£000	£000
Actual	Estimate	Estimate	Estimate	Estimate
238,563	241,771	266,660	273,981	277,283

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

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

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

The Authority had no difficulty meeting this requirement in 2009/2010, nor are there any difficulties envisaged for the current or future years. This view takes into account current commitments, existing plans, and the proposals in this report and the report elsewhere on today's agenda on the Revenue Budget and Proposed Council Tax 2011/2012.

The Council's net borrowing at 31st March 2010 was £12.591 million and as noted in Prudential Indicator P7 the Council's actual external borrowing was £178.273 million. This variation between actual and net borrowing

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reflects the cash flow position of the authority and balances held in earmarked reserves. The gap will reduce over time as earmarked reserves are used to fund specific projects as planned.

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

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

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

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

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

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

	Authorised Limit for External Debt			
	2010/2011	2011/2012	2012/2013	2013/2014
	£000	£000	£000	£000
Borrowing	323,990	331,539	340,096	347,623
Other long term liabilities	91,558	50,860	48,710	46,515
Total	415,548	382,399	388,806	394,138

The Executive Director of Commercial and Corporate Services reports that these authorised limits are consistent with the Authority's current commitments, existing plans and the proposals in this report for capital expenditure and financing, and with its approved treasury management policy statement and practices. The Executive Director of Commercial and

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

In taking its decisions on the Revenue Budget and Capital Programme for 2011/2012, the Council is asked to note that the authorised limit determined for 2011/2012, (see P5 above), will be the statutory limit determined under section 3(1) of the Local Government Act 2003.

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

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

	Operational Boundary for External Debt			
	2010/11	2011/12	2012/13	2013/14
	£000	£000	£000	£000
Borrowing	235,743	261,603	276,335	291,258
Other long term liabilities	91,558	50,860	48,710	46,515
Total	327,301	312,463	325,045	337,773

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- P7 The Council's actual external debt at 31st March 2010 was £178.273 million.

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

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

<u>For Band D Council Tax</u>		
2011/2012	2012/2013	2012/2013
£5.24	£24.87	£39.45

The estimates show the net revenue effect of all capital expenditure from all schemes commencing in 2011/2012 and the following two financial years. The impact on the Band D Council Tax detailed above takes account of estimated government grant funding through General Grants.

These forward estimates are not fixed and do not commit the Council. They are based on the Council's existing commitments, current plans and the capital plans detailed in this report. The cumulative effect of full year debt charges will have an additional impact of £39.53 in 2013/2014. There are no known significant variations beyond the above timeframe that would result from past events and decisions or the proposals in the budget report.

- P9 The Council is also required to indicate if it has adopted the CIPFA Code of Practice on Treasury Management. This original 2001 Code was adopted on 20th November 2002 by full Council and the revised Code was adopted on 3rd March 2010.

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

- (a) capital expenditure plans are affordable;
- (b) all external borrowing and other long term liabilities are within prudent and sustainable levels;
- (c) treasury management decisions are taken in accordance with professional good practice;

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

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

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

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

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

CIPFA Treasury Management in the Public Services Code of Practice - Indicators 2011/2012 to 2013/2014

- P10 It is recommended that the Council sets an upper limit on its fixed interest rate exposures of £105 million in 2011/2012, £125 million in 2012/2013 and £145 million in 2013/2014.
- P11 It is further recommended that the Council sets an upper limit on its variable interest rate exposures of £60 million in 2011/2012, £60 million in 2012/2013 and £50 million in 2013/2014.
- P12 It is recommended that the Council sets upper and lower limits for the maturity structure of its borrowings as follows:

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

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

- P13 A maximum maturity limit of £100 million is set for each financial year (2011/2012, 2012/2013 and 2013/2014) for long term investments, (those over 364 days), made by the authority. This gives additional flexibility to the Council in undertaking its Treasury Management function. Should the Council appoint any external fund managers during the year, these limits will be apportioned accordingly. The type of investments to be allowed are detailed in the Annual Investment Strategy (Appendix 6).

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At present the Council has £0.836 million of long-term investments. This is £0.816 million for the value of share capital held in NIAL Holdings PLC. This equates to a 9.41% share in Newcastle International Airport. The Council also holds £0.020 million in government securities, other shares and unit trusts.

Minimum Revenue Provision Policy Statement 2011/2012

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

- 6.1 Provision for the repayment of debt is considered to be prudent where the period of repayment is either reasonably commensurate with that over which the capital expenditure to which it relates provides benefits, or in the case of borrowing supported by government Revenue Support Grant, reasonably commensurate with the period implicit in the determination of that grant. The major proportion of the MRP for 2011/12 will relate to the supported historic debt liability.
- 6.2 The four options for calculating MRP which were set out in the guidance can be summarised as follows:
 - Option 1 – Regulatory Method: applying the statutory formula set out in the 2003 Regulations before it was revoked in 2008.
 - Option 2 – Capital Financing Requirement (CFR) Method: multiplying the CFR at the end of the preceding financial year by 4%.
 - Option 3 – Asset Life Method: amortising expenditure over an estimated useful life for the relevant assets created. An assessment must be made of the asset life at the outset of the capital scheme and MRP is charged to revenue in either equal annual instalments or by an annuity method over the estimated life of the asset. The MRP charge will commence in the financial year following the one in which the asset comes into service.
 - Option 4 – Depreciation Method: making charges to revenue in accordance with the standard rules for depreciation accounting for the particular asset being created or enhanced.
- 6.4 Estimated life periods will be determined under delegated powers. As some types of capital expenditure incurred by the Council are not capable of being related to an individual asset, such as IT infrastructure, asset lives will be assessed on a basis which most reasonably reflects the anticipated period of benefit that arises from the expenditure. Also, whatever type of expenditure is involved, it will be grouped together in a manner which reflects the nature of the main component of expenditure and will only be divided up in cases where there are two or more major components with substantially different useful economic lives. The Council also reserves the right to determine useful life periods and prudent MRP in exceptional circumstances where the recommendations of the guidance would not be appropriate.
- 6.5 For 2011/2012, having considered all of the options available to the Council, it is proposed that the Council use Option 1 (the Regulatory Method) for government supported borrowing. This is a continuation of the

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

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

- 6.6 Neither of the two options recommended for future borrowing, for which no government support is being given and is therefore self-financed (options 3 and 4), reflect existing Council policy to accelerate debt repayments on unsupported borrowing through an increased voluntary MRP. The depreciation method for calculating MRP is also subject to volatility when asset lives are reassessed as part of the revaluation process.
- 6.7 The Council currently follows the criteria set out below for all unsupported borrowing and provides an increased voluntary MRP:
- In the case of invest to save schemes MRP is based on the payback period for any borrowing taken out up to a maximum of 7 years (this requirement is relaxed where unsupported borrowing is taken out on behalf of trading services and areas which are subject to market pressures to ensure that these services would not be put at an unfair disadvantage in comparison to any potential competitors);
 - In cases where a full option appraisal shows borrowing to offer better value for money than leasing, MRP is based on the payment period that would have arisen had a lease been taken out instead of a loan;
 - In the case of any form of grants for capital purposes that have been given in earlier years and any new grants given for which borrowing is taken out, MRP is based on the actual principal repayment schedule relating to the grant provided. This option is used for existing loans provided to Wearside College, mortgages provided in earlier years to householders under Right to Buy regulations, and loans to industry to support economic regeneration:

In the all other cases where unsupported borrowing is used to finance capital schemes then the option 3 asset life method of determining MRP is used.

- 6.8 Given budget pressures, it is proposed that opportunities for utilising the prudential framework be restricted to a level where provision has been made within the revenue budget and where the expenditure will either be used to support the Council's key priorities in terms of regeneration plans and strategic priorities, to fund invest to save schemes, or to support asset purchases where option appraisal of funding through borrowing instead of leasing is appropriate. The revenue budget is framed to enable such levels to be affordable and sustainable into future years.
- 6.9 For the purposes of the proposed regulations Option 3 is recommended for self-financed borrowing as this method is subject to less potential variation

than Option 4. It is also recommended to continue existing practice so that an additional voluntary MRP repayment will be made using the criteria detailed in 6.7 above.

- 6.10 In addition, revised accountancy guidelines to comply with IFRS have been introduced for the financial year 2010/2011. The new standards have the effect of reclassifying operational leases, finance leases and PFI contracts and require these assets to be brought onto the Council's balance sheet. It is recommended that the MRP policy for 2011/2012 ensures that there will be no impact on council taxpayers from revisions to accounting standards and that the amount of MRP to be made will be set to ensure that the finance charge and MRP for finance leases and on-balance sheet PFI schemes is equal to the rental or service charge payable in the income and expenditure account for the year, which writes down the balance sheet liability of those assets i.e. the annual MRP charge will be an amount equal to the amount that has been taken to the balance sheet to reduce the liability for that asset.
- 6.11 In summary, it is recommended that the Council approves the following Annual Minimum Revenue Provision Statement 2011/2012:
- a) For all government supported borrowing the Council will adopt Option 1 as set out in the government guidance which is a continuation of the basis upon which the Council currently calculates MRP.
 - b) For all unsupported borrowing the Council will adopt Option 3 and make MRP repayments using the equal instalment method with the estimated useful life of an asset being assessed by the Executive Director of Commercial and Corporate Services in consultation with appropriate officers.
 - c) For MRP payments in relation to finance leases and PFI contracts previously held off-balance sheet but now included on-balance sheet to comply with IFRS requirements, the amount of MRP to be made will be set to ensure that the finance charge and MRP for finance leases and on-balance sheet PFI schemes is equal to the rental or service charge payable in the income and expenditure account for the year, which writes down the balance sheet liability of those assets.
 - d) The Council will make additional voluntary MRP payments to that indicated by the adoption of Option 3, with reference to the Council's framework detailed in 6.7 above where this is considered to be both prudent and affordable. This requirement may be relaxed by the Executive Director of Commercial and Corporate Services where appropriate, in particular for any unsupported borrowing taken out on behalf of trading services, which are subject to market pressures.

Treasury Management Policy Statement

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

- The Council defines its treasury management activities as: The management of the Council's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks".
- The Council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation.
- The Council acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable comprehensive performance measurement techniques, within the context of effective risk management.

The Council needs to re-affirm its commitment to the above Treasury Management Policy Statement each year.

Treasury Management Strategy Statement for 2011/2012

1. Introduction

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

The suggested strategy for 2011/2012 is set out below and is based upon the Executive Director of Commercial and Corporate Services views on interest rates, supplemented with leading market forecasts and other financial data available and advice provided by the Council's treasury adviser, Sector Treasury Services.

- 1.2 The treasury management strategy covers:

A. Borrowing Policy and Strategy

- treasury limits for 2011/2012 to 2013/2014
- the past and current treasury management position
- the borrowing requirement 2011/2012
- prudential and treasury management Indicators for 2011/12 to 2013/14
- prospects for interest rates
- the borrowing strategy
- policy on borrowing in advance of need
- debt rescheduling

B. Annual Investment Policy and Strategy

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

2. Borrowing Policy and Strategy

2.1 Treasury Limits for 2011/12 to 2013/14

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

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

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

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

2.2 The Past and Current Treasury Management Position

2.2.1 Interest Rates 2010/2011

Interest rates were fairly static with only small variations during the current financial year, until the government, on 20th October 2010, following the Chancellor's announcement of the Spending Review, instructed the PWLB to increase the average interest rate on all new loans by an average of 1.00% above the Government's cost of borrowing. This unexpected change at the time saw an overall increase in all PWLB rates going forward of 0.87% making borrowing from this source both less affordable and less attractive. The table below shows that the largest movement in rates was short term borrowing up to one year of 0.82% and by approximately 0.5% on all other maturity periods. Rates increased because of the government's actions but there has been a slow fall in interest rates since. This trend is starting to reverse but no significant movements are anticipated for the next financial year. This position will be carefully monitored however.

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Loan Type	31 st March 2010 %	31 st December 2010 %	Difference %
7 Day Notice	0.30	0.40	0.10
1 Month	0.42	0.45	0.03
PWLB – 1 Year	0.83	1.65	0.82
5 Year	2.89	3.33	0.44
10 Years	4.19	4.58	0.39
25 Years	4.67	5.23	0.56
50 Years	4.70	5.16	0.46

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

2.2.2 Long Term Borrowing 2010/2011

The Treasury Management Policy and Strategy Statement for 2010/2011 included a benchmark rate of 4.5% for all long-term borrowing.

The Council's strategy for 2010/2011 is to adopt a pragmatic approach and to respond to any changing circumstances to seek to secure benefit for the Council. In response to the Government's increase in PWLB rates across all PWLB loan periods, the Council's benchmark rate for long-term borrowing was increased to 5.5% for the remainder of 2010/2011.

So far in 2010/2011 £30.50 million of long term borrowing has been undertaken at an average rate of 3.31% (£26.5m in respect of debt rescheduling carried out in earlier years, £3.5m for approved prudential borrowing and £0.5m in respect of a specific loan taken out on behalf of Beamish Museum), details of the new loans are shown below. It is pleasing to report that the replacement borrowing was made before the government unexpectedly and immediately increased borrowing rates by on average 1% across all loan duration periods on 20th October 2010, the date of the Spending Review.

Long Term PWLB Borrowing 2010/2011						
Date	Amount £m	Period (Years)	Rate %	Benchmark Rate %	Margin %	Loan Type
11/05/10	0.50	15	3.65	4.50	0.85	EIP*
25/05/10	10.00	4	1.99	4.50	2.51	Maturity
25/05/10	5.00	50	4.29	4.50	0.21	Maturity
27/07/10	5.00	11	3.75	4.50	1.25	Maturity
27/07/10	5.00	12	3.87	4.50	1.13	Maturity
01/09/10	5.00	50	3.96	4.50	0.54	Maturity
	30.50		3.31			
* This loan was taken on behalf of Beamish Museum and is an Equal Instalment of Principal (EIP) loan						

The Council also has nine market, Lender's Option / Borrower's Option (LOBO's), loans totalling £39.5 million. The lender has the option to alter the rate on these loans at set intervals and the Council can either accept the new rate or repay the loan without penalty. If interest rates begin to rise the council will need to consider the potential to have to replace these loans. The following table shows the LOBO's that were subject to a

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potential rollover in this financial year but have not been replaced as the option was not exercised.

<u>Roll Over Dates</u>	<u>Lender</u>	<u>Amount £m</u>	<u>Rate %</u>	<u>Roll Over Periods</u>
23/04/2010 and 23/10/2010	Barclays	5.0	4.50	Every 6 months (Variable Rate)
14/08/2010	Barclays	5.0	4.45	Every 3 years (Fixed Rate)
Total		10.0		

2.2.3 Current Portfolio Position

The Council's treasury portfolio position at 31st December 2010 comprised:

		Principal (£m)	Total (£m)	Average Rate (%)
Borrowing				
Fixed Rate Funding	PWLB	138.0		
	Market (LOBO's)	34.5		
	Other	0.4	172.9	3.86
Variable Rate Funding	PWLB	0.0		
	Market (LOBO's)	5.0		
	Temporary/			
	Other	31.1	36.1	0.92
Total Borrowing			209.0	3.35
Total Investments	In House		214.1	1.49
Net Position			(5.1)	

The Council currently has a difference between gross debt and net debt of £5.1 million, however this position is expected to change over the next few years as the Council has to manage its finances with significantly less government grant in both capital and revenue funding which could impact in the form of increased borrowing and possible temporary reductions to reserves, with the result that total borrowing could then exceed investments.

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

Benefits of having a high level of investments are;

- liquidity risk – having a large amount of investments means that the Council is at less of a risk should money markets become restricted

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or borrowing less generally available, this mitigates against liquidity risk;

- interest is received on investments which helps the Council to address its Strategic Priorities;
- the Council has greater freedom in the timing of its borrowing as it can afford to wait until the timing is right rather than be subject to the need to borrow at a time when interest rates are not advantageous.

Risks associated with holding a high level of investments are;

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

The Council has mitigated these risks by formulating its Treasury Management Policy that incorporates both a Borrowing Strategy and an Annual Investment Strategy and has also taken prudent action to redeem debt early by temporarily using investments to the benefit of the Council and saving on interest charges when opportunities have arisen.

2.3 Borrowing Requirement 2011/2012

The Council's borrowing requirement is as follows:

		2011/12 £m	2012/13 £m	2013/14 £m
1.	Capital Borrowing (potential)	47.7	15.0	15.0
2.	Replacement borrowing (PWLB)	0.0	5.0	5.0
3.	Replacement borrowing (Market)	0.0	0.0	0.0
4.	Market LOBO replacement (potential)	19.5	20.0	10.0
TOTAL – KNOWN (2+3)		0.0	5.0	5.0
TOTAL – POTENTIAL (1+4)		67.2	35.0	25.0

2.4 Prudential and Treasury Management Indicators for 2011/12 – 2013/14

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

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

2.5 Prospects for Interest Rates

The Council's treasury advisors are Sector Treasury Services and part of their service is to assist the Council to formulate a view on interest

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rates. A number of current City forecasts for short term (Bank Rate) and longer fixed interest rates are set out in Annex A. The following gives the Sector Treasury Services Bank Rate forecast for the next 4 financial year ends (March).

- 2010/2011 0.50%
- 2011/2012 1.00%
- 2012/2013 2.25%
- 2013/2014 3.25%

There is a downside risk to these forecasts especially if recovery from the recession proves to be weaker and slower than currently expected and a short term upside risk should inflation pressures increase. A detailed view of the current economic background is contained within Annex B to this report.

2.6 Borrowing Strategy

2.6.1 Borrowing rates

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

	Mar-11	Jun-11	Sep-11	Dec-11	Mar-12	Mar-13	Mar-14
Bank rate	0.50%	0.50%	0.50%	0.75%	1.00%	2.25%	3.25%
5yrPW IB rate	3.30%	3.30%	3.40%	3.50%	3.60%	4.30%	5.00%
10yrPW IB rate	4.40%	4.40%	4.40%	4.50%	4.70%	5.10%	5.40%
25yrPW IB rate	5.20%	5.20%	5.20%	5.30%	5.30%	5.50%	5.70%
50yrPW IB rate	5.20%	5.20%	5.20%	5.30%	5.30%	5.50%	5.70%

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

The main sensitivities of the forecast are likely to be;

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

The Council officers, in conjunction with the Council's treasury advisers, will monitor both the prevailing interest rates and the market forecasts.

With long-term interest rate forecasts set to remain around their current levels the Executive Director of Commercial and Corporate Services, taking into account the advice of the Council's treasury adviser considers a benchmark financing rate of 5.50% for any further long-term borrowing for 2010/2011 to be appropriate.

Consideration will be given to various options, including utilising some investment balances to fund the borrowing requirement in 2011/2012. The need to adapt to changing circumstances and revisions to profiling of capital expenditure is required, and flexibility needs to be retained to adapt to any changes that may occur.

The Executive Director of Commercial and Corporate Services, taking advice from the Council's treasury advisers will continue to monitor rates closely, and whilst implementing the borrowing strategy, will adopt a pragmatic approach in identifying the low points in the interest rate cycle at which to borrow.

2.7 Policy on borrowing in advance of need

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

In determining whether borrowing will be undertaken in advance of need the Council will: -

- ensure that there is a clear link between the capital programme and maturity profile of the existing debt portfolio which supports the need to take funding in advance of need;
- ensure the ongoing revenue liabilities created, and the implications for the future plans and budgets have been fully considered;
- evaluate the economic and market factors that might influence the manner and timing of any decision to borrow;
- consider the merits of alternative forms of funding;
- consider alternative interest forecasts available and the most appropriate periods and repayment profiles to use;
- consider the impact of borrowing in advance on temporarily (until required to finance capital expenditure) increasing investment cash balances and the consequent increase in exposure to counterparty risk, and other risks, and the level of such risks given the controls in place to minimise them.

2.8 Debt Rescheduling

The reasons for any rescheduling of debt will include:

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

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

The latest interest rate projections for 2011/2012 show short term borrowing rates will be considerably cheaper than longer term rates and as such there may be potential for some opportunities to generate savings by switching from long term debt to short-term debt. However, these savings will need to be considered in the light of the size of premiums incurred, their short term nature, and the likely cost of refinancing those short term loans, once they mature, compared to the current rates of longer term debt in the existing debt portfolio.

The Council is keeping a watching brief on market conditions in order to secure further debt rescheduling when, and if, appropriate opportunities arise. The timing of all borrowing and investment decisions inevitably includes an element of risk, as those decisions are based upon expectations of future interest rates. The policy to date has been very firmly one of risk spread and this prudent policy will be continued.

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

3. Annual Investment Policy and Strategy

3.1 Investment Policy and Objectives

When considering its investment policy and objectives, the Council has taken regard to the Department of Communities and Local Government's (DCLG) Guidance on Local Government Investments ("the Guidance") and the 2009 revised CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes ("the CIPFA TM Code").

The Council's investment objectives are: -

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

The Council also aims to achieve the optimum return on its investments but commensurate with proper levels of security and liquidity. The risk

appetite of the Council is regarded as low in order to give priority to security of its investments.

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

3.2 Investment Strategy

This Strategy sets out:

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

3.3 Investment Types

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

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

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

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

3.4 Investments Defined as Capital Expenditure

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

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

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

3.5 Investment Limits

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

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

A maximum limit of £100 million is to be set for in-house non-specified investments over 364 days up to a maximum period of 2 years. This amount has been calculated by reference to the Council's cash flows, including the potential use of earmarked reserves. The Executive Director of Commercial and Corporate Services will monitor long-term investment rates and identify any investment opportunities if market conditions change.

3.6 Provisions for Credit Related Losses

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

3.7 Creditworthiness policy

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

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

by any of the 3 rating agencies, the lowest rating will be used to determine the level of investment.

3.8 Monitoring of Credit Ratings

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

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

3.9 Past Performance and Current Position

During 2010/2011 the Council did not employ any external fund managers, all funds being managed by the in-house team. The performance of the fund by the in-house team is shown below and compares this with the relevant benchmarks and performance from the previous year:

	2009/10 Return %	2009/10 Benchmark %	2010/11 Return %	2010/11 Benchmark %
			Year to date	Year to date
Council	1.91	0.36	1.49	0.34

During 2010/2011 the Council will continue to review the optimum arrangements for the investment of its funds whilst fully observing the investment strategy in place.

3.10 Outlook and Proposed Investment Strategy

Based on its cash flow forecasts, the Council anticipates its fund balances in 2011/2012 are likely to range between £150 million and £300 million. This represents a cautious approach and provides for funding being

received in excess of the level budgeted for, and also for unexpected and unplanned levels of capital underspending in the year or reprofiling of spend into future years. In 2011/2012, with short-term interest rates forecast to be materially below long-term rates, it is possible that some investment balances may be used to fund some long-term borrowing or used for debt rescheduling. Such funding is wholly dependent upon market conditions and will be assessed and reported to Cabinet if and when the appropriate conditions arise.

The Council is not committed to any investments, which are due to commence in 2011/2012, (i.e. it has not agreed any forward deals).

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

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

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

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

At the end of the financial year, the Council will report on its investment activity as part of its Annual Treasury Report.

3.11 External fund managers

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

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

- The institutions on the Approved Lending list of the external manager must correspond to those agreed with Sunderland City Council (i.e. only institutions on Sunderland City Council's Approved Lending List to be included as shown in Annex D);
- they will be allowed to invest in term deposits, Certificates of Deposit (CD's) and government gilt securities;

- An investment limit of £3 million per institution (per manager);
- A maximum limit of 50% fund exposure to government gilts;
- A maximum proportion of the fund invested in instruments carrying rates of interest for periods longer than 364 days shall not exceed 50%. Again, it is proposed to only recommend the use of fixed term deposits up to a maximum of 2 years.

3.12 Policy on the use of external service providers

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

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

4. Scheme of delegation

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

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

Area of Responsibility	Council/ Committee/ Officer	Frequency
Treasury Management Policy Statement (revised)	Full Council	Adoption of the new code for 2010/2011 and then as required
Treasury Management Strategy / Annual Investment Strategy	Full Council	Annually before the start of the year
Treasury Management Strategy / Annual Investment Strategy – mid year report	Full Council	Mid year
Treasury Management Strategy / Annual Investment Strategy –updates or revisions at other times	Full Council	As appropriate

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Area of Responsibility	Council/ Committee/ Officer	Frequency
Annual Treasury Management Outturn Report	Full Council	Annually by 30/9 after the end of the financial year
Treasury Management Monitoring Reports	Executive Director of Commercial and Corporate Services	Monthly
Treasury Management Practices	Executive Director of Commercial and Corporate Services	Annually
Scrutiny of Treasury Management Strategy	Cabinet / Audit and Governance Committee	Annually before Full Council
Scrutiny of Treasury Management Performance	Cabinet / Audit and Governance Committee	Quarterly

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

5.1 The Executive Director of Corporate Services is the Council's Section 151 Officer and has specific delegated responsibility in the Council's Constitution to manage the borrowing, financing, and investment requirements of the Council in accordance with the Treasury Management Policy agreed by the Council. This includes;

- recommending clauses, treasury management policy/practices for approval, reviewing the same regularly, and monitoring compliance
- submitting regular treasury management policy reports
- submitting budgets and budget variations
- receiving and reviewing management information reports
- reviewing the performance of the treasury management function
- ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function
- ensuring the adequacy of internal audit, and liaising with external audit
- recommending the appointment of external service providers.

5.2 **Balanced Budget Requirement**

It is a statutory requirement under Section 33 of the Local Government Finance Act 1992, for the Council to produce a balanced budget. In particular, Section 32 requires a local authority to calculate its budget requirement for each financial year to include the revenue costs that flow from capital financing decisions. This, therefore, means that increases in capital expenditure must be limited to a level whereby increases in charges to revenue from: -

- increases in interest charges caused by increased borrowing to finance additional capital expenditure, and
 - any increases in running costs from new capital projects,
- are limited to a level which is affordable within the projected income of the Council for the foreseeable future. Increased debt charges that are forecast to arise from the Council's Capital Programme meet the above balanced budget requirement.

ANNEX A

Interest Rate Forecasts

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

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

1. Individual Forecasts**Sector:**

Interest rate forecast – 6.1.11

	Mar-11	Jun-11	Sep-11	Dec-11	Mar-12	Jun-12	Sep-12	Dec-12	Mar-13	Jun-13	Sep-13	Dec-13	Mar-14
Bank rate	0.50%	0.50%	0.50%	0.75%	1.00%	1.25%	1.50%	1.75%	2.25%	2.75%	3.00%	3.25%	3.25%
3 month LIBID	0.60%	0.70%	0.80%	1.00%	1.25%	1.50%	1.75%	2.00%	2.50%	3.00%	3.25%	3.50%	3.50%
6 month LIBID	0.90%	1.00%	1.10%	1.20%	1.50%	1.80%	2.10%	2.40%	2.80%	3.20%	3.50%	3.80%	4.00%
12 month LIBID	1.40%	1.50%	1.60%	1.80%	2.10%	2.40%	2.70%	3.00%	3.20%	3.40%	3.65%	4.00%	4.20%
5yr PWLB rate	3.30%	3.30%	3.40%	3.50%	3.60%	3.80%	3.90%	4.10%	4.30%	4.60%	4.80%	4.90%	5.00%
10yr PWLB rate	4.40%	4.40%	4.40%	4.50%	4.70%	4.80%	4.90%	5.00%	5.10%	5.20%	5.30%	5.40%	5.40%
25yr PWLB rate	5.20%	5.20%	5.20%	5.30%	5.30%	5.40%	5.40%	5.40%	5.50%	5.50%	5.60%	5.70%	5.70%
50yr PWLB rate	5.20%	5.20%	5.20%	5.30%	5.30%	5.40%	5.40%	5.40%	5.50%	5.50%	5.60%	5.70%	5.70%

Capital Economics:

Interest rate forecast – 12.1.11

	Mar-11	Jun-11	Sep-11	Dec-11	Mar-12	Jun-12	Sep-12	Dec-12	Mar-13	Jun-13	Sep-13	Dec-13
Bank Rate	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.75%	1.00%	1.50%	2.00%
5yr PWLB rate	3.20%	3.20%	3.00%	2.75%	2.75%	2.90%	3.00%	3.20%	3.40%	3.60%	3.90%	4.20%
10yr PWLB rate	4.75%	4.75%	4.25%	3.75%	3.75%	3.75%	3.75%	3.75%	3.90%	4.00%	4.30%	4.60%
25yr PWLB rate	5.25%	5.25%	4.85%	4.65%	4.65%	4.65%	4.65%	4.65%	4.75%	4.85%	5.10%	5.30%
50yr PWLB rate	5.30%	5.30%	5.20%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.10%	5.20%	5.30%

UBS:

Interest rate forecast (for quarter ends) – 6.1.11

	Mar-11	Jun-11	Sep-11	Dec-11	Mar-12	Jun-12	Sep-12	Dec-12
Bank rate	0.50%	0.50%	0.75%	1.00%	1.25%	1.50%	1.75%	2.00%
10yr PWLB rate	4.30%	4.40%	4.50%	4.60%	4.70%	4.80%	4.90%	5.00%
25yr PWLB rate	5.25%	5.30%	5.35%	5.40%	5.45%	5.50%	5.55%	5.60%
50yr PWLB rate	5.35%	5.40%	5.45%	5.50%	5.55%	5.60%	5.65%	5.70%

2. Survey of Economic Forecasts**HM Treasury January 2011**

The current Q4 2010 and 2011 forecasts are based on the January 2011 report. Forecasts for 2010 – 2014 are based on 32 forecasts in the last quarterly forecast – in November 2010.

BANK RATE FORECASTS	quarter ended			annual average Bank Rate			
	actual	Q4 2011		ave. 2011	ave. 2012	ave. 2013	ave. 2014
Median	0.50%	1.00%		0.90%	1.60%	2.40%	3.00%
Highest	0.50%	1.60%		2.10%	3.10%	3.60%	4.50%
Lowest	0.50%	0.50%		0.50%	0.50%	0.60%	1.20%

Economic Background

1.1 Global economy

The economic downturn that began following the global credit crunch of August 2007 has continued into 2011. The sovereign debt crisis peaked in May 2010 prompted by major concerns over the size of the Greek government's total debt and annual deficit. Any default or write down of Greek debt would have a substantial impact on other countries, in particular, Portugal, Spain and Ireland. This crisis culminated in the EU and IMF putting together a €750bn support package in mid May. A second crisis, this time over Ireland in November 2010, culminated in Ireland also having to take EU support. There is a concern that Portugal will also shortly need to take EU support. That, in turn, would then cause further major concerns as to whether the current size of the support package facility put together by the EU and IMF would be big enough to cope with any crisis involving another major economy.

The unexpectedly high rate of growth in quarters 2 and 3 of 2010 in the UK and the Euro zone in Q2 were driven by strong growth in the construction sector catching up from inclement weather earlier in the year and by other short term factors. General expectations are for low (but not negative) growth in 2011 in the western economies.

1.2 UK economy

Following the general election in May 2010, the coalition government has put in place austerity measures to carry out a 'correction' of the public sector deficit over the next five years. The result of fiscal contraction will be major job losses during this period, in particular, in public sector services. This will have a knock-on effect on consumer and business confidence and appears to have also hit the housing market as house prices started on a negative trend during the summer and autumn of 2010. Mortgage approvals are also at very weak levels and are declining, all of which indicates that the housing market is likely to be very weak in 2011.

Economic Growth – GDP growth is likely to have peaked in the current period of recovery at 1.2% in quarter 2 of 2010. Growth in quarter 3 at +0.7% was also unexpectedly high. However, the outlook is for low growth in 2011/2012 although the Bank of England and the Office for Budget Responsibility are forecasting near trend growth (2.5%) i.e. above what most forecasters are currently expecting.

Unemployment – the trend of falling unemployment (on the benefit claimant count) has been replaced since July 2010 with small increases which are likely to be the start of a new trend for some years ahead of rising unemployment.

Inflation and Bank Rate – CPI has remained high during 2010. It peaked at 3.7% in April gradually declined to 3.1% in September but has now returned to the level of 3.7% in December (RPI 4.7%). Although inflation has remained above the MPC's 2% target, the MPC is confident that inflation will fall back under the target over the next two years.

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The Bank of England finished its programme of quantitative easing (QE) with a total of £200bn in November 2009. However, expectations that there could be a second round of quantitative easing in early 2011, to help support economic growth, have evaporated after the surprises of the Q3 GDP figure of +0.7% and the outcome of the November Inflation Report revising the forecast for short-term inflation sharply upwards.

Sector's view is that there is unlikely to be any increase in the Bank Base Rate until the end of 2011.

AAA rating – prior to the general election, credit rating agencies had issued repeated warnings that unless there was a major fiscal contraction, then the AAA sovereign rating was at significant risk of being downgraded. Sterling was also under major pressure during the first half of the year. However, after the Chancellor's Emergency Budget on 22nd June 2010, Sterling strengthened against the US dollar and confidence has returned that the UK will retain its AAA rating. In addition, international investors now view UK government gilts as being a safe haven from EU government debt. The consequent increase in demand for gilts helped to add downward pressure on gilt yields and PwLB rates.

1.3 Economic Forecast

It is currently difficult to have confidence as to exactly how strong the UK economic recovery is likely to be, and there are a range of views in the market. Sector Treasury Services has adopted a moderate view. There are huge uncertainties in all forecasts due to the major difficulties of forecasting the following areas:

- the speed of economic recovery in our major trading partners - the US and EU
- the danger of a currency war and a resort to protectionism and tariff barriers if China does not address the issue of its huge trade surplus due to its undervalued currency
- the degree to which government austerity programmes will dampen economic growth and undermine consumer confidence
- changes in the consumer savings ratio
- the speed of rebalancing of the UK economy towards exporting and substituting imports
- the potential for more quantitative easing, and the timing of this in both the UK and US, and its subsequent reversal
- the speed of recovery of banks' profitability and balance sheet imbalances and the consequent implications for the availability of credit to borrowers
- the potential for a major EU sovereign debt crisis which could have a significant impact on financial markets and the global and UK economy

The overall balance of risks is weighted to the downside and there is some risk of a double dip recession, creating a downward spiral of falling demand, falling jobs and falling prices, although this is currently viewed as being a small risk. Sector believes that the longer run trend is for gilt yields

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ANNEX B

and PWLB rates to rise due to the high volume of gilt issuance in the UK, and the high volume of debt issuance in other major western countries.

