

THE CABINET

AGENDA

**Meeting to be held in the Civic Centre (Committee Room No. 1) on
Wednesday 11 January 2012 at 2.00 p.m.**

Part I

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

The reports contained in Part II of the Agenda are not for publication as the Cabinet is considered likely to exclude the public during consideration thereof as they contain information relating to any individual, which is likely to reveal the identity of an individual, the financial or business affairs of any particular person (including the Authority holding that information) and to consultations or negotiations in connection with labour relations matters arising between the Authority and employees of the Authority (Local Government Act 1972, Schedule 12A, Part I, Paragraphs 1, 2, 3 and 4).

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| | (Copy herewith). | |
| | (For approval of the recommendations on executive functions and to note the remaining decisions). | |

 **Denotes Key Decision.**

*** Denotes Rule 15 Notice issues – item which is a key decision which is not included in the Forward Plan.**

ELAINE WAUGH
Head of Law and Governance

Civic Centre
SUNDERLAND.

3 January 2012.

CABINET MEETING – 11 JANUARY 2012
EXECUTIVE SUMMARY SHEET – PART I

Title of Report:

MINUTES, PART I

Author(s):

Head of Law and Governance

Purpose of Report:

Presents the minutes of the last meeting held on 7 December 2011 Part I.

Action Required:

To confirm the minutes as a correct record.

At a meeting of the CABINET held in the CIVIC CENTRE (COMMITTEE ROOM NO. 1) on Wednesday 7 December 2011 at 2.00 p.m.

Present:-

Councillor P. Watson in the Chair

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

Also Present:-

S. Nicklin and G. Barker – Audit Commission
Councillor Wood

Part I

Minutes

The minutes of the meeting of the Cabinet held on 2 December 2011, Part I (copy circulated) were submitted.

(For copy report - see original minutes).

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

Receipt of Declarations of Interest

Councillor Blackburn declared a personal interest in "Item 9 – Parking Services Annual Report 2010 -2011," as a Member of the Traffic Penalty Tribunal Joint Committee.

Councillor Gofton declared a personal and prejudicial interest in "Item 14 – Disposal of Property in Hind Street, Sunderland," as a Member of the Board of Governors of the University of Sunderland and withdrew from the meeting during the consideration of the report.

Apologies for Absence

There were no apologies for absence.

Report of the Meeting of the Personnel Committee, Part I

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

(For copy report – see original minutes).

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

Audit Commission Annual Audit Letter 2010/2011

The Chief Executive submitted a report (copy circulated) which detailed the Audit Commission's (AC) Annual Audit Letter (AAL) covering the year 2010/2011.

(for copy report – see original minutes).

Councillor Speding reported that he was pleased to briefly introduce the report prior to handing over to Steve Nicklin and Gavin Barker from the Audit Commission, to present their findings. He highlighted that the Annual Audit Letter for 2010/11 was very positive and gave a very strong endorsement of the financial management, planning and governance arrangements in place across the Council. It gave an unqualified opinion on both the Financial Statements and the arrangements in place to secure Value for Money.

Councillor Speding advised that the report also confirmed that the Council had robust arrangements in place regarding financial management and resilience, delivery of budgets and planning for future challenges. He added that it was particularly pleasing to note the recognition of Council's achievement in efficiently handling the new requirements of International Financial Reporting Standards (IFRS) which had caused significant problems for some Authorities.

Mr. Nicklin and Mr. Barker drew attention to three areas of the Audit Letter that they wished to highlight, namely that :-

- an unqualified opinion on the financial statements had been issued on 30 September 2011. They congratulated the Council as the financial statements presented for audit were of good quality, complied with the new requirements of IFRS and officers had once again been helpful in dealing with the audit and with their queries. They reiterated that this was a considerable achievement, as compliance with IFRS created significant problems across the country and some authorities were unable to meet the statutory deadlines.

- Following the completion of legal cases in the Courts, objections to the 2007/08 and 2008/09 accounts had now been determined and it had been concluded that no formal audit action was necessary. Final certificates were issued on 30 September 2011 to formally close the audits for 2007/08, 2008/09 and 2009/10 as well as that for 2010/11.
- An unqualified conclusion was issued stating that the Council had proper arrangements in place to secure economy, efficiency and effectiveness in its use of resources on 30 September 2011. The Council had robust arrangements in place to ensure its financial resilience and a history of good financial management, robust systems of corporate governance and internal control, with a strong record in the delivery of budgets. The Council had prepared for the economic challenges facing public services through the Sunderland Way of Working and was committed to improvements in service delivery and outcomes, and had also identified significant savings. It would be hard to find another council with such strong resilience to meet the challenges ahead.

The close monitoring and early action on budgets was noted. However there were still some budget pressures. In relation to the Council's SWITCH project, they advised that the Council would need to ensure that staff left the employ of the Council in some numbers or it would be necessary to consider a redundancy scheme in the future. They added that the Council would need to monitor service delivery and governance to ensure that they were open to making difficult decisions or alternative forms of working if it was in the best interests of the Council.

They also reported that the Council's Asset Management Plan continued to make significant improvements and there were plans in place to take this issue forward.

Mr. Nicklin and Mr. Barker thanked the officers of the Council and highlighted how the audit practice would be delivered in the future following the Government's plan to outsource the service across the country. They explained that the Audit Commission would continue to audit the Council for 2011/2012 and the new arrangements would come into place the following year.

Cabinet Members thanked Mr. Nicklin and Mr. Barker for their presentation and noted that the Council welcomed the inspections' findings and advice on areas of best practise. The Chairman was pleased that the Council's schemes for the Sunderland Way of Working and SWITCH had been heralded as exemplars of service nationally and appreciated that there would be difficult times ahead.

Councillors Wright and Allan referred to the objections received to the previous years' accounts and were pleased that these matters had been concluded. Having enquired if the Auditor could quantify the costs of dealing with the objections, Mr. Nicklin assured the Cabinet that every effort had been made to keep the costs to a minimum and that Counsel's costs had been shared. He advised that the costs had been in the region of £10,000.

Cabinet Members having thanked Mr. Nicklin and Mr. Barker again for their presentation and having given consideration to the report and presentation, it was:-

4. RESOLVED that:-

- (i) the contents of the report and Audit Letter be noted, and
- (ii) it be referred to Council for consideration.

Acquisition of Land at Sunderland Retail Park, Newcastle Road for Planning Purposes

The Deputy Chief Executive and the Executive Director of Commercial and Corporate Services submitted a joint report (copy circulated) to seek approval for the use of the Council's power under Section 237 of the Town and Country Planning Act 1990 to override third party interests and rights to enable the proposed comprehensive redevelopment of Sunderland Retail Park ("SRP") by Tesco Stores Ltd ("Tesco") to proceed as quickly as possible and in advance of the implementation of The Council of the City of Sunderland (Sunderland Retail Park) Compulsory Purchase Order 2011 ("the CPO").

(For copy report – see original minutes).

Councillor Speding highlighted that the Council was supportive of Tesco's comprehensive redevelopment scheme for Sunderland Retail Park in view of the substantial physical, economic and social benefits to the City that would arise from the redevelopment of a prominent gateway site including the creation of 400 new jobs as a result of the scheme. He advised that following the making of the CPO which was previously authorised by Cabinet in February, a public inquiry had been held and the Secretary of State had now confirmed the CPO. He added that Tesco also had made good progress in acquiring the remaining land interests at the Retail Park and the only unit that had not yet been acquired was the Blockbuster and Farmfoods unit.

Councillor Speding reported that Tesco had notified the Council that it wished to start on site in January 2012 and substantial parts of the scheme could be progressed in advance of the implementation of the CPO through the use of the Council's power under Section 237 of the Town and Country Planning Act 1990. He explained that this would enable the interests and rights of Blockbuster and Farmfoods' in relation to servicing access, quiet enjoyment, service media and car parking over the wider Retail Park estate to be overridden, while they could otherwise prevent the redevelopment scheme being progressed. He added that the use of Section 237 would allow the early delivery of Tesco's scheme and bring forward the substantial public benefits arising from the physical and economic regeneration of the Retail Park site.

Cabinet Members were advised that the process would involve the Council acquiring Tesco's freehold title to the Retail Park for planning purposes and then transferring the land back to Tesco who would then be in a position to commence the redevelopment works in advance of the implementation of the CPO and subject to the payment of appropriate compensation to Blockbuster and Farmfoods. The full cost of this process would be met by Tesco in accordance with the existing indemnity agreement in relation to the Sunderland Retail Park scheme.

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

5. RESOLVED that:-

- (i) the authorisation given by Cabinet at its previous meeting on 16th February 2011 be reaffirmed to acquire and dispose of any land or interests required in order to enable the proposed development of Sunderland Retail Park ("SRP") to proceed in order to permit the acquisition of Tesco Stores Ltd's freehold interest to SRP by the Council under section 227 of the Town and Country Planning Act 1990 for planning purposes in order that section 237 of the 1990 Act may be relied upon,
- (ii) as part of the reaffirmation, that the powers to override interests and rights under section 237 of the 1990 Act be utilised in respect of SRP to allow the implementation of the Scheme proposals to proceed as soon as reasonably possible in the public interest,
- (iii) the Deputy Chief Executive, the Executive Director of Commercial and Corporate Services and the Head of Law and Governance be authorised to take all necessary action in order to implement (i) and (ii) above, and
- (iv) it be noted that the financial implications associated with the proposal are cost neutral to the Council as set out in paragraphs 42 and 43 of the report.

Smarter Working Project – Capital Works

The Deputy Chief Executive submitted a report (copy circulated) to seek approval to the release of capital contingencies to fund building improvement works to the administrative buildings that were being retained as part of the Smarter Working Project.

(For copy report – see original minutes).

Councillor Speding highlighted that significant progress had been made in recent months with regards to the implementation of the Smarter Working Project which has helped to deliver both improved services to the customer and financial efficiencies back into the Council. He reported that it was also delivering the accommodation changes that were required as the Way of Working was implemented, and ensuring that more efficient use was made of office space across the Council property portfolio.

Councillor Speding advised that over 3,000 members of staff had been relocated, and by the end of this financial year 13 administrative buildings would have been closed, delivering both savings on running costs and the potential for capital receipts from the disposal of surplus sites.

Cabinet Members were informed that options for further property rationalisation continue to be explored and in particular the opportunity to assess the future use of offices at Leechmere was being examined, together with the use of Moorside and the 3 operational depots.

Councillor Speding advised that some building work had been necessary to re-configure the remaining office buildings, and to date this had been funded from existing contingencies. He added that now funding was required to deliver some of the larger building schemes, such as the refurbishment of offices to provide a new Coroners Court facility, and proposed works to Cassaton House and Sandhill View. He therefore requested that approval be given to release capital contingencies in order to implement building improvement works and carry out the demolition, where necessary, of surplus property.

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

6. RESOLVED that capital contingencies that are set aside for 2011/12 and 2012/13 be released to support building improvement and demolition works that are required for the delivery of the Smarter Working Project.

Old Sunderland Townscape Heritage Initiative: Award Of Grant To Assist Works To Restore 49 & 50 High Street East, Sunderland

The Deputy Chief Executive submitted a report (copy circulated) seeking authorisation to delegate to the Deputy Chief Executive the award of grant to enable the restoration of 49 and 50 High Street East, Sunderland.

(For copy report – see original minutes).

Councillor Kelly highlighted that the Council had worked in partnership with the Heritage Lottery Fund since 2005 to bring forward schemes that contributed towards the heritage led regeneration of Sunderland's East End through the Townscape Heritage Initiative. He explained that the THI was a 50/50 grant arrangement from both the Council and the Heritage Lottery Fund. He added that whilst take up of the THI scheme had been hampered by the economic downturn, this report set out a proposal to restore numbers 49 and 50 High Street East, two properties that were currently vacant and in a poor condition.

Councillor Speding explained that the owner had brought forward a scheme that would see two new retail units on the ground floor and two apartments above and the works were both internal and external. He added that when completed they would make a significant improvement to the appearance of the property as the building was listed, an application for Listed Building Consent was currently being considered. The scheme was therefore welcome and could be supported.

Cabinet Members having been advised that the amount of grant sought was set out in a report elsewhere on the agenda and the total sum was within the budget allocation as set out in the THI action plan, it was:-

7. RESOLVED that the Deputy Chief Executive be delegated authority to award grant from the Townscape Heritage Initiative Budget to assist in the delivery of a restoration project at 49 and 50 High Street East to enable the building to be returned to full and beneficial use as ground floor retail with two apartments above.

Parking Services Annual Report 2010 – 2011

The Executive Director of City Services submitted a report (copy circulated) on the Parking Services Annual Report 2010- 2011 which had been produced in accordance with Section 4 of the Operational Guidance to Local Authorities: Parking Policy Enforcement, Traffic Management Act 2004.

(For copy report – see original minutes).

Councillor Blackburn reported that the Traffic Management Act 2004 and associated regulations stated that all local authorities operating Civil Parking Enforcement were required by law to produce an annual report regarding its activities which included financial, statistical and other relevant information for the previous financial year. He advised that the Parking Services annual report 2010 – 2011 included information relating to Parking Policies, Parking Restrictions, operating and financial costs, statistical information, performance information and indicators, in addition to details of the car parking facilities which are managed by the Council.

Councillor Blackburn highlighted that the report was largely a statement of facts with some comparative information, obtained from the Joint Report of the Parking Adjudicators for England and Wales which indicated that the Council's parking management services provides robust, good quality representations to the Traffic Penalty Tribunal, including comprehensive evidence, which had resulted in most appeals being refused.

Councillor Blackburn was pleased to report that in 2009/2010 there were 242 Authorities outside of London operating Civil Parking Enforcement and based on the statistics of the Joint Report of Parking Adjudicators for England and Wales, Sunderland was one of the best performing authorities.

Cabinet Members having been advised that the report would be placed on the Council's website, it was:-

8. RESOLVED that the Parking Services Annual Report 2010 – 2011 be approved and submitted to the Department for Transport (DfT) in accordance with the DfT's operational guidance.

Procurement of Specialist Grass Cutting and Horticultural Equipment

The Executive Director of City Services submitted a report (copy circulated) seeking approval for the procurement of up to 20 specialist grass cutting and horticultural machines to replace the equivalent number for use in the Council's grounds maintenance services as part of the planned replacement programme.

(For copy report – see original minutes).

Councillor Blackburn explained that City Services had a planned replacement programme for specialist grass cutting and horticultural machines on a 5-year cycle, from the date of acquisition, as they became uneconomic to maintain. He reported that originally up to 41 specialist grass cutting and horticultural machines were due to be replaced under this programme during 2011/2012, at a total procurement cost of approximately £497,000. However following a review of the service requirements, some items of equipment had been identified for either an extension of the lease or not replaced. He reported that therefore the required number of items for replacement was now 20 with a procurement cost of £292,000 and this translated into an annual leasing cost of £85,000 and would contribute to an annual revenue cost saving of at least £31,000 based on the previous lease charges.

Councillor Blackburn highlighted that the method of financing the acquisition would be determined by the Executive Director of Commercial and Corporate Services based on an appraisal that would achieve best value upon receipt of tenders and might take the form of an operating or finance lease or loan. He added that officers from the Corporate Procurement team would work with the Head of Street Scene to ensure the most appropriate procurement option was used to secure the best value for money. A schedule of procurement costs along with machine reliability and suitability and delivery times would provide the basis on which the suppliers would be evaluated.

8. RESOLVED that:-

- (i) the procurement of up to 20 specialist grass cutting and horticultural machines be approved to replace the equivalent number for use in the Council's grounds maintenance services as part of the planned replacement programme, and
- (ii) it be noted that the number of items which were due for replacement was 41 but after review this number was reduced due to either lease extensions or the items no longer being required.

Community Equipment Service (CES) – Tender for Provision of Riser Recliner and Bespoke Chairs

The Executive Director of Health, Housing and Adult Services submitted a report (copy circulated) to seek approval to invite suppliers to tender for the provision of riser recliner and bespoke chairs and to award the contract to the supplier who had the most advantageous tender.

(For copy report – see original minutes).

Councillor Allan reported that a procurement exercise took place in 2010 to put a framework agreement in place for standard items of equipment which helped to contribute to the overall financial performance of CES. He explained that the riser recliner and bespoke chair procurement exercise was the first of a series of tenders to put contracts in place for bespoke and special order items of equipment and the introduction of such a contract would mean that a standard specification would be developed. He added that the specification along with the contract would enable CES to improve timescales, reduce costs and in time develop a portfolio of recycled chairs.

Cabinet Members were advised that the contract term would be for 1 year with an option to extend for up to a further 2 x 12 months and the cost of the contract was in the region of £234,000 per year.

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

9. RESOLVED that approval be given to:-

- (i) invite suppliers to tender for the provision of riser recliner and bespoke chairs, and
- (ii) award the contract to the supplier who provides the most economically advantageous tender.

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

At the instance of the Chairman, it was:-

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

(Signed) P. WATSON,
Chairman.

Note:-

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

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

CABINET MEETING – 11 JANUARY 2012

EXECUTIVE SUMMARY SHEET – PART I

Title of Report:

Reports of the meeting of the Personnel Committee, Part I held on 19 December 2011

Author(s):

Head of Law and Governance

Purpose of Report:

Presents the report of the meeting of Personnel Committee, Part I

Action Required:

The Cabinet is requested to note the report of the meeting held on 19 December 2011

At a meeting of the PERSONNEL COMMITTEE held in the CIVIC CENTRE on MONDAY, 19th DECEMBER, 2011 at 5.30 p.m.

Present:-

Councillor Errington in the Chair

Councillors Mordey, Speding, D. Smith, D. Trueman, H Trueman, S. Watson, A. Wilson and Wood.

Part I

Apologies for Absence

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

Declarations of Interest

The following Councillors declared a personal interest in the report below as a Member of the body indicated:-

Item 5 – The Local Government Pension Scheme Consultation	Councillor Mordey	Regional Pensions Committee
	Councillor H Trueman	Member of the Local Government Pension Scheme (LGPS)

Report of the Meeting of the Personnel Committee, Part I

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

1. RESOLVED that the report of the meeting be noted, confirmed and signed as a correct record.

Report of the Meeting of the Appeals Panel, Part I

The report of the meeting of the Appeals Panel held on 15 November, 2011 Part I (copy circulated) was submitted and consideration given thereto.

2. RESOLVED that the report of the meeting be noted for information.

The Local Government Pension Scheme Consultation

The Director of Human Resources and Organisational Development and the Executive Director of Commercial and Corporate Services submitted a joint report outlining the proposals and a response to the consultation, for approval by Members.

Members were reminded that Government had issued a consultation document covering proposed increases to employee contribution rates and changes to scheme accrual rates in respect of the Local Government Pension Scheme (LGPS).

Section 4.7 of the report detailed five questions relevant to the consultation together with the suggested responses.

The Director of Human Resources and Organisational Development reported that Danny Alexander would be addressing Parliament the following day in relation to the issue therefore further updates would be given in due course.

Councillor Wood questioned the term 'macro environmental impact' and was advised that this related to the current economic climate.

3. RESOLVED that the contents of the report be noted and approval be given to the response to the consultation, which was due for return by 6 January 2012.

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

At the instance of the Chairman, it was:-

4. RESOLVED that in accordance with Section 100(A)4 of the Local Government Act 1972, the public be excluded during consideration of the remaining business as it is considered to involve a likely disclosure of exempt information relating to an individual or information which is likely to reveal the identity of an individual or information relating to any consultations or negotiations, or contemplated consultations or negotiations in connection with any labour relations matters arising between the Authority and its employees (Local Government Act 1972, Schedule 12A, Part I, Paragraphs 1, 2 and 4).

(Signed) D. ERRINGTON,
Chairman.

Note:-

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

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

<p>CABINET MEETING – 11 JANUARY 2012</p> <p>EXECUTIVE SUMMARY SHEET – PART I</p>	
<p>Title of Report: Mbombela Local Municipality – Economic Summit</p>	
<p>Author(s): Chief Executive</p>	
<p>Purpose of Report: This report seeks authorisation for participation in Mbombela Local Municipality’s Economic Summit</p>	
<p>Description of Decision: Cabinet is requested to:</p> <ul style="list-style-type: none"> (i) Authorise participation in Mbombela Local Municipality’s Economic Summit from 26 – 27 January 2012 and the consequential travel of the Deputy Leader to Mbombela, South Africa (ii) Note the progress made under the Commonwealth Local Government Forum Good Practice Scheme project 	
<p>Is the decision consistent with the Budget/Policy Framework? *Yes</p>	
<p>If not, Council approval is required to change the Budget/Policy Framework</p>	
<p>Suggested reason(s) for Decision: The City Council has a long track record in successfully developing Sunderland’s economy and has shared significant experience and expertise with Mbombela Local Municipality during the lifetime of the project, which has received positive feedback from the Commonwealth Local Government Forum. It is important that the City Council supports Mbombela Local Municipality at this key stage in implementing policies and practices developed in partnership during the project lifetime. This will play an important role in helping the municipality to engage its business community at this critical time and secure its support as they seek to facilitate the long-term economic development of the area.</p>	
<p>Alternative options to be considered and recommended to be rejected: A decision could be taken not to take part in the Economic Summit. This would send a negative message about the City’s participation in the Commonwealth Local Government Forum Good Practice Scheme, both to Mbombela Local Municipality as well as to the Commonwealth Local Government Forum.</p>	
<p>Is this a “Key Decision” as defined in the Constitution? No</p>	<p>Relevant Scrutiny Committee: Management</p>
<p>Is it included in the Forward Plan? No</p>	

MBOMBELA LOCAL MUNICIPALITY – ECONOMIC SUMMIT

REPORT OF THE CHIEF EXECUTIVE

1.0 Purpose of the Report

1.1 This report seeks authorisation for participation in Mbombela Local Municipality's Economic Summit

2.0 Description of Decision

2.1 Cabinet is requested to:

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

3.0 Background

3.1 Sunderland City Council began a Commonwealth Local Government Forum Good Practice Scheme project, 'Building Bridges for Economic Development – Businesses and Communities', with Mbombela Local Municipality (MLM) in South Africa in October 2009 which set out to share experience and expertise in economic development and build capacity within the South African local authority. Commonwealth Local Government Forum's interest in working with Sunderland on this project reflected their view of the strength of the City's expertise and experience in this field.

