

**CABINET – 31 JANUARY 2024**

**CAPITAL PROGRAMME 2024/2025 TO 2027/2028 AND TREASURY MANAGEMENT POLICY AND STRATEGY 2024/2025, INCLUDING PRUDENTIAL INDICATORS FOR 2024/2025 TO 2027/2028.**

**Director of Finance**

**1. Purpose of the Report**

- 1.1 To update Cabinet on the level of capital resources and commitments for the forthcoming financial year and seek a recommendation to Council to the overall Capital Programme 2024/2025 to 2027/2028 and the Treasury Management Policy and Strategy (including both borrowing and investment strategies) for 2024/2025, to approve the Prudential Indicators for 2024/2025 to 2027/2028 and the Minimum Revenue Provision Statement for 2024/2025.

**2. Description of Decision**

- 2.1 Cabinet is requested to recommend to Council approval of:
- i. the proposed Capital Programme for 2024/2025;
  - ii. the Treasury Management Policy and Strategy for 2024/2025 (including specifically the Annual Borrowing and Treasury Investment Strategies);
  - iii. the Prudential Indicators for 2024/2025 to 2027/2028; and
  - iv. the Minimum Revenue Provision Statement for 2024/2025.

**3. Background**

- 3.1 The Council currently has an ambitious approved Capital Programme, with over £437m spend profiled over the period 2024/2025 to 2027/2028 aligned to the City Plan priorities (see Appendix 1).
- 3.2 On 12<sup>th</sup> October 2023 Cabinet approved an updated Capital Strategy. On 9<sup>th</sup> November 2023 Cabinet approved a suite of new start capital proposals commencing from 2024/2025 which had been developed in accordance with the updated Capital Strategy and City Plan. The delivery of the City Plan will drive transformation and economic regeneration in the City.

**4. Capital Programme 2024/2025 to 2027/2028**

- 4.1 The proposed Capital Programme for 2024/2025 to 2027/2028 has been set with the aim of delivering on the City Plan priorities including securing capital investment in the City in order to deliver growth and jobs.
- 4.2 The total proposed programme amounts to £492.824m, with £214.819m programmed in 2024/2025, as set out below:

Expenditure by Portfolio	Estimated Payments				Total £'m
	2024/2025 £'m	2025/2026 £'m	2026/2027 £'m	2027/2028 £'m	
Deputy Leader & Clean Green City	68.138	43.135	9.464	7.530	128.267
Cabinet Secretary	13.196	11.427	8.719	0.000	33.342
Children's Learning and Skills	7.239	6.670	7.250	0.000	21.159
Dynamic City	92.636	58.209	64.791	30.132	245.768
Healthy City	8.718	0.250	0.000	0.000	8.968
Vibrant City	24.892	19.729	9.145	1.554	55.320
<b>TOTAL CAPITAL EXPENDITURE</b>	<b>214.819</b>	<b>139.420</b>	<b>99.369</b>	<b>39.216</b>	<b>492.824</b>

4.3 In 2023/2024, the Council committed resources towards a Capital Programme spanning 2023/2024 to 2026/2027, which included schemes that were reliant upon securing external funding. Therefore, the proposed 2024/2025 to 2027/2028 programme reflects:

- ongoing capital scheme commitments from previous years of £437.020m (£193.267m in 2024/2025) as set out in Appendix 1;
- new starts / additional investment of £55.804m (£21.552m in 2024/2025) summarised at section 4.6 with further detail set out in Appendix 2.

The details of the full Capital Programme for 2024/2025 to 2027/2028 are set out in Appendix 3. The rest of this section of the report covers proposals for new starts / additional investments in more detail.

#### 4.4 Additional Capital Project Proposals 2024/2025 to 2027/2028 – Capital Strategy

4.4.1 The Capital Strategy provides the framework within which the Council's capital investment plans are developed, prioritised and delivered. It provides a framework which enables proposed new capital expenditure to be evaluated to ensure that all new capital investment is targeted at meeting the priorities set out in the City Plan.

4.4.2 The Capital Strategy is updated annually for approval by Council, with the latest revision approved by Council in November 2023.

4.4.3 The capital priorities are aligned to the City Plan "Sunderland 2023-2035" Themes:

- Sunderland will be a **dynamic smart city**. This includes a lower carbon city with greater digital connectivity for all; more and better jobs; more people with better qualifications and skills; a stronger city centre with more businesses, housing and cultural opportunities; and more and better housing;
- Sunderland will be a **healthy smart city**. This includes reduced health inequalities enabling more people to live healthier longer lives; access to equitable opportunities and life chances; people enjoying independent lives; great transport links with low carbon and active travel opportunities for all; and a cleaner and more attractive city and neighbourhood; and

- Sunderland will be a **vibrant smart city**. This includes more resilient people; more people feeling safe in their homes and neighbourhoods; more residents participating in their communities; and more people visiting Sunderland and more residents informing and participating in cultural events, programmes and activities.

In addition, a continuing priority for the Council is to deliver the best possible services and support to our residents, with a focus on long term benefits for our children and young people beyond 2035.

## 4.5 Resources Available for New Starts / Additional Investments

### 4.5.1 Resources - Grants

The Council continues to monitor and maximise external funding opportunities to support city priorities across a range of key areas encompassing economic development, housing and strategic infrastructure, community support and regeneration, education and skills, low carbon, smart city and digital connectivity, health and well-being, and culture and heritage. These key areas of activity directly support delivery of the City Plan's three themes: dynamic smart city; healthy smart city; and vibrant smart city.

Significant investment has been secured over the last 5-6 years from government and regional funds to support major infrastructure priorities, including Riverside Sunderland, the International Advanced Manufacturing Park, Sunderland Strategic Transport Corridor, the Port of Sunderland Enterprise Zone, and a range of other strategic, housing and digital infrastructure projects.

With North East Local Enterprise Partnership and European funding programmes either fully committed or ending in 2023/2024, the Council continues to track and respond to funding opportunities linked to the Government's Levelling Up objectives alongside a wide range of other funding sources.

Recent external funding approvals have been secured for the following regeneration projects and programmes, all of which are currently in delivery:

- £25.4m support from the Housing Infrastructure Fund for the South Sunderland Growth Area project;
- £21.6m Transforming Cities Fund support for the redevelopment of Central Station and other priority transport investments;
- £25m Future High Streets Fund grant for a city centre transformation programme involving the delivery of Culture House and other key sites;
- £7m Getting Building Fund grant to support digital and strategic infrastructure in the city centre and riverside areas, and for investment in additional energy infrastructure on the Hillthorn Business Park site in Washington;
- £15m from the Department for Energy Security and Net Zero to support the development of a strategic energy grid on the International Advanced Manufacturing Park;
- £20m Levelling Up Fund (round 1) grant to support the City Centre Housing Ecosystem project, which comprises the construction of the Housing Innovation and Construction Skills Academy, and support for the development of two sustainable housing developments in Riverside Sunderland and Sunnyside;

- £2.1m from Homes England's Home of 2030 programme to support smart and sustainable housing on the Vaux Neighbourhood site within Riverside Sunderland;
- £5.08m from the Brownfield Land Release Fund to support the unlocking of three priority housing developments at West Park, Farringdon Row and Cricketer's Hill (Carley Hill);
- £3.16m capital grant to support Sunderland's UK Shared Prosperity Fund (UKSPF) Investment Plan, enabling a variety of capital investments to take place across the city in 2023/2024 and 2024/2025; and
- £5.5m funding from government to support acquisition and preparatory work for the Studio Development project.

A range of capital funds have also been secured for projects which support delivery of the city's low carbon objectives, including:

- £2.2m from the Public Sector Decarbonisation Scheme to invest in public sector building energy efficiency measures;
- £2.5m European Regional Development Fund grant to support investment in battery storage, solar PV and electric vehicle charging infrastructure on several Council sites;
- £3.2m secured to support energy efficiency improvements in the worst performing properties (Energy Performance Certificate rated D-F) and fuel poor households in the city; and
- £8.1m support through the Active Travel Fund to support priority cycle schemes;

The Council, working with key public and private partners, has been successful in the last 12 months in securing funding for 3 demonstrator projects to support delivery of the City Plan and the Smart City ambition. These include:

- Sunderland Advanced Mobility Shuttle - £3m external grant secured from Innovate UK, as part of a £5.5m project, to build and trial a self-driving shuttle service to the University of Sunderland City Campus and Sunderland Royal Hospital, via an Intelligent Transport Corridor.
- Sunderland Open Network Ecosystem project - £3.4m funding awarded towards total costs of £5.7m, through the UK Open Networks Research and Development Fund (Department for Science, Innovation and Technology). This consortium project, led by the Council, will aim to showcase a highly efficient, state-of-the-art High-Density Demand (HDD) Open RAN solution at the Stadium of Light and the new British Esports Arena, part of the National Esports Performance Campus in Sunderland.
- 5G Innovation Regions (Department for Science, Innovation and Technology) - £3.7m grant award for a regional partnership project led by the Council and involving our 6 neighbouring North East local authorities. The multi-faceted project will deliver innovative 5G-enabled projects across key sectors including transport and logistics, creative industries and agritech across rural industries.

In December 2022, the Council received confirmation from the Government that Sunderland's £15m UK Shared Prosperity Fund Investment Plan had been approved. The £15m programme comprises approximately £12m revenue grant and £3m capital grant, with delivery of activities from 2022/2023 to the end of March 2025. The programme supports a wide range of project activities under 3 main investment priorities: (1) Communities and Place; (2) Supporting Local

Business; (3) People and Skills. As of January 2024, £2.7m UKSPF capital grant has been allocated supporting 12 projects across the city.

Following the announcement in December 2022 that the Government and North East local authorities will work towards agreeing a devolution deal, it is anticipated that additional funding opportunities for capital investment will be unlocked from 2024/2025 including control of a long-term regional investment fund and a City Region Sustainable Transport Settlement. Additional funding has also been confirmed through the Brownfield Housing Fund to support the building of new homes on brownfield land and to drive place-based economic regeneration. A number of Sunderland schemes are currently being developed to accelerate housing delivery.

The Council and its partners continue to access and explore new opportunities to invest in the city's cultural and heritage offer, while also improving and enhancing access to recreation facilities and natural green spaces across the city. This involves pursuing other sources of funding, such as the National Lottery Heritage Fund, Historic England, National Lottery Community Fund, Arts Council England, Sport England, Football Foundation and other major funders.

The Council is currently undertaking important feasibility and design work to redevelop the Sunderland Museum and Winter Gardens. A development grant award of £0.3m from the National Lottery Heritage Fund has already been secured allowing work to proceed on the preparation of a full design and bid proposal which will be submitted in 2024.

As in previous years, resources allocated in respect of Transport, the Better Care Fund and Education specific purpose grants will be allocated to those services areas. These grants, in the main, support recurring capital activity.

The table below details Government grants announced for 2024/2025 for Transport, Adult Social Care and Schools not yet in the current approved Capital Programme, with comparator allocations for 2023/2024.

Funding Source		2023/2024	2024/2025
		£'000	£'000
City Region Sustainable Transport Settlement	Highways Capital Maintenance	1,835	1,835
	Highways Capital Maintenance - Incentive Funding	459	459
	Pot Hole Action Fund	1,835	1,835
	Highways Integrated Transport	1,618	1,618 *
	Nexus Allocation	42	42
Pot Hole Action Fund		734	0
Network North - Highways and Structures Maintenance		525	525
<b>Total Transport</b>		<b>7,048</b>	<b>6,314</b>
Disabled Facilities Grant		4,055	4,055 *
<b>Total Adult Social Care</b>		<b>4,055</b>	<b>4,055</b>
Schools Condition Allocation		1,500	1,500 *
Education Basic Need		0	0
Schools Devolved Funding		288	tbc
High Needs Capacity Funding		2,488	tbc
Early Years - Wraparound Childcare Programme		457	0
<b>Total Department for Education</b>		<b>4,733</b>	<b>1,500</b>

\* Provisional

Appendix 2 sections 2 to 4 sets out further details and proposed use of the above funding for 2024/2025.

#### 4.5.2 Resources – Capital Receipts and Reserves

The Council continues to market sites for sale to maximise capital receipts and support operational requirements. Capital receipts are only earmarked to fund the Capital Programme once they are realised, or where they have been included as part of any project financial plan as part of the overall business case.

S106 Reserves - Upon confirmation of S106 agreements with developers, monies received are held in reserves until detailed plans on the use of the funding are developed in accordance with the requirements outlined in the S106 agreements. Once developed the projects are brought into the Capital Programme at the appropriate time. Typical uses would be for the development / improvement of play provision, educational assets, highways infrastructure, affordable housing, public open spaces and ecological improvements.

Following a review of available resources and project business cases, it is proposed that no capital receipts or reserves are earmarked to support the Capital Programme proposals in this report.

Elsewhere on the agenda, the Revenue Budget and Proposed Council Tax report for 2024/2025 sets out the Council's Efficiency Strategy for the period 2024/2025 to 2027/2028. In accordance with Government guidance on the availability of flexibility around the use of capital receipts for transformation purposes, the Efficiency Strategy includes the option to use capital receipts to support transformation costs arising from implementing the Council's savings programme.

#### 4.5.3 Resources – Capital Expenditure charged to Revenue Account (CERA)

Given the financial position in recent years, there is no specific budget provision for revenue funding for capital expenditure, other than for current commitments included within the approved Capital Programme.

#### 4.5.4 Resources – Borrowing

Historically the Council has utilised flexibility in funding its Capital Programme using prudential borrowing. Additional borrowing results in additional debt charges which must be affordable within the revenue budget planning with appropriate provision included within the base budget and the Medium-Term Financial Plan (MTFP). The Council will continue to consider financing options taking in to account available resources at the appropriate time.

The budget includes prudent provision for capital financing charges that may arise from an additional net £38.762m of prudential borrowing (£7.258m in 2024/2025 and £31.504m from 2025/2026 to 2027/2028). It is proposed to use this borrowing flexibly by switching with surplus capital receipts once realised and through using temporary cash balances. This would reduce planned capital finance charges that may arise from this borrowing.

#### 4.5.5 Resources – Other Funding – Enterprise Zones

The Council has three Enterprise Zone sites: IAMP, A19 Ultra Low Carbon Zone and part of the Port of Sunderland. All the business rates growth generated on these Enterprise Zones for their 25-year life are payable to the North East Local Enterprise Partnership (LEP). This resource is then distributed by the North East LEP to meet / contribute to the capital financing costs of the infrastructure works associated with those enterprise zones delivered through the Council's Capital Programme.

### **4.6 Detailed Proposals for New Starts and Capital Programme 2024/2025 to 2027/2028**

- 4.6.1 Following consultation with Portfolio Holders and approval by Cabinet in November 2023, the projects in the table below are included in the Capital Programme for 2024/2025 to 2027/2028 with further details set out in Appendix 2.
- 4.6.2 In addition, following confirmation of specific grant approvals, these grants have been allocated to relevant service areas in the table below, with further details set out in Appendix 2.

Appendix 2 Ref	Project Name	Total Project Spend	Spend 2024/25	Spend Future Years	External Funding	Council Provision in Current Capital Programme	Additional Council Funding
		£m	£m	£m	£m	£m	£m
<b>Deputy Leader and Clean Green City</b>							
1.1.1	Redevelopment of Bishopwearmouth Crematorium	15.646	0.279	15.367	0.000	7.500	8.146
1.1.2	Herrington Country Park - Car Park	0.900	0.900	0.000	0.000	0.000	0.900
1.1.3	Regulatory Services Infrastructure	0.340	0.240	0.100	0.000	0.000	0.340
<b>Total</b>		<b>16.886</b>	<b>1.419</b>	<b>15.467</b>	<b>0.000</b>	<b>7.500</b>	<b>9.386</b>
<b>Cabinet Secretary</b>							
1.2.1	Replacement of Coalfields Depot	12.750	0.611	12.139	0.000	6.503	6.247
<b>Total</b>		<b>12.750</b>	<b>0.611</b>	<b>12.139</b>	<b>0.000</b>	<b>6.503</b>	<b>6.247</b>
<b>Children's and Learning Skills</b>							
1.3.1	Relocation of Barbara Priestman Academy	8.000	0.000	8.000	1.998	0.000	6.002
1.3.2	SEND Transport – EV Minibus	0.200	0.200	0.000	0.000	0.000	0.200
<b>Total</b>		<b>8.200</b>	<b>0.200</b>	<b>8.000</b>	<b>1.998</b>	<b>0.000</b>	<b>6.202</b>
<b>Dynamic City</b>							
1.4.1	Domestic Abuse Safe Accommodation	10.000	2.350	7.650	3.000	0.000	7.000
1.4.2	Sunniside Leisure	2.000	2.000	0.000	0.000	0.000	2.000
1.4.3	Former Joplings Building	1.000	1.000	0.000	0.000	0.000	1.000
<b>Total</b>		<b>13.000</b>	<b>5.350</b>	<b>7.650</b>	<b>3.000</b>	<b>0.000</b>	<b>10.000</b>
<b>Healthy City</b>							
1.5.1	Farnborough Court Intermediate Care Centre Refurbishment	0.750	0.750	0.000	0.000	0.000	0.750
1.5.2	Barnes Park Coffee Stop Café - Conversion of the Building	0.150	0.150	0.000	0.000	0.000	0.150
<b>Total</b>		<b>0.900</b>	<b>0.900</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.900</b>
<b>Vibrant City</b>							
1.6.1	Leisure Facilities	6.102	1.993	4.109	0.075	0.000	6.027
<b>Total</b>		<b>6.102</b>	<b>1.993</b>	<b>4.109</b>	<b>0.075</b>	<b>0.000</b>	<b>6.027</b>
<b>Service New Grant Allocations</b>							
2.0	Transport (Highways) Schemes	6.314	6.314	0.000	6.314	0.000	0.000
3.0	Adult Social Care - Disabled Facilities Grant Allocation (including £0.1m Gento contribution)	4.155	4.155	0.000	4.155	0.000	0.000
4.0	Education	1.500	1.500	0.000	1.500	0.000	0.000
<b>Total</b>		<b>11.969</b>	<b>11.969</b>	<b>0.000</b>	<b>11.969</b>	<b>0.000</b>	<b>0.000</b>
<b>TOTAL of Investment Proposals</b>		<b>69.807</b>	<b>22.442</b>	<b>47.365</b>	<b>17.042</b>	<b>14.003</b>	<b>38.762</b>
<b>Less Current Capital Programme Provision</b>		<b>(14.003)</b>	<b>(0.890)</b>	<b>(13.113)</b>			
<b>TOTAL Additional Investment</b>		<b>55.804</b>	<b>21.552</b>	<b>34.252</b>			

4.6.3 The proposed additional new starts investment totals £69.807m, (£22.442m in 2024/2025 and £47.365m in future years). Of the total £69.807m:

- £17.042m is externally funded;
- £14.003m is existing Council funding already included in the current Capital Programme; and
- The remaining balance of £38.762m is to be met from available Council resources via prudential borrowing.

It is important to note that:

- Some capital projects included in the table above will be subject to the positive outcomes of external grant funding bids;
- Some of the above investment is anticipated to be recouped through either S106 or commercial arrangements over time; and



- Some investments are linked to the generation of savings to support the revenue budget.

4.6.4 Planned funding sources for individual capital schemes may be subject to amendment to achieve best value for the Council and ensure the Capital Programme continues to be prudent, affordable, and sustainable into future years and within overall borrowing limits whilst still retaining flexibility.

4.6.5 The recommended Capital Programme is included in full as Appendix 3 to this report.

4.6.6 Additional capital project proposals were approved by Cabinet on 9<sup>th</sup> November 2023 for inclusion in this Capital Programme report. The Scrutiny Coordinating Committee on 7<sup>th</sup> December 2023 acknowledged the Capital Programme and is satisfied with the proposed variations to the Capital Programme.

## 5. Prudential Framework and Code

5.1 One of the principal features of the Local Government Act 2003 is to provide the primary legislative framework to introduce a prudential regime for the control of Local Authority capital expenditure. The regime relies upon both secondary legislation in the form of regulations, and a prudential code issued and maintained by the Chartered Institute of Public Finance and Accountancy (CIPFA). The Prudential Code was first reported to Council in March 2004 and the latest version was issued by CIPFA in December 2021.

5.2 Under the prudential framework local authorities are free to borrow without specific government consent if they can afford to service the debt without extra government support, not just for the current year but also for future years. The basic principle is that authorities are free to invest as long as their capital spending plans are affordable, sustainable and prudent. This allows the Council the freedom to manage and control its Capital Programme and how it is financed. The key elements of control and management of capital finance are through:

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

5.3 To demonstrate that the Council takes capital expenditure and investment decisions in line with service objectives and properly takes account of stewardship, value for money, prudence, sustainability and affordability, the Council has in place a Capital Strategy that sets out the long-term context in which capital expenditure and investment decisions are made and gives due consideration to both risk and reward and impact on the achievement of priority outcomes. The Capital Strategy was reported to Cabinet in October 2023 and subsequently approved by Council in November 2023. The Capital Strategy forms a part of the Council's integrated revenue, capital and balance sheet planning.

- 5.4 All authorities must follow the latest Prudential Code published by CIPFA. This involves setting various prudential limits and indicators that must be approved by the Council before the start of the relevant financial year as part of their budget setting process. The prudential and treasury management indicators have been prepared for the financial year 2024/2025, taking into account all matters specified in the Prudential Code. Regular monitoring takes place during the year and reports are made to Cabinet to show the Council's performance and compliance with these indicators as part of the quarterly capital review reports as appropriate.
- 5.5 All of the indicators together with background information to these indicators and what they are seeking to assess, are detailed in Appendix 4 in full compliance with the Code.
- 5.6 Regulations came into force on 31<sup>st</sup> March 2008 which requires local authorities to repay an element of its capital financing requirement each year through a revenue charge known as the Minimum Revenue Provision (MRP). Local authorities have a statutory requirement to make a prudent level of provision and to have regard to Department for Levelling Up, Housing and Communities' (DLUHC) guidance when assessing its MRP. DLUHC revised their MRP guidance in February 2018 and this guidance has been considered when setting the MRP policy for 2024/2025. The Council must set, each year, an amount of MRP it considers prudent. It is also recommended that an annual statement of its policy on making a MRP in respect of the following financial year is submitted to full Council for approval. Consultation on the proposed MRP was completed in 2022/2023, DLUHC are currently considering outcomes / next steps.
- 5.7 Local authorities have significant discretion in determining the level of MRP which they consider to be prudent. The Council's MRP policy was reviewed as part of the budget setting process for 2017/2018 where it was determined that had the annuity basis used to calculate MRP, that was introduced from 2015/2016, been adopted from 1<sup>st</sup> April 2008 (being the date when regulations came into force) around £43.5m less MRP would have been charged between 1<sup>st</sup> April 2008 and 31<sup>st</sup> March 2016. Council approved that the £43.5m overprovision of MRP in previous years be used to reduce MRP for 20 years from 2016/2017 by a fixed amount of £2.176m each year until 2036/2037. Phasing over 20 years is the time period that the Government specify for expenditure to be treated as capital expenditure by virtue of direction under section 16(2)(b) of the 2003 Act. This is considered prudent, as taking previous overpayments over this longer period slows the increase to the Council's capital financing requirement, and therefore interest charges, whilst still giving additional certainty to the Council's debt charges budget. The proposal assisted the Council in addressing the impact of funding reductions as described in the Council's MTFP at that time.
- 5.8 It is proposed the Council continue the MRP policy used in 2023/2024 and the recommended Minimum Revenue Provision Statement for 2024/2025 is set out in Appendix 5.

## 6. Treasury Management

### 6.1 General

Treasury Management is defined as "the management of the local authority's borrowing, investments and cash flows, its banking, money market and capital

market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.”