Lending List Criteria

ANNEXC

Counterparty Criteria

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

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

Fitch / S&P's Long Term Rating	Fitch Short Term Rating	S&P's Short Term Rating	Moody's Long Term Rating	Moody's Short Term Rating	<u>Maximum Deposit</u> £m	<u>Maximum Duration</u>
AAA	F1+	A1+	Aaa	P-1	50	2 Years
AA+	F1+	A1+	Aa1	P-1	50	2 Years
AA	F1+	A1+	Aa2	P-1	40	364 days
AA-	F1+ / F1	A1+ / A-1	Aa3	P-1	20	364 days
A+	F1	A-1	A1	P-1	10	364 days
A	F1 / F2	A-1 / A-2	A2	P-1 / P-2	10	364 days
A-	F1 / F2	A-2	A3	P-1 / P-2	5	6 months
Local Authorities (limit for each local authority)					30	364 Days
Money Market Funds Maximum amount to be invested in Money Market Funds is £50 million with a maximum of £30 million in any one fund.					50	2 Years

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

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

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

Country Limit

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

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

Country	Limit £m
UK	300
Non UK	40

Sector Limit

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

Sector	Limit £m
Central Government	300
Local Government	300
UK Banks	300
UK Building Societies	150
Foreign Banks	40

Group Limit

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

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

Proposed group limits are set out in Annex D

Appendix 6

Approved Lending List

ANNEX D

	Fitch				Moody's			Standard & Poor's		Limit £m	Max Deposit Period
	L Term	S Term	Individual	Support	L Term	S Term	Fin Strength	L Term	S Term		
UK	AAA	F1+			Aaa			AAA		300	364 days
Lloyds Banking Group (see Note 1)										Group Limit 50	
Lloyds Banking Group plc	AA-	F1+	C	1	Aa3	-	-	A	A-1	50	364 days
Lloyds TSB Bank Plc	AA-	F1+	C	1	Aa3	P-1	C-	A+	A-1	50	364 days
Bank of Scotland Plc	AA-	F1+	C	1	Aa3	P-1	D+	A+	A-1	50	364 days
Royal Bank of Scotland Group (See Note 1)										Group Limit 50	
Royal Bank of Scotland Group plc	AA-	F1+	C/D	1	A1	P-1	-	A	A-1	50	364 days
The Royal Bank of Scotland Plc	AA-	F1+	C/D	1	Aa3	P-1	C-	A+	A-1	50	364 days
National Westminster Bank Plc	AA-	F1+	-	1	Aa3	P-1	C-	A+	A-1	50	364 days
Ulster Bank Ltd	A+	F1+	E	1	A2	P-1	D-	A	A-1	50	364 days
Santander Group *										Group Limit 40	
Santander UK plc	AA-	F1+	B	1	Aa3	P-1	C-	AA	A-1+	40	364 days
Cater Allen	AA-	F1+	B	1	Aa3	P-1	C-	AA	A-1+	40	364 days
Barclays Bank plc *	AA-	F1+	B	1	Aa3	P-1	C	AA-	A-1+	40	364 days
HSBC Bank plc *	AA	F1+	B	1	Aa2	P-1	C+	AA	A-1+	40	364 days

Appendix 6

ANNEX D											
	Fitch			Moody's				Standard & Poor's			
	L Term	S Term	Individual	Support	L Term	S Term	Fin Strength	L Term	S Term	Limit £m	Max Deposit Period
Nationwide BS *	AA-	F1+	B	1	Aa3	P-1	C-	A+	A-1	40	364 days
Standard Chartered Bank *	AA-	F1+	B	1	A2	P-1	C+	A+	A-1	40	364 days
Clydesdale Bank / Yorkshire Bank **	AA-	F1+	C	1	A1	P-1	C-	A+	A-1	10	364 days
Co-Operative Bank Plc	A-	F2	B/C	3	A2	P-1	D+	-	-	5	6 months
Northern Rock ***	BBB+	F2	C	2	-	-	-	A-	A-2	0	
Top 10 Building Societies (by asset value)											
Nationwide BS (see above)											
Yorkshire BS	A-	F2	B/C	5	Baa1	P-2	D+	A-	A-2	0	
Coventry BS	A	F1	B	5	A3	P-2	C-	-	-	5	6 Months
Skipton BS	A-	F2	B/C	5	Baa1	P-2	D+	-	-	0	
Leeds BS	A	F1	B/C	5	A2	P-1	C+	-	-	10	364 Days
West Bromwich BS ***	BBB-	F3	C/D	5	Baa3	P-3	E+	-	-	0	
Principality BS ***	BBB+	F2	C	5	Baa2	P-2	D-	-	-	0	
Newcastle BS ***	BBB-	F3	C/D	5	Baa2	P-2	D-	-	-	0	
Norwich and Peterborough BS ***	BBB+	F2	C	5	Baa2	P-2	D	-	-	0	
Nottingham BS	-	-	-	-	A3	P-2	C-	-	-	5	6 Months
Foreign Banks have a combined total limit of £40m											
Australia	AA+	-	-	-	Aaa	-	-	AAA		40	364 Days
National Australia Bank	AA	F1+	B	1	Aa1	P-1	B	AA	A-1+	40	364 Days
Australia and New Zealand Banking Group Ltd	AA-	F1+	B	1	Aa1	P-1	B	AA	A-1+	20	364 Days

Appendix 6

ANNEX D											
	Fitch				Moody's			Standard & Poor's			
	L Term	S Term	Individual	Support	L Term	S Term	Fin Strength	L Term	S Term	Limit £m	Max Deposit Period
Commonwealth Bank of Australia	AA	F1+	A/B	1	Aa1	P-1	B	AA	A-1+	40	364 Days
Westpac Banking Corporation	AA	F1+	A/B	1	Aa1	P-1	B	AA	A-1+	40	364 Days
Canada	AAA				Aaa			AAA		40	364 Days
Bank of Nova Scotia	AA-	F1+	B	1	Aa1	P-1	B	AA-	A-1+	20	364 Days
Royal Bank of Canada	AA	F1+	A/B	1	Aa1	P-1	B+	AA-	A-1+	20	364 Days
Toronto Dominion Bank	AA-	F1+	B	1	Aaa	P-1	B+	AA-	A-1+	20	364 Days
Money Market Funds										50	2 Years
Prime Rate Stirling Liquidity	AAA MMF							AAA m		30	2 Years
Insight Liquidity Fund					AAA MR1			AAA m		30	2 Years
Ignis Sterling Liquidity	AAA MMF							AAA m		30	2 Years

Notes

Note 1

Nationalised / Part Nationalised

The counterparties in this section will have the UK Government's AAA rating applied to them thus giving them a revised credit limit of £50 million for a maximum period of 364 days

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

The counterparties in this section will have an AA rating applied to them thus giving them a revised credit limit of £40 million for a maximum period of 364 days

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

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

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

CAPITAL PROGRAMME

SUMMARY OF PROGRAMME 2010/11 to 2014/15

Expenditure by Portfolio	Gross Cost £'000	Expend. to 31.3.10 £'000	Estimated Payments				
			2010/11 £'000	2011/12 £'000	2012/13 £'000	2013/14 £'000	2014/15 £'000
Leader and Deputy Leader	5,363	422	4,141	800			
Resources	21,022	6,644	3,755	10,623			
Children and Learning City	159,848	111,788	23,221	15,359	7,649	1,681	150
Prosperous City	41,127	9,003	7,428	19,463	5,233		
Healthy City	18,805	3,463	4,705	3,787	2,638	2,095	2,117
Safer City and Culture	2,611	910	368	1,333			
Attractive and Inclusive City	112,823	71,200	22,809	8,770	3,217	3,548	3,279
Sustainable Communities	14,190	4,913	3,017	6,260			
Responsive Local Services and Customer Care	8,000	3,213	854	2,883	250	400	400
Contingencies	24,000			6,950	10,450	6,600	0
TOTAL CAPITAL EXPENDITURE	407,789	211,556	70,298	76,228	29,437	14,324	5,946

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

CAPITAL PROGRAMME

Source of Finance	Estimated Payments				
	2010/11 £'000	2011/12 £'000	2012/13 £'000	2013/14 £'000	2014/15 £'000
From External Sources					
Loans					
- Supported Capital Expenditure (Revenue)	5,771	1,825	3,722		
- Unsupported Borrowing	4,667	27,494	11,700	7,000	400
Government Grants					
- Disabled Facilities	1,029	1,097	1,097	1,097	1,127
- Department for Education - Standards Fund	11,778	5,952	1,532	1,531	
- Department for Education - Capital Maintenance		2,915	1,064		
- Department for Education - Basic Needs		2,127	1,181		
- Department for Education - Building Schools for the Future	5,334	493			
- Department for Education - Other	198	300			
- Department for Communities and Local Government	1,229				
- Department for Culture Media and Sport	18				
- Department for Transport - Transport Grant	5,520	4,812	4,050	3,518	3,279
- Department for Transport - HAMP Grant	71				
- Department of Health	1,352	1,169	750		
- Sure Start	1,928				
- Social Services IT	443				
- Single Housing Investment Pot	2,204	679			
- Coast Protection	98	175	15	30	
- CABE Sea Change Fund	270	730			
Lottery Grants	1,388	657			
European Grants	17	5,237	1,377		
Grants from Other Public Bodies					
- One North East	4,547	2,917			
- Homes and Communities Agency	610	4,992			
- Primary Care Trust	711				
- Nexus	329				
- Waste Infrastructure Grant	257				
- Tyne & Wear Museums	216				
- School Governors Contribution	402	600			
- Football Foundation	247	755			
- Low Carbon Initiative	124				
Other External Funding	800	140	130	130	130
Total External Sources	51,558	65,066	26,618	13,306	4,936
From Internal Sources					
Revenue Contributions					
- General Fund	1,967	7,178	570	570	570
- Children's Services	424	168	150	150	150
- Health, Housing and Adults Services	291	417	91	298	290
- City Services	379	4			
- Strategic Initiatives Budget	285				
- Empire Maintenance	65				
Capital Receipts	1,182	1,379			
Reserves					
- Strategic Investment Reserve	3,688	(5,424)	(848)		
- Strategic Investment Plan	1,915	2,458			
- Unutilised RCCO Reserve	6,489	1,974			
- Working Neighbourhoods Reserve	1,383	2,118	2,856		
- Other Reserves	496	50			
- Section 106 Reserve	176				
- Port Reserve		840			
Total Internal Sources	18,740	11,162	2,819	1,018	1,010
TOTAL CAPITAL FINANCING	70,298	76,228	29,437	14,324	5,946

LEADER AND DEPUTY LEADER CAPITAL PROGRAMME

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

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

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

OUTCOMES FROM COMPLETED CAPITAL SCHEMES

During 2010/2011, Economic Development Support to local companies included a significant Job Creation Grant and a contribution to the development of an electricity sub-station.

KEY MEDIUM TERM PRIORITIES

- To meet the Aims of the Economic Masterplan (see above).
- Implementation of the Customer Service and Access Strategy action plan key principles.

HOW THE PROGRAMME CONTRIBUTES TO AN EFFICIENT AND EFFECTIVE COUNCIL

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

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

CAPITAL INVESTMENTS FOR THE YEAR

New Starts

- Provisions made for Economic Development will enable the Council to respond quickly and positively to economic issues that support job creation and job protection in Sunderland and deliver the aims of the Sunderland Economic Masterplan.

**LEADER AND DEPUTY LEADER
CAPITAL PROGRAMME**

SUMMARY

Project Description	Gross Cost £'000	Expend. to 31.3.10 £'000	Estimated Payments				
			2010/11 £'000	2011/12 £'000	2012/13 £'000	2013/14 £'000	2014/15 £'000
MAIN BLOCK							
Continuing Projects	800	422	378				
Projects Commencing 2010/2011	3,763		3,763				
Projects Commencing 2011/2012	800			800			
Projects Commencing 2012/2013							
Projects Commencing 2013/2014							
Projects Commencing 2014/2015							
TOTAL CAPITAL EXPENDITURE	5,363	422	4,141	800			

METHOD OF FINANCING ESTIMATED CAPITAL EXPENDITURE

Source of Finance	Estimated Resources				
	2010/11 £'000	2011/12 £'000	2012/13 £'000	2013/14 £'000	2014/15 £'000
FROM EXTERNAL SOURCES					
Government Grants					
- One North East	1,000				
Total External Sources	1,000				
FROM INTERNAL SOURCES					
Reserves					
- Working Neighbourhood Fund	763				
- Unutilised RCCO Reserve	2,378	800			
Total Internal Sources	3,141	800			
TOTAL FINANCING	4,141	800			

**LEADER AND DEPUTY LEADER
CAPITAL PROGRAMME**

Project Ref.No.	Project Description	Project Sponsor	Gross Cost £'000	Expend. to 31.3.10 £'000	Estimated Payments				
					2010/11 £'000	2011/12 £'000	2012/13 £'000	2013/14 £'000	2014/15 £'000
	Continuing Projects								
MAN/120	CITY BUSINESS AND INVESTMENT TEAM Provision for Economic Development	J Snaith	800	422	378				
TOTAL CONTINUING PROJECTS			800	422	378				
	Projects Commencing 2010/2011								
MAN130	CITY BUSINESS AND INVESTMENT TEAM Provision for Economic Development 2010/2011	J Snaith	763		763				
MAN132	Economic Development Support Provision	J Snaith	3,000		3,000				
TOTAL PROJECTS COMMENCING 2010/2011			3,763		3,763				
	Projects Commencing 2011/2012								
MAN140	CITY BUSINESS AND INVESTMENT TEAM Provision for Economic Development 2011/2012	J Snaith	800			800			
TOTAL PROJECTS COMMENCING 2011/2012			800			800			
TOTAL CAPITAL PROGRAMME			5,363	422	4,141	800			

**LEADER AND DEPUTY LEADER
CAPITAL PROGRAMME**

RESOURCES CAPITAL PROGRAMME

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

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

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

An important role for Resources in delivering these Aims is to ensure that Sunderland is at the forefront of securing the benefits offered by advances in Information Technology

OUTCOMES FROM COMPLETED CAPITAL SCHEMES

- Improvements to the Voice and Data Network is substantially complete and is generating significant improvements to the network as well as significant revenue savings.
- The Digital Challenge programme is setting the vision for a digitally enabled Sunderland by delivering services where, when, and how they are needed and wanted. The programme is due to be completed by 31st March 2011.
- The Business Transformation Programme is supporting the council's efficiency programme by delivering savings within all aspects of Strategic and Shared services and improving effectiveness within the customer service network.
- The provision of a single ICT hardware platform has helped to support the Council's increased demands on the SAP ERP system.
- As part of continuing efforts to improve the trading position of the Port of Sunderland, a number of items of equipment have been purchased that will safeguard existing operational standards, reduce equipment hire costs and provide the necessary equipment to enable the Port to better respond to market opportunities and spot trade.

KEY MEDIUM TERM PRIORITIES

- A Business Improvement Plan for the Port has been completed and the Port Masterplan produced in draft form. Proposed investment included in the masterplan is currently being evaluated.
- ICT medium term priorities include assisting the Council to meet its Smarter City objectives.

HOW THE PROGRAMME CONTRIBUTES TO AN EFFICIENT AND EFFECTIVE COUNCIL

- The investment in the voice and data network is producing significant revenue savings in terms of reduced line rentals.
- The investment in Business Warehousing will produce a seamless electronic purchasing process.
- The introduction of home working will increase utilisation of Council buildings, improve staff productivity and performance.

CAPITAL INVESTMENTS FOR THE YEAR AHEAD

Ongoing Commitments

- Phase 2 of the Revenue and Benefits system upgrade involves public access via the web allowing customers to access account information without contacting the Council, a homeworking pilot, and IEG4 Intelligent e-forms enabling efficiencies through customers being able to complete benefit applications on line.
- Port Workshops relocation will secure the future of a tenant in the Port and will further rationalise the Port estate, thereby providing additional land for potential new business development.
- Introduction of an electronic system for the production of Court papers will allow for a more efficient use of staff time in bundle preparation and in accessing archived cases and it will substantially reduce future storage requirements.
- ICT infrastructure schemes in relation to Fibre Network Provision, Thin Client and Server Provision will help to provide service efficiencies and the foundations on which to build a more strategic approach to technology and information deployment.

New Starts

- The upgrade of the power devices will protect the network from damage through power failures and power spikes.
- The upgrade of the current digital telephone system will provide additional functionality within to allow the corporate use of "softphone" software to support smarter working.
- In line with the current dredging regime at the Port of Sunderland, a full dredge of the operational areas of the river and quay areas will be undertaken in 2011/2012 in order to maintain depth levels at the Port.

**RESOURCES
CAPITAL PROGRAMME**

SUMMARY

Project Description	Gross Cost £'000	Expend. to 31.3.10 £'000	Estimated Payments				
			2010/11 £'000	2011/12 £'000	2012/13 £'000	2013/14 £'000	2014/15 £'000
MAIN BLOCK							
Continuing Projects	10,218	6,644	3,007	567			
Projects Commencing 2009/2010	9,857		748	9,109			
Projects Commencing 2010/2011	947			947			
Projects Commencing 2011/2012							
Projects Commencing 2012/2013							
Projects Commencing 2013/2014							
TOTAL CAPITAL EXPENDITURE	21,022	6,644	3,755	10,623			

METHOD OF FINANCING ESTIMATED CAPITAL EXPENDITURE

Source of Finance	Estimated Resources				
	2010/11 £'000	2011/12 £'000	2012/13 £'000	2013/14 £'000	2014/15 £'000
FROM EXTERNAL SOURCES					
Unsupported Borrowing	667	8,888			
Government Grants					
- Communities and Local Government	1,229				
- European Grants	17				
Total External Sources	1,913	8,888			
FROM INTERNAL SOURCES					
Revenue Contributions					
- General Fund	64	116			
- Directorate Resources- Children's Services	131				
- Directorate Resources - HHAS	105	105			
Reserves					
- Port Reserve	16	840			
- Strategic Investment Plan	108	268			
- Unutilised RCCO Reserve	1,270	396			
Capital Receipts	148	10			
Total Internal Sources	1,842	1,735			
TOTAL FINANCING	3,755	10,623			

**RESOURCES
CAPITAL PROGRAMME**

Project Ref.No.	Project Description	Project Sponsor	Gross Cost £'000	Expend. to 31.3.10 £'000	Estimated Payments				
					2010/11 £'000	2011/12 £'000	2012/13 £'000	2013/14 £'000	2014/15 £'000
Continuing Projects									
CITY CENTRE DEVELOPMENTS AND LAND AND PROPERTY									
DR91976	Relocation of Allotments Dyer Square Southwick	N Wood	150	138	12				
DR91912	Occupational Health Unit Relocation	C Clark	103	92	11				
ICT									
CS91012	Improvements to Voice and Data Network	T Baker	1,840	1,705	135				
CS94017	Complaints and Freedom of Information Act	R Rayner	110	31	79				
CS94030	SAP Reporting-Business Warehousing	F Brown	308	306	2				
CS94054	Flexible Working Solutions	T Baker	100		100				
CS94045/037	Digital Challenge	T Baker	3,391	2,162	1,229				
CS96001/3	Business Transformation Projects	A Seekings	2,624	1,610	1,014				
CS91013	SAP Infrastructure	T Baker	100	38	62				
CS91015	Power Supply to Data Centre	T Baker	80	58	22				
CS91016	Revenue and Benefits system Phase 2	F Brown	444	24	108	312			
CS91017	Flexible Working System	S Stanhope	50			50			
CS94058	Cash Receipting	T Baker	200		200				
CS91017	SAP Archiving	T Baker	205			205			
Port									
DR92009	Port Penstocks	C Clark	60	44	16				
DR91708	Port Regeneration Study	K Lowes	453	436	17				
TOTAL CONTINUING PROJECTS			10,218	6,644	3,007	567			
Projects Commencing 2010/2011									
ICT									
CS94056	Call Manager Replacement	T Baker	491		300	191			
CS94057	Automated Court Bundle	R Rayner	30			30			
	IT Infrastructure	T Baker	8,800			8,800			
Port									
DR92010	Port Workshops Relocation	C Clark	288		200	88			
CS92011-15	Port Equipment	C Clark	248		248				
TOTAL PROJECTS COMMENCING 2010/2011			9,857		748	9,109			
Projects Commencing 2011/2012									
ICT									
	Network Upgrade	T Baker	30			30			
	Telephony Upgrade	T Baker	77			77			
Port									
	Port Dredging	C Clark	840			840			
TOTAL PROJECTS COMMENCING 2011/2012			947			947			
TOTAL CAPITAL PROGRAMME			21,022	6,644	3,755	10,623			

**RESOURCES
CAPITAL PROGRAMME**

CHILDREN AND LEARNING CITY CAPITAL PROGRAMME

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

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

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

And the Children and Young People's Plan priorities:

- Achieving their education
- Enjoy sport, leisure and play

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

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

OUTCOMES FROM COMPLETED CAPITAL SCHEMES

- Sunderland's Wave 1 BSF programme is now complete. The three 'Sunderland Model' Academies'; Academy 360, Castle View Enterprise Academy, and Red House Academy were opened in September 2009 as was Washington School. All of these schemes were delivered on time and within budget. The two remaining major refurbishment schemes at Biddick and St Robert of Newminster RC Secondary Schools were complete in 2010 in March and September respectively. All schemes were completed on time and to budget. Schools in the BSF and Academies programme will provide the platform for transforming secondary education and for creating state of the art ICT and vocational facilities.
- Several schools have benefited from the Children's Services Access Initiative Budget which has been used to improve facilities for disabled pupils accessing mainstream school provision.
- A total of 30 PVI and 38 maintained early years' settings have benefited from transformed external play facilities under phase 2 of the provision of external play, equipment and some refurbishment to early years settings to improve EYFS learning environments.
- Wessington Primary School has benefited from capital investment to rationalise spare accommodation and to relocate and enhance the CAMHS facility based there.
- Capital works to reconfigure accommodation and provide children's centre outreach facilities at Seaburn Dene Primary School are due to be completed in 2011.

KEY MEDIUM TERM PRIORITIES

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

CHILDREN AND LEARNING CITY CAPITAL PROGRAMME

HOW THE PROGRAMME CONTRIBUTES TO AN EFFICIENT AND EFFECTIVE COUNCIL

- Children's Services is participating in a corporate wide review of accommodation with a view to rationalising property. The moves towards locality and integrated working have begun with some staff located at Bunnyhill and the remainder due to move there in January 2011. A rolling programme of moves to the other four localities will be completed in October 2011. The moves include adopting a more flexible and mobile working model. It is expected that these changes will generate efficiencies through reductions in accommodation requirements and the new ways of working will result in more efficient, cohesive and responsive services in the local communities.

CAPITAL INVESTMENTS FOR THE YEAR AHEAD

Ongoing Commitments

- The replacement of St Joseph's Primary School, the initial priority school replacement identified in the Primary Strategy for Change consultations, begins in January 2011, with the school expected to be completed in March 2012.
- The replacement of Maplewood School, the second priority school replacement identified in the Primary Strategy for Change consultations, begins in July 2011, with the school expected to be completed in August 2012.
- Work at six primary schools, using the Targeted Capital Fund for school kitchens, to support enhanced and improved kitchen and dining area facilities to increase school lunch take-up.
- The Coalition Government announced in July that BSF schemes that were not contractually committed would be stopped. Sunderland's Wave 2 scheme involving 9 secondary and 4 secondary special schools will therefore not be going ahead.

New Starts

2011/2012 schools capital allocations were announced by the Secretary of State for Education as part of the schools financial settlement on 13th December 2010. Basic Need funding provides school places where needed for maintained, academy and voluntary aided schools. Capital Maintenance funding is to address maintenance priorities in schools (the VA section has a separate allocation for this). In addition maintained schools will receive their share of £769,666 Devolved Formula Capital. The sum in the VA sector is £222,492. It should be noted that these sums are approximately 25% of DFC sums allocated in previous years. Basic Need / Capital Maintenance funds are not ring fenced and are likely to be viewed as a single funding source to address urgent maintenance priorities, including in the secondary schools that will now not benefit from BSF.

**CHILDREN AND LEARNING CITY
CAPITAL PROGRAMME**

SUMMARY

Project Description	Gross Cost £'000	Expend. to 31.3.10 £'000	Estimated Payments				
			2010/11 £'000	2011/12 £'000	2012/13 £'000	2013/14 £'000	2014/15 £'000
MAIN BLOCK							
Continuing Projects	139,585	111,788	20,119	6,504	1,174		
Projects Commencing 2010/2011	11,173		3,102	2,973	3,823	1,275	
Projects Commencing 2011/2012	8,640			5,882	2,502	256	
Projects Commencing 2012/2013	150				150		
Projects Commencing 2013/2014	150					150	
Projects Commencing 2014/2015	150						150
TOTAL CAPITAL EXPENDITURE	159,848	111,788	23,221	15,359	7,649	1,681	150

METHOD OF FINANCING ESTIMATED CAPITAL EXPENDITURE

Source of Finance	Estimated Resources				
	2010/11 £'000	2011/12 £'000	2012/13 £'000	2013/14 £'000	2014/15 £'000
FROM EXTERNAL SOURCES					
Loans					
- Supported Capital Expenditure (Revenue)	935	1,825	3,722		
- Unsupported Capital Expenditure		6,801			
Government Grants					
- Standards Fund	11,778	5,952	1,532	1,531	
- Capital Maintenance		2,915	1,064		
- Basic Need		2,127	1,181		
- Modernisation Fund	111				
- Building Schools for the Future	5,334	493			
- Sure Start	1,928				
- DCSF Grant	87				
- Other	442				
Governors Contribution	402	600			
Private Sector Contributions	343	10			
Total External Sources	21,360	20,723	7,499	1,531	
FROM INTERNAL SOURCES					
Revenue Contributions					
- Directorate Resources	293	168	150	150	150
Reserves					
- Strategic Investment Reserve (Temporary Use)	1,410	(5,532)			
- Capital Reserves	115				
Strategic Investment Plan	43				
Total Internal Sources	1,861	(5,364)	150	150	150
TOTAL FINANCING	23,221	15,359	7,649	1,681	150

**CHILDREN AND LEARNING CITY
CAPITAL PROGRAMME**

**CHILDREN AND LEARNING CITY
CAPITAL PROGRAMME**

Project Ref.No.	Project Description	Project Sponsor	Gross Cost	Expend. to 31.3.10	Estimated Payments				
					2010/11	2011/12	2012/13	2013/14	2014/15
			£'000	£'000	£'000	£'000	£'000	£'000	£'000
	MAIN BLOCK								
	Continuing Projects								
EDC2007X	Electricity at Work	R Smith	681	581	100				
EDC5011S	Children's Centre Database	R Singh	151	1	150				
EDC5009P	Washington BSF	B Scanlon	19,157	19,150	7				
EDC5009P	Castle View Academy BSF	B Scanlon	15,994	15,954	40				
EDC5009P	Pennywell Academy BSF	B Scanlon	23,285	23,209	76				
ED96143	Usworth School Demolitions	B Scanlon	697	528	169				
EDC5009S	Asbestos Testing	J Walvin	128	98	30				
EDC5009S	School Closures - misc costs	J Walvin	122	107	15				
	Schools Devolved Capital 2008/2009	V Thompson	3,743	3,662	81				
EDC5009P	Hylton Red House - BSF	B Scanlon	12,440	12,355	85				
EDC5009P	Biddick School - BSF	B Scanlon	16,175	14,136	2,039				
EDC5009P	St Roberts - BSF	B Scanlon	15,832	10,756	5,076				
EDC5009P	ICT Infrastructure	B Scanlon	1,681	1,646	35				
EDC7010C	Aiming High	S Fletcher	441	337	104				
EDC7002P	Eco Schools in Sunderland	V Thompson	15	10	5				
	Schools Devolved Capital 2009/2010	V Thompson	5,100		3,570	1,275	255		
	School Travel Plans	V Thompson	143	76	67				
EDC8005P	Seaburn Dene Primary - surplus place removal	V Thompson	501	1	500				
EDC8005P	Wessington Primary - surplus place removal	V Thompson	522	16	506				
EDC7002P	Oxclose Primary - boiler	V Thompson	10	10					
ED99261	Early Years Foundation Stage	R Putz	1,897		1,897				
EDC7010P	Children's Centres Maintenance	R Singh	38	38					
	School Asset Management Programmes	B Scanlon	1,575			1,575			
ED96096	BSF - ICT Contract	B Scanlon	10,442	8,270	2,172				
EDC8003P	St Josephs RC Primary	V Thompson	6,000	231	1,250	3,600	919		
EDC8005S	Farringdon School - upgrade of all weather pitch	D Thornton	532		496	36			
EDC5011S	City Learning Centres 09/10	L Johnson	300	113	187				
EDC8002P	Window replacement schemes	V Thompson	603	3	600				
EDC4007P	Southwick (former) - demolition	V Thompson	100	37	63				
ED95196	Thorney Close Children's Centre	R Singh	36	3	33				
EDC7010P	Children's Centres Contingency	R Singh	3	3					
	BSF Wave 2 Project Resource Plan	B Scanlon	686	300	386				
	Capita One V4 Upgrade	T Skipper	185	106	61	18			
EDC7010P	Seaburn Dene Children's Centre	R Singh	5		5				
	Hendon Health Centre	R Singh	3		3				
EDC7002N	Pennywell EY's - Boiler	V Thompson	1		1				

**CHILDREN AND LEARNING CITY
CAPITAL PROGRAMME**

Project Ref.No.	Project Description	Project Sponsor	Gross Cost £'000	Expend. to 31.3.10 £'000	Estimated Payments				
					2010/11 £'000	2011/12 £'000	2012/13 £'000	2013/14 £'000	2014/15 £'000
EDC7002P	New Penshaw Primary - Boiler	V Thompson	2		2				
EDC7002P	Valley Road Primary - Boiler	V Thompson	2		2				
	Children's Social Care								
EDC7010C	Children's Social Care Home - Avenue Vivian	M Boustead	47	30	17				
EDC7010C	Children's Social Care Home - 59 Cotswold Road	M Boustead	122	9	113				
EDC7010C	Children's Social Care Home - 18 Revelstoke Road	M Boustead	124	6	118				
EDC7010C	Children's Social Care Home - 7 Colombo Road	M Boustead	54	6	48				
EDC7010C	Children's Social Care Leased Homes	M Boustead	10		10				
TOTAL CONTINUING PROJECTS			139,585	111,788	20,119	6,504	1,174		
	Projects Commencing 2010/2011								
EDC9005L	Schools Devolved Capital	V Thompson	2,295				1,020	1,275	
	Maplewood School	V Thompson	5,800		547	2,450	2,803		
	Holley Park - TCF Kitchen & Dining	V Thompson	122		122				
	St Benet's - TCF Kitchen & Dining	V Thompson	160		160				
	St John Boste - TCF Kitchen & Dining	V Thompson	110		110				
	Barnes inf&Jun - TCF Kitchen & Dining	V Thompson	90		90				
	Springwell VP - TCF Kitchen & Dining	V Thompson	8		8				
EDC7012S	Youth Capital Fund	K Butchert	87		87				
EDC7010P	Children's Centre Maintenance	R Singh	94		94				
	BSF LA ICT Refresh Fund	B Scanlon	493			493			
	Biddick school - upgrade of all weather pitch	J Thompson	304		274	30			
	NDS Modernisation Schemes	V Thompson	100		100				
EDC7002P	Oxclose Village Primary Boiler Replacement	V Thompson	94		94				
EDC7002P	Gillas Lane Primary Boiler Replacement	V Thompson	63		63				
EDC7002P	Usworth Colliery Primary Boiler Replacement	V Thompson	61		61				
EDC7002P	Oxclose Nursery Boiler Replacement	V Thompson	21		21				
	Springwell Village Primary Auto Fire Detection	V Thompson	14		14				
	Hylton Castle Primary Auto Fire Detection	V Thompson	16		16				
	East Herrington Primary Auto Fire Detection	V Thompson	21		21				
	Hillview Infants Auto Fire Detection	V Thompson	7		7				
	Blackfell Primary Auto Fire Detection	V Thompson	33		33				
	Hastings Hill Primary Auto Fire Detection	V Thompson	22		22				
	Plains Farm Primary Auto Fire Detection	V Thompson	19		19				

**CHILDREN AND LEARNING CITY
CAPITAL PROGRAMME**

Project Ref.No.	Project Description	Project Sponsor	Gross Cost £'000	Expend. to 31.3.10 £'000	Estimated Payments				
					2010/11 £'000	2011/12 £'000	2012/13 £'000	2013/14 £'000	2014/15 £'000
	Thorney Close Primary Auto Fire Detection	V Thompson	12		12				
	Hylton Red House Primary Auto Fire Detection	V Thompson	28		28				
	Easington Lane Temporary Classroom	V Thompson	17		17				
	Springwell Village Primary Roofing Works	V Thompson	85		85				
	Hetton Lyons Primary - remove temp classroom	V Thompson	15		15				
	Wessington Primary Hall Floor	V Thompson	50		50				
	Holley Park Primary Drain	V Thompson	10		10				
EDC4003P	Access Schemes	V Thompson	50		50				
EDC4003P	Oxclose Village DDA Adaptations Access Scheme	V Thompson	18		18				
EDC4003P	Usworth Colliery Primary Access Scheme	V Thompson	5		5				
EDC4003P	Grangetown Primary Access Scheme	V Thompson	110		110				
EDC4003P	Ryhope Infants Hygiene Access Scheme	V Thompson	50		50				
EDC4003P	Ryhope Juniors Hygiene Access Scheme	V Thompson	25		25				
EDC4003P	Access Equipment	V Thompson	25		25				
EDC4003P	Hylton Castle Primary - Lighting	J Walvin	23		23				
EDC4003P	Fulwell Juniors - lighting	J Walvin	5		5				
	Barbara Priestman School - Specialist Status	C Barker	100		100				
	Houghton Kepier School - Specialist Status	S Hyland	25		25				
	Thorney Close Heating	V Thompson	200		200				
	Farrington Secondary - Electric Mains Cable	V Thompson	33		33				
	Hetton Lyons Replacement	V Thompson	6		6				
	Burnside Primary - underground sump pump	V Thompson	12		12				
	Farrington Secondary - Emergency Lighting	V Thompson	7		7				
	Bunnyhill Relocations	R Barker	35		35				
	Hylton Red House Academy Floodlighting	I Parkin	43		43				
EDC8010C	Software Licences	B Brown	150		150				
TOTAL PROJECTS COMMENCING 2010/2011			11,173		3,102	2,973	3,823	1,275	
	Projects Commencing 2011/2012								
	Schools Devolved Capital	V Thompson	770			257	257	256	
	Primary School Asset Management Programmes	V Thompson	1,433			1,433			
	School Asset Management Programmes	B Scanlon	6,287			4,042	2,245		
EDC8010C	Software Licences	B Brown	150			150			
TOTAL PROJECTS COMMENCING 2011/2012			8,640			5,882	2,502	256	

**CHILDREN AND LEARNING CITY
CAPITAL PROGRAMME**

Project Ref.No.	Project Description	Project Sponsor	Gross Cost £'000	Expend. to 31.3.10 £'000	Estimated Payments				
					2010/11 £'000	2011/12 £'000	2012/13 £'000	2013/14 £'000	2014/15 £'000
EDC8010C	Projects Commencing 2012/2013 Software Licences	B Brown	150				150		
TOTAL PROJECTS COMMENCING 2012/2013			150				150		
EDC8010C	Projects Commencing 2013/2014 Software Licences	B Brown	150					150	
TOTAL PROJECTS COMMENCING 2013/2014			150					150	
EDC8010C	Projects Commencing 2014/2015 Software Licences	B Brown	150						150
TOTAL PROJECTS COMMENCING 2014/2015			150						150
TOTAL CAPITAL PROGRAMME			159,848	111,788	23,221	15,359	7,649	1,681	150

PROSPEROUS CITY CAPITAL PROGRAMME

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

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

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

OUTCOMES FROM COMPLETED CAPITAL SCHEMES

- Hetton Downs - improvements to paving and car parking in Market Street.
- Sunnyside Public Realm - high quality streetscape improvements, maintenance and refurbishment works to compliment the improvement of buildings in the same area.
- Seaburn Public Realm - improvements to upper and lower promenade including street furniture.