3.2 The project focussed activity on four objectives relating to: establishing long-term goals for the development of the authority's economy; promoting Mbombela as a location for inward investment; establishing and maintaining strong working relationships with the business sector individually and collectively; and supporting unemployed people within MLM to access employment opportunities.

3.3 The project concluded in September 2011 and progress in relation to each of the four objectives has been reported to the Commonwealth Local Government Forum, which seeks to disseminate learning more widely within South Africa and other participating countries to maximise its impact.

3.4 The Economic Summit is a key element in Mbombela Local Municipality's implementation of its new approach to economic development, drawing on experience and learning from within the project.

4.0 Current Position

- 4.1 The purpose of Mbombela Local Municipality's Economic Summit is to strengthen partnerships with relevant stakeholders and promote ongoing dialogue between the public and private sector, building networks within key industries. It aims to stimulate interest within the business community in Mbombela in engaging in local economic development to facilitate creation of sustainable job opportunities and help eradicate poverty.
- 4.2 The Economic Summit is expected to include key note speakers from within South Africa as well as from Israel, Iran, Spain, Turkey, the UK and United States of America who will share experience and expertise in economic development and tourism promotion.
- 4.3 Learning from within Mbombela's CLGF project with Sunderland City Council will be showcased within the Economic Summit. A number of the more significant developments within the project are summarised below.
- 4.4 MLM has developed its approach to inward investment, preparing an incentives policy which has been approved for implementation, as well as materials to share with potential investors including a business portfolio. Drawing on its newly developed expertise, the municipality has built a partnership with a private sector developer and created a total of 145 jobs within the District.
- 4.5 MLM has also made significant developments which will increase its capacity to continue to create employment opportunities over the months and years to come. These include: setting out a long-term approach to economic development which moves away from a focus on micro economic development projects; establishing Local Economic Development Forums connecting the Executive Mayor with key individual companies and sectors within the business community to support economic growth; creating the area's first Arts and Crafts brochure to support beaded crafts businesses with marketing and business development; and repositioning the Local Economic Development Unit within the municipality enabling it to work more effectively with other departments.
- 4.6 Significant areas of learning drawn by colleagues from Mbombela from Sunderland's experience include the importance of public-private partnerships, for example, in developing business parks and attracting investors, as well as of a city-wide partnership approach to economic development. The potential benefits which can be gained from adopting a cluster approach in key sectors such as automotive, financial and customer services, software, and the creative industries have also been highlighted by Mbombela as a factor to incorporate within their approach.
- 4.7 Information on co-operation with Mbombela Local Municipality has been included in the annual report on the International Strategy each year since the project began in 2009 and further information will be included in the 2011 report.

5.0 Reasons for the Decision

- 5.1 The City Council has a long track record in successfully developing Sunderland's economy and has shared significant experience and expertise with Mbombela Local Municipality during the lifetime of the project, which has received positive feedback from the Commonwealth Local Government Forum.
- 5.2 It is important that the City Council supports Mbombela Local Municipality at this key stage in implementing policies and practices developed in partnership during the project lifetime. This will play an important role in helping the municipality to engage its business community at this critical time and secure its support as they seek to facilitate the long-term economic development of the area.
- 5.3 The Conference programme will also provide an opportunity to share experience with delegates and other international speakers on approaches to economic development and tourism promotion.

6.0 Alternative Options

- 6.1 A decision could be taken not to take part in the Economic Summit. This would send a negative message about the City's participation in the Commonwealth Local Government Forum Good Practice Scheme, both to Mbombela Local Municipality as well as to the Commonwealth Local Government Forum.

7.0 Relevant Consultations

- 7.1 Financial Implications

Costs for participation will be met from existing cash-limited budgets.

8.0 Background Papers

Final report of Commonwealth Local Government Forum Good Practice Scheme project

CABINET MEETING – 11 JANUARY 2012

EXECUTIVE SUMMARY SHEET- PART I

Title of Report:

Review of Members' Allowances Scheme by the Independent Remuneration Panel

Author(s):

Chief Executive and Executive Director of Commercial and Corporate Services

Purpose of Report:

To consider the outcome of the Independent Remuneration Panel's Review of Members' Allowances and to make appropriate recommendations to Council.

Description of Decision:

Cabinet is requested to consider the recommendations of the Independent Remuneration Panel and make the appropriate recommendations to Council.

Is the decision consistent with the Budget/Policy Framework?

Not applicable as the decision rests with Council

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

Suggested reason(s) for Decision:

The recommendations are supported by evidence, statutory guidance and analysis, as detailed in the report of the Independent Panel.

Alternative options to be considered and recommended to be rejected:

The recommendations have been arrived at following careful consideration by the Panel and are considered by them to represent the optimum approach. It is not therefore recommended that the Council adopt any alternative arrangements.

Is this a "Key Decision" as defined in the Constitution?

No

Relevant Scrutiny Committee:

Management

Is it included in the Forward Plan?

No

**REVIEW OF MEMBERS' ALLOWANCES SCHEME BY THE
INDEPENDENT REMUNERATION PANEL**

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

1 Purpose of the Report

- 1.1 To consider the outcome of the Independent Remuneration Panel's Review of Members' Allowances and to make appropriate recommendations to Council.

2 Description of Decision (Recommendations)

- 2.1 Cabinet is requested to consider the recommendations of the Independent Remuneration Panel and make the appropriate recommendations to Council.

3 Introduction / Background

- 3.1 The report of the Independent Remuneration Panel has been received and is attached.
- 3.2 The functions of the Panel were extended considerably under the Local Authorities (Members' Allowances) (England) Regulations 2003 and now include responsibility for making recommendations on Basic and Special Responsibility Allowances, pensions eligibility, travel and subsistence and co-optees allowances. The functions of the Panel are described in Appendix 1 of the Panel's report. Local Authorities must have regard to the advice of the Panel when deciding on their Members' Allowance Scheme and the amounts to be paid thereunder. The Panel has made the following recommendations:
- 3.2.1 The Basic Allowance should remain at the current level of £8369
- 3.2.2 Special Responsibility Allowances (SRAs) should remain payable for the positions indicated below, at the current levels, other than that the allowance paid to the Cabinet Secretary should be set at the same level as the Deputy Leader. In respect of the Adoption and Permanency Panel, it was clarified that it was appropriate for this allowance to be paid to up to two members.

OFFICE HOLDERS	£
Leader	37,667
Deputy Leader	25,111
Cabinet Secretary	25,111
Leader Majority Party in Opposition	12,556
Leader Minority Party in Opposition	6,277
Deputy Leader Majority Party in Opposition	8,369
Deputy Leader Minority Party in Opposition	4,184
Cabinet Member	20,716
Chairs of Scrutiny Committees	12,556
Chairs of Area Committees	6,277
Chair of Regulatory Committee	6,277
Chair of Licensing Committee	6,277
Chair of Planning and Highways Committee	6,277
Chair of Personnel Committee	6,277
Chairs of Development Control Sub Committees	6,277
Vice Chairs of Review Committees	4,184
Membership of Adoption Panel (to be paid to up to 2 members)	2,369
Mayoral Allowance	17,205
Deputy Mayoral Allowance	3,827

3.2.3 As is currently the case where the positions of the Chair of the Licensing Committee and of the Regulatory Committee are held by the same member only one allowance should be payable, but increased by a factor of 50%.

3.2.4 In respect of co-opted members, it is recommended that the Independent Chairman and Independent Member of the Standards Committee and the Audit and Governance Committee should continue to be paid at the current rate of £6,277 and £3,139 respectively. However, it should continue to be the case that where the same person chairs the Standards Committee and the Audit and Governance Committee or is an independent member of both Committees, only one allowance will be payable but increased by 50%. A Special Responsibility Allowance of £15,000 should be paid to the independent members of the Port Board, to reflect the considerable amount of time and expertise that those members brought to the role.

3.2.5 The Panel recommended that the amendments to the Members Allowances Scheme be backdated to the 1 April 2011.

3.2.6 The Panel did not recommend that provision be made for automatic annual adjustment of allowances to be made by reference to an index. The panel recommended that where any change was proposed to the levels recommended in the report, this should follow the further taking into account of the views of the Panel.

- 3.2.7 The amount of the Carers Allowances should remain unchanged at up to a maximum of £7.22 per hour
- 3.2.8 All Members of the Council should be entitled to pensions in accordance with a Scheme made under Section 7 of the Superannuation Act 1972 and that Basic Allowance and Special Responsibility Allowances should be treated as amounts for which pensions are payable.
- 3.3 The Panel considered that no change was required to the level and approval arrangements of UK travel and subsistence, nor did it see a need to amend the level of allowance for overseas travel. It did however endorse a proposed change to the approval arrangements whereby the Leader would approve requests in respect of members and the Chief Executive in respect of the Leader. The Panel also noted that there is a typographical error in paragraph 3.35 of the current scheme, in relation to subsistence when abroad, which includes an erroneous reference to Schedule 1 of the Scheme. This is referred to in paragraph 5.6 of the Panel's report and should be corrected.

With regard to car mileage rates, the Panel recommended continuation of the current approach of applying Her Majesty's Revenue and Customs authorised mileage rates.

- 3.4 The details of the proposed Members' Allowances Scheme is set out at Appendix 2 to the Panel's report.

4 Suggested Reasons for Decision

- 4.1 The recommendations are supported by evidence, statutory guidance and analysis, as detailed in the report of the Independent Panel.

5 Alternative Options

- 5.1 The recommendations have been arrived at following careful consideration by the Panel and are considered by them to represent the optimum approach. It is not therefore recommended that the Council adopt any alternative arrangements.

6 Financial Implications

- 6.1 The costs of the proposed changes amount to a maximum additional cost of £36,764 per annum if they are backdated from 1st April 2011. The costs for 2011/2012 will be met from contingencies and the ongoing cost will be taken into account in the budget planning process for 2012/2013.

7 Publicity

- 7.1 The Regulations place duties on Councils in connection with publicising the recommendations made by their Independent Remuneration Panel. Accordingly, arrangements have been made for the Panel's report to be available for inspection and to be published on the Council's website.

Background Papers

The report of the Independent Remuneration Panel

Review of Members Allowances – Sunderland City Council

Report of the Independent Remuneration Panel

1 Introduction

- 1.1 A Members' Remuneration Panel has been in operation since 1999. It was originally established by the Council on a voluntary basis but since 2001 has been operating formally as the Independent Remuneration Panel under Government Regulations. The Local Authorities (Members Allowances) (England) Regulations 2003 became operative on 1 May 2003, which increased significantly the functions of the Panel.
- 1.2 These Regulations are supported by detailed guidance, which provides a description of both statutory guidance and non-statutory guidance. The Panel has had due regard to this guidance in formulating its proposals.
- 1.3 The Regulations provide that, in addition to the existing areas of Basic and Special Responsibility Allowances, Independent Remuneration Panels should make recommendations on Travel and Subsistence, Co-optees' Allowances and pensions for Councillors. A full statement of the formal terms of reference for the review is attached at Appendix 1.

2 Background

- 2.1 The panel has been pleased to note that the Council has accepted all of its previous recommendations, in 2003 and 2007.
- 2.2 The panel took into account changes to the council's structure since the last review. The main change has been the new Executive arrangements which have been adopted as required by the Local Government and Public Involvement in Health Act 2007 ('the Act'). The Panel noted that following the introduction of the Act, the council had adopted the 'strong Leader' model. Under these arrangements, the Leader (and not the Council as previously) appoints (and therefore removes) all Cabinet executive members, including the Deputy Leader. The Leader also decides the Cabinet portfolios and also which executive functions will be discharged by full Cabinet, any of its Committees, any individual executive members or officers, thereby carrying the responsibility of decision making as required by the legislation.
- 2.3 In addition to changes to the Leader's role, in the lead up to this municipal year, a further review of Cabinet Portfolios was undertaken with a view to:
 - Updating Portfolios to reflect the increasing breadth and complexity of the Council's responsibilities and aspirations as it consolidates its Community Leadership role within the City.

Providing additional support to the Leader at a time of significant demands upon his time as the City moves to raise its profile and strengthen its position regionally, nationally and internationally. Strengthening joint leadership within Cabinet in a way which mirrored arrangements within the Council's senior Officer structure.

The principal outcome of the review of Portfolios was the redefinition and strengthening of the Deputy Leader Portfolio and the creation of the role of Cabinet Secretary. Whilst legally there can only be one deputy leader within the Council, in all other respects the two Portfolios are intended to operate on as equal a basis as possible.

The rationale for this was to enable the Leader to accelerate distributed leadership within Cabinet by establishing a stronger leadership core, with the two Portfolios rising above other Cabinet members in terms of responsibilities and authority.

This mirrors similar developments within the senior Officer structure of the Council and has enabled a Corporate Leadership Team to be established and to operate successfully based upon the principles of joint leadership with Officers and Members working together in closer, more effective partnership which is essential if the Council is to negotiate the current period of major change and challenge successfully.

This review has resulted in the following allocation of responsibilities

2.3.1 Deputy Leader

To deputise for the Leader and have lead responsibility for matters relating to the 'Place' theme within the Council's outcome framework, with specific strategic leadership responsibility for the following Portfolios:

- Attractive and Inclusive City
- Sustainable Communities
- Safer City and Culture

The Deputy Leader also has overall responsibility for the efficient, coordinated management and use of the Council's human and ICT resources.

2.3.2 Cabinet Secretary

To provide support and assistance to the Leader with responsibility for all matters relating to the 'People' theme within the Council's outcomes framework and have specific strategic leadership responsibility for the following Portfolios:

- Children and Learning City
- Health and Well Being
- Responsive Local Services and Customer Care

The Cabinet Secretary also has overall responsibility for the efficient, coordinated management and use of all of the Council's financial resources and assets.

2.4 The Community Leadership Programme

The Community Leadership Programme was established in 2008, with the main aim of supporting improvement in the Councillor's leadership of their community and by developing the roles and joint leadership responsibility of Elected Members and senior managers.

The Council has made significant investments in Member Development activities to equip Members for their strengthened Community Leadership roles. This has been closely aligned with the structural changes to Council decision making - a response to national and local agenda that are changing the way Local Government delivers services to the Communities they serve. They have included specific aspects such as:

- Area arrangements and delivery of responsive local services
- The scrutiny process
- A 'Joint Leadership' model for the relationship between senior management and Elected Members
- Strengthened support services to equip and release Members for work in their community roles

2.5 The Panel also took account of key national changes since 2007 impacting on Council:

The National Position:

- A change of government May 2010 resulting in an emergency budget which resulted in in year cuts for 2010/11 of £6.2bn (The Council share being £10m)
- The Comprehensive Spending Review 2010 covering period 2011/2012 to 2014/2015 – resulting in £81 billion of public sector savings required with local government being hit the hardest – with significant front loading into 2011 / 2012 and 2012 / 2013. Significant changes to revenue funding and capital funding significantly reduced.
- The changing national policy of the – big society, localism, open public services, Local Government Resource Review and welfare reform

The Impact on the Council:

- The Council needing to find savings to meet reduced government funding and spending pressures of £57.9m 2011 / 2012, £25.33m 2012 / 2013, and 2013 /14 to 2014 / 15 a further £33.73m but significant uncertainty regarding these latter two years because of the Local Government Resource Review
- The Sunderland Way of Working and Business Transformation Programme
- The need for alternative approaches / different models of delivery business
- Economic regeneration and the need to invest to grow

3 The Panel

3.1 The formal Independent Remuneration Panel was first established in 2001. The current Panel Members are:

- Karen Straughair (Chair)
- John Anderson
- John Cuthbert

4 The Review Process

4.1 In addition to having regard to the Guidance, the panel has considered a great deal of background information as well as more specific information, such as:

- Allowances schemes in other Tyne & Wear Districts, Northumbria, Teeside and Durham County Councils.
- Pensions Information from Communities and Local Government, Workforce, Pay and Pensions.
- Changes to the Councils structure since the last review, including the Community Leadership Programme, the changing role of the Leader, Deputy Leader and new role of Cabinet Secretary
- The work of Port co-opted members, of the Adoption Panel, Scrutiny and area arrangements
- The role of the Mayor
- Reports of the Scrutiny Committees, Annual Audit letters

- 4.2 As part of the evidence gathering process, the Panel thought it would again be useful to invite comments from and hold interviews with a variety of Members at different levels within the Council. Letters were sent to all Members inviting them to make written comments to the Panel. Specific time was set aside to confer with the Leader and representatives of the other political groups within the Council. Officers also provided information to assist the Panel and the Panel wishes to express its thanks to those Members and Officers who provided comments and information to enable the Panel to conduct its deliberations.
- 4.3 The Panel particularly considered how Members felt about the level of Basic Allowance, and where appropriate, the level of SRA, whether Members felt the scheme was fair compared with other local authorities, and if allowances should be increased by index linking. Current levels of allowances in Tyne & Wear, Northumberland, Teeside and Durham were considered.
- 4.4 The Panel has also considered the context of the review, in particular the current financial climate, not just in terms of the Council's budget position, but also that of the citizens of Sunderland, many of whom are experiencing significant financial difficulties, themselves, and indeed the current public sector pay freeze conditions. All those interviewed or submitting comments wished this to be a significant consideration for the Panel when setting the level of allowances.

5 Proposals

5.1 The amount of Basic Allowance

The current Basic Allowance for all members of the Council is £8,369 pa. The Panel felt that in the current financial climate the Basic Allowance as it stands is fair. The Panel received views including that there should be no change to the Basic Allowance, and the view that the Basic Allowance should be increased by reducing certain Special Responsibility Allowances. Also a proposal that the budget for all members' allowances should be frozen and that any new or increased allowances should be met by a reduction elsewhere in the allowances scheme.

Generally, it was felt that there needed to be a balance struck between setting the allowance to attract people with the skills and experience and not deterring applicants. It was recognised that in general, no-one stands for election because of the allowance they will be paid

We recommend no changes are made to the Basic Allowance

5.2 The amount and categories of Special Responsibility Allowance (SRA)

- 5.2.1 The established Members' Allowances Scheme currently provides for SRA's. The scheme provides that no Member should receive more than one SRA other than in respect of Standards/Audit Committees and Regulatory/Licensing Committees and in those cases, where the same person chairs the relevant Committees (or in the case of Standards / Audit and Governance, is an independent member of both) only one allowance is payable but increased by a factor of 50%.
- 5.2.2 The Panel has taken the view that there should be no change to the range or increase in the amount paid in respect of current SRA's with the exception of those listed below. Views received ranged from, a requested reduction in some SRA's (with the exception of the Cabinet), of Chair and Vice Chair of committees such as Area, Scrutiny, Regulatory and Highways etc to a view of no change is required. The Panel have considered the proposal to reduce SRA's, but do not feel it is appropriate as the responsibilities have not changed from the time of the previous review.

We recommend that with the following exceptions, no changes are made to the current SRA's

5.2.3 Deputy Leader and Cabinet Secretary

Paragraph 2.3 of the report sets out the significant change to the role of the Leader which has led to a resulting change in the role of Deputy Leader and the creation of a Cabinet Secretary position. The Panel recognises that whilst legally it is not possible to have more than one deputy, they believe the case has been made for this additional role of Cabinet Secretary when considering additional responsibilities that have arisen to be dealt with by the tier below the Leader. Additionally, they consider that whilst the roles are different, they are of equal responsibility and workload, and therefore merit both positions being paid at the current Deputy Leader level.

We recommend that the position of Cabinet Secretary receives an SRA equivalent to that of the current level of the Deputy Leader

5.2.4 Adoption and Permanency Placement Panel

Currently the Council pays an SRA allowance in respect of the Adoption and Permanency Placement Panel. This followed a recommendation of the Panel at its last review and was to reflect the increase in workload in this area, with the Member attending meetings for two full days most months, plus extensive preparation time.