## 6.2 Statutory requirements

The Local Government Act 2003 (the Act) requires the Council to:

- adopt a Treasury Management Policy Statement (detailed in Appendix 6), and
- set out its Treasury Management Strategy Statement comprising the Council’s strategy for borrowing and the Council’s policies for managing its investments and giving priority to the security and liquidity of those investments (set out in Appendix 7).

The DLUHC ‘Statutory Guidance on Local Government Investments’ was updated in February 2018 and CIPFA updated its Treasury Management in the Public Services Code of Practice in December 2021. The Council is statutorily required to have regard to this advice when setting its Treasury Management Policy Statement and Treasury Management Strategy.

The Government published revised lending terms for the Public Works Loan Board (PWLB), which were implemented from the 26 November 2020 with a revision on 12 August 2021. The main feature of the new lending terms was to prevent local authorities from using PWLB loans to buy commercial assets primarily for yield.

This investment guidance focused particularly on non-treasury commercial investments reported within the Commercial Activity – Investment Strategy section of the Capital Strategy presented to Cabinet in October 2023, rather than in the Treasury Management Strategy. Ensuring the separation of the core treasury function where investments are made under security, liquidity and yield principles, and non-treasury commercial and strategic investments.

Should the Council borrow to fund any non-treasury investment, there will be an explanation of why borrowing was required and why the DLUHC Investment Guidance and CIPFA Prudential Code have not been adhered to.

## 6.3 CIPFA Code of Practice requirements

The Council continues to fully adopt and to reaffirm annually its adherence to the updated CIPFA Code of Practice on Treasury Management.

The primary requirements of the Code include that:

1. The Council will create and maintain, as the cornerstones for effective treasury management:
  - a treasury management policy statement, stating the policies, objectives and approach to risk management of its treasury management activities;
  - suitable treasury management practices (TMPs), setting out the way the Council will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.
  - investment management practices (IMPs) for investments that are not for treasury management purposes

The content of the Treasury Management Policy Statement is detailed in Appendix 6 and the TMPs follow the recommendations contained in Sections

6 and 7 of the Code, subject only to minor variations where necessary to reflect the circumstances of the Council and these do not result in the Council materially deviating from the Code's key principles.

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

#### **6.4 Treasury Management Strategy Statement for 2024/2025**

- 6.4.1 The Treasury Management Strategy Statement comprises a Borrowing and an Investment Strategy. These set out the Council's policies for managing its borrowing and investments in 2024/2025.
- 6.4.2 There are no major changes proposed to the overall Treasury Management Strategy in 2024/2025, which maintains the careful and prudent approach adopted by the Council in previous years. Areas that inform the strategy include the extent of potential borrowing included in the Capital Programme, the availability of borrowing, and the current and forecast global and UK economic positions, in particular forecasts relating to interest rates and security of investments.
- 6.4.3 The proposed Treasury Management Strategy Statement for 2024/2025 is set out in Appendix 7 and has been informed by market data, market information and leading market forecasts and views provided by the Council's treasury adviser, Link Asset Services.
- 6.4.4 The Council's TMPs are subject to regular review to ensure compliance to the agreed treasury management strategy and that the strategy adapts to changing financial markets as appropriate. The Council's performance for 2023/2024 using the prudent treasury management strategy adopted shows that the current average rate of borrowing at 2.80% compares favourably with other local authorities whilst the current average rate earned on investments at 5.05% is higher than the benchmark rate of 4.88%. Market conditions are under constant review so that the Council can take a view on the optimum time to carry out further borrowing or debt rescheduling.

#### **7. Reasons for Decision**

- 7.1 To comply with statutory requirements to approve an affordable Capital Programme, Treasury Management Strategy and Prudential Indicators.

## **8. Alternative Options**

8.1 No alternative options are proposed.

## **9. Impact Analysis**

9.1 Impact assessments will be undertaken by Directorates in delivering the schemes and to ensure programmes are delivered within budget.

## **10. List of Appendices**

**1.**

- 10.1 Appendix 1 - Capital Commitments into 2024/2025  
Appendix 2 - Capital Programme 2024/2025 New Starts / Additional Investments  
Appendix 3 - Capital Programme 2023/2024 to 2027/2028  
Appendix 4 - Prudential and Treasury indicators 2024/2025 to 2027/2028  
Appendix 5 - Minimum Revenue Provision Policy Statement 2024/2025  
Appendix 6 - Treasury Management Policy Statement  
Appendix 7 - Treasury Management Strategy Statement for 2024/2025

## **11. Background Papers**

[Cabinet Report – 18th January 2024 - Revenue Budget 2024/2025 to 2027/2028 - Update and Provisional Local Government Settlement 2024/2025](#)

[Cabinet Report – 7<sup>th</sup> December 2023 - Budget Planning Framework and Medium-Term Financial Plan 2024/2025 – 2027/2028](#)

[Cabinet Report – 12<sup>th</sup> October 2023 - Budget Planning Framework and Medium-Term Financial Plan 2024/2025 – 2027/2028.](#)



## Current Approved Capital Programme Commitments from 2024/2025 to 2027/2028

Project	Existing Capital Programme		
	2024/2025	2025/2026 to 2027/2028	TOTAL
	£m	£m	£m
Crowtree Redevelopment	3.000	72.132	75.132
Sunderland Eye Infirmary	31.273	30.191	61.464
Housing Delivery Investment Plan	4.466	32.488	36.954
Vaux Housing	20.672	10.245	30.917
Culture House	19.559	11.051	30.610
Riverside Sunderland Infrastructure	18.691	11.822	30.513
Vehicle Replacement Programme	5.227	11.256	16.483
International Advanced Manufacturing Park (IAMP)	15.812	0.000	15.812
HICSA (Housing Innovation Construction & Skills Academy)	10.606	2.578	13.184
Sunderland Museum & Winter Gardens Redevelopment	1.043	9.397	10.440
Thorney Close Primary School - new build	3.187	5.920	9.107
Smart Cities Project	7.035	2.009	9.044
Planned Property Capital Maintenance	2.500	5.000	7.500
Redevelopment of Bishopwearmouth Crematorium	0.279	6.987	7.266
Highways Maintenance Programme	1.000	6.000	7.000
Replacement Coalfields Depot and Provision of a Salt Barn	0.611	5.731	6.342
Inspiring Futures Programme - Delivering a new approach to Homelessness Services and Accommodation	1.156	4.856	6.012
Housing Other Sites	3.957	1.561	5.518
Washington F Pit Heritage Visitor Centre and Albany Park Improvements	1.000	3.300	4.300
Bridge Maintenance Programme	1.000	3.000	4.000
Sunderland Central Station Redevelopment & Car Park	3.000	0.000	3.000
Sunnyside Regeneration (Nile & Villiers Street)	2.988	0.000	2.988
Strategic Acquisitions and Developments	2.984	0.000	2.984
Scheme Feasibility & Design	0.803	2.119	2.922
Pallion New Rd / European Way-Cycle lane	2.778	0.000	2.778
Nobles Quay Replacement	2.700	0.000	2.700
Football Hubs Sinking Fund	0.000	2.571	2.571
ICT projects	1.355	1.159	2.514
Day Centre Refurbishment	2.397	0.000	2.397
Coastal Defence - Strategic Frontage 3	2.364	0.000	2.364
Investment Corridors	2.200	0.000	2.200
Hetton Downs Development Phase 2	1.648	0.000	1.648
Energy Masterplan & Feasibility Assessment	1.600	0.000	1.600
A183 Dame Dorothy St. Two-Way Cycle Lane	1.551	0.000	1.551
Port Warehousing Developments	1.500	0.000	1.500
UKSPF - External Grants	1.339	0.000	1.339
Other Schemes (<=£1m)	9.986	2.380	12.366
<b>TOTAL CURRENT PROGRAMME</b>	<b>193.267</b>	<b>243.753</b>	<b>437.020</b>





## Capital Programme 2024/2025 to 2027/2028 – New Starts / Additional Investments

### 1. Other Capital New Start / Additional Investment Proposals 2024/2025 to 2027/2028

The following projects are proposed for inclusion in the 2024/2025 to 2027/2028 Capital Programme. Gross amounts represent the total estimated project cost. For projects with other external or other funding provision, the net amounts represent the estimated net increase in Council financial investment.

#### 1.1 Deputy Leader and Clean Green City New Start Proposals

##### 1.1.1 Redevelopment of Bishopwearmouth Crematorium - £15.646m gross, £8.231m net (£7.415m existing provision)

The project will focus on the refurbishment and remodelling of the existing Bishopwearmouth Crematorium. The project includes replacement of the existing stock of cremators, creation of a second chapel, increased on-site parking facilities, revitalising the current landscaping scheme and introduction of a series of carbon reduction methods to support cleaner and more efficient operations. It includes elements of selective demolition, new build and refurbishment. The ongoing requirement to deliver an operational crematorium facility for the city during the build dictates a longer build time than under a full closure. Appropriate phasing of works will be coordinated to support the ongoing operational requirement of the facility during the construction period. The provision of a second chapel will support continuing operations during construction, provide increased capacity, as well as protection of service should one chapel need to temporarily close.

Area Outcomes / Benefits and Contribution to Strategic Priorities:

The investment will benefit residents city-wide, and will contribute to the following strategic priorities:

- Dynamic Smart City: a lower carbon city with greater digital connectivity for all
- Healthy Smart City: a cleaner and more attractive city and neighbourhood

##### 1.1.2 Herrington Country Park - Car Parking - £0.900m gross.

Herrington Country Park has significant usage and has continued to increase with the addition of Love Lilly and events at the park. The existing parking provision is considered inadequate, leading to inconsiderate parking on grassed areas. This in turn affects the aesthetics of the park due to the damage to verges as a result of the parking demands. It is therefore proposed to improve and expand the existing car park by the café at top of park and also provide new parking next to the skate park. The total number of additional parking spaces is estimated at 67.

The investment will directly benefit residents in Coalfields and also to residents city-wide, and will contribute to the following strategic priorities:

- Healthy Smart City: access to equitable opportunities and life chances
- Healthy Smart City: reduced health inequalities enabling more people to live healthier longer lives
- Healthy Smart City: a cleaner and more attractive city and neighbourhood
- Vibrant Smart City: more residents participating in their communities

- Vibrant Smart City: more people visiting Sunderland and more residents informing and participating in cultural events, programmes and activities.

### **1.1.3 Regulatory Services Infrastructure - £0.340m gross.**

Provision of necessary infrastructure to allow Regulatory Services to fulfil statutory requirements. This will include new public spaces protection orders signage, city centre re-deployable CCTV cameras, an antisocial behaviour case management system and noise monitoring equipment.

Area Outcomes / Benefits and Contribution to Strategic Priorities:

The investment will benefit residents city-wide, and will contribute to the following strategic priorities:

- Healthy Smart City: a cleaner and more attractive city and neighbourhood
- Vibrant Smart City: more people feeling safe in their homes and neighbourhoods
- Vibrant Smart City: more resilient people.

## **1.2 Cabinet Secretary New Start Proposals**

### **1.2.1 Replacement of Coalfields Depot - £12.750m gross, £6.258m net (£6.492m existing provision)**

The existing Houghton Depot is in poor condition, does not effectively meet current operational need and has poor energy and cost efficiency. As such the site is no longer considered to be fit for purpose. The scheme will provide a new purpose-built, fit-for-purpose depot to replace the existing Houghton Depot in line with the Council's Asset Management Strategy. It will incorporate the latest low carbon technologies including the introduction of locality-based vehicle charging facilities to support the strategic directive and operational transition to a carbon neutral Council fleet - opportunities will be explored to access low carbon grants should any appropriate funding opportunities arise. It will be occupied by the Council and provide the following services for the Coalfields area and its residents:

- Winter Maintenance (including a covered salt barn) / gritters
- Refuse Collection (domestic/recycling/bulky waste)
- Local Services (street cleansing / grounds maintenance / parks)
- Arbour services.

Area Outcomes / Benefits and Contribution to Strategic Priorities:

The investment will directly benefit residents in Coalfields and also to residents city-wide, and will contribute to the following strategic priorities:

- Dynamic Smart City: a lower carbon city with greater digital connectivity for all
- Healthy Smart City: a cleaner and more attractive city and neighbourhood
- Healthy Smart City: great transport links with low carbon and active travel opportunities for all.

### **1.3 Children's Learning and Skills New Start Proposals**

#### **1.3.1 Relocation of Barbara Priestman Academy - £8.000m gross, £6.002m net (£1.998m external funding)**

The proposal will relocate the Barbara Priestman Academy from its current site at Ashbrooke and the buildings currently occupied on a short-term lease at Thornhill Academy to the site that will be vacated by Thorney Close Primary School in 2026. Barbara Priestman currently provides 180 of the city's special school places for pupils with Autism.

The project will include a full refurbishment of the school buildings at the current Thorney Close Primary School, adaptations to ensure children with learning difficulties and disabilities are suitably catered for and extension of the current buildings to provide additional ASD (autism spectrum disorder) places for the city. It will provide for both the city's 11-16 cohort and the 16 – 25-year-old 6th form population (currently accommodated in temporary leased facilities at another local secondary setting).

The Council has retained around £2m from its High Needs Capital allocation, included in current capital programme, to invest in local SEN (special educational needs) facilities. This funding will be allocated to support this development, alongside any additional future SEN funding allocations to minimise any Council borrowing costs.

As part of the proposal Barbara Priestman would vacate its main teaching block buildings at Meadowside, Ashbrooke. The specialist teaching block at the site, constructed in 2014, would be retained as a SEN facility with associated outdoor space. This would enable the city to accommodate an additional 24 pupils with SEN. The remainder of the site would be declared surplus and made available for alternative, non-educational use, or development.

Area Outcomes / Benefits and Contribution to Strategic Priority:

The investment will benefit residents city-wide, and will contribute to the following strategic priorities:

- Dynamic Smart City: more local people with better qualifications and skills
- Dynamic Smart City: a lower carbon city with greater digital connectivity for all
- Healthy Smart City: access to equitable opportunities and life chances
- Vibrant Smart City: more resilient people.

#### **1.3.2 SEND Transport – Electric Vehicle (EV) Minibus - £0.200m gross**

There is a statutory requirement to provide Home to School Transport (HTST) for children with additional needs. This proposal is for provision of two electric, wheelchair accessible, minibuses and suitable EV charging posts. The buses will be leased, following a tender exercise, to a local Community Transport (CT) organisation for a nominal sum. The CT will then deliver agreed HTST routes whilst being able to utilise the vehicles to support other community uses.

The project will assist with reducing the costs of the current HTST service and also support the wider Sunderland ambition in its Net Zero target by 2030. By procuring electric, over diesel, vehicles the project would directly align with the Low Carbon Action Plan.

Area Outcomes / Benefits and Contribution to Strategic Priority:

The investment will benefit residents city-wide, and will contribute to the following strategic priorities:

- Dynamic Smart City: a lower carbon city with greater digital connectivity for all
- Healthy Smart City: access to equitable opportunities and life chances

- Healthy Smart City: great transport links with low carbon and active travel opportunities for all
- Vibrant Smart City: more resilient people.

## **1.4 Dynamic City New Start Proposals**

### **1.4.1 Domestic Abuse Safe Accommodation - £10.000m gross, £7.000m net (£3.000m external funding)**

The Council has a statutory duty under Part 4 of the Domestic Abuse Act (2021), to provide appropriate, needs-led provision of safer accommodation for domestic abuse (DA) victims (and their children). This proposal is for the provision of a new 'central hub' accommodation solution replacing current refuge facilities and deliver best practice accommodation in the city, with support of estimated £3m funding from Homes England. The aim is to reduce the number of DA victims (and their children) unable to access refuge provision as a result of their personal circumstances and/or protected characteristics, to reduce the proportion of repeat DA victims (and their children) requiring refuge provision and to increase the proportion of DA victims (and their children) who report improved health and wellbeing outcomes following a refuge placement.

It is anticipated that this provision would provide financial benefits including through accommodation efficiencies compared to existing provision.

Area Outcomes / Benefits and Contribution to Strategic Priority:

The investment will benefit residents city-wide, and will contribute to the following strategic priorities:

- Dynamic Smart City: more and better housing
- Healthy Smart City: access to equitable opportunities and life chances
- Healthy Smart City: reduced health inequalities enabling more people to live healthier longer lives
- Healthy Smart City: people enjoy independent lives
- Vibrant Smart City: more people visiting Sunderland and more residents informing and participating in cultural events, programmes and activities
- Vibrant Smart City: more people feeling safe in their homes and neighbourhoods.

### **1.4.2 Sunnyside Leisure - £2.000m gross**

Following the acquisition of the Sunnyside Leisure property early 2023 and the subsequent administration of Empire Cinemas, funding is sought for the refurbishment and fit-out of property including the three vacant retail units that adjoin the cinema in order to attract new tenants to support the regeneration of the area. Discussions are progressing with a number of potential tenants for these units however it is likely that some form of landlord fit-out contribution will be required. In addition, to support these improvements as well as the emerging Sunnyside masterplan works will also be undertaken to renovate and refurbish the Sunnyside Multi-storey car park to provide a more welcoming arrival point.

Area Outcomes / Benefits and Contribution to Strategic Priority:

The investment will support economic regeneration in the City Centre and will benefit residents city-wide, and will contribute to the following strategic priorities:

- Dynamic Smart City: more and better jobs

- Dynamic Smart City: stronger city centre with more businesses, housing and cultural opportunities
- Healthy Smart City: a cleaner and more attractive city and neighbourhood
- Vibrant Smart City: more people visiting Sunderland and more residents informing and participating in cultural events, programmes and activities.

### **1.4.3 Former Joplings Building- £1.000m**

Building works identified in the building condition survey commissioned as part of the acquisition, are required to make improvements to the aesthetic appearance of the building and to support a long-term investment strategy aligned to the regeneration of the city centre.

The investment will support economic regeneration in the City Centre and will benefit residents city-wide, and will contribute to the following strategic priorities:

- Dynamic Smart City: more and better jobs
- Dynamic Smart City: more and better housing
- Dynamic Smart City: stronger city centre with more businesses, housing and cultural opportunities
- Healthy Smart City: a cleaner and more attractive city and neighbourhood
- Vibrant Smart City: more people visiting Sunderland and more residents informing and participating in cultural events, programmes and activities.

## **1.5 Healthy City New Start Proposals**

### **1.5.1 Farmborough Court Intermediate Care Centre Refurbishment - £0.750m gross**

Farmborough Court Intermediate Care Centre is a purpose-built service which provides up to 42 beds to support adults from the age of 18 who are recovering from illness or injury and has been in operational for over 20 years. The purpose of the service is to support customers who would benefit from a short period of up to 12 weeks with an intense period of rehabilitation to enable customers to get back to their base line, regain skills and confidence and plan for them to return home living in the community. The service is provided free of charge and benefits from an in-house team of experienced and qualified care team as well as occupational therapists, physiotherapists, and social workers, and the service is key to support hospital discharges.

It is proposed to modernise and refurbish the building to enhance the facilities and provide a building which is fit for purpose and can meet the aspirations of the service. Improvements will include refurbishment of the bedrooms and en suite facilities as well as to the kitchens and other communal areas.

Area Outcomes / Benefits and Contribution to Strategic Priority:

The investment will benefit residents city-wide, and will contribute to the following strategic priorities:

- Dynamic Smart City: more and better jobs
- Dynamic Smart City: more and better housing
- Dynamic Smart City: more local people with better qualifications and skills
- Dynamic Smart City: a lower carbon city with greater digital connectivity for all
- Healthy Smart City: access to equitable opportunities and life chances
- Healthy Smart City: reduced health inequalities enabling more people to live healthier longer lives

- Healthy Smart City: people enjoy independent lives
- Vibrant Smart City: more residents participating in their communities
- Vibrant Smart City: more people feeling safe in their homes and neighbourhoods
- Vibrant Smart City: more resilient people.

### **1.5.2 Barnes Park Coffee Stop Café - Conversion of the Building - £0.150m gross**

It is proposed to convert the Barnes Park Coffee Stop Café building to enhance facilities with improvements to both the lower and first floor as well as a conservatory extension. The refurbishment will include the upgrade and expansion of the catering area, an improved seating area by extending the front of the building to increase capacity to 30 diners, provision of a storage facility, and the development on the first floor of an airconditioned refrigeration room, meeting room and office.

Area Outcomes / Benefits and Contribution to Strategic Priority:

The investment will directly benefit residents in West Sunderland and also to residents city-wide, and will contribute to the following strategic priorities:

- Dynamic Smart City: more local people with better qualifications and skills
- Healthy Smart City: access to equitable opportunities and life chances
- Healthy Smart City: people enjoy independent lives
- Vibrant Smart City: more residents participating in their communities
- Vibrant Smart City: more people visiting Sunderland and more residents informing and participating in cultural events, programmes and activities.

## **1.6 Vibrant City New Start Proposals**

### **1.6.1 Leisure Facilities - £6.102m gross, £6.027m net (£0.075m external funding)**

It is proposed to invest into a series of improvements at leisure facilities across the city to ensure a financially sustainable leisure provision, that provides significant contribution to the vision for establishing “An Active Sunderland – a city where everyone is as active as they can be. In addition, this investment will ensure the leisure provision meets its statutory obligations with lifecycle maintenance, and that the standard of the leisure offers meets the needs of the customers as well as reduce the carbon footprint of the leisure facilities and contribute to the goal of net zero by 2035. Improvements include:

- Gym refurbishments - replace all equipment and change the layout/branding of the facilities at all the of the facilities,
- Silksworth Athletics Track - replace the track and add a fence to protect track from vandalism,
- Changing room refurbishments – upgrades at Sunderland Aquatic Centre, Silksworth Tennis Centre, Hetton, Houghton, Raich Carter, Washington & Silksworth Ski,
- Mechanical & electrical lifecycle works to the Sunderland Aquatic Centre, and
- Energy saving - LED light replacement for outdoor courts, installation of Solar PV at Hetton, Raich Carter and Silksworth Tennis.

The delivery of works will be undertaken by Everyone Active, the Council’s partner in delivering leisure services. The investment values above are the contributions to Everyone Active from Council resources as well as any grants that the Council may secure to support this project. At this stage, a contribution of £0.075m funding is anticipated from UK Athletics for Silksworth Athletics Track and a bid for further funding will be made to support the energy saving works. Everyone Active will provide £2.118m funding bringing the total expected investment to £8.220m.

Area Outcomes / Benefits and Contribution to Strategic Priority:

The investment will benefit residents city-wide, and will contribute to the following strategic priorities:

- Dynamic Smart City: a lower carbon city with greater digital connectivity for all
- Healthy Smart City: access to equitable opportunities and life chances
- Healthy Smart City: reduced health inequalities enabling more people to live healthier longer lives
- Healthy Smart City: people enjoy independent lives
- Vibrant Smart City: more residents participating in their communities
- Vibrant Smart City: more resilient people.

## **2.0 Highways Capital Funding 2024/2025**

### **2.1 Highways Maintenance & Local Transport Plan Allocations**

Government announced in 2019 that eight eligible English city regions would receive £4.2bn of additional national funding over a 5-year period for local transport networks via the new City Region Sustainable Transport Settlement (CRSTS). The Autumn 2021 Budget confirmed that £5.7bn nationally will be provided through the CRSTS, with the additional £1.5bn nationally allocated to replace current allocations for the Integrated Transport Block (ITB) and Highways Maintenance funding, including the Potholes Action Fund.