KEY MEDIUM TERM PRIORITIES

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

HOW THE PROGRAMME CONTRIBUTES TO AN EFFICIENT AND EFFECTIVE COUNCIL

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

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

CAPITAL INVESTMENTS FOR THE YEAR

Ongoing Commitments

- Software City - Business, academia and the public sector have combined forces to create and deliver a vision for Sunderland as a leading 21st century software city. The aim is to provide world class telecommunications infrastructure and business premises.
- The Washington Managed Workspace scheme will develop high quality managed workspace in the Washington area to encourage the start-up of new, small and medium enterprises and support their early growth by providing a purpose-built business centre.
- A development provision has enabled rapid response to issues and opportunities in the city centre including physical infrastructure improvements.
- City Centre Footfall Cameras to measure visitor numbers.
- Market Square Public Realm improvements including new footpaths, lighting, and landscape works.
- The Seafront Regeneration Strategy will be completed in 2011/12 and will be utilised in the delivery of the Marine Walk Masterplan Phase 1 and 2.
- Phase 1 of the Marine Walk Masterplan will provide an interpretation trail, public realm improvements, and feature lighting, part funded from an award of £1 million Sea Change funding from CABE.

New Starts

- A provision has been made for land acquisitions where this will benefit the Council's strategic objectives.
- Improvements to a key strategic City Centre site to support future development.
- Establishment of a contingency enable the Council to procure specialist retail advice to assist in consideration of retail developments.
- The development provision for the city centre has been extended to 2011/2012 to enable further rapid response to issues and opportunities that may arise in the city centre, including physical infrastructure improvements.

**PROSPEROUS CITY
CAPITAL PROGRAMME**

SUMMARY

Project Description	Gross Cost £'000	Expend. to 31.3.10 £'000	Estimated Payments				
			2010/11 £'000	2011/12 £'000	2012/13 £'000	2013/14 £'000	2014/15 £'000
MAIN BLOCK							
Continuing Projects	25,904	9,003	2,710	9,958	4,233		
Projects Commencing 2010/2011	8,103		4,718	3,385			
Projects Commencing 2011/2012	7,120			6,120	1,000		
Projects Commencing 2012/2013							
Projects Commencing 2013/2014							
Projects Commencing 2014/2015							
TOTAL CAPITAL EXPENDITURE	41,127	9,003	7,428	19,463	5,233		

METHOD OF FINANCING ESTIMATED CAPITAL EXPENDITURE

Source of Finance	Estimated Resources				
	2010/11 £'000	2011/12 £'000	2012/13 £'000	2013/14 £'000	2014/15 £'000
FROM EXTERNAL SOURCES					
Unsupported Borrowing	4,000	6,155	1,000		
Government Grants					
- Urban 2	3				
- CABE Sea Change Fund	270	730			
- One North East	2,075	1,703			
- ERDF		5,237	1,377		
Total External Sources	6,348	13,825	2,377		
FROM INTERNAL SOURCES					
Revenue Contributions					
- General Fund	467	2,340			
- Strategic Initiatives Budget	168				
- Directorate Resources	120				
Reserves					
- Working Neighbourhoods Fund	20	2,118	2,856		
- Strategic Investment Reserve	15	32			
- Strategic Investment Plan	205	815			
- Unutilised RCCO Reserve		320			
Capital Receipts	85	13			
Total Internal Sources	1,080	5,638	2,856		
TOTAL FINANCING	7,428	19,463	5,233		

**PROSPEROUS CITY
CAPITAL PROGRAMME**

Project Ref.No.	Project Description	Project Sponsor	Gross Cost £'000	Expend. to 31.3.10 £'000	Estimated Payments				
					2010/11 £'000	2011/12 £'000	2012/13 £'000	2013/14 £'000	2014/15 £'000
Continuing Projects									
CITY CENTRE DEVELOPMENTS AND LAND AND PROPERTY									
DR91706	City Centre Developments	K Lowes	108	93	15				
DR91954	Ryhope Centre	K Lowes	523	491		32			
DR91613	Hetton Downs Environmental Improvements	K Lowes	139	136	3				
DR91763/4/5	Farringdon Row Phase 2	C Clark	2,277	2,277					
DR91716	Refurbishment 28 - 29 Sunnyside & The Place	C Clark	4,122	4,115	7				
DR91811	Sunnyside Public Realm	K Lowes	2,288	1,613	675				
DR91980	Seafront Regeneration Strategy	K Lowes	60	29	18	13			
CS94055	Washington Managed Workspace	J Snaith	5,000		20	1,247	3,733		
CS93010	Software City	J Snaith	9,742	31	1,400	7,811	500		
DR91812	Market Square	K Lowes	1,040	7	200	833			
DR91610	Footfall Cameras	L Hardy	55	11	22	22			
CITY CENTRE DEVELOPMENTS									
DR91775	Street Scene Improvements	K Lowes	497	160	337				
DR91710	St Mary's Car Park - Ticket Machines	S Pickering	53	40	13				
TOTAL CONTINUING PROJECTS			25,904	9,003	2,710	9,958	4,233		
Projects Commencing 2010/2011									
DR91981-3	Seafront - Marine Walk Masterplan Ph1	K Lowes	1,500		270	1,230			
CS97001	Seafront - Seaburn Public Realm Improvements	K Lowes	207		207				
CC90173	Seafront - Toilets	C Alexander	141		141				
CS93016	Strategic Land Acquisition Provision	C Clark	6,155		4,000	2,155			
DR91775	City Centre Improvements	G Farnworth	100		100				
TOTAL PROJECTS COMMENCING 2010/2011			8,103		4,718	3,385			
Projects Commencing 2011/2012									
	City Centre Improvements	G Farnworth	1,000			1,000			
	Advance Site Works	C Clark	2,000			1,000	1,000		
	Spatial Retail Study	C Clark	120			120			
	Strategic Land Acquisition Provision	C Clark	4,000			4,000			
TOTAL PROJECTS COMMENCING 2011/2012			7,120			6,120	1,000		
TOTAL CAPITAL PROGRAMME			41,127	9,003	7,428	19,463	5,233		

**PROSPEROUS CITY
CAPITAL PROGRAMME**

HEALTHY CITY CAPITAL PROGRAMME

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

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

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

It aims to do this through:

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

OUTCOMES FROM COMPLETED CAPITAL SCHEMES

- Through the Campus programme people have been supported to live in their own tenancies, having in many cases lived in long stay hospitals for a number of years.
- Modernisation of ICT systems (SWIFT, Electronic Social Care Record, etc.) allows easier transfer of information between staff and helps aggregate data accurately for management information leading to more efficient use of staff time.
- A re-settlement programme is ongoing in learning disabilities to provide services locally for people with intensive support needs. This will provide a better model of care for our clients and achieve annual revenue efficiency savings through the reduction in the number of people being placed into permanent residential care and reducing the cost of care packages for customers currently out of city.
- To further reduce fuel poverty the Sunderland Energy Efficiency Programme, (SEEP), was extended to include families with young children. There has been an increase in the number of homes receiving cavity wall and loft insulation and supported measures to around 1,960 households between 1 April 2010 and 1 November 2010. The Warm Front Programme, (up to 1 October 2010), assisted 346 households including installing 234 new boilers.
- The delivery of 15 loans and 10 grants for the purpose of bringing vulnerable peoples homes up to the decent homes standard.
- Disabled Facilities Grants forecasting completion of 660 adaptations in 2010/2011.

KEY MEDIUM TERM PRIORITIES

- To enable the provision of housing solutions including improving the delivery of home improvement, minor alterations and adaptations for people with a care and support need as outlined within the Enabling Independence Strategy for households including older people; people with a mental health; learning disabilities and physical disabilities.
- Review the use of our buildings based services and move to more community based services in line with the aims of the White Paper, "Our Health, Our Care, Our Say." This will include the use of technology such as Telecare to allow people to live in their own homes for much longer.
- To ensure that assets are updated and fit for purpose.
- To support rationalisation of council wide assets.
- Identify opportunities within the Governments reform of Health Services to improve health of residents in the homes they live in and the services provided to them.
- Explore opportunities of further energy efficiency measures being extended into the private rented sector.
- Continue to upgrade the Adult Services ICT systems to improve management information, deliver e-government, support delivery of personalisation and promote the integration agenda.

HEALTHY CITY CAPITAL PROGRAMME

HOW THE PROGRAMME CONTRIBUTES TO AN EFFICIENT AND EFFECTIVE COUNCIL

- The Directorate aims to reduce referrals into residential care provision and increase the use of assistive technology, alongside reducing costs associated with care and support services and operation of buildings used for supported housing provision. Enabling the development and provision of supported housing solutions with alternative providers to secure efficiencies for the Council while providing a choice of effective housing and care solutions in a safe environment, while supporting sustainable communities.
- Adult Services is part of the Smarter Working initiative piloting new ways of working such as hot-desking, the use of portable technology, home working, etc. This pilot is ongoing with a view to the rationalisation of office accommodation.
- The Housing Financial Assistance Programme, Disabled Facilities Grant and Warm Homes Initiative will ensure that individuals stay safely in their own for as long as possible. This is not only what people want in terms of quality of their lives, but is generally a less expensive option than institutional care. For example, in 2003/2004, there were over 600 older people admitted to council-supported residential/nursing care, but this has declined to 372 in 2009/2010. The type of assistance to individuals has changed from grants to loans focussed support, which will help maximise available resources and allow the support to be provided to a greater number of individuals.

CAPITAL INVESTMENTS FOR THE YEAR AHEAD

Ongoing Commitments

- Home Improvement Agency (HIA) provides financial assistance via loans and grants to help make homes safe, secure and free from hazards for vulnerable homeowners living in the private sector.
- Disabled Facilities Grants carry out adaptations to disabled person's properties helps to ensure that people can remain in their own properties for as long as possible in a safe and secure environment.
- Warm Homes Initiative to tackle fuel poverty, including the continuation of the hardship fund to assist people to live safely and in comfort in their own homes.

New Starts

- Provision is made for improvement to care and support facilities to ensure that assets are fit for purpose. The Adults Services Capital Board will establish its priorities for the use of these funds.
- Funding has been allocated towards extra care allowing the council to contribute towards enabling the provision of housing solutions for older households in the city.

**HEALTHY CITY
CAPITAL PROGRAMME**

SUMMARY

Project Description	Gross Cost £'000	Expend. to 31.3.10 £'000	Estimated Payments				
			2010/11 £'000	2011/12 £'000	2012/13 £'000	2013/14 £'000	2014/15 £'000
MAIN BLOCK							
Continuing Projects	4,965	3,406	1,479	80			
Projects Commencing 2010/2011	3,813	57	3,226	530			
Projects Commencing 2011/2012	3,177			3,177			
Projects Commencing 2012/2013	2,638				2,638		
Projects Commencing 2013/2014	2,095					2,095	
Projects Commencing 2014/2015	2,117						2,117
TOTAL CAPITAL EXPENDITURE	18,805	3,463	4,705	3,787	2,638	2,095	2,117

METHOD OF FINANCING ESTIMATED CAPITAL EXPENDITURE

Source of Finance	Estimated Resources				
	2010/11 £'000	2011/12 £'000	2012/13 £'000	2013/14 £'000	2014/15 £'000
FROM EXTERNAL SOURCES					
Loans					
- Supported Capital Expenditure (Revenue)	69				
Government Grants					
- IT Grants	443				
- Department of Health	611	1,129	750		
- SHIP Grant	1,636	174			
- Homes and Communities		325			
- Disabled Facilities Grant	1,029	1,097	1,097	1,097	1,127
- Other Contributions (TPCT)	161				
- Other Income		130	130	130	130
Total External Sources	3,949	2,855	1,977	1,227	1,257
FROM INTERNAL SOURCES					
- General Fund	570	570	570	570	570
Revenue Contributions					
- Directorate Resources	186	312	91	298	290
Reserves					
- Misc Reserves		50			
Total Internal Sources	756	932	661	868	860
TOTAL FINANCING	4,705	3,787	2,638	2,095	2,117

**HEALTHY CITY
CAPITAL PROGRAMME**

Project Ref.No.	Project Description	Project Sponsor	Gross Cost	Expend. to 31.3.10	Estimated Payments				
					2010/11	2011/12	2012/13	2013/14	2014/15
					£'000	£'000	£'000	£'000	£'000
Continuing Projects									
SS96013	Minor Works 2008/2009	P Foster	364	339	25				
SS95009	Mental Health 2008/2009	P Foster	217	148	69				
SS94020	Rosalie House	P Foster	523	508	15				
SS94019	LD Service Resettlement Scheme	P Corner	227	207	20				
SS94021	Campus Re-provision Programme	P Corner	1,258	1,103	155				
SS96013	Minor Works 2009/2010	P Foster	433	357	76				
SS95009	Mental Health 2009/2010	P Foster	136	50	86				
SS96029	Swift Enhancements	G King	809	587	222				
SS96030	Herrington Park café	P Foster	100	8	92				
SS96031	Managing Income	G King	53		53				
SS96032	Telecare	G King	100		100				
SS96033	Adults Information System	G King	50	8	42				
SS96034	Document Management System	G King	75	25	50				
SS97013	Private Sector Renewal Grants	A Caddick	300	2	218	80			
SS97020	Regional Loans Scheme	A Caddick	229	58	171				
SS97016	Warm Homes Initiative	A Caddick	91	6	85				
TOTAL CONTINUING PROJECTS			4,965	3,406	1,479	80			
Projects Commencing 2010/2011									
SS96013	Minor Works	P Foster	236		146	90			
SS95009	Mental Health 2010/2011	P Foster	33		33				
SS96035	Mobile Portal	G King	200	57	143				
SS97008	Disabled Facilities Grants 2010/2011	A Caddick	2,689		2,339	350			
SS97013	Private Sector Renewal Grants	A Caddick	239		239				
SS97020	Regional Loans Scheme	A Caddick	142		142				
SS97038	Hardship Fund	A Caddick	31		31				
SS97016	Warm Homes Initiative	A Caddick	100		10	90			
SS94025	Fulwell Day Centre	P Foster	127		127				
SS96020	Office Accommodation	G King	16		16				
TOTAL PROJECTS COMMENCING 2010/2011			3,813	57	3,226	530			
Projects Commencing 2011/2012									
SS96013	Improvements To Care and Support	P Foster	150			150			
SS97008	Disabled Facilities Grant 2011/2012	A Caddick	2,398			2,398			
SS97038	Hardship Fund	A Caddick	29			29			
	Extra Care Schemes	P Corner	500			500			
	Regional Loans Scheme	A Caddick	100			100			
TOTAL PROJECTS COMMENCING 2011/2012			3,177			3,177			

**HEALTHY CITY
CAPITAL PROGRAMME**

Project Ref.No.	Project Description	Project Sponsor	Gross Cost £'000	Expend. to 31.3.10 £'000	Estimated Payments				
					2010/11	2011/12	2012/13	2013/14	2014/15
					£'000	£'000	£'000	£'000	£'000
	Projects Commencing 2012/2013								
SS96013	Improvements To Care and Support	P Foster	150				150		
SS97008	Disabled Facilities Grants 2012/13	A Caddick	2,488				2,488		
TOTAL PROJECTS COMMENCING 2012/2013			2,638				2,638		
	Projects Commencing 2013/2014								
SS96013	Improvements To Care and Support	P Foster	185					185	
SS97008	Disabled Facilities Grants 2013/14	A Caddick	1,910					1,910	
TOTAL PROJECTS COMMENCING 2013/2014			2,095					2,095	
	Projects Commencing 2014/2015								
SS96013	Improvements To Care and Support	P Foster	185						185
SS97008	Disabled Facilities Grants 2014/15	A Caddick	1,932						1,932
TOTAL PROJECTS COMMENCING 2014/2015			2,117						2,117
TOTAL CAPITAL PROGRAMME			18,805	3,463	4,705	3,787	2,638	2,095	2,117

**HEALTHY CITY
CAPITAL PROGRAMME**

SAFER CITY AND CULTURE CAPITAL PROGRAMME

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

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

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

OUTCOMES FROM COMPLETED CAPITAL SCHEMES

- Hendon Beach Safety Works Phase 2 - the works included the construction of additional pedestrian ramp and traffic calming measures on the promenade which compliments the Phase 1 works, allowing easier exit from the beach.
- Safer Stronger Communities Fund capital grant for 2010/11 was used to improve the security of 'high priority' industrial units, and to upgrade older CCTV cameras within the network.
- Restoration of Memorial Fountain in Roker Park.

KEY MEDIUM TERM PRIORITIES

- To work with all partners to reduce the incidence and perception of crime.

HOW THE PROGRAMME CONTRIBUTES TO AN EFFICIENT AND EFFECTIVE COUNCIL

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

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

CAPITAL INVESTMENTS FOR THE YEAR

Ongoing Commitments

- Old Sunderland Townscape Heritage Initiative - The Council continues to offer financial assistance for environmental improvements in the old Sunderland area partly funded by the Heritage Lottery Fund
- Rapid development of CCTV across the City - Whilst the scheme is substantially complete, part of the budget has been reprofiled into 2011/2012 for sites in home locations where options are currently being considered.

**SAFER CITY AND CULTURE
CAPITAL PROGRAMME**

SUMMARY

Project Description	Gross Cost £'000	Expend. to 31.3.10 £'000	Estimated Payments				
			2010/11 £'000	2011/12 £'000	2012/13 £'000	2013/14 £'000	2014/15 £'000
MAIN BLOCK							
Continuing Projects	2,611	910	368	1,333			
Projects Commencing 2010/2011							
Projects Commencing 2011/2012							
Projects Commencing 2012/2013							
Projects Commencing 2013/2014							
Projects Commencing 2014/2015							
TOTAL CAPITAL EXPENDITURE	2,611	910	368	1,333			

METHOD OF FINANCING ESTIMATED CAPITAL EXPENDITURE

Source of Finance	Estimated Resources				
	2010/11 £'000	2011/12 £'000	2012/13 £'000	2013/14 £'000	2014/15 £'000
FROM EXTERNAL SOURCES					
Grants from Other Public Bodies					
- Heritage Lottery	50	657			
- Tyne and Wear Museums	216				
Total External Sources	266	657			
FROM INTERNAL SOURCES					
Revenue Contributions					
- Directorate Resources	9				
Reserves					
- Strategic Investment Plan	20	20			
Capital Receipts	73	656			
Total Internal Sources	102	676			
TOTAL FINANCING	368	1,333			

**SAFER CITY AND CULTURE
CAPITAL PROGRAMME**

Project Ref.No.	Project Description	Project Sponsor	Gross Cost £'000	Expend. to 31.3.10 £'000	Estimated Payments				
					2010/11 £'000	2011/12 £'000	2012/13 £'000	2013/14 £'000	2014/15 £'000
	Continuing Projects								
	CITY CENTRE DEVELOPMENTS AND LAND AND PROPERTY								
DR92335	Rapid deployment of CCTV across the City	C Clark	399	359	20	20			
DR91752	Old Sunderland Townscape Heritage Initiative	K Lowes	1,827	414	100	1,313			
DR91615	Hendon Beach Safety Works Ph2	K Lowes	169	137	32				
	CULTURE AND LEISURE								
CC90159	Monkwearmouth Station Museum Sidings	C Alexander	216		216				
TOTAL CONTINUING PROJECTS			2,611	910	368	1,333			
TOTAL CAPITAL PROGRAMME			2,611	910	368	1,333			

**SAFER CITY AND CULTURE
CAPITAL PROGRAMME**

ATTRACTIVE AND INCLUSIVE CITY CAPITAL PROGRAMME

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

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

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

It aims to do this by:

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

OUTCOMES FROM COMPLETED CAPITAL SCHEMES

- Design and implementation of Local Safety Schemes including Front Street Concord, Blackwood Rd/Washington Rd, Bede Bank Puffin crossing, Philadelphia Lane crossing.
- Contribution to junction improvement work on the A19 at the A690 and A1231 undertaken by the Highways Agency.
- Highway Maintenance schemes including A1231 Washington, Thorndale Road, Meadow Drive/West Grove, Offerton Grove, B1286 Fenton Tce, Cherry Blossom Way, Hallidon Road.
- Major Refurbishment of Barnes Park with funding from the Heritage Lottery Fund.
- Acquisition of two Nissan Leaf electric vehicles to replace conventional vans.
- Installation of electric vehicle charging points across the city.
- Improved recycling facilities. Provision of a further wheeled-bin to replace the black box.
- Installation of filtration equipment at Sunderland Crematorium to comply with mercury emission regulations.
- Road Safety Measures in Washington.

The expected outcomes from LTP 2 to 2010/2011 are as follows:

- Contribute towards meeting Tyne and Wear LTP targets which incorporate the Governments 2010 targets for casualty reduction.
- Targets are that by 2011 the service will achieve 40% reduction in all Killed or Seriously Injured (KSI); 20% reduction in all KSI from 2002-04 average to 2009-11 average; 50% reduction in child KSI from 2002-04 average to 2009-11 average; 25% reduction in child KSI from 2002-04 average to 2009-11.
- Reduced car usage and reduced adverse environmental impacts associated with traffic and encourage use of public transport, cycling and walking.
- Improved traffic flow and reduced congestion on the highway.
- Improved journey times and reduction in the number of 3rd party public liability claims.
- Supplement the regeneration of the City with improved highway and bridge infrastructure.

KEY MEDIUM TERM PRIORITIES

- Structural highway maintenance works on classified roads.
- Continue to support plans for the regeneration of the City Centre and River Corridor.
- Coast Protection Works subject to funding approval from the Environment Agency.
- Development of the Sunderland Strategic Transport Corridor (SSTC) which will contribute to reducing congestion, improving quality of the environment, economic success and reduce social exclusion.
- Development of leisure facilities at Stadium Village.
- Longer term requirements to meet recycling targets within the South Tyne and Wear Joint Waste Strategy, to provide a system that is more easily understood by customers and address efficiencies.

ATTRACTIVE AND INCLUSIVE CITY CAPITAL PROGRAMME

HOW THE PROGRAMME CONTRIBUTES TO VALUE FOR MONEY AND EFFICIENCY

- The capital provision for structural maintenance of highways of £1.9 million per annum for the 4 year period 2007/2008 to 2010/2011 along with the revenue maintenance budget (£3.5 million each year) has enabled the improvement in the condition of the highway network. The repudiation rate of claims made against the Council for personal injury accidents on the highway has increased to 87% in 2008/2009 (84% in 2007/2008). Public Liability Insurance premiums have reduced from £1.1million in 2006/2007 to an estimated sum of £0.4 million in 2010/2011, a saving of £0.7million.
- Many of the capital schemes contribute to improving traffic flows and reducing congestion within the city. This enables more efficient access to key sites contributing to the continued economic development of the city.
- The Play Pathfinder programme has reduced financial challenges relating to the long term upkeep of the play facilities.

CAPITAL INVESTMENTS FOR THE YEAR AHEAD

Ongoing Commitments

- Continue development of plans for the Sunderland Strategic Transport Corridor. A proposed new transport corridor from West Wear Street at the south side of the Wearmouth Bridge to the A19/A1231 including a new Wear Bridge crossing.
- Complete the demolition of Central Car Park whilst enabling the indoor market to remain open throughout the process.
- Acquisition of low carbon shuttle buses.
- Complete the structural maintenance of Penshaw Bridge.
- Refurbishment of 12 pavilions to encourage greater usage of sporting facilities across the city as well as ensuring that they are accessible to all sectors of the community in partnership with the Football Foundation.

New Starts

- Continue the programme of investment in schemes to improve the safety of highway users.
- Continue the programme of investment in schemes to improve conditions for cyclists.
- Continue the programme of investment in schemes to improve the condition of highways and their structures.
- Additional capital maintenance to enable work needed to address structural damage caused to highways following the severe winter conditions.

**ATTRACTIVE AND INCLUSIVE CITY
CAPITAL PROGRAMME**

SUMMARY

Project Description	Gross Cost £'000	Expend. to 31.3.10 £'000	Estimated Payments				
			2010/11 £'000	2011/12 £'000	2012/13 £'000	2013/14 £'000	2014/15 £'000
MAIN BLOCK							
Continuing Projects	91,534	71,200	16,691	3,643			
Projects Commencing 2010/2011	8,495		6,118	2,377			
Projects Commencing 2011/2012	2,750			2,750			
Projects Commencing 2012/2013	3,247				3,217	30	
Projects Commencing 2013/2014	3,518					3,518	
Projects Commencing 2014/2015	3,279						3,279
TOTAL CAPITAL EXPENDITURE	112,823	71,200	22,809	8,770	3,217	3,548	3,279

METHOD OF FINANCING ESTIMATED CAPITAL EXPENDITURE

Source of Finance	Estimated Resources				
	2010/11 £'000	2011/12 £'000	2012/13 £'000	2013/14 £'000	2014/15 £'000
FROM EXTERNAL SOURCES					
Loans					
- Supported Capital Expenditure (Revenue)	4,729				
- Unsupported Capital Expenditure		300			
Government Grants					
- LTP Transport Grant	5,520	4,812	4,050	3,518	3,279
- Coast Protection	98	175	15	30	
- DCMS	18				
- One North East	1,059	1,214			
- Heritage Lottery Fund	1,330				
- Waste Infrastructure Capital Grant	257				
- HAMP Grant	71				
- CDENT	150				
Lottery	8				
Football Foundation		755			
NEXUS	329				
Other Contributions	233				
Total External Sources	13,802	7,256	4,065	3,548	3,279
FROM INTERNAL SOURCES					
Revenue Contributions					
- General Fund	866	810			
- Directorate Resources	250	4			
- Strategic Initiatives Budget	117				
Capital Receipts	826				
Reserves					
- Strategic Investment Reserve	2,093	(7)	(848)		
- Strategic Investment Plan	1,079	707			
- Section 106 Reserve	176				
- Working Neighbourhood Fund Reserve	600				
- Unutilised RCCO Reserve	2,685				
- Replacement Recycling Capital Reserve	315				
Total Internal Sources	9,007	1,514	(848)		
TOTAL FINANCING	22,809	8,770	3,217	3,548	3,279

**ATTRACTIVE AND INCLUSIVE CITY
CAPITAL PROGRAMME**

Project Ref.No.	Project Description	Project Sponsor	Gross Cost £'000	Expend. to 31.3.10 £'000	Estimated Payments				
					2010/11 £'000	2011/12 £'000	2012/13 £'000	2013/14 £'000	2014/15 £'000
	Continuing Projects								
	TRANSPORT								
	Major Highway Schemes								
DR90001	Southern Radial Route	S Pickering	40,982	35,795	3,883	1,304			
DR90003	Central Route - Scheme Development & Land Costs	S Pickering	2,361	1,327	545	489			
DR90307	Queen Alexandra Bridge Major Maintenance	S Pickering	7,528	7,526	2				
DR90005	SSTC Ph2 (New Wear Bridge) Development Costs	S Pickering	9,670	4,913	3,898	859			
DR90006	SSTC Ph3 - Major Scheme Business Case	S Pickering	50	27	23				
	Local Transport Plan								
DR90312	A690 Four Lane Ends Bridge	S Pickering	504	312	192				
DR90316	A690 Lake Interchange Bridges	S Pickering	885	862	23				
DR90315	A1231 Grange Road Bridge	S Pickering	374	266	108				
DR90318	A1231/Pallion New Road/Trimdon St Bridge	S Pickering	28	8	20				
DR90317	The Bridges Shopping Centre - Bridge Access Roads	S Pickering	426	411	15				
DR99016	Highways Agency Junction Improvements schemes	S Pickering	3,125	1,864	1,086	175			
DR91085	Public Transport - Bus Corridor Major Business Case	S Pickering	617	605	12				
	Strategic Investment Plan :								
DR90947	Washington Road Safety Measures	S Pickering	500	322	178				
CC96124-126									
	Street Scene								
DR91966	Private Streetworks	S Pickering	65	15	50				
DR91408	Ryhope Beach Access	S Pickering	325	116	209				
DR91771	Civil Parking Enforcement equipment	S Pickering	30		30				
DR91769	Central Car Park	S Pickering	2,730	420	1,500	810			
DR91977	Subway Improvement Review	S Pickering	91		90	1			
CC90160	Replacement Recycling Scheme	L Clark	2,700	394	2,306				
	SIB Initiatives								
DR90935	Castletown Masterplan Gating project	S Pickering	22	17	5				
	Coast Protection								
DR91409	Coastal Strategy Review Ph1	S Pickering	35	17	18				
DR91409	Coastal Strategy Review Ph2	S Pickering	50		45	5			
	Community Services								
CC90086/7	Hetton and Silksworth 25m Pools	M Poulter	10,274	10,086	188				

**ATTRACTIVE AND INCLUSIVE CITY
CAPITAL PROGRAMME**

Project Ref.No.	Project Description	Project Sponsor	Gross Cost £'000	Expend. to 31.3.10 £'000	Estimated Payments				
					2010/11 £'000	2011/12 £'000	2012/13 £'000	2013/14 £'000	2014/15 £'000
CC90094	Leisure Centre Income System	J Gray	165	162	3				
CC90095-100	Big Lottery Children's Play Programme	J Gray	841	826	15				
CC90112-141	Play Pathfinder	J Gray	3,755	3,472	283				
CC90158	Barnes Park	M Poulter	3,346	1,430	1,916				
CC90157	Washington Leisure Centre - Feasibility Study	J Gray	25	7	18				
CC90162	Belford House Playing Fields	J Gray	30		30				
TOTAL CONTINUING PROJECTS			91,534	71,200	16,691	3,643			
Projects Commencing 2010/2011									
TRANSPORT									
Local Transport Plan									
DR90200	Highway Maintenance	S Pickering	1,900		1,900				
DR90300	Bridge Maintenance	S Pickering	201		182	19			
CC95601	Penshaw Bridge	S Pickering	677		61	616			
CC95602	A195 Lambton Interchange	S Pickering	258		226	32			
DR90500	Accessibility- Cycleways	S Pickering	150		150				
DR90450	Accessibility- Access for All	S Pickering	253		253				
DR90900	Congestion -	S Pickering	670		670				
DR90600	Road Safety	S Pickering	254		254				
Miscellaneous									
DR91232	- Tyne and Wear Central Transport Team	S Pickering	357		357				
DR91231	- Tyne and Wear Freight Partnership	S Pickering	15		15				
DR91350	Climate Change - Electric Vehicle Charging Points	S Pickering	263		188	75			
DR91075	Public Transport Schemes	S Pickering	329		329				
DR91233	Tyne and Wear DASTS (Delivering a Sustainable Transport System) Study	S Pickering	142		142				
Perceived Safety Schemes									
DR90631	Speed Management Strategy	S Pickering	50		50				
CC96400	Barnes Primary School traffic calming	S Pickering	65		65				
CC96401	Wensleydale Ave traffic calming	S Pickering	10		10				
CC96403	Blue House Lane		12		12				
DR90901	Pelican/Puffin/Toucan/Zebra Crossings commitments	S Pickering	110		110				
SIB/SIP Schemes									
CC96111	Vehicle Activated Signs Seaburn	S Pickering	16		16				
CC96112	Vehicle Activated Signs Sunderland East	S Pickering	35		35				
CC95905	Mill Hill Road Puffin Crossing	S Pickering	20		20				
CC95908	Washington East Dropped Crossings	S Pickering	16		16				
CC95909	Houghton Dropped Crossings	S Pickering	8		8				
CC95910	Lake Road Footpath	S Pickering	10			10			
CC96402	Robin Lane/Hazard Lane	S Pickering	10		10				
CS96404	Newcastle Rd 30mph	S Pickering	7		7				
CS96405	Queensway Traffic Calming	S Pickering	3		3				

**ATTRACTIVE AND INCLUSIVE CITY
CAPITAL PROGRAMME**

Project Ref.No.	Project Description	Project Sponsor	Gross Cost £'000	Expend. to 31.3.10 £'000	Estimated Payments				
					2010/11 £'000	2011/12 £'000	2012/13 £'000	2013/14 £'000	2014/15 £'000
CS96406	Fencehouses Gateway Feature	S Pickering	4		4				
CS96120	Bonehill Lane/Rookhope Roundabout	S Pickering	20		20				
CS96407	North Rd/Hazard Lane Pedestrian Refuge	S Pickering	29		29				
CS96408	Sunderland Rd/High Lane Speed Limit & Gateway	S Pickering	25		25				
CC96123	Vehicle Activated Signs Hetton Town Council	S Pickering	4			4			
CC96127	Monument Park	S Pickering	3			3			
CC96313	Tunstall Road Refuge	S Pickering	2			2			
CC96129	Vehicle Activated Signs Coalfield	S Pickering	11			11			
Coast Protection									
CC96701	Deptford Culvert Safety Works	S Pickering	100			100			
CC96702	Hendon Burn Culvert Safety Works	S Pickering	80		10	70			
CC96703	Hydrographic Survey	S Pickering	25		25				
Community Services									
CC90019	Community Sports Facilities	J Gray	1,455		20	1,435			
CC90177	Washington Leisure Centre - Essential Works	J Gray	146		146				
Street Scene									
CC90037	Sunderland Crematorium	L Clark	750		750				
TOTAL PROJECTS COMMENCING 2010/2011			8,495		6,118	2,377			
Projects Commencing 2011/2012									
TRANSPORT									
Local Transport Plan									
DR90200	Highway Maintenance	S Pickering	1,000			1,000			
DR90300	Bridge Maintenance	S Pickering	26			26			
DR90500	Economic Development and Regeneration	S Pickering	473			473			
DR90450	Climate Change	S Pickering	50			50			
DR90900	Safe and Sustainable Communities	S Pickering	901			901			
	Structural Highways Maintenance	S Pickering	300			300			
TOTAL PROJECTS COMMENCING 2011/2012			2,750			2,750			
Projects Commencing 2012/2013									
TRANSPORT									
Local Transport Plan									
DR90200	Highway Maintenance	S Pickering	1,100				1,100		
DR90300	Bridge Maintenance	S Pickering	350				350		
DR90500	Economic Development and Regeneration	S Pickering	797				797		
DR90450	Climate Change	S Pickering	50				50		
DR90900	Safe and Sustainable Communities	S Pickering	905				905		
COAST PROTECTION									
DR91407	Coastal Monitoring 2012 - 2016	S Pickering	45				15	30	
TOTAL PROJECTS COMMENCING 2012/2013			3,247				3,217	30	

**ATTRACTIVE AND INCLUSIVE CITY
CAPITAL PROGRAMME**

Project Ref.No.	Project Description	Project Sponsor	Gross Cost £'000	Expend. to 31.3.10 £'000	Estimated Payments				
					2010/11 £'000	2011/12 £'000	2012/13 £'000	2013/14 £'000	2014/15 £'000
Projects Commencing 2013/2014									
DR90020	Highway Maintenance	S Pickering	1,200					1,200	
DR90300	Bridge Maintenance	S Pickering	500					500	
DR90500	Economic Development and Regeneration	S Pickering	863					863	
DR90450	Climate Change	S Pickering	50					50	
DR90900	Safe and Sustainable Communities	S Pickering	905					905	
TOTAL PROJECTS COMMENCING 2013/2014			3,518					3,518	
Projects Commencing 2014/2015									
DR90020	Highway Maintenance	S Pickering	1,200						1,200
DR90300	Bridge Maintenance	S Pickering	350						350
DR90500	Economic Development and Regeneration	S Pickering	774						774
DR90450	Climate Change	S Pickering	50						50
DR90900	Safe and Sustainable Communities	S Pickering	905						905
TOTAL PROJECTS COMMENCING 2014/2015			3,279						3,279
TOTAL CAPITAL PROGRAMME			112,823	71,200	22,809	8,770	3,217	3,548	3,279

**ATTRACTIVE AND INCLUSIVE CITY
CAPITAL PROGRAMME**

SUSTAINABLE COMMUNITIES CAPITAL PROGRAMME

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

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

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

It aims to do this through:

- **Regeneration:** By continually assessing and gathering up to date housing market and stock condition information to enable informed decisions for the selection of future Private Sector Renewal / Clearance Area schemes. Stock Condition Surveys are the main source of data used to identify private housing investment priorities. In 2007/2008, the council commissioned and completed its latest survey, the findings of which are being used to inform future housing renewal, regeneration and planning for the city in 2010/2011 and beyond.
- Delivering long term housing solutions as required by the Enabling Independence Strategy which includes the extra care programme within Sunderland. This will enable the development of supported accommodation to meet the needs of older people and other vulnerable client groups within our communities, with a further choice of care to be tailored to the needs of the household to enable them to live independently for as long as possible. To support the decommissioning of the Council's own Small Group Homes by providing an improved choice and standard of accommodation for people with mental health and learning disabilities.
- Delivering the overarching priorities as set in Sunderland's Housing Priorities Plan by attracting inward investment into the City as to support the delivery of sustainable economic growth, develop and deliver new homes and continue to improve the existing housing stock and by supporting the transition of selected neighbourhoods to 'Low Carbon City Villages'. Meeting the accommodation needs of all vulnerable and socially excluded people and by promoting sustainable living across the city by challenging existing attitudes, culture and behaviours will enable Sunderland to realise its vision.