The current practice is that the Council operates two adoption and permanency placement panels, which meet monthly. The Remuneration Panel noted that the Adoption & Permanency Placement Panel members were appointed from a 'pool' of people, but as there was only one councillor in the 'pool', that individual was the only person (other than the independent Chair) to serve on both panels. Although it was legally possible for other members of the pool to serve on both panels, in practice this was not the case. The panel noted that it continued to be the case that extensive reading and preparation was required for each panel and that the material to be considered could be of a distressing nature.

As currently drafted, it is not clear from the scheme whether, should it be determined that two Members should be appointed to the pool so that one could serve on each panel, it would be appropriate for the allowance to be paid to each Member.

Whilst it was difficult to consider benchmarking data against other authorities, as the majority would appear to be dealing with this business in a different way, looking at the level of hours and expertise required, the Panel expressed the view, for clarification, that if the Council was to appoint two members to the pool, it would be appropriate for them each to receive the allowance, at the current level.

We recommend that up to 2 SRA's at the current level are applicable to the Adoption and Permanent Placement Panel

5.2.5 Port of Sunderland Co-opted Members

The Panel was asked to consider the SRA position in respect of the two Port Co-opted Members who were assisting in the significant development agenda of the Port.

It recognised that new governance arrangements had been introduced, with a Port Board exercising all of the Council's functions in respect of the Port, managing Port business assets and estate and taking commercial decisions. 2 Co-opted members had been appointed and the Panel was requested to consider the level of allowance that may be appropriate. The Panel considered the matter very carefully, in particular written and verbal evidence of the considerable amount of time and expertise these Co-opted Members were bringing to the role.

Further verbal opinion, rather than evidence based, was received advising that whilst an allowance was appropriate, it should be of a modest level. The Panel considered that whilst some comparisons could be drawn between the Port Co-optees and a 'non executive' director role in a company, from the evidence received, it was clear that the time and responsibility expended exceeded that which would ordinarily be associated with a non-executive role and that this expanded role was resulting in real benefits to the Port in terms of savings, business planning/development, and assistance with operational matters.

Levels of remuneration for Co-opted Port Board Members at other ports was considered, but it was recognised this was of limited use as the scale of ports' businesses varied considerably and this would only reflect the non executive role, whereas the current individuals, because of their experience and expertise, were providing an element of support which would normally be associated with an executive role. Current levels of SRA Allowances were also considered, but the Panel felt it was difficult to compare levels of responsibility and that in many ways the role of the Port Board Co-optees was unique. Importantly, it was recognised that this approach and level of allowance would only be an acknowledgement of the contribution the Co-opted Members were making, and would not equate to the full contribution being made in terms of time and expertise by the individuals.

We recommend an SRA be paid to the 2 Co-opted Port Board Members as set out in Appendix 2

5.3 **Mayor/Deputy Mayor**

Currently the review of the Mayoral and Deputy Mayoral Allowances sit outside the remit of the Panel. The Panel was requested to consider if it was appropriate to bring these allowances within their remit, and the Panel received a view that this approach was appropriate. The Panel consider that it is correct to fall within their remit, and they will consider a review of the allowances at their next annual review.

We recommend the review of Mayoral and Deputy Mayoral Allowances fall within the remit of the Panel

5.4 **Ward Surgery Reimbursement**

The panel considered the current arrangements. It also considered the comments received, however, from this there were no consistent views expressed. Given the planned increased frequency of reviews by the Panel, it was deemed appropriate to make no change at this point, and review the allowance again at the next formal review.

We recommend no changes are made to ward surgery reimbursement

5.5 Carers Allowance

The Panel considered the current rate and benchmarked against the data provided for other authorities on a county and regional level, and considered that an increase was not necessary.

We recommend no changes are made to Carers Allowance

5.6 Travel and Subsistence – UK and Overseas

The Panel considered the current level and approval arrangements of uk travel and subsistence against the data provided for other authorities on a county and regional level, and considered that a change was not necessary.

The Panel was asked to also consider the overseas arrangements for travel and subsistence and received written and verbal evidence. Whilst the Panel did not see a need to amend the level of allowance, it did support a change to the approval arrangements whereby the Chief Executive will approve requests in respect of the Leader and the Leader will approve requests in respect of members.

The Panel noted that the rates of allowances were the same for officers and members

The Panel's attention was also drawn to an error in paragraph 3.35 of the current allowances scheme, in relation to subsistence when abroad on authority business. It is currently stated that subsistence for meals will be that shown in Schedule 1. However, Schedule 1 applies to absences which exceed 4 hours but do not involve an overnight stay. This should be corrected by removing the erroneous references in paragraph 3.3.5 to the Schedule 1 provisions.

We recommend no change to the amounts and approval arrangements for UK travel and subsistence

We recommend no change to the amounts of overseas travel and subsistence, but recommend revised approval arrangements as set out above.

We recommend the correction of paragraph 3.3.5 of the allowances scheme as referred to above.

5.7 Car Mileage Rates

The Panel considered the current rate and bench marked against the data provided for other authorities on a county and regional basis. The Panel considered it appropriate to continue using the current approach of applying Her Majesty's Revenue and Customs (HMRC) authorised mileage rates.

We recommend no change and the continued use of the HMRC authorised mileage rate

5.8 Telephone and Broadband Allowance

The Panel considered the current rates and did not consider there was a need to make a change.

We recommend no changes are made to the telephone and broadband allowance

5.9 Index Increase

The Panel gave consideration as to whether the level of allowances should be subject to an annual index. Importantly, it was mindful and agreeable of the change in approach supported by all those making a submission in this regard, that in future, there should be an annual, or more frequent as necessary, review of Members Allowances and that where any change was considered appropriate, the views of the Independent Remuneration Panel be taken into account. The Panel considered that this new approach would allow the council to be more agile in responding to changes in roles and responsibilities as they arose and would better support the Councils wider approach to new service delivery options. By only proposing increases in a small number of cases, and in effect freezing all other allowances, the Panel believes it has minimised any increase in allowances. This fits in with the majority of views received.

Given that the current review has been undertaken in November 2011, the next planned review of allowances will be undertaken in time for implementation by 1 April 2013

5.10 Backdating of Allowances

The Panel considered it appropriate that any increases or changes to allowances are backdated to 1 April 2011.

We recommend backdating of allowances to 1 April 2011

5.10 Local Government Pension Scheme

The Panel has previously recommended that all councillors are eligible to join the local Government Pension Scheme. They have also previously recommended that pensionable allowances should include both Basic Allowance and SRA. The Panel considers that the current arrangements are appropriate.

We recommend no change to the pension arrangements within the Members Allowances Scheme

6 Rules Governing the Payment of Allowances

- 6.1 For the avoidance of doubt, save where alternative recommendations are made in this report, it is recommended that all of the rules and provisions governing the payment of allowances, together with details of the amounts payable and the procedures to be followed in making claims etc, as set out in the Members' Allowances Scheme, remain unchanged.

7 Acknowledgement

The Panel wishes to express its thanks to all those who contributed to this review and allowed for such a comprehensive approach to be taken. The Summary of proposed levels of allowances is shown at appendix 2

Karen Straughair – Chair
John Anderson
John Cuthbert

December 2011

The Work of the Panel

The regulations provide for independent remuneration panels to have the following functions:

- To make recommendations to the authority as to the amount of basic allowance that should be payable to its elected members.
- To make recommendations to the authority about the responsibilities or duties which should lead to the payment of a special responsibility allowance and as to the amount of such an allowance.
- To make recommendations to the authority about the duties for which a travelling and subsistence allowance can be paid and as to the amount of this allowance.
- To make recommendations as to the amount of co-optees' allowances.
- To make recommendations as to whether the authority's allowances scheme should include an allowance in respect of the expenses of arranging for the care of children and dependants and if it does make such a recommendation, the amount of this allowance and the means by which it is determined.
- To make recommendations on whether any allowance should be backdated to the beginning of a financial year in the event of the scheme being amended.
- To make recommendations as to whether annual adjustments of allowance levels may be referred to an index, and, if so, for how long such a measure should run.
- To make recommendations as to which members of an authority are to be entitled to pensions in accordance with a scheme made under section 7 of the Superannuation Act 1972.
- As to treating basic allowance and special responsibility allowance as amounts in respect of which such pensions are payable.

Appendix 2

Members Allowance Scheme

£
Amount per
annum

Basic Allowance

£
8,369

Special Responsibility Allowances:-

Leader of the Council	37,667
Deputy Leader of the Council	25,111
Cabinet Secretary	25,111
Leader of Majority Party in Opposition	12,556
Leader of the Minority Party in Opposition	6,277
Deputy Leader of Majority Party in Opposition	8,369
Deputy Leader of the Minority Party in Opposition	4,184
Cabinet Member with Service Portfolio	20,716

Chairman of the following:-

Scrutiny Committees	12,556
Area Committees	6,277
Regulatory Committee	6,277
Licensing Committee	6,277
Planning and Highways Committees	6,277
Personnel Committee	6,277
Development Control Sub-Committees	6,277

Where the same person chairs the Licensing and Regulatory Committees, only one allowance will be payable but increased by a factor of 50%

Vice Chairman of Scrutiny Committees	4,184
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Other Special Responsibility Allowances:

Membership of Adoption and Permanency Placement Panel (To be paid to up to 2 members)	2,369
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Co-optees Allowances:

Standards Committee:	
Chairman	6,277
Independent member	3,139
Port Board	15,000

Audit and Governance Committee:

Chairman	6,277
Independent member	3,139

Mayoral Allowance	17,205
Deputy Mayoral Allowance	3,827

Broadband – actual costs to be reimbursed up to a maximum of £15 per month with a contribution from each Member of £3 per month where private use is made for the facility.

CABINET MEETING – 11th January 2012

EXECUTIVE SUMMARY SHEET – PART I

Title of Report:

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

Author(s):

Executive Director of Commercial and Corporate Services

Purpose of Report:

To review the current policy on Council Tax discounts for Long Term Empty Properties and Second Homes and to detail the response to the Governments recent consultation paper 'Technical Reforms of Council Tax'

Description of Decision:

Cabinet is recommended to

- Amend the current policy on Council Tax discounts for Long Term Empty Properties, by removing the discount of 50% and for Second Homes by reducing the discount from 50% to 10%, both with effect from 1st April 2012.
- Note the Council's response to the consultation paper 'Technical Reforms of Council Tax' which deals primarily with proposed changes to discounts from April 2013.

Is the decision consistent with the Budget/Policy Framework? N/A

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

Suggested reason(s) for Decision:

To benefit from the proposed changes (financial and regeneration) in 2012/13 from the changes that may become a statutory requirement from 2013/2014, the policy of which is also in keeping with most other local authorities in the area.

Alternative options to be considered and recommended to be rejected:

None.

Is this a "Key Decision" as defined in the Constitution?

No

Relevant Scrutiny Committee:

Management

Is it included in the Forward Plan?

No

Cabinet – 11th January 2012

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

Report of the Executive Director of Commercial and Corporate Services

1. Purpose of Report

- 1.1. To review the current policy on Council Tax discounts for Long Term Empty Properties and Second Homes.
- 1.2. To detail the response to the Governments recent consultation paper 'Technical Reforms of Council Tax'

2. Description of Decision

- 2.1 Cabinet is recommended to
 - to amend the current policy on Council Tax discounts for Long Term Empty Properties, by removing the discount of 50% and for Second Homes by reducing the discount from 50% to 10%, both with effect from 1st April 2012.
 - note the Council's response to the consultation paper 'Technical Reforms of Council Tax' which deals primarily with proposed changes to discounts from April 2013.

3. Background

- 3.1 Section 75 of the Local Government Act 2003 and the subsequent Regulations; the Council Tax (Prescribed Classes of Dwellings) (England) Regulations 2003 gives local authorities the powers to reduce the 50% Council Tax discount on long term empty properties and second homes. Long term empty properties are defined as unfurnished domestic properties that have been unoccupied for more than six months. Second homes are defined as furnished domestic unoccupied property. The more detailed definitions of the classes of dwelling to which these provisions apply are set out in Appendix 1.

- 3.2 Council Tax legislation stipulates that long term empty properties and second homes, not subject to an exemption, attract a minimum 50% charge. The Council adopted a policy to charge 50% on long term empty properties and second homes, which was consistent with the regulations and also with most other councils in the area at the time.
- 3.3 There are over 1,740 long term empty properties and 738 second homes in Sunderland where the owners are currently being charged 50% council tax.
- 3.4 To retain a discount at 50% after the initial six months empty period can provide a perverse incentive for owners to leave their domestic properties empty and to remove the discount could provide an additional impetus for owners to sell or let their properties, which could see more properties becoming occupied which would be more in line with the Council's Housing Strategy.
- 3.5 With regard to second homes this category is misleading as it is not holiday homes in Sunderland, rather furnished empty property owned by investors which they are not renting out. The reduced discount may also help to improve the renting out of these properties in the future.

4. Discretionary Relief

- 4.1 Section 13A of the Local Government Finance Act 1992 (as inserted by Section 76 of the Local Government Act 2003), gives the Council power to reduce the amount of tax payable for example where it can be demonstrated by the liable person that they are suffering from financial hardship, or a particular class of case determined by the local authority.
- 4.2 In such cases, a reduction in liability of up to 100% can be granted.
- 4.3 This discretionary power could be used to alleviate problems to individual council tax payers, but only in exceptional cases.
- 4.4 There will be a potential loss of income associated with this policy, dependent upon the number of successful applications. A prudent estimate will be built into the Medium Term Financial Plan in recognition of this.

5. Benefits to Reduce the Discount on Long Term Empty Properties and Second Homes

- 5.1 To reduce the level of discounts as recommended would increase council tax income by around £1.1m a year from 2012/13. In 2012/13, the Council would receive the full benefit of the £1.1m income, however, in subsequent years, based upon the current formula grant distribution mechanism, there would be a corresponding reduction of a similar amount of Revenue Support Grant received by the Council.
- 5.2 The Government is currently consulting on proposals to review the local government finance system (Local Government Resource Review –

Proposals for Business Rates Retention). This would represent a fundamental change to the current system, effective from 1st April 2013, and result in the Revenue Support Grant and Redistributed Non-Domestic Rates payable to the Council in 2012/13 being fixed / guaranteed, with no adjustment for taxbase changes in 2012/13 and beyond. If these proposals were enacted the possibility exists for the additional council tax income generated in 2012/13 to become a permanent ongoing saving however, at this stage it is considered prudent to assume that the benefit will only be received in 2012/13.

- 5.3 The revised policy would impact upon Social Housing and private landlords as their costs would potentially increase to reflect the amended lower discounts offered by the Council from 1st April 2012.
- 5.4 The Council owns relatively few domestic properties that would be affected by the loss of discount at a potential cost of £10,000.

6. Policy in Neighbouring Local Authorities and other influences

- 6.1 Most neighbouring local authorities already offer only the 10% statutory minimum discount on second homes and members of the Association of North East Councils (ANEC) recently discussed the option to remove the discount on long term empty properties, with the consequence that the proposed review of Council Tax discounts by the Council will then become consistent with the majority of Councils in the North East region.
- 6.2 A consultation paper issued by the government 'Technical Reforms of Council Tax' published on 31st October with responses by 29th December 2011 may require Councils to implement the changes in discounts proposed from April 2013 in any event. A copy of the Questions from this technical consultation paper and the council's responses are set out in Appendix 2 for information.

7. Consultation

- 7.1 Statutorily, there is a requirement to publish a notice in a local newspaper within 21 days of making such a determination should Cabinet and the Council choose to reduce the discount as recommended on long term empty properties and second homes with effect from 1st April 2012.
- 7.2 The proposed review also needs to be approved by Cabinet before the Council approves its Council Tax Base for 2012/2013 (a report of which, is elsewhere on this agenda) for the changes to become effective from 1st April 2012.

8. Suggested reason(s) for Decision

- 8.1 To benefit from the proposed changes (financial and regeneration) in 2012/13 from the changes that may become a statutory requirement from 2013/2014, the policy of which will also be in keeping with most other local authorities in

the area and is also consistent with the views expressed in the response to the Government consultation paper.

9. Alternative options

9.1 None

10. Background papers

10.1 Local Government Act 2003 and the subsequent regulations; the Council Tax (Prescribed Classes of Dwellings) (England) Regulations 2003

Legal Implications

Section 75 of the Local Government Act 2003 and the subsequent regulations; the Council Tax (Prescribed Classes of Dwellings) (England) Regulations 2003 gives local authorities the powers to reduce the 50% Council Tax discount on various classes of dwelling.

Under S11A(3) of the Local Government and Finance Act 1992 (as amended) a billing authority may specify that discount for all dwellings in a certain class shall be such lesser percentage of at least 10% as it may so specify. For these purposes the dwellings are those:

- (a) which are not the sole or main residence of an individual;
- (b) which are furnished; and
- (c) the occupation of which is restricted by a planning condition preventing occupancy for a continuous period of at least 28 days in the relevant year;

and those:

- (a) which is not the sole or main residence of an individual;
- (b) which is furnished; and
- (c) the occupation of which is not restricted by a planning condition preventing occupancy for a continuous period of at least 28 days in the relevant year;

S11A(4) of the Local Government and Finance Act 1992 also provide that a billing authority may by determination provide that in relation to the following class of dwellings the discount shall not apply or shall be a much lesser percentage:

These are dwellings:

- (a) which are unoccupied; and
- (b) are substantially unfurnished.

Unoccupied is defined in the regulations as a “dwelling in which no one lives”.

Sec 13a Local Government Finance Act 1992

Billing Authority’s power to reduce amount of tax payable

- 1) Where a person is liable to pay council tax in respect of any chargeable dwelling and any day, the billing authority may reduce the amount which he is liable to repay as respects the dwelling and the day to such extent as it thinks fit.
- 2) the power under (1) above includes power to reduce an amount to nil.
- 3) the power under (1) above may be exercised in relation to particular cases or by determining a class of case in which liability is to be reduced to an extent provided by determination.

Technical Reforms to Council Tax – Consultation Response

Question 1

Do you agree with the Government's proposal to extend the range of discount available to billing authorities in respect of second homes to 0 to 50 per cent?

Yes although the extra income raised from the extra 10% (current range is 10 to 50 per cent) would be minimal.

Question 2

How might authorities choosing not to offer any discount on second homes identify them in order to report second homes as necessary for formula grant purposes?

IT Software houses would need to write report programs to extract the data. There will be an additional set up charges and maintenance costs to councils.

Question 3

Do you agree with the Government's proposal to abolish Class A exemption and replace it with a discount which billing authorities may set in the range of 0 to 100 per cent?

Yes – the Council would prefer to treat all empty properties on the same basis. Administering Class A properties is difficult and often leads to disputes and appeals, a standard approach would need to be agreed locally but the council welcomes the flexibility offered from this proposal. Councils could also provide other incentives via their empty homes strategy according to local need.

Question 4

If Class A exemption is replaced by a discount, for what period should the new discount apply before such properties are treated as long term empties? Should the one year time limit continue to apply or should the billing authorities have discretion about it?

Billing authorities should have discretion.

Question 5

If Class A exemption is replaced by a discount, should billing authorities be empowered to give different levels of discounts for different cases?

Yes it should allow Billing authorities to decide what level of discount to award and for what period, this would then be more in line with the Government's proposed Localism agenda.

Question 6

Do you agree with the Government's proposal to abolish Class C exemption and replace it with a discount which billing authorities may set in the range of 0 to 100%?

Yes – it is important that councils are allowed to set 100% discount to avoid small bills being produced for short periods that are uneconomic to collect.

Question 7

If Class C is replaced by a discount, for what period should the new discount apply before properties are treated as long term empties? Should the six month time limit continue to apply, or should billing authorities have discretion about it.

Yes it should allow Billing authorities to decide what level of discount to award and for what period, again this is seen as being more in line with the Government's Localism agenda.

Question 8

If Class C exemption is replaced by a discount, should billing authorities be empowered to give different levels of discount for different cases

Yes – Billing authorities should be allowed to set their own levels of discount (in line with the principles of Localism).

Question 9

Should Government seek to make mortgagees in possession of empty dwellings liable to council tax.

Properties that are repossessed usually mean that the owners have financial difficulties with no equity in the property and debts are therefore often written off. The council would agree to making the mortgagee liable however in most cases properties are repossessed under the Law of Property Act 1925 meaning that all costs of disposing of the property become the responsibility of the debtor (mortgagor) not the bank or building society. The Government would need to close this loophole before it would have any meaningful impact.

Question 10

Would enabling local authorities to levy an empty homes premium on council tax have a significant impact on the number of homes being left empty?

There is no evidence that the number of empty properties would reduce significantly with the introduction of an empty homes premium. Also the change in welfare benefits could have a negative impact on letting larger type properties. If a premium is implemented it should only be imposed after a minimum of one year of the property being empty. Excessive property taxes on empty properties have been difficult to administer and collect, the last of which was the standard community charge that charged double the personal community charge rate. The council also anticipates that avoidance measures will mean extra administration costs for the council. Also it should be noted that there are a number of properties that would remain empty regardless of the charges imposed for example flats above shops, properties in run down areas etc. Councils should therefore be given the discretion of determining when, at what rate, and in what circumstances the premium should be levied.

Question 11

In terms of a percentage of normal council tax, what should the maximum permitted premium be?

If a premium is introduced it should be a maximum of 200%.