On 28<sup>th</sup> December 2022, the Department for Levelling Up, Housing and Communities offered a minded to devolution deal to the North East which would unlock billions of pounds of investment and see additional powers transferred from Whitehall to a new combined authority consisting of the 5 Tyne & Wear Authorities, as well as County Durham and Northumberland. Subject to the relevant approvals, the deal would provide £4.2bn of funding over 30 years to the Mayoral Combined Authority, including £0.9bn for transport inclusive of the above CRSTS. It is expected a Mayoral election would take place in May 2024 and a new Mayoral Combined Authority formed. Funding for highways maintenance in North of Tyne and the North East combined authorities is currently allocated to the 7 individual authorities in these areas. As a result, this funding has been allocated to those authorities. Following the establishment of the new North East Mayoral Combined Authority (NEMCA), future funding will be allocated to that combined authority. Further to the annual local highways maintenance and transport funding, there is £147m CRSTS round 1 capital funds available for regional transport priority schemes from 2024/2025 to 2026/2027. These schemes will be considered by NEMCA with full approval of business cases expected at the end of 2024. To support bids for those schemes, revenue funding for design work has been allocated by Transport North East with Sunderland's allocation being £0.552m.

In addition, the Network North announcement on 4<sup>th</sup> October 2023 included a commitment to an additional £8.3bn for local highways maintenance and other asset management priorities from 2023/2024 to 2033/2034. The first £150million of this has been distributed in 2023/2024 - the Department for Transport confirmed Sunderland's additional allocation of £0.525m for both 2023/2024 and 2024/2025.

## 2.2 Active Travel Fund

The Council have secured revised total allocations of £8.092m Active Travel Fund for use in 2022/2023 to 2024/2025 distributed via the North East Combined Authority, for cycleways at A183 Whitburn Rd, A183 Dame Dorothy Street and European Way / Pallion New Road.

## 2.3 Funding Allocations

The table below details the Highways Capital Funding for 2023/2024 and provisional allocations for 2024/2025 with CRSTS being subject to NEMCA approval.

Funding Source		2023/2024 £'000	2024/2025 £'000
City Region Sustainable Transport Settlement (CRSTS)	Highways Capital Maintenance	1,835	1,835
	Highways Capital Maintenance – Incentive Funding	459	459
	Pot Hole Action Fund	1,835	1,835
	Highways Integrated Transport	1,618	1,618
	Nexus Allocation	42	42
Pot Hole Action Fund		734	0
Network North – Highways and Structures Maintenance		525	525
<b>Total Transport</b>		<b>7,048</b>	<b>6,314</b>

The total funding for transport schemes for 2024/2025 from new grants is £6.314m.

## 2.4 Proposals for Highways Capital Programme New Starts 2024/2025

The Capital Programme external funding for 2024/2025 of **£6.314m** is proposed to support the following priorities:

- The structural maintenance of highways – £4.272m (including £0.109m contribution to fund the regional Urgent Traffic Management Control services);
- The structural maintenance of bridges – £0.382m;
- Economic development and regeneration by managing congestion; supporting safe and sustainable communities through improving road safety and improving access; and addressing climate change by promoting sustainable travel - £1.618m (including £0.063m contribution to fund the regional transport team); and
- Public transport infrastructure improvements, Nexus funded - £0.042m.

## 3.0 Adult Social Care Capital 2024/2025

- 3.1 The Disabled Facilities Grant allocation for 2024/2025 as not yet been announced. However, a provisional allocation for this year is to be included in the Capital Programme based on the 2023/2024 allocation of £4.055m Disabled Facilities Grant, supplemented by £0.100m from Gentoo, providing **£4.155m** for Disabled Facilities Grants.

This Disabled Facilities Grants allocation is from the £573m million available nationally and it is expected that a further £52m will be provided nationally following the further £50m in 2023/2024, of which Sunderland's allocation was £0.354m – any additional allocation confirmed will be reported through the Capital Programme Reviews in 2024/2025.



## 4.0 Children's Services - Education Capital 2024/2025

4.1 The table below details the Children's Education Government provisional and announced grants for 2024/2025, with a comparison to 2023/2024.

	<b>2023/24 £'000</b>	<b>2024/25 £'000</b>
Schools Condition Allocation (SCA)	1,500	1,500*
Education Basic Need	0	0
Schools Devolved Funding (DFC)	288	tbc
High Needs Capital Funding	2,488	tbc
Early Years - Wraparound Childcare Programme	457	0
<b>Total Children's Services</b>	<b>4,733</b>	<b>1,500</b>

*\*provisional*

### 4.2 Schools Devolved Formula Capital (DFC)

DFC is funding for schools for capital spend delegated to them to spend against their priorities.

### 4.3 Schools Conditions Allocation (SCA)

The Schools Condition Allocation is provided to the Council for the maintenance / improvement of maintained schools. Academies and Voluntary Aided (VA) schools receive this funding direct from the Department of Education and determine their own spending plans. As of January 2024, the Council has not yet received confirmation of the value of its Schools Condition Allocation for 2024/2025 but a provisional allocation of £1.500m has been included in the Capital Programme, being the same value as the 2023/2024 allocation.

Separate to the above, the voluntary-aided sector is allocated grant funding based on pupil numbers and reflecting the governors' 10 per cent contribution and eligibility for VAT for Schools Condition Allocation. This is to be spent on the priorities that those schools determine.

### 4.4 Basic Need

The Council remains the responsible body for receiving and managing the city's Basic Need funding. This funding is for all publicly funded schools in the city (including Academies, Free Schools and VA schools). Basic Need funding, although not ring fenced, is intended to ensure additional school places can be provided where needed. Allocations to local authority areas for the period 2023 – 2026 were announced in July 2023. Based on the allocations the Council will not receive any Basic Need funding for 2024/2025 or 2025/2026.

### 4.5 Early Years Wrap Around

In Spring 2023 the Government announced the introduction of 30 hours of free childcare for children over the age of nine months. This will be introduced in phases with qualifying working parents of 2-year-olds able to access 15 hours a week from April 2024, qualifying working parents of children aged 9-months up to 3-years-old able to access 15 hours a week from September 2024, and qualifying working parents of children from 9 months to 3 years-old able to access 30 hours a week from September 2025.

The Department for Education (DfE) announced on 30th November 2023 a capital grant for childcare expansion, with the Council's allocation confirmed as £0.457m. Sufficiency of existing places and projected areas for expansion are currently being established.

#### 4.6 Funding Availability from 2024/2025

##### 4.6.1 Current allocations:

As of January 2024, there is £4.385m funding across the Council's Schools Condition Allocation and Basic Needs Education Capital grant allocations (received for the period up to 2023/2024). £3.499m is profiled for use against planned projects in 2023/2024, £0.300m in 2024/2025, and £0.586m has been retained to support condition requirements in schools. This is generally held as a contingency to ensure the Council can respond to immediate and unplanned condition needs that may arise across the year.

As of January 2024, there is £1.998m of Higher Needs funding profiled to be spent in 2024/2025. This funding was provided to increase the number of or improve the quality of existing school places for children with special educational needs. This balance has been allocated to the relocation of Barbara Priestman Academy new start proposal detailed elsewhere in this report.

##### 4.6.2 2024/2025 allocations:

The allocations for 2024/2025, confirmed and provisional are:

- Basic Needs funding £0;
- Schools Condition Allocation (SCA) £1.500m; and
- High Needs Capital Funding £0.
- Total £1.500m.

The 2024/2025 SCA allocation of **£1.500m** is not yet committed to projects and therefore available for new and emerging schools' asset management priorities from that year's allocation; these will include schools maintenance works with a number of schools requiring significant works.

Upon confirmation of the 2024/2025 allocations, the Capital Programme will be updated. Capital investment requirements from these grant allocations will be submitted to Cabinet for approval, where required.

**Capital Programme  
Summary of Programme 2023/2024 to 2027/2028**

Expenditure by Portfolio	Gross Cost £'000	Expend. to 31.3.23 £'000	Estimated Payments				
			2023/2024 £'000	2024/2025 £'000	2025/2026 £'000	2026/2027 £'000	2027/2028 £'000
Deputy Leader and Clean Green City	285,609	128,919	28,423	68,138	43,135	9,464	7,530
Cabinet Secretary	85,989	40,037	12,610	13,196	11,427	8,719	0
Children's Learning and Skills	52,341	16,063	15,119	7,239	6,670	7,250	0
Dynamic City	622,766	255,897	121,101	92,636	58,209	64,791	30,132
Healthy City	28,777	13,047	6,762	8,718	250	0	0
Vibrant City	89,083	24,398	9,365	24,892	19,729	9,145	1,554
<b>TOTAL CAPITAL EXPENDITURE</b>	<b>1,164,565</b>	<b>478,361</b>	<b>193,380</b>	<b>214,819</b>	<b>139,420</b>	<b>99,369</b>	<b>39,216</b>

## CAPITAL PROGRAMME

Source of Finance	Estimated Resources				
	2023/24	2024/25	2025/26	2026/27	2027/28
	£'000	£'000	£'000	£'000	£'000
<b>FROM EXTERNAL SOURCES</b>					
<b>Loans</b>					
Prudential Borrowing	100,065	160,330	122,529	88,532	39,216
<b>Government Grants</b>					
DoH&SC - Disabled Facilities	4,605	4,409	0	0	0
DfE - School's Condition Allocation Grant	3,275	1,800	0	0	0
DfE - Basic Need Grant	810	0	0	0	0
DfE - Schools DFC Grant	875	537	0	0	0
DfE - High Needs Capital	1,087	700	750	1,248	0
DfE - Early Years grants	0	457	0	0	0
DfE - Other Grants	152	0	0	0	0
DfT - Local Transport Plan (LTP)	3,912	3,912	0	0	0
DfT - Pothole Grant	2,569	1,835	0	0	0
DfT - Network North Highways & Structures Maintenance grant	525	525	0	0	0
DfT - Transforming Cities Fund	3,429	1,225	0	0	0
DfT - Active Travel Fund	3,350	3,719	0	0	0
DLUHC - UK Shared Prosperity Fund (UKSPF)	1,177	1,985	0	0	0
DLUHC - Future High Street Fund (FHSF)	9,426	10,121	0	0	0
DLUHC - Levelling Up Fund (LUF)	6,578	6,905	0	0	0
DLUHC - Brownfield Land Release Fund (BLRF)	5,778	0	0	0	0
DLUHC - Changing Places Fund	300	0	0	0	0
DLUHC General	3,380	0	0	0	0
DSIT (Dept for Science, Innovation & Technology) grants	3,251	3,911	0	0	0
DESNZ (Dept for Energy Security and Net Zero) grants	2,237	1,600	0	0	0
Government Grants General	372	0	0	0	0
<b>Grants from Other Public Bodies</b>					
National Lottery Heritage Fund (NLHF)	423	210	2,320	2,319	0
European Regional Development Fund (ERDF)	2,195	0	0	0	0
Nexus LTP	42	42	0	0	0
Homes England - Housing Infrastructure Fund (HIF)	6,908	0	0	0	0
Historic England	60	2,118	0	0	0
Homes England - Other	905	3,661	9,210	7,270	0
Environment Agency	3,961	796	0	0	0
Warm Homes Fund	31	0	0	0	0
NELEP	91	0	0	0	0
Arts Council	199	150	0	0	0
<b>Other External Funding</b>					
Gentoo	100	100	0	0	0
CCG	322	0	0	0	0
Nexus	1,432	0	0	0	0
Innovate UK	211	365	0	0	0
Other Grants General	332	165	0	0	0
Other Capital Contributions	5	0	0	0	0
<b>Total External Sources</b>	<b>174,370</b>	<b>211,578</b>	<b>134,809</b>	<b>99,369</b>	<b>39,216</b>
<b>FROM INTERNAL SOURCES</b>					
<b>Revenue Contributions</b>					
Neighbourhood Fund	124	0	0	0	0
Directorate	161	0	0	0	0
<b>Reserves</b>					
Strategic Investment Reserve	721	0	0	0	0
S106 Reserves	1,918	574	0	0	0
Capital Priorities Reserve	2,500	25	50	0	0
HCA Riverside Reserve	8,934	0	0	0	0
Culture House AV Reserve	0	0	3,000	0	0
Other Capital Reserves	1,442	260	0	0	0
<b>Capital Receipts</b>	<b>3,210</b>	<b>2,382</b>	<b>1,561</b>	<b>0</b>	<b>0</b>
<b>Total Internal Sources</b>	<b>19,010</b>	<b>3,241</b>	<b>4,611</b>	<b>0</b>	<b>0</b>
<b>TOTAL FINANCING</b>	<b>193,380</b>	<b>214,819</b>	<b>139,420</b>	<b>99,369</b>	<b>39,216</b>

**DEPUTY LEADER & CLEAN GREEN CITY  
CAPITAL PROGRAMME**

Project Ref. No.	Project	Project Description	Project Sponsor	Gross Cost	Expend to 31.3.23	2023/24	2024/25	2025/26	2026/27	2027/28
				£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Continuing Projects</b>										
<b>Strategic Economic Development</b>										
CP0139	Investment Corridors	Infrastructure improvements in and around High Street West, including new street lighting and street furniture, and new high-quality paving materials. Further works dependant on City Centre Movement Strategy.	A Crabb	9,200	6,933	67	2,200	0	0	0
CP0142	International Advanced Manufacturing Park (IAMP)	Development of an International Advanced Manufacturing Park (IAMP) set to create over 5,000 jobs and attract over £400 million investment, building on links with local businesses to create an advanced manufacturing centre of excellence for the North East. IAMP is a joint venture between Sunderland and South Tyneside councils and is being jointly promoted by IAMP LLP, a JV company comprising both local authorities.	P McIntyre	57,754	39,587	2,355	15,812	0	0	0
CP0203	Energy Masterplan & Feasibility Assessment	Development of a Full Business Case for a low carbon city centre heat network, building upon the findings of previous feasibility work, utilising the thermal energy stored within the former workings of Wearmouth Colliery. Key to this next stage are the drilling of pilot boreholes to prove source and concept	C Mordue	2,577	547	430	1,600	0	0	0
CP0266	Vaux Phase 1 (Beam)	Development of the first office building - The Beam - of 60,000 sq. ft. over 5 floors on the former Vaux site, and infrastructure works to roads and footpaths. The building opened in 2019, with the remaining funding to be used for the finalisation of fit-out works.	N Guthrie	25,812	25,310	502	0	0	0	0
CP0493	Scheme Feasibility & Design	Feasibility and Design works for a number of strategically important projects to support the economic regeneration of the City Centre and wider city including a new Wear Footbridge, additional Railway Station Development, Vaux Developments, Smart Connected Cities and Holmeside Developments. Proposals to proceed with any projects following feasibility are subject to reports to Cabinet for consideration at the appropriate time.	A Crabb	7,636	3,714	1,000	803	2,119	0	0

**DEPUTY LEADER & CLEAN GREEN CITY  
CAPITAL PROGRAMME**

Project Ref. No.	Project	Project Description	Project Sponsor	Gross Cost	Expend to 31.3.23	2023/24	2024/25	2025/26	2026/27	2027/28
				£'000	£'000	£'000	£'000	£'000	£'000	£'000
CP0494	Sunderland Eye Infirmary	Development of a Sunderland Eye Infirmary to be located on the Riverside Sunderland site, and to be supported by a long-term lease arrangement subject to agreement with the tenant.	A Crabb	71,850	4,937	5,449	31,273	30,191	0	0
CP0556	Microgrid Backbone	Significant energy infrastructure enabling works at the International Advanced Manufacturing Park (IAMP). The works, fully funded by a grant from the Department for Energy Security and Net Zero, include diversion of National Grid infrastructure (towers) to remove an obstruction from the IAMP development site to maximise the land available to enable optimum construction and operation of up to 4m square feet of Gigafactory development as part of the UK's first EV Hub. It also covers progression of development work to secure additional power supplied via a direct connection to National Grid on IAMP with an associated distribution sub-station which is designed to enable further development of an energy microgrid securing cost competitive energy with the ability to scale-up renewable energy supply.	C Auld	14,951	13,144	1,807	0	0	0	0
<b>Port</b>										
CP0313	Port Enterprise Zone	20 acres of land on two sites in the Port of Sunderland have been approved to form part of the North East's Enterprise Zones (round 2). Provision of enabling works will provide a development platform to prospective inward investors looking to take advantage of a port location and its multimodal operational facilities in sectors such as advanced manufacturing, automotive, construction and offshore renewable energy.	M Hunt	8,201	7,731	470	0	0	0	0
CP0440	Port General Infrastructure, Equipment & Plant	Investment in infrastructure, plant and equipment will be used to support the on-going operational requirements of the Port, including addressing minor plant/machinery investment, health and safety, and general infrastructure requirements as they arise.	M Hunt	795	794	1	0	0	0	0

**DEPUTY LEADER & CLEAN GREEN CITY  
CAPITAL PROGRAMME**

Project Ref. No.	Project	Project Description	Project Sponsor	Gross Cost	Expend to 31.3.23	2023/24	2024/25	2025/26	2026/27	2027/28
				£'000	£'000	£'000	£'000	£'000	£'000	£'000
CP0491	Port Warehousing Developments	Construction of industrial warehousing at the Port of Sunderland to meet expanding demand for both leased space and undercover cargo storage capacity that will improve the Port's commercial offer. This will also help position the Port to attract long term tenants linked to opportunities arising from market opportunities as identified in the Port's Business Plan from the commodity, circular economy and offshore oil, gas and renewable supply chains.	M Hunt	2,500	859	141	1,500	0	0	0
CP0599	Port General Infrastructure, Equipment & Plant	Provision to undertake minor infrastructure works on the Port estate and to fund the purchase of plant and machinery in support of the Port's cargo, engineering and marine operations. It is planned that this funding will continue to allow for efficiency in all aspects of Port operations to support the delivery of the Port's Business Plan objectives and provide for a safe and secure environment for Port employees, tenants and users. The funding would also deliver essential repair work to the eastern end of the Corporation Quay as well feasibility work into repair works on the Sheers Quay to determine scope and costs.	M Hunt	1,300	0	448	252	300	300	0
<b>Economic Regeneration</b>										
CP0103	Provision for Economic Development	Provision for financial assistance for inward investment and job growth in order to lever significant job creation and private sector investments. Growth areas including IAMP may require assistance packages over coming years.	C Auld	2,717	836	881	1,000	0	0	0
CP0611	UKSPF - External Grants	The Council is Lead Authority for the management and administration of Sunderland's UK Shared Prosperity Fund (UKSPF) programme, the replacement of European Programmes. This project refers to the UKSPF grants that has been allocated to specific schemes delivered by external organisations under the following themes of Community and Place and Supporting Local Business.	C Auld	1,847	0	508	1,339	0	0	0

**DEPUTY LEADER & CLEAN GREEN CITY  
CAPITAL PROGRAMME**

Project Ref. No.	Project	Project Description	Project Sponsor	Gross Cost	Expend to 31.3.23	2023/24	2024/25	2025/26	2026/27	2027/28
				£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Flood &amp; Coast Risk Management</b>										
CP0160	Flood and Extreme Weather Mitigation	Rolling programme of flood defence and flood alleviation schemes in accordance with the flood priority list and extreme weather repairs, as well as providing match funding for external funding available through central government for flood alleviation schemes to protect properties, businesses and infrastructure.	C Mordue	8,352	2,878	4,678	796	0	0	0
CP0357	Coastal Defence - Strategic Frontage 3	Coastal defence scheme situated around the east of the Port which will protect the Port's infrastructure. The delivery of the project in full is reliant upon successful external funding bids.	C Mordue	7,570	3,106	2,100	2,364	0	0	0
CP0602	Nobles Quay Replacement	Reconstruction of Nobles Quay which is in need of repair. Nobles Quay is one of the quays located on the south side of the river in the east end of the city and is one of the oldest quays remaining in the city dating back to early 1800's.	C Mordue	3,000	0	300	2,700	0	0	0
<b>Infrastructure and Commercial Design</b>										
CP0429	Riverside Animation	A programme of works establishing a focus for River based leisure activities with Sunderland University on the North Bank of the Wear adjacent to the St Peters Campus.	C Mordue	500	115	385	0	0	0	0
<b>Fleet Management</b>										
CP0353	Refuse Collection Vehicle Replacement Programme	Planned replacement of the fleet of 24 refuse collection vehicles at the forecast end of life plus 1 pilot electric RCV which will support the Council becoming carbon neutral by 2030. Consideration will be given at the time of purchase to electric / hybrid options. This investment into the Refuse Collection Vehicle (RCV) fleet is planned to meet increasing demands from housebuilding and commercial waste.	M Morley	5,110	4,921	189	0	0	0	0



**DEPUTY LEADER & CLEAN GREEN CITY  
CAPITAL PROGRAMME**

Project Ref. No.	Project	Project Description	Project Sponsor	Gross Cost	Expend to 31.3.23	2023/24	2024/25	2025/26	2026/27	2027/28
				£'000	£'000	£'000	£'000	£'000	£'000	£'000
CP0354	Specialist (Large) Vehicle Replacement Programme	Planned replacement of large specialist vehicle and plant fleet purchases in order to ensure most efficient use of resources. Consideration will be given to purchase of electric / hybrid options.	M Morley	1,932	1,402	530	0	0	0	0
CP0423	Environmental Services Vehicles and Equipment	A series of investments in vehicles and equipment is proposed to support the Place Management Service Operations including: o Replace existing specialist vehicle and plant fleet which will come to the end of their planned operational life. o Purchase new additional vehicles and equipment to support planned changes in front line service delivery in line with Council priority to improve local environment quality. o Fit safety equipment to the fleet of large goods vehicles. o Replacement wheel bin and recycling containers. o Provision of a Vehicle and Equipment Management Information System to improve operational efficiency, track and inventory all equipment to ensure safe maintenance, operation and reduce asset loss.	M Morley	3,108	2,640	468	0	0	0	0
CP0601	Vehicle, Plant and Equipment Replacement Programme	To replace the current fleet due to come to the end of its useful life for owned vehicles and also current vehicles, plant and equipment under hire/lease agreements that will cease.	M Morley	17,300	0	817	4,497	9,600	2,386	0
<b>Waste Management</b>										
CP0352	Replacement Household Waste and Recycling Centre	Provision of a new household waste facility at Pallion Industrial Estate, which opened February 2022. The site also includes a re-use shop which opened Summer 2022.	M Morley	5,562	5,514	48	0	0	0	0
<b>Parks and Open Spaces</b>										
CP0161	Improvements to the Crematorium	Physical and structural improvements to the Crematorium.	M Morley	107	62	45	0	0	0	0
CP0285	Parks & Cemetery Infrastructure - Paths	Provision for a repair inspection and maintenance programme in cemeteries and parks.	M Morley	300	279	21	0	0	0	0
CP0299	Play and Urban Games	Improvement works to play areas across the city.	P McIntyre	1,887	922	965	0	0	0	0