OUTCOMES FROM COMPLETED CAPITAL SCHEMES

- Area Renewal programme has contributed towards a sustainable community and neighborhood through an increase in housing choice with the development of 79 new housing units in Phase 1 in Castletown to be completed by March 2011 decreasing the number of empty properties in the renewal areas by 42 and by reducing anti-social behavior.
- There have been 2 acquisitions of homes at Hetton Downs through SHIP and Homes and Communities Agency (HCA) funding plus 47 properties made more sustainable in Castletown through external improvements as part of a block improvement scheme.
- Bramble Hollow Extra Care Scheme in Hetton was opened in 2010, providing 48 two bedroom mixed tenure apartments with an on site care team providing care and support services within the scheme and outreach to residents within the local community.

KEY MEDIUM TERM PRIORITIES

- Continue with the development and implementation of Sunderland's Housing Priorities Plan linked to the delivery of the Economic Masterplan and the on-going development of the Core Strategy / Local Development Framework.
- Developing long-term housing solutions for households with a support need vulnerable adults through the development of the Suitable Homes for Living Strategy, which will help to deliver a greater number and range of Extra Care housing, a form of sheltered housing, for older people in partnership with both the Local Housing Corporation and housing providers in the city, and with whom Housing colleagues have developed strong business links.
- Improving the quality and choice of affordable accommodation, with emphasis being placed upon Council Renewal Areas.
- Continue to improve the housing stock in terms of decency and fitness for habitation in the private housing sector particularly targeting standards in the private rented sector. (Aim 4) (CIP 2, CIP 5 and CIP 6).
- Encourage more private landlords to become accredited and raise housing conditions and standards in the private sector.

SUSTAINABLE COMMUNITIES CAPITAL PROGRAMME

HOW THE PROGRAMME CONTRIBUTES TO AN EFFICIENT AND EFFECTIVE COUNCIL

The development of Joint Ventures such as in Castletown and Hetton Downs creates the environment for the council to work with funding and development partners to attract resources into developing and creating sustainable communities.

- Identify areas of low housing demand and develop action plans to assist in reversing trends.
- Continue to encourage and develop investment opportunities in the housing market.

CAPITAL INVESTMENTS FOR THE YEAR AHEAD

Ongoing Commitments

- The Extra Care housing programme continues with the development of the extra care housing scheme Cherry Tree Gardens in Houghton-Le-Spring. This will provide 40, two bedroom apartments and 7 two bedroom bungalows for older people and 24/7 care provision tailored to meet the needs of individuals.
- Area Renewal continues within Hetton Downs.
- A traveller's transit site will assist in dealing with unauthorised encampments more efficiently and effectively. The provision will ensure that statutory regulations are met
- The Young Persons Immediate Access Project is being developed and will provide 18 units of supported accommodation for young people in Dundas Street.
- Receive delivery of two Nissan Leaf Electric Vehicles which replace conventional diesel vehicles. The council will be seen as a leader in this field by promoting electric vehicle usage and help to reduce carbon emissions, improve air quality in the city and benefit from savings in vehicle running costs.
- Wind Energy Programme - to install 3 wind turbines at The Venerable Bede C of E, Washington, and St. Robert of Newminster schools, contributing to both cost savings and carbon reduction targets
- Improving Energy Management of Buildings - scheme to achieve energy savings by replacing obsolete heating control systems in Council buildings.
- Complete upgrading of 6 Recycling Bring Sites including an 'Invest to Save' project at Beach Street Household Waste and Recycling Site comprising infrastructure works including new waste containers and access platforms.

**SUSTAINABLE COMMUNITIES
CAPITAL PROGRAMME**

SUMMARY

Project Description	Gross Cost £'000	Expend. to 31.3.10 £'000	Estimated Payments				
			2010/11 £'000	2011/12 £'000	2012/13 £'000	2013/14 £'000	2014/15 £'000
MAIN BLOCK							
Continuing Projects	11,969	4,913	1,969	5,087			
Projects Commencing 2010/2011	2,221		1,048	1,173			
Projects Commencing 2011/2012							
Projects Commencing 2012/2013							
Projects Commencing 2013/2014							
Projects Commencing 2014/2015							
TOTAL CAPITAL EXPENDITURE	14,190	4,913	3,017	6,260			

METHOD OF FINANCING ESTIMATED CAPITAL EXPENDITURE

Source of Finance	Estimated Resources				
	2010/11 £'000	2011/12 £'000	2012/13 £'000	2013/14 £'000	2014/15 £'000
FROM EXTERNAL SOURCES					
Supported Borrowing	38				
Government Grants					
- SHIP	568	505			
- Department of Health	741	40			
- Homes and Communities Agency	610	4,667			
- Department for Education		300			
- PCT	550				
Total External Sources	2,507	5,512			
FROM INTERNAL SOURCES					
Reserves					
- Strategic Investment Plan	460	648			
- Salix Fund	50				
Capital Receipts		100			
Total Internal Sources	510	748			
TOTAL FINANCING	3,017	6,260			

**SUSTAINABLE COMMUNITIES
CAPITAL PROGRAMME**

Project Ref.No.	Project Description	Project Sponsor	Gross Cost £'000	Expend. to 31.3.10 £'000	Estimated Payments				
					2010/11 £'000	2011/12 £'000	2012/13 £'000	2013/14 £'000	2014/15 £'000
	Continuing Projects								
	HOUSING								
	Disabled Facilities								
	Market Rejuvenation								
SS97004	Eppleton, Castletown, Hendon 2009/2010	A Caddick	988	387	271	330			
SS97031	Hetton Downs	A Caddick	7,150	2,739	20	4,391			
	Decent Homes								
SS97035	Travellers Site	A Caddick	100			100			
SS97003	Homelessness & Advice Service - Set Up costs	A Caddick	251	213	38				
SS97025	Extra Care Housing : Moorhouse	A Caddick	565	283	282				
SS97026	Extra Care Housing : Racecourse	A Caddick	2,622	1,291	1,291	40			
	STREET SCENE								
CC90145	Recycling Bring Sites	L Clark	293		67	226			
TOTAL CONTINUING PROJECTS			11,969	4,913	1,969	5,087			
	Projects Commencing 2010/2011								
	HOUSING								
	Market Rejuvenation								
SS97004	- Area Renewal : Eppleton, Castletown, Hendon	A Caddick	472		297	175			
	Decent Homes								
	Centrepoint Sunderland	A Caddick	866		590	276			
	CITY CENTRE DEVELOPMENTS AND LAND AND PROPERTY								
DR91552	Wind Energy Programme	K Lowes	685		38	647			
CC96601	Electric Vehicles	R Donaldson	48		48				
DR91554	Improving Energy Management of Buildings	A Atkinson	150		75	75			
TOTAL PROJECTS COMMENCING 2010/2011			2,221		1,048	1,173			
TOTAL CAPITAL PROGRAMME			14,190	4,913	3,017	6,260			

RESPONSIVE LOCAL SERVICES AND CUSTOMER CARE CAPITAL PROGRAMME

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

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

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

It aims to do this by:

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

HOW THE PROGRAMME CONTRIBUTES TO VALUE FOR MONEY AND EFFICIENCY

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

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

CAPITAL INVESTMENTS FOR THE YEAR AHEAD

Ongoing Commitments

- Complete a programme of visitor improvements to support the Wearmouth-Jarrow bid for World Heritage Site status in 2011.
- Relocation of the City Centre Customer Service to Fawcett Street and rationalise facilities for visitors at the Civic Centre.
- A contribution towards works at Houghton Primary Care Centre to provide a physical link with Houghton Sports Centre and a new Wellness Centre, café and support facilities.

New Starts

- Public realm works on the World Heritage Status site for St Peter's Church to deliver the landscape vision that supports the nomination document.

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

SUMMARY

Project Description	Gross Cost £'000	Expend. to 31.3.10 £'000	Estimated Payments				
			2010/11 £'000	2011/12 £'000	2012/13 £'000	2013/14 £'000	2014/15 £'000
MAIN BLOCK							
Continuing Projects	3,967	3,213	754				
Projects Commencing 2010/2011	2,733		100	2,633			
Projects Commencing 2011/2012	1,300			250	250	400	400
Projects Commencing 2012/2013							
Projects Commencing 2013/2014							
Projects Commencing 2014/2015							
TOTAL CAPITAL EXPENDITURE	8,000	3,213	854	2,883	250	400	400

METHOD OF FINANCING ESTIMATED CAPITAL EXPENDITURE

Source of Finance	Estimated Resources				
	2010/11 £'000	2011/12 £'000	2012/13 £'000	2013/14 £'000	2014/15 £'000
FROM EXTERNAL SOURCES					
Unsupported Borrowing		457	250	400	400
Grants from Other Public Bodies - One NorthEast - Single Programme	413				
Total External Sources	413	457	250	400	400
FROM INTERNAL SOURCES					
Revenue Contributions					
- General Fund		1,342			
- Empire Maintenance Fund	65				
Reserves					
- Strategic Investment Reserve	170	83			
- Strategic Investment Plan		41			
- Unutilised RCCO Reserve	156	360			
Capital Receipts	50	600			
Total Internal Sources	441	2,426			
TOTAL FINANCING	854	2,883	250	400	400

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

Project Ref.No.	Project Description	Project Sponsor	Gross Cost £'000	Expend. to 31.3.10 £'000	Estimated Payments				
					2010/11 £'000	2011/12 £'000	2012/13 £'000	2013/14 £'000	2014/15 £'000
Continuing Projects									
Strategic Change Management - People First									
CC90170	IT for Customer Service Centres	M Poulter	75	35	40				
CS95501	Washington - Customer Service Centre	M Poulter	1,843	1,818	25				
CC90169	Hendon Customer Service Centre	M Poulter	11	9	2				
CC90168	Southwick Customer Service Centre	M Poulter	20	17	3				
Culture and Tourism									
CC90091	Empire Fly Tower	C Alexander	113	44	69				
CC90103	Herrington Country Park	C Alexander	1,000	937	63				
CC90108	Environmental Improvements - Public Art	C Alexander	278	245	33				
CC90109	Cultural Quarter	C Alexander	43	37	6				
CC90161	World Heritage Site- Wearmouth Jarrow action plan	C Alexander	100	24	76				
CC90161	World Heritage Site- Wearmouth Jarrow	C Alexander	484	47	437				
TOTAL CONTINUING PROJECTS			3,967	3,213	754				
Projects Commencing 2010/2011									
Strategic Change Management - People First									
CC90175	City Centre - Customer Service Centre	L St Louis	333		100	233			
CC90174	Houghton Primary Care Centre	M Poulter	2,400			2,400			
TOTAL PROJECTS COMMENCING 2010/2011			2,733		100	2,633			
Projects Commencing 2011/2012									
	World Heritage Site Public Realm - Wearmouth Jarrow	C Alexander	1,300			250	250	400	400
TOTAL PROJECTS COMMENCING 2011/2012			1,300			250	250	400	400
TOTAL CAPITAL PROGRAMME			8,000	3,213	854	2,883	250	400	400

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

Revenue Budget and Proposed Council Tax for 2011/2012

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 2011/2012;
 - the projected balances position as at 31st March, 2011 and 31st March, 2012 and advise on their level;
 - a risk analysis of the Revenue Budget 2011/2012;
 - a summary of the emerging medium term financial position facing the Council from 2012/2013 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 2011/2012 set out at Appendix H;
 - recommend to Council the proposed Council Tax for 2011/2012 at Appendix D – Proposed Council Tax 2011/2012 – See Item 4 of the Cabinet Report in the Council Summons;
 - 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 2011 meeting. At that stage there were a number of uncertainties and outstanding issues primarily;
- finalisation of additional savings from service reviews and other options to meet the funding gap;
 - the outcome of the Final Local Government Revenue Support Grant Settlement for 2011/2012 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 2011/2012 this report covers the following areas
- Current Overall Position 2011/2012 and 2012/2013;
 - Adjustments/Final position February 2011;
 - Key Strategic funding Issues;

- Outcome of Budget Consultation;
- Spending Pressures and Commitments
- Additional Proposed Investments
- Proposals To Meet Funding Reductions
- Detailed budget pages
- Medium Term Financial Position
- Overall Outlook
- Balances and Reserves
- Presentation of the Revenue Budget

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 H, including the proposed use of balances and the position in relation to major reserves, for recommendation to Council.

4. Current Overall Position 2011/2012 and 2012/2013

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 service budgets amounting to £38.7million in 2011/2012 and £23million in 2012/2013 were required. The report also referred to progress at that stage in relation to proposals to address the position. This included the need to develop further proposals to meet the £13.8 million gap arising primarily as a result of front loading of Formula grant reductions.

4.2 In addition to the above the report also outlined the changes regarding other grants which in overall terms had reduced by a further £19.1 million to primarily reflect the cessation of Area Based grants funding of £15.6m and reductions in grants of £3.5m. Also highlighted were the significant changes in respect of the schools funding position. The report outlined the steps that were being taken by Portfolio holders in addressing the position.

4.3 Details have emerged since the provisional settlement which have enabled the full impact of all of the grant reductions to be understood. In overall terms taking formula grant reductions, ability to access Council tax freeze grant, cost pressures and other grant reductions into account the total reductions required for 2011/2012 are £57.8m. In accordance with the budget planning framework:

- reductions in formula grant, ability to access Council tax freeze grant and cost pressures amounting to £38.7m have been addressed through business transformation savings and other proposals as set out in section 10.2.
- reductions to area based and specific grants amounting to £19.1million were passported to relevant services and are being addressed as set out in section 6.4.

5. Adjustments /Final Position February 2011

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 its meeting on 26th January, 2011, approved the Council Tax Base for the area covered by Hetton Town Council (£4,017) and the City Council area (£80,167).

6.0 Key Strategic Funding Issues

- 6.1 In terms of key strategic funding issues the following are covered in detail:

- Final Local Government Finance Settlement;
- Changes to the Area Based and Specific Grants Regime;
- Impact of grant reductions;
- Schools funding position.

6.2 Final Local Government Finance Settlement

- 6.2.1 The final position on the Local Government Finance Settlement for 2011/2012 was announced on 31st January 2011.

- 6.2.2 Details of the 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 2011/2012 has reduced by £0.030m from that announced in December 2010 to £158.102m. For 2012/2013 the entitlement has reduced by £0.028m to £145.809m.
- The threshold for the reduction in Revenue Spending Power over which Transition Grant will be paid has reduced by 0.1% to 8.8%. Those Councils whose spending power has been reduced by more than 8.8% will receive Transition Grant. As Sunderland's Revenue Spending Power has reduced by 8.88% the Council will now receive Transition Grant of £0.267m in 2011/2012. The Council does not qualify for any Transition Grant in 2012/2013.
- An updated position in respect of changes to all area, specific and core grants is set out at section 6.3.
- The schools funding resources will reduce by £8.088m.

6.2.3 The Government has not yet released details of its Council Tax capping criteria but has indicated it will use these powers if necessary and has also indicated that a council tax veto for council tax payers will form part of the localism bill.

6.3 Overall Summary of Changes to All Grants

6.3.1 The table below sets out the impact of cuts to all grants following the final settlement which shows that latest notified cuts to grants will be £39.197m in 2011/2012 (£20.1m Formula grant and £19.1m Other grants).

	2010/11	2011/12	Change	Change
	Adjusted	(£m)	(£m)	(%)
	£m			
Formula Grant	178.243	158.102	-20.141	-11.3
Learning & Disabilities	10.834	11.056	0.222	2.05
Early Intervention Grant	17.968	15.651	-2.317	-12.9
New Deal for Communities	2.366	0	-2.366	-100
Cohesion	0.107	0	-0.107	-100
Working Neighbourhood Fund	9.940	0	-9.940	-100
Prevent	0.116	0	-0.116	-100
Housing and Council Tax Benefit	3.682	3.383	-0.299	-8.12
Preventing Homelessness	0.181	0.216	0.035	19.34
Children's Grants	4.555	-	-4.555	-100
Flood and Water Management	-	0.120	0.120	100
Transitional Grant	-	0.267	0.267	100
Grant Changes *	227.992	188.795	-39.197	-17.2

*Before Council Tax freeze grant of £2.376m and inclusion of NHS funding £4.339m which will be channelled through the Health Authority for Supporting Social Care

6.3.2 The table reflects the following:

- changes in formula grant and transitional grant;
- an additional core grant allocation £0.120m to cover the costs for local authorities in putting in place and carrying out new responsibilities under the Flood and Water Management Act 2010 such as flood mapping, producing risk management plans and supporting community flood awareness groups.

6.3.3 In addition to changes in the grants set out above the following should be noted

- Latest guidance in relation to Council Tax Freeze grant indicates grant would be £2.376m;
- Notification of allocations remain outstanding in relation to:
 - PFI core grant - the allocation for the council is not expected to change from the previous year's allocation;
 - New Homes Bonus Grant - proposals for use of the funding will be considered once firm allocations are known;
 - Music Services grant and Rights to Free Transport grants are expected to be announced in March 2011;
 - Community Safety Fund and Stronger Safer Communities Fund– the Government has announced the total grants but has yet to notify councils of their allocation. At this stage the budget proposals assume that funding will be maintained at a similar level to 2010/2011. Should final allocations be less than the 2010/2011 allocation this position will need to be revisited.

6.3.3 No further changes to Area Based Grant have been announced. Sunderland previously received £35.9m through this mechanism in 2010/2011. These funds have either ceased or have been redirected through other funding streams:

- Working Neighbourhoods Fund (£9.9m), Cohesion (£0.1m) and Prevent (£0.1m) grants have ended (£10.1m in total);
- £17.4m worth of grants have transferred into Formula Grant;
- Grants totalling £3.3m have transferred into the Early Intervention Grant;
- Education related Grants totalling £4.5m have ended and are being used to fund the new Pupil Premium;
- Grants still unknown £0.6m

6.4 Impact of Cuts to Specific and Special /Core Grant

6.4.1 As set out in 6.3.1 of the overall grant reductions of £39.2million, £19.1million relates to area based and specific grants. In accordance with the budget planning framework this reduction has been passported to relevant activities as set out in the report to Cabinet in January:

- Grant reductions were to be passported to the areas of relevant expenditure in accordance with actions taken in relation to the in year grant reductions for 2010/2011 and the agreed approach set out within the Budget Planning Framework;
- Expenditure relevant to the core grants that increased were frozen at their 2010/2011 level of funding, with the increased funding available in 2011/2012 of £0.257m made available to meet the overall

6.4.2 In considering the reductions Portfolio Holders in conjunction with Directors, have considered the impact of all of the changes on a holistic basis. This has involved reviewing all services to ensure that resources are targeted to the highest priority areas and front line service impact minimised. The following should also be noted;

- A fundamental review of the children’s services budget has been undertaken in light of the level of cuts in Children’s Area Based Grants and Core grants in addition to Formula grant reductions. The overall approach has been to enable key service delivery to be continued particularly the core youth offer, current and enhanced levels of service for children with disabilities, and Connexions service statutory responsibilities.
- Support to Community Cohesion projects of £0.107m will be retained because of the priority attached to these projects. Projects associated with the Prevent grant will be delivered in a different way to ensure the impact of cuts are mitigated. Further examples of this approach are outlined in the report.
- The other significant cut to Area Based grants relates to the cessation of Working Neighbourhoods funding of £9.940 million which was targeted on the parts of the country suffering from the highest levels of worklessness. As Members will be aware Working Neighbourhood Funds have been used in Sunderland to support growth in jobs and employment in the growth of new and small enterprises. The Fund has also been used to support and develop existing businesses in the city. All measures intended to strengthen the local economy and local opportunity. The termination of this fund without any transitional arrangements has meant the cessation of this critical investment in the local economy.

6.5 Department of Education Grants Position

6.5.1 Final notifications of the outcome of Department for Education grant funding changes of £8.088 million are set out below:

	Local Authority Funding	Individual Schools Budget	Total Department for Education Grants
	£m	£m	£m
Funding DSG	(1.100)	1.100	-
Reduction in Pupil Numbers		(3.916)	(3.916)
Area Based and Specific Grants	(4.555)		(4.555)
Harnessing Technology Grant		(0.700)	(0.700)
Early Intervention Grant	(2.317)		(2.317)
Pupil Premium		3.400	3.400
	(7.972)	(0.116)	(8.088)

- 6.5.2 As in previous years schools were already planning to deal with a £3.9m reduction as a result of changes in pupil numbers. In order to fund the new Pupil Premium the Department for Education has ended £4.5 million of Area Based Grants. These are grants that supported targeted intervention and development needs in schools. In addition the Harnessing Technology Grant is to end. This currently pays for Broadband connectivity and a managed internet service in all schools. Schools will now be required to fund this connectivity at an additional cost of £0.7m.
- 6.5.3 The pupil premium grant must be passed on in its entirety to schools based on known eligibility for free school meals as at 20th January 2011. As a consequence, the changes to grant funding mean that Children's Services are required to reduce expenditure in respect of those areas previously funded from the specific grant i.e. Area Based Grants and Early Intervention Grant. The impact of Government in year grant changes mean that the reduction in grants is 24.3% compared to 2010/2011 for services such as Children's Centres supported through Early Intervention grant. The Early Intervention and prevention offer is being reviewed to reflect universal and targeted need.
- 6.5.4 As part of a strategy to minimise the impact of loss of grant and overall funding on service delivery to schools and therefore children and young people, Children's Services are working with schools to develop a school centred model for the delivery of particular services. This reflects the Government's "The Importance of Teaching" White Paper and is factored into the budget over the four year period of the spending review.

7. Outcome of Budget Consultation

- 7.1 The Budget and Policy Framework procedure rules contained within the Constitution of the Council requires consultation on budget proposals to take place. In September 2010 Cabinet approved proposals regarding the consultation strategy and framework for the budget for 2011/2012 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.
- 7.2 Presentations have been made to the stakeholder groups at each stage in the budget preparation process and reports are referred to the Management Scrutiny Committee for review.

7.3 In addition to the above stakeholder consultation, a survey was undertaken with the citizen's panel - Community Spirit - on nine service priority areas for 2011/2012. The survey was also available to the general public to complete online. The survey asked respondents to indicate the extent to which they agreed that the areas identified should be a priority for 2011/2012 and the survey confirmed that each area remained a high priority. Respondents were also asked whether they think the priority areas have got better, worse or stayed the same over the last 12 months and perceptions.

The results are summarised below;

	Priority	% Better	% Stayed the same	% Worse
1	Community safety	19.3	65.5	15.2
2	Refuse collection	67.4	30.2	2.4
3	Road and footpath maintenance	9.5	37.8	52.7
4	Clean streets	18.8	64.8	16.4
5	City Centre	17.5	43.2	39.3
6	Facilities for young people	44.6	42.3	13.1
7	Affordable decent housing	27.4	48.5	24.1
8	Enabling people with a disability, illness or health condition to live independently through access to services and facilities	31.2	58.9	9.9
9	Community integration	15.7	71.5	12.8

7.4 In addition the survey also asked respondents the extent to which they agreed with the Council's approach to meeting the impact of the Government funding cuts through its improvement programme. 79% of respondents either strongly agreed or tended to agree with the Council's approach.

7.5 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. The workshops also focused on the nine priority service areas and provided participants with an opportunity to talk to council officers about what is important to them in relation to the priority areas. These findings are considered together with the qualitative feedback from the survey.

7.6 More details of the findings of the consultation are included in Appendix B.

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

7.8 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.

8. Spending Pressures and Commitments

8.1 Resources

Port

The Port continues to be affected by the global economic downturn and continued difficult trading conditions, resulting in reduced income levels continuing to be experienced. The Port Director continues to seek new business and commercial opportunities in order to mitigate the deficit position. However at this stage it is considered prudent to include provision of £750,000 to address this shortfall in income.

Debt Charges

Provision of £1m is included to meet the debt charges arising from the existing Capital Programme Scheme approvals and in recognition of the impact of the increase in new prudential borrowing costs announced in the Spending Review.

Pensions Deficiency and Employers Superannuation Contribution

The council has received provisional notification of the outcome of 2010 Actuarial review of the LGPS Fund Valuation. This has advised of an increase in the Deficiency Fund requirement for 2011/2012 of £0.208m. However the Employers superannuation contribution rate is to reduce by 0.1% to 14.4% which reduces the net impact on the Council budget for 2011/2012 to an additional cost of £0.102m. Provision is included within the budget proposals for this amount.

8.2 Healthy City

The following proposals are made:

Fees for Independent Care Providers

An additional £1.064m is provided to assist in funding fees for independent care providers for children's social care in 2011/2012.

In addition there are a number of other proposals for investment that are outlined later in the report to enable services to be reconfigured in accordance with the 15 year modernisation plan for adult social care.

8.3 Children and Learning City

The proposals include the following:

Fees for Independent Care Providers

An additional £0.394m is provided to assist in funding fees for independent care providers for children's social care in 2011/2012.

Safeguarding

A sum of £1.5m is provided to fund the following:

- The safeguarding service continues to experience a high number of referrals in Case Management. In order to respond to these additional safeguarding needs, additional and more costly agency social workers have been appointed to ensure the Council has been able to respond appropriately to need and demand. Children's Services implemented a strategy to address the underlying workforce issues.
- A planned Recruitment and Retention strategy is beginning to have an impact on recruitment, including recruitment of experienced social workers from the United States. The ongoing implication of maintaining the established number of social workers and having plans in place to reduce reliance on external agency staff is £350,000.
- Sunderland still has relatively few looked after children placed in external placements in comparison with most other local authorities nationally and regionally. However, the cost of these placements results in a significant budget pressure. Based on the outturn position over the past 3 years for external placements there is an inherent budget deficit within Children's Services of £1.150m. Whilst strategies are in place to recruit additional foster carers to meet current and projected demands it is important to address this shortfall. The impact of the implementation of the Children's Placement Strategy and in particular the Foster Care Strategy will be closely monitored to ensure savings are realised in the medium term.

8.4 Prosperous City

The following proposals are made:

- **Working Neighbourhoods Fund**
When Working Neighbourhoods Fund was introduced in 2008/2009 the Council agreed that £1.070m of the fund be utilised to support mainstream Council Business Investment Activity and job creation schemes on a temporary basis for each of the three years of the life of the fund through to 2010/2011. As the Working Neighbourhoods funding is to cease from 2011/2012, it is necessary to replace the use of the grant with

mainstream Council resource. A sum of £1.070m is therefore included within the budget.

- **Economic Downturn**

The Council continues to experience a downturn in income in relation to a number of services including car parking, rents from the property portfolio, planning application fees, and income in respect of leisure activities. Whilst it is planned that all services will be subject to service review, it is considered prudent to include a sum of £0.750m in the budget planning proposals.

8.5 Sustainable Communities

The following proposal is made:

- **Waste Disposal**

In accordance with the policy of gradually building up provision within the Council's base budget to fund the eventual affordability gap associated with the Waste Disposal Solution, it is proposed to make provision of £1.2million for 2011/2012, taking into account the landfill tax that will be saved when the Waste Disposal Strategic Solution comes on stream.

8.6 Attractive and Inclusive City

The following proposal is made:

- **'Kerb It' Replacement Scheme**

A sum of £124,000 is proposed 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.

9. Additional Proposed Investments

9.1 Revenue Budget Position 2010/2011

As referred to in the January 2011 Cabinet report some savings are being generated in 2010/2011 from actions to meet the 2010/2011 in year Government Grant Reductions as well as from Interest on Balances, Debt Charges, and unutilised contingency provisions. However, any savings generated will be required to fund the following significant spending pressures as a result of implementing the savings proposals.

9.2 Invest to Save Transitional Costs

- SWITCH Team

To enable transition to revised operational arrangements reflecting the Sunderland Way of Working the Council has established the SWITCH team. This will enable people who are displaced as new organisational structures are established, to be given the

opportunity of alternative employment in priority projects until they are accommodated in a permanent position within the council's new operating arrangements. During this period of transition, the temporary costs associated with these staff in transition will need to be met. These costs include salaries, retraining, and placement.

A sum of £8.3m has been provided within the budget. This will be reviewed on an ongoing basis together with the impact of any other transitional costs related to the implementation of savings proposals which will be reported to Cabinet as appropriate.

9.3 **Invest to Save Directorate Modernisation Programmes**

There are a number of significant pressures in Adult Services arising from demographic changes and implementation of Government policy. In accordance with the Budget Planning framework policy of identification of actions to contain pressures, Health Housing and Adult Services have identified £4.509 million of additional savings proposals in order to reinvest in the following areas:

- **Home care services (£1.709m)**
Investment in low level preventative services such as Home Care, in line with Government and Council policy to support more people to live at home for longer should they choose this, thereby helping prevent more costly admissions to residential and nursing care.
- **Extra care facilities (£0.629m)**
Investment in Extra Care facilities (Cherrytree Gardens) and additional new schemes helps prevent admissions to residential and nursing care and provides people with their own independence.
- **Accommodation solutions (£2.105m)**
Investment in new accommodation solutions for:
 - Clients with Learning disabilities, including the provision of community living schemes and provision of care support teams within these facilities. This assists in meeting increasing demand for these services as people with significant disabilities are living longer. This in turn prevents admissions to Residential and Nursing care and promotes independence – £1.888m
 - Clients with Mental Health needs, including the provision of Residential and Nursing care facilities and other accommodation solutions. This helps to meet an increasing demand for the service and promotes independence - £0.217m
- **Home Improvement Agency services (£0.066m)**
Investment in the Home Improvement Agency which delivers Disabled Facility Grants and assists home owners to achieve Decent Homes Standards, together with providing minor alterations and the Handyperson service. These services all

help to maintain people within their own homes for longer, thus preventing more costly forms of support and admission to residential care. In addition it ensures that people live in homes which are of a decent standard.

- 9.4 In addition to the above there is a need for additional investment which enables economic regeneration in the city at this time of economic restraint. It is proposed that a specific sum be included to support Festivals and Events that can demonstrate strong value for money in terms of impact on the local economy.

10. Proposals to Meet Funding Reductions

10.1 Impact of the Settlement on Budget Planning

- Cabinet agreed in October 2010 that taking into account the Sunderland Way of Working and existing initiatives, Directors should bring forward savings, based on 10% targets, to be reviewed and reassessed as confirmed changes in Government funding were announced and as the Business Transformation Programme progresses.
- The impact of the Comprehensive Spending Review announced on 20th October 2010 was reported to Cabinet in December 2010, and Cabinet agreed at that time that the work set out above, together with a much increased focus on Service Reviews would enable the Council to address the anticipated overall funding gap.
- The Final Settlement has confirmed the need to make ongoing reductions of £38.7m in 2011/2012 and a further £23m in 2012/2013 (excluding Area and specific grant reductions being passported as set out in 6.4.1).

10.2 Summary of Budget Reduction Actions

The table overleaf shows the financial impact of efficiency savings proposed to be taken into account in the budget for 2012/2012 and 2012/2013. It reflects plans fully in place to deliver the 2011/2012 efficiencies, The table reflects the latest position in respect of Business Transformation savings and Service reviews amounting to £26.382million which were reported in detail to January Cabinet.

Following final adjustments the residual funding gap of £12.3m is to be met from additional proposals as set out in section 10.4. Plans are in development to deliver the full 2012/2013 savings.

Summary of Proposals

	2011/12		2012/13	
	£m	£m	£m	£m
Savings Proposals				
Business Transformation Programme	17.416		8.086	
Service Reviews	8.966	26.382	6.453	14.539
Additional Savings Proposals				
Directorate Improvement Programmes		0.573		0.181
One off Use of Surpluses, Reserves, Capital Grant Flexibilities		5.450		
Back Office Services		0.753		0.520
Overheads/General Efficiencies		2.771		0.083
Additional or Alternative Sources of Income		2.781		0.181
TOTAL		38.710		15.504

10.3 Business Transformation Programme (£26.382m)

10.3.1 One of the key ways the Council has been planning to address the anticipated reduction in public spending has been through the Business Transformation Programme. The programme is examining every aspect of the way we work by looking at the organisation in a different way with two main objectives:

- To challenge what we are doing, how we are doing it and how effective it is;
- To organise in a way that maximises value for money and releases resources to protect front line services.