Question 12

How long should an empty dwelling have remained empty before the empty homes premium might be applied in respect of it.

Suggest a minimum of one year.

Question 13

Should constraints be placed on the purposes to which additional tax revenue generated from empty homes premium be devoted?

No - it should be up to councils to decide.

Question 14

What circumstances if any should be defined as being inappropriate for levying the empty homes premium and why?

Properties with negative equity, properties in run down areas, or where the property is being modernised and work is actively being carried out up to a defined period.

Question 15

What practical issues would have to be addressed if the premium were to be implemented (for example in the consistent identification of empty homes) and how should they be resolved?

The higher the premium the more avoidance measures will be taken by charge payers which will create extra administration. Also because of individual circumstances some charge payers will find it difficult to make payments.

Question 16

Do you agree that Sec 66(2c)(a) should be amended along the lines suggested?

Yes - this closes a loophole.

Question 17

Do you agree that the default pattern of council tax bill instalments should be payment over 12 monthly instalments (with other arrangements to be reached by agreement between taxpayer and billing authority).

Yes – during these difficult times it is important to help household budgets as much as possible. Also most other household bills including gas electric and water are paid over 12 months however most organisations . There would also be a financial consideration in introducing this (loss of income from cash flow

and some changes to system software) which the government should assist with.

Question 18

Do you agree that billing authorities should be able to discharge their duty to provide the information that must currently be supplied with demand notices by publishing it online (with the exception of information relating to penalty charges, and subject to the right of any resident to require a hard copy)

Agree generally – there are very few charge payers who contact us in respect of the above, however the fact all taxpayers do not have access to the internet is a consideration – could councils be accused of not complying with the regulations in these instances? If so could lead to justification of non payment of Council Tax? This area would need to be further clarified. The council still has to produce the legally required details so the council would in effect be saving only the lower postage costs involved.

Question 19

Do you agree that domestic scale solar photovoltaic installed on dwellings should be treated as part of those dwellings

Yes

Question 20

Do you agree that domestic scale solar photovoltaic should be defined as installations having a maximum generating capacity of 10KW

Yes

Question 21

In what circumstances if any do the rules requiring the separate banding of self contained units of accommodation within a hereditament give rise to unfairness

No view as there are no issues in Sunderland

Question 22

Should the Government seek to make changes to these rules, and if so, what changes?

We would support any initiative that helps simplify the rules but this area is more of an issue for the Valuations Office where we would want consistency of treatment across the country.

CABINET MEETING – 11th January 2012

EXECUTIVE SUMMARY SHEET – PART I

Title of Report:

Council Tax Base 2012/2013

Author(s):

Executive Director of Commercial and Corporate Services

Purpose of Report:

To detail the calculation of the Council Tax Base for 2012/2013 and to seek approval to recommend to Council the Council Tax Base for 2012/2013 in accordance with the Local Government Finance Act 1992.

Description of Decision:

Cabinet is recommended to recommend to Council:

The report for the calculation of the Tax Bases for the City Council and Hetton Town Council for 2012/2013 be approved.

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

Is the decision consistent with the Budget/Policy Framework?

Yes

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

Suggested reason(s) for Decision:

To comply with statutory requirements.

Alternative options to be considered and recommended to be rejected:

None.

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

Yes

Relevant Scrutiny Committee:

Management

Is it included in the Forward Plan?

Yes

Cabinet – 11th January 2012

Council Tax Base 2012/2013

Report of the Executive Director of Commercial and Corporate Services

1. Purpose of Report

- 1.1. To detail the calculation of the Council Tax Base for 2012/2013 and to seek approval to recommend to Council the Council Tax Base for 2012/2013 in accordance with the Local Government Finance Act 1992.

2. Description of Decision

Cabinet is recommended to recommend to Council:

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

3. Background to the Calculation of the Council Tax Base

- 3.1 The Council Tax Base is the estimated number of properties in each valuation band adjusted to take account of the estimated number of discounts, disregards and exemptions. The Council levies a Council Tax on the basis of properties in band D and thus the numbers for each valuation band are adjusted to the proportion which their number is to band D to provide a band D equivalent number. The Council must then estimate its level of collection for the year and apply this figure to arrive at the Council Tax Base figure.
- 3.2 The Council Tax Base must be calculated for both the Billing Authority and for the Hetton Town Council (a local parish precept). The Billing Authority Tax Base will be used to calculate the Council Tax for the City Council and is also used by the major precepting authorities (Northumbria Police Authority and Tyne and Wear Fire and Rescue Authority) to determine their precept requirements.

- 3.3 Under the Council Tax (Reductions for Disabilities) Regulations 1992 properties adapted to meet the needs of a disabled person are charged at a rate equal to the next lowest valuation band. For instance a qualifying band C property would be charged at the band B rate. From the 1st April 2000, the regulations were amended to introduce an additional 'alternative valuation band' (below band A) to allow band A properties to qualify for a disabled reduction. Instead of paying the normal band A charge (six-ninths of the band D charge) a qualifying band A property is charged at five-ninths of the band D charge. For the purpose of the Council Tax Base calculation it is necessary to show Band A properties which qualify for the disabled reduction as if it was an additional valuation band. In the report the 'additional' valuation band is shown as either (A) or Disabled (A).
- 3.4.1 Section 75 of the Local Government Act 2003 and the subsequent Regulations; the Council Tax (Prescribed Classes of Dwellings) (England) Regulations 2003 gives local authorities the powers to reduce the 50% Council Tax discount on long term empty properties and second homes. With effect from 1 April 2012, it is proposed that there will be no discount offered to long term empty properties and that the discount offered to second homes will be reduced from 50% to the statutory minimum allowance of 10%. A separate report is on this agenda detailing these proposed changes and will put the Council in line with the majority of other Local Authorities in the region.
- 3.4.2 The Council Tax base has gone up by £1,035 Band D equivalents. Most of the increase is as a result of the reduction in discounts for long term and empty homes with the the remainder due to net new build.

4. Calculations of the Billing Authority's Council Tax Base

- 4.1 This calculation is in two parts – 'A' - the calculation of the estimated adjusted band D properties and 'B' - the estimated level of collection.
- 4.2 The calculation of 'A' - the relevant amounts for each band is complex and includes a number of calculations which are shown at Appendix 1.
- 4.3 The relevant amounts 'A' as calculated in Appendix 1 are shown below:

BAND	'A' - RELEVANT AMOUNT	
	£	p
Disabled (A)		98.61
A	44,860.97	
B	11,851.54	
C	12,908.98	
D	7,492.50	
E	3,351.46	
F	1,349.33	
G	919.75	
H		25.80
		<u>82,858.94</u>

4.4 Calculation of Item 'B' - Estimate of Collection Rate

This element of the formula is to reflect the level of collection anticipated. Last year an anticipated collection rate of 98% was assumed. On the basis of current collection levels it is suggested that the collection rate should remain at 98% for 2012/2013.

4.5 Calculation of Council Tax Base

The Council's Tax Base is therefore: 'A' x 'B' = £82,858.94 x 98% = £81,201.76 (for comparison, the tax base for the current year is £80,166.81).

Appendix 2 shows, for Members information, the Tax Base for each property band.

5. Calculation of Council Tax Base for Hetton Town Council - Local Precept

5.1 The rules for calculating the Council Tax Base for the area covered by Hetton Town Council are similar to those used in calculating the Billing Authority's Tax Base. These detailed calculations are shown in Appendix 3.

5.2 The amounts calculated for each band are shown below:

BAND	'A' - RELEVANT AMOUNT	
	£	p
Disabled (A)		7.50
A	2,815.10	
B	660.99	
C	363.69	
D	202.15	
E	95.94	
F	51.49	
G	16.67	
H		1.00
		<u>4,214.53</u>

5.3 The same collection rate is required to be used for Parish precepts as for the Billing Authority. The Tax Base for Hetton Town Council is therefore:

'A' x 'B' (where 'B' is the estimated collection rate) = £4,214.53 x 98% = £4,130.24. (for comparison, the tax base for the current financial year is £4,016.89)

Appendix 2 shows, for Members information, the Tax Base for each property band.

6. Background Papers

Working papers on individual Tax Band calculations.
Statutory Instrument 2003 No. 3012
Council Tax Base Report 2011/2012

Calculation of the Billing Authority's Council Tax Base

- 1.1 Regulation 3 of the Local Authorities (Calculation of Council Tax Base) Regulations 1992 (S.I. 1992 No. 612) and amended by (S.I. 2003 No. 3012) states that a Billing Authority's Council Tax Base for a financial year shall be calculated by applying the formula -

$$'A' \times 'B'$$

Where 'A' is the total of the relevant amounts for each of the Valuation Bands which are shown or likely to be shown in the Authority's Valuation List as at 30 November in the year prior to the year in question and where 'B' is the Authority's estimate of its collection rate for that year.

- 1.2 As stated above the Council is required to approve the calculation of both items 'A' and 'B' in arriving at its Tax Base.

Calculation of Item 'A' - relevant amounts for each Valuation Band:

- a) Regulation 5 of the Local Authorities (Calculation of Council Tax Base) Regulations 1992, as amended, states that item 'A' should be calculated by applying the following formula:

$$(H - Q + J) \times (F/G)$$

where H = number of chargeable dwellings
 Q = is a factor to take account of discounts of Council Tax payable. It is calculated as $Q = (R \times S)$
 R = number of discounts estimated to be payable in respect of these dwellings
 S = the percentage relating to each discount classification
 J = adjustment (whether positive or negative) in the numbers of dwellings or discounts during the period
 F = the relevant prescribed proportions for each Band
 G = the relevant prescribed proportion for Band D

- b) The calculation of each of the above items is, where appropriate, to be made in accordance with paragraph 2-11 of Regulation 5 of the Local Authorities (Calculation of Council Tax Base) Regulations 2003. The different items are to be calculated as follows:

Item H - the number of chargeable dwellings is the sum of:

The number of dwellings listed in each Band in the copy of the Valuation List on the relevant day less an estimate of the number of such dwellings which were exempt on that day.

Item Q – a factor to take account of the discounts to which the amount of Council Tax payable was subject to on the relevant day. It is calculated by taking the aggregate of amounts found by multiplying, for each different relevant percentage, R by S, where:

Item R – the number of dwellings for which the amount of Council Tax payable for the relevant day was reduced. For 2012/2013 the following reductions are to be applied:

- a) Single Person Discount – awarded to properties with only one adult resident
- b) Single Disregard – awarded to properties in which all but one resident has been disregarded
- c) Double Disregard – awarded to properties in which all residents have been disregarded
- d) Second Homes – awarded to all furnished, unoccupied properties

Item S - the relevant percentage. For 2012/2013 the relevant percentage is as follows:

- a) Single Person Discount - 25%
- b) Single Disregard - 25%
- c) Double Disregard - 25% x 2 (50%)
- d) Second Homes - 10% (reduced from 50%)
- e) Long Term Empty properties - 0% (reduced from 50%)

The relevant percentage for items a) to c) above, is calculated in accordance with Section 11 Local Government Finance Act 1992. The relevant percentage for items d) and e) are calculated in accordance with the Council Tax (Prescribed Classes of Dwellings) (England) Regulations 2003, and Section 11A of the Local Government Finance Act 1992 and represent the statutory minimum levels applicable.

Item J - the amount of any adjustment in respect of this item is equal to an estimate of dwellings not listed in H above but which will be listed during part or all of the year less an estimate of the number of dwellings listed in H above but which will not be listed for all or part of the year.

Item F - the relevant prescribed proportions for each band are set out in Section 5 of the Local Government Finance Act 1992 as follows:

Band	(A)	A	B	C	D	E	F	G	H
Proportion	5	6	7	8	9	11	13	15	18

Item G - the relevant prescribed proportion for Band D is 9 (as above).

c) The calculation $(H - Q + J) \times (F/G)$

The results of these calculations are shown below.

1.3 Tax Base Calculation $(H - Q + J) \times (F/G)$

	Disabled Band Band (A)	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H
Item H	190	76,356	16,370	15,464	7,839	2,856	976	593	19
Item Q	12.5	9,024.55	1262.3	981.4	374.5	125.9	49.85	41.15	6.6
Item J	0	-40	130	40	28	12	8	0	0.5
Item F	5	6	7	8	9	11	13	15	18
Item G	9	9	9	9	9	9	9	9	9

1.4 Applying the figures in section 1.3 to the calculation $(H - Q + J) \times (F/G)$ produces a relevant amount for each Valuation Band - Item A in Regulation 3 of the Local Authorities (Calculation of Council Tax Base) Regulations 2003 as follows:

BAND	RELEVANT AMOUNT
	'A'
	£ p
Disabled (A)	98.61
A	44,860.97
B	11,851.54
C	12,908.98
D	7,492.50
E	3,351.46
F	1,349.33
G	919.75
H	25.80
	<u>82,858.94</u>

Council Tax Base - City of Sunderland

Band	Item 'A'		Item 'B'	Tax Base 'A' x 'B'	
	£	p		%	£
(A)		98.61	98		96.64
A	44,860.97		98	43,963.75	
B	11,851.54		98	11,614.51	
C	12,908.98		98	12,650.80	
D	7,492.50		98	7,342.65	
E	3,351.46		98	3,284.43	
F	1,349.33		98	1,322.34	
G	919.75		98	901.36	
H	25.80		98	25.28	
	<u>82,858.94</u>			<u>81,201.76</u>	

Council Tax Base - Hetton Town Council

(A)	7.50		98	7.35	
A	2,815.10		98	2,758.80	
B	660.99		98	647.77	
C	363.69		98	356.42	
D	202.15		98	198.10	
E	95.94		98	94.02	
F	51.49		98	50.46	
G	16.67		98	16.34	
H	1.00		98	0.98	
	<u>4,214.53</u>			<u>4,130.24</u>	

Calculation of Council Tax Base For Hetton Town Council - Local Precept

1.1. The rules for calculating the Council Tax Base for any part of a Billing Authority's area (e.g. Local Parish) are the same as the rules contained in Appendix 1 except that chargeable dwellings and discounts are to be taken for only those dwellings and discounts relating to the area for which the Council Tax Base is to be calculated.

1.2. As in Appendix 1 the rules require the calculations of items 'A' and 'B'.

Item A is calculated by the formula:

$$(H - Q + J) \times (F/G)$$

1.3. The calculations detailed above have been carried out in respect of the Hetton Town Council for each relevant band and the result of the calculations is shown below:

1.4. Tax Base Calculation - Hetton $(H - Q + J) \times (F/G)$

	Disabled Band	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H
Item H	14	4,750	903	420	209	81	38	12	1
Item Q	0.5	534.35	60.15	22.85	9.85	5.5	2.35	2	0.5
Item J	0	7	7	12	3	3	0	0	0
Item F	5	6	7	8	9	11	13	15	18
Item G	9	9	9	9	9	9	9	9	9

1.5 Applying the figures in section 1.4 to the calculation $(H - Q + J) \times (F/G)$ produces a relevant amount for each Valuation Band - Item A in Regulation 3 of the Local Authorities (Calculation of Council Tax Base) Regulations 2003 as follows:

BAND	RELEVANT AMOUNT
	'A'
	£ p
Disabled (A)	7.50
A	2,815.10
B	660.99
C	363.69
D	202.15
E	95.94
F	51.49
G	16.67
H	1.00
	<u>4,214.53</u>

CABINET MEETING – 11 JANUARY 2012
EXECUTIVE SUMMARY SHEET- PART 1

Title of Report:

Provisional Revenue Support Grant Settlement for 2012/2013

Author(s):

Executive Director of Commercial and Corporate Services

Purpose of Report:

This report advises Cabinet of the Provisional Revenue Support Grant Settlement for 2012/2013.

Description of Decision:

Members are requested to note the report.

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

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

Suggested reason(s) for Decision:

Consideration of the Settlement forms part of the budget preparation process of the Council.

Alternative options to be considered and recommended to be rejected:

Not applicable as report is for information only.

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

No

Relevant Scrutiny Committee:

Management

Is it included in the Forward Plan?

No

Cabinet Meeting – 11th January 2012

Provisional Revenue Support Grant Settlement for 2012/2013

Report of the Executive Director of Commercial and Corporate Services

1. Purpose of Report

- 1.1. This report advises Cabinet of the Provisional Revenue Support Grant Settlement for 2012/2013.

2. Description of Decision

- 2.1. Members are requested to note the report.

3. Background

- 3.1 On 8th December 2011 the Parliamentary Under Secretary of State for Local Government, Bob Neill MP, issued the provisional report for the 2012/2013 Revenue Support Grant Settlement.
- 3.2 This follows on from the Government's two year Local Government Finance Settlement covering the years 2011/2012 (Final Settlement) and the Indicative Settlement for 2012/2013 which was issued 7th February 2011. A second two year settlement (2013/14 to 2014/15) will follow, for which the Government is to adopt a new distributional system based on the retention of local business rates.
- 3.3 On 19th December the Government released its detailed response to the consultation, it carried out in the Autumn, on their proposed new retention of business rates system. The announcement provides clarity on most areas although the Government is to consult in the Spring on some further specific areas. The Government has also indicated it will liaise with local government for them to help design the detail underpinning the new system which will be implemented on 1st April 2013 as expected. As such the implications and detail of the announcement will be reported to Cabinet in February.
- 3.4 The details of the Provisional Settlement 2012/2013 are outlined in paragraph 4 below with the effects on the Council outlined at paragraph 5.
- 3.5 Written responses are required by 16th January 2012.

4. National Settlement

4.1 The main features from the settlement include:

- There were no major changes to the Indicative Settlement for 2012/13.
- National Formula Grant funding for all authorities in England is to fall by 7.3% on average in 2012/13.
- A further transitional grant of £20m, increased from the previously announced figure of £14m, for 2012/2013 was announced to protect the 'revenue spending power' (broadly government grants plus council tax precept income) of authorities where funding would fall by more than 8.8% in order to help minimise reductions for authorities facing exceptional decreases in their overall revenue funding position. This funding helps 12 shire district authorities.
- Damping will continue in 2012/2013 with floors remaining unchanged:

Social services authorities	-7.4% to -10.4%
Shire districts	-11.2% to -14.2%
Police authorities	-6.703%
Fire authorities	-3.4%

The different damping figures for social services authorities and shire districts are based on a new banded system which means the most grant dependent authorities have the least reductions.

- The Government has also transferred the separate core revenue ongoing Council Tax Freeze Grant for 2011/12 (£652m nationally) into Formula Grant as Business Rates is expected to increase in 2012/13 to £23.119 billion in total. The main beneficiary of the increase in business rates projected in 2012/13 therefore appears to be Government as the increase in business rates income is being used to fund the ongoing impact of the Council Tax Freeze grant for 2011/2012 which the Government was previously to fund provide separately.
- The Government has also issued its capping criteria for 2012/13 for those councils that do not take advantage of the one-off Council Tax Freeze Grant for 2012/13 as follows:

3.50% for most principal authorities,
3.75% for the City of London and,
4.00% for the Greater London Authority, Police authorities,
and single purpose Fire and Rescue authorities.

They have also indicated that any increase in excess of the increases set out above will be subject to a local referendum.

4.2 Other Announcements

- Government confirmed a one-off Council Tax Freeze Grant for 2012/2013 already announced earlier in the year which is equivalent to a Council Tax increase of 2.5% for Sunderland.
- A separate consultation has been announced for Academies - there will be no further adjustments to Formula Grant for 2011/2012 and detailed proposals have been released by Government for 2012/2013 which are the subject of a separate consultation which closes on 12th January 2012. The proposals will however have no adverse impact on formula grant in 2012/2013.
- The Treasury also announced that they are to reduce the CLG - Local Government Department's budget by £240m in 2013/14 and a further £257m in 2014/15. Early indications show that this could mean up to a further 2.1% cut to local government funding in each of these years in addition to the funding cuts already set out in the Spending Review 2010.

Effects on Sunderland

- 5.1 As set out in paragraph 4 above, the Council's formula grant entitlement for 2012/2013 of £145.808 million has remained unchanged from the indicative figures announced in February 2011 however the Council Tax Freeze Grant for 2011/2012 has been added into the total (£2.377m) so the revised figure of £148.185m is still equivalent to the combined funding of both of these grants in 2012/2013.
- 5.2 Government has not made any changes to the formula grant system, consequently the Authority's formula grant reduction in 2012/2013 has not been affected by the settlement and remains unchanged at £12.294m.
- 5.3 The Council's Revenue Spending Power total for 2012/13 of £275.004m also remained unchanged.
- 5.4 Most of the Council's other revenue grant allocations for 2012/2013 have been announced as part of the Settlement – the details of which are set out in the Revenue Budget Report for 2012/2013 featured elsewhere on the agenda and are as expected with the exception that the Council is to receive an additional £0.326m of the Early Intervention Grant which is the Council's allocation of the Chancellor's recently announced £68m funding for 2 Year Olds announced in his Autumn Statement. This would increase the Council's revenue spending power to £275.330m, a reduction of £11.863m compared to 2011/2012.