**DEPUTY LEADER & CLEAN GREEN CITY  
CAPITAL PROGRAMME**

Project Ref. No.	Project	Project Description	Project Sponsor	Gross Cost	Expend to 31.3.23	2023/24	2024/25	2025/26	2026/27	2027/28
				£'000	£'000	£'000	£'000	£'000	£'000	£'000
CP0474	Roker Park Lodge	Restoration of Roker Park Lodge to provide a café on the ground floor with associated external improvements to provide an outside eating area and kitchen garden. The project will contribute to continued improvements in the seafront area.	P McIntyre	870	145	725	0	0	0	0
CP0444	Pocket Park - Doxford Park	Creation of an outdoor space within Doxford Park by thinning out / making good existing areas of planting. This will be supplemented with new scrub and woodland planting and the creation of a mix of native habitats and an increase in biodiversity. In addition, there will be provision of an educational zone and improvements to existing paths.	P McIntyre	26	21	5	0	0	0	0
CP0504	Urban Tree Challenge Fund	Increase tree cover in key parts of Sunderland that have been identified as having a combination of low tree cover, poorer quality urban environments and areas with social and economic deprivation.	P McIntyre	173	137	36	0	0	0	0
CP0517	Elemore Green Space and Social Enterprise Development	Development of the former Elemore Golf Course at Hetton. Capital improvement works are to the former golf club, car park, the wider landscape of the park areas including outdoor play facilities, signage and interpretation and seating, whilst also protecting the extensive ecology which has developed on the site over time, reduce anti-social behaviour and celebrate the heritage of the area. This will enable a social enterprise to become mobilised on site, delivering initially from the refurbished golf club house and ensuring the long-term sustainability of the Elemore Green Space.	P McIntyre	1,697	1,070	377	250	0	0	0
CP0522	Parks and Open Spaces	This project supports a Citywide Parks and Open Spaces Strategy to improve open spaces infrastructure. Parks and greenspaces are being enhanced at a number of locations citywide.	P McIntyre	3,379	1,224	2,155	0	0	0	0
CP0597	Allotments Improvements	Improvements to Allotments throughout various locations across the City.	M Dixon	400	7	60	333	0	0	0
CP0627	Trees Planting Programme	Tree planting programme.	C Auld	310	0	310	0	0	0	0

**DEPUTY LEADER & CLEAN GREEN CITY  
CAPITAL PROGRAMME**

Project Ref. No.	Project	Project Description	Project Sponsor	Gross Cost	Expend to 31.3.23	2023/24	2024/25	2025/26	2026/27	2027/28
				£'000	£'000	£'000	£'000	£'000	£'000	£'000
	<b>Bereavement Services</b>									
CP0473	Redevelopment of Bishopwearmouth Crematorium	Provision for a refurbished crematorium with extended car parking facilities, that will be more efficient to operate and maintain. This will help improve the experience for users whilst also affording the opportunity to reduce future running and maintenance costs.	M Morley	7,500	84	150	279	925	6,062	0
<b>TOTAL CONTINUING PROJECTS</b>				<b>276,223</b>	<b>128,919</b>	<b>28,423</b>	<b>66,998</b>	<b>43,135</b>	<b>8,748</b>	<b>0</b>
<b>PROJECTS COMMENCING 2024/25</b>										
	<b>Parks and Open Spaces</b>									
CP0617	Herrington Country Park - Car Park	Increase and improve parking offer within the park, due to increased usage and demand.	C Mordue	900	0	0	900	0	0	0
	<b>Bereavement Services</b>									
CP0473	Redevelopment of Bishopwearmouth Crematorium - additional budget	Provision for a refurbished crematorium with extended car parking facilities, that will be more efficient to operate and maintain. This will help improve the experience for users whilst also affording the opportunity to reduce future running and maintenance costs.	M Morley	8,146	0	0	0	0	666	7,480
	<b>Regulatory Services</b>									
CP0618	Regulatory Services Infrastructure	Necessary infrastructure to allow Regulatory Services to fulfil statutory requirements. This will include new public spaces protection orders signage, city centre re-deployable CCTV cameras, an antisocial behaviour case management system and noise monitoring equipment.	M Dixon	340	0	0	240	0	50	50
<b>TOTAL PROJECTS COMMENCING 2024/25</b>				<b>9,386</b>	<b>0</b>	<b>0</b>	<b>1,140</b>	<b>0</b>	<b>716</b>	<b>7,530</b>
<b>TOTAL DEPUTY LEADER &amp; CLEAN GREEN CITY CAPITAL PROGRAMME</b>				<b>285,609</b>	<b>128,919</b>	<b>28,423</b>	<b>68,138</b>	<b>43,135</b>	<b>9,464</b>	<b>7,530</b>

**DEPUTY LEADER & CLEAN GREEN CITY  
CAPITAL PROGRAMME**

Source of Finance	Estimated Resources				
	2023/24	2024/25	2025/26	2026/27	2027/28
	£'000	£'000	£'000	£'000	£'000
<b>FROM EXTERNAL SOURCES</b>					
<b>Loans</b>					
Prudential Borrowing	15,507	64,266	43,135	9,464	7,530
<b>Government Grants</b>					
DLUHC - UK Shared Prosperity Fund (UKSPF)	508	1,339	0	0	0
DLUHC - Levelling Up Fund (LUF)	29	0	0	0	0
DESNZ (Dept for Energy Security and Net Zero) grants	2,237	1,600	0	0	0
Government Grants General	383	0	0	0	0
<b>Grants from Other Public Bodies</b>					
Environment Agency	3,961	796	0	0	0
<b>Other External Funding</b>					
CCG	322	0	0	0	0
Other Capital Contributions	5	0	0	0	0
<b>Total External Sources</b>	<b>22,952</b>	<b>68,001</b>	<b>43,135</b>	<b>9,464</b>	<b>7,530</b>
<b>FROM INTERNAL SOURCES</b>					
<b>Revenue Contributions</b>					
Neighbourhood Fund	61	0	0	0	0
Directorate	60	0	0	0	0
<b>Reserves</b>					
Strategic Investment Reserve	97	0	0	0	0
S106 Reserves	892	137	0	0	0
Capital Priorities Reserve	2,500	0	0	0	0
HCA Riverside Reserve	385	0	0	0	0
Other Capital Reserves	614	0	0	0	0
<b>Capital Receipts</b>					
Capital Receipts	862	0	0	0	0
<b>Total Internal Sources</b>	<b>5,471</b>	<b>137</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL FINANCING</b>	<b>28,423</b>	<b>68,138</b>	<b>43,135</b>	<b>9,464</b>	<b>7,530</b>

**CABINET SECRETARY  
CAPITAL PROGRAMME**

Project Ref. No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000
<b>Continuing Projects</b>										
<b>Management of Council Land and Buildings</b>										
CP0314	Solar PV Battery Storage	Installation of solar PV and battery storage at Council buildings. This is expected to reduce electricity costs and carbon emissions and to access capacity auctions in conjunction with the National Grid. The buildings that would benefit by this investment include Jack Crawford, Evolve, Software Centre, Washington Business Centre and the Port's transit shed 7 which also feeds Capstan House.	P Davies	3,166	2,372	794	0	0	0	0
CP0415	Hendon Health Centre	Provision for the demolition or refurbishment of Hendon Health Centre	P Davies	125	0	0	125	0	0	0
CP0417	City Hall - Furniture and Equipment	Furniture and equipment provision for City Hall.	A Crabb	4,370	4,303	67	0	0	0	0
CP0418	Planned Property Capital Maintenance	Various construction, mechanical and electrical services-based projects / works required to maintain and improve the Council's property portfolio.	P Davies	18,034	7,899	2,635	2,500	2,500	2,500	0
CP0470	Security Control Room	The provision of a new CCTV and Security Control Room.	M Dixon	400	366	34	0	0	0	0
CP0502	Jacky Whites Market Improvements	Refurbishment works to improve the physical fabric and viability of the market and provide an enhanced provision for traders and visitors.	P Davies	400	0	15	385	0	0	0
CP0582	Bishopwearmouth Cemetery - South Chapel Repair/Conservation Works	Planned repair and conservation works to the South Chapel building at Bishopwearmouth Cemetery to prevent further decay and preserve the building.	P Davies	600	0	45	555	0	0	0

**CABINET SECRETARY  
CAPITAL PROGRAMME**

Project Ref. No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000
	<b>Depots</b>									
CP0355	Redevelopment of Parsons Depot including Electrical Vehicle Infrastructure	Redevelopment of the operational depot at Parsons, Washington, which became operation Autumn 2022, but with further external works to enhance the operational environment. The works also include electric vehicle infrastructure to future proof Parsons depot as well as Jack Crawford House by ensuring that site energy can be provided from renewable sources including solar, wind and through the use of electric vehicle battery charging. This investment will support the operation and maintenance of the Council's future ultra low carbon (electric) fleet through the provision of a range of standard and high speed vehicle charging points and battery charging and storage facilities which work with the local electricity supply network and renewable energy generated on sites.	M Morley	11,493	11,079	414	0	0	0	0
CP0584	Replacement Coalfields Depot and Provision of a Salt Barn	A comprehensive redevelopment / replacement of the Houghton Depot so that services and employees can operate within a modern, fit for purpose facility. This will include the provision of an improved service depot and facilities for Refuse, Local Services and Winter Maintenance teams and their equipment and vehicles, as well as a new salt storage barn.	M Morley	6,503	11	150	611	5,731	0	0
	<b>Digital and Customer Services</b>									
CP0286	Refresh of Essential Core ICT Infrastructure	A programme of activities aligned to a full review and rationalisation of the ICT estate to refresh end of life equipment and begin to transition to new on demand offerings.	L St Louis	4,323	4,176	147	0	0	0	0

**CABINET SECRETARY  
CAPITAL PROGRAMME**

Project Ref. No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000
CP0419	ICT Infrastructure	Five strands of investment into ICT services to provide efficiencies to support the Medium Term Financial Plan: o Replacement of End User Devices. o Replacement of Storage & Server Infrastructure. o Upgrade or Replacement of Virtualised Desktop Infrastructure. o Disaster Recovery / Secondary Data Centre Replacement. o Civica Revenues & Benefits System.	L St Louis	2,530	2,012	258	260	0	0	0
CP0464	Fibre Upgrade	Extension of the Council's fibre optic network to the Port's Capstan House and the Port Control building to mitigate current networking issues.	L St Louis	115	73	42	0	0	0	0
CP0500	Replacement of End User ICT Devices	Provision to continue the replacement programme of physical end user devices (laptops, base units and mobile telephones) across the Council as they reach the end of their effective lifecycle.	L St Louis	3,102	0	1,433	970	424	275	0
CP0525	Internet Filtering, Firewall and Monitoring Solution and Upgrade to Gigabit Capable Fibre Connectivity	Provision for the replacement of the Council's internet filtering, firewall and monitoring solution and upgrade to gigabit capable fibre connectivity to support the continued effective running of Council services.	L St Louis	1,000	361	639	0	0	0	0
CP0568	Smart Cities - Network Monitoring	Provision of network equipment for the City Hall. This will provide Digital Network Architecture (DNA) appliance and advantage licencing for ongoing monitoring purposes and enable uninterrupted network access for all ICT users.	L St Louis	158	0	158	0	0	0	0
CP0569	Smart Cities - Back-up Solution and Data Storage	Extension of the licencing software and support and maintenance alongside the replacement of the aging and soon to be unsupported corporate data storage system to ensure the continuation of robust and resilient ICT Services with the ability to protect the integrity of customers data.	L St Louis	100	48	52	0	0	0	0

**CABINET SECRETARY  
CAPITAL PROGRAMME**

<b>Project Ref. No.</b>	<b>Project</b>	<b>Project Description</b>	<b>Project Sponsor</b>	<b>Gross Cost £'000</b>	<b>Expend to 31.3.23 £'000</b>	<b>2023/24 £'000</b>	<b>2024/25 £'000</b>	<b>2025/26 £'000</b>	<b>2026/27 £'000</b>	<b>2027/28 £'000</b>
CP0570	Smart Cities - Essential Hardware Replacement	Replacement of the aging hardware infrastructure at key Council sites including Uninterruptible Power Supply (UPS), Edge Switches and Connectivity hardware.	L St Louis	135	0	135	0	0	0	0
CP0571	Smart Cities - Remote Connection Solution	Replacement of the Netscaler solution once it reaches end of life - the Netscaler is the remote connection solution and web content load balancer.	L St Louis	125	0	0	125	0	0	0
CP0503	Assistive Technology General	Investment in digitised solutions to support service delivery and staff productivity in frontline services. Plans include digitisation within Housing Allocations, School Admissions, Environmental Services and Cemeteries.	L St Louis	288	122	166	0	0	0	0
CP0600	NetBackup Appliance Refresh	The NetBackup Appliances which protect our on-premises server estate become end of life in 2025. To continue to secure the integrity of the server estate and the applications and data held the appliances must be replaced.	L St Louis	460	0	0	0	460	0	0
<b>Smart Cities</b>										
CP0613	Community Digital Health Hub Project (UKSPF)	A Council led project funded by UKSPF grant - the Community Digital Health Hub Project. The project will develop 22 Community Digital Health Hubs. Works include upgrade and expand existing Wi-Fi systems within 22 buildings, and external space if required; the purchase of digital devices and furniture to support the delivery of the digital health hubs; and to establish esports community hubs and a community broadband scheme in Sunderland.	L St Louis	582	0	582	0	0	0	0



**CABINET SECRETARY  
CAPITAL PROGRAMME**

<b>Project Ref. No.</b>	<b>Project</b>	<b>Project Description</b>	<b>Project Sponsor</b>	<b>Gross Cost £'000</b>	<b>Expend to 31.3.23 £'000</b>	<b>2023/24 £'000</b>	<b>2024/25 £'000</b>	<b>2025/26 £'000</b>	<b>2026/27 £'000</b>	<b>2027/28 £'000</b>
CP0501	Smart Cities Project	Sunderland has set its vision that 'By 2035, Sunderland will be a connected, international city with opportunities for all'. The Smart City ambitions feature as a key priority in delivering this vision through the deployment of next generation fibre and mobile infrastructure and a range of use cases to enable transformational change across public service delivery. This project will provide upfront investment to support delivery of the necessary fibre and 5G network infrastructure within the city alongside a range of digital and data solutions and reflects the success of a number of recent external funding grants.	L St Louis	20,953	7,097	4,812	7,035	2,009	0	0
<b>School Meals</b>										
CP0530	School Meals Kitchen Equipment Replacement	Replacement of school meals equipment across all schools where the school meals service is provided by the Council's inhouse catering team.	P Davies	150	118	32	0	0	0	0
<b>Finance</b>										
CP0615	UKSPF - Unallocated Capital Grant	The Council is Lead Authority for the management and administration of Sunderland's UK Shared Prosperity Fund (UKSPF) programme, the replacement of European Programmes. This project relates to the UKSPF grants that have yet to be allocated out to either external organisations or for internally led projects.	C Auld	630	0	0	630	0	0	0
<b>TOTAL CONTINUING PROJECTS</b>				<b>79,742</b>	<b>40,037</b>	<b>12,610</b>	<b>13,196</b>	<b>11,124</b>	<b>2,775</b>	<b>0</b>

**CABINET SECRETARY  
CAPITAL PROGRAMME**

Project Ref. No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000
<b>PROJECTS COMMENCING 2024/25</b>										
	<b>Depots</b>									
CP0584	Replacement Coalfields Depot and Provision of a Salt Barn - additional budget	A comprehensive redevelopment / replacement of the Houghton Depot so that services and employees can operate within a modern, fit for purpose facility. This will include the provision of an improved service depot and facilities for Refuse, Local Services and Winter Maintenance teams and their equipment and vehicles, as well as a new salt storage barn.	M Morley	6,247	0	0	0	303	5,944	0
<b>TOTAL PROJECTS COMMENCING 2024/25</b>				<b>6,247</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>303</b>	<b>5,944</b>	<b>0</b>
<b>TOTAL CABINET SECRETARY CAPITAL PROGRAMME</b>				<b>85,989</b>	<b>40,037</b>	<b>12,610</b>	<b>13,196</b>	<b>11,427</b>	<b>8,719</b>	<b>0</b>

**CABINET SECRETARY  
CAPITAL PROGRAMME**

Source of Finance	Estimated Resources				
	2023/24	2024/25	2025/26	2026/27	2027/28
	£'000	£'000	£'000	£'000	£'000
<b>FROM EXTERNAL SOURCES</b>					
<b>Loans</b>					
Prudential Borrowing	6,101	7,770	11,427	8,719	0
<b>Government Grants</b>					
DLUHC - UK Shared Prosperity Fund (UKSPF)	582	630	0	0	0
DLUHC - Changing Places Fund	250	0	0	0	0
DSIT (Dept for Science, Innovation & Technology) grants	3,251	3,911	0	0	0
<b>Grants from Other Public Bodies</b>					
European Regional Development Fund (ERDF)	148	0	0	0	0
<b>Other External Funding</b>					
Innovate UK	211	365	0	0	0
<b>Total External Sources</b>	<b>10,543</b>	<b>12,676</b>	<b>11,427</b>	<b>8,719</b>	<b>0</b>
<b>FROM INTERNAL SOURCES</b>					
<b>Revenue Contributions</b>					
Directorate	28	0	0	0	0
<b>Reserves</b>					
Strategic Investment Reserve	254	0	0	0	0
Other Capital Reserves	520	260	0	0	0
<b>Capital Receipts</b>					
Capital Receipts	1,265	260	0	0	0
<b>Total Internal Sources</b>	<b>2,067</b>	<b>520</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL FINANCING</b>	<b>12,610</b>	<b>13,196</b>	<b>11,427</b>	<b>8,719</b>	<b>0</b>

**CHILDREN'S LEARNING & SKILLS  
CAPITAL PROGRAMME**

Project Ref. No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000
<b>Continuing Projects</b>										
	<b>DFC</b>									
CP0085	Schools' Devolved Capital	Schools' devolved formula capital allocations to address the priorities identified by schools in their own asset management plans.	J Colbert	2,332	913	882	537	0	0	0
<b>Major School's Asset Management</b>										
CP0260	School's Asset Management Unallocated	School capital grants provision to continue to provide window replacements, heating improvements, roofing works, electrical and technical and urgent health and safety works.	J Colbert	586	0	586	0	0	0	0
CP0386	Schools Capital Maintenance Works	Capital maintenance works to schools including roof repairs / replacement and structural repairs.	J Colbert	1,503	92	1,411	0	0	0	0
CP0528	Barnes Junior School Refurbishment	Structural repair, electrical and mechanical works at Barnes Junior School. Planned works to include upgrades / replacement of windows, doors, heat sources, internal alterations and refurbishments. as well as replacement of the current kitchen and dining facilities with a new kitchen and dining block. Additional studio space will be incorporated into the building to facilitate increased delivery of dance, drama and performing art provision at the school. It is anticipated that the footprint of the block can be reduced, increasing the proportion of available outdoor play space at the school.	J Colbert	5,655	5,063	592	0	0	0	0
CP0529	Fulwell Junior School Refurbishment	Structural repair, electrical and mechanical works at Fulwell Junior School. Planned works to include upgrades / replacement of; windows, doors, heat sources as well as internal alterations and refurbishments.	J Colbert	2,754	54	2,200	500	0	0	0
CP0486	Thorney Close Primary School - new build	Relocation of the Thorney Close Primary School and provision of a new build on the existing Sunningdale Primary School site	J Colbert	9,782	65	610	3,187	5,920	0	0

**CHILDREN'S LEARNING & SKILLS  
CAPITAL PROGRAMME**

Project Ref. No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000
CP0487	Hetton Primary School - new build	Replacement of the current CLASP Hetton Primary School buildings with a new expanded building. It will provide 70 additional school places and add a nursery provision to the existing school offer. The new school will be delivered on the current Hetton Primary School site with the current buildings remaining operational during the build period.	J Colbert	8,484	8,304	180	0	0	0	0
CP0515	Farringdon Academy	Contribution to DfE for their replacement of Farringdon Academy. Contribution relates to increase of secondary pupil place capacity to support the delivery of the South Sunderland Growth Area.	J Colbert	4,114	0	4,114	0	0	0	0
CP0516	SEN (Special Educational Needs) Provision	Provision to support additional SEN school places in the city.	J Colbert	1,224	11	1,213	0	0	0	0
CP0594	Sunderland's Pupil Referral Unit (PRU);	The project will deliver an alternative provision site for primary age children in the coalfields area of Sunderland.	J Colbert	881	33	848	0	0	0	0
<b>Other Schools Asset Management Projects</b>										
CP0088	Other Site Misc.	Management and grounds maintenance of vacant school sites.	J Colbert	48	38	10	0	0	0	0
CP0327	New Condition Works / EAW	Delivery of electricity at work (EAW) and schools condition surveys.	J Colbert	126	116	10	0	0	0	0
CP0205	Access Equipment	Purchase of equipment to assist children with disabilities to access school places.	J Colbert	88	63	25	0	0	0	0
CP0204	Schools Asbestos & Legionella Management	Asbestos and legionella management for schools.	J Colbert	160	110	50	0	0	0	0
CP0387	Schools Mechanical Works	Heating replacement at Dame Dorothy and Broadway Juniors Primary Schools.	J Colbert	680	310	370	0	0	0	0
CP0603	Kepier Academy Temporary Capacity Increase	Provision of a short-term solution to the deficit in school places with proposals for a long term, permanent solution to be brought back to Cabinet at a future date.	J Colbert	323	0	323	0	0	0	0

**CHILDREN'S LEARNING & SKILLS  
CAPITAL PROGRAMME**

Project Ref. No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000
<b>Early Years</b>										
CP0628	Early Years - Wraparound Childcare Programme	The Department for Education (DfE) announced on 30th November 2023 a capital grant for childcare expansion. This will support local authorities in delivering the expansion of the 30-hours early years entitlement for working families and of wraparound provision in primary schools.	J Colbert	457	0	0	457	0	0	0
<b>Social Care</b>										
CP0490	Children's Residential Homes	A design and build / refurbish project for the creation of new children's residential facilities, including creation of local provision for future placement decisions and/or the repatriation of children from external settings both of which should yield better outcomes for children. A revenue saving is anticipated from the reduced use of more costly external placements and the associated staff costs in supporting the children in those placements.	J Colbert	1,388	891	497	0	0	0	0
CP0610	Lombard Street - Family Hubs	The Council is one of 75 authorities participating in the high-profile Family Hubs initiative sponsored by the Government. Of the five Family Hubs, which are geographically spread across the city, one will be provided in Lombard Street, Sunderland. This property was identified early in the Family Hubs initiative and requires capital works to make it fit for purpose.	J Colbert	348	0	348	0	0	0	0
CP0614	Children's Residential Short Breaks Property	The purchase of a property in the East Rainton area and subsequent refurbishment to provide a residential property to enable short breaks for disabled children.	J Colbert	1,708	0	850	858	0	0	0
<b>TOTAL CONTINUING PROJECTS</b>				<b>42,641</b>	<b>16,063</b>	<b>15,119</b>	<b>5,539</b>	<b>5,920</b>	<b>0</b>	<b>0</b>

**CHILDREN'S LEARNING & SKILLS  
CAPITAL PROGRAMME**

Project Ref. No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000
<b>PROJECTS COMMENCING 2024/25</b>										
	<b>Major School's Asset Management</b>									
CP0260	School's Asset Management Unallocated	School capital grants provision to continue to provide window replacements, heating improvements, roofing works, electrical and technical and urgent health and safety works.	J Colbert	1,500	0	0	1,500	0	0	0
CP0619	Relocation of Barbara Priestman Academy	The relocation of Barbara Priestman Academy from its current site at Ashbrooke and the buildings currently occupied on a short-term lease at Thornhill Academy to the site that will be vacated by Thorney Close Primary School in 2026. Barbara Priestman currently provides 180 of the city's special school places for pupils with Autism. Works include a full refurbishment of the school buildings at the current Thorney Close Primary School, adaptations to ensure children with learning difficulties and disabilities are suitably catered for and extension of the current buildings to provide additional ASD (autism spectrum disorder) places for the city. It will provide for both the city's 11-16 cohort and the 16 –25-year-old 6th form population (currently accommodated in temporary leased facilities at another local secondary setting). Barbara Priestman would vacate its main teaching block buildings at Meadowside, Ashbrooke. The specialist teaching block at the site, constructed in 2014, would be retained as a SEN facility with associated outdoor space. This would enable the city to accommodate an additional 24 pupils with SEN. The remainder of the site would be declared surplus and made available for alternative, non-educational use, or development.	J Colbert	8,000	0	0	0	750	7,250	0