The net effect of the programme is to make savings from non-front line services in order to protect front line service delivery wherever possible

The table below sets out the summary position in respect of savings anticipated from the Business Transformation Programme.

	2010/11	2011/12	2012/13
	£m	£m	£m
Gross Project Savings			
Strategic and Shared Services	3.323	7.923	3.778
Customer Services	0.124	1.013	0.794
ICT	0	0.639	0.494
Property Rationalisation / Smarter Working	0	0.766	0.522
Service Assessment and Commissioning			
- Procurement	0.664	5.011	1.561
- Service Reviews Phase 1	0	2.064	0.937
- Service Reviews Phase 2	0	8.966	6.453
Programme Savings	4.111	26.382	14.539

10.3.2 The reviews in respect of each element of the programme are will provide significant savings which are to be taken into account in the 2011/2012 budget and over the next three years. Plans are being implemented in respect of the following key strands of business;

- Strategic and Shared Services**

This review is implementing new standardised ways of delivering support services by bringing staff together within their own area of expertise, introducing standardised consistent practices, redesigning processes and using ICT to maximise efficiencies.
- Customer Services**

All customer contact to be undertaken through the Customer Services Network in order to:

 - maximise resolution at the first point of contact,
 - avoiding unnecessary contact,
 - further develop transactional website functionality.
- ICT**

The pooling of ICT software and Hardware will enable the most efficient and effective way to meet the needs of the business and reduce costs. The use of ICT will be maximised with additional investment where there is a sound business case to do so.
- Property Rationalisation and Smarter Working**

Maximisation of the use of space available and utilisation of the lowest number of locations will save on running costs. In addition the use of ICT will enable alternative forms of working for example, home working, hot desking or use of hand held devices to deliver speedier services.

- **Service Commissioning and Review and Procurement**
 - Procurement
Centralising procurement activity and ensuring all purchasing goes through expert procurement officers will enable significant savings to be made from bulk purchases.
 - Service Commissioning and Review
The reviews seek to gain a comprehensive understanding of customer need and how best that need can be delivered 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 budget for 2011/2012 takes into account savings arising from service reviews in relation to:

- Facilities Management,
- Health Inequalities
- Planning Services
- Services for Over 65s
- Information, Advice and Guidance
- Transport and Fleet Management
- Neighbourhood Services
- Sport, Leisure & Wellness
- Housing Related Support

These latter areas of service review relate to front line services however, whilst inevitably it is likely that there will be changes to the current services provided in order to deliver the required savings, the intention of all service reviews will be to ensure that as far as possible the same outcomes can be achieved for less. The key intention will be to safeguard priority services and ensure resources are targeted appropriately by clearly focusing service standards on front facing service delivery and increasing productivity. Proposals developed for 2011/2012 savings accord with these principles.

10.4 Additional Proposals

In order to meet the 2011/2012 funding gap and to enable a balanced budget to be set Directorates have identified additional proposals including:

- Directorate improvement programmes
- use of delegated surpluses, reserves and other one off reductions in spending which will be replaced with permanent ongoing savings for 2012/2013.
- back office savings in addition to those arising through the BTP;
- general efficiencies in relation to overhead costs;
- opportunities for additional or alternative sources of income.

The detailed Revenue Budget Pages included at Appendix H include a commentary of the proposals by Portfolio holders in conjunction with Directorates to address the budget reductions. The commentary makes reference to the business transformation programme proposals as well as the additional proposals. A summary of the main areas are set out below.

10.4.1 Directorate Improvement Programmes (0.573m)

In accordance with the budget planning framework Directorates have brought forward proposals for services through the Sunderland Way of Working in addition to the larger service reviews. The savings are primarily as a result of more focus on modernisation of services through integrated working across the Council and with partners to improve working arrangements and outcomes for citizens.

10.4.2 Use of Delegated Surpluses, Other Reserves and Stopping spend on a One Off Basis - £5.450m

Given the level of front loading of reductions and recognising the time taken for service reviews to be considered robustly to ensure redesigned services deliver community needs a further review of all reserves and delegated surpluses has been undertaken. This review has led to:

- resources being released which were earmarked to support capital or revenue projects, which have either been stopped or delayed or funded through a different route. For example use of commuted sums capital reserves which will now be supported through the revenue budget and redirection of capital grants using grant flexibilities.
- Directorates reviewing budgets to consider where spending can be temporarily stopped. This includes proposals to implement a managed delay and cessation of lower priority revenue and capital projects including in relation to highways capital schemes but ensure the focus still remains on key priority areas relating to potholes.

The savings realised are being replaced with permanent savings in 2012/2013 through the development of the Business Transformation Programme projects.

10.4.2 Back Office Services - £0.753m

In light of the level of grant changes in addition to strategic and shared services savings, additional savings have been identified through a review of management staffing structures within Directorates.

10.4.3 Overheads /General Efficiencies - £2.771m

A full review of all budgets has been undertaken across Directorates to reduce as far as possible equipment and supplies and services but also to introduce new processes and stop activity. This has led to a significant number of small reductions to budgets which can be made

on a permanent basis. In addition savings in respect of changes to terms and conditions relating to non staffing costs have also been taken into account. Finally matched funding to grants of circa £0.400m that have ceased have also be taken into account as programmes have ended.

10.4.4 Opportunities for Additional or Alternative Sources of Income - £2.781m

A review of potential income sources has been undertaken and the following can now be taken into account

- Grant income through health to support investment in reablement and other community health services required to support the delivery of the three year delivery plan for adults social care and other one off grant funding released to support the BTP programme
- Increased income generation including additional bays in the central car park

11. Detailed Budget Pages

- 11.1 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.
- 11.2 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.
- 11.3 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 16th February, 2011.
- 11.4 The formal decisions of the major precepting bodies are awaited regarding their precept proposals for 2011/2012. Consequently, the Proposed Council Tax for 2011/2012 will be tabled as Appendix D to this report at the Cabinet meeting on 16th February 2011.

12. Medium Term Financial Position

12.1 In considering the Revenue Budget for 2011/2012 it is more important than ever, given the reductions to public spending, to have regard to the medium term position, covering 2012/2013 through to 2014/2015. There are a number of assumptions included in the Medium Term Financial Strategy and a range of scenarios, which may emerge. Those particularly significant commitments, which have been considered when estimating the resources position for future years are set out below.

12.2 Impact of the 2012/2013 Provisional Settlement and the outlook for 2013/2014 to 2014/2015 under the SR10

The provisional settlement for 2012/2013 as announced in December 2010 and updated on 31st January 2011 includes indicative further reductions to formula grant in 2012/2013 of £11.654m.

The position beyond 2012/2013 can only be estimated using the headline details from the Spending Review 2010 which set out the government's overall spending plans for the period 2011/12 to 2014/15. The Provisional Grant Settlement provided the details of the impact of these proposals for each council for the first 2 years of the Spending Review period. The position for the latter 2 years will however be impacted by a review the Government has commenced to find a different and simpler method to distribute formula grant. This is to be reported in the autumn for consultation.

Initial and broad estimates from the details released in the Spending Review indicate that the Council could face further cuts to its grant funding in 2013/2014 of £3.0 million and in 2014/2015 a further £11.0 million. Whilst these can only be estimated at the current time they are the best indications available. The overall revenue grant reductions position may become worse if the trend in reductions to other revenue core grant funding streams continue into these 2 years (years 3 and 4).

12.3 Pay and Pensions

The Government has 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, who will receive an increase of £250 per year. Local government pay remains a matter for free collective bargaining between the national employers and trade unions through the National Joint Council.

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.

With regard to pensions, the provisional results of the Actuarial review of the Local Government Pension Scheme 2010, which will be implemented in 2011/2012 have been taken into account within the medium term position.

The Independent Public Service Pensions Commission (IPSPC) led by John Hutton published an interim report on 7 October 2011. The report highlighted the importance of providing good quality pensions to public servants and rejected 'the race to the bottom in pension provision'. It concluded however that there was a clear need for public sector workers to make a greater contribution if their pensions were to remain fair and affordable. The Government has accepted these conclusions, however, awaits Lord Hutton's final recommendation before determining the nature of that benefit and the precise level of progressive contributions required. The report is expected in the Summer 2011.

12.4 Debt Charges and Revenue Consequences of Capital Expenditure

The prudential framework for the control of local authority capital expenditure provides flexibility to borrow to fund capital expenditure. Prudential borrowing has 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.

12.5 Integrated Transport Levy

The position relating to the ITA levy in future years is based on a prudent view of the position in future years and agreed plans.

12.6 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 provision for the Waste Disposal Strategic Solution.

12.7 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 and indeed health budgets generally. 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 has announced additional funding for Primary Care Trust's over the coming four years, 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 on an initial basis.

12.8 Equal Pay

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. The position will be kept under review and the Medium Term Financial Strategy adjusted if necessary.

12.9 Developments in Local Government Finance

Following the outcome of the General Election in May 2010 various announcements have been made which may impact on Local Government Finance if approved. In the majority of areas the financial impact will only be known once specific details of the proposals have been finalised and will be reported in due course.

12.10 Proposals to Meet the Funding Gap and Maximising Efficiency Savings

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:

- Specific efficiency savings arising from the Business Transformation Programme;
- Reviewing services to gain a comprehensive understanding of customer need and the most cost effective way of meeting that need through service reviews, including through modernising and improving services across the Council and the Sunderland Way of Working;

- Seeking opportunities through new financial models
- Directorate cash limits being tightly drawn and prompting the identification and reinvestment of efficiency savings.

13 Overall Outlook

13.1 The table below sets out the potential budget reduction for each of the next three years. They are based on a range of assumptions. However, it is difficult to estimate beyond 2012/2013 because of the Review of Local Government Finance the outcome of which will not be known until the end of next year.

		2012/2013	2013/2014	2014/2015
Potential Budget reduction		£21m- £25m	£12m- £15m	£20m - £23m

There are a wide range of budget requirements for 2012/2013 and future years. These uncertainties include:

- the level of government funding through formula grant beyond 2012/2013;
- the performance of the economy;
- the level of inflation both in relation to specific goods, services, commodities and generally;
- the level of pay awards;
- the future changes which may be made to pension arrangements.

Plans will be updated as further information is released.

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, 2010 and 31st March, 2011 is set out at Appendix E. This takes into account savings arising in 2010/2011 in relation to:

- actions to meet the 2010/2011 in year Government Grant Grant reductions;
- 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 invest to save and 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 appropriate.

- 14.3 In addition the position reflects the release of directorate delegated surpluses and other balances for use on a one off basis to meet the funding reductions in 2011/2012
- 14.4 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 F.
- 14.5 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 G.

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.

Based upon the information used in determining this Revenue Budget 2011/2012 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 E;
- the Risk Analysis set out in Appendix F;
- the Major Reserves set out in Appendix G;

The Revenue Budget is considered robust and the level of reserves considered to be adequate for 2011/2012 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 2011/2012 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 H sets out the detailed Revenue Budget 2011/2012 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.

Best Value Accounting Code of Practice

- 15.2 The presentation of the budget reflects the requirements of the Best Value Accounting Code of Practice, 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 constitutes a 'proper 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 budget for 2010/2011 and 2011/2012 arise as a result of the implementation of the new business operating model and the associated realignment of budgets to the new service providers;
- variations between 2010/2011 and 2011/2012 arise as a result of the implementation of the budget reductions referred to in the report;
- variations arise between 2010/2011 and 2011/2012 as a result of technical adjustments in relation to FRS17 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 and a number of technical adjustments e.g. contingency transfers.

Background Papers

Local Authority Finance (England) Revenue Support Grant 2011/2012 and related Matters

Cabinet Reports 17th January 2011

- Provisional Revenue Support Grant Settlement for 2011/2012
- Revenue Budget 2011/2012

Cabinet Reports 16th February 2011

- Collection Fund 2010/2011

Council Reports 26th January 2011

- Calculation of Council Tax Base 2011/2012

Final Settlement 2011/2012 and Provisional Settlement for 2012/2013

1. National position

A summary of changes affecting the National Final Settlement is set out below:

- Total Government Revenue Grant known as Aggregate External Finance (AEF) is £72.7 billion to Local Authorities in 2011/12. The government has only released elements of the AEF for 2012/13 mainly in respect of Formula grant totals and limited core grant details (Dedicated Schools Grant and Pupil Premium figures). Total AEF for 2011/12 increased by approximately £114 million in the final settlement due to:
 - the increase of £10 million in Formula Grant (detailed below)
 - additional core revenue grant funding of £104 million (set out below).

The changes in the 2012/13 settlement showed that Formula Grant has been reduced in total by £10 million which is being used to finance the additional grant in 2011/12. Additional core revenue grants of £72 million were also announced.

- Of this Formula Grant is £29.4 billion in 2011/12 and £27.1 billion in 2012/13 – with an additional £10 million included in 2011/2012 as compared to the provisional settlement to compensate Shire Districts for losses of concessionary travel funding and this is ongoing into 2012/2013.
- The threshold for the reduction in Revenue Spending Power over which Transition Grant will be paid has reduced by 0.1% to 8.8%. Those Councils whose spending power has been reduced by more than 8.8% will receive Transition Grant. The total Transition grant available has been increased from £85 million to £96 million in 2011/2012 and from £14 million to £21 million in 2012/2013.
- Council Tax must be a strictly zero increase in order to qualify for the Council Tax Freeze Grant in 2011/2012.
- The government has provided an extra £5 million to encourage the newly formed Local Enterprise Partnerships (LEP's) and new Local Authority partnerships to work together across boundaries to deliver large scale housing and regeneration schemes in key growth and housing market renewal areas.

- Additional Core Revenue grants have been confirmed / announced in respect of :

Grant	2011/2012 £m	2012/2013 £m
Fire Revenue	31.4	34.4
Community Safety Fund	56.8	28.8
Stronger Safer Communities Fund	3.9	0.00
Housing Growth / housing Market	+0.3	2.0
Renewal Transition	(now £3m)	
Transition Grant	+11.6	+6.8
	(now £96m)	(now £21m)
Totals	104.0	72.0

2. Impact on the Council

A summary of the impact of the Final Settlement on Sunderland is set out below:

- The Formula Grant allocation has reduced by £0.030 million to £158.102 million for 2011/2012 with a further reduction of £0.028 million to £145.809 million for 2012/2013 in cash terms.
- The change in the threshold for eligibility for Transition Grant to 8.8% means that the Council now qualifies for Transition Grant in 2011/2012 of £0.267 million as the Council is facing an overall grant reduction of 8.88% without this grant support. The Council does not qualify for any Transition grant in 2012/2013.

Budget Consultation Results

The Budget Consultation for 2011/2012 was undertaken within the context of the need to significantly reduce spending in light of the Government funding reductions. The Budget Consultation process has therefore combined

- assessing support to the Councils approach to meeting those funding cuts through implementation of the Councils Business Transformation programme in order to release resources as set out in the Budget Planning Framework;
- with the identification of priority areas for service delivery for 2011/2012.

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 September 2010, 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; and

In addition to the presentations, members of Sunderland's citizens' panel and the voluntary and community sector were invited to take part in a self completion survey to ascertain residents' views on nine service priority areas for 2011/2012. The survey was also available online for completion by the general public.

In addition the survey also asked respondents the extent to which they agreed with the Councils approach to meeting the impact of the Government funding cuts through its improvement programme. 79% of respondents either strongly agreed or tended to agree with the Council's approach.

The nine service priority areas on which views were sought are set out below together with the extent to which respondents either agreed or strongly agreed that the service area should be a priority for 2011/2012:

A summary of the position is set out below

	Priority	% Better	% Stayed the same	% Worse
1	Community safety	19.3	65.5	15.2
2	Refuse collection	67.4	30.2	2.4
3	Road and footpath maintenance	9.5	37.8	52.7
4	Clean streets	18.8	64.8	16.4
5	City Centre	17.5	43.2	39.3
6	Facilities for young people	44.6	42.3	13.1
7	Affordable decent housing	27.4	48.5	24.1
8	Enabling people with a disability, illness or health condition to live independently through access to services and facilities	31.2	58.9	9.9
9	Community integration	15.7	71.5	12.8

Workshops were held, with Community Spirit panel members and representatives from the voluntary and community sector (including the Independent Advisory Groups), in different locations throughout the city. This provided participant with the opportunity to discuss with council officers what is important to them in relation to each of the priority areas.

A total of 62 panel members attended the Community Spirit workshops and there were a further 7 attendees at the workshop for the voluntary and community sector and Independent Advisory Groups. Following presentations on the budget context and Big Society participants were organised into small groups to discuss with council officers what is important to them in relation to the priority areas. A total of 15 small groups took part across the 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 46 respondents who expressed an opinion, 93% were very/fairly satisfied overall and more specifically:

- 94% of the 47 respondents who expressed an opinion rated the presentation on the Budget Overview as being very good / good;
- 85% of the 46 respondents who expressed an opinion rated the question and answer sessions with officers as being very good / good;
- 93% of the 44 respondents who expressed an opinion rated the break-out group sessions 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.

It needs to be recognised however that the manner in which participants were chosen - they volunteered - means that workshop attendees cannot be regarded as being statistically representative of Sunderland citizens although the involvement of the voluntary and community sector, and the availability of the questionnaire online to the general public this year helped to better represent the interests of the wider public.

By taking cognisance of the feedback obtained through the whole consultation process and Members own knowledge and feedback from constituents, the budget setting process becomes more informed. In addition, in considering the results of the consultation and its impact on the mainstream budget decisions of the Council, regard should be had to past investments which are still being implemented.

Within that overall context each of the priorities identified has been considered within the preparation of the Revenue budget and Capital Programme 2011/2012 and in light of the Improvement Programme activity which is being undertaken:

1. *Creating safer communities*

The Council is reviewing its frontline anti-social behaviour services and exploring ways that a more joined up service can be delivered alongside partners in local areas.

More effective identification of high risk victims are being identified and the council continues to develop services for victims of domestic violence.

We continue to develop an approach to managing high crime causers in the City reducing crime and reoffending rates.

We are reviewing partnership arrangements to streamline our working which will free up capacity to develop and improve service delivery.

A review of drug services led by the PCT and Safer Communities Team has assisted in achieving a £200,000 saving in adult substance misuse delivery costs in 2010 whilst retaining performance levels.

2. *Refuse Collection*

As part of the Streetscene Transformation project the recycling and refuse collection management structure has been redesigned, resulting in a flatter less costly structure which has been aligned with the five city areas.

In addition, collection service route planning through route optimisation technology will be used to further improve assisted collections, general efficiency and safety.

3. *Road and Footpath Maintenance*

The transformation of the operational arrangements of the Street Scene Service has involved streamlining arrangements including removing an historical internal client and contractor split of highways service delivery. The result is a more responsive and cost effective maintenance programme. A comprehensive Highways Asset Management Plan will be

produced in 2011 that will help direct resources more intelligently, and the information network created through Responsive Local Services will help ensure that local priorities are identified.

A review of the priorities within the service has been undertaken and provision of additional investment of £300,000 for 2011/2012 is being provided through the Capital Programme to address high priority maintenance requirements.

4. *Clean streets*

January 2011 will see the introduction of the new Responsive Local Services. This will provide a direct link for customers and ward members with resources better aligned to meet the specific needs within in the five regeneration areas.

5. *City Centre*

In October the Council launched its Economic Master Plan for the City which places improving the City Centre and its role in driving the economy and prosperity of Sunderland as a key aim.

The proposed Capital Programme for 2011/2012 to 2015/2016 includes a number of proposals to support economic regeneration of the City Centre in accordance with strategic priorities

A new Economic Leadership Board is being established involving key partners in both the public and private sector. The Board will focus on focus on delivering our key projects and to respond to the current economic climate and emerging priorities of the Coalition Government.

For both 2009/2010 and 2010/2011 the City Council provided an additional £1million for initiatives to support City Centre businesses through the economic downturn. The aims were to increase footfall and dwell time within the City Centre, and to bring an enhanced sense of vibrancy to the area.

Overall, the programme of projects is considered to have been a success. An independent survey carried out by Explain Research stated that 72% of residents interviewed found that the events in Sunderland were considered either good or very good.

Following the success and benefits of making this investment, the council is proposing to provide a further £1 million for 2011/12 to continue this programme.

6. *Facilities for Young People*

The Council continues to improve the ways in which we deliver services to young people in areas where there is little or no provision through the mobile youth buses and XL village events. These have led to significant reductions in anti-social behaviour, attracted national positive interest, and have been very well received by young people.

Youth provision is more equitable across the City by commissioning the voluntary sector to deliver a core youth offer of a minimum of 3 youth sessions in every ward. This is better value as the voluntary sector is able to draw down matched funding and, as partners we are able to make the best use of existing resources such as buildings and staff without duplication.

7. Affordable Decent Housing

The City Council has developed its Housing Priorities plan in partnership with the Homes and Communities Agency (HCA) to provide much needed new homes and deliver upon the city's renewal priorities over the next 15-years. A key element being to develop affordable homes on appropriate sites across the city.

This approach is being supported by the Council and its partners through:-

- Continued development and implementation of Council mortgages to allow individuals who cannot otherwise secure a commercial mortgage to progress onto the property ladder,
- Continued development, support and implementation of shared equity schemes,
- Investing in the current housing stock – especially for vulnerable people through the implementation of the Financial Assistance Policy (FAP),
- Developing new innovative housing schemes - especially in relation to mixed tenure extra care housing for older people,
- Working with private sector developers to utilise 'land banked' sites,
- Continue to work with Registered Providers (Housing Associations) to discuss and agree their priorities for investment in Sunderland.

8. Enabling People with a disability, illness or health condition to live independently through access to services and facilities

The Health Housing and Adult Services Directorate continues to ensure people with disabilities are able to access a range of services not just Council provided by focussing on the further development of brokerage services. Brokerage will be key to enabling people to look beyond traditionally provided care and support services and accessing universal services by providing the necessary support for vulnerable people to do this. The Health, Housing and Adult Services Directorate is also accelerating its approach to reablement by ensuring everyone has access to an reablement approach, focussing on people doing things for themselves; challenging the dependency that can be created on services.

Health Housing and Adult Services have identified £4.509 million additional savings proposals in order to reinvest in the home care services, extra care facilities, and accommodation solutions. Further details are included at paragraph 9.3 of the main report.

9. *Community Integration*

The Council will extend pilot projects which involve young people in working together for the benefit of themselves and the wider communities they live in, developing initiatives such as community gardens, community spaces in parks and renovating community facilities.

These projects are led by young people themselves who take the lead in identifying and delivering actions which then benefit the wider community. This in turn breaks down issues connected with intergenerational tensions and also leads to visible improvements for communities.

The Council will continue to work with community members and partners to identify issues of concern about community tensions and vulnerabilities and respond to these, for instance addressing instances of bullying and hate through the ARCH reporting system, increasing the number of places where such instances can be reported and the availability of various kinds of support for victims.

Notes of a Budget Consultation meeting between representatives of the Council and the Chamber of Commerce held at Sunderland Civic Centre on Wednesday 2 February 2011 at 10.00am

Present:

Council Representatives

Councillor Paul Watson	-	Leader of the Council
Councillor Florence Anderson	-	Deputy Leader of the Council
Councillor Dave Allan	-	Resources Portfolio Holder
Dave Smith	-	Chief Executive
Malcolm Page	-	Executive Director of Commercial and Corporate Services

Chamber of Commerce Representatives

Jonathan Walker
Dave Crompton

The Leader of the Council welcomed representatives from the North East Chamber of Commerce and asked Malcolm Page, Executive Director of Commercial and Corporate Services to outline the current position with regard to the Council's budget for 2011/2012.

The Executive Director of Commercial and Corporate Services advised that following the emergency budget in June 2010, the Council had begun planning for the future in the context of estimated 10% year on year reductions over 4 years, totalling £80m. This budget planning framework was not just aimed at addressing the necessary budget reductions but was also linked to the strategic development of the authority.

The Local Government settlement was received on 31 January 2011 and the key issues for Sunderland were identified as:-

- front loading of cuts;
- dismantling of grants including £35.856m of Area Based Grants, the end of Working neighbourhoods Fund and Children's Services Grants totalling £14,638m, £20,686m being transferred into formula or core grants and then reduced;
- schools funding surprises including £8m reduction in resources, pupil premium additional funding negated by Area Based Grants reduction and 27% reduction in Early Intervention Grant;

- the settlement was only for two years and there was uncertainty around years three and four and particularly the formula review.

The Executive Director stated that although the Council had planned for potential cuts, additional work had been required in order to respond to the frontloading of these into years one and two and the impact of changes to specific grants. He also described how the Business Transformation Programme was designed to streamline the Council's support services and create efficiencies through that process. However, the following areas had been identified for continuing investment:-

- Reinvestment in Adult Social Care solutions;
- Economic Development;
- City Centre Regeneration;
- Highways Maintenance;
- Invest to Save – Improvement Agenda.

Finally, the timetable and next steps for the budget were outlined.

The Leader of the Council stated that the situation was difficult but had to be managed in the best way possible. He emphasised that the Council was committed to looking after the most vulnerable people in the City and protecting jobs as much as possible. The Leader then invited views and comments from the Chamber of Commerce representatives.

Jonathan Walker noted the Council had stated it would not make mass redundancies and asked how achievable this would be in relation to current workforce costs and levels of natural wastage.

The Leader confirmed that the Council was committed to avoiding compulsory redundancies as much as possible and that it recognised the need to value its staff. However, at the end of the Business Transformation process, the Council workforce would be much reduced. Rates of movement of staff had dropped but the natural 'churn' was still there.

The Chief Executive advised that there were approximately 20 different measures running which were intended to support natural wastage. Schemes were running around helping employees who want to set up their own business, early retirement options, reducing working hours and buying more annual leave. Through these initiatives it was intended to reduce the staff head count over a period of time. He also reported that the resources required to operate these schemes would be one third of the cost of a mass redundancy programme and although it is a higher risk strategy, initial indications were positive. A clearer picture would emerge after the first two quarters of the new financial year.

Dave Crompton commented on the transparency of the Authority's plans to generate efficiencies and congratulated the leadership on this. He felt there was a big element of support from local people on this. He highlighted that as part of his work, he carried out surveys with local businesses which found that 50% felt they were struggling. He wanted to emphasise to the Council the knock on effect local authority spending restrictions would have on traders in Sunderland.

The Leader agreed and emphasised that businesses themselves rather than premises should be targeted for help from the council.

Councillor Allan made reference to the 'Buy Sunderland First' campaign to promote local businesses and that the city had been ahead of the game in this respect. The Chief Executive added that 'Buy Sunderland First' had been running for a year for Council procurements of less than £75,000 and now 60% of those contracts had been awarded to local businesses. Of these local contractors, 40% were new to doing business with the Council.

The City Centre Quick Wins Project would continue to improve and the closer the Council worked with local businesses, the bigger the impact. It has been recognised that big events taking place during the year are not always made the most of by local businesses. It was hoped this could be developed this year and it was highlighted that NECC were doing work around the concerts taking place in the summer so that business could achieve maximum benefits.

Dave Crompton highlighted that the message on advertising events was getting through and progress was being made on establishing a Sunderland Trade Association. He noted that larger companies were getting their act together and dealing with the tough economic conditions but smaller companies needed to be supported in upskilling their workforce to work through the recession.

Jonathan Walker queried how making savings on procurement through aggregation would impact on local businesses. The Chief Executive acknowledged that this would have to be a balance between the need to make savings against investing in the local economy. Efforts were being made to encourage small businesses to work together to bid for contracts. The Leader agreed that the point raised was valid and needed to be borne in mind during the procurement process. He highlighted that the possibility of including clauses in larger contracts to source sub-contractors and materials locally was being explored.

The Executive Director of Commercial and Corporate Services commented that the buying power of the Council was such that it should be able to strike the right balance between saving money and supporting local business.

Dave Crompton also drew attention to the complicated nature of bidding for tenders through the North East Purchasing Organisation (NEPO) and the difficulties in finding out which smaller contracts were available. He suggested that notifications could be sent to a database of local traders when contracts were due to go out to tender.

Councillor Allan replied that NEPO was changing and was trying to be more user friendly for businesses. He also commented that a database of businesses had been established as part of Buy Sunderland First and the possibility of sending alerts would be looked into.

Dave Crompton also stated that the fledging Trade Association would promote partnerships between smaller businesses so they could bid for contracts together.

Jonathan Walker added that NECC would be happy to use their network to help establish bidding partnerships.

It was queried if the Council had explored ways in which to raise more revenue and the Leader responded that although the Council wanted to maximise potential revenue sources, it would be unfair to ask people to contribute to the deficit in this way. A balanced view would be taken. The Council would consider providing services which would be unique and not competitive with local businesses but could generate revenue under the power of 'General Competence'. Through the establishment of the new Commercial and Corporate Services Directorate, the Council would over time be taking a more commercial approach to aspects of its operations.

With regard to the Council's assets, the Executive Director of Commercial and Corporate Services advised that in the past, the asset base had been under-used and this was being addressed. In response to a question about the impact of the spending cuts on the Capital Programme, it was explained that spending commitments from the previous year would be carried forward. Some programmes would be smaller than in the past but the Council would aim to be creative and innovative in order to unlock investment in a different way.

The Leader thanked the Chamber's representatives for their attendance and for their comments which would be taken into consideration by the Cabinet. The Leader then closed the meeting.

Notes of a Budget Consultation meeting between representatives of the Council and the Trade Unions held at Sunderland Civic Centre on Wednesday 2 February 2011 at 11.00am

Present:-

Council Representatives

Councillor Paul Watson	-	Leader of the Council
Councillor Florence Anderson	-	Deputy Leader of the Council
Councillor Dave Allan	-	Resources Portfolio Holder
Dave Smith	-	Chief Executive
Malcolm Page	-	Executive Director, Commercial and Corporate Services
Sue Stanhope	-	Director of Human Resources and Organisational Development

Trade Union Representatives

Alyson Bryan	-	GMB
Paul Owens	-	GMB
Helen Finkill	-	UNISON
Howard Brown	-	NUT
Bryan Wilson	-	NASUWT
Nancy Wakeham	-	NASUWT
Gillian Mitchell	-	NAHT
Kay Charlton	-	UNITE

The Leader of the Council welcomed representatives from the Trade Unions and asked Malcolm Page, Executive Director of Commercial and Corporate Services to outline the current position with regard to the Council's budget for 2011/2012.

The Executive Director of Commercial and Corporate Services advised that following the emergency budget in June 2010, the Council had begun planning for the future in the context of estimated 10% year on year reductions over 4 years, totalling £80m. This budget planning framework was not just aimed at addressing the necessary budget reductions but was also linked to the strategic development of the authority.

The Local Government settlement was received on 31 January 2011 and the key issues for Sunderland were identified as:-

- front loading of cuts;
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- schools funding surprises including £8m reduction in resources, pupil premium additional funding negated by Area Based Grants reduction and 27% reduction in Early Intervention Grant;
- the settlement was only for two years and there was uncertainty around years three and four and particularly the formula review.

The Executive Director stated that although the Council had planned for potential cuts, additional work had been required in order to respond to the frontloading of these into years one and two and the impact of changes to specific grants. He also described how the Business Transformation Programme was designed to streamline the Council's support services and create efficiencies through that process. However, the following areas had been identified for continuing investment:-

- Reinvestment in Adult Social Care solutions;
- Economic Development;
- City Centre Regeneration;
- Highways Maintenance;
- Invest to Save – Improvement Agenda.

Finally, the timetable and next steps for the budget were outlined.

The Leader of the Council stated that the situation was difficult but had to be managed in the best way possible. He emphasised that the Council was committed to looking after the most vulnerable people in the City and protecting jobs as much as possible. The Leader then invited views and comments from the Trade Unions representatives.

Gillian Mitchell expressed concerns about the potential loss of frontline services and was interested to know the Council's priorities around education, children's centres and early years.

The Leader of the Council stated that from a policy point of view, the importance of early years was paramount. The Children's Centres had been targeted at deprived areas initially and then had become universal. Whereas everything would be done to protect services, rationalisation of services could not be ruled out. Levels of deprivation would be considered and it was understood that Children's Centres did provide essential services for hard to reach and vulnerable groups.

The Director of Human Resources and Organisational Development gave a brief description of the Council's operating model established through the Sunderland Way of Working (SWOW). Staffing proposals had been considered in December and January to make the Strategic and Shared Services (SSS) element of the Council more efficient. The gross project savings for 2011-2013 were outlined. It was highlighted that Government had only given figures for years one and two and therefore any further savings up till 2015 were indicative and subject to change.

In response to a query from Howard Brown, it was explained that within SSS, the savings made would be mainly salaries. ICT and Customer Services would

generate efficiencies through rationalisation in the main but would also achieve savings from salaries.

With regard to the Service Reviews, the Chief Executive advised that these were reviews within individual directorates and the second phase would start in the new financial year, but the scope had not been fully defined as yet. Alyson Bryan enquired if the Council could give an indication of the areas which might be part of the review.

The Chief Executive agreed that the thinking on this could be shared, but the Unions would have to be aware that the final scope may well be different.

Gillian Mitchell commented that Sunderland had always managed its budgets very well in the past but was concerned that some expertise may be lost through the transformation process and the quality of support would not be maintained.

The Leader re-iterated the Council's commitment to vulnerable children and adults and to protecting jobs. It was hoped that working smarter would generate efficiencies and protect services. Where quality had to be ensured, the Council would do all in its power to ensure that it was achieved.

The Chief Executive described how the Business Transformation Programme sought to maximise the unique contribution of individuals within the authority. It recognised that those with professional skills should be freed up to do those things which only they could do, rather than answering calls or dealing with straightforward queries. These sort of changes would not be applied without intelligence or without involving employees directly in the service review. He acknowledged that not everything would be perfect, but as long as the Council adjusted and learned from experience, it would continue to move in the right direction.

In considering how the Council could increase its revenue streams, Howard Brown queried if it was possible to raise money by selling equipment which would ordinarily be scrapped. He suggested that the Authority could think outside the box on this issue.

The Leader stated that the Government were intending to bring in a 'Power of General Competency' which would give local authorities more flexibility on a range of issues and the Executive Director of Commercial and Corporate Services advised that he would look into the specific issues raised.

Helen Finkill asked if figures were available on the savings already made through the SWOW. The Executive Director of Commercial and Corporate Services stated that the information could be made available although it was still emerging in some areas, and the Leader added that the general principle would be to take this to the relevant Joint Consultative Forum or the Joint Consultative Committee.

The Leader thanked the Trade Union representatives for their comments and informed them that they would be taken into consideration by the Cabinet. He also thanked those present for their attendance and their support of the Council.