- 5.5 The Government announced in the Autumn Statement that public sector pay would be capped at 1% for the next 2 years after the current pay freeze but they have not provided any additional funding to pay for this which increases further the pressure on local government funding.
- 5.6 Council Tax Freeze Grant for 2012/13 is optional and is a one-off grant which means this funding is not continued into future years unlike the 2011/12 arrangement. It is also based on a 2.5% Council Tax increase whereas the capping limit is 3.5% for the Council. To make the grant more attractive the Government could have set the rates on an equal footing i.e. 3.5% rather than 2.5%. It would also be preferable if this grant was guaranteed into future years so that any council taking up the grant is not financially disadvantaged in doing so.
- 5.7 The Treasury announced a reduction to the CLG - Local Government Department's budget by £240m in 2013/14 and a further £257m in 2014/15. Based on existing formula grant allocations and using some high level assumptions – this shows that the Council could incur greater grant losses of £3.1m in 2013/14 and a further £2.7m in 2014/15 to those already anticipated reductions in formula grant of £12.5m for the 2 years in total. A revised formula grant loss of £18.2m (£5.8m more) is in prospect for Sunderland because of the latest announcement from the Treasury. The scale of the implications to the Council however can only be indicative at this stage as it is unclear how these reductions will be dealt with in the proposed new grant funding system.

6. Reason for Decision

- 6.1 Consideration of the 2012/2013 Settlement forms part of the budget preparation process of the Council.

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

- 7.1 There are no alternative options.

8. Background Papers

Local Authority Finance (England) – Revenue Support Grant for 2012/2013 and related matters - (Source: DCLG).

Local Authority Finance (England) – Revenue Support Grant for 2011/2012 and related matters - (Source: DCLG).

CABINET MEETING – 11 JANUARY 2012
EXECUTIVE SUMMARY SHEET – PART I

Title of Report:

Revenue Budget 2012/2013 Proposals

Author(s):

Chief Executive and Executive Director of Commercial and Corporate Services

Purpose of Report:

To report the provisional budget proposals for 2012/2013, as a basis for the continuation of budget consultation, prior to the receipt of the final Local Government Finance Settlement 2012/2013.

Description of Decision:

Cabinet is requested 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 2012/2013.

Is the decision consistent with the Budget/Policy Framework?

Yes – it is seeking to inform a future decision to change the Budget and Policy Framework for 2012/2013.

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

Suggested reason(s) for Decision:

To enable constitutional requirements relating to the development of the Revenue Budget to be met.

Alternative options to be considered and recommended to be rejected:

There are no alternative options recommended for approval.

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

No

Relevant Scrutiny Committee:

Management

Is it included in the Forward Plan?

No

REVENUE BUDGET 2012/2013 PROPOSALS

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

1. Purpose of Report

- 1.1 Following the receipt of the provisional Local Government Finance Settlement on 8th December 2011, attention has been given to the impact of the settlement on the Budget Planning Framework for 2012/2013 established and approved by Cabinet at its October 2011 meeting.
- 1.2 This report sets out the provisional budget proposals for 2012/2013, as a basis for the continuation of budget consultation, prior to the receipt of the final Local Government Finance Settlement 2012/2013 and final approval of the 2012-13 Budget in due course.

2. Description of Decision

- 2.1 Members are requested 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 2012/2013 and final approval of the 2012-13 Budget in due course.

3. Impact of the Provisional Local Government Finance Settlement on the Budget Planning Framework for 2012/2013

- 3.1. The outcome of the provisional Local Government Finance Settlement for 2012/2013 was announced on 8th December 2011 and is the subject of a separate report on this Cabinet agenda. The provisional settlement for 2012/2013 forms the second year of a two year settlement covering 2011/2012 and 2012/2013, and contains provisional information in respect of 2013 – 2015.

A brief summary of the main impact of the settlement on the budget position is set out below.

3.2 Overall Resources (Revenue Spending Power) for 2012/2013

- 3.2.1 In presenting the provisional Local Government Settlement and its impact on local Council's the Government refer to the concept of "Revenue Spending Power" to describe the changes to Local Government funding. A Local Authority's "Revenue Spending Power" is made up from a combined total of:

- Council Tax Requirement,
- Formula Grant allocation,

- Specific Core Grants, and
- NHS funding for Social Care.

3.2.2 The table below shows the overall Resources Position for 2012/2013 compared to 2011/2012 as defined by the Revenue Spending Power concept.

	2011/12	2012/13	Changes	
	Original £m	Provisional £m	£m	%
Council Tax Requirement	95.185	95.185	0.000	0%
Formula Grant	158.102	148.185	(9.917)	(8%)
Council Tax Freeze Grant 2011/12 - ongoing	2.377	0.000	(2.377)	
Early Years Intervention Grant	15.651	16.263	0.612	4%
Learning and Disabilities	11.056	11.327	0.271	2%
Preventing homelessness	0.216	0.216	0.000	0%
	282.587	271.176	(11.411)	(4%)
NHS Support for Social Care	4.339	4.154	(0.185)	(4%)
Transitional Grant	0.267	0.000	(0.267)	(100%)
Total Revenue Spending Power	287.193	275.330	(11.863)	(4%)

3.2.3 The table shows the Council is facing a loss in its overall resources of £11.863m equivalent to a 4% reduction. The provisional settlement is largely as anticipated within the Budget Planning Framework reported to Cabinet in October 2011 with the exception of the following:

- Council Tax freeze Grant for 2011/2012 of £2.377m has been reclassified by Government into Formula Grant with no net variation in the total anticipated grant. This funding is time limited and will cease in 2015/2016.
- Early Intervention Grant allocation for 2012/2013 of £16.263m includes an additional allocation of £0.326m over that previously anticipated in the Budget Planning Framework reflecting a specific increase in funding to support the expansion of the 2 year old offer from April 2012. It is therefore proposed that this increase in funding is passported to Children's Services for this purpose.

3.2.4 It was agreed as part of the Budget Planning Framework that the net increase in the Learning Disabilities Funding and NHS Support for Social Care be taken into account at the corporate level as investment plans for 2012/2013 incorporate these pressures.

3.2.5 As previously anticipated the Council does not qualify for any Transition Grant in 2012/2013 resulting in a reduction in resource available of £267,000.

3.2.6 The position for 2013/2014 and 2014/2015 is very uncertain at this stage due to the ongoing uncertainty regarding public sector finances, the impact of the Local Government Resource Review and the impact of Welfare Reform. However, the Treasury has indicated that they are to reduce Local Government Department budgets in 2013/14 and 2014/15 by an amount equating to an additional cut of 2.1% compared to that already announced in the Spending Review 2010. In very broad terms, this could potentially indicate a further reduction in formula grant for Sunderland of £18.2m over the period 2013-2015 i.e. £5.8m more than anticipated in the budget planning framework. This potential impact will be considered as part of the ongoing development of the Medium Term Financial Strategy and Budget from 2013/2014 onwards.

3.3 Other Core Grants and Revenue Grant Funding

3.3.1 In addition to the core grants notified within the settlement set out in the table in section 3.2.2 the following other revenue grant funding streams are anticipated:

	2011/12	2012/13	Changes	
	Original £m	Provisional £m	£m	%
Other revenue grant funding				
Community Safety Fund	0.311	0.157	(0.154)	(50%)
Extended Rights to Travel	0.154	0.191	0.037	24%
Lead Local Flood Authorities	0.121	0.158	0.037	31%
Inshore Fisheries Conservation Authorities	0.014	0.014	0.000	0%
Housing and Council Tax Benefit	3.383	3.162	(0.221)	(7%)
New Homes Bonus - 2011/12	0.577	0.577	0.000	0%
New Homes Bonus - 2012/13 provisional	0.000	0.575	0.575	100%
Council Tax Freeze Grant 2012/13 - one -off	0.000	2.378	2.378	100%
Total	4.560	7.212	2.652	58%

3.3.2 A reduction of £154,000 in 2012/2013 in the Safer and Stronger Communities grant represents year 2 of the planned three year reduction. In accordance with the approach agreed as part of the Budget Planning Framework it is proposed that this grant reduction be passported to the related services.

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

3.3.4 The reduction in Housing and Council Tax Benefit grant was notified to the Council after the Budget Planning Framework was presented to

Cabinet in October but, as Members are aware, this has been built into the planning assumptions over recent months in relation to the level of savings required.

- 3.3.5 The New Homes Bonus Grant is intended to incentivise local authorities to build and bring into use more homes, with a special emphasis on creating more affordable housing. The level of grant awarded is based on the increase in housing stock through new build properties and through returning empty properties back into use. Given the overall resource position it is proposed that this resource is taken into account corporately to support Capital Programme priorities in 2012/2013.
- 3.3.6 On 14th November 2011 the Government announced a one off council tax freeze grant equivalent to a 2.5% increase in council tax for 2012/2013 to compensate Councils who choose not to increase their Council tax in that year. The grant is offered to Councils on a one off basis. A provisional allocation of grant amounting to £2.378m has been notified, however the actual sum that would be received will be amended in accordance with Council tax base figures.
- 3.3.7 The PFI core grant has also not yet been confirmed but the allocation for the council is not expected to change from the previous years.

3.4 Schools Funding

- 3.4.1 The Government confirmed in the 2011/2013 spending review that school funding would be maintained at a flat cash rate per pupil until 2014/2015, with the new pupil premium as additional funding.
- 3.4.2 The actual level of budget for each individual school will vary and some schools may see cuts in their budget, due in the main to reductions in pupil numbers as in previous years. The Government is to apply a national protection arrangement for schools – the minimum funding guarantee – whereby no school will see a reduction compared to its 2011/2012 budget (excluding sixth form funding) of more than 1.5 per cent per pupil before the pupil premium is applied.
- 3.4.3 Dedicated Schools Grant

Funding for Sunderland schools continues to be influenced by reductions in pupil numbers. The October census data shows that pupil numbers are expected to reduce by 274.

The table below details the potential call on the total indicative funding available:

	2011/2012	2012/2013	Variance
Pupil Numbers	38,784	38,510	(274)
Guaranteed Unit of Funding (GUF)	£5024.78	£5024.78	
	£m	£m	£m
Total Indicative Funding Available	194.881	193.505	(1.376)
ISB Delegated to Schools	181.024	179.324	(1.700)
Rates	2.446	2.857	0.411
Total ISB Budget	183.470	182.181	(1.289)
School Block - Other Expenditure	11.411	11.324	(0.087)
Total Indicative Call on Funding	194.881	193.505	(1.376)

3.4.4 Pupil Premium Funding

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

Schools have the freedom to spend the Premium, which is additional to the underlying schools budget, in a way they think will best support the raising of attainment for the most vulnerable pupils. To ensure transparency and accountability, schools will be required from September 2012 to publish on-line information about how they have used their Pupil Premium allocations.

Based on DfE figures Sunderland is expected to have 12,030 eligible children that will provide £7.198m to Sunderland Schools, an increase of £2.807m from the final 2011/2012 allocation of £4.391m.

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

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

3.4.5 Schools Funding Consultation

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

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

3.4.6 Academies Top Slicing

In addition to the School Funding consultation, the Government is reconsidering the reduction to Local Authority funding and the transfer of resources to the DfE made as part of the two year Local Government settlement for 2011/2012 and 2012/2013, to reflect the transfer of central services from local authorities to Academies. The consultation sets out the evidence the Secretary of State will use to consider the appropriate level of transfer and the proposed basis for calculation of the transfer.

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

3.5 Capping Powers and Reserve Powers

3.5.1 The Localism Act received royal assent on 15th November 2011 and provides for the provision of referendums to veto excessive council tax increases. This effectively places a limit on council tax increases and if councils exceed the government limits then the public will be able to vote to agree or veto any considered 'excessive' increase.

3.5.2 As part of the settlement the Government has issued guidance on capping rules. In accordance with the Localism Act any increase above these levels may require a referendum:

- 3.5% for most principal authorities,
- 3.75% cent for the City of London;

- 4% for the Greater London Authority, police authorities, and single purpose fire and rescue authorities.

3.6 Council Tax Freeze Grant

3.6.1 The settlement also confirms the second year funding for the 2011/12 Council Tax freeze. This funding will be provided until 2015/2016 to compensate councils for not increasing their council tax in 2011/12.

3.6.2 As set out in paragraph 3.3.6 the one off council tax freeze grant for 2012/2013 has only been offered to compensate those Authorities who decide not to increase their Council tax in that year. Should the Council opt to freeze Council tax it is proposed that this sum would be used to fund one off spending pressures identified within the budget planning process rather than fund ongoing recurring expenditure.

4. Budget Planning Framework

4.1 When the Budget Planning Framework was approved in October 2011 Cabinet agreed to follow the approach that has been adopted over the last two years. The majority of the initiatives which will meet the savings requirement represent a continuation of previously identified plans including :

- Progressing the existing Improvement Plan and Programmed Savings
- Development of Three Year Improvement Plans to reshape services to meet needs

4.2 It was agreed that the following spending commitments would be taken into account:

- The planning assumptions to be based on the Government assumptions of a two year pay freeze for public sector workers (2011/2012 and 2012/2013) as built into its SR10 spending plans, except for those workers earning less than £21,000 a year. Beyond 2012/2013 prudent assumptions included;
- price increases be included on the basis of prudent assumptions in respect of:
 - Independent Care Providers;
 - Energy costs which remain volatile;
 - Other contractual obligations.
- provision across the medium term taking account of the results of the Actuarial review of the Local Government Pension Scheme 2010, covering three years to 2013/2014.
- provision be made for spending commitments in respect of:
 - debt charges and interest receipts;
 - landfill tax and waste disposal strategic solution;
 - additional vehicles leasing costs in respect of the 'blue bin' recycling scheme;

- the impact of demographic changes in respect of adult social care;
- pressures relating to safeguarding and external placements;
- service pressures as a result of the economic downturn;
- Replacement of one off resources utilised in setting the 2011/2012 budget of £5.420m.

5. Provision for Spending Pressures and Commitments

5.1. At this point in the preparation of the Revenue Budget for 2012/2013, it is proposed to make provision to address a number of spending commitments and pressures as set out below:

5.2. Cabinet Secretary

5.2.1 Capital Financing

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 be addressed.

5.2.2 Port Dredging

Dredging of the Port is required yearly to maintain advertised depths in order to enable the Port to continue to operate commercially. This will follow initial dredging works to be carried out in 2011/2012.

5.2.3 Integrated Transport Levy

For planning purposes further savings in respect of the ITA levy for 2012/2013 are based on an additional 5% saving being achieved in accordance with the approach agreed by the Tyne and Wear Joint Services Committee during the 2011/2012 budget setting process

5.2.4 Workforce Planning

A range of workforce planning measures are in place to support the smooth implementation of savings proposals. Costs arising from voluntary early retirement can be accommodated from specific resources earmarked for this purpose. In addition the Medium term financial position provides for the cost of SWITCH through to 2013/14. Transitional costs as a result of implementing this strategy are continually refined and reviewed.

5.3 Health and Well Being

The following proposals are made:

Adult Services Demand / Demographic Issues

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

these pressures in mind the Government has announced additional funding for PCTs over the coming four years, with an expectation that the funding is passported to Local Authorities for investment within Social Care services.

The impact of additional cost pressures and necessary investment have been factored into plans.

5.4 Children and Learning City

The following proposals are made:

Safeguarding – External Placements

There continues to be increasing demand pressures in relation to safeguarding and specifically external placements and prudent provision has been made for this purpose.

Adoption Allowances

As a result of recent statutory guidance and case law, changes to the amounts to be paid are required in respect of Adoption Allowance, Special Guardianship Allowance or Residence Allowance.

5.5 Prosperous City

The following proposals are made:

Economic Downturn

Given the continuing uncertainties in relation to the impact of the economic downturn, and impact on areas such as leisure centres income appropriate provision has been made and will be kept under review.

5.6 Sustainable Communities

The following proposals are made:

Carbon Reduction

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

5.7 Attractive and Inclusive City

The following proposal is made:

Waste Disposal

The impact of cost variations in relation to waste disposal have been factored into the Medium Term Financial Strategy including landfill tax, volume of waste, recycling implications, and the impact of implementing the Waste Disposal Strategic Solution.

Winter Maintenance

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

Apprentices Street Scene

Provision has been included for the impact of the implementation of the apprenticeship scheme within Street Scene

5.8 Overall Spending Commitments Position

The table below shows the summary position in relation to spending commitments for 2012/2013 through to 2014/15, which it is proposed are provided for within the planning framework at this stage.

	2012/13 £m	2013/14 £m	2014/15 £m
Pay Pensions and Other Cost Pressures	2.31	4.34	5.66
Waste Disposal	1.26	0.85	0.48
Financing Capital Programme	2.50	2.50	3.00
Carbon Reduction	0.32		
Service Demand / Demographic Pressures - Health Housing and Adult Services	1.45	1.89	2.07
Children's Services - External Placements and Adoption Allowances	0.68		
Winter Maintenance	0.80		
Port Dredging	0.22		0.08
Economic Downturn	0.24		
Apprentices - Street Scene	0.23	0.05	0.29
ITA Levy	-0.90		
Total Spending Pressures	9.11	9.63	11.58

6. “One off” Spending Pressures

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

- Inward Investment - £1.0m
To provide enhanced Inward Investment activity relating to key sectors of the city economy including automotive, advanced manufacturing and software, in order to continue to attract new businesses and jobs to the city
- Private Housing Stock Survey - £0.030m.
To carry out a revaluation of private housing stock across the city – as part of a 5 year rolling programme. This will support strategic housing planning.
- Design and Print Review - £0.130m
To address transitional costs arising from the implementation of the Design and Print Review as services move to the new service model from April 2012
- Olympics 2012
To support city activity relating to the 2012 Olympics.
- Wellness Equipment renewal £0.250m
To support the update of equipment to enable income levels to be maintained on an invest to save basis.

7. Summary Funding Gap

7.1 The provisional settlement taken together with spending pressures has confirmed that the gap in Council funding is broadly as anticipated in the Budget Planning Framework. The position is summarised below.

	2011/12	2012/13	2013/14	2014/15
	£m	£m	£m	£m
GOVERNMENT GRANT CHANGES	39.9	13.6	11.9	9.7
COST PRESSURES				
Spending Pressures	9.7	9.1	9.6	11.6
Transitional "One Off" costs of operating SWITCH	8.3			-8.3
Replacement of One Off savings		5.4	2.2	
ESTIMATED PRESSURES / FUNDING GAP	57.9	28.1	23.7	13.0

7.2 It is important to emphasise that the figures above do not include any further potential impact of the recent Settlement announcement in 2013/14 or 2014/15 at this stage.

8. Proposals to meet the funding gap 2012/2013

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

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

8.2 The provisional settlement has confirmed that the gap in Council funding for 2012/13 is broadly as anticipated and therefore the previously proposed approach remains both relevant and appropriate. Progress in relation to proposals to meet the funding gap of £28.1m are set out below:

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

Further detail about the savings proposals set out below

8.3 Improvement Plan Proposals – The Sunderland Way of Working

Office of the Chief Executive & Commercial & Corporate Services

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

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

8.4 Continuation of Directorate Three Year Improvement Plans

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

8.4.1 Children's Services Reviews - £2.2m

- **New Relationship with Schools**

Children's Services in partnership with schools are developing a school to school support network to develop school improvement. The proposals are consistent with the Education Act (2011) and the future

role of the LA. For 2012/2013 the new agreements are designed to provide income via provision of the most valued elements of educational services to best meet youngsters needs in respect of School Improvement, Educational Psychology and Attendance services.

- **Safeguarding**

This review is continuing to implement the Looked after Children Strategy which involves investment in foster care which will reduce reliance on external placements and residential children's homes leading to improved outcomes for Children. In 2012/2013 the full year impact of closing Williamson Terrace residential home in October 2011 will be achieved reflecting the reduced need for residential places and there will be procedural changes to other services which will lead to efficiency savings.

- **Review of Children's Services Structures**

This reflects the full year effect of structure change commenced in 2011/2012 with the focus on early intervention, prevention and locality based integrated service delivery for children's services.

- **Review of Services for Young People**

This range of reviews are being undertaken which will involve the Integration of Youth Offending early intervention Services into Locality Based working and a review of activities for young people to ensure that the same outcomes can be achieved by better commissioning. Efficiencies are also anticipated from reviewing services in response to the transfer of responsibility for universal impartial careers guidance to schools.

8.4.2 Health Housing and Adult Services Reviews - £7.4m

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

- **Future Models of Care and Support**

Review of existing Care and Support services for Adult Social Care with a view to developing alternative models of care which meet customer need. The review will look to provide more community based activity and will look to maximise the usage of existing building based facilities.

- **Expansion of Reablement**

The on-going development of the Adult Social Care Re-ablement services to ensure more people maintain their independence within their own homes. Expansion of this service will reduce reliance upon, and cost of on-going services such as home care and

ultimately prevent admissions to residential and nursing care. This will be achieved through the provision of initial intensive support and rehabilitation services for people.

- **Implementation of Personalisation**
The implementation of personalisation will allow individuals to have choice and control in respect of the care and support they receive to meet their assessed need and prevent admissions to residential and nursing care. The Council's strategy centres around this principal.
- **Developing the market.**
This review will continue to work with the Adult Social Care provider market and partners to develop cost effective solutions to meet peoples care and support needs. This will include reaching agreements with the independent provider market and other partners for services for all client groups that incentivises quality but contain costs.
- **Review of Housing Related Support**
Review existing external and internal services which are currently funded through the Housing Related support function with a view to commissioning services which meet customer needs and provide value for money through a reduction in overall costs.