**CHILDREN'S LEARNING & SKILLS  
CAPITAL PROGRAMME**

Project Ref. No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000
	<b>Social Care</b>									
CP0620	SEND Transport – Electric Vehicle Minibus	Provision of two electric, wheelchair accessible, minibuses and suitable electric vehicle charging points. The buses will be leased, following a tender exercise, to a local Community Transport (CT) organisation for a nominal sum. The CT will then deliver agreed Home to School Transport routes whilst being able to utilise the vehicles to support other community uses. The project will assist with reducing the costs of the current HTST service and also support the wider Sunderland ambition in its Net Zero target by 2030.	J Colbert	200	0	0	200	0	0	0
<b>TOTAL PROJECTS COMMENCING 2024/25</b>				<b>9,700</b>	<b>0</b>	<b>0</b>	<b>1,700</b>	<b>750</b>	<b>7,250</b>	<b>0</b>
<b>TOTAL CHILDREN, LEARNING &amp; SKILLS CAPITAL PROGRAMME</b>				<b>52,341</b>	<b>16,063</b>	<b>15,119</b>	<b>7,239</b>	<b>6,670</b>	<b>7,250</b>	<b>0</b>

Source of Finance	Estimated Resources				
	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000
<b>FROM EXTERNAL SOURCES</b>					
<b>Loans</b>					
Prudential Borrowing	6,643	3,745	5,920	6,002	0
<b>Government Grants</b>					
DfE - School's Condition Allocation Grant	3,275	1,800	0	0	0
DfE - Basic Need Grant	810	0	0	0	0
DfE - Schools DFC Grant	875	537	0	0	0
DfE - High Needs Capital	1,087	700	750	1,248	0
DfE - Early Years grants	0	457	0	0	0
DfE - Other Grants	152	0	0	0	0
<b>Grants from Other Public Bodies</b>					
Homes England - Housing Infrastructure Fund (HIF)	1,298	0	0	0	0
<b>Total External Sources</b>	<b>14,140</b>	<b>7,239</b>	<b>6,670</b>	<b>7,250</b>	<b>0</b>
<b>FROM INTERNAL SOURCES</b>					
<b>Reserves</b>					
S106 Reserves	836	0	0	0	0
<b>Capital Receipts</b>	143	0	0	0	0
<b>Total Internal Sources</b>	<b>979</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL FINANCING</b>	<b>15,119</b>	<b>7,239</b>	<b>6,670</b>	<b>7,250</b>	<b>0</b>



**DYNAMIC CITY  
CAPITAL PROGRAMME**

Project Ref. No.	Project	Project Description	Project Sponsor	Gross Cost	Expend to 31.3.23	2023/24	2024/25	2025/26	2026/27	2027/28
				£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Continuing Projects</b>										
<b>Asset and Network Management</b>										
CP0024	Highways Maintenance	Implement the Highway Maintenance Programme of road resurfacing and footway reconstruction schemes.	C Mordue	17,913	13,084	4,829	0	0	0	0
CP0421	Highways Maintenance - Asset Investment Programme	Improvements to the condition of the Council's highway assets, including roads, footways and traffic signals and reduce the significant maintenance backlog.	C Mordue	19,000	10,668	1,332	1,000	3,000	3,000	0
<b>Bridges and New Structures</b>										
CP0025	Bridge Maintenance	Annual programme of Structural Bridge maintenance.	C Mordue	1,780	1,214	566	0	0	0	0
CP0422	Bridge Maintenance Investment Programme	To improve the condition of the council's stock of bridges and highway structures and to address and reduce the maintenance backlog.	C Mordue	5,508	1,996	0	512	1,500	1,500	0
CP0505	A182 Bridge Maintenance Phase 2	Phase 2 of maintenance works to bridges on A182	C Mordue	1,397	167	1,230	0	0	0	0
CP0608	A182 Bridge Maintenance Phase 3	Phase 3 of maintenance works to bridges on A182. Phase 3 works will incorporate Bonemill Lane Interchange Bridge and Chartershaugh Bridge.	C Mordue	1,383	0	60	1,323	0	0	0
<b>Transportation Development</b>										
CP0009	Private Streetworks	Council contribution to the upgrade of private streets.	C Mordue	50	0	0	0	50	0	0
CP0026	Integrated Transport	Annual programme for the implementation of Road Safety and Traffic Congestion improvement schemes.	C Mordue	5,638	3,377	2,261	0	0	0	0
CP0194	Cowies Way (SSTC Phase 3)	Construction of a new road linking the Northern Spire new wear crossing and the city centre. The road opened to traffic November 2021.	C Mordue	70,800	69,385	1,415	0	0	0	0

**DYNAMIC CITY  
CAPITAL PROGRAMME**

Project Ref. No.	Project	Project Description	Project Sponsor	Gross Cost	Expend to 31.3.23	2023/24	2024/25	2025/26	2026/27	2027/28
				£'000	£'000	£'000	£'000	£'000	£'000	£'000
CP0361	SSGA - Rotary Road (Ryhope Doxford Link Road)	New road infrastructure which will support new homes in the South Sunderland Growth Area (SSGA) in advance of S106 funding. SSGA is to provide; 4,000 family and executive homes, 300 affordable homes and significant construction job creation/safeguards.	C Mordue	9,084	8,677	407	0	0	0	0
CP0398	New City Boundary Signs	Provision of new city boundary signs.	C Mordue	150	54	0	96	0	0	0
CP0426	Replacement of Road Safety Vehicle	Replace the existing road safety vehicle, used to carry out enforcement of bus stops and school keep clears.	C Mordue	66	0	66	0	0	0	0
CP0478	Sustainability Mobility Hub	To implement a staff pool car scheme and one - stop self-sufficient business travel hub for local travel to reduce grey fleet journeys, vehicle emissions across the city, costs of business travel and administration. This will increase sustainable business travel and contribute to the City Plan's objective to be carbon zero by 2030, and to be supported by new technology software to manage staff travel, fleet, bookings, administration, legislative requirements and data capture within one business unit.	C Mordue	750	359	100	291	0	0	0
CP0519	Holmeside Bus Rationalisation and Priority Measures	The rationalisation of traffic movements to and through Holmeside, thereby permanently improving pedestrian and cycle facilities and changes to the Public Transport network and movements around the City Centre. Project scope also includes budget for public realm works around Sunderland train station to follow on from completion of those works.	C Mordue	4,685	1,585	3,100	0	0	0	0
CP0520	Strategic Cycle Network	Improved cycling route provision towards, and around, the City Centre with associated changes to the inner ring road to facilitate safe movement of cyclists to promote active travel and healthier lifestyles.	C Mordue	3,747	2,317	1,430	0	0	0	0
CP0523	Vehicle Actuated Signs (VAS) Programme	Purchase of new and replacement Vehicle Actuated Signs (VAS) as part of the citywide VAS programme	C Mordue	200	37	113	50	0	0	0

**DYNAMIC CITY  
CAPITAL PROGRAMME**

Project Ref. No.	Project	Project Description	Project Sponsor	Gross Cost	Expend to 31.3.23	2023/24	2024/25	2025/26	2026/27	2027/28
				£'000	£'000	£'000	£'000	£'000	£'000	£'000
CP0546	Seaton Lane Junction Imps– Durham CC	Seaton Lane Junction Improvements, works to be delivered by Durham County Council, fully funded by Housing Infrastructure Fund provided to the Council as lead authority to provide infrastructure to support the delivery of the SSGA.	C Mordue	5,571	368	5,203	0	0	0	0
CP0553	A183 Whitburn Road Two-Way Cycle Lane	2-way segregated on-road cycle lane on A183 Whitburn Rd (Tram Shelter, Seaburn to Bungalow Café).	C Mordue	2,300	642	1,658	0	0	0	0
CP0598	A183 Dame Dorothy St. Two-Way Cycle Lane	2-way segregated on-road cycle lane on A183 Dame Dorothy St. (including improvements to junction at Bungalow Cafe to join with Whitburn Rd cycle scheme).	C Mordue	2,710	159	1,000	1,551	0	0	0
CP0605	Pallion New Rd/European Way-Cycle Lane	2-way segregated on-road cycle lane on Pallion New Road & European Way	C Mordue	3,700	222	700	2,778	0	0	0
<b>Infrastructure and Commercial Design</b>										
CP0428	Lorry Parking Facility	Infrastructure works to clear a vacant plot and to provide a hard -stand to be used as a lorry parking / lay -up area (including facilities) to accommodate 48 – 54 articulated HGVs).	C Mordue	750	0	0	0	750	0	0
CP0477	City Gateways Large Screen Advertising	To install large advertising screens at key gateways into the city, providing an additional revenue income stream for the Council.	S Savage	800	624	176	0	0	0	0
CP0557	Onstreet Residential Chargepoint Scheme	Provision of chargepoints in residential areas which have no off-street parking.	C Mordue	390	75	165	150	0	0	0
<b>Parking Services</b>										
CP0232	Parking Meters	The replacement and provision of parking meters for new locations in the City and an ongoing programme of reviewing provision and introducing new locations for pay and display.	C Mordue	125	100	0	25	0	0	0

**DYNAMIC CITY  
CAPITAL PROGRAMME**

Project Ref. No.	Project	Project Description	Project Sponsor	Gross Cost	Expend to 31.3.23	2023/24	2024/25	2025/26	2026/27	2027/28
				£'000	£'000	£'000	£'000	£'000	£'000	£'000
CP0479	Riverside Sunderland Multi-Storey Car Park	The creation of a 657 space car park on the Riverside Sunderland site to service the occupants and visitors to the development and the City Centre. The car park includes EV charging facilities and both pre-paid permits and pay & display parking which will provide the Council with a revenue stream.	A Crabb	14,400	13,422	978	0	0	0	0
CP0480	New Dykelands Road Car Park	Acquisition of a 93 space car park to service the seafront area to replace in part the Ocean Park car park that was removed as part of the sea front redevelopment project.	C Mordue	513	511	2	0	0	0	0
CP0595	Sheepfolds Car Park	Tarmacking and bay marking of derelict site already used for off-street parking. This long-term empty parcel of land in the Sheepfolds Area sits amongst streets where pay & display fees apply. The creation of this 50 space car park will 'level out' the parking fees in the area and assist with match parking.	C Mordue	87	70	17	0	0	0	0
<b>Strategic Economic Development</b>										
CP0495	Strategic Acquisitions and Developments	Provision for real estate assets to support strategic economic regeneration and the City Plan. Proposals will be brought forward in accordance with the Council's policy for the acquisition of land and buildings.	N Guthrie	74,536	56,049	15,503	2,984	0	0	0
CP0518	Sunderland Central Station Development & Car Park	Redevelopment of the Sunderland Central Station southern concourse, a circa 201-space car park on the nearby Holmeside site as well as demolition and clearance of the old civic centre site. The station concourse opened on 8th December 2023 and provides a new modern facility to act as an improved arrival experience for people arriving into the city by rail and also the associated parking facilities to serve the station and the City.	A Crabb	32,081	16,040	13,041	3,000	0	0	0
CP0588	Crowtree Development	The project aims to redevelop the former Crowtree Leisure Centre site.	A Crabb	76,015	383	500	3,000	2,000	40,000	30,132
<b>Housing Services</b>										
CP0072	Hetton Downs Regeneration	Acquisition and demolition of properties for housing renewal in the Hetton Downs area.	G Scanlon	9,111	8,967	144	0	0	0	0

**DYNAMIC CITY  
CAPITAL PROGRAMME**

Project Ref. No.	Project	Project Description	Project Sponsor	Gross Cost	Expend to 31.3.23	2023/24	2024/25	2025/26	2026/27	2027/28
				£'000	£'000	£'000	£'000	£'000	£'000	£'000
CP0302	Hetton Downs Development Phase 2	To support housing and community regeneration in Edward & Fairy Street.	G Scanlon	1,881	133	100	1,648	0	0	0
CP0392	Affordable Housing Provision	Use of S106 affordable housing contributions for the provision and promotion of affordable housing across the City, including through returning empty properties back to use.	G Scanlon	710	542	168	0	0	0	0
CP0499	Housing Delivery Investment Plan	Delivery of the Housing Delivery and Investment Plan. Cabinet approved on 19 November 2019 for the Council to become involved in the direct provision of new Social Housing with Investor Partner status. The Plan will bring empty homes back into use via purchase and improvement of empty homes and will provide new affordable bungalows and further supported accommodation units. The Plan will be supported by external funding from Homes England, and the rental income streams arising from this investment will fund the initial borrowing costs as well as ongoing maintenance and management.	G Scanlon	59,000	18,458	3,588	4,466	16,244	16,244	0
CP0535	Inspiring Futures Programme - Delivering a new approach to Homelessness Services and Accommodation	Provision of accommodation and support for those who are homeless, have complex needs and require support to move forward with their lives towards independent living. The project is expected to be supported by grants from Homes England and Department for Levelling Up, Housing and Communities, and the net investment is expected to be recouped by rental income.	G Scanlon	7,229	647	570	1,156	4,856	0	0
	<b>Commercial Housing</b>									
CP0366	Former Usworth Comprehensive School Site Enabling Works	Enabling works on the former Usworth school site in advance of development of the site.	N Guthrie	510	405	105	0	0	0	0

**DYNAMIC CITY  
CAPITAL PROGRAMME**

Project Ref. No.	Project	Project Description	Project Sponsor	Gross Cost	Expend to 31.3.23	2023/24	2024/25	2025/26	2026/27	2027/28
				£'000	£'000	£'000	£'000	£'000	£'000	£'000
CP0531	Vaux Housing	The design and development of a new residential scheme on the former Vaux site consisting of carbon neutral dwellings for rent and sale. It will provide a new high-quality housing offer in a vibrant well-connected community, creating a place where people want to live, and also complement the wider masterplan for Riverside Sunderland including the Beam and the new City Hall. This site will be the home of the Sunderland Future Living Expo, which will showcase regional skills and housing innovation and the Home of 2030. The project is supported by grants from Homes England, DLUHC and ERDF. The commercial business case demonstrates the recovery of the capital investment over a 25-year period from rental income and subsequent asset portfolio sale.	N Guthrie	52,767	7,766	14,084	20,672	9,698	547	0
CP0532	Northern Spire Park Studio	The acquisition, preparation, and disposal of development land adjacent to the Northern Spire Bridge (fully funded by a grant from the Department of Levelling Up, Housing and Communities (DLUHC) via the North of Tyne Combined Authority) to support submission of a planning application for a new film studio development.	N Guthrie	5,676	2,296	3,380	0	0	0	0
CP0533	Housing Other Sites	Provision for planning and infrastructure works to allow the Council to bring forward a number of pipeline development sites to meet the city's strategic housing need and optimise land receipts.	N Guthrie	6,591	119	954	3,957	1,561	0	0
CP0616	Farringdon Row and Carley Hill New Homes	The Council entered into a grant funding agreements with Placefirst and Gentoo to fund remediation and enabling works on the Farringdon Row and Carley Hill residential sites. The provision of grant funding will unlock two brownfield sites to support the delivery of 165 new homes for private rent at Farringdon Row and 115 affordable homes on the Carley Hill site.	N Guthrie	3,135	0	3,135	0	0	0	0
<b>Seafront Regeneration</b>										
CP0358	Sunderland Seafront Trust - CCF Round 5	Bring into use vacant assets as commercial premises as part of further development of assets in conjunction with the Seafront Trust, supported by funding from the Coastal Communities Round 5 fund.	A Crabb	1,147	790	357	0	0	0	0

**DYNAMIC CITY  
CAPITAL PROGRAMME**

Project Ref. No.	Project	Project Description	Project Sponsor	Gross Cost	Expend to 31.3.23	2023/24	2024/25	2025/26	2026/27	2027/28
				£'000	£'000	£'000	£'000	£'000	£'000	£'000
CP0416	Roker Promenade and Pier CCTV Infrastructure	Over recent years the Council, external partners and private sector investment has seen the face of Roker completely change, with well over £5m of infrastructure, commercial developments and tourist attractions delivered. Following the successes of these previous schemes, this project will invest in security infrastructure in the area, protecting those investments made.	M Dixon	55	5	50	0	0	0	0
CP0498	Seaburn Public Realm	The Public Realm investment at Ocean Park seeks to complement the previous investment at Seaburn as well as pipeline development projects at the site. The scheme will seek to deliver new equipped play facilities to replace the play area to the north of Cut Throat Dene, upgrade of paving to the west of Whitburn Road (Ocean Park frontage) and the formation of a new east-west pedestrian link and public realm upgrades to Dykelands Road.	A Crabb	2,539	1,853	686	0	0	0	0
<b>Regeneration Projects</b>										
CP0397	Bishopwearmouth Townscape Initiative Phase 2	Phase 2 of the Bishopwearmouth Townscape Heritage Initiative commenced late summer 2018 and will run for 5 years providing grants to owners / tenants to repair and restore historic properties and funding an enhancement scheme for Town Park and activities and events.	C Auld	2,269	1,742	527	0	0	0	0
CP0413	Heritage Action Zone (HAZ) Partnership Grant Scheme	The Partnership Grant Scheme will deliver key elements of the HAZ Delivery Plan by securing the repair, restoration and enhancement of the key landmark listed buildings in the City: Mackie's Corner and 170-175 High Street West, Elephant Tea Rooms and an a new traditional shop front for 177 High Street West securing wider conservation area enhancement. This scheme is part funded by Historic England, and also supplemented by third party contributions to the grants provided by the Council. The Elephant Tea Rooms project is also part funded through the Future High Street Fund initiative.	C Auld	1,624	1,016	580	28	0	0	0

**DYNAMIC CITY  
CAPITAL PROGRAMME**

Project Ref. No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000
CP0496	Riverside Sunderland Infrastructure	Riverside Sunderland is located to the east of the city, lying north of the City Centre with the River Wear running through it. The area for regeneration includes Sheepfolds and Bonnersfield to the north, Vaux, Farrington Row, Galley's Gill, Riverside Park and High Street West to the south. The Riverside Sunderland Masterplan was launched November 2019. Over a 10-15 year period, it is intended that the Council and partners will create a new urban quarter at the heart of the city, which will provide new homes and quality workspaces and attract new investors, residents, skilled workers, students and visitors. Riverside Sunderland will drive economic growth, set new standards for sustainable development and promote wellbeing and inclusion. In order to support the delivery of the Riverside Sunderland Masterplan to create 1,000 new homes and 1 million sq. foot of commercial development, several integrated infrastructure improvements are progressing and planned. This includes a new high level footbridge connecting Sheepfolds to Vaux, a riverside park to be developed on either side of the River Wear, a reconfiguration of a part of St Mary's Boulevard to better connect the City centre to the Vaux site, improvements to St Mary's car park, provision of a cliff edge footpath and 5G infrastructure, and developments with the Central Business District linking High Street West to St Mary's Boulevard. The works will also seek to activate the area through the construction of infrastructure to support the delivery of events and celebrations within the park and on the river, as well as provide a greater sense of safety to promote use of the space.	N Guthrie	66,396	8,865	27,018	18,691	11,822	0	0
CP0536	HICSA (Housing Innovation Construction & Skills Academy)	Design and construction of a new Housing Innovation and Construction Skills Academy (HICSA). This will be a shared facility which will be occupied by the Ministry of Building Innovation and Education (MOBIE) and Sunderland College. The HICSA will deliver education and training in traditional construction skills and innovative new methods of constructing homes. The project is supported by Levelling Up Funding.	N Guthrie	18,117	251	4,682	10,606	2,578	0	0



**DYNAMIC CITY  
CAPITAL PROGRAMME**

Project Ref. No.	Project	Project Description	Project Sponsor	Gross Cost	Expend to 31.3.23	2023/24	2024/25	2025/26	2026/27	2027/28
				£'000	£'000	£'000	£'000	£'000	£'000	£'000
CP0552	Keel Square Hotel	Provision to fit out two of the ground floor commercial units in Keel Square Hotel funded by the Future High Streets Fund grant.	N Guthrie	3,210	137	3,073	0	0	0	0
CP0575	Sunniside Regeneration (Nile & Villiers Street)	Development of a Living Arts Hub in Nile & Villiers Street which will be an exemplar residential-led mixed-use scheme comprising 87 high quality, sustainable homes and workspaces which will be particularly appealing to Sunderland's vibrant creative community and will kickstart regeneration in Sunniside and Old Sunderland. Delivery of the scheme is dependent on third party funding to cover the full capital cost of the development.	N Guthrie	5,228	282	1,958	2,988	0	0	0
	<b>Sport</b>									
CP0573	Reinstatement of Bridleway (Downhill)	Planned improvements to a stretch of the bridle path to the South of the Downhill Football Hub. The widening of an existing path would provide an improved access solution for residents accessing the site and using the public right of way recreationally.	V French	97	38	59	0	0	0	0
	<b>Carbon Reduction</b>									
CP0593	Warm Homes Fund (WHF) project - Lot 1	The projects aim was to install 135 air source heat pumps at both privately owned and privately rented properties using funding from Affordable Warmth Solutions.	C Auld	31	0	31	0	0	0	0
<b>TOTAL CONTINUING PROJECTS</b>				<b>603,452</b>	<b>255,897</b>	<b>121,101</b>	<b>80,972</b>	<b>54,059</b>	<b>61,291</b>	<b>30,132</b>
<b>PROJECTS COMMENCING 2024/25</b>										
	<b>Asset and Network Management</b>									
CP0024	Highways Maintenance	Implement the Highway Maintenance Programme of road resurfacing and footway reconstruction schemes.	C Mordue	4,272	0	0	4,272	0	0	0
	<b>Bridges and New Structures</b>									
CP0025	Bridge Maintenance	Annual programme of Structural Bridge maintenance.	C Mordue	382	0	0	382	0	0	0

**DYNAMIC CITY  
CAPITAL PROGRAMME**

Project Ref. No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000
<b>Transportation Development</b>										
CP0026	Integrated Transport	Annual programme for the implementation of Road Safety and Traffic Congestion improvement schemes.	C Mordue	1,660	0	0	1,660	0	0	0
<b>Regeneration Projects</b>										
CP0622	Sunniside Leisure	Following the acquisition of the Sunniside Leisure property early 2023 and the subsequent administration of Empire Cinemas, there is planned refurbishment and fit-out of the three vacant retail units adjoining the cinema in order to attract new tenants to support the regeneration of the area. In addition, to support these improvements as well as the emerging Sunniside masterplan works will also be undertaken to renovate and refurbish the Sunniside Multi-storey car park to provide a more welcoming arrival point.	A Crabb	2,000	0	0	2,000	0	0	0
CP0623	Former Joplings Building	Building works to the former Joplings building required to make improvements to the aesthetic appearance of the building and to support a long-term investment strategy aligned to the regeneration of the city centre.	A Crabb	1,000	0	0	1,000	0	0	0
<b>Housing Services</b>										
CP0621	Domestic Abuse Safe Accommodation	Provision of a new 'central hub' accommodation solution replacing current refuge facilities and deliver best practice accommodation in the city, with support of estimated £3m funding from Homes England. The aim is to reduce the number of domestic abuse (DA) victims (and their children) unable to access refuge provision as a result of their personal circumstances and/or protected characteristics, to reduce the proportion of repeat DA victims (and their children) requiring refuge provision and to increase the proportion of DA victims (and their children) who report improved health and wellbeing outcomes following a refuge placement.	G Scanlon	10,000	0	0	2,350	4,150	3,500	0
<b>TOTAL PROJECTS COMMENCING 2024/25</b>				<b>19,314</b>	<b>0</b>	<b>0</b>	<b>11,664</b>	<b>4,150</b>	<b>3,500</b>	<b>0</b>
<b>TOTAL DYNAMIC CITY CAPITAL PROGRAMME</b>				<b>622,766</b>	<b>255,897</b>	<b>121,101</b>	<b>92,636</b>	<b>58,209</b>	<b>64,791</b>	<b>30,132</b>