Appendix E

Statement of General Balances

	£m	£m
Balances at 31st March 2010		14.749
Addition to Balances 2010/2011		
- Debt Charge Savings	4.000	
- 2010/2011 Revenue Savings Additional actions to meet Government Grant Reductions	3.467	
- Unutilised Directorate Delegated Surpluses and Reserve	3.385	
- Unutilised RCCO Reserve	<u>1.464</u>	12.316
Use of Balances 2010/2011		
- Contribution to Revenue Budget	(3.307)	
- Contribution to fund the Capital Programme	(3.872)	
- Transfer to Strategic Investment Reserve	<u>(7.467)</u>	(14.646)
Estimated Balances 31st March 2011		12.419
Proposed Utilisation of Balances 2011/2012		
- Contribution to Revenue Budget		(4.849)
Estimated Balances 31st March 2012		7.570

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:

- teacher's pay for the pay settlement of September 2010 was been settled at 2.3% which is factored into the 2011/2012 Revenue Budget and Medium Term Financial Strategy;
- the government proposed, in the June emergency budget, a two year pay freeze for public sector workers, except for those workers earning less than £21,000 a year, who will receive an increase of £250 per year. Local Government employers are expected to offer a zero pay increase for 2011/2012;
- currently RPI is 4.8%, RPIX is 4.7%, and the Consumer Price Index (CPI) is 3.3% and the average inflation outlook (CPI) for 2011 is within the 0.5% to 2.1% banding;
- 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 estimate has been made for 'in year' ring fenced Supported Capital Expenditure' and 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 increase from 0.5% to 1.00% by March 2012 and PWLB 50 year rates will remain around their current level of 5.40% for the whole of 2011/2012.
- 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 2011/2012;
- the total contingency provision is deemed sufficient in the context of the net revenue budget;
- past experience suggests an underspending against contingency provision.

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 much greater than previous years, enhanced actions are being put in place 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;
- 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 reductions to budgets planned have all been subject to due diligence and there are no significant barriers to implementation;
- 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 2011/2012 e.g. Strategic Investment Reserve.

Appendix G

Major Earmarked Reserves - Position Statement

Title and Purpose of Earmarked Reserve	Opening Balance 1/4/2010 £'000	Estimated Movement in the Year £'000	Estimated Balance 31/3/2011 £'000
<p>Strategic Investment Reserve A reserve established with the proceeds of the Housing Stock Transfer and Airport Share Sale to address some of the Council's key developments, strategic priorities and address other major liabilities.</p>	51,186	2,145	53,331
<p>Council Directorates - Delegated Budget Surpluses 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>	9,920	(9,246)	674
<p>Schools Delegated Budget Surpluses 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. As part of the 2011/2012 Budget Planning with the Schools Forum schools will be allowed to carry forward above the 5% and 8%. This is to encourage in year efficiencies that will support the long term stability of the school.</p>	7,492	(2,722)	4,770
<p>Insurance Reserve This reserve has been established to provide for potential claims associated with the housing stock transfer, future claims increases and risk management funds.</p>	5,200	(0.465)	4,735
<p>Street Lighting PFI Smoothing Reserve 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>	7,448	(323)	7,125
<p>Unutilised RCCO Reserve - This reserve consists of unutilised direct revenue financing and is fully earmarked to fund capital projects previously approved.</p>	8,916	(2,972)	5,944
<p>Strategic Investment Plan Reserve A reserve to fund the Council's contribution to its Strategic Investment Plan approved by Council in April, 2008. CHRIS</p>	11,543	(2,294)	9,249

CITY OF SUNDERLAND
REVENUE ESTIMATES 2011/2012

GENERAL SUMMARY

Page No.	Original Estimate 2010/11 £	Revised Estimate 2010/11 £		Estimate 2011/12 £
10	5,522,367	5,138,637	Leader and Deputy Leader	5,299,245
15	4,900,620	5,331,318	Resources	5,651,536
22	66,549,172	69,774,845	Children and Learning City	60,082,249
27	16,654,145	15,645,582	Prosperous City	6,297,070
31	78,305,495	81,866,087	Healthy City	74,804,303
34	16,193,685	16,705,447	Safer City and Culture	15,725,546
38	41,899,494	43,025,255	Attractive and Inclusive City	44,749,439
43	12,244,354	12,364,745	Sustainable Communities	11,286,347
47	4,276,876	4,299,461	Responsive Local Services and Customer Care	3,991,735
	5,523,000	5,362,536	Provision for Contingencies	10,443,000
	14,291,000	9,499,138	Provision for Strategic Priorities	7,013,000
			Capital Financing Costs	
	6,242,000	6,242,000	- Revenue Contributions to Capital Programme	2,570,000
	19,095,682	16,095,682	- Debt Charges	20,096,000
	(1,600,000)	(2,600,000)	- Interest on balances	(1,600,000)
	(110,000)	(110,000)	- Interest on Airport long term loan notes	(75,000)
	0	2,618,000	Transfer to Reserves	0
	(9,213,136)	(18,512,026)	Technical Adjustments: FRS17 and Reversal of Capital Charges	(24,169,382)
	<u>280,774,754</u>	<u>272,746,707</u>		<u>242,165,088</u>
			LEVIES	
	18,382,210	18,382,210	Tyne and Wear Integrated Transport Authority	18,759,000
	191,000	191,000	Environment Agency	196,315
	49,576	49,576	North East Inshore Fisheries Conservation Authority	63,357
	<u>18,622,786</u>	<u>18,622,786</u>		<u>19,018,672</u>
			Less Core Grants	
	(39,521,567)	(36,342,520)	Area Based Grant	0
	0	0	Transition Grant	(267,419)
	0	0	Council Tax Freeze Grant	(2,376,871)
	0	0	Inshore Fisheries Conservation Authority New Burdens	(13,781)
	<u>259,875,973</u>	<u>255,026,973</u>	TOTAL NET EXPENDITURE	<u>258,525,689</u>
	(7,179,000)	(2,330,000)	Less: (Use of)/Addition to Balances	(4,849,000)
	<u>252,696,973</u>	<u>252,696,973</u>	LOCAL BUDGET REQUIREMENT	<u>253,676,689</u>
	53,000	53,000	Hetton Town Council	52,663
	<u>252,749,973</u>	<u>252,749,973</u>	TOTAL BUDGET REQUIREMENT	<u>253,729,352</u>
			Deduct Grants etc.	
	19,965,712	19,965,712	Revenue Support Grant	37,330,705
	137,496,111	137,496,111	National Non Domestic Rates	120,771,129
	50,000	50,000	Collection Fund Surplus - Council Tax	500,000
	<u>157,511,823</u>	<u>157,511,823</u>		<u>158,601,834</u>
	95,238,150	95,238,150	LOCAL COUNCIL TAX REQUIREMENT	<u>95,127,518</u>

CITY OF SUNDERLAND
CONTINGENCIES 2011/12

	£'000s
Pay, Cost Pressures and Single Status	6,803
General Contingency	900
Improvement Programme Efficiencies	(5,560)
SWITCH Budget	8,300
Total Contingency	10,443
Provision for Strategic Priorities	
Strategic Investment Plan	100
Adult Social Care - Provision for Care and Preventative Services	591
Independent Care Services	394
Independent Safeguarding Authority Responsibilities	150
Waste Disposal - Provision for Strategic Solution and Preparatory Costs	3,526
Kerb It Vehicle Leasing	124
Inward Investments - International Strategy	50
Summer Events	175
Repairs and Maintenance	250
Port	750
Economic Downturn	903
Total Strategic Priorities	7,013

CITY OF SUNDERLAND

STATEMENT OF GENERAL BALANCES

	£m	£m
Balances at 31st March 2010		14.749
Addition to Balances 2010/2011		
- Debt Charge Savings	4.000	
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Proposed Utilisation of Balances 2011/2012		
- Contribution to Revenue Budget		(4.849)
Estimated Balances 31st March 2012		7.570

**REVENUE BUDGET 2011/2012
LEADER AND DEPUTY LEADER**

ROLES AND RESPONSIBILITIES

The Leader and Deputy 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
- Performance management overview
- Marketing, communications and City reputation
- Strategic developments and Inward Investment
- Regional and sub-regional governance, including strategic partnerships such as the North Eastern Economic Partnership; Local Enterprise Partnership, Sunderland Economic Leadership Board and Local Strategic Partnership
- Strategic improvement programmes and modernisation
- External and International Strategy and Programmes
- Services for elected members
- Diversity and Inclusion.

Strategic Objective: PEOPLE - Raising aspirations, creating confidence and promoting opportunity	
Activity	Strategic Outcome
Inward Investment: Supporting new employer investment and re-investment directed at a wide range of employment opportunities that enable local people to fulfil their economic potential.	<ul style="list-style-type: none"> ▪ Reducing worklessness and increasing access to employment ▪ Reducing poverty, inequality and deprivation
Diversity and Inclusion: Strengthening the 3 rd sector and its longer term capacity to work with the council and communities to achieve the changes that are needed and wanted.	<ul style="list-style-type: none"> ▪ Building and sustaining a sense of community ▪ Developing quality district and neighbourhood centres ▪ Promoting quality physical environments ▪ Ensuring a mix of community facilities that correspond with need ▪ Improving community cohesion ▪ Combining resources ▪ Sharing a view of success ▪ Shared outcomes
Strategic Objective: PLACE - Leading the investment in an attractive and inclusive city and its communities	
Activity	Strategic Outcome
Community Leadership Programme: Encouraging improved community intelligence in order to identify and promote speedy, effective action on main local quality of life issues.	<ul style="list-style-type: none"> ▪ Promoting quality physical environments ▪ Building and sustaining a sense of community ▪ Greater trust ▪ Improving health and wellbeing ▪ Reduced poverty, inequality and deprivation ▪ Improving community cohesion
Scrutiny and Localism: Strengthening area based working.	<ul style="list-style-type: none"> ▪ Targeted activity in priority neighbourhoods ▪ Strong community leadership ▪ Greater trust

**REVENUE BUDGET 2011/2012
LEADER AND DEPUTY LEADER**

Strategic Objective: ECONOMY - Creating a University City at the heart of the regional Low Carbon Economy	
Activity	Strategic Outcome
Inward Investment: Supporting the creation of new employment opportunities in existing and emerging sectors, such as Low Carbon Economy (including Software City) by working with businesses to provide an environment and the necessary infrastructure to support economic growth and create quality job opportunities for local people.	<ul style="list-style-type: none"> ▪ Develop a new kind of University City ▪ Position the City as a national hub for the low carbon economy ▪ Develop a prosperous, connected waterfront city ▪ Improve business performance ▪ Promote the city as the inward investment location of choice ▪ Support key growth sectors ▪ Reducing worklessness and increasing access to employment
Strategic Objective: ONE COUNCIL	
Activity	Strategic Outcome
Shared and Strategic Services: Implementing improvement arrangements across all Strategic and Shared Services.	<ul style="list-style-type: none"> ▪ Managing the impact of organisational and HR change ▪ Continuously improving VfM
Business Transformation Programme: - Delivering a full programme of Service Reviews.	<ul style="list-style-type: none"> ▪ Pooling services around need ▪ Continuously improving VfM
Strategic Objective: Business Transformation Programme - Delivering a full programme of Service Reviews	
Activity	Strategic Outcome
Community Leadership Programme: Promoting a more systematic approach to effective engagement between the council and partners, addressing role, clarity, infrastructural issues, and areas. Locking partners and council more closely together in an agenda which is about better local services delivered more efficiently.	<ul style="list-style-type: none"> ▪ Greater levels of engagement at a community level ▪ Integrated service delivery at a community level ▪ Sharing a view of success ▪ Shared outcomes ▪ Combining resources ▪ Sharing intelligence ▪ Unique contribution to partnership working
Partnership Working: Strengthening partnership arrangements and longer term city delivery plans and maximising opportunities from international activity.	<ul style="list-style-type: none"> ▪ Unique contribution to partnership working ▪ Combining resources ▪ Shared outcomes
Strategic Objective: TRANSFORMATION PROGRAMME	
Activity	Strategic Outcome
Community Leadership Programme: Improving the broad range of Officer, Member and partner development and support activity to strengthen our capacity for effective internal and external partnership. This will feature more targeted, individually customised development planning and action at all levels of the organisation.	<ul style="list-style-type: none"> ▪ Strong community leadership ▪ Greater trust ▪ Developing our workforce to improve services ▪ Sharing a view of success ▪ Shared outcomes
Business Transformation Programme: The delivery of the Business Transformation programme including the further improvement and efficiencies of strategic and shared services, procurement, ICT and customer services etc. Further consolidation of budgets with communications, training, property and ICT to further reduce non-staff costs.	<ul style="list-style-type: none"> ▪ Streamlined access ▪ Positive customer experience; ▪ Simplified customer journeys ▪ Continuously improving VfM

**REVENUE BUDGET 2011/2012
LEADER AND DEPUTY LEADER**

Strategic Objective: COMMUNITY LEADERSHIP PROGRAMME	
Activity	Strategic Outcome
<p>Community Leadership Programme: Strengthening the capacity of individuals to provide the most effective leadership and improving the effectiveness of the relationships between them.</p> <p>Responsive Services - strengthening the connection between the Council and the communities it serves and improving the use of community insight in focusing and shaping service activity.</p> <p>Area Policy - to support a more responsive and customised approach to service delivery.</p>	<ul style="list-style-type: none"> ▪ Positive customer experience ▪ Strong community leadership ▪ Greater trust ▪ Shared outcomes ▪ Greater levels of engagement at a community level ▪ Promoting engagement between communities ▪ Create a whole life inclusive city ▪ Utilising customer insight ▪ Improved access to services
Strategic Objective: REPUTATION AND INFLUENCING PROGRAMME	
Activity	Strategic Outcome
<p>Communications: Developing the Reputation and Influencing programme: to support the future development of the City by raising the profile of Sunderland; increasing reach and influence; and encouraging business and investors to “do business” in the city; developing and implementing a strong sense of economic place for the city</p> <p>The programme focuses on creating the best possible conditions for continued economic development in the city: supporting existing businesses to expand and be more successful and developing an ambitious investment marketing strategy to further attract new investment to the city.</p>	<ul style="list-style-type: none"> ▪ Strong community leadership ▪ Greater trust ▪ Develop a new kind of University City ▪ Position the city as a national hub for the low carbon economy ▪ Develop a prosperous, connected waterfront city centre ▪ Improving business performance ▪ Promoting the city as the inward investment location of choice ▪ Supporting key growth sectors ▪ Reducing worklessness and increasing access to employment ▪ Securing Investment Opportunities

**REVENUE BUDGET 2011/2012
LEADER AND DEPUTY LEADER**

FINANCIAL

OBJECTIVE SUMMARY

Ref.	Head of Service Ref.	Original Estimate 2010/2011 £	Revised Estimate 2010/2011 £		Estimate 2011/2012 £
Commercial and Corporate Services Director					
1	HoLG	3,567,853	3,311,176	Democratic Process - Democratic Core	3,569,530
		3,567,853	3,311,176	Total Commercial and Corporate Services Director	3,569,530
Office of the Chief Executive					
2	DC	0	0	Communications	0
3	HoCLP	0	0	Community Leadership Programme	0
4	ACE	0	0	Corporate Strategic Management	0
5	HS	449,912	445,432	Democratic Process - Overview and Scrutiny	417,504
6	HCC	0	0	Design and Print	0
7	ACE	369,851	296,440	Equality Issues	251,158
8	ACE	154,523	167,274	International	153,985
9	HCB&IT	980,228	918,315	Inward Investment	907,068
10	HoTPP	0	0	Transformation, Programme and Projects	0
11	HSPP	0	0	Strategy, Policy and Performance Management	0
		1,954,514	1,827,461	Total Office of the Chief Executive	1,729,715
		5,522,367	5,138,637	TOTAL BUDGET	5,299,245

The main reasons for the change in the net budget position from 2010/2011 to 2011/2012 are:

- Efficiency savings including back office savings arising from implementation of the Strategic and Shared Services Review. Significant savings have been achieved in this area however these are masked by the impact of recharging the net costs of these support services to service users. Savings arising in respect of these support services therefore are evidenced in other portfolio service areas
- Technical adjustments of £0.2m in respect of FRS 17 pensions accounting arrangements and revaluation of assets.

IMPROVEMENT AND EFFICIENCY

The Council has stated its ambition to change and improve its way of working in moving to a new operating model that secures effectiveness and efficiency benefits. The Business Transformation programme set out a programme of reform to deliver the new operating model in a climate of increased financial constraints.

The implementation of the Business Transformation Programme is the key way in which the Council is meeting the impact of the reductions in public sector funding. This examines every aspect of the way we work by looking at the organisation in a different way with two main objectives:

- To challenge what we are doing, how we are doing it and how effective it is;
- To organise in a way that maximises value for money.

These reviews are progressing and will provide significant savings in 2011/2012 and over the next three years. Plans are being implemented in respect of the following key strands of business:

Strategic and Shared Services

This review is implementing new standardised ways of delivering support services by bringing staff together within their own area of expertise, introducing standardised consistent practices, redesigning processes and using ICT to maximise efficiencies. As a key part of the Business Transformation Programme, the Strategic and Shared Services project is providing an opportunity to consolidate the existing delivery of strategic and support services into shared functions to ensure faster and more direct access to services for customers. Within the Leader and Deputy Leader portfolio single professional leads will be established and significant savings are being realised in 2011/12 in the following areas:

REVENUE BUDGET 2011/2012 LEADER AND DEPUTY LEADER

Strategy, Policy and Performance
Transformation, Programmes and Projects
Communications

Customer Services

All customer contact to be undertaken through the Customer Services Network in order to:

- maximise resolution at the first point of contact,
- avoiding unnecessary contact,
- further develop transactional website functionality.

ICT

The pooling of ICT software and hardware will enable the most efficient and effective way to meet the needs of the business and reduce costs. The use of ICT will be maximised with additional investment where there is a sound business case to do so.

Property Rationalisation and Smarter Working

Maximisation of the use of space available and utilisation of the lowest number of locations will save on running costs. In addition the use of ICT will enable alternative forms of working for example, home working, hot desking or use of hand held devices to deliver speedier services.

Service Commissioning and Review and Procurement

- Procurement - Centralising procurement activity and ensuring all purchasing goes through expert procurement officers will enable savings to be made from bulk purchases.
- Service Commissioning and Review - The reviews seek to gain a comprehensive understanding of customer need and how best that need can be delivered 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.

Beyond the Business Transformation Programme, the realisation of efficiencies has focused on eliminating, where possible, non essential spending through reviewing back office processes and functions

PORTFOLIO GLOSSARY

ACE	Assistant Chief Executive
HCB&IT	Head of City Business and Investment Team
DC	Director of Communications
HoCLP	Head of Community Leadership Programme
HoTPP	Head of Transformation, Programmes and Projects
HS	Head of Scrutiny and Localism
HoLG	Head of Law and Governance
HSPP	Head of Strategy, Policy and Performance

REVENUE BUDGET 2011/2012

**REVENUE BUDGET 2011/2012
RESOURCES**

ROLES AND RESPONSIBILITIES

The Resources Portfolio has overall responsibility for the efficient, coordinated management and use of all of the council's key resources and for maximising the capacity of the way in which the council's resources are managed to promote local prosperity and inclusion. The portfolio also provides leadership to partners in the effective use of resources in pursuit of these objectives.

The Portfolio has specific responsibility for the following activities and functions:

- Corporate Personnel matters
- Budgetary and financial affairs including driving value for money and commercial activity
- Strategic management of council land, buildings and other assets, including the Port of Sunderland
- Performance and Improvement matters
- Corporate ICT matters
- E-government Champion, Digital Challenge and e-inclusion
- Strategic Procurement Champion
- Efficiency Champion – driving organisational efficiency and VfM
- Risk Management Champion
- Legal and Democratic Services
- Elections.

Strategic Objective: ECONOMY - Creating a University City at the heart of the regional Low Carbon Economy	
Activity	Strategic Outcome
Medium Term Financial Planning: Developing the budget strategy and updating the Medium Term Financial Strategy to ensure resources are in place to deliver the Councils and City's priorities in the most cost effective manner. This will include the development of alternative financial models to support this. A key focus of this will be in connection with the delivery of the Economic Masterplan	<ul style="list-style-type: none"> ▪ Continuously improving VfM ▪ Delivery of significant efficiency savings ▪ Improving business performance
Strategic Objective: CUSTOMER FOCUS	
Activity	Strategic Outcome
Business Transformation Programme: Delivering the key work programmes relating to Shared and Strategic Service. Improvements to infrastructure and ICT integration that benefit direct delivery services and recipients of services. Delivering smarter working practices across the council and reducing the carbon footprint of services. Responding to the transparency agenda and providing greater choice of delivery through electronic channels.	<ul style="list-style-type: none"> ▪ Positive customer experience ▪ Continuously improving VfM ▪ Delivery of significant efficiency savings ▪ Streamlined access ▪ Simplified customer journeys
Strategic Objective: ONE COUNCIL	
Activity	Strategic Outcome
Financial Resources: The service will support the impact of organisational change upon budget management arrangements, including the provision of effective budgetary control, accounting and financial management as well as the provision of appropriate training.	<ul style="list-style-type: none"> ▪ Managing the impact of organisational and HR change
Internal Audit and Counter Fraud: The service will continue to provide assurance regarding the systems, governance and risk management arrangements of the authority and will develop and implement a corporate approach to counter fraud work (including the integration of the Benefit Fraud Team).	<ul style="list-style-type: none"> ▪ Continuously improving VfM ▪ Combining resources ▪ Sharing intelligence
Risk Management: The service will review the corporate risk management framework and ensure that it continues to support the Council in achieving the council's strategic objectives.	<ul style="list-style-type: none"> ▪ Continuously improving VfM ▪ Effective and appropriate performance management
Corporate Procurement: The service will deliver significant financial savings to the Council through a corporate Category Management approach and improve contract management through introducing a corporate framework.	<ul style="list-style-type: none"> ▪ Continuously improving VfM ▪ Delivery of significant efficiency savings
Asset Management: The service will develop a corporate approach to management of all Council land. The management of Council land and access to information will be improved in order to facilitate improvements in the environment at a neighbourhood level.	<ul style="list-style-type: none"> ▪ Better use of buildings and asset management

**REVENUE BUDGET 2011/2012
RESOURCES**

Strategic Objective: TRANSFORMATION PROGRAMME	
Activity	Strategic Outcome
<p>Financial Resources – Service activity will be re-focused to both support directorates business development and improvement activity whilst still safeguarding internal control arrangements necessary to secure sound financial management arrangements.</p> <ul style="list-style-type: none"> ▪ The level of reduction in resources available and associated resulting actions will require increased emphasis on Budget Management arrangements. The service will support Budget Managers to ensure the associated risks are closely managed to ensure required savings are delivered. ▪ Financial Resources will unify service provision across the council, pooling resources and re-engineering business processes to reduce significantly the cost of service provision. 	<ul style="list-style-type: none"> ▪ Managing the impact of organisational and HR change ▪ Effective and appropriate performance management. ▪ Pooling services around need ▪ Improving business performance ▪ Continuously improving VfM
<p>Administration and PA Support – By the use of business process re-engineering/pooling and sharing of resources this workstream will be responsible for the delivery of £4.6m of efficiency savings.</p>	<ul style="list-style-type: none"> ▪ Continuously improving VfM
<p>Internal Audit: Internal Audit will review and report upon the programme to provide assurance and recommendations for improvement to management.</p>	<ul style="list-style-type: none"> ▪ Managing the impact of organisational and HR change
<p>Risk Management: The level of change and reduction in resources across the Council will inevitably lead to a change in the risk profile of the Council. The service will support managers in ensuring that the risks within these changes are identified, assessed and appropriately managed, and provide assurance in this regard</p>	<ul style="list-style-type: none"> ▪ Managing the impact of organisational and HR change ▪ Effective and appropriate performance management
<p>Corporate Procurement: Corporate Procurement will support commissioners across the Council to achieve significant financial savings. In addition to delivering significant savings directly it will engage with a range of bodies to achieve this, including the North Eastern Purchasing Organisation.</p>	<ul style="list-style-type: none"> ▪ Procurement ▪ Continuously improving VfM

**REVENUE BUDGET 2011/2012
RESOURCES**

FINANCIAL

OBJECTIVE SUMMARY

Ref.	Head of Service Ref.	Original Estimate 2010/2011 £	Revised Estimate 2010/2011 £		Estimate 2011/2012 £
Office of the Chief Executive					
1	HoES	596,865	583,875	Democratic Process - Elections Team	605,763
2	DHR&OD	0	0	Strategic and Operational HR	0
3	HL&P	229,990	290,665	The Port	343,393
4	HL&P	(881,369)	(766,862)	Industrial Units	(838,340)
5	HL&P	(144,359)	(148,059)	Retail Market	(108,914)
6	HL&P	0	0	Asset Management	0
7	HL&P	(1,388,616)	(1,299,606)	Miscellaneous Land and Property	(1,159,051)
8	HL&P	628,615	667,383	Repairs and Renewals	648,080
9	HCICT	0	0	Corporate ICT	0
10	HCICT	(22,891)	(17,392)	ICT - Cabling	(36,410)
		(981,765)	(689,996)	Total Office of the Chief Executive	(545,479)
Executive Director of Commercial and Corporate Services					
11	HoFR	0	0	Financial Services - Operational Finance	0
12	HoTS	0	0	Financial Services - Transactional Finance	0
13	HoTS	0	0	Financial Services - Transactional HR	0
14	HoAR&P	0	0	Financial Services - Audit, Risk Management and Investigations	0
15	HoAR&P	0	0	Corporate Procurement	0
16	HoTS	1,799,382	1,878,014	Council Tax and Business Rates	2,121,647
17	HoTS	582,528	672,576	Benefits Administration	583,808
18	HoTS	1,181,511	1,181,511	Benefit Payments	1,294,061
19	DoC&CS	2,318,964	2,281,733	Corporate Management	2,173,922
20	HoLG	0	0	Legal Services	0
21	HoLG	0	0	Democratic Process - Democratic Services	0
22	HoLG	0	7,480	Land Charges	23,577
23	HL&P	0	0	Civic Centre Manager	0
24	HoTS	0	0	Admin and PA Support	0
		5,882,385	6,021,314	Total Executive Director of Commercial and Corporate Services	6,197,015
		4,900,620	5,331,318	TOTAL BUDGET	5,651,536

The main reasons for the change in the net budget position from 2010/2011 to 2011/2012 are:

- Efficiency savings including back office savings arising from implementation of the Strategic and Shared Services Review. Significant savings have been achieved in this area however these are masked by the impact of recharging the net costs of these support services to service users. Savings arising in respect of these support services therefore are evidenced in other portfolio service areas
- Increased cost pressures in respect Pensions Deficiency payments
- Technical adjustments of £1.1m in respect of FRS 17 pensions accounting arrangements and revaluation of assets.

REVENUE BUDGET 2011/2012 RESOURCES

IMPROVEMENT AND EFFICIENCY

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.

Given the anticipated significant long term pressure on public finances the strategy's efficiency targets and planning cover a four year period in order to ensure timely action is taken as necessary to assist to maximise efficiency savings.

The identification of efficiency savings in the medium term will continue through a combined approach of:

- Specific efficiency savings arising from the Business Transformation Programme;
- Efficiency savings arising from policy and service reviews, including through modernising and improving services across the Council and the Sunderland Way of Working;
- Directorate cash limits being tightly drawn and prompting the identification and reinvestment of efficiency savings.

The Council has stated its ambition to change and improve its way of working in moving to a new operating model that secures effectiveness and efficiency benefits. The Business Transformation programme set out a programme of reform to deliver the new operating model in a climate of increased financial constraints, almost £27million of savings from the programme will be delivered in 2011/12.

As a key part of the Business Transformation Programme, the Strategic and Shared Services project is providing an opportunity to consolidate the existing delivery of strategic and support services into shared functions to ensure faster and more direct access to services for customers.

Services are being streamlined with recognised service standards, performance indicators and service level agreements and will be supported by redesigning processes and maximising the use of ICT. Responsible to a single professional lead, significant savings are being realised in 2011/12 in the following areas:

Legal Services and the Democratic process;
Operational and Transactional Finance;
Human resources;
Administration and PA Support;
Strategic Asset management;

In relation to the Business Transformation Programme the success of the Council's new operating model is reliant on the adoption of systemised business processes and where necessary, the ability to deliver the right ICT system. Specifically, the project is delivering efficiencies through more effective service management and ensuring a consistent approach to core business processes.

The Property Rationalisation and Smarter Working project is aiming to maximise the use of space available and utilisation of the lowest number of locations to save on running costs. In addition the use of ICT will enable alternative forms of working for example, home working, hot desking or use of hand held devices to deliver speedier services.

The Procurement project is centralising procurement activity and ensuring all purchasing goes through expert procurement officers will enable savings to be made from bulk purchases.

**REVENUE BUDGET 2011/2012
RESOURCES**

PORTFOLIO GLOSSARY

HoLG	Head of Law and Governance
DoC&CS	Executive Director of Commercial and Corporate Services
HCICT	Head of Corporate ICT
HL&P	Head of Land and Property
HoAR&P	Head of Audit Risk and Procurement
HoES	Head of Electoral Services
HoFR	Head of Financial Resources
HoTS	Head of Transactional Services
DHR&OD	Director of Human Resources and Organisational Development

REVENUE BUDGET 2011/2012

**REVENUE BUDGET 2011/2012
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
- 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.

Strategic Objective: PEOPLE - Raising aspirations, creating confidence and promoting opportunity	
Activity	Strategic Outcome
<p>Health Improvement: Establishment of joint working relationships.</p> <p>Establishment of a healthy settings approach within the health improvement service, with a focus on early years, schools and further education.</p> <p>Improve resilience to help children make informed and healthy/safe choices and develop coping strategies including in the four key health priorities identified in CYPP – childhood obesity, teenage pregnancy, emotional health and wellbeing and drugs including alcohol and smoking.</p>	<ul style="list-style-type: none"> ▪ Improving health and wellbeing ▪ Reducing poverty, inequality and deprivation ▪ Supporting and challenging communities, families and individuals
<p>Schools and Learning: Create effective partnerships which re-engineer the relationship between schools and with the LA. Establish support for a school to school model of improvement.</p> <p>Improve attainment for all children and young people including for vulnerable and under performing groups.</p>	<ul style="list-style-type: none"> ▪ Reducing worklessness and increasing access to employment ▪ Reducing poverty, inequality and deprivation ▪ Improving skills and attainment levels for all ▪ Supporting and challenging communities, families and individuals
<p>Safeguarding: Increase the number of children looked after in Sunderland provided foster care.</p>	<ul style="list-style-type: none"> ▪ Reducing poverty, inequality and deprivation ▪ Improving community cohesion ▪ Supporting and challenging communities, families and individuals
<p>Safeguarding: Increase the number of children looked after in Sunderland provided foster care.</p>	<ul style="list-style-type: none"> ▪ Reducing poverty, inequality and deprivation ▪ Improving community cohesion ▪ Supporting and challenging communities, families and individuals
Strategic Objective: PLACE - Leading the investment in an attractive and inclusive city and its communities	
Activity	Strategic Outcome
<p>Early Intervention and Locality Working: Increase multi-agency service delivery in localities through a range of community facilities.</p>	<ul style="list-style-type: none"> ▪ Building and sustaining a sense of community ▪ Ensuring a mix of community facilities that correspond with need
<p>Safeguarding: Create a city where children and young people feel, and are, safe and secure at home, at school and in their local community by tackling the impact of domestic violence, reducing bullying and reducing the number of children who are victims of crime and have a fear of crime.</p>	<ul style="list-style-type: none"> ▪ Building and sustaining a sense of community ▪ Supporting and challenging communities, families and individuals ▪ Improving community cohesion

**REVENUE BUDGET 2011/2012
CHILDREN AND LEARNING CITY**

Reduce levels of offending and anti-social behaviour and improve the public perception of young people.	
Early Intervention and Locality Working: Increase multi-agency service delivery in localities through a range of community facilities.	<ul style="list-style-type: none"> ▪ Building and sustaining a sense of community ▪ Ensuring a mix of community facilities that correspond with need
Safeguarding: Create a city where children and young people feel, and are, safe and secure at home, at school and in their local community by tackling the impact of domestic violence, reducing bullying and reducing the number of children who are victims of crime and have a fear of crime. Reduce levels of offending and anti-social behaviour and improve the public perception of young people.	<ul style="list-style-type: none"> ▪ Building and sustaining a sense of community ▪ Supporting and challenging communities, families and individuals ▪ Improving community cohesion
Strategic Objective: CUSTOMER FOCUS	
Activity	Strategic Outcome
Commissioning and Change Management: Increase on-line admissions (improved and streamlined access to services). Early Intervention and Locality Services: Increase multi-agency service delivery in localities and streamline access to service routes through the use of Common Assessment Framework (CAF).	<ul style="list-style-type: none"> ▪ Improved access to services ▪ Streamlined access ▪ Positive customer experience ▪ Simplified customer journeys
Strategic Objective: DIRECTORATE IMPROVEMENT/ MODERNISATION AND SERVICE REVIEW PROGRAMMES	
Activity	Strategic Outcome
Safeguarding: Review of service delivery to fit with the move to locality based and family intervention models of working, including the 5 child protection teams. Key focus within the service redesign will be the improvement in outcomes facilitated by early intervention.	<ul style="list-style-type: none"> ▪ Improving health and wellbeing ▪ Reducing poverty, inequality and deprivation ▪ Supporting and challenging communities, families and individuals
Early Intervention and Locality Services: Service redesign for locality working will promote early intervention and prevention models including through Children's Centres. Early intervention with families with additional needs at a universal level, including parents with learning difficulties and their carers. Supporting families where children are at risk of becoming looked after or where there are safeguarding concerns. Supporting families with mental health and substance misuse problems. Adopt a family centred approach to service delivery. Deliver a targeted youth offer for the most excluded and disaffected young people, including those who are NEET, young offenders, those misusing drugs and/or alcohol, and those who are young parents, and aims to reframe their views and choices through intensive training and coaching.	<ul style="list-style-type: none"> ▪ Improving health and wellbeing ▪ Reducing worklessness and increasing access to employment ▪ Reducing poverty, inequality and deprivation ▪ Supporting and challenging communities, families and individuals ▪ Targeted activity in priority neighbourhoods ▪ Improved access to services ▪ Streamlined access ▪ Positive customer experience ▪ Simplified customer journeys ▪ Locality/neighbourhood working ▪ Create a whole life inclusive city ▪ Improving skills and attainment levels for all