8.4.3 City Services Reviews - £5.8m

- **Facilities Management Review**
This ongoing review will deliver savings through reviewing and remodelling buildings maintenance, building cleaning, grounds maintenance and catering functions.
- **Transport and Fleet Management Review**
This ongoing review will release savings by establishing an integrated transport unit by January 2012, a management information system by March 2012 and by commissioning activities through the most appropriate providers.
- **Review of Responsive Local Services**
This review will release savings from integration of Parks into the Street Scene Responsive Local Services model.
- **Reprioritisation of Highways Maintenance Budget**
The review of the Highways Maintenance Budget will improve prioritisation and targeting of resources ensuring the focus remains on priority areas, including pothole repairs.
- **Culture**

This review will release savings through an integrated approach to delivering the Resorts and Tourism Service and review of services relating to the Tyne and Wear Archives and Museums service.

- **Regulatory Services**
Savings will arise by establishing locality based teams undertaking a broad range of regulatory activities in a more flexible and responsive way.
- **Customer Services – End to End Redesign**
Implementing a programme of end to end service redesigns that relate to processes that start with the customer journey and will remove non value adding activity from processes. Savings will also be delivered through implementing a new ICT platform, the rationalisation of ICT systems, web self service and channel shift.
- **Sport and Leisure - Leisure Facilities**
Savings will be achieved through the development of alternative delivery options for leisure facilities including a review of shift patterns of staff.

8.4.4 Other Savings Reviews - £2.9m

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

8.5 Use of Balances

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

9. Overall Position

- 9.1 Taking into account savings proposals and anticipated use of balances at this stage would enable a balanced budget position to be achieved for 2012/2013 as set out below:

	2011/12	2012/13	2013/14	2014/15
	£m	£m	£m	£m
GOVERNMENT GRANT CHANGES	39.9	13.6	11.9	9.7
COST PRESSURES				
Spending Pressures	9.7	9.1	9.6	11.6
Transitional "One Off" costs of operating SWITCH	8.3			-8.3
Replacement of One Off savings		5.4	2.2	
ESTIMATED PRESSURES	57.9	28.1	23.7	13.0
TOTAL SAVINGS PROPOSALS	-57.9	-25.9	-25.3	-8.5
FUNDING GAP	0.0	2.2	-1.6	4.5
Use of Transitional Funding / Temporary financing		-2.2	3.5	-2.6
Assumed Council Tax Increase @ 2.0% (for scenario planning purposes only)			-1.9	-1.9
NET POSITION	0.0	0.0	0.0	0.0

9.2 Outstanding Uncertainties

At this stage however, there are a number of uncertainties still to be resolved in relation to next year's budget, including:

- transitional costs in relation to the implementation of savings proposals;
- the outcome of the Final Local Government Revenue Support Grant Settlement for 2012/2013 and related grant announcements;
- the final Collection Fund position.

In addition, it will be necessary to consider the outcome of further consultation to take place on the budget.

10. Budget Consultation

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

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

10.2 In addition to the above stakeholder consultation, a survey was undertaken to gain an understanding of views on the direction of travel

for the following services in responding to the changing financial landscape:

- Regeneration
- Children's Services
- Street Scene Services
- Culture, Sport and Leisure
- Adult Social Care

- 10.3 To supplement the survey, workshops were held, with Community Spirit panel members and representatives from the voluntary and community sector, in different locations throughout the city.
- 10.4 Initial findings of the survey and discussions at the workshops demonstrate general support amongst respondents for the councils overall approach to making savings.
- 10.5 To date budget consultation with these groups has concentrated on the direction of travel for services in order to gain views. Further detailed consultation in relation to each of the proposals will be undertaken as each proposal is developed.
- 10.6 At each stage in the budget preparation process Management Scrutiny Committee is being consulted.
- 10.7 The findings from consultation undertaken to date indicate that the provisional budget proposals in this report are consistent with the summary findings.
- 10.8 This report will become the basis for second stage consultation. Elements of the consultation undertaken to date, which has not yet been fully analysed, together with the results of the second stage of consultation will be considered in framing the final budget proposals to be submitted to Cabinet in February, 2012

11. Equalities Impact Assessment

- 11.1 In accordance with the approach followed in previous years the Council continues to fully consider the impact of its plans by following a robust approach to equalities analysis. Appendix 1 sets out the approach adopted to the budget setting process.

12. General Balances

- 12.1 A Statement of General Balances is attached at Appendix 2.
- 12.2 As reported at the Second Revenue Review Report to Cabinet, some savings have been generated in 2011/2012 from Interest on Balances and Debt Charges, and unutilised contingency provisions. However, any savings generated will be required to fund one off spending pressures

and transitional costs associated with implementing the budget proposals.

12.3 The balances position will be updated / reviewed as the budget is progressed. A full risk analysis will be presented with the final budget proposals to the February meeting of Cabinet.

13. Suggested Reason for Decision

13.1 To enable constitutional requirements relating to the development of the revenue budget to be met.

14. Alternative options to be considered and recommended to be rejected

14.1 There are no alternative options recommended for approval.

Background Papers

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

Budget and Planning Framework 2012/2013 (October 2011 Cabinet)

1. SUNDERLAND APPROACH TO MEETING EQUALITY OBLIGATIONS**Equality Analysis**

- 1.1 The Council has long-standing established mechanisms for assessment of equality impact. Procedures continue to be refined and developed, most recently to encompass the requirements of the Equality Act 2010, which for the first time brings together equality protections, requirements and responsibilities in a single piece of legislation.
- 1.2 The Council has developed a refreshed approach to equality analysis which replaces the previous INRA (Impact and Needs Requirement Assessment) process. This refreshed approach integrates equalities into broader consideration of impact and provides a simple user-friendly framework which enables those developing policies, undertaking service reviews or improvement actions and undertaking service planning and decision-making to analyse the potential positive outcomes and negative impacts across the protected characteristics. It also provides space to include other priorities and socio-economic factors.
- 1.3 The refreshed approach includes a comprehensive guidance document that provides in-depth information about the purpose of the analysis and step-by-step information on completing the analysis. The guidance offers explanations of terms, questions to consider and broader context to stimulate discussion. It emphasises that the bedrock of good quality analysis is effective consultation, engagement and use of data. This is accompanied by a short 'recording' document to log the impacts and actions. The recording document leads people through the relevant questions to stimulate discussion and develop appropriate responses. This approach has been taken by a number of other authorities.
- 1.4 This approach has been developed in line with the new guidance and legal requirements included in the 2010 Equality Act and Public Sector Equality Duty. It also reflects a more general shift towards greater emphasis on considering the needs and requirements of individuals and analysis of the impact a service or decision may have. This enables the combined impact on those with more than one 'protected characteristic' to be included.
- 1.5 Due to a recognition that comprehensive analysis requires wide engagement and input, the approach supports and actively encourages information to be gathered from a range of sources including:
 - The results of engagement with protected groups and others
 - Professional knowledge
 - Population data
 - Service-user feedback
 - Consultation responses

- Research intelligence

1.6 Requirements for delivery of services against a background of reducing resources will undoubtedly result in changes to the way many services may be delivered in the future. As part of the decision making process equalities analysis will continue to be at the forefront of the approach in order to meet legal requirements and reflect the needs of residents and service users. This requires good quality analysis, effective consultation, engagement and the use of data.

2.0 How equality analysis has fed into the budget-setting process

2.1 Proposals for additional savings coming forward through the budget preparation process will undoubtedly result in changes to the way many services may be delivered in the future. As part of the decision making process equalities analysis will continue to be at the forefront of the approach in order to meet legal requirements and reflect the needs of residents and service users. Ensuring equality analysis is applied to budget setting in a consistent and comprehensive way is a key component of the budget process.

2.2 Each Directorate has undertaken equality analysis of their proposals, as appropriate, using the revised Council equality analysis approach building on existing robust arrangements. This has been supported by Strategy, Policy and Performance Management (People and Neighbourhoods Team). The detail of the analysis is dependent on the nature of the proposal and its stage of development. For those proposals which are not sufficiently detailed to undertake a full equality analysis at the present time an initial consideration of the impacts has been undertaken. In these cases further analysis when the proposals are further developed will be undertaken.

3. Consultation

3.1 Consultation and engagement are central to Sunderland's approach to equality and diversity and as such a key part of the equality and diversity awareness has been for equality groups to be involved in the budget consultation process. To achieve this consultation has included an online survey as well as targeted events for groups such as Community Spirit (the Residents' Panel), the Voluntary and Community sector and Equality Fora of the Sunderland Partnership. The Equality Fora cover a range of protected characteristics including disability, sexuality, faith and belief, race and age.

4. Key Messages

4.1 Individual proposals for additional savings are currently at different stages of equality analysis depending on the stage of the development of the proposal. In summary, the equality analysis can be summarised as follows:

- Equality analysis complete at this stage with:
 - identified impacts and actions, or
 - identified data/intelligence gaps, meaning that action is needed to address these gaps before repeating the equality analysis.
- Initial considerations of equality analysis have been undertaken and services have already identified potential impacts on particular groups and are planning further detailed equality analysis as the proposals are further developed.
- No impact on service delivery, but will have impacts on the Council as an employer. In these instances where there are only impacts as an employer, equality analysis will be undertaken by HR and OD.

4.2 The large scale and wide-ranging nature of changes to business approaches and structures will have implications for the Council in terms of meeting its own objectives for a diverse workforce and each change to the business practices of the Council will need to be analysed for potential equality implications.

4.3A number of the proposals provide the opportunity for improving equality and diversity of provision through more tailored and personalised approaches and greater opportunity for independent living which will better meet the needs of individuals. These changes however could also impact on the cost-effectiveness of some services provided and will require individual support to ensure individuals; particularly those with protected characteristics receive the best options for their own situation.

5 CONCLUSIONS

5.1 The Council continues to seek to meet its obligations in relation to equality and diversity and has procedures in place at both a general and budget specific level to incorporate equality and diversity issues into decision making processes and the assessment of proposals.

5.2 The challenging financial circumstances do not remove the need to give due regard to removing and avoiding harassment, discrimination and victimisation in relation to the protected characteristics, and this remains a legal obligation. Undertaking appropriate and comprehensive equality analysis will assist the Council to provide the best possible service which meets the needs of the diverse people of the City.

5.3 The current equality analysis does highlight some areas where actions to mitigate the potential negative implications of the proposals will be needed. These will be taken forward by the services and directorates to assess how this may be achieved. Similarly there are some areas where a full equality analysis is not possible at the current stage of proposal development. Where a proposal includes a review of services a full and/or

updated version of the equality analysis will be undertaken and published as proposals are shaped.

Appendix 2

Statement of General Balances

	£m
Balances as at 31st March 2011	12.419
Use of Balances 2011/2012	
- Contribution to Revenue Budget (approved as part of 2011/2012 budget)	(4.849)
Sub total	7.570
Other Additions to and Use of Balances during 2011/2012	
- Debt Charges and other Contingency Savings (Reported Second Revenue Review October 2011)	4.000
- Transfer to Strategic Investment reserve to support transitional costs (Reported Second Revenue Review October 2011)	(4.000)
Estimated Balances 31st March 2012	7.570

The above position will be reviewed and updated and reported to Cabinet as part of the final budget proposals in February, 2012.

The above shows that balances will remain at £7.570m – transitional funding will be used to support the budget over the medium term as proposals are implemented

<p>CABINET MEETING – 11 JANUARY 2012</p> <p>EXECUTIVE SUMMARY SHEET- PART I</p>	
<p>Title of Report: Revenue Budget Third Review 2011/2012</p>	
<p>Author(s): Executive Director of Commercial and Corporate Services</p>	
<p>Purpose of Report: To report details of the outcome of the Revenue Budget Third Review for 2011/2012.</p>	
<p>Description of Decision: Cabinet is recommended to</p> <ul style="list-style-type: none"> - approve the contingency transfers proposed at Appendix A - budget transfers referred to at paragraph 3.5 	
<p>Is the decision consistent with the Budget/Policy Framework? *Yes</p>	
<p>If not, Council approval is required to change the Budget/Policy Framework</p>	
<p>Suggested reason(s) for Decision: To respond to variations in expenditure and income which have arisen in 2011/2012 and enable effective budgetary control to be exercised.</p>	
<p>Alternative options to be considered and recommended to be rejected: No alternative options are proposed.</p>	
<p>Is this a “Key Decision” as defined in the Constitution? No</p> <p>Is it included in the Forward Plan? Yes provisionally In light of the content of this report it is not necessary.</p>	<p>Relevant Scrutiny Committee: Management</p>

Cabinet 11th January 2012

Revenue Budget Third Review 2011/2012

Report of the Executive Director of Commercial and Corporate Services

1. Introduction

This report advises Members of the overall Revenue position following the third review for 2011/2012 including proposed contingency transfers and budget transfers for the third quarter of 2011/2012.

2. Description of Decision

- 2.1. Cabinet is requested to approve the contingency transfers proposed at Appendix A and budget transfers referred to at paragraph 3.5.

3. Revenue Budget Monitoring 2011/2012

Overall Position

- 3.1. In overall terms whilst there are some challenges in delivering the savings requirement for 2011/2012 and ongoing mitigating actions being put in place by Portfolio holders, at this stage it is anticipated that the outturn position will be positive.
- 3.2. The project underspend previously confirmed to Cabinet of circa £4m will be realised and earmarked as agreed to support transitional costs arising from the 2012/13 budget setting process. At this stage no further underspendings in addition to this are anticipated.
- 3.3. A full review has been undertaken for each Portfolio and a summary of the position following the third review is set out in the report for each Portfolio together with the contingency allocations proposed for the third quarter;

3.4 Contingency Transfers

A full review has been undertaken for each service and full details of proposed contingency transfers are set out at Appendix A:

3.5 Budget Transfers

Budget transfers since the second review primarily relate to:

- realignment of budgets following implementation of approved directorate retained staffing structures;

- unification of budgets in accordance with the Sunderland Way of Working principles in respect of security, ICT running costs, car leasing, and repairs and maintenance.

3.6 Other Major Variations

Cabinet Portfolio holders have been fully briefed on the variations which have arisen in the third quarter of the year. Significant items to draw to Members attention are set out below:

3.6.1 Leader

The following is drawn to members attention:

- Design and Print

Members are aware of the challenges faced by the Design and Print Service in terms of income in the current financial year. Any shortfall in income for the current year will be met from savings in the overall contingencies provisions for 2011/2012. The future service delivery model has now been approved by Personnel Committee.

3.6.2 Deputy Leader

It is forecast the Portfolio will be within its delegated budget at the end of 2011/2012. There are no issues to draw to members attention at this time.

3.6.3 Cabinet Secretary

This Portfolio will be within its delegated budget at the end of 2011/2012. The following areas are drawn to Members attention:

- Port
The Port continues to forecast a deficit although very positive progress continues to be made in 2011-12 as the Port continues its journey to break even. This position represents a significant improvement on the outturn position for 2010/2011 as a result of an increase in income levels in the current financial year. The position is being kept under close review with regular updates to the Port Board. The forecast deficit position was provided for in setting the 2011/2012 contingencies provision.

- **Industrial Units**
The Industrial Units portfolio is anticipating a shortfall in income of £170,000 due to vacant units. Recent progress on letting of units is anticipated to reduce this shortfall in future years. The forecast shortfall in income for 2011/2012 was provided for in setting the budget for contingencies. The ongoing position will be considered as part of the 2012/2013 budget process.

3.6.4 Children and Learning City

This Portfolio will be within budget at the end of 2011/2012. However the Safeguarding service area continues to be subject to significant demand pressures. As part of the 2011/2012 budget planning framework additional funding was provided to address budget pressures within the Safeguarding Service in respect of external placements and agency social workers. However, demand for services continues to increase resulting in significant budget pressures in External Placements.

Current projections forecast this service area will be £754,000 over budget. This sum will be offset by the External Placement Reserve of £360,000 with the remaining balance accommodated from Children's Social Care grant funding available to fund capital expenditure as approved at the second capital review. The ongoing position will be taken into account as part of the 2012/2013 budget process.

3.6.5 Prosperous City

This Portfolio will be within its delegated budget at the end of 2011/2012. There are no issues to be drawn to members attention at this time.

3.6.6 Health and Wellbeing

The Portfolio continues to experience a number of service pressures. The following areas are drawn to Members attention:

- **Sport and Leisure**
The service continues to be adversely affected by the impact of the economic downturn with a shortfall in income projected of £484,000. This is primarily the result of reduced attendances and fall in Wellness Centre memberships and a consequential reduction in income, which is representative of a national trend in the industry. Mitigating action continues to be taken, including service enhancement opportunities, revised pricing arrangements and a redesigned approach to sales staffing. The ongoing position is being considered as part of the budget setting process after taking the mitigating action into account .

3.6.7 Safer City and Culture

The Portfolio is forecast to be under its delegated budget at the end of 2011/2012, by £105,000 in relation to the Drug and Alcohol Service due a reduction in client placements within the service. This surplus is to be utilised to meet pressures within the wider Health Housing and Adult Services Directorate.

3.6.8 Attractive and Inclusive

The Portfolio continues to experience a number of service pressures and the following areas are drawn to Members attention:

- **Trade Refuse**
Following aggressive competition and a resultant loss of service a projected deficit of £254,000 is being reported in this area. Plans to offset this position will be implemented by mid January which will address the ongoing position and other plans are being put in place to mitigate the position this year.
- **Parking Services**
This service area is continuing to experience a shortfall in income, as a result of the economic downturn with a forecast shortfall in income of £34,000. In addition delays in implementation of proposed changes to the staff car parking scheme, has resulted in a further shortfall of £54,000 in the current financial year. This will be contained within the overall Directorate position for 2011/2012.
- **Commercial Catering**
Following a number of difficult trading years, the service area has continued to identify and implement a number of innovative initiatives aimed at generating additional revenue streams which have assisted the trading position. However, despite these efforts, the service is forecasting a shortfall of £90,000 for 2011/2012 which can be contained within the overall Directorate budget for 2011/2012. Options for the future delivery of the service are being considered in order to address the ongoing position.

3.6.9 Sustainable Communities

The Portfolio is forecast to be within its delegated budget at the end of 2011/2012.

3.7.0 Responsive Local Services and Customer Care

The Portfolio is forecast to be within its delegated budget at the end of 2011/2012.

4. Efficiency Targets

4.1 The budget process for 2011/2012 took account of the requirement for reductions in expenditure of £57.9 million. As previously outlined to Cabinet, progress in implementing the proposals is being rigorously monitored by Directors in conjunction with Portfolio Holders, using a traffic light system. Monthly budget monitoring is being carried out at an enhanced level to ensure the position is understood and actions put in place to mitigate any impact.

4.2 At this stage, the following is noted:

- £56.3m of the savings has been fully realised of which:
 - £1.5m of reductions are no longer to be achieved as originally intended, however the in year and ongoing position is secured from alternatives;
 - £4.3m are offset, in year, by reductions in Switch costs but will be achieved ongoing for 2012/2013;
 - £7.4m have temporary one-off savings identified for 2011/2012, but will be achieved as ongoing;
 - £1.6m have alternative ongoing savings identified.
- £0.4m are not yet fully achieved but on which good progress has been made with action plans developed, responsibilities assigned and timescales identified. At this stage therefore it is not anticipated that this will impact on the overall financial position of the Council as the saving is anticipated to be achieved.
- Health, Housing and Adult Services (£0.5m)
The Directorate are progressing the three year delivery plans which seek to enable people to receive care associated with their needs and introduce ways of enabling people to live independently in their own homes. Some of these plans will be delivered later than originally planned, however the Directorate have identified alternatives to deliver the required level of savings. The on-going position into 2012/13 at this point, shows a financial pressure of £420,000 due to increased demand for services. This position will be addressed as part of the process for finalising the 2012-13 budget over the next three months.
- £0.7m of reductions are currently forecast to be achieved on an ongoing basis and Directorates are still considering alternatives for meeting the shortfall in this financial year.

- 4.3 As reported as part of the budget setting process transitional costs are arising in 2011/2012 as the organisation moves to the revised Sunderland Way of Working operational arrangements. Budget provision was provided to meet the costs of the SWITCH team and this is being closely monitored given the pressures on this budget.
- 4.4 At this stage in the transition process one off early retirement costs of £3.728m have arisen, the cost of which can be met from the resources set aside to meet transitional costs as part of the outturn position for 2011/2012.
- 4.5 The 2011/12 financial year represents a period of significant transition in relation to staffing and associated salaries costs. As restructures are being implemented considerable realignment of costs and budgets is being necessitated in order to map staff appointments to redesigned services or the SWITCH team. This is resulting in some challenges in monitoring and forecasting staffing costs at the micro / individual service level for individual budget managers. At this stage therefore a holistic approach to monitoring salaries costs across the council has been adopted. This takes into account salaries costs incurred to date and forecast across the council including costs of staff within the SWITCH team.
- 4.6 Costs associated with Switch and wider salaries costs for 2011/12 remain broadly in line with budget and will continue to be closely monitored for the remainder of the financial year.
- 4.7 The net position in relation to staffing cost under spends across the Council will be ringfenced and any savings earmarked to support transitional costs arising from the implementation of the Sunderland Way of Working operational arrangements as previously agreed.