**DYNAMIC CITY  
CAPITAL PROGRAMME**

Source of Finance	Estimated Resources				
	2023/24	2024/25	2025/26	2026/27	2027/28
	£'000	£'000	£'000	£'000	£'000
<b>FROM EXTERNAL SOURCES</b>					
<b>Loans</b>					
Prudential Borrowing	67,756	66,020	47,388	57,521	30,132
<b>Government Grants</b>					
DfT - Local Transport Plan (LTP)	3,912	3,912	0	0	0
DfT - Pothole Grant	2,569	1,835	0	0	0
DfT - Network North Highways & Structures Maintenance grant	525	525	0	0	0
DfT - Transforming Cities Fund	3,429	1,225	0	0	0
DfT - Active Travel Fund	3,350	3,719	0	0	0
DLUHC - Future High Street Fund (FHSF)	3,343	0	0	0	0
DLUHC - Brownfield Land Release Fund (BLRF)	5,778	0	0	0	0
DLUHC - Levelling Up Fund (LUF)	6,549	6,905	0	0	0
DLUHC General	3,380	0	0	0	0
Government Grants General	(11)	0	0	0	0
<b>Grants from Other Public Bodies</b>					
National Lottery Heritage Fund (NLHF)	271	0	0	0	0
European Regional Development Fund (ERDF)	2,047	0	0	0	0
Nexus LTP	42	42	0	0	0
Homes England - Housing Infrastructure Fund (HIF)	5,610	0	0	0	0
Historic England	60	2,118	0	0	0
Homes England – Other	905	3,661	9,210	7,270	0
Warm Homes Fund	31	0	0	0	0
NELEP	91	0	0	0	0
<b>Other External Funding</b>					
Nexus	1,432	0	0	0	0
Other Grants General	0	90	0	0	0
<b>Total External Sources</b>	<b>111,069</b>	<b>90,052</b>	<b>56,598</b>	<b>64,791</b>	<b>30,132</b>

**DYNAMIC CITY  
CAPITAL PROGRAMME**

Source of Finance	Estimated Resources				
	2023/24	2024/25	2025/26	2026/27	2027/28
	£'000	£'000	£'000	£'000	£'000
<b>FROM INTERNAL SOURCES</b>					
<b>Revenue Contributions</b>					
Neighbourhood Fund	23	0	0	0	0
Directorate	73	0	0	0	0
<b>Reserves</b>					
Strategic Investment Reserve	279	0	0	0	0
S106 Reserves	168	437	0	0	0
Capital Priorities Reserve	0	25	50	0	0
HCA Riverside Reserve	8,549	0	0	0	0
<b>Capital Receipts</b>					
Capital Receipts	940	2,122	1,561	0	0
<b>Total Internal Sources</b>	<b>10,032</b>	<b>2,584</b>	<b>1,611</b>	<b>0</b>	<b>0</b>
<b>TOTAL FINANCING</b>	<b>121,101</b>	<b>92,636</b>	<b>58,209</b>	<b>64,791</b>	<b>30,132</b>

**HEALTHY CITY  
CAPITAL PROGRAMME**

Project Ref. No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000
<b>Continuing Projects</b>										
<b>Adult Services</b>										
CP0432	Day Centre Refurbishment	Refurbishment of Leechmere and Fulwell Day Centres to meet the needs of people with complex disabilities and behaviours. Alongside this the centres will offer care, social stimulation and day opportunities that is outcome focused but is able to meet the person's holistic health and social care needs, disabilities and behaviours.	G King	3,000	133	470	2,397	0	0	0
CP0484	Bishopwearmouth Horticultural Nursery Carpark & Lighting Improvements	Improvements to the facilities at Bishopwearmouth Horticultural Nursey, namely the resurfacing of the existing aggregate car park and adjoining road with asphalt and the installation of outdoor lighting to car parks and outside work areas.	G King	108	94	14	0	0	0	0
CP0080	Disabled Facilities Grants	Provision of grants to support much needed adaptations to be carried out to properties allowing people to remain in their homes.	G King	16,975	11,916	4,705	354	0	0	0
CP0576	Technology Developments Adult Services	Investment into further assistive technology specific to adult social care and also mini schemes focused upon Technology Aided Productivity (TAP) benefiting the productivity of operational teams.	G King	2,415	683	932	550	250	0	0
CP0577	Community Equipment Service Improvements	A planned new storage, admin and workshop facility in the Community Equipment Service (CES) located in the Leechmere Centre, including: <ul style="list-style-type: none"> <li>• equipment to support activities of daily living</li> <li>• equipment to support home nursing</li> <li>• mobility equipment and nonpowered wheelchairs</li> <li>• fitting of telecare/assistive technology</li> <li>• 24/7 equipment delivery and repair service</li> <li>• electric vehicle infrastructure.</li> </ul>	G King	500	152	348	0	0	0	0
CP0578	Learning Disabilities Out of Hospital Community Provision	Investment into accommodation tailored solutions to ensure that people with a learning disability and/or autism in hospital who could be supported in the community are discharged into a community setting as soon as possible and to prevent inappropriate admissions, and longer-term work to reshape the provision of care and support services.	G King	724	69	293	362	0	0	0
<b>TOTAL CONTINUING PROJECTS</b>				<b>23,722</b>	<b>13,047</b>	<b>6,762</b>	<b>3,663</b>	<b>250</b>	<b>0</b>	<b>0</b>

**HEALTHY CITY  
CAPITAL PROGRAMME**

Project Ref. No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000
<b>PROJECTS COMMENCING 2024/25</b>										
	<b>Adult Services</b>									
CP0625	Barnes Park Coffee Stop Café - Conversion of the Building to Enhance Facilities and Service Offer	Conversion of the Barnes Park Coffee Stop Café building to enhance facilities with improvements to both the lower and first floor as well as a conservatory extension. The refurbishment will include the upgrade and expansion of the catering area, an improved seating area by extending the front of the building to increase capacity to 30 diners, provision of a storage facility, and the development on the first floor of an airconditioned refrigeration room, meeting room and office.	G King	150	0	0	150	0	0	0
CP0624	Farnborough Court Intermediate Care Centre Refurbishment	Farnborough Court Intermediate Care Centre is a purpose-built service which provides up to 42 beds to support adults from the age of 18 who are recovering from illness or injury and has been in operational for over 20 years. It is planned to modernise and refurbish the building to enhance the facilities and provide a building which is fit for purpose and can meet the aspirations of the service. Improvements will include refurbishment of the bedrooms and ensuite facilities as well as to the kitchens and other communal areas.	G King	750	0	0	750	0	0	0
CP0080	Disabled Facilities Grants	Provision of grants to support much needed adaptations to be carried out to properties allowing people to remain in their homes.	G King	4,155	0	0	4,155	0	0	0
<b>TOTAL PROJECTS COMMENCING 2024/25</b>				<b>5,055</b>	<b>0</b>	<b>0</b>	<b>5,055</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL HEALTHY CITY CAPITAL PROGRAMME</b>				<b>28,777</b>	<b>13,047</b>	<b>6,762</b>	<b>8,718</b>	<b>250</b>	<b>0</b>	<b>0</b>

**HEALTHY CITY  
CAPITAL PROGRAMME**

<b>Source of Finance</b>	<b>Estimated Resources</b>				
	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>	<b>2027/28</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>FROM EXTERNAL SOURCES</b>					
<b>Loans</b>					
Prudential Borrowing	1,729	4,209	250	0	0
<b>Government Grants</b>					
DoH&SC - Disabled Facilities	4,605	4,409	0	0	0
<b>Other External Funding</b>					
Gentoo	100	100	0	0	0
<b>Total External Sources</b>	<b>6,434</b>	<b>8,718</b>	<b>250</b>	<b>0</b>	<b>0</b>
<b>FROM INTERNAL SOURCES</b>					
<b>Reserves</b>					
Strategic Investment Reserve	20	0	0	0	0
Other Capital Reserves	308	0	0	0	0
<b>Total Internal Sources</b>	<b>328</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL FINANCING</b>	<b>6,762</b>	<b>8,718</b>	<b>250</b>	<b>0</b>	<b>0</b>

**VIBRANT CITY  
CAPITAL PROGRAMME**

Project Ref. No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000
<b>Continuing Projects</b>										
<b>Community Services</b>										
CP0412	Neighbourhood Capital Investment Programme (NCIP)	Provision for devolved priority investments into Neighbourhood Renewals.	G Scanlon	2,371	1,053	930	388	0	0	0
<b>Culture, Events and Sport</b>										
CP0309	Parklife Football Hubs	Provision of 3 football hub sites strategically located in areas of demand, geographically positioned and with good transport links.	V French	18,370	18,268	102	0	0	0	0
CP0579	Arts Centre Washington Refurbishment	Planned investment to update, improve and make more accessible a number of hire spaces at Arts Centre Washington. This will generate additional income to support operations and programme, and see the Low Barn, Granary and Theatre upgraded.	C Auld	322	17	305	0	0	0	0
CP0581	Modernising Libraries (Washington and Houghton Libraries)	A modernisation and refurbishment of both Houghton and Washington libraries will be aligned to Culture House, equally profiling the professional Libraries Services in the City to a position where they can support and improve life skills and chances of residents of all ages and backgrounds. The investment in Culture House will create an exciting City centre space for learning, creativity and socialisation, the modernisation of both Houghton & Washington will create a similar vibrant, physical experience for residents across the City, ahead of Culture House opening.	C Auld	1,050	11	642	397	0	0	0
CP0585	Football Hubs Sinking Fund	Provision of a sinking fund for football hubs replacement of 3G surfaces	V French	2,571	0	0	0	0	2,571	0
CP0586	Hetton Ward Sport & Rec Facilities	Providing new and improved opportunities for residents to participate in sport and physical activity. Projects including providing Ebikes for people with disabilities to use, a range of outdoor gym equipment for Elemore Country Park, and a new pontoon for Hetton Lyons Country Park.	V French	194	186	8	0	0	0	0



**VIBRANT CITY  
CAPITAL PROGRAMME**

Project Ref. No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000
CP0587	East Rainton Cricket Club	Installation of a perimeter fence at East Rainton Cricket Club enabling the club to continue operating and providing sport and activity opportunities at the community.	V French	43	29	14	0	0	0	0
CP0540	Culture House	Creation of a new 80,000 square foot library and archive facility as an anchor attraction and focal point to the Central Business District, generating additional footfall and expenditure into the City. The building will incorporate indoor city square, adult library, children and young people's library, learning zone, creative/making spaces, local history and archives, events space, café and outdoor space. It will be designed to the highest achievable sustainability requirements in order to minimise ongoing revenue costs and to meet the Council's objective of being Carbon Zero by 2030. The project is part funded through external funding secured from the Future High Street Fund.	A Crabb	41,000	4,307	6,083	19,559	11,051	0	0
CP0541	Washington F Pit Heritage Visitor Centre and Albany Park Improvements	Construction of a new heritage visitor centre incorporating exhibition, teaching and community space and a café for the museum and park users, along with repair and improvement works to the existing Museum engine house and associated public realm and boundary works, new play park, car park, junction and access road. Improvement works to Albany Park including tree replacement planting, ecological improvements, wetland area, wildflower meadows, play and exercise facilities, trim trails, interpretation and events space.	C Auld	4,650	45	305	1,000	3,000	300	0

**VIBRANT CITY  
CAPITAL PROGRAMME**

Project Ref. No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000
CP0542	Digitisation of Local History & Library collections	Digitisation of local history and library collections. The biggest collection of local and social history records owned by the Council chart the development and changing face of the City over hundreds of years.	C Auld	650	169	135	346	0	0	0
CP0544	Festival of Light	Refresh of the lighting offer for the Festival of Light, to support the delivery of the event over a 4- year period.	M Dixon	150	0	0	150	0	0	0
CP0405	Sunderland Museum & Winter Gardens Redevelopment	A planned refurbishment of the Sunderland Museum and Winter Gardens to improve the cultural offer in the city and seek to refurbish many of the tired exhibits as well as ensuring that the museum delivery is fully integrated to ensure maximum opportunity for events, programme, exhibitions and learning lessons. The proposal is subject to securing external funding to deliver full planned works.	C Auld	11,104	313	351	1,043	4,699	4,698	0
CP0612	Sunderland Museum and Park Community Garden (UKSPF)	A Council led project funded by UKSPF grant - the Sunderland Museum and Park Community Garden. This project will support the development of a community garden next to the Museum and Winter Gardens to help create a greater sense of place, pride and ownership, working with the Friends of Mowbray Park.	C Auld	103	0	87	16	0	0	0
CP0607	LTA Parks Tennis Court Refurbishment	The refurbishment of tennis courts in Sunderland, at Barnes Park, Ryhope, Usworth Park, Hetton, Barley Mow, Roker and Thompson Park.	V French	403	0	403	0	0	0	0
<b>TOTAL CONTINUING PROJECTS</b>				<b>82,981</b>	<b>24,398</b>	<b>9,365</b>	<b>22,899</b>	<b>18,750</b>	<b>7,569</b>	<b>0</b>

**VIBRANT CITY  
CAPITAL PROGRAMME**

Project Ref. No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000
<b>PROJECTS COMMENCING 2024/25</b>										
<b>Culture, Events and Sport</b>										
CP0626	Leisure Facilities	<p>A planned series of improvements at leisure facilities across the city to ensure a financially sustainable leisure provision, that provides significant contribution to the vision for establishing “An Active Sunderland – a city where everyone is as active as they can be”. In addition, this investment will ensure the leisure provision meets its statutory obligations with lifecycle maintenance, and that the standard of the leisure offers meets the needs of the customers as well as reduce the carbon footprint of the leisure facilities and contribute to the goal of net zero by 2035. Improvements include:</p> <ul style="list-style-type: none"> <li>• Gym refurbishments - replace all equipment and change the layout/branding of the facilities at all the of the facilities,</li> <li>• Silksworth Athletics Track - replace the track and add a fence to protect track from vandalism,</li> <li>• Changing room refurbishments – upgrades at Sunderland Aquatic Centre, Silksworth Tennis Centre, Hetton, Houghton, Raich Carter, Washington &amp; Silksworth Ski,</li> <li>• Mechanical &amp; electrical lifecycle works to the Sunderland Aquatic Centre, and</li> <li>• Energy saving - LED light replacement for outdoor courts, installation of Solar PV at Hetton, Raich Carter and Silksworth Tennis Centre.</li> </ul>	V French	6,102	0	0	1,993	979	1,576	1,554
<b>TOTAL PROJECTS COMMENCING 2024/25</b>				<b>6,102</b>	<b>0</b>	<b>0</b>	<b>1,993</b>	<b>979</b>	<b>1,576</b>	<b>1,554</b>
<b>TOTAL VIBRANT CITY CAPITAL PROGRAMME</b>				<b>89,083</b>	<b>24,398</b>	<b>9,365</b>	<b>24,892</b>	<b>19,729</b>	<b>9,145</b>	<b>1,554</b>

**VIBRANT CITY  
CAPITAL PROGRAMME**

<b>Source of Finance</b>	<b>Estimated Resources</b>				
	2023/24	2024/25	2025/26	2026/27	2027/28
	£'000	£'000	£'000	£'000	£'000
<b>FROM EXTERNAL SOURCES</b>					
<b>Loans</b>					
Prudential Borrowing	2,329	14,320	14,409	6,826	1,554
<b>Government Grants</b>					
DLUHC - UK Shared Prosperity Fund (UKSPF)	87	16	0	0	0
DLUHC - Future High Street Fund (FHSF)	6,083	10,121	0	0	0
DLUHC - Changing Places Fund	50	0	0	0	0
<b>Grants from Other Public Bodies</b>					
National Lottery Heritage Fund (NLHF)	152	210	2,320	2,319	0
Arts Council	199	150	0	0	0
<b>Other External Funding</b>					
Other Grants General	332	75	0	0	0
<b>Total External Sources</b>	<b>9,232</b>	<b>24,892</b>	<b>16,729</b>	<b>9,145</b>	<b>1,554</b>
<b>FROM INTERNAL SOURCES</b>					
<b>Revenue Contributions</b>					
Neighbourhood Fund	40	0	0	0	0
<b>Reserves</b>					
Strategic Investment Reserve	71	0	0	0	0
S106 Reserves	22	0	0	0	0
Culture House AV Reserve	0	0	3,000	0	0
<b>Total Internal Sources</b>	<b>133</b>	<b>0</b>	<b>3,000</b>	<b>0</b>	<b>0</b>
<b>TOTAL FINANCING</b>	<b>9,365</b>	<b>24,892</b>	<b>19,729</b>	<b>9,145</b>	<b>1,554</b>

**PROJECT SPONSORS KEY  
CAPITAL PROGRAMME**

<b>Project Sponsor</b>	<b>Job Title</b>
A Crabb	Development Director (Commercial)
C Auld	Assistant Director of Economic Regeneration
C Mordue	Assistant Director of Transport & Infrastructure
G King	Director of Adult Services and Chief Operating Officer of SCaS
G Scanlon	Assistant Director of Housing Services & Communities
J Colbert	Chief Executive of TfC & Director of Children Services
L St Louis	Director of Smart Cities and Enabling Services
M Dixon	Assistant Director of Regulatory Services
M Hunt	Port Director
M Morley	Director of Environmental Services
N Guthrie	Development Director (Residential)
P Davies	Assistant Director of Assurance and Property Services
P McIntyre	Executive Director of City Development
S Savage	Project Director
V French	Senior Manager Health and Wellbeing



## Prudential and Treasury Indicators 2024/2025 to 2027/2028

All of the prudential indicators fully reflect regulatory requirements. Should any of the Council's prudential indicators be exceeded during the year then they will be reported to Cabinet and where appropriate full Council at the next appropriate meeting following the change.

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

- P1 Actual capital expenditure incurred in 2022/2023 was £152.285 million and the estimates of capital expenditure to be incurred for the current and future years that are recommended for approval are:

	2023/24	2024/25	2025/26	2026/27	2027/28
	£m	£m	£m	£m	£m
Estimated Capital Expenditure	193.38	214.82	139.42	99.37	39.22

The capital expenditure plans set out in Appendix 2 provide details of the service activity of the Council.

The treasury management function ensures that the Council's cash is managed in accordance with the relevant professional codes, so that sufficient cash is available to meet its activity taking into account the estimated expenditure profile and any grant awards received.

- P2 The fundamental objective in the consideration of the affordability of the Council's capital plans is to ensure that the level of investment in capital assets proposed means that the total capital investment of the Council remains within sustainable limits. In considering the affordability of its capital plans the Council considers the resources currently available to it and estimated to be received in the future, together with the totality of its capital plans, income and expenditure forecasts.

The Council does not invest in commercial activity for financial return, and therefore receives no income linked to this type of investment.

The Council ensures that the revenue implications of capital finance, including financing costs, are properly taken into account within option appraisal processes, the Capital Programme and the Medium-Term Financial Plan (MTFP). In assessing affordability, the Council considers the council tax implications of its Capital Programme, borrowing decisions and investment decisions. The Council sets and monitors prudential indicators as key indicators of affordability.

Estimates of the proportion of financing costs to net revenue stream for the current and future years, and the actual figures for 2022/2023 are:

	<b>Estimates of financing costs to net revenue stream</b>				
<b>2022/2023 Actual</b>	<b>2023/2024 Estimate</b>	<b>2024/2025 Estimate</b>	<b>2025/2026 Estimate</b>	<b>2026/2027 Estimate</b>	<b>2027/2028 Estimate</b>
9.44%	8.08%	10.12%	10.68%	11.51%	11.83%

The estimates of financing costs include current commitments and the proposals in the revenue budget and capital programme reports. The forecasts provide an indication of the impact of the capital investment plans on the Council's overall finances. They show increases to the ratio as a result of additional planned prudential borrowing for strategic priorities approved in the Capital Programme. The indicators do not show additional revenue income that has been received, or that is forecast to be generated from the investments included in the Council's Capital Programme.

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

- P3 Estimates of the end of year Capital Financing Requirement for the Council for the current and future years and the actual Capital Financing Requirement at 31st March 2023 are:

<b>Capital Financing Requirement</b>					
<b>31/03/23</b>	<b>31/03/24</b>	<b>31/03/25</b>	<b>31/03/26</b>	<b>31/03/27</b>	<b>31/03/28</b>
<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Actual</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>
689,672	803,292	943,773	1,042,905	1,103,952	1,116,049

The Capital Financing Requirement is the historic outstanding capital expenditure which has not yet been paid for from revenue or capital resources. It measures the Council's underlying need to borrow for a capital purpose. It does not increase indefinitely as it is decreased by the Minimum Revenue Provision which broadly reduces the borrowing need in line with assets lives. The increase in the Capital Financing Requirement reflects the underlying borrowing need in respect of funding proposals in the Capital Programme.

The Capital Financing Requirement includes other long-term liabilities e.g. Private Finance Initiative (PFI) schemes and finance leases. Whilst this increases the Capital Financing Requirement, and therefore the Council's borrowing requirement, these types of schemes include a borrowing facility and so the Council is not required to separately borrow for these schemes. The Council had £130.827 million of such schemes included in its Capital Financing Requirement as at 31<sup>st</sup> March 2023.

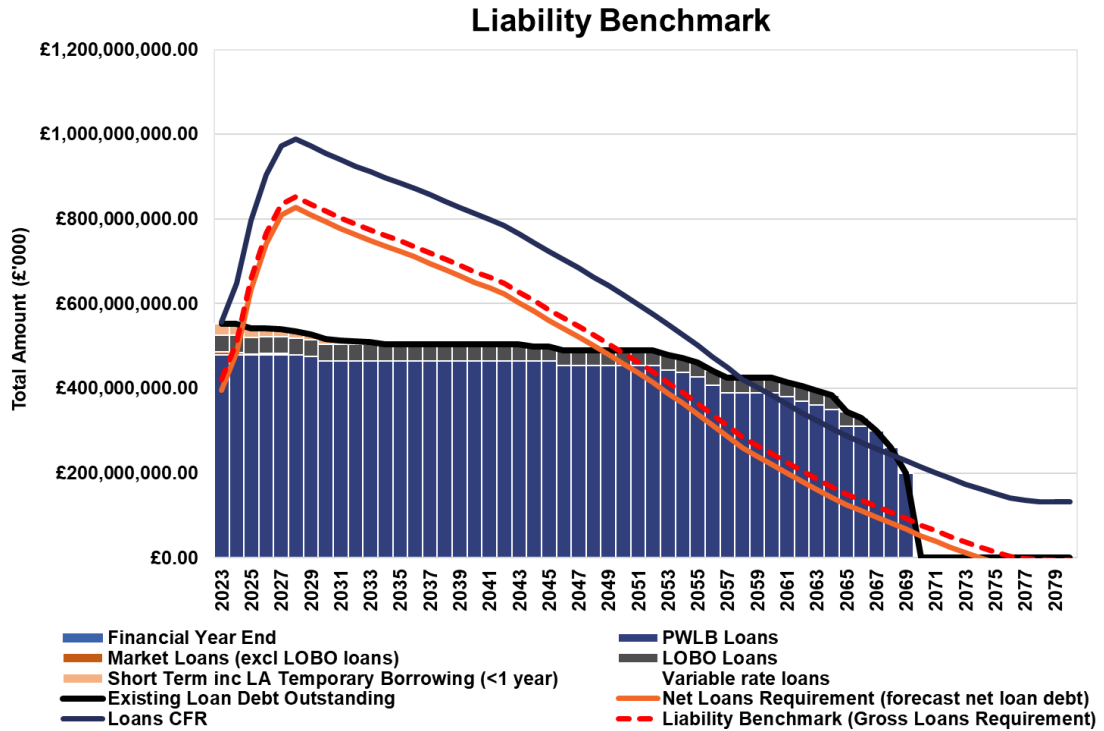
- P4 CIPFA's Prudential Code for Capital Finance in Local Authorities includes the following comparator between gross debt and the capital financing requirement as a key indicator of prudence:

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

The Council had no difficulty meeting this requirement in 2022/2023, nor are there any difficulties envisaged for the current or future years. This view takes into account current commitments, existing plans, and the proposals in this report and the report elsewhere on today's agenda on the Revenue Budget and Proposed Council Tax 2024/2025.