**REVENUE BUDGET 2011/2012
CHILDREN AND LEARNING CITY**

<p>Commissioning and Change Management: Introduce a more effective commissioning culture and practices within Children’s Services in order to deliver better outcomes for children young people and their families</p>	<ul style="list-style-type: none"> ▪ Improving health and wellbeing ▪ Reducing worklessness and increasing access to employment ▪ Reducing poverty, inequality and deprivation ▪ Supporting and challenging communities, families and individuals ▪ Targeted activity in priority neighbourhoods ▪ Improved access to services ▪ Streamlined access ▪ Positive customer experience ▪ Simplified customer journeys ▪ Locality/neighbourhood working ▪ Improving skills and attainment levels for all
<p>Standards: Tackling child and family poverty – a neighbourhood model. The overall vision of this project is to:</p> <ul style="list-style-type: none"> ▪ Help eradicate Child Poverty in a targeted locality in Sunderland ▪ Implement new and innovative ways of working between partners through the joint commissioning of services ▪ Making child and family poverty everybody’s business through adopting an approach to ‘child and family poverty proof’ Strategic Plans of all Partners as routine practice. 	<ul style="list-style-type: none"> ▪ Improving health and wellbeing ▪ Reducing worklessness and increasing access to employment ▪ Reducing poverty, inequality and deprivation ▪ Improving skills and attainment levels for all ▪ Supporting and challenging communities, families and individuals ▪ Create a whole life inclusive city
<p>Schools and Learning: Fundamental review and restructure of all areas of schools and learning to manage the implications of the White Paper: “The Importance of Teaching”.</p> <p>Establish new and innovative ways of working with partners through school to school support, links with national agencies (National College for School Leadership, National and Local Leaders of Education) and the LA who will broker and commission support.</p> <p>Focus strategically on specific early intervention programmes to tackle the effects of deprivation.</p>	<ul style="list-style-type: none"> ▪ Reducing poverty, inequality and deprivation ▪ Supporting and challenging communities, families and individuals ▪ Improving skills and attainment levels for all ▪ Reducing worklessness and increasing access to employment
<p>Safeguarding: Realigning and consolidating services for disabled children and their families, providing integrated support and increased personalisation. Focused on meeting new statutory short break duty.</p> <p>Supporting care leavers into education, training and/or employment, ensuring they are fully engaged with an action plan to improve their employability and to complement mainstream Jobcentre Plus provision. The project consists of four strands:</p> <ol style="list-style-type: none"> 1. Ensure a strong focus on increasing employment and building skills for the workplace 2. Offer intensive support to re-engage young people who are not participating 3. Provide a Progression Adviser <p>Preventative support for looked after children within the Behaviour Partnership.</p>	<ul style="list-style-type: none"> ▪ Improving health and wellbeing ▪ Helping people exercise choice ▪ Supporting and challenging communities, families and individuals ▪ Create a whole life inclusive city ▪ Improved access to services ▪ Streamlined access ▪ Simplified customer journeys ▪ Personalisation ▪ Equalities and community cohesion ▪ Reducing worklessness and increasing access to employment ▪ Reducing poverty, inequality and deprivation ▪ Improving skills and attainment levels for all

**REVENUE BUDGET 2011/2012
CHILDREN AND LEARNING CITY**

FINANCIAL

OBJECTIVE SUMMARY

Ref Head of Service Ref.	Original Estimate 2010/2011 £	Revised Estimate 2010/2011 £		Estimate 2011/2012 £
Executive Director of Children's Services				
Schools and Learning				
1 DEDoCS	196,108,094	196,167,079	Individual Schools Budget	193,272,988
2 DEDoCS	(193,357,219)	(193,468,086)	Dedicated Schools Grant and Young Person Learning Agency	(188,451,151)
3 DEDoCS	170,397	177,069	Education Safeguarding Service	202,663
4 DEDoCS	9,795,933	9,608,575	Partnership and Planning	9,043,344
5 DEDoCS	4,095,368	3,738,590	School Improvement	2,055,846
6 DEDoCS	240,828	271,618	Trading Operations - Derwent Hill	338,648
	17,053,401	16,494,845	Total Schools and Learning	16,462,338
Safeguarding				
7 HoS	8,935,192	9,309,143	Case Management	9,095,004
8 HoS	1,685,149	1,783,927	Central Budget and External Placements	2,434,346
9 HoS	1,194,285	1,283,610	Safeguarding	1,016,139
10 HoS	12,027,073	12,161,136	Services for Looked After Children	11,987,459
11 HoS	2,192,389	2,283,532	Services for Disabled Children	2,260,142
12 HoS	2,011,716	2,172,925	Services for Young People	1,965,225
13 HoS	1,981,653	2,120,787	Youth Offending Service	1,468,180
	30,027,457	31,115,060	Total Safeguarding	30,226,495
14 HoH&W	506,457	426,029	Health	134,221
Early Intervention and Locality Services				
15 HoEI&LS	3,751,616	3,607,410	Locality Based Working and Extended Services	2,635,192
16 HoEI&LS	174,771	153,984	Parenting	98,514
17 HoEI&LS	3,301,512	3,261,171	Youth Service	2,521,594
18 HoEI&LS	2,919,717	2,843,552	Connexions Delivery	520,331
	10,147,616	9,866,117	Total Early Intervention and Locality Services	5,775,631
Commissioning and Change				
19 HoC&C	114,967	144,542	Governor Development	49,162
20 HoC&C	1,075,237	1,030,677	Admissions and Capital	512,666
21 HoC&C	7,658,947	10,518,245	Resources, Policy and Performance Improvement	6,507,916
22 HoC&C	0	0	Sandhill Centre	0
23 HoC&C	(51,831)	102,392	Trading Operations - Connexions Hub	218,690
	8,797,320	11,795,856	Total Commissioning and Change	7,288,434
	66,532,251	69,697,907	Total Executive Director of Children's Services	59,887,119
Executive Director of City Services				
24 HCS	16,921	25,595	School Meals Client	(8,736)
25 HCS	0	51,343	School Meals Trading Service	203,866
	16,921	76,938	Total Executive Director of City Services	195,130
	66,549,172	69,774,845	TOTAL BUDGET	60,082,249

REVENUE BUDGET 2011/2012 CHILDREN AND LEARNING CITY

The main reasons for the change in the net budget position from 2010/2011 to 2011/2012 are:

- Efficiency savings including back office savings arising from implementation of the Strategic and Shared Services Review
- Reductions arising from the ending of Government Grants totalling £4.5m and reductions to the Early Intervention Grant of £5m
- Provision for increased cost pressures of £1.5m in respect Children's safeguarding and external placements
- Technical adjustments of £8.8m in respect of FRS 17 pensions accounting arrangements and asset charges.

IMPROVEMENT AND EFFICIENCY

Children's Services have considered the implications of all key funding pressures to develop a strategic approach to future models of service delivery and have used the flexibilities that come through non-ringfenced budgets to meet Council priorities.

The level of grant funding has reduced significantly. Grants totalling £4.5m have ceased and there is a reduction of £5.02m (24.4%) on the 2010/2011 value of grants transferred into the Early Intervention Grant (EIG).

As part of a strategy to minimise the impact of loss of grant and overall funding on service delivery to schools and therefore children and young people, we are working with schools to develop a school centred model for the delivery of particular services. This reflects the Government's "The Importance of Teaching" White Paper and is factored into the budget over the four year period of the spending review.

Realisation of efficiencies has focused on maintaining front-line service delivery. As such, all identified savings in 2010/2011 have been continued into 2011/2012. A full scale re engineering of the Directorate, linked to the implementation of the business operating model, will realise over £2m above the savings identified through the SWOW and will require significant savings in management structures and increased service integration.

As part of the Joint Commissioning Board a Service Review of Safeguarding Case Management and services for Looked after Children will be carried out as a priority in 2011/2012. In addition to this service assessment, there will be a range of "internal" service assessments designed to review delivery and informed by a comprehensive needs assessment. This will include opportunities for more joined up delivery both within the Council and with partners and other local authorities as well as a review of externally commissioned activities. It will also include efficiencies from the integration of Children's Centres and other services with locality working as part of an Early Intervention and Prevention offer and how these services are delivered at a universal and targeted level.

Efficiencies described above will enable key service delivery to be continued particularly the core funded youth offer, current enhanced service levels for children with disabilities, Connexions Service statutory obligations and the core business objectives, and ensuring that safeguarding remains a fundamental priority for Children's Services for 2011/2012 and beyond.

Funding for Sunderland schools continues to be influenced by reductions in pupil numbers although no school will receive a per pupil reduction compared to its 2010/2011 level, greater than 1.5 % per pupil prior to receipt of the pupil premium. The pupil premium will be implemented from April 2011 and paid to the local authority as a ringfenced grant at the level of £430 per eligible pupil. It is anticipated that the value of this grant will be approximately £3.4m which will be passported directly to schools.

Devolved Formula Capital to schools which supports building maintenance and ICT equipment upgrades has reduced by 75% from the 2010/2011 level.

A review of Facilities Management arrangements has focused on opportunities to increase the level of partnership working, a refocus of service standards on front facing service delivery and increase service productivity. Through this, efficiencies will be achieved in the school meals service where a city wide staffing scale (to measure meals per hour within the service) will be formally introduced. This arrangement also reflects a partnership approach undertaken with the Consortium Board to realising efficiencies.

**REVENUE BUDGET 2011/2012
CHILDREN AND LEARNING CITY**

PORTFOLIO GLOSSARY

DEDoCS	Deputy Executive Director of Childrens Services
HoS	Head of Safeguarding
HoH&W	Head of Health and Wellbeing
HoEI&LS	Head of Early Intervention and Locality Services
HoC&C	Head of Commissioning and Change
HCS	Head of Community Services

**REVENUE BUDGET 2011/2012
PROSPEROUS CITY**

ROLES AND RESPONSIBILITIES

The Prosperous City portfolio has responsibility to ensure that the council's approach to economic, social and physical regeneration of the city is integrated, enabling and effective, and provides leadership for the strategic engagement of partners in this area. order to achieve economic, social and physical regeneration objectives.

The portfolio has specific responsibility for the following activities and functions:

- Economic strategy
- Regeneration
- Economic development and employment initiatives
- Business investment
- Planning, land use and strategic transport
- Building control
- City centre
- Domestic and European regeneration
- Liaison with business interest groups
- Support for the Leadership on all relevant local, sub-regional or regional partnerships and governance arrangements.

Strategic Objective: PEOPLE - Raising aspirations, creating confidence and promoting opportunity	
Activity	Strategic Outcome
Regeneration Programmes: Reducing worklessness and increasing access to employment by supporting the delivery of key employment sites and workforce initiatives identified in the Economic Master Plan (EMP), and supporting the creation of a whole life inclusive city through encouraging festivals and events aimed at increasing footfall in the City Centre.	<ul style="list-style-type: none"> ▪ Reducing worklessness and increasing access to employment ▪ Create a whole life inclusive city
Business Investment: Promoting access to jobs and careers in Sunderland for Sunderland people.	<ul style="list-style-type: none"> ▪ Reducing worklessness and increasing access to employment
Strategic Objective: PLACE - Leading the investment in an attractive and inclusive city and its communities	
Activity	Strategic Outcome
Regeneration Programmes: Deliver the development of key strategic sites that are integral to the future prosperity of Sunderland in line with the Economic Masterplan Plan priorities e.g: <ul style="list-style-type: none"> ▪ Former Vaux site ▪ Farringdon Row ▪ Holmeside ▪ Minster Quarter ▪ Land North of Nissan ▪ Port 	<ul style="list-style-type: none"> ▪ Develop a prosperous, connected waterfront City ▪ Promoting the city as the inward investment location of choice ▪ Unique contribution to partnership working
Regeneration Programmes: Promoting quality physical environment through encouraging high quality design, incorporating low carbon principles, of key development sites	<ul style="list-style-type: none"> ▪ Promoting quality physical environments ▪ Ensuring a mix of community facilities that correspond with need
Planning and Environment: Regeneration of the Roker/Seaburn seafront area including the commencement on site of the Marine Walk Sea Change improvement scheme. including the new Pier Gates and Roker Pods. Rolling forward City Centre quick wins projects into Fawcett Street following the completion of the Sunnyside Partnership public realm improvements on St Thomas Street and the council's ongoing works In High Street West and Market Square.	<ul style="list-style-type: none"> ▪ Promoting quality physical environments

**REVENUE BUDGET 2011/2012
PROSPEROUS CITY**

Strategic Objective: ECONOMY - Creating a University City at the heart of the regional Low Carbon Economy	
Activity	Strategic Outcome
Business Investment: Inward Investment - Develop and attract new job and career opportunities for local people and increased collaborative working around Software City, Low Carbon sector development and other priority activities. including the maximisation of the Port in relation to offshore developments.	<ul style="list-style-type: none"> ▪ Reducing worklessness and increasing access to employment ▪ Position the city as a national hub for the low carbon economy ▪ Promoting the city as the inward investment location of choice
Business Investment: Develop a strong and vibrant City Centre through increased business development to ensure private sector engagement and participation.	<ul style="list-style-type: none"> ▪ Develop a prosperous, connected waterfront city centre ▪ Improving business performance ▪ Promoting the city as the inward investment location of choice
Strategic Objective: ONE COUNCIL	
Activity	Strategic Outcome
Regeneration Programmes: Success of Economic Regeneration Programme has direct dependencies on a clear One Council understanding and focus on key economic priorities and outcomes linking all Corporate and Directorate Improvement Programmes. Individual projects required for delivery are contained in these programmes. A full list of dependencies is being developed as part of ERPB Programme/Project Register.	<ul style="list-style-type: none"> ▪ Combining resources ▪ Developing our workforce to improve services ▪ Sharing a view of success ▪ Shared outcomes
Strategic Objective: PARTNERSHIP WORKING	
Activity	Strategic Outcome
Planning and Environment: Partnership working with neighbouring coastal authorities, specifically South Tyneside, on the seafront regeneration project and Durham County Council on the East Durham Coast and Limestone Landscape initiatives to share intelligence on specific projects as appropriate and to avoid duplication of activity and ensure complementary regeneration activity.	<ul style="list-style-type: none"> ▪ Sharing a view of success ▪ Shared outcomes ▪ Combined resources ▪ Sharing intelligence
Regeneration Programmes: A new focus to be provided for the Economic Regeneration Programme and City Centre through enhanced governance and delivery arrangements to provide greater clarity on priority of projects and resources required e.g: <ul style="list-style-type: none"> ▪ Better management of the city centre ▪ Improved relationships with local businesses ▪ Continue to support local businesses and increase footfall through the city centre “quick wins” programme, including: street scene improvements; festivals and events; marketing and promotion; specialist retail support etc ▪ Play leading role in regional and local enterprise partnerships NEEP and LEP ▪ Create Economic Leadership Board for the City of Sunderland Council ▪ Develop innovative funding packages ▪ Contribute to the Reputational and Influencing Programme to engage with potential investors and developers ▪ Improved relationships with local businesses 	<ul style="list-style-type: none"> ▪ Supporting key growth sectors ▪ Promoting the city as the inward investment location of choice ▪ Develop a prosperous, connected waterfront city centre
International Work: Increased integration of international activity with economic development supporting private sector growth e.g. business partnerships between Sunderland companies in Washington DC and China.	<ul style="list-style-type: none"> ▪ Position the city as a national hub for the low carbon economy ▪ Promoting the city as the inward investment location of choice ▪ Supporting key growth sectors ▪ Unique contribution to partnership working

**REVENUE BUDGET 2011/2012
PROSPEROUS CITY**

Strategic Objective: ONE COUNCIL	
Activity	Strategic Outcome
Regeneration Programmes: Stronger community leadership and greater trust through the development and support for new emerging governance arrangements especially Sunderland Economic Leadership Board.	<ul style="list-style-type: none"> ▪ Strong community leadership ▪ Greater trust ▪ Unique contribution to partnership working
Strategic Objective: ECONOMIC DEVELOPMENT PROGRAMME	
Activity	Strategic Outcome
Business Investment Team: Directly contributing to achieving the Economic Development Programme Outcomes by: <ul style="list-style-type: none"> ▪ Increasing Economic Prosperity by promoting new business investment and re-investment ▪ Increasing Investment, and promoting Sunderland as a global location for business ▪ Attracting and retaining Young People by promoting employment choice, particularly in new emerging sectors, such as Software and Low Carbon ▪ Creating quality sustainable jobs 	<ul style="list-style-type: none"> ▪ Develop a new kind of University City ▪ Position the city as a national hub for the low carbon economy ▪ Develop a prosperous, connected waterfront city centre ▪ Improving business performance ▪ Promoting the city as the inward investment location of choice ▪ Supporting key growth sectors ▪ Implementing other priorities from the Economic Masterplan
Strategic Objective: REPUTATION AND INFLUENCING PROGRAMME	
Activity	Strategic Outcome
Business Investment: The service will contribute to achieving the Reputation and Influencing programme outcomes by: <ul style="list-style-type: none"> ▪ Developing strategic relationships with private sector representatives to enhance and build the city's reputation ▪ Promote local business on a global platform to enhance the international connections and relationships ▪ Promote positive and strong images of the city to change perceptions and improve reputation ▪ Develop and promote appropriate sub-regional links through the TyneWear Employment partnership or its successor in the LEP. 	<ul style="list-style-type: none"> ▪ Greater trust ▪ Sharing a view of success ▪ Promoting the city as the inward investment location of choice
Strategic Objective: DIRECTORATE IMPROVEMENT/ MODERNISATION AND SERVICE REVIEW PROGRAMMES	
Activity	Strategic Outcome
Regeneration Programmes: Success of Economic Regeneration Programme has direct dependencies on aspects of all Corporate and Directorate Improvement Programmes, as many individual projects required for delivery are contained in these programmes (e.g. SSTC, Festivals and Events). A full list of dependencies is being developed as part of ERPB Programme/Project Register.	

FINANCIAL

OBJECTIVE SUMMARY

Ref.	Head of Service Ref.	Original Estimate 2010/2011 £	Revised Estimate 2010/2011 £		Estimate 2011/2012 £
Office of the Chief Executive					
1	HP&E	24,225	53,329	Building Control	264,858
2	HP&E	523,634	860,333	Development Control	936,553
3	HCB&IT	1,434,705	1,672,271	Economic Development	1,273,586
4	HCB&IT	10,026,406	8,023,079	Employment and Training	102,743
5	HSPP	179,357	237,689	Strategic Programmes and European Team	200,342
6	HP&E	3,207,741	3,315,459	Planning Implementation	2,753,042
7	HSPP	1,235,732	1,337,395	Planning Policy	785,000
8	HCB&IT	22,345	146,027	Training Centres	(19,054)
		16,654,145	15,645,582	Total Office of the Chief Executive	6,297,070

REVENUE BUDGET 2011/2012 PROSPEROUS CITY

The main reasons for the change in the net budget position from 2010/2011 to 2011/2012 are:

- Efficiency savings including back office savings arising from implementation of the Strategic and Shared Services Review
- Reductions arising from the ending of Working Neighbourhoods Area Based Grant Funding of £9.9m
- Transfers to base budget of previously agreed resources in respect of fee income pressures arising from the impact of the economic downturn £0.5m
- Technical adjustments of £0.5m in respect of FRS 17 pensions accounting arrangements.

IMPROVEMENT AND EFFICIENCY

In the light of the Council's Business Transformation programmes the portfolio is reviewing the provision of services in order to achieve savings.

A Service review of the current planning and environment service is being progressed in order to consider its value for money and effectiveness. The review will examine current performance and assess available options to deliver improvements in conjunction with delivering savings.

The Business Investment Service will be expanded to cover promotion of property development as well as inward investment and sector growth, by bringing together activities into a single place providing a greater focus to deliver improvements. The launch of the economic masterplan has provided the framework for additional capital investment being made available for key city sites.

PORTFOLIO GLOSSARY

HCB&IT	Head of City Business and Investment Team
HP&E	Head of Planning and Environment
HSPP	Head of Strategy, Policy and Performance Management

**REVENUE BUDGET 2011/12
HEALTHY CITY**

ROLES AND RESPONSIBILITIES

The Healthy City 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
- Housing Related Support including people with disabilities
- Supporting carers
- Strategic partnership with the TPCT and other partners to promote public health and wellness
- WHO 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.

Strategic Objective: PEOPLE - Raising aspirations, creating confidence and promoting opportunity	
Activity	Strategic Outcome
Health Housing and Adult Services: Deliver a range of reablement solutions that focus on learning or relearning skills that assist daily living, improving individual's quality of life and reducing the need for ongoing interventions.	<ul style="list-style-type: none"> ▪ Improving health and wellbeing ▪ Helping people exercise choice ▪ Create a whole life inclusive city ▪ Positive customer experience ▪ Personalisation
Health Housing and Adult Services: Improve care support and daily living solutions to support people at home or in supported accommodation through the development of personalised services including, smarter working with Registered Social Landlords, commissioned care providers, better support for carers and tailored accommodation solutions such as extra care.	<ul style="list-style-type: none"> ▪ Improving health and wellbeing ▪ Helping people exercise choice ▪ Create a whole life inclusive city ▪ Positive customer experience ▪ Personalisation
Health Housing and Adult Services: Review and commission improved supported living pathways for people with mental health needs and learning disabilities to promote independent living. Complete the review of Housing Related Support and recommission services that meet the agreed outcomes.	<ul style="list-style-type: none"> ▪ Improving health and wellbeing ▪ Helping people exercise choice ▪ Create a whole life inclusive city ▪ Positive customer experience ▪ Personalisation
City Services: Develop and deliver a range of commissioned lifestyle intervention programmes to support improvements in life expectancy, promote healthier lifestyles and contribute to the aims of the Healthy City Partnership.	<ul style="list-style-type: none"> ▪ Improved access to services ▪ Positive customer experience ▪ Improving health and wellbeing
Strategic Objective: CUSTOMER SERVICES	
Activity	Strategic Outcome
Health Housing and Adult Services: Work with communities and local agencies such as GP surgeries, to further develop the principles of 'community in reach' to ensure a range of easily accessible preventative advice and support interventions exist that maximise individuals independence and health and well being.	<ul style="list-style-type: none"> ▪ Improving health and wellbeing ▪ Helping people exercise choice ▪ Create a whole life inclusive city ▪ Positive customer experience ▪ Personalisation ▪ Improved access to services ▪ Locality/neighbourhood working
Health Housing and Adult Services: To continue to work in partnership with Childrens Services to ensure a smooth transition for clients from Childrens Services to Adult Services.	<ul style="list-style-type: none"> ▪ Improving health and wellbeing ▪ Improved access to services ▪ Streamlined access ▪ Helping people exercise choice ▪ Create a whole life inclusive city ▪ Positive customer experience
Strategic Objective: ONE COUNCIL	
Activity	Strategic Outcome
Health Housing and Adult Services: Work with the wider council to identify and progress opportunities to make better use of assets such as buildings, to best support vulnerable people and achieve value for money.	<ul style="list-style-type: none"> ▪ Continuously improving VfM ▪ Better use of buildings and asset management

**REVENUE BUDGET 2011/12
HEALTHY CITY**

Strategic Objective: PARTNERSHIP WORKING	
Activity	Strategic Outcome
Health Housing and Adult Services: Further development of the Home Improvement Agency and improve housing partnership arrangements to better deliver a range of options to enable vulnerable people to improve their homes and achieve decent homes standards.	<ul style="list-style-type: none"> ▪ Promoting Quality Physical environments ▪ Ensuring Housing Quality and Choice ▪ Improving Health and Wellbeing ▪ Continuously Improving VfM
Health Housing and Adult Services: To work alongside partners in the NHS, particularly GP's to implement the Health and Social Care Bill 2011, including the transfer of responsibility for public health to the Local Authority.	<ul style="list-style-type: none"> ▪ Improving Health and Wellbeing ▪ Continuously improving VfM ▪ Sharing a view of success
Health Housing and Adult Services: To enhance the role of the Tyne and Wear Care Alliance to maximise opportunities for joint working with the independent care sector.	<ul style="list-style-type: none"> ▪ Improving Health and Wellbeing ▪ Continuously improving VfM ▪ Sharing a view of success
Health Housing and Adult Services: Work with partners, including health and housing partners, to identify and progress opportunities to jointly make better use of resources, through commissioning, to best support vulnerable people and achieve value for money.	<ul style="list-style-type: none"> ▪ Sharing a view of success ▪ Continuously improving VfM
Strategic Objective: TRANSFORMATION PROGRAMME	
Activity	Strategic Outcome
Health Housing and Adult Services – Re-engineering Adult Services in light of the transition to the Business Operating Model and the Directorates 15 year plan. The organisational redesign work that is required as a result of the creation of Strategic and Shared Support Functions, the centralised customer support function and specific service delivery functions must be managed and supported in a consistent way.	<ul style="list-style-type: none"> ▪ Pooling services around need ▪ Continuously improving VfM ▪ Effective and appropriate performance management
Strategic Objective: DIRECTORATE IMPROVEMENT/ MODERNISATION AND SERVICE REVIEW PROGRAMMES	
Activity	Strategic Outcome
Health Housing and Adult Services: continue with the Directorates 15 year plan to modernise services and deliver Choice and Control, Independent Living, Equal Access for all, Improved Health and Wellbeing, Better Commissioning, Increasing the number of Homes and Homes are of High Quality and Sustainability.	<ul style="list-style-type: none"> ▪ Improving health and wellbeing ▪ Helping people exercise choice ▪ Create a whole life inclusive city

**REVENUE BUDGET 2011/12
HEALTHY CITY**

FINANCIAL

**REVENUE BUDGET 2011/2012
OBJECTIVE SUMMARY**

Ref.	Head of Service Ref.	Original Estimate 2010/2011 £	Revised Estimate 2010/2011 £		Estimate 2011/2012 £
Executive Director of City Services					
1	HCS	13,865	24,417	Meals at Home Trading Service	22,528
		13,865	24,417	Total Executive Director of City Services	22,528
Executive Director of Health, Housing and Adults					
2	HOP	23,910,890	24,974,961	Disability Services	25,637,656
3	HOC&S	1,026,482	1,014,047	Home Improvement Agency/Warm Homes Initiative	1,176,368
4	HOP	4,599,180	4,833,165	Mental Health	4,666,778
5	HOP	36,470,833	38,939,799	Older People Over 65	33,358,875
6	HOSC	550,996	617,966	Performance, Commissioning and Change	308,366
7	HOC&S	0	0	Provider Services	0
8	HOSH	11,733,249	11,461,732	Supporting People	9,633,732
9	HOP&CA	0	0	Business Support and Workforce Development	0
		78,291,630	81,841,670	Total Executive Director of Health, Housing and Adults	74,781,775
		78,305,495	81,866,087	TOTAL BUDGET	74,804,303

The main reasons for the change in the net budget position from 2010/2011 to 2011/2012 are:

- Efficiency savings including back office savings arising from implementation of the Strategic and Shared Services Review
- Transfers to base budget of £2.7m of previously agreed resources in respect of Health Housing and Adults 15 year modernisation plan
- Technical adjustments of £4.4m in respect of FRS 17 pensions accounting arrangements.

IMPROVEMENT AND EFFICIENCY

The continued modernisation of services within the portfolio is ensuring value for money and efficiency savings are being achieved. This includes implementation of actions arising through directorate efficiency initiatives, the Council's Business Transformation programmes and Service Reviews.

Significant efficiencies will be realised following a redesign and recommissioning of services and contracts including those for Advocacy, Home Care, Companionship, Housing Related Support, Welfare Rights, Benefits and Assessments and Residential and Nursing Care. This will ensure that services better support the needs of individuals and are delivered as efficiently as possible.

The ongoing modernisation of care services will improve opportunities for people to continue to live at home through investment in preventative services such as reablement and other equipment.

Smarter working, including the automation of processes and procedures using Information Technology, will result in more flexible working opportunities such as home and mobile working. This supports the Council's approach to property rationalisation.

A review of staffing resources and general running costs will deliver more efficient and streamlined service delivery. This will be achieved by redesigning and restructuring existing services, most significantly the Care Management and Assessment process, which will ensure the approach and services are tailored to individual client needs.

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.

**REVENUE BUDGET 2011/12
HEALTHY CITY**

Additional one-off savings will arise following a managed delay and cessation of lower priority revenue and capital projects.

PORTFOLIO GLOSSARY

HCS	Head of Community Services
HOP	Head of Personalisation
HOSC	Head of Strategic Commissioning
HOC&S	Head of Care and Support
HOSH	Head of Strategic Housing
HOP&CA	Head of Partnership & Corporate Affairs

**REVENUE BUDGET 2011/2012
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 safe city.

The Portfolio has specific responsibility for the following activities and functions:

- Section 17 of the Crime and Disorder Act 1998 responsibilities
- Safer Sunderland Partnership
- Anti-social behaviour
- Drugs awareness, prevention and treatment
- Local Multi-Agency Problem-Solving Groups (LMAPS)
- Emergency planning and local resilience
- Licensing, licensing regulation and controlled drinking zones
- Trading standards
- Public and environmental health
- Cultural strategy and initiatives
- Heritage and design champion
- Libraries
- Museums
- Coroner
- Registrars
- Events.

Strategic Objective: PEOPLE - Raising aspirations, creating confidence and promoting opportunity	
Activity	Strategic Outcome
Complete council wide Anti Social Behaviour Review and implement recommendations to better target resources across council and partners to maximise impact of ASB strategies.	<ul style="list-style-type: none"> ▪ Supporting and challenging communities, families and individuals ▪ Ensuring safe communities
Achieving Independence: Create a Social Inclusion gateway for Young people, single people with complex needs, families experiencing homelessness, and Families experiencing domestic violence.	<ul style="list-style-type: none"> ▪ Supporting and challenging communities, families and individuals
Strategic Objective: PLACE - Leading the investment in an attractive and inclusive city and its communities	
Activity	Strategic Outcome
Undertake a review of Regulatory Services.	
Developing capacity in the contact centre systems to deliver against the recording of anti social behaviour incidents against individuals.	<ul style="list-style-type: none"> ▪ Ensuring safe communities
Heritage: Identify additional resources to support increased activity these may includes Area Committees, Heritage Lottery Fund and English Heritage	<ul style="list-style-type: none"> ▪ Promoting quality physical environments ▪ Building and sustaining a sense of Community
Strategic Objective: ONE COUNCIL	
Activity	Strategic Outcome
Improved security measures in more public buildings.	<ul style="list-style-type: none"> ▪ Better use of buildings and asset management
Strategic Objective: PARTNERSHIP WORKING	
Activity	Strategic Outcome
Provide an improved greater level of support to area based working and problem solving.	<ul style="list-style-type: none"> ▪ Ensuring safe communities ▪ Locality/neighbourhood working
Strategic Objective: DIRECTORATE IMPROVEMENT/ MODERNISATION AND SERVICE REVIEW PROGRAMMES	
Activity	Strategic Outcome
Undertake a Neighbourhood Services Review that includes: <ul style="list-style-type: none"> ▪ Tourism and Library Service ▪ Core events programme ▪ Arts & Creative Development 	<ul style="list-style-type: none"> ▪ Improved access to services ▪ Streamlined access ▪ Positive customer experience ▪ Continuously improving VfM

**REVENUE BUDGET 2011/2012
SAFER CITY AND CULTURE**

FINANCIAL

OBJECTIVE SUMMARY

Ref.	Head of Service Ref.	Original Estimate 2010/2011	Revised Estimate 2010/2011		Estimate 2011/2012
		£	£		£
Office of the Chief Executive					
1	HL&P	0	(36,177)	Cash In Transit	(23,272)
2	HL&P	290,935	295,453	Civil Contingencies	266,698
3	HL&P	1,011,340	818,558	Safer Communities	904,370
4	HL&P	116,426	81,521	Security Services	190,725
		1,418,701	1,159,355	Total Office of the Chief Executive	1,338,521
Executive Director of City Services					
5	HSS	642,426	649,047	Coroners Court	619,016
6	HSS	642,745	656,178	Environmental Health	791,184
7	HSS	0	0	Environmental Health Support	0
8	HSS	644,865	666,875	Food and Health and Safety	671,884
9	HSS	(130,299)	(114,286)	Licensing	(108,761)
10	HSS	639,542	722,051	Pest Control and Enforcement	989,963
11	HSS	297,595	313,819	Registrars	243,102
12	HSS	651,326	672,908	Trading Standards	679,460
13	HCT	973,377	1,057,201	Arts and Creative Development	774,280
14	HCT	0	0	Culture and Tourism Support	0
15	HCT	766,659	1,095,434	Events	728,760
16	HCT	111,996	111,996	Grants to Community Projects and Miscellaneous Contributions	86,996
17	HCT	167,804	163,164	Heritage (including Fulwell Mill)	174,417
18	HCT	5,383,202	5,426,795	Libraries	5,180,510
19	HCT	1,602,460	1,598,362	Museums and Archives Service	1,467,990
20	HCT	784,802	800,183	Resorts	716,307
21	HCT	757,036	757,036	Theatre	786,147
22	HCT	510,119	525,827	Tourism	309,714
		14,445,655	15,102,590	Total Executive Director of City Services	14,110,969
Executive Director of Health, Housing and Adults					
23	HOSH	94,853	181,432	Anti Social Behaviour	86,055
24	HOP	234,476	262,070	Drug Awareness	190,001
		329,329	443,502	Total Executive Director of Health, Housing and Adults	276,056
		16,193,685	16,705,447	TOTAL BUDGET	15,725,546

The main reasons for the change in the net budget position from 2010/2011 to 2011/2012 are:

- Efficiency savings including back office savings arising from implementation of the Strategic and Shared Services Review
- Transfers to base budget of previously agreed resources in respect of Environmental Enforcement Officers and the Family Intervention Project £0.3m
- Technical adjustments of £1.2m in respect of FRS 17 pensions accounting arrangements.

REVENUE BUDGET 2011/2012 SAFER CITY AND CULTURE

IMPROVEMENT AND EFFICIENCY

Savings have been achieved through the modernisation of services within the portfolio, the Council's Business Transformation projects and Service Reviews as outlined below.

Efficiencies are being delivered through service redesign where services are being reconfigured to better meet requirements whilst also delivering efficiency savings. The Neighbourhood Services Review is delivering a gradual move towards 2015/16 when a completely revised and reconsidered range of services and delivery mechanisms will be in place.

Efficiencies through service redesign are also being delivered in a number of other areas, including:

- The Resorts service.
- Arts and Creative Development.
- Tourism and Heritage services.
- Museums service.
- The Registrars and Coroners service will improve resource management to enable more flexible and efficient working arrangements be put in place.

Opportunities for joint and partnership working are being developed in a number of areas to improve working arrangements and outcomes. Examples include:

- Festivals and Events service working with partner agencies to maximise output.
- The National Glass Centre and the liaison with the University of Sunderland.
- Public Protection.

Across a number of services, a refocus on service priorities and outcomes has been undertaken that will deliver efficiency savings, including:

- Public Protection, where resources are being refocused on statutory health promotion.
- A refocused event programme and delivery budget.
- A review of grants.

PORTFOLIO GLOSSARY

HCT	Head of Culture and Tourism
HL&P	Head of Land and Property
HOP	Head of Personalisation
HOSH	Head of Strategic Housing
HSS	Head of Street Scene

**REVENUE BUDGET 2011/2012
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
- Parking and road safety
- Facilities management
- Grounds and building maintenance
- Refuse collection
- Coastal protection
- Sport
- Wellness
- Aquatics
- Play.