5. Reasons for Decision

- 5.1 To respond to variations in expenditure and income which have arisen in 2011/2012 and enable effective budgetary control to be exercised.

6. Alternative Options

- 6.1 No alternative options are proposed

7. Background Papers:

- 7.1 Portfolio Holders Briefing Notes

Appendix A

Cabinet Meeting – 11th January 2012
Variations Necessitating Contingency Transfers 2011/2012

	Justification / Approval	2011/2012 £	Full Year Effect £
Deputy Leader			
Counsels Fees - Single Status	Specific Provision	147,137	147,137
Cabinet Secretary			
Counsel Fees	General Provision	6,631	0
Children and Learning City			
Staff Advertising	General Provision	5,224	5,224
Hendon Old Orphanage	Specific Provision	14,621	14,621
Counsel Fees	General Provision	45,917	45,917
Independent Care Services inflation	Specific Provision	178,254	178,254
Prosperous City			
Counsel Fees	General Provision	17,013	0
Health and Well being			
Care and Support Sunderland - Costs	General Provision	284,992	284,992
Leisure Management economic downturn	Specific Provision	70,000	70,000
Safer City and Culture			
Sunderland Airshow	General Provision	75,000	75,000
Attractive and Inclusive			
Staff Advertising	General Provision	897	897
Waste Management Preparatory Costs	Specific Provision	14,606	14,606
Waste Strategic Solution	Specific Provision	63,163	63,163
Overall Efficiencies			
Flexible Working Efficiencies	General Provision	(124,634)	0
Procurement Efficiencies	Specific Provisions	(349,694)	(349,694)
BTP Efficiencies	Specific Provisions	(623,627)	(623,627)
Training Efficiencies	General Provision	(346,745)	(346,745)
	TOTAL	(521,245)	(420,255)

CABINET MEETING – 11 JANUARY, 2012

EXECUTIVE SUMMARY SHEET- PART I

Title of Report:

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

Author:

Executive Director of Commercial and Corporate Services

Purpose of Report:

This report details changes made to the Capital Programme 2011/2012 since the Second Capital Programme Review 2011/2012, shows provisional Capital Resource allocations for 2012/2013 and provides an update on progress in implementing the Treasury Management Borrowing and Investment Strategy for 2011/2012.

Description of Decision:

Cabinet is recommended to:

In relation to the Third Review of the Capital Programme for 2011/2012:

- approve, and where necessary recommend to Council, the inclusion of additional schemes for 2011/2012 detailed at Appendix A and associated resourcing of the Capital Programme since the Second Review of the Capital Programme was reported to October Cabinet;

In relation to the Capital Programme for 2012/2013:

- agree to the allocation of resources as set out in paragraph 6, subject to any adjustment when final resource announcements are made;
- note that Cabinet Members with Portfolios for areas covered by the Children's Services, Adult Services, Housing, Highways and Other Services Blocks will consider proposals for new starts based on the resource allocations outlined in paragraph 6 in order to incorporate proposed new starts in the Capital Programme to be presented to Cabinet in February 2011;

In relation to the Treasury Management Strategy for 2011/2012:

- to note the progress in implementing the Treasury Management Strategy for 2011/2012.

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

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

Suggested reason(s) for Decision:

To respond to variations in the Capital Programme which have arisen since the 2011/2012 second capital review to enable effective budgetary control to be exercised.

Alternative options to be considered and recommended to be rejected:

No alternative options are proposed.

Is this a “Key Decision” as defined in the Constitution? Yes -There are a number of key decisions – these relate to all new capital projects and variations detailed at Appendix A estimated to cost above £250,000 individually.
Is it included in the Forward Plan?
Yes provisionally - in light of the content of this report this was necessary.

Relevant Scrutiny Committee:

Management

Cabinet 11th January 2012

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

Report of the Executive Director of Commercial and Corporate Services

1. Purpose of the Report

1.1 This report details:

- reprofiling of projects since the Second Capital Programme Review was reported;
- the inclusion of additional schemes and revisions to costs and resourcing for 2011/2012 since the Second Capital Programme Review was reported;
- the updated Capital Programme following the Third Review;
- provisional capital resource allocations for 2012/2013;
- Treasury Management performance

2. Description of Decision:

2.1 Cabinet is recommended to:

In relation to the Third Review of the Capital Programme for 2011/2012:

- approve, and where necessary recommend to Council, the inclusion of additional schemes for 2011/2012 detailed at Appendix A and associated resourcing of the Capital Programme since the Second Review of the Capital Programme was reported to October Cabinet;

In relation to the Capital Programme for 2012/2013:

- agree to the allocation of resources as set out in paragraph 6 subject to any adjustments when final resource announcements are made;
- note that Cabinet Members with Portfolios for areas covered by the Children's Services, Adult Services, Housing, Highways and Other Services Blocks will consider proposals for new starts based on the resource allocations outlined in paragraph 6 in order to incorporate proposed new starts in the Capital Programme to be presented to Cabinet in February 2012.

In relation to the Treasury Management Strategy for 2011/2012:

- to note the progress in implementing the Treasury Management Strategy for 2011/2012.

3. Third Capital Review 2011/2012

3.1 This report presents the Third Review of the 2011/12 Capital Programme and Appendix A details the variations which have arisen since the Second Review. In total, reprofiling and other adjustments have led to the 2011/2012 Capital Programme reducing by £17.787 million from £80.592 million to £62.805 million. This reduction can be summarised as follows:

- Reprofiling of expenditure between 2011/2012 and future years. (£9.568m)
- Additional fully funded schemes and cost variations notified since the Capital Programme was last reported. (£2.681m)
- Technical adjustments. (£5.538m)

4. Reprofiling of Expenditure between 2011/2012 and future years

Schemes where significant reprofiling of expenditure and resources are being proposed are set out below.

4.1 Leader

Strategic Land Acquisition Provision

A sum of £4.000m has been allocated to fund strategic land acquisitions in accordance with Council policy to meet the aims and objectives of the Economic Masterplan. Negotiations are ongoing with a number of landowners and it is anticipated that £1.780m will require reprofiling to 2012/2013. All major land acquisitions will be reported to Cabinet.

4.2 Deputy Leader

Digital Challenge

There have been delays in allocating funding to schemes whilst clarification of the rules relating to use of digital challenge grant were sought from the funding body. Expenditure of £0.600m to provide access to ICT facilities for pupils in deprived areas will consequently be reprofiled into 2012/2013.

Corporate Computing Model

On 21st July 2010 Cabinet approved procurement of a Council Corporate Computing Model and IBM are to provide a city-wide Cloud Computing platform that will not only meet the Council's needs, but will stimulate economic growth for the benefit of the whole city by reducing technological investment barriers. The budget within the capital programme for the Corporate Computing model is £8.800m. It is anticipated that capital costs of service implementation will be £5.901m (£5.163m in 2011/2012 and £0.738m in 2012/2013) and will be complete by July 2012. Implementation of the new model is expected to reduce the Council's IT costs by £1.4m annually over the next five years.

4.3 Prosperous City

Software Centre

The landmark Software Centre development is due to open in Spring 2012. Construction works are on schedule, however it is expected that a greater proportion of fitting out works will take place in 2012/2013 than originally anticipated and this requires £0.260m expenditure and associated funding to be reprofiled into 2012/2013.

4.4 Sustainable Communities

Area Renewal

Property negotiations are progressing well and there is likely to be an acceleration of both spend and funding of £0.610m into 2011/2012 from 2012/2013 as a result.

4.5 Children's Services

Schools Asset Management Priorities

Expenditure and funding of £1.942m on the schools asset management programmes is now forecast to be reprofiled into 2012/2013. This is required for various reasons including; delays to roofing works following the need to procure bat licences; a retendering exercise being required; work being rescheduled to Easter 2012 to minimise disruption within schools; and a reduction in the amounts held within the 2011/2012 capital programme that may be required to fund unforeseen emergency works.

4.6 Safer City and Culture

Old Sunderland Townscape Heritage Initiative

The Council has identified an opportunity to restore the grade II listed Hendon Orphanage building to create a scheme to provide specialist dementia accommodation including development of the site to the rear. It is the intention to grant a long leasehold interest to a developer who can develop and operate the specialist housing in line with the Council's requirements. Funding through the Heritage Lottery Fund was initially due to end in 2011, however a further year's extension has been granted and £1.200m of expenditure and funding will therefore be reprofiled into 2012/2013 as detailed planning requirements and costings are finalised.

4.7 Health and Well Being

Community Sports Facilities

A total of £0.700m has been earmarked from the Strategic Investment Plan to match investment from the Football Foundation and other external bodies to develop facilities identified in Phase 1 of the Football Investment Strategy. Two projects at Biddick and Farringdon schools have now been completed and new facilities at Northern Area Fields Washington and at the Billy Hardy Complex are currently being progressed. A change to funding criteria however has necessitated additional funding to be sought from external

organisations which means that the above projects will now be completed in 2012/2013. In addition bids for a further two projects will be submitted next year which are expected to be completed in 2013/2014.

4.8 Attractive and Inclusive City

Local Transport Plan – Fatfield Bridge Structural Maintenance

A structural assessment has been completed and the tendering process is currently underway. Work is planned to commence March 2012 to avoid winter conditions and estimated expenditure of £0.600 m has been reprofiled into 2012/2013.

5. Additional Schemes and Cost Variations

A number of new schemes have been added to the programme which are fully funded. Full details are set out at Appendix A with the additions not previously reported to Cabinet set out below .

5.1 Cabinet Secretary

Port Dredging

The cost of the dredging works funded from the Port Reserve totalled £0.556m which was £0.284m below the budgeted cost of £0.840m due to a lower than anticipated quantity of material requiring dredging.

Glover Depot Dilapidations

Works were required to 23 Bentall Business Park, formerly occupied by City Services (Parks Division) since 1991, under the terms of the lease, to leave it in the same original condition. Funding of the dilapidation works has been provided through use of a specific earmarked reserve.

Pier Capital Maintenance

Structural inspections of Roker Pier following severe weather identified damage to both the concrete deck and handrailing which presented health and safety hazards to the public and required closure of the pier until the necessary works, costing £0.080m were completed. In addition, it was been necessary to infill an unstable void within the pier wall at the north east corner of Old North Pier, to remove a potential health and safety hazard, at a cost of £0.018m. Funding has been provided from underspendings within the capital programme.

5.2 Attractive and Inclusive City

Play and Urban Games Strategy - South Hylton Environmental Project

In December 2010 an update of the existing Play and Urban Games Strategy (PUGS) was adopted by Cabinet which provided a new strategy direction and framework from which to guide investment and resources, with a view to further increasing satisfaction, participation and access levels in play. Within the updated PUGS, priorities have been identified with ward members through appropriate consultation. Total cost of the schemes are anticipated to

be £1.250m, Section 106 resources are available for some projects and work will be undertaken to identify other sources of funding. Funding of £0.200m has now been secured to enable the first project at South Hylton to commence in 2011/2012 (£0.075m in 2011/2012 and £0.125m in 2012/2013) Further projects will be developed and introduced into the programme when funding is confirmed.

6 Emerging Capital Resources Position 2012/13

Government funding provided towards capital schemes has been substantially reduced following the Spending Review, announced on 20th October 2010. Notification of capital funding allocations has been received from a number of Government departments and, where known, the allocation to Sunderland is detailed below.

Funding allocations are in the form of capital grants. The Council may supplement external funding allocations from its own resources or from undertaking prudential borrowing. Prudential borrowing undertaken will not be supported by any funding from Government. Local borrowing levels must be set within the Authority's Prudential Limits, which will be reported to Council in March 2012.

Details of capital allocations by service block are shown below:

6.1 Children's Services

Schools Capital Funding Allocations

In December 2010 the Coalition Government announced one year capital grant allocations for 2011/2012. The intention was that 2011/2012 would be treated as an interim year before the recommendations from the Sebastian James review of Department for Education (DfE) capital programmes could be implemented. However, DfE have again announced a one year funding allocation for 2012/2013 whilst they reflect on 'the rapidly changing situation in local areas on both demographic growth and numbers of schools converting to Academy status'. Grant funding awarded to Sunderland is detailed below.

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

- Overall Capital Grants have reduced by 27.6% from 2011/2012 allocations (this follows a 53.0% reduction in 2011/2012 from original 2010/2011 allocations). The Local Authority Element has reduced by 34.0% (following a 39.6% reduction in 2011/2012).
- At a national level overall capital funding remains the same as last year, however, methodology for allocating funds has been changed.
 - A sum of £276m regarding maintenance has been allocated to existing Academies and Academies with approved expressions of interest, this reduces the amount available to local authorities. Local authorities are also expected to honour any commitments of capital funding that they have made in respect of building projects at schools who consider converting to Academy status.
 - Basic Need allocation in 2011/2012 was based entirely on pupil growth but for 2012/2013, the calculation for basic need funding will be based 50% on pupil and 50% on shortfall in capacity. This capacity criteria is the same used to allocate £500 million of additional capital funding for 2011/2012 announced on 3rd November 2011 and for which Sunderland received a nil allocation
- Grants announced exclude an additional £600m allocated for Basic Need in the Chancellor's Autumn Statement. Ministers are still considering how best to allocate this funding
- An announcement of those schools successful in bidding for Priority School Building Programme funding is expected in the new year. This programme will focus on the school buildings in greatest need of repair and Partnerships for Schools is currently reviewing applications to ensure there is a fair and rigorous selection of schools for admission to the programme. The Council has applied for funding for two secondary schools and three primary schools.

- A final Government response to the recommendations contained in the James Review will be made in January 2012.

6.2 Highways

Maintenance and Integrated Transport Schemes

As part of the Spending Review, the Department for Transport (DfT) announced a radical simplification of local transport funding, moving from 26 separate grant streams to just four.

- I. a Local Sustainable Transport Fund (capital and revenue);
- II. Major Schemes
- III. block funding for Highways Maintenance; and
- IV. block funding for small transport improvement schemes – Integrated Transport.

Local Sustainable Transport Fund

This fund has been established to support packages of transport interventions that support economic growth and reduce carbon emissions in their communities as well as delivering cleaner environments and improved air quality, enhanced safety and reduced congestion. The Tyne and Wear ITA has submitted a bid for the period 2012/2013 to 2014/2015 on behalf of the Tyne and Wear Local authorities and other partners including, Nexus, transport operators and Sustrans. The value of the bid relating to Sunderland is £3.4m of which £1.750m (£1.125 capital and £0.625 revenue) will be delivered by the City Council in respect of cycling routes and sustainable travel initiatives on the A1231 corridor; sustainable travel initiatives at Doxford International and parking and access improvements in the vicinity of the royal hospital. The outcome of the bid will be known towards the end of this financial year. A contribution of £0.380m will be required from the Councils LTP over a 3 year period.

Major Schemes – Sunderland Strategic Corridor

On 14th December 2011 the Secretary of State announced that the Council had been successful in its application for funding towards the Sunderland Strategic Corridor - New Wear Crossing. Programme entry stage for the scheme has now been reconfirmed and the council can complete the remaining legal and procurement processes (but not enter into contractual or other legal commitments for the construction of the scheme) following which a request for Full Approval can be made. A provisional award of funding of £82.6m from DfT has been made against the total anticipated scheme costs of £117.6m in line with the bid submitted in September. The exact funding arrangements are subject to further discussion and agreement with DfT which may necessitate the reprofiling of expenditure within the overall total. A report on the scheme will be presented to a future Cabinet meeting.

Highways Maintenance and Integrated Transport

Both the Highways Capital Maintenance and Integrated Transport funding blocks are calculated through a needs-based formula and in Metropolitan Areas are allocated to the Integrated Transport Authority in that area who vire capital funding between local authorities. Agreed allocations to Sunderland are detailed below.

	2011-12 £000s	2012-13 £000s	2013-14 £000s provisional	2014-15 £000s provisional
Highways Maintenance	2,804	2,919	2,877	2,768
Integrated Transport	2,008	2,141	2,141	3,011
Total	4,812	5,060	5,018	5,779

Funding allocations for 2013/14 and 2014/15 are indicative and are subject to change, for instance as a result of changes to the formulae or future data changes.

6.3 Housing

The Council no longer receives housing funding through the Single Housing Investment Plan provided by the Regional Housing Board. The only anticipated housing capital grant for 2012/2013 will be in respect of Disabled Facilities Grant (DFG) from the Department for Communities and Local Government (CLG). The amount of grant award to the Council is not anticipated to be announced until mid-February 2012 however CLG have confirmed that they will protect the overall level of DFG available nationally and it is anticipated the Council will receive a similar level to the £1.417m received in 2011/2012. The DFG grant is not ring fenced but is expected to be used to support individuals being able to remain in their own properties for as long as possible in a safe and secure environment.

6.4 Adult Services

In 2011/2012 the Coalition Government consolidated a number of capital funding streams for Adult Services and the Council now receive a single Department of Health 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 was £0.829 million in 2011/2012 and will be £0.848 million in 2012/2013. The grant is not ring fenced but is expected to be used to support three key areas which comprise of personalisation, reform and efficiency. These resources will be considered in the light of overall revenue and capital budget pressures.

6.5 General

It is proposed to continue the existing practice of allocating resources to Children's Services, Adult Services, Highways and Housing up to the limit of their allocation in the context of revenue budget pressures

7. Review of the Prudential Indicators and Treasury Management Strategy for 2011/2012

7.1 The Prudential Indicators for 2011/2012 were approved by the Council on the 2nd March 2011 and are regularly reviewed to ensure that:

- the Council remains within its Authorised Limit for External Debt;
- treasury management decisions are taken in accordance with the Treasury Management Code of Practice and existing Council Treasury Management Policy and Strategy Statement;
- the capital expenditure control framework operated locally is consistent with, and supportive of, local strategic planning, local asset management planning, and proper option appraisal.

7.2 Internal monitoring procedures track performance daily against the various prudential

indicators agreed by the Council. To date, the Council has operated within its Authorised Borrowing Limit, which is a statutory limit determined under Section 3 (1) of the Local Government Act 2003 and at this stage there are no areas for concern or any issues which require any review of the indicators as originally approved.

Borrowing Strategy for 2011/2012

7.3 The Borrowing Strategy is based upon interest rate forecasts from a number of City institutions. The table below shows changes in the anticipated movement in interest rates since those previously reported to Cabinet at the Second Capital Review.

	Anticipated Bank Base Rate		Anticipated PWLB 5 year Maturity Rate		Anticipated PWLB 10 year Maturity Rate		Anticipated PWLB 50 year Maturity Rate	
	Aug 2011	Oct 2011	Aug 2011	Oct 2011	Aug 2011	Oct 2011	Aug 2011	Oct 2011
March 2012	0.50%	0.50%	2.90%	2.30%	4.10%	3.30%	5.10%	4.30%
March 2013	1.00%	0.50%	3.40%	2.50%	4.60%	3.50%	5.20%	4.50%
March 2014	2.25%	1.25%	4.10%	2.90%	5.00%	4.00%	5.50%	4.90%

Anticipated interest and borrowing rates have been revised downwards following very high levels of volatility in world economies, in particular in the Eurozone. Economists are now forecasting that an increase in the Bank of England Base Rate will not occur until the second half of 2013 at the earliest (previously this was forecast was for December 2012). The GDP growth forecast has been downgraded to 0.9% (from 1.7% set in the March 2011 budget) in 2011 and 0.7% (from 2.5%) for 2012 followed by a slower recovery than previously predicted. In order to help stimulate the domestic economy the Bank of England has begun a £75bn programme of Quantitative Easing (QE). Markets expect the impact of this to be limited and are already pricing in another round of QE to come through in the early stages of 2012. This may have the effect of reducing interest rate forecasts further over the short to medium term.

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

- 7.4 No new borrowing has been undertaken in the current financial year. The Council's strategy for 2011/2012 is to continue to adopt a pragmatic and flexible approach and to respond to any changing circumstances to seek to secure best value for the Council.

Investment Strategy for 2011/2012

- 7.5 The primary aim of the Investment Strategy is the security of Council funds, then having regard to liquidity i.e. the availability of cash to meet council liabilities, and finally to secure a reasonable rate of return on its investments.
- 7.6 As at 30th November 2011, the funds managed by the Council's Treasury Management team has achieved a rate of return on its investments of 1.62% compared with the benchmark rate (i.e. the 7 day rate) of 0.40%. Performance is very positive and is significantly above the benchmark rate, whilst adhering to the prudent policy agreed by the Council. In cash terms interest received is projected to be £1.7m above budget in 2011/2012.
- 7.7 Due to high levels of volatility that currently exist in financial markets the Council is following advice that investments with non-part government owned institutions should be kept to shorter periods of a maximum of three months. The investment policy is regularly monitored and reviewed to ensure it has flexibility and to take full advantage of any changes in market conditions to the benefit of the Council.