The liability benchmark for the Council is shown in the chart below. From 2025 onwards it is projected for the next 20 years that the Council will be under-borrowed against its requirements. This will mean that additional borrowing will be required but the Council will manage that, as it always has, by monitoring interest rates and identifying the most appropriate borrowing opportunities. There may be occasions when the Council will opt to actively be under-borrowed to avoid excessive interest rate costs and manage financing requirements through internal resources.



P5 In respect of its external debt, it is recommended that the Council approves the following authorised limits for its total external debt (gross of investments) for the next four financial years. These limits must separately identify borrowing from other long-term liabilities such as PFI schemes and leases. The Council is asked to approve these limits and to delegate authority to the Director of Finance, within the total limit for any individual year, to effect movement between the separately agreed limits for borrowing and other long-term liabilities, in accordance with option appraisal and best value for the Council. Any such changes made will be reported to Cabinet and the Council at the next available meeting.

	<b>Authorised Limit for External Debt</b>				
	<b>2023/2024</b>	<b>2024/2025</b>	<b>2025/2026</b>	<b>2026/2027</b>	<b>2027/2028</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Borrowing	1,037,533	1,065,080	1,043,975	1,023,097	1,009,561
Other long-term liabilities	153,699	145,577	137,152	129,218	121,386
<b>Total</b>	<b>1,191,232</b>	<b>1,210,657</b>	<b>1,181,127</b>	<b>1,152,315</b>	<b>1,130,947</b>

The above authorised limits are consistent with the Council's current commitments, existing plans and the proposals in this report for capital expenditure and financing, and with its approved treasury management policy

statement and practices. They are based on the estimate of most likely, prudent, but not worst-case scenario, with, in addition, sufficient headroom over and above this to allow for operational management, for example unusual cash movements, non-financial investments and refinancing of all internal borrowing. Risk analysis and risk management strategies have been taken into account, as have plans for capital expenditure, estimates of the Capital Financing Requirement and estimates of cash flow requirements for all purposes.

The Council also undertakes investment and borrowing on behalf of external bodies such as Tyne and Wear Fire and Rescue Authority. Treasury Management undertaken on behalf of other authorities is included in the Council's borrowing limits, however it is excluded when considering financing costs and when calculating net borrowing for the Council. A specific element of risk has also been taken into account for these bodies. The capital expenditure and borrowing of companies where the Council has an interest such as International Advanced Manufacturing Park (IAMP LLP), Siglion, Sunderland Care and Support Ltd, Sunderland Lifestyle Partnership Ltd and Together for Children Sunderland Ltd is not included within the Council's prudential indicators, however regard to the financial commitments and obligations to those bodies is taken into account when deciding whether borrowing is affordable.

In taking its decisions on the Revenue Budget and Capital Programme for 2024/2025, the Council is asked to note that the authorised limit determined for 2024/2025 (see P5 above) will be the statutory limit determined under section 3(1) of the Local Government Act 2003.

- P6 The Council is also asked to approve the following operational boundary for external debt for the same time period. The proposed operational boundary for external debt is based on the same estimates as the authorised limit, but reflects directly the estimate of the most likely, prudent but not worst-case scenario level, without the additional headroom included within the authorised limit to allow for example for unusual cash flow movements. It equates to the projected maximum external debt and represents a key management tool for in year monitoring. Within the operational boundary, figures for borrowing and other long-term liabilities are separately identified. The Council is also requested to delegate authority to the Director of Finance, within the total operational boundary for any individual year, to effect movement between the separately agreed figures for borrowing and other long-term liabilities, similar to the authorised limit set out in P5.

The operational boundary limit will be closely monitored, and a report will be made to Cabinet if it is exceeded at any point in the financial year ahead. It is generally only expected that the actual debt outstanding will approach the operational boundary when all of the long-term borrowing needed to support the Council's Capital Programme has been undertaken for that particular year and the next two financial years and that it will only be exceeded temporarily as a result of the timing of debt rescheduling.

	<b>Operational Boundary for External Debt</b>				
	<b>2023/2024</b>	<b>2024/2025</b>	<b>2025/2026</b>	<b>2026/2027</b>	<b>2027/2028</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Borrowing	1,012,533	1,040,080	1,018,975	998,087	984,561
Other long-term liabilities	153,699	145,577	137,152	129,218	121,386
<b>Total</b>	<b>1,166,232</b>	<b>1,185,657</b>	<b>1,156,127</b>	<b>1,127,315</b>	<b>1,105,947</b>

P7 The Council's actual external debt at 31<sup>st</sup> March 2023 was £681.850 million and was made up of borrowing of £549.336 million and other long-term liabilities of £132.514 million.

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

P8 The Council is no longer required to formally indicate if it has adopted the CIPFA Code of Practice on Treasury Management. However, the revised Code was adopted in 2017 by full Council and is re-affirmed annually.

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

- (a) capital expenditure plans are affordable;
  - (b) all external borrowing and other long-term liabilities are within prudent and sustainable levels; and
  - (c) treasury management and investment decisions are taken in accordance with professional good practice and in full understanding of the risks involved.
- And that in taking decisions in relation to (a) to (c) above the local authority is accountable, by providing a clear and transparent framework.

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

- (a) local strategic planning;
- (b) local asset management planning; and
- (c) proper option appraisal.

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

## **CIPFA Treasury Management in the Public Services Code of Practice - Indicators 2024/2025 to 2027/2028**

- P9 It is recommended that the Council sets upper and lower limits for the maturity structure of its borrowings as follows:

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

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

- P10 A maximum maturity limit of £75 million is set for each financial year (2024/2025, 2025/2026, 2026/2027 and 2027/2028) for long-term investments (those over 365 days), made by the Council. This gives additional flexibility to the Council in undertaking its Treasury Management function. Should the Council appoint any external fund managers during the year, these limits will be apportioned accordingly. The types of investments to be allowed are detailed in the Annual Investment Strategy (Appendix 7).

At present the Council has £29.376m of long-term investments. This is £16.508m for the value of share capital held in NIAL Holdings PLC (a 18.87% share), a £12.350m equity investment in Siglion (a 100% share), a £0.500m equity share in Sunderland Lifestyle Partnership Ltd (a 50% share) and the Council also holds £0.018m in shares and unit trusts.

## Minimum Revenue Provision Policy Statement 2024/2025

- 1.1 The Council is required to repay an element of its accumulated General Fund capital financing requirement each year through a revenue charge known as the Minimum Revenue Provision (MRP). Until 2007/2008 the basis of calculation for the MRP was specified in legislation. However, from 31<sup>st</sup> March 2008 onwards the statutory requirement is simply for local authorities to make a prudent level of provision and the Department for Levelling Up, Housing and Communities (DLUHC) has instead provided statutory guidance on the methodology to use, which local authorities are required to 'have regard to' when assessing an appropriate MRP. The guidance recommends that authorities must submit to full Council an annual statement of its policy on making a MRP in respect of the following financial year. Any subsequent revisions to that policy should also be approved by full Council. The latest guidance has been considered when setting the MRP policy for 2024/2025.

Local authorities have significant discretion in determining the level of MRP which they consider to be prudent. A review of the Council's MRP policy in 2015/2016 identified changes to the way in which MRP was calculated that reduces the pressure on its revenue budget but still ensures that a prudent level of provision is set aside. A further review was undertaken in 2016/2017 to determine how much additional MRP has been charged to the revenue account had the annuity basis used to calculate MRP, that was introduced from 2015/2016, been adopted from 1<sup>st</sup> April 2008.

It was established that around £43.512m less MRP would have been charged between 1<sup>st</sup> April 2008 and 31<sup>st</sup> March 2016 had the annuity basis been adopted during this period. Council approved that the overprovision of MRP in previous years be used to reduce MRP for 20 years from 2016/2017 by a fixed amount of £2.176m each year until 2036/2037. Phasing over 20 years is the time period that the Government specify for expenditure to be treated as capital expenditure by virtue of direction under section 16(2)(b) of the 2003 Act and is considered to be prudent as taking previous overpayments over this longer period slows the increase to the Council's capital financing requirement, and therefore interest charges, whilst still giving additional certainty to the Council's debt charges budget.

This document sets out the MRP policy for 2024/2025.

- 1.2 The statutory guidance issued by the DLUHC considers the broad aim of a prudent MRP policy as being "to require local authorities to put aside revenue over time to cover their capital financing requirement. In doing so local authorities should align the period over which they charge MRP to one that is commensurate with the period over which their capital expenditure provides benefits", or in the case of borrowing supported by Government Revenue Support Grant (RSG) "to put funds aside over a period commensurate with the period implicit in the determination of that grant." The DLUHC guidance considers that the asset life over which debt should be repaid should normally not exceed 50 years except where an appropriately qualified professional advisor assesses the useful life will exceed 50 years, or in the case of a

finance lease or PFI asset where the length of the lease or contract exceeds 50 years. The duty to make MRP extends to investment properties where their acquisition has been partially or fully funded by an increase in borrowing or credit arrangements.

1.3 The four options for calculating MRP which are set out in the guidance can be summarised as follows:

- Option 1 – Regulatory Method: applying the statutory formula set out in the 2003 Regulations before it was revoked in 2008.
- Option 2 – Capital Financing Requirement (CFR) Method: multiplying the CFR at the end of the preceding financial year by 4%. This method calculates a similar amount of MRP to Option 1.
- Option 3 – Asset Life Method: amortising expenditure over an estimated useful life for the relevant assets created. An assessment must be made of the asset life at the outset of the capital scheme and MRP is charged to revenue in either equal annual instalments or by an annuity method over the estimated life of the asset. The MRP charge will commence in the financial year following the one in which the asset comes into service.
- Option 4 – Depreciation Method: making charges to revenue in accordance with the standard rules for depreciation accounting for the particular asset being created or enhanced.

Although four options are included in the guidance produced by DLUHC other approaches are not meant to be ruled out, provided that they are fully consistent with the statutory duty to make prudent revenue provision. It is the responsibility of each authority to decide on the most appropriate method of making a prudent provision, after having regard to the guidance.

1.4 The Council used Option 1 (the Regulatory Method) for government supported borrowing until 2015/2016 where MRP was calculated on all loan advances and repayments through the Council's consolidated advances and borrowing pool at 4% of the opening 'credit ceiling' balance.

The method of calculating MRP on government supported borrowing was changed in 2015/2016 so that all debt is repaid in full over a 50 year period. Guidelines state that the period debt is repaid over for government supported borrowing should be "over a period commensurate with the period implicit in the determination of that grant". Since business rates reform in 2013/2014, the changes made to the funding formula for Revenue Support Grant (RSG) mean that there is no component of grant determining an implicit level of support for debt repayment. As a result, it is no longer possible to relate grant received to any particular level or period of annual debt repayment that supports borrowing. Additionally, grants distributed to local authorities are controlled to a national limit which has been reduced substantially in recent years irrespective of the outstanding supported borrowing levels an individual local authority may have.

Given this lack of visibility on the level of grant support provided for debt it is estimated that only a proportion of the requirement is now provided. This extended the repayment to 50 years which is considered reasonable given the Council's asset portfolio to which the debt relates.

- 1.5 For borrowing where no support has been provided from the government, known as unsupported borrowing, the Council has previously used the Asset Life Method (option 3) for calculating MRP, with the MRP charge commencing in the financial year following the one in which the capital scheme the borrowing relates to is complete and the asset has come into service. It is felt that the depreciation method for calculating MRP (option 4) is subject to too much volatility when asset lives are reassessed as part of the revaluation process.

Estimated asset life periods will be determined under delegated powers. As some types of capital expenditure schemes incurred by the Council are not capable of being related to an individual asset, such as IT infrastructure, asset lives will be assessed on a basis which most reasonably reflects the anticipated period of benefit that arises from the expenditure. Also, whatever type of expenditure is involved, it will be grouped together in a manner which reflects the nature of the main component of expenditure and will only be divided up in cases where there are two or more major components with substantially different useful economic lives. The Council also reserves the right to determine useful life periods and prudent MRP in exceptional circumstances where the recommendations of the guidance would not be appropriate, for example in the case of the Northern Spire bridge which has been assessed as having an asset life of over 50 years.

**It is proposed that the Council continues to use the Asset Life Method (option 3) for calculating MRP on unsupported borrowing with the exception of any grants, deposits or loans made for capital purposes for which borrowing is taken out.** In these cases, it is proposed that MRP is based on the actual principal repayment schedule relating to the grant, deposit or loan provided.

- 1.6 It is proposed that MRP for both supported and unsupported borrowing continues to be calculated using an annuity method. The interest rate used to profile the MRP under the annuity method will be 3.50% which is the discount rate used by the government in its Green Book when assessing long term projects and is similar to the Council's current interest paid on fixed rate borrowing (2.68%). Government guidelines support the use of the annuity method to calculate MRP for option 3 and the interest rate used to profile MRP will be reviewed annually to ensure that it is still appropriate.

Use of the annuity method means the MRP that is applied to Council borrowing will increase each year until the borrowing is repaid at the end of the asset life (or after 50 years in the case of supported borrowing). This method means that provision for debt repayments better reflects the time value of money i.e. where paying £100 in 20 years' time is less of a burden than paying £100 now, and it means that costs will be spread more evenly amongst the council tax payers that will receive benefit from the capital expenditure. It is

therefore considered the fairest method to use.

Use of the annuity method does not increase overall levels of debt but does mean that the level of capital expenditure financed by borrowing, the Capital Financing Requirement (CFR) will initially reduce more slowly than using the equal instalment method as the amount of MRP applied in early years is lower. The consequence of debt being repaid more slowly will be that the Council incurs a higher interest cost (although the net present value of the additional costs incurred compared to other methods of providing from MRP is neutral).

A major benefit of the recommended policy is that the Council's Capital Financing requirement for supported borrowing will be eliminated more quickly than under DLUHC options 1 or 2. The proposed method will fully write down the CFR for supported borrowing to zero over the 50 years period whereas options 1 and 2 would leave a balance remaining in perpetuity. These proposals for MRP therefore ensure that prudence is maintained and strengthened as debts are provided for more quickly and more transparently.

- 1.7 Given budget pressures, it is proposed that opportunities for utilising the prudential framework by taking out additional borrowing, be restricted to a level where provision has been made within the revenue budget and where the expenditure will either be used to support the Council's key priorities in terms of regeneration plans and strategic priorities, to fund invest to save schemes, or to support asset purchases where option appraisal of funding through borrowing instead of leasing is appropriate. The revenue budget is framed to enable such levels to be affordable and sustainable into future years.
- 1.8 Accounting standards require assets purchased through finance leases and PFI contracts to be included on the Council's balance sheet. MRP policy used by the Council will ensure that there will be no impact on Council taxpayers from revisions to accounting standards. The amount of MRP to be made will be set to ensure that the finance charge and MRP for leases and on-balance sheet PFI schemes is equal to the rental or service charge payable in the income and expenditure account for the year, which writes down the balance sheet liability of those assets i.e. the annual MRP charge will be an amount equal to the amount that has been taken to the balance sheet to reduce the liability for that asset.
- 1.9 In summary, it is recommended that the Council approves the Minimum Revenue Provision Statement for 2024/2025:
  - a. For all government supported borrowing the Council will continue its policy of repaying borrowing over 50 years using the annuity method with the interest rate used to profile MRP being set at 3.5%;
  - b. For all unsupported borrowing the Council will adopt Option 3 and make MRP repayments using the annuity method with the interest rate used to profile MRP being set at 3.5%. The estimated useful life of an asset will be assessed by the Director of Finance in consultation with appropriate officers. The MRP charge will commence in the financial year following the one in which the capital scheme the borrowing relates to is complete and



the asset has come into service;

- c. For MRP payments in relation to finance leases and PFI contracts, the amount of MRP to be made will be set to ensure that the finance charge and MRP for leases and on-balance sheet PFI schemes is equal to the rental or service charge payable in the income and expenditure account for the year, which writes down the balance sheet liability of those assets;
- d) The Council will vary MRP payments to that indicated by the adoption of Option 3 where it has taken out unsupported borrowing to provide grants, deposits or loans for capital purposes. In these cases, it is proposed that MRP is based on the actual principal repayment schedule relating to the grant, deposit or loan provided. The likely repayment of these loans will be assessed as part of the budget monitoring process and if it is estimated that there is likely to be a default on repayments then alternative arrangements will be made to repay any shortfall through an increase in MRP;
- e) That the Council continue its policy of reducing MRP for 20 years from 2016/2017 by a fixed amount of £2.176m each year until 2036/2037. This reduction is in respect of overprovision of MRP made for the period 1<sup>st</sup> April 2008 to 31<sup>st</sup> March 2016 had the Council followed its current policy for calculating MRP; and
- f) Changes to the Council's MRP policy will be made where the Director of Finance determines that such a revision will reduce future years' debt repayment requirements and provide value to the Council. This action, if used, would be reported to Cabinet accordingly.



### Treasury Management Policy Statement

In line with CIPFA recommendations, on 3<sup>rd</sup> March 2010 (updated in December 2021) the Council adopted the following Treasury Management Policy Statement, which defines the policies and objectives of its treasury management activities:

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

These principles are intended to provide a working document that forms a detailed framework for treasury management activities. The policy fully encompasses CIPFA’s Code of Practice. In addition, the policy fully takes account of the requirements of the Prudential Code for Capital Finance in Local Authorities and the guidance issue by the DLUHC supporting Part 1 of the Local Government Act 2003 in respect of local authority investments.

The Council re-affirms its commitment to the Treasury Management Policy and Strategy Statement in 2024/2025 as it does every year.



## Treasury Management Strategy Statement for 2024/2025

### 1. Introduction

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

The suggested strategy for 2024/2025 is set out below and is based upon the Director of Finance' views on interest rates, supplemented with leading market forecasts and other financial data available and advice provided by the Council's treasury adviser, Link Asset Services.

In December 2021 CIPFA issued a revised Treasury Management Code of Practice and Cross-Sectoral Guidance Notes, and a revised Prudential Code. In February 2018 DLUHC revised their Guidance on Local Government Investments and also their Statutory Guidance on Minimum Revenue Provision. A particular focus of these revised codes is how to deal with local authority investments which are non-treasury type investments e.g. by investing in a property portfolio in order to generate income for the authority at a higher level than can be attained by vanilla treasury investments. This report deals solely with financial investments managed by the Council's Treasury Management function. Non-treasury investments are covered in the Capital Strategy which was approved by Council in November 2023. This ensures the separation of the core treasury function where investments are made under security, liquidity and yield principles, and non-treasury commercial and strategic investments.

## 2. Treasury Management Strategy

### 2.1 Borrowing

#### 2.1.1 Current Treasury Management Position

The Council's treasury portfolio position at 31 <sup>st</sup> December 2023 comprised:	Principa (£m)	Total (£m)	Average Rate (%)
<b>Treasury external borrowing</b>			
Fixed Rate Funding PWLB	479.6		
Market	39.5		
Other	10.9	530.0	2.68
Variable Rate Funding Temporary / Other		27.6	4.96
<b>Total external borrowing</b>		<b>557.6</b>	<b>2.80</b>
<b>Total treasury investments</b>			
In house – short term		<b>188.0</b>	<b>5.05</b>
<b>Net treasury borrowing</b>		<b>369.6</b>	

The Council currently has a net deficit of £369.6m which represents the difference between gross debt and total investments and is significantly lower than the Council's capital financing requirement (capital borrowing need).

#### 2.1.2 Treasury Indicators and Limits

Prudential and Treasury Indicators (as set out in Appendix 4) are a requirement of the CIPFA Prudential Code and are relevant for the purposes of setting an integrated treasury management strategy and to ensure that treasury management decisions are taken in accordance with good professional practice. It is a statutory duty under Section 3 of the Local Government Act 2003 and supporting regulations, for the Council to determine and keep under review how much it can afford to borrow. The amount so determined is termed the "Affordable Borrowing Limit". In England and Wales the Authorised Limit represents the legislative limit specified in the Act.

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

The "Affordable Borrowing Limit" comprises of the capital plans to be considered for inclusion in corporate financing by both external borrowing and other forms of liability, such as credit arrangements. The Authorised Limit is set, on a rolling basis, for the forthcoming financial year and two successive financial years and details can be found in Appendix 4 (P5) of this report. The Council is asked to approve these limits and to delegate authority to the Director of Finance, within the total limit for any individual year, to action movement between the separately agreed limits for borrowing and other long-term liabilities where this would be appropriate. Any such changes made will be reported to Cabinet and the Council at their next meetings following the change.

Also, the Council is requested to approve the Operational Boundary Limit (P6) which is included in the Prudential Indicators set out in Appendix 4. This operational boundary represents a key management tool for in year monitoring. Within the operational boundary, figures for borrowing and other long-term liabilities are separately identified and the Council is also asked to delegate authority to the Director of Finance, within the total operational boundary for any individual year, to action movement between the separately agreed figures for borrowing and other long-term liabilities, in a similar fashion to the authorised limit.

The requirement for the Council to indicate it has adopted the CIPFA Code of Practice on Treasury Management was removed in the revised 2017 edition of the code. However, this is still considered to be good practice. The original 2001 Code was adopted on 20<sup>th</sup> November 2002. The Council reaffirms its full adherence to the latest 2017 edition of the Code and will continue to do so annually (as set out in Appendix 6).

### **2.1.3 Prospects for Interest Rates**

At its meeting on 13<sup>th</sup> December 2023 the Bank of England's (BoE) Monetary Policy Committee (MPC) voted for the third meeting in a row to leave interest rates at 5.25%, with Governor Bailey commenting there is still some way to go in the fight to control inflation and that it was much too early to be thinking about rate cuts. This reflects their commitment to combat inflationary pressures, even at the risk of hampering growth, to ensure headline CPI inflation drops back to its 2% target.

Link Asset Services, the Council's treasury advisors, reviewed their interest rate forecasts in January 2024 to reflect their view that the MPC would be keen to underpin its anti-inflation credentials by keeping the Bank Rate at 5.25% until at least the second quarter of 2024. They believe the MPC won't look to cut rates until both CPI inflation and wage / employment data are unequivocally supportive of such a move and that there is a strong likelihood of the overall economy enduring tepid growth (at best) or a mild recession (at worst) over the coming months.

Link forecast the BoE Base Rate will remain at 5.25% until June 2024, before gradually falling to 3.00% by September 2025. These forecasts, and MPC decisions, will be liable to further amendment as updated economic data becomes available and emerging developments in the financial markets.

The following table shows the average PWLB rates for Quarters 1, 2 and 3 and the figures for Quarter 4 to 5th<sup>th</sup> January 2024.

<b>2023/2024</b>	<b>Qtr 1* (Apr - Jun) %</b>	<b>Qtr 2* (Jul - Sep) %</b>	<b>Qtr 3* (Oct – Dec) %</b>	<b>Qtr 4* (to 5<sup>th</sup> Jan 2024) %</b>
SONIA Rate	4.37	5.09	5.19	5.19
1 year	5.32*	5.91*	5.54*	5.24*
5 year	4.87*	5.44*	4.95*	4.36*
10 year	4.78*	5.23*	5.05*	4.54*
25 year	5.09*	5.47*	5.48*	5.10*
50 year	4.82*	5.16*	5.24*	4.87*

\*rates take account of the 0.2% discount to the PWLB rates available to eligible authorities (including the Council).