Strategic Objective: PEOPLE - Raising aspirations, creating confidence and promoting opportunity	
Activity	Strategic Outcome
City Services - Street Scene: Prioritise traffic and road safety schemes using an effective evaluation system to ensure that interventions are targeted to where they will have the most positive impact on accident key performance indicators. The new structure increases capacity to undertake effective evaluation of road traffic accidents and other data.	<ul style="list-style-type: none"> ▪ Improving health and wellbeing ▪ Targeted activity in priority neighbourhoods ▪ Ensuring safe communities ▪ Improving the transport network ▪ Pooling resources around need ▪ Improving the transport network
Strategic Objective: CUSTOMER FOCUS	
Activity	Strategic Outcome
City Services - Street Scene: Consolidation of the Bereavement Service and development of clear policy and standards of customer service in this area	<ul style="list-style-type: none"> ▪ Simplified customer journeys
City Services - Street Scene: Reorganise the refuse, recycling and garden waste collections into a fully integrated service, utilising intelligent route planning systems.	<ul style="list-style-type: none"> ▪ Improved access to services ▪ Streamlined access ▪ Positive customer experience ▪ Continuously improving VfM
Strategic Objective: PARTNERSHIP WORKING	
Activity	Strategic Outcome
City Services – Community Services: Implement the findings from the Facilities Management Review	<ul style="list-style-type: none"> ▪ Streamlined access ▪ Continuously improving VfM
City Services: Depending on the outcomes of Sport and Leisure's service assessment a range of significant, strategic and alternative improvement for Service delivery will be developed as below : <ul style="list-style-type: none"> ▪ Development of alternative management models to deliver enhanced services ▪ Further cross directorate working with HHAS and Children Services to ensure delivery of sport, leisure and physical activity opportunities meet customer needs. 	<ul style="list-style-type: none"> ▪ Sharing a view of success ▪ Continuously improving VfM ▪ Sharing a view of success ▪ Shared outcomes ▪ Combining resources ▪ Sharing intelligence ▪ Unique contribution to partnership working ▪ Consideration of alternative providers
Strategic Objective: DIRECTORATE IMPROVEMENT/ MODERNISATION AND SERVICE REVIEW PROGRAMMES	
Activity	Strategic Outcome
City Services - Street Scene: Sunderland Strategic Transport Corridor Phase 3 - St. Mary's Way/High Street West/West Wear Street Junction.	<ul style="list-style-type: none"> ▪ Improving the transport network ▪ Develop a prosperous, connected waterfront city
City Services: will work through a programme of improvement and modernisation to undertake changes associated with leisure facilities.	<ul style="list-style-type: none"> ▪ Streamlined access ▪ Strong community leadership ▪ Greater trust ▪ Greater levels of engagement at a community level

**REVENUE BUDGET 2011/2012
ATTRACTIVE AND INCLUSIVE CITY**

FINANCIAL

OBJECTIVE SUMMARY

Ref.	Head of Service Ref.	Original Estimate 2010/2011 £	Revised Estimate 2010/2011 £		Estimate 2011/2012 £
Street Scene					
1	HSS	(170,941)	(157,247)	Bereavement	(9,582)
2	HSS	(65,000)	26,807	Building Maintenance Trading Service	(100,000)
3	HSS	0	0	Building Services Surveying	0
4	HSS	0	0	Fleet	0
5	HSS	0	0	Highways and Building Maintenance Overheads	0
6	HSS	5,829,551	6,253,662	Highways Asset Management	6,099,706
7	HSS	1,073,106	943,756	Highways Engineering	992,020
8	HSS	3,401,206	3,418,492	Highways Operations	2,591,662
9	HSS	(35,000)	10,453	Highways Trading Service	(50,000)
10	HSS	2,908,051	2,908,051	Highways Verges - Maintenance and Cleaning	2,693,857
11	HSS	2,778,728	2,837,385	Network Operations	3,286,389
12	HSS	633,775	658,729	Network Strategic	793,338
13	HSS	2,833	15,405	Network Technical Services	30,658
14	HSS	320,156	213,876	Parking Services Trading Service	277,840
15	HSS	4,858,869	4,907,106	Parks and Allotments	4,470,863
16	HSS	935,306	896,876	Recycling Collection	1,610,077
17	HSS	4,482,331	4,643,575	Refuse	4,980,590
18	HSS	361,886	366,025	RLS - Public Conveniences	345,396
19	HSS	4,748,040	4,877,594	RLS - Street Services	4,942,747
20	HSS	1,558,416	1,626,275	Transportation	1,972,529
		33,621,313	34,446,820	Total Street Scene	34,928,090
Community Services					
21	HCS	0	47,100	Cleaning Services to Schools and Civic Buildings	0
22	HCS	0	22,490	Commercial Catering Trading Service	13,429
23	HCS	0	0	Facilities Management Support	0
24	HCS	6,861,975	6,947,468	Sport and Leisure Facilities	7,798,184
25	HCS	971,618	1,046,893	Sports Development	1,295,897
26	HCS	444,588	514,484	Young Peoples Play and Urban Games	713,839
		8,278,181	8,578,435	Total Community Services	9,821,349
Support Services					
27	HoPSD	0	0	Central Support Services	0
		0	0	Total Support Services	0
		41,899,494	43,025,255	Total Executive Director of City Services	44,749,439

The main reasons for the change in the net budget position from 2010/2011 to 2011/2012 are:

- Efficiency savings including back office savings arising from implementation of the Strategic and Shared Services Review
- Transfers to base budget of £1.2m previously agreed resources, for example, in respect of the Blue Bin recycling service, Play Parks Strategy, fuel price increases and the Transport and Engineering review
- The inclusion of provision for additional cost pressures of £0.6m for 2011/2012 including the impact of the economic downturn on income generation and new responsibilities in respect of Local Transport Services

REVENUE BUDGET 2011/2012
ATTRACTIVE AND INCLUSIVE CITY

- Technical adjustments of £5.1m in respect of FRS 17 pensions accounting arrangements and revaluation of assets.

IMPROVEMENT AND EFFICIENCY

Savings have been achieved through the modernisation of services within the portfolio, the Council's Business Transformation projects and Service Reviews as outlined below.

Efficiencies are being delivered through service redesign where services are being reconfigured to better meet requirements whilst also delivering efficiency savings. The Facilities Management Review has focused on opportunities to increase the level of partnership working, refocus service standards on front facing service delivery and increase service productivity. Specific efficiencies that will be delivered in 2011/12 arising from this review include:

- Implementation of new service standards across a range of disciplines.
- An organisation redesign of Responsive Local Services focusing on better alignment of service delivery to local priorities.
- An organisation redesign of the Building Maintenance service.

Efficiencies through service redesign are also being delivered in a number of other areas, including:

- Network Management and overnight security arrangements.
- Savings will be achieved in Support Services through a number of targeted cost reduction measures, including a review and an amalgamation of the Transport and Engineering administration arrangements.
- Revised Public and Bank Holiday operating arrangements introduced at Leisure Centres.
- Development of alternative management arrangements for the changing pavilions.

In partnership with the Corporate Procurement section, efficiencies arising from improved procurement arrangements are being delivered across a number of service areas. Some examples of this approach are reflected below:

- Carriageway reconstruction and surfacing
- Building maintenance contractor and materials
- Vehicle contract hire arrangements
- Reduced spend on verge cutting
- One-off savings are being realised in relation to the capital financing costs.

Smarter Working, including the automation of processes and procedures using Information Technology, will result in more flexible working opportunities such as home and mobile working. Savings are being realised by adopting and implementing a plan to use Council buildings more effectively.

In relation to IT developments, efficiencies are being realised by Responsive Local Services and Building Maintenance sections through the deployment of hand-held ICT equipment, piloted in the graffiti and refuse collection service.

Opportunities for joint and partnership working are being developed in a number of areas to develop improved working arrangements and outcomes and to facilitate the achievement of efficiency savings. Opportunities to maximise funding will also be taken forward, including reviewing charging arrangements and maximising external funding opportunities. This includes:

- A review of sub-regional partnership contributions.
- Increased income from third party trading to be achieved by marketing and pricing the service more effectively.
- Improved income generation arrangements within the Parking service, including additional parking bays in the central car park.

Across a number of services, a refocus on service priorities and outcomes has been undertaken that will deliver efficiency savings during 2011/12, including the rationalisation of the waste collection service and revised operating hours for leisure sites.

Additional one-off savings will be realised following a managed delay and cessation of low priority revenue and capital projects.

**REVENUE BUDGET 2011/2012
ATTRACTIVE AND INCLUSIVE CITY**

PORTFOLIO GLOSSARY

HCS	Head of Community Services
HSS	Head of Street Scene
HoPSD	Head of Performance and Service Development

**REVENUE BUDGET 2011/2012
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
- Housing strategy
- Environmental policy
- Housing renewal
- Strategic relationships with Registered Social Landlords and private sector housing providers
- Homelessness and housing advice
- Recycling
- Strategic waste management
- Carbon management
- Cohesive and inclusive communities.

Strategic Objective: PLACE - Leading the investment in an attractive and inclusive city and its communities	
Activity	Strategic Outcome
<p>Strategic Waste: Effectively manage interim waste and recycling contracts to minimise costs.</p> <p>Secure the long term provision of Strategic Waste Management facilities to ensure service provision is appropriate for council needs and is located accordingly (development of facilities for PFI contract).</p> <p>Refine and improve kerbside recycling services to encourage residents' participation in the services and improve customer satisfaction.</p> <p>Review current operation and delivery model of Beach Street and related recycling services.</p>	<ul style="list-style-type: none"> ▪ Promoting quality physical environments ▪ Improving health and wellbeing ▪ Continuously improving VfM ▪ Better use of buildings and asset management ▪ Utilising customer insight ▪ Improved access to services ▪ Positive customer experience ▪ Sharing a view of success ▪ Shared outcomes ▪ Combining resources
Strategic Objective: PARTNERSHIP WORKING	
Activity	Strategic Outcome
<p>Health Housing and Adult Services: Ensure the council works with its partners to:</p> <ul style="list-style-type: none"> ▪ Improve the choice of type, location and price of housing to enable residents to access a home of their own based upon individual need, including fully embedding Choice Based Lettings across the city and development of affordable opportunities in new development sites. ▪ Intervene in areas that are showing symptoms of decline reversing housing market failure and supporting sustainable communities. This includes ensuring that housing stock in the city across all tenure types is fit for human habitation achieves decent home standards and is well managed and maintained through rolling out 'hot spot' locality management of housing not meeting these standards. ▪ To deliver the priorities set out in the Housing Priorities Plan and maximise investment in to housing in the city. 	<ul style="list-style-type: none"> ▪ Ensuring quality and choice of housing ▪ Improving health and wellbeing ▪ Helping people exercise choice ▪ Reducing poverty, inequality and deprivation ▪ Promoting quality physical environments ▪ Building and sustaining a sense of community ▪ Developing quality district and neighbourhood centres

**REVENUE BUDGET 2011/2012
SUSTAINABLE COMMUNITIES**

<p>Health Housing and Adult Services: Work with partners, including health, housing partners, Homes and Communities Agency, to identify and progress opportunities to jointly make better use of resources, to best support vulnerable people and achieve value for money.</p>	<ul style="list-style-type: none"> ▪ Sharing a view of success ▪ Continuously improving VfM ▪ Sharing intelligence
<p>Health Housing and Adult Services: Provide advice and information about homelessness prevention and Homelessness in line with advice services in the city. Develop a Strategic Tenancy Policy that will allow a better approach to the allocation of rented housing to be achieved</p>	<ul style="list-style-type: none"> ▪ Ensuring housing quality and choice ▪ Improving health and wellbeing ▪ Helping people exercise choice ▪ Continuously improving VfM
<p>Planning and Environment: Contributing to the Heritage Lottery funded Limestone Landscapes Partnership in a long-term and purposeful way to significantly enhance both the quality of the environment of the East Durham Limestone Plateau, and the quality of life of its communities.</p>	<ul style="list-style-type: none"> ▪ Sharing a view of success ▪ Shared outcomes ▪ Combining resources ▪ Sharing intelligence ▪ Unique contribution to partnership working
<p>Planning and Environment: Facilitate the delivery of the council's 5 year Carbon Plan.</p> <p>Manage delivery of the city's Climate Change Action Plan and produce annual progress reports.</p> <p>Develop a comprehensive adaptation strategy to tackle all weather and climate risk.</p> <p>Ensure that the council's key decisions reflect best practice in relation to the use of natural resources.</p>	<ul style="list-style-type: none"> ▪ Promoting quality physical environments ▪ Improving health and wellbeing ▪ Position the city as a national hub for the low carbon economy
<p align="center">Strategic Objective: DIRECTORATE IMPROVEMENT/ MODERNISATION AND SERVICE REVIEW PROGRAMMES</p>	
<p>Activity</p>	<p>Strategic Outcome</p>
<p>Health Housing and Adult Services: continue with the Directorates 15 year plan to modernise services and deliver Choice and Control, Independent Living, Equal Access for all, Improved Health and Wellbeing and Better Commissioning, Increasing the number of Homes and Homes are of High Quality and Sustainability.</p>	<ul style="list-style-type: none"> ▪ Improving health and wellbeing ▪ Helping people exercise choice ▪ Create a whole life inclusive city

**REVENUE BUDGET 2011/2012
SUSTAINABLE COMMUNITIES**

FINANCIAL

OBJECTIVE SUMMARY

Ref.	Head of Service Ref.	Original Estimate 2010/2011	Revised Estimate 2010/2011		Estimate 2011/2012
		£	£		£
Office of the Chief Executive					
1	ACE	376,979	376,979	Cohesive and Inclusive Communities	260,774
2	ACE	179,435	175,598	Sustainability	125,000
		556,414	552,577	Total Office of the Chief Executive	385,774
Executive Director of City Services					
3	HSS	0	0	Centralised Depot	0
4	HSS	0	0	Depots	0
5	HSS	0	0	Performance	0
6	PDSW	92,580	142,395	Recycling	149,213
7	PDSW	9,045,319	9,053,337	Strategic Waste	7,864,835
		9,137,899	9,195,732	Total Executive Director of City Services	8,014,048
Executive Director of Health, Housing and Adults					
8	HOSH	1,043,632	1,122,655	Housing Renewal	1,300,189
9	HOSH	1,506,409	1,493,781	Housing Strategy / Advice and Homelessness	1,586,336
		2,550,041	2,616,436	Total Executive Director of Health, Housing and Adults	2,886,525
		12,244,354	12,364,745	TOTAL BUDGET	11,286,347

The main reasons for the change in the net budget position from 2010/2011 to 2011/2012 are:

- Efficiency savings including back office savings arising from implementation of the Strategic and Shared Services Review, and savings arising on waste disposal costs of £0.9m as a result of reductions in disposal tonnages and revised ancillary waste management contracts
- Transfers to base budget of previously agreed resources, for example, in respect of Recycling Bring Sites and Empty Property Officer funding
- Technical adjustments of £0.3m in respect of FRS 17 pensions accounting arrangements and revaluation of assets.

IMPROVEMENT AND EFFICIENCY

The 2011/2012 budget has been set taking account of efficiency savings achieved through the continued modernisation of services within the portfolio, the Councils Business Transformation projects and Service Reviews. This includes a review of staffing resources and general running costs, which has been achieved by redesigning and restructuring existing services.

Additional one-off savings will arise following a managed delay and cessation of lower priority revenue and capital projects.

The successful renegotiation of ancillary waste management contracts has introduced savings in respect of recycling and composting schemes.

A reconfiguration of the Beach Street Waste Reception site will result in efficiencies being achieved through the replacement of containers with those that can be serviced by less specialised, multi-purpose vehicles.

A reconfiguration of Waste Disposal arrangements at South Hylton depot has rationalised the number of skips being used and has enabled better resource management at the site.

**REVENUE BUDGET 2011/2012
SUSTAINABLE COMMUNITIES**

PORTFOLIO GLOSSARY

ACE	Assistant Chief Executive
HSS	Head of Street Scene
PDSW	Project Director – Strategic Waste
HOSH	Head of Strategic Housing

**REVENUE BUDGET 2011/2012
RESPONSIVE LOCAL SERVICE AND CUSTOMER CARE**

ROLES AND RESPONSIBILITIES

The Responsive Local 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:

- Area Committees
- Area Partnerships
- Local Area Plans
- Area Budget policy framework
- 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
- Community development
- Adult and community learning
- Community Assets

Strategic Objective: CUSTOMER FOCUS	
Activity	Strategic Outcome
Transactional Services: Continue to engage in intelligent commissioning by further engagement with customers and reviewing in house functions to ensure this is the most efficient delivery model.	<ul style="list-style-type: none"> ▪ Utilising customer insight ▪ Streamlined access ▪ Simplified customer journeys
City Services: Delivery of revised Customer Service Strategy to ensure a culture of excellent customer service. Using new technology to support customer services and improve customer access. Development of a city centre Customer Service Centre	<ul style="list-style-type: none"> ▪ Positive customer experience ▪ Simplified customer journeys ▪ Improved access to services ▪ Streamlined access
Head of Project & Service Development: Undertake customer satisfaction surveys to provide insight to inform the delivery of Registration Services in communities and ensure that the outstation facilities continue to meet the needs of their local community.	<ul style="list-style-type: none"> ▪ Utilising customer insight
Head of Standards: Full integration of Education Psychology Service into locality based teams, with reduced requirement for central base for specialist equipment and resources and client information.	<ul style="list-style-type: none"> ▪ Locality/neighbourhood working
Safeguarding: Move Case Management to locality based working.	<ul style="list-style-type: none"> ▪ Locality/neighbourhood working
City Services: Community Services - Develop and agree a corporate approach to grants, supported by a single application form for all Council grants and a centralised information management system. Develop a single entry point into the Council / a single window for the Council to engage with VCS.	<ul style="list-style-type: none"> ▪ Improved access to services ▪ Simplified customer journeys ▪ Streamlined access ▪ Positive customer experience

**REVENUE BUDGET 2011/2012
RESPONSIVE LOCAL SERVICE AND CUSTOMER CARE**

Strategic Objective: ONE COUNCIL	
Activity	Strategic Outcome
City Services - Community Services: Continual review of catering service offer and the extension of vending provision.	<ul style="list-style-type: none"> ▪ Continuously improving VfM
Project and Service Development: Consider the impact of new legislation (national coronial service) on service delivery in Sunderland.	<ul style="list-style-type: none"> ▪ Effective and appropriate performance management
Community Leadership Programme: Extend 1 st Wave Responsive Services: <ul style="list-style-type: none"> ▪ Fully functioning Intelligence Hub ▪ Expand range of RLS services 	<ul style="list-style-type: none"> ▪ Strong community leadership ▪ Greater Trust ▪ Greater levels of engagement at community level ▪ Positive customer experience
City Services - Street Scene: Embedding the new RLS way of working with Area Committees.	<ul style="list-style-type: none"> ▪ Strong community leadership ▪ Greater Trust ▪ Greater levels of engagement at community level
Positive Contribution and Economic Well Being: <ul style="list-style-type: none"> ▪ Integrating Youth and Adult Guidance Services ▪ Merging with neighbouring Local Authority Guidance Services ▪ Job Linkage outlets used to provide IAG service to 16-18 NEET young people 	<ul style="list-style-type: none"> ▪ Pooling Services around need
Area Co-ordination: <ul style="list-style-type: none"> ▪ Increased emphasis on role of team being developing and implementing Area Arrangements ▪ Improve linkages between LSP and Area Committees 	<ul style="list-style-type: none"> ▪ Strong community leadership
City Services <ul style="list-style-type: none"> ▪ Migration of all customer contact to the Customer Service Network 	<ul style="list-style-type: none"> ▪ Positive customer experience ▪ Simplified customer journeys ▪ Improved access to services
Strategic Objective: PARTNERSHIP WORKING	
Activity	Strategic Outcome
City Services - Community Services: At a geographic level, support more responsive services by bringing the Council closer to both the VCS and the community.	<ul style="list-style-type: none"> ▪ Greater levels of engagement at a community level
City Services - Community Services: Maximise the opportunity for community based facilities to deliver positive outcomes for the community.	<ul style="list-style-type: none"> ▪ Sharing a view of success ▪ Shared outcomes
City Services - Community Services: Support communities to engage with and shape solutions/ decision making processes by working in partnership with the VCS.	<ul style="list-style-type: none"> ▪ Sharing a view of success ▪ Unique contribution to partnership working
Strategic Objective: TRANSFORMATION PROGRAMME	
Activity	Strategic Outcome
Community Leadership Programme: The CLP supports key aspects of the BTP. The CLP Joint Leadership Project will include activity to re-fashion Officer and Member development activity with a curriculum supportive of the SWOW.	<ul style="list-style-type: none"> ▪ Developing our workforce to improve services
Strategic Objective: COMMUNITY LEADERSHIP PROGRAMME	
Activity	Strategic Outcome
Head of Project and Service Development: Develop and deliver tailored interventions (Responsive Local Services Project) that meet locally identified priorities: <ul style="list-style-type: none"> ▪ Further services added to the scope of the RLS project ▪ Extend the RLS model to people/facility based services 	<ul style="list-style-type: none"> ▪ Improved access to services ▪ Strong community leadership
Head of Scrutiny and Localism: <ul style="list-style-type: none"> ▪ Support the development of an Area Vision for locality working to include the development and growth of the Area Committees in conjunction with the Community Leadership Programme ▪ To further develop and embed partnership working arrangements with Area Committees 	<ul style="list-style-type: none"> ▪ Strong community Leadership ▪ Greater levels of engagement at community level ▪ Sharing intelligence ▪ Sharing outcomes ▪ Sharing a view of success

**REVENUE BUDGET 2011/2012
RESPONSIVE LOCAL SERVICE AND CUSTOMER CARE**

FINANCIAL

OBJECTIVE SUMMARY

Ref.	Head of Service Ref.	Original Estimate 2010/2011 £	Revised Estimate 2010/2011 £		Estimate 2011/2012 £
Office of the Chief Executive					
1	ACE	290,396	326,344	Democratic Process - Area Coordination	249,516
2	ACE	2,582,996	2,547,246	Strategic Initiatives Budget	2,530,009
		2,873,392	2,873,590	Total Office of the Chief Executive	2,779,525
Executive Director of City Services					
3	HCS	0	0	Area Facilities	0
4	HCS	1,354,270	1,351,011	Community Development	1,192,370
5	HoCSD	0	0	Customer Service Network	0
6	HoPSD	0	0	Project and Service Development	0
		1,354,270	1,351,011	Total Executive Director of City Services	1,192,370
Executive Director of Children's Services					
7	DEDoCS	49,214	74,860	Family, Adult & Community Learning	19,840
		49,214	74,860	Total Executive Director of Children's Services	19,840
		4,276,876	4,299,461	TOTAL BUDGET	3,991,735

The main reasons for the change in the net budget position from 2010/2011 to 2011/2012 are:

- Efficiency savings including back office savings arising from the implementation of the Strategic and Shared Services Review,
- Technical adjustments of £0.3m in respect of FRS 17 pensions accounting arrangements and revaluation of assets.

IMPROVEMENT AND EFFICIENCY

Savings have been achieved through the modernisation of services within the portfolio, the Council's Business Transformation projects and Service Reviews as outlined below.

Smarter Working, including the automation of processes and procedures using Information Technology, will result in more flexible working opportunities such as home and mobile working. This supports the Council's approach to property rationalisation.

Efficiencies will be achieved through the BTP Customer Services project, including:

- internal efficiencies in the Customer Services Network through transforming the way of working and making better use of technology and more flexible working arrangements.
- channel shift, which includes migrating customers from the more costly methods of customer contact, e.g. from face to face to telephony, whilst retaining customer choice.
- self service, where opportunities for web self service are developed.
- where appropriate, the migration of customer contact and some assess and decide activities to the Customer Services Network.

Efficiencies have also been realised following a redesign of the Community Development service.

**REVENUE BUDGET 2011/2012
RESPONSIVE LOCAL SERVICE AND CUSTOMER CARE**

PORTFOLIO GLOSSARY

ACE	Assistant Chief Executive
HSED	Head of Strategic Economic Development
HCS	Head of Community Services
HoCSD	Head of Customer Service and Development
HoPSD	Head of Project and Service Development
DEDoCS	Deputy Executive Director of Childrens Services

Cabinet - 16th February 2011

Proposed Council Tax 2011/2012

Report of the Executive Director of Commercial and Corporate Services

1. Purpose of Report

- 1.1 To advise Cabinet of the final General Summary for the Revenue Estimates and the proposed Contingencies and Provisions for Strategic Priorities for 2011/2012 set out at Annex 1.
- 1.2 To enable recommendations to be made to Council with respect to Council Tax levels for 2011/2012, subject to the approval of the Revenue Budget 2011/2012. The Council Tax is calculated using the tax bases for the areas of the City Council and Hetton Town Council as confirmed by Council on 26th January 2011. There are a number of resolutions required to be made to determine the Council Tax including precepts from the Major Precepting Authorities and the Parish of Hetton Town Council.

2. Description of Decision

It is recommended that Cabinet recommend to Council:

That it be noted that at its meeting on 26th January 2011 the Council approved the following amounts for the year 2011/2012 in accordance with regulations made under Section 33 (5) of the Local Government Finance Act 1992:

- a) £80,167 being the amount calculated by the Council, in accordance with Regulation 3 of the Local Authorities (Calculation of Council Tax Base) Regulations 1992, as it's Council Tax Base for the year
- b) £ 4,017 being the amount calculated by the Council, in accordance with Regulation 6 of the Regulations, as the amount of it's Council Tax Base for the year for dwellings in the area of the Parish of Hetton Town Council.

3. It is also recommended that Cabinet recommend to Council:

That the following amounts be now calculated by the Council for the year 2011/2012 in accordance with Sections 32 to 36 of the Local Government and Finance Act 1992:

- a) £744,664,552 being the aggregate of the amounts which the Council estimates for the items set out in Section 32 (2) (a) to (e) of the Act
- b) £649,537,034 being the aggregate of the amounts which the Council estimates for the items set out in Section 32 (3) (a) to (c) of the Act

- c) £253,729,352 being the amount by which the aggregate at 3 (a) above, exceeds the aggregate at 3 (b) above calculated by the Council, in accordance with Section 32 (4) of the Act, as its budget requirement for the year
- d) £158,601,834 being the aggregate of the sums which the Council estimates will be payable for the year into its General Fund in respect of redistributed Non-Domestic Rates, Revenue Support Grant, and the amount of the sum which the Council has estimated will be transferred from its Collection Fund to its General Fund in accordance with Section 97(3) of the Local Government Finance Act 1988 (Council Tax Surplus)
- e) £1,186.6169 being the amount at 3 (c) above less the amount at 3 (d) above, all divided by the amount at 2 (a) above, calculated by the Council, in accordance with Section 33 (1) of the Act, as the basic amount of its Council Tax for the year
- f) £52,663 being the precept notified by Hetton Town Council as a special item under Section 34 (1) of the Act
- g) £1,185.9600 being the amount at 3 (e) above less the result given by dividing the amount at 3 (f) above by the amount at 2 (a) above, calculated by the Council, in accordance with Section 34 (2) of the Act, as the basic amount of its Council Tax for the year for dwellings in those parts of its area to which no special item relates
- h) £1,199.0700 being the amount given by adding to the amount at 3 (g) above the amount 3 (f) divided by the amount at 2 (b) above, calculated by the Council in accordance with Section 34 (3) of the Act as the basic amounts of its Council Tax for the year for dwellings in the area of the Parish of Hetton Town Council

Parts of the Council's Area

(i) Valuation Bands	Hetton Town Council	All other parts of the Council's Area
A	£ 799.38	£ 790.64
B	£ 932.61	£ 922.41
C	£ 1,065.84	£ 1,054.19
D	£ 1,199.07	£ 1,185.96
E	£ 1,465.53	£ 1,449.51
F	£ 1,731.99	£ 1,713.05
G	£ 1,998.45	£ 1,976.60
H	£ 2,398.14	£ 2,371.92

being the amounts given by multiplying the amounts at 3 (g) and 3 (h) above by the number which, in the proportion set out in Section 5 (1) of the Act, is applicable to dwellings listed in a particular valuation band divided by the number which in that proportion is applicable to dwellings listed in valuation band D, calculated by the Council, in accordance with Section 36 (1) of the Act, as the amounts to be taken into account for the year in respect of categories of dwellings listed in different valuation bands.

4. It is also recommended that Cabinet recommend to Council:

That it be noted that for the year 2011/2012, Tyne and Wear Fire and Rescue Authority and Northumbria Police Authority have supplied their best estimate of their proposed precepts, which have still to be approved by their respective Authorities. Consequently, the following amounts for both the Tyne and Wear Fire and Rescue Authority and the Northumbria Police Authority represent the provisional precepts for 2011/2012, which may be issued to the Council, in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of dwellings as follows:

Precepting Authority

Valuation Bands	Northumbria Police Authority	Tyne & Wear Fire and Rescue Authority
A	£ 55.79	£ 48.77
B	£ 65.09	£ 56.90
C	£ 74.38	£ 65.03
D	£ 83.68	£ 73.16
E	£102.28	£ 89.42
F	£120.87	£105.68
G	£139.47	£121.93
H	£167.36	£146.32

5. It is also recommended that Cabinet recommend to Council:

That having calculated the aggregate in each case of the amounts at 3 (i) and 4 above but not having received confirmation of the precept in paragraph 4, the Council, in accordance with Section 30 (2) of the Local Government Finance Act 1992, estimate the following amounts as the amounts of Council Tax for the year 2010/2011 for each of the categories of dwellings shown below at this point in time. The exact levels will only become known once formal notification of the precepts from the Tyne and Wear Fire and Rescue Authority and Northumbria Police Authority are received.

Parts of the Council's Area

Valuation Bands	Hetton Town Council	All other parts of the Council's Area
A	£ 903.94	£ 895.20
B	£ 1,054.60	£ 1,044.40
C	£ 1,205.25	£ 1,193.60
D	£ 1,355.91	£ 1,342.80
E	£ 1,657.23	£ 1,641.21
F	£ 1,958.54	£ 1,939.60
G	£ 2,259.85	£ 2,238.00
H	£ 2,711.82	£ 2,685.60

6. Suggested Reason for Decision

To comply with all legal requirements and the Local Authorities (Alteration of requisite calculations) (England) Regulations 2003 on Sections 32, 33, 43 and 44 of the Local Government Finance Act 1992 and Sections 85, 86, 88 and 89 of the Greater London Authority Act 1999 which applied from 1st April 2003, in order to determine the Council Tax applicable for 2011/2012.

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

There are no alternative options recommended for approval.

Background Papers

Local Government Finance Settlement 2011/2012 (Final).

Calculation of Council Tax Base Report (Cabinet – 17th January 2011 and Council – 26th January 2011).

Revenue Budget 2011/2012 and Capital Programme 2011/2012 to 2013/2014.

Best estimate available of the Precept from Tyne and Wear Fire and Rescue Authority.

Best estimate available of the Precept from Northumbria Police Authority.

Notification of Hetton Town Council Precept.

Local Authorities (Alteration of Requisite Calculations) (England) Regulations 2003.

Local Authorities (Alteration of Requisite Calculations) (England) Regulations 2008.

REVENUE ESTIMATES 2011/2012
General Summary

Original Estimate 2010/11	Revised Estimate 2010/11		Estimate 2011/12
£	£		£
5,522,367	5,138,637	Leader and Deputy Leader	5,299,245
4,900,620	5,331,318	Resources	5,651,536
66,549,172	69,774,845	Children and Learning City	60,082,249
16,654,145	15,645,582	Prosperous City	6,297,070
78,305,495	81,866,087	Healthy City	74,804,303
16,193,685	16,705,447	Safer City and Culture	15,725,546
41,899,494	43,025,255	Attractive and Inclusive City	44,749,439
12,244,354	12,364,745	Sustainable Communities	11,286,347
4,276,876	4,299,461	Responsive Local Services and Customer Care	3,991,735
5,523,000	5,362,536	Provision for Contingencies	10,443,000
14,291,000	9,499,138	Provision for Strategic Priorities	7,013,000
		Capital Financing Costs	
6,242,000	6,242,000	- Revenue Contributions to Capital Programme	2,570,000
19,095,682	16,095,682	- Debt Charges	20,096,000
(1,600,000)	(2,600,000)	- Interest on balances	(1,600,000)
(110,000)	(110,000)	- Interest on Airport long term loan notes	(75,000)
0	2,618,000	Transfer to Reserves	0
(9,213,136)	(18,512,026)	Technical Adjustments: FRS17 and Reversal of Capital Charges	(24,169,382)
280,774,754	272,746,707		242,165,088
		LEVIES	
18,382,210	18,382,210	Tyne and Wear Integrated Transport Authority	18,759,000
191,000	191,000	Environment Agency	196,315
49,576	49,576	North East Inshore Fisheries Conservation Authority	63,357
18,622,786	18,622,786		19,018,672
		Less Core Grants	
(39,521,567)	(36,342,520)	Area Based Grant	0
0	0	Transition Grant	(267,419)
0	0	Council Tax Freeze Grant	(2,376,871)
0	0	Inshore Fisheries Conservation Authority New Burdens	(13,781)
259,875,973	255,026,973	TOTAL NET EXPENDITURE	258,525,689
(7,179,000)	(2,330,000)	Less: (Use of)/Addition to Balances	(4,849,000)
252,696,973	252,696,973	LOCAL BUDGET REQUIREMENT	253,676,689
53,000	53,000	Hetton Town Council	52,663
252,749,973	252,749,973	TOTAL BUDGET REQUIREMENT	253,729,352
		Deduct Grants etc.	
19,965,712	19,965,712	Revenue Support Grant	37,330,705
137,496,111	137,496,111	National Non Domestic Rates	120,771,129
50,000	50,000	Collection Fund Surplus - Council Tax	500,000
157,511,823	157,511,823		158,601,834
95,238,150	95,238,150	LOCAL COUNCIL TAX REQUIREMENT	95,127,518

Contingencies 2011/2012

	£'000s
Pay, Cost Pressures and Single Status	6,803
General Contingency	900
Improvement Programme Efficiencies	(5,560)
SWITCH Budget	8,300
Total Contingency	10,443

Provision for Strategic Priorities

Strategic Investment Plan	100
Adult Social Care - Provision for Care and Preventative Services	591
Independent Care Services	394
Independent Safeguarding Authority Responsibilities	150
Waste Disposal - Provision for Strategic Solution and Preparatory Costs	3526
Kerb It Vehicle Leasing	124
Inward Investments - International Strategy	50
Summer Events	175
Repairs and Maintenance	250
Port	750
Economic Downturn	903
Total Strategic Priorities	7013