Appendix A

Scheme Variations since the Second Capital Review 2011/2012

	£000	£000
Reprofiling of Expenditure from 2011/2012 to future years since the Second Review		
Leader		
Strategic Land Acquisition Provision		(1,780)
Deputy Leader		
Digital Challenge	(636)	
Corporate Computing Model	(737)	
Other Schemes	(352)	(1,725)
Children and Learning City		
Schools Asset Management Priorities		(1,942)
Prosperous City		
Software City Phase 1		(260)
Safer City and Culture		
Old Sunderland Townscape Heritage Initiative	(1,200)	
Other Schemes	(170)	(1,370)
Sustainable Communities		
Area Renewal	610	
Other Schemes	(100)	510
Health and Well Being		
Community Sports Facilities	(1,405)	
Other Schemes	(90)	(1,495)
Attractive and Inclusive City		
Major Transport Corridors – negotiation for ongoing CPO's to be finalised in 2012/2013	(707)	
Bridge Works	(600)	
Other Schemes	(199)	(1,506)
		(9,568)
Technical Adjustments		
Parks Equipment - Funded from Loan following Option Appraisal	562	
Capital Contingency schemes – reprofiling to 2012/2013 to allow full consideration of business cases	(6,100)	(5,538)
Additional Schemes and Revisions to Scheme Costs 2011/2012 – fully funded		
Deputy Leader		
Corporate Computing Model		(2,899)
Cabinet Secretary		
Port Dredging	(284)	
Glover Depot Dilapidations	186	
Pier Capital Maintenance	98	0
Sustainable Communities		
Empty Property Action Plan – approved by Cabinet 2/11/11 and funded from New Homes Bonus Grant (£0.077m in 2011/2012 and £0.500m in 2012/2013)		77
Attractive and Inclusive City		
South Hylton Environmental Project (£0.075m in 2011/2012 and £0.125m in 2012/2013)		75
Responsive Services		
Customer Service Network Platform – procurement approved by Cabinet 24/6/10 and funded from Business Transformation Reserve		230
Other Fully Funded Additional Schemes and Variations		(164)
		(2,681)
TOTAL		(17,787)

CABINET MEETING – 11 JANUARY 2012

EXECUTIVE SUMMARY SHEET – PART I

Title of Report: Children’s Services Inspection Outcomes (Ofsted Annual Assessment of Children’s Services and Annual Unannounced Inspection of Contact, Referral and Assessment Arrangements)	
Author(s): Executive Director of Children’s Services	
Purpose of Report: This report provides a summary of the outcomes from both the Annual Children’s Services Assessment and the Annual Unannounced Inspection of Contact, Referral and Assessment Arrangements published by Ofsted in November 2011.	
Description of Decision: Cabinet is asked to note the outcomes of the Annual Children’s Services Assessment and the Annual Unannounced Inspection of Contact, Referral and Assessment.	
Is the decision consistent with the Budget/Policy Framework? Yes	
If not, Council approval is required to change the Budget/Policy Framework	
Suggested reason(s) for Decision: The report is presented to inform Cabinet of the inspection outcomes and the actions for improvement noted within the judgement.	
Alternative options to be considered and recommended to be rejected: This report is presented to Cabinet to provide an update on the outcomes from two recent inspections as noted above, and as such there are no viable alternative options.	
Is this a “Key Decision” as defined in the Constitution? No	Relevant Scrutiny Committee: Children, Young People and Learning
Is it included in the Forward Plan? No	

REPORT OF THE EXECUTIVE DIRECTOR OF CHILDREN'S SERVICES

CHILDREN'S SERVICES INSPECTION OUTCOMES 2011 (OFSTED ANNUAL ASSESSMENT OF CHILDREN'S SERVICES AND ANNUAL UNANNOUNCED INSPECTION OF CONTACT, REFERRAL AND ASSESSMENT ARRANGEMENTS)

1 Purpose of the Report

- 1.1 This report provides a summary of the outcomes from both the Annual Children's Services Assessment and the Annual Unannounced Inspection of Contact, Referral and Assessment Arrangements.

2 Description of the Decision

- 2.1 Cabinet is asked to note the outcomes of the Annual Children's Services Assessment and the Annual Unannounced Inspection of Contact, Referral and Assessment.

3. Ofsted Annual Assessment of Children's Services

3.1 The Assessment Process

- 3.1.1 The Education and Inspections Act 2006 charged Ofsted with the responsibility to assess annually the quality of children's services for each local authority. In 2009, Ofsted provided this assessment as one element of its contribution to the joint inspectorate's Comprehensive Area Assessment (CAA). In May 2010, as part of the new Coalition's programme for government, CAA was abolished. However, Ofsted's statutory duty to provide a children's services assessment remains.
- 3.1.2 In July 2010, Ofsted published guidance which set out the arrangements for the children's services assessment in 2010 in terms of performance profile and principles that would be applied in determining the assessment. The scope of the assessment includes the full range of services, from universal such as education through to specialist services, for example those for looked after children.
- 3.1.3 The assessment is also derived from Ofsted's performance profile, which reports on the quality of services and outcomes for children and young people. This data comes from Ofsted inspections and data provided by the local authority. The rating relates to all key areas of children's services, including education and safeguarding.

3.1.4 The outcomes from the most recent inspections, including those carried out for schools and the outcomes from the Unannounced Inspection of Contact, Referral and Assessment Arrangements will also be taken into consideration by Ofsted to reach their judgement.

3.2 Current Position

3.2.1 On 8 November 2011, Children’s Services received confirmation from Ofsted of the outcome from the annual assessment of children’s services (attached at Appendix 1). Using the measures noted above, Sunderland’s Children’s Services was judged as **Performs Well (3): an organisation that exceeds minimum requirements**.

3.2.2 This performance has been sustained from 2010 to 2011.

3.2.3 It should also be noted that whilst the number of local authorities who perform excellently (4) has increased by 8, there has also been an increase in the number of local authorities whose rating has been downgraded (10), with an additional three local authorities performing poorly as shown below:

Assessment Outcome	LA’s in 2010	LA’s in 2011
Performing excellently (4)	20	28
Performing well (3)	77	71
Performing adequately (2)	37	33
Performing poorly (1)	12	15
* 5 judgements have yet to be finalised.		

3.2.4 Overall, Sunderland’s inspection judgements across services, places Sunderland firmly within the Performing Well category.

3.2.5 The report in particular highlights:

- The large majority of nurseries being good or outstanding, with all children’s centres providing good support.
- Over the past four years, Early Years Foundation Stage has improved faster than nationally.
- The local authority provides good support to the small number of schools in an Ofsted category of concern.
- The proportion of good local authority schools remain the same as last year.
- At age 16, young people’s GCSEs A*-C including English and maths have risen at a faster pace than the national rate over the past four years.

- All special schools, 6th forms and independent special schools are good or better.
- Post 16 provision is consistently good in colleges. Of the two specialist colleges for young people with autistic spectrum disorder, one is good and the other outstanding.
- Reduction in NEET figures.
- Young people's involvement in commissioning youth services is well embedded.
- Looked after children provision is mostly good in children's homes has improved from 2010.

3.3 **Key Areas for Further Development**

3.3.1 Although the majority of the outcomes within the report were positive, there were a number of key areas for further development, as noted below.

- Half of childminding provision remains satisfactory.
- Over a third of primary schools are satisfactory.
- Too much secondary provision is remains satisfactory.

3.4 Cabinet is asked to note that the improvement of these areas remain core outcomes for Children's Services and as such, actions will be put in place to ensure that outcomes for children and young people are continuously improved.

4. **Annual Unannounced Inspection of Contact, Referral and Assessment Arrangements**

4.1 **The Inspection Process**

4.1.1 Ofsted inspects Local Authority contact, referral and assessment arrangements and undertakes full safeguarding arrangements. Unannounced inspections of contact, referral and assessment arrangements were introduced in June 2009 and had covered all local authorities by August 2010; they are now in their second cycle.

4.1.2 Inspections focus on the local authority as the lead agency for child protection and assess how well practice helps to manage the risk of harm to children and young people and minimises the incidence of abuse and neglect.

4.1.3 Inspectors spend the majority of their time looking at direct practice, including scrutinising individual case files with frontline workers. These inspections do not grade the effectiveness of the services but identify where the authority is meeting the requirements of statutory guidance, and identify areas of particular strength, areas for develop and any areas for priority action (which identify a serious weakness that is placing children at risk of inadequate protection and of significant harm).

4.1.4 No grade is awarded from the inspection, however as noted in 3.1.4, the outcomes will contribute to the overall performance assessment of Children's Services.

4.2 Current Position

4.2.1 On 18 and 19 October 2011, the Unannounced Inspection of contact, referral and assessments arrangements was carried out in Sunderland, under section 138 of the Education and Inspections Act 2006. Following inspection, the Executive Director of Children's Services received a letter on 16 November 2011 from Ofsted confirming the outcomes from this inspection. A copy of the letter is attached at Appendix 2. This was the second such inspection that Sunderland had received (the first being undertaken on 22 June 2010).

4.2.2 The inspection identified areas of strength, areas of practice which met requirements and some areas for development. It should be noted that, in line with the previous inspection, there were no Priority Actions.

4.2.3 From the evidence gathered during the inspection, the following strength was identified:

- The council's continuing commitment to Safeguarding and the significant investment made to strengthen the Safeguarding workforce.

4.2.4 The inspection identified a number of services which met the requirements of statutory guidance, including:

- Section 47 enquiries are timely, risks effectively identified and decision made are appropriate.
- Record keeping is up to date and management decisions are clearly recorded.
- Staff demonstrate appropriate awareness of the diverse needs of children and families.
- Staff are suitably qualified and benefit from a wide range of training opportunities.
- Lessons learned from serious case reviews are shared and contribute to improvements in practice.
- A well established and effective out of hours service is staffed by qualified and experience social workers.

4.3 Areas for Development

4.3.1 The following areas were identified for development:

- The quality of assessments need to be more consistent, the views of children are not always clearly recorded or taken into account when planning. The quality of analysis is too variable. However, Children's Services has made this a priority action in its service improvement plan.
- Greater understanding of the thresholds. Improved screening process will lead to a higher take up by early intervention services.
- ICS does not support efficient practice. This was an area highlighted for development in the previous inspection. Through the recommendations from the Munro Review, local authorities have been given greater freedoms to develop systems and processes which better fit the needs of the service.
- Strategy discussions are held with police as a matter of course, however improvement is required in regard to multi-agency strategy meetings.

5. Next Steps

5.1 Children's Services have recently identified their three year priorities and actions to address the key areas for further development will be included in any plans associated with these priorities. The three year priorities are:

- New relationship with schools
- Early Intervention/Review of Early Years/Children's Centres
- Safeguarding – an improving story which includes ...
Whole family, whole community responsive services approach.

6. Reasons for the Decision

6.1 The report is presented to Cabinet to provide an update on the outcomes and the actions to address the areas for development.

7. Alternative options

7.1 This report is presented to Cabinet to provide an update on the outcomes from the Annual Children's Services Assessment and the Unannounced Inspection of Contact, Referral and Assessment Arrangements, and as such there are no viable alternative options.

8. Relevant Considerations/Consultations

- 8.1 In reaching its judgement, Ofsted takes account of the users, children and young people, parents and carers in all its inspections. Through these inspections, Ofsted assesses the extent to which views about service satisfaction, in particular, are taken into account in reviewing and improving these services.

9. Appendices

- 9.1 Annual Children's Services Assessment letter
9.2 Unannounced Inspection of Contact, Referral and Assessment Arrangements letter

10. Background Papers

- Ofsted: Children's services assessment for 2010. Arrangements and guidance for local authorities and their partners on Ofsted's annual assessment of children's services.
- Cabinet report of 8 September 2010: Annual Unannounced Inspection of Contact, Referral and Assessment Arrangements
- Cabinet report of 16 February 2011: Annual Children's Services Assessment 2010

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8 November 2011

Mr Keith Moore
Executive Director of Children's Services
Sunderland City Council
The Civic Centre
Sunderland
SR2 7DN

Dear Mr Moore

Annual children's services assessment

Ofsted guidance published in April 2011 explains that the annual assessment of children's services is derived from the performance profile of the quality of services for children and young people in each local area. This performance profile includes findings from across Ofsted's inspection and regulation of services and settings for which the local authority has strategic or operational responsibilities, either alone or in partnership with others, together with other published data.

In reaching the assessment of children's services, Ofsted has taken account of inspection outcomes including the arrangements for making sure children are safe and stay safe and performance against similar authorities and/or national measures. More weight has been given to the outcomes of Ofsted's inspections and regulatory visits (Blocks A and B in the performance profile).

The annual assessment derives from a four point scale:

4	Performs excellently	An organisation that significantly exceeds minimum requirements
3	Performs well	An organisation that exceeds minimum requirements
2	Performs adequately	An organisation that meets only minimum requirements
1	Performs poorly	An organisation that does not meet minimum requirements

Within each level there will be differing standards of provision. For example, an assessment of 'performs excellently' does not mean all aspects of provision are perfect. Similarly, an assessment of 'performs poorly' does not mean there are no adequate or even good aspects. As in 2010, while the performance profile remains central to Ofsted's assessment, meeting or not meeting the minimum requirements alone does not define the grade. The assessment has involved the application of inspector judgement.

Sunderland City Council children's services assessment 2011

Children's services assessment	Performs well (3)
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Children's services in Sunderland City Council perform well. This good performance has been sustained from 2010 to 2011. The large majority of services, settings and institutions inspected by Ofsted are good or better and provision continues to support children and young people well in their learning and staying safe. An important achievement this year is the improvement in the quality of children's homes overall. As elsewhere, school provision is changing and more academies opened in 2011. The most recent inspection judgements for these schools have been taken into account in making this assessment.

Ofsted's last inspection of contact, referral and assessment arrangements for children in need and children who may be in need of protection took place in July 2010 when three strengths, many satisfactory aspects of practice and a number of areas for development were identified. There were no priority actions requiring urgent attention.

Strengths

- For children under five, the large majority of nurseries are good or outstanding. All the children's centres inspected provide good support to children, parents and carers. The majority of registered day-care provision is good. Over the past four years, outcomes in the Early Years Foundation Stage have improved at a faster rate than nationally. Levels of development match the average in similar areas and the gap between very young children from low-income families and all children of the same age in Sunderland is closing.
- The local authority provides good support to the small number of schools that are, or have been, in an Ofsted category of concern. Ofsted monitoring visits to these schools show that support to bring about improvement has been well targeted and effective.
- The proportion of good local authority schools remains the same as last year. At the age of 16 young people's results at GCSEs A* to C including English and mathematics match those in similar areas and, over the past four years, they have risen at a faster pace than the national rate of improvement. Provisional results for 2011 show further improvement.
- As reported in 2010, all special schools, the special school sixth forms and the independent special school are good or better.
- The provision for post-16 education is consistently good in the colleges. Of the two specialist colleges for young people with autistic spectrum disorders, one is good and the other is outstanding. Provision is also good in one of the three special school sixth forms, but the other two are only satisfactory. Outcomes are improving and the proportion of 19-year-olds,

including those from a low-income background, achieving a level 2 or a level 3 qualification matches the average in similar local authorities.

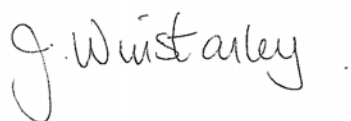
- Over the past few years, action has been taken to reduce the number of young people not in education, training or work. Local data show that targets have been achieved and overall rates now match the average in similar areas.
- A review of commissioning arrangements for young people's services was conducted in Sunderland, in March 2011, as part of an Ofsted national survey. It identified much good practice and reported that providers worked well together to improve levels of participation and outcomes achieved by young people across the city. Young people's involvement in decision-making at a local level and in strategy is well embedded.
- For looked after children and young people, provision is mostly good in the children's homes and this is an improvement on 2010. The fostering and adoption agencies are also good.

Areas for further improvement

- There has been little improvement to childminding provision over the year and almost half is only satisfactory, as it was in 2010.
- Well over a third of primary schools are now only satisfactory and this is a decline since last year. Key Stage 2 results are below the average for similar areas, although provisional results for 2011 show improvement.
- Overall, too much secondary provision is only satisfactory and some is inadequate. The number of satisfactory local authority secondary schools, including those which are now academies remains the same as it was in 2010. The inadequate local authority school, inspected in June 2010, is making satisfactory progress. However, during the year one academy has been inspected and is now inadequate. Three of the four pupil referral units remain only satisfactory. Good attendance in all secondary schools is yet to be achieved and the overall rate of persistent absence was above similar areas in the last reporting year.

This children's services assessment is provided in accordance with section 138 of the Education and Inspections Act 2006.

Yours sincerely

A handwritten signature in black ink that reads "Juliet Winstanley". The signature is written in a cursive, flowing style.

Juliet Winstanley
Divisional Manager, Children's Services Assessment

16 November 2011

Mr Keith Moore
Executive Director of Children's Services
Sunderland City Council
Sandhill Centre
Grindon Lane
Sunderland
Tyne and Wear
SR3 4EN

Dear Mr Moore

Annual unannounced inspection of contact, referral and assessment arrangements within Sunderland City Council children's services

This letter summarises the findings of the recent unannounced inspection of contact, referral and assessment arrangements within local authority children's services in Sunderland City Council which was conducted on 18 and 19 October 2011. The inspection was carried out under section 138 of the Education and Inspections Act 2006. It will contribute to the annual review of the performance of the authority's children's services, for which Ofsted will award a rating later in the year. I would like to thank all of the staff we met for their assistance in undertaking this inspection.

The inspection sampled the quality and effectiveness of contact, referral and assessment arrangements and their impact on minimising any child abuse and neglect. Inspectors considered a range of evidence, including: electronic case records; supervision files and notes; observation of social workers and senior practitioners undertaking referral and assessment duties; and other information provided by staff and managers. Inspectors also spoke to a range of staff including managers, social workers, other practitioners and administrative staff.

The inspection identified areas of strength and areas of practice that met requirements, with some areas for development.

Three of the four areas for development identified at the previous inspection of contact, referral and assessment arrangements in June 2010 have been addressed. However, while some improvements have been made to the integrated children's system, this remains an area for development.

From the evidence gathered, the following features of the service were identified:

Strengths
<ul style="list-style-type: none">▪ The council demonstrates a strong commitment to safeguarding and has made



a significant investment to strengthen the workforce. Additional social workers have been appointed in response to increasing demand for services, and funding has been secured to recruit five peripatetic social workers to provide cover for maternity leave, sickness and staff training. An effective overseas recruitment campaign has resulted in the appointment of ten experienced social workers during the past year. Investment in a comprehensive support programme for newly qualified social workers has contributed to the high staff retention rate.

The service meets the requirements of statutory guidance in the following areas

- Section 47 enquiries are timely, risks are effectively identified, and decisions are appropriate.
- Staff report that workloads are manageable. Referrals are responded to promptly and all assessments are allocated to qualified social workers. Timely transfer to longer term teams enables children’s plans to progress promptly.
- All referrals from the police are jointly considered and prioritised, and effective action is taken in cases that require further evaluation. This was an area for development at the last inspection.
- In the majority of cases seen record keeping is up to date and management decisions are clearly recorded.
- Staff demonstrate appropriate awareness of the diverse needs of children and families. Good examples were seen of social workers adapting their approach in order to help parents understand the concerns about their children’s welfare.
- Managers are readily available to staff and their support is valued. Supervision is regular and training needs are appropriately identified. Case discussion and decisions are clearly recorded on case files.
- Staff are suitably qualified and benefit from a good range of training opportunities. The lessons from serious case reviews are shared with staff, and have contributed to improving practice.
- The out-of-hours service is staffed by qualified and experienced daytime social workers on a rota; these arrangements are well established and effective.
- Follow up surveys are conducted with parents in relation to their experiences of assessments and their views are fed back to staff to improve service delivery.
- A range of audit activity is beginning to have an impact on the quality of practice. This was an area for development at the last inspection.

- Senior managers have a good understanding of the strengths and areas for development in the service and are taking responsive action to make the required improvements.

Areas for development

- The council's integrated children's system (ICS) does not support efficient practice. This was an area for development at the previous inspection. Some progress has been made in the presentation of forms such as children in need plans. However, recording case information on ICS is still too time-consuming. For example, while initial assessments are undertaken and the outcomes are agreed by managers within the required timescale, there is often delay before the written assessment is input to the ICS. As a result, full information is not available to families or those professionals who may need it.
- The quality of assessments is inconsistent. While children are routinely seen and seen alone, their views are not always clearly recorded and it is not evident how these are taken into account in planning. The quality of analysis is too variable. The council has made this a priority in its service improvement plan.
- The threshold for referral to the children's social care service is not widely understood by partner agencies. A high number of initial assessments result in no further action or in a decision to use the common assessment framework. These cases could be more appropriately screened leading to a higher take up by early intervention services rather than being referred to social care.
- Although telephone strategy discussions are held with the police as a matter of course, strategy meetings are not routinely held on a multi-agency basis. The council is working with partners to improve this position.

The areas for development identified above will be specifically considered in any future inspection of services to safeguard children within your area.

Yours sincerely

Robert Hackeson
Her Majesty's Inspector

Copy: Dr Dave Smith, Chief Executive, Sunderland City Council
Andrew Spencer, Department for Education