The Link Asset Services forecasts in respect of interest rates for loans charged by the PWLB are as follows:

<b>Date</b>	<b>Bank Rate %</b>	<b>PWLB Borrowing Rates (including certainty rate adjustment) %</b>		
		<b>5 year</b>	<b>25 year</b>	<b>50 year</b>
March 2024	5.25	4.50	5.20	5.00
June 2024	5.25	4.40	5.10	4.90
Sept 2024	4.75	4.30	4.90	4.70
Dec 2024	4.25	4.20	4.80	4.60
March 2025	3.75	4.10	4.60	4.40
June 2025	3.25	4.00	4.40	4.20
Sept 2025	3.00	3.80	4.30	4.10
Dec 2025	3.00	3.70	4.20	4.00
March 2026	3.00	3.60	4.20	4.00
June 2026	3.00	3.60	4.10	3.90
Sept 2026	3.00	3.50	4.10	3.90
Dec 2026	3.00	3.50	4.10	3.90

The main sensitivities of the forecasts in the UK are felt to be linked to the timing of when the BoE decides to cut the Base Rate. Cut too soon and inflationary pressures could build up further but cut too late and any downturn or recession may be prolonged. The ongoing conflict between Russia and the Ukraine, Gaza and Israel and heightened tensions between China, Taiwan and the United States alongside other geopolitical factors are likely to continue to have a global economic impact. A further concern is that significant issues remain unresolved over future UK / EU trade arrangements following Brexit and complications or lack of co-operation in discussions pose a threat.

#### 2.1.4 Borrowing Strategy

The Council's strategy for 2023/2024 was to adopt a pragmatic approach in identifying the low points in the interest rate cycle at which to borrow and to respond to any changing circumstances to seek to secure benefit for the Council. A benchmark financing rate of 4.5% for long-term borrowing was set considering the views prevalent at the time the Treasury Management policy was set in February 2023.



The basis of the proposed Borrowing Strategy for 2024/2025 is to:

- continuously monitor prevailing interest rates and forecasts;
- secure long-term funds to meet the Council’s future borrowing requirement when market conditions are considered favourable;
- current (January 2024) long-term PWLB rate (50 years) 4.87%. Forecast rates over the financial year 2024/2025 are 4.90% Q1, 4.70% Q2, 4.60% Q3 and 4.40% Q4. Should interest rates fall below these rates borrowing should be considered, with preference given to terms which ensure a balanced profile of debt maturity.

As announced by the Chancellor in November 2020, a prohibition was introduced that denies access to any new borrowing from the PWLB for a local authority that has plans to purchase investment assets “primarily for yield”. When applying for PWLB borrowing authorities must now submit a high-level description of their capital spending and financing plans for the following three years. In addition, the Section 151 Officer (Director of Finance) must confirm that there is no intention to buy investment assets primarily for yield at any point in the next three years. This assessment will be based on the Section 151 Officer’s professional interpretation of guidance issued along with PWLB lending terms.

PWLB interest rates remain the likely cheapest option available to the Council to fund the large borrowing requirement needed to support the capital programme and it will benefit the Council’s revenue budget over the longer term. The Treasury Management team continues to closely monitor interest rates to assess the value of possible further new borrowing in line with Capital Programme requirements. In order to optimise the Council’s position, consideration will also be given to various other funding options, including taking out shorter term borrowing, utilising investment balances, and use of other financial institutions to provide borrowing facilities to fund the Council’s borrowing requirement.

The Council has seven market Lender’s Option / Borrower’s Option (LOBO) loans totalling £39.5 million. The lender has the option to alter the interest rate on these loans at set intervals and the Council can either accept the new rate or repay the loan without penalty. The following table shows the three LOBOs that were subject to a potential rollover in 2023/2024. No changes to loan rates have been received and so these arrangements will continue.

<b>Roll Over Dates</b>	<b>Lender</b>	<b>Amount £m</b>	<b>Rate %</b>	<b>Roll Over Periods</b>
27/07/2023 and 27/01/2024	Dexia	5.0	4.32	Every 3 years
21/04/2023 and 21/10/2023	Barclays	5.0	4.50	Every 6 months
10/06/2023 and 10/12/2023	Barclays	9.5	4.37	Every 3 years
<b>Total</b>		<b>19.5</b>		

The capital expenditure plans set out in Appendix 2 provide details of the service activity of the Council. The treasury management function ensures that the Council’s cash is managed in accordance with the relevant professional codes, so that sufficient cash is available to meet this service activity. This involves both the organisation of the cash flow and, where capital plans require, the organisation of appropriate borrowing facilities. The strategy covers the

relevant treasury / prudential indicators, the current and projected debt positions and the annual investment strategy.

The Council's potential borrowing requirement is as follows:

		<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>	<b>2027/28</b>
		<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
<b>1.</b>	Capital Programme Borrowing	<b>160.3</b>	<b>122.5</b>	<b>88.6</b>	<b>39.2</b>
<b>2.</b>	Replacement borrowing (PWLB)	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>3.</b>	Replacement LOBO	<b>20.0</b>	<b>10.0</b>	<b>19.5</b>	<b>20.0</b>
<b>TOTAL:</b>		<b>180.3</b>	<b>132.5</b>	<b>108.1</b>	<b>59.2</b>

The Council currently has net treasury borrowing of £369.6m which represents the difference between gross debt and total investments. This means that the capital borrowing need (the capital financing requirement) has not been fully funded with loan debt, as cash supporting the Council's reserves, balances and cash flow has been used as a temporary measure. Consideration will be given to continue utilising some investment balances to fund the borrowing requirement in 2024/2025. This policy has served the Council well over the last few years as investment returns were low. As a result, the Council is currently maintaining an under-borrowed position. This position will be carefully reviewed to avoid incurring higher borrowing costs over the long term whilst ensuring that financing is available to support capital expenditure plans.

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

Benefits of having a high level of investments are:

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

Risks associated with holding a high level of investments are:

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

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

A Municipal Bonds Agency, set up by the Local Government Association, has begun to offer bonds to local authorities. The rates offered by the Agency will be assessed and use made of this, and any other new sources of funding that may become available, where it is considered advantageous.

The need to adapt to changing circumstances and revisions to profiling of capital expenditure is required when considering borrowing opportunities, and flexibility needs to be retained to adapt to any changes that may occur.

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

Taking into account potential market volatility and the advice of the Council's treasury adviser, alongside potential movement in the Bank of England base rate, a benchmark financing rate of 5.00% for any long-term borrowing undertaken during 2024/2025 is considered to be appropriate.

### **2.1.5 Policy on borrowing in advance of need**

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

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

### **2.1.6 Debt Rescheduling**

The reasons for any rescheduling of debt will include:

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

In previous years, debt rescheduling has achieved significant savings in interest charges and discounts and these interest savings have been secured for many years to come. However, the very low underlying rate of the Council's long-term borrowing together with the current spread between the rates applied to new PWLB borrowing and repayment of PWLB debt means that PWLB debt restructuring is much less attractive. Consideration will also be given to other options where interest savings may be achievable by using LOBO (Lenders Option Borrowers Option) loans, and / or other market loans, in rescheduling exercises rather than solely using PWLB borrowing as the source of replacement financing but this would only be the case where this would represent best value to the Council.

Following consultation and advice from the Council's treasury advisers the Council has taken the decision to borrow over longer term periods and much of the Council borrowing is for periods over 40 years and on a fixed interest rate basis. This borrowing has been taken out where it offers good value and to allow for the potential to benefit from refinancing debt in the future. A further

benefit is that it reduces risk by giving certainty of borrowing rates over the long term.

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

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

## **2.2 Annual Investment Policy and Strategy**

### **2.2.1 Investment Policy and Management of Risk**

When considering its investment policy and objectives, the Council has regard to the DLUHC Guidance on Local Government Investments (“the Guidance”), CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes 2017 (“the CIPFA TM Code”) consideration has also been given to the refreshed Code published in December 2021.

The DLUHC and CIPFA have extended the meaning of investments to include both financial and non-financial investments. This report deals solely with financial investments (as managed by the Council’s Treasury Management function). Non-financial investments, essentially the purchase of income yielding assets, are covered within the Capital Strategy approved by Council in November 2023.

The Council’s investment objectives are:

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

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

In the current economic climate, it is considered appropriate to keep investments short term to cover cash flow needs. However, where appropriate the Council will also consider the value available in placing investments for longer periods with high credit rated financial institutions, as well as wider range fund options.

The guidance from the DLUHC and CIPFA places a high priority on the management of risk. The Council has adopted a prudent approach to managing risk and in order to minimise the risk to investments, the Council will:

- apply minimum acceptable credit criteria (detailed in Annex B) in order to generate a list of highly creditworthy counterparties which also enables diversification and thus avoidance of risk. The risk appetite of the Council is regarded as low in order to give priority to security of its investments;
- monitor credit ratings daily. The Council has access to all three credit ratings agencies and is alerted to changes through its use of Link Asset Services’ counterparty service. If a counterparty’s rating is downgraded with the result that it no longer meets the Council’s minimum criteria, the Council will cease to place funds with that counterparty. If a counterparty’s rating is downgraded with the result that their rating is still

sufficient for the counterparty to remain on the Approved Lending List, then the counterparty's authorised investment limit will be reviewed accordingly. A downgraded credit rating may result in the lowering of the counterparty's investment limit and vice versa;

- not use ratings as the sole determinant of the quality of an institution. The Council will continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To this end the Council will engage with its advisors to monitor market pricing such as "credit default swaps" and overlay that information on top of the credit ratings provided;
- use other information source including the financial press, share price and other such information pertaining to the banking sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties;
- define the type of investment instrument that the treasury management team are authorised to use. The Council is allowed to invest in two types of investment, namely Specified Investments and Non-Specified Investments:
  - Specified Investments are sterling investments that are for a period of not more than one-year maturity, or those which could be for a longer period but where the Council has the right to be repaid within 12 months if it wishes. These are placed with high rated counterparties and are considered low risk assets where the possibility of loss of principal or investment income is small. Within these bodies and in accordance with the Code, the Council has set additional criteria to limit the time and amount of monies that will be invested with these bodies;
  - Non-Specified Investments are any investments which are not classified as Specified Investments. As the Council only uses investment grade high credit rated counterparties for treasury management investments this means in effect that any investments placed with those counterparties for a period over one year will be classed as Non-Specified Investments. A limit on the amount of investments which are can be invested for longer than 365 days is set in the Council's creditworthiness policy.
- the type of investments to be used by the in-house treasury management team will be limited to Certificates of Deposit, variable term deposits, fixed term deposits, interest bearing accounts, Money Market Funds, Government debt instruments, floating rate notes, corporate bonds, municipal / local authority bonds, bond funds, gilt funds, and gilt-edged securities and will follow the criteria as set out in Annex B;
- assess the risk of default and if any of the Council's investments appear at risk of loss due to default, (i.e. a credit-related loss, and not one resulting from a fall in price due to movements in interest rates), then the Council will make revenue provision of an appropriate amount in accordance with proper accounting practice or any prevailing government regulations, if applicable. This Council mitigates this risk with its prudent investment policy;

- set an approved lending list which shows lending limits and the maximum duration of any investment for each counterparty (detailed in Annex C). These are set using the agreed lending list criteria (detailed in Annex B);
- only place investments with counterparties from countries with a specified minimum sovereign rating as set out in the agreed lending list criteria (detailed in Annex B). Should the UK Government AA- sovereign rating be withdrawn the Council's Investment Strategy and Lending List criteria will be reviewed and any changes necessary will be reported to Cabinet; and
- engage external consultants to provide expert advice on how to optimise an appropriate balance of security, liquidity and yield, given the risk appetite of this authority in the context of the expected level of cash balances and need for liquidity throughout the year.

In accordance with accounting standard IFRS9, the Council considers the implications of investment instruments which could result in an adverse movement in the value of the amount invested and lead to resultant charges at the end of the year to the General Fund. In November 2018 DLUHC concluded a consultation for a temporary override to allow English Local Authorities time to adjust their portfolio of all pooled investments by announcing a statutory override for five years ending 31<sup>st</sup> March 2023. More recently, a further extension to the over-ride to 31<sup>st</sup> March 2025 has been agreed by Government.

The prudential code states that local authorities must not borrow more than or in advance of their needs purely in order to profit from the investment of the extra sums borrowed.

### 2.2.2 Creditworthiness policy

The creditworthiness policy adopted by the Council takes into account the credit ratings issued by all three credit rating agencies (Fitch, Moody's and Standard & Poor's). Credit rating information is supplied by Link Asset Services, our treasury advisors, on all active counterparties that comply with the Council's counterparty criteria.

Significant levels of downgrades to Short- and Long-Term credit ratings have not materialised since the crisis in March 2020. In the main, where they did change, any alterations were limited to future outlooks for counterparties. However, as economies have recovered, there have been some instances of previous lowering of future outlooks being reversed.

Although bank Credit Default Swap (CDS) prices, (these are market indicators of credit risk), spiked upwards at the end of March / early April 2020 due to the heightened market uncertainty and ensuing liquidity crisis that affected financial markets, they have returned to more average levels since then. However, sentiment can easily shift, so it will remain important to undertake continual monitoring of all aspects of risk and return in the current circumstances.

While the Council understands changes that have taken place to reduce ratings, it will specify a minimum sovereign rating of AA-. This is due to the fact that the underlying domestic and where appropriate, international, economic and wider political and social background will still have an influence on the ratings of a financial institution. It is important to stress the ongoing regulatory

changes made in the UK and the rest of Europe are designed to make the financial system sounder. Banks are now expected to have sufficiently strong balance sheets to be able to withstand foreseeable adverse financial circumstances without government support. In many cases, the balance sheets of banks are now much more robust than they were before the 2008 financial crisis when they had higher ratings than now.

In keeping with the agencies' new methodologies, the rating element of the Council's credit assessment process now focuses solely on the Short and Long Term ratings of an institution.

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

Set out in Annex C is the detailed criteria that will be used, subject to approval, in determining the level of investments that can be invested with each counterparty or institution. Where a counterparty is rated differently by any of the 3 rating agencies, the lowest rating will be used to determine the level of investment. If the Council's own banker, National Westminster Bank plc, should fail to meet the minimum credit criteria to allow investments from the Council then balances will be minimised as far as possible.

The Director of Finance will monitor long-term investment rates and identify any investment opportunities if market conditions change. It is proposed that delegated authority continues for the Director of Finance, in consultation with the Cabinet Secretary, to vary the Lending List Criteria and Lending List itself should circumstances dictate, on the basis that changes be reported to Cabinet retrospectively, in accordance with normal treasury management reporting procedures.

### **2.2.3 Outlook and Proposed Treasury Investment Strategy**

Based on its cash flow forecasts, the Council anticipates its fund balances in 2024/2025 are likely to range between £50 million and £250 million. This represents a cautious approach and provides for funding being received in excess of the level budgeted for, and also for unexpected and unplanned levels of capital underspending in the year or reprofiling of spend into future years. In 2023/2024 some investment balances have been used to fund borrowing requirements. It is likely that this will continue into 2024/2025 with investment balances being used to fund some borrowing or used for debt rescheduling. Such funding is wholly dependent upon market conditions and will be assessed and reported to Cabinet if and when the appropriate conditions arise.

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

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

- Timing of new long-term borrowing to fund capital expenditure; and
- Possible funding of long-term borrowing from investment balances (dependent upon appropriate market conditions).

Investments will be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates (i.e. rates for investments up to 12 months). Greater returns are usually obtainable by investing for longer periods. While most cash balances are required in order to manage the ups and downs of cash flow where cash sums can be identified that could be invested for longer periods, the value to be obtained from longer term investments will be carefully assessed.

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

A maximum limit of £75 million is to be set for in-house Non-Specified Investments over 365 days up to a maximum period of 2 years (excluding non-treasury management investments and all other investments defined as capital expenditure). This amount has been calculated by reference to the Council's cash flows, including the potential use of earmarked reserves.

The Council is not committed to any investments which are due to commence in 2024/2025 (i.e. it has not agreed any forward deals).

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

During 2023/2024 the Council did not employ any external fund managers; all funds being managed by the in-house team. The performance of the fund by the in-house team is shown below compared with the benchmark SONIA (Sterling Overnight Index Average) rate and with the relevant benchmarks and performance from the previous year:

	<b>2022/23 Benchmark</b>	<b>2022/23 Return</b>	<b>To date 2023/24 Benchmark</b>	<b>To date 2023/24 Return</b>
<b>Return</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
Council	2.24	2.16	4.88	5.05

During 2024/2025 the Council will continue to review the optimum arrangements for the investment of its funds whilst fully observing the investment strategy in place. The Council uses the Sterling Overnight Index Average (SONIA) rate as a benchmark for its investments. Performance is above the benchmark rate, whilst still adhering to the prudent policy agreed by the Council, in what remains a very turbulent market. The Council's treasury management advisor reports the rate of return achieved compares favourably with their other local authority clients.



## **2.2.4 Policy on the use of external service providers**

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

Should the Council appoint any external fund managers in the future, they will have to agree to strict investment limits and investment criteria. These will be reported to Cabinet for agreement prior to any external fund manager being appointed.

The Council uses Link Asset Services as its external treasury management advisors. The Council recognises that responsibility for treasury management decisions remain with the Council at all times and will ensure that undue reliance is not placed upon our external advisors.

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

## **2.2.5 Non - Treasury Investments**

The Council may make other types of investments (usually defined by regulation as capital expenditure) that are not part of treasury management activity. Treasury management investments activity covers those investments which arise from the Council's cash flows and debt management activity, and ultimately represent balances which need to be invested until the cash is required for use in the course of business.

Investments that may be made for policy reasons outside of normal treasury management activities may include service investments held clearly and explicitly in the course of the provision, and for the purposes, of operational services, including regeneration. This may include loans to local enterprises as part of a wider strategy for local economic growth.

The Director of Finance will maintain a schedule setting out a summary of existing material investments, subsidiaries, joint ventures and liabilities including financial guarantees and the Council's risk exposure.

Investment objectives in relation to these types of investments will still be primarily security and liquidity but with the understanding that the liquidity for these types of investments may be less than those for treasury management activities and that these may be subject to higher levels of risk. When non-treasury management investments are considered, due diligence will take place with all proposed investments being subjected to a detailed financial appraisal that will include financial sustainability of the investment and the identification of risk to both capital and returns. An assessment against loss will be carried out periodically and if the value of non-financial investments is no longer sufficient to provide security against loss mitigating actions will be taken. Decisions relating to non-treasury management investments will follow appropriate governance arrangements.

The Council's approach to non-treasury investments is covered within the Capital Strategy approved by Council in November 2023 and complies with the guidance that Local Authorities will not use PWLB borrowing primarily for yield.

### 3. **Scheme of delegation**

3.1 The Treasury Management Strategy Statement has been prepared in accordance with the revised Code. Accordingly, the Council's Treasury Management Strategy (TMS) is approved annually by the full Council. In addition, quarterly reports are made to Cabinet and the Audit and Governance Committee and monitoring reports are reviewed by members in both executive and scrutiny functions respectively. The aim of these reporting arrangements is to ensure that those with ultimate responsibility for the treasury management function appreciate fully the implications of treasury management policies and activities, and that those implementing policies and executing transactions have properly fulfilled their responsibilities with regard to delegation and reporting.

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

<b>Area of Responsibility</b>	<b>Council/ Committee/ Officer</b>	<b>Frequency</b>
Treasury Management Policy Statement	Full Council	Reaffirmed annually and updated as appropriate
Treasury Management Strategy / Annual Investment Strategy	Full Council	Annually before the start of the year
Treasury Management Strategy / Annual Investment Strategy –updates or revisions at other times	Full Council	As appropriate
Treasury Management Monitoring Reports	Director of Finance	Monthly
Treasury Management Practices	Director of Finance	Annually
Scrutiny of Treasury Management Strategy	Cabinet / Audit and Governance Committee	Annually before Full Council
Scrutiny of Treasury Management Performance	Cabinet / Audit and Governance Committee	Quarterly
Annual Treasury Management Outturn Report	Cabinet / Audit and Governance Committee	Annually by 30 September after the end of the financial year

### 4. **The Treasury Management Role of the Section 151 Officer**

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

- recommending clauses, treasury management policy/practices for approval, reviewing the same regularly, and monitoring compliance;
- submitting regular treasury management policy reports;
- submitting budgets and budget variations;
- receiving and reviewing management information reports;
- reviewing the performance of the treasury management function;
- ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function;
- ensuring the adequacy of internal audit, and liaising with external audit;
- recommending the appointment of external service providers;
- preparing a capital strategy to include capital expenditure, capital financing, non-financial investments and treasury management, with a long-term timeframe;
- ensuring that the capital strategy is prudent, sustainable, affordable and prudent in the long term and provides value for money;
- ensuring that due diligence has been carried out on all treasury and non-financial investments and is in accordance with the risk appetite of the Council;
- ensuring that the Council has the appropriate legal powers to undertake expenditure on non-financial assets and their financing;
- ensuring the proportionality of all investments so that the Council does not undertake a level of investing which exposes the Council to an excessive level of risk compared to its financial resources;
- ensuring that an adequate governance process is in place for the approval, monitoring and ongoing risk management of all non-financial investments and long-term liabilities;
- providing to members a schedule of all non-treasury investments including material investments in subsidiaries, joint ventures, loans and financial guarantees;
- ensuring that members are adequately informed and understand the risk exposures taken on by the Council; and
- ensuring that the Council has adequate expertise, either in house or externally provided, to carry out the above.



**1. Interest Rate Forecasts**

- 1.1 The data set out overleaf shows a variety of forecasts published by Link Asset Services and Capital Economics (an independent forecasting consultancy). PWLB forecasts shown below have taken into account the 20 basis point certainty rate reduction effective as of the 1st November 2012. There are no changes to these forecasts as at 16<sup>h</sup> January 2024.
- 1.2 The forecast within this strategy statement has been drawn from these diverse sources and officers' own views.

# ECONOMIC FORECASTS

## LINK GROUP – JANUARY 2024

	End Q1 2024	End Q2 2024	End Q3 2024	End Q4 2024	End Q1 2025	End Q2 2025	End Q3 2025	End Q4 2025	End Q1 2026	End Q2 2026	End Q3 2026	End Q4 2026	End Q4 2026
Bank Rate	5.25%	5.25%	4.75%	4.25%	3.75%	3.25%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
5yr PWLB Rate	4.50%	4.40%	4.30%	4.20%	4.10%	4.00%	3.80%	3.70%	3.60%	3.60%	3.50%	3.50%	3.50%
10yr PWLB Rate	4.70%	4.50%	4.40%	4.30%	4.20%	4.10%	4.00%	3.90%	3.80%	3.70%	3.70%	3.70%	3.70%
25yr PWLB Rate	5.20%	5.10%	4.90%	4.80%	4.60%	4.40%	4.30%	4.20%	4.20%	4.10%	4.10%	4.10%	4.10%
50yr PWLB Rate	5.00%	4.90%	4.70%	4.60%	4.40%	4.20%	4.10%	4.00%	4.00%	3.90%	3.90%	3.90%	3.90%

## CAPITAL ECONOMICS – JANUARY 2024

	End Q1 2024	End Q2 2024	End Q3 2024	End Q4 2024	End Q1 2025	End Q2 2025	End Q3 2025	End Q4 2025
Bank Rate	5.25%	5.00%	4.50%	4.00%	3.50%	3.00%	3.00%	3.00%
5yr PWLB Rate	4.50%	4.30%	4.20%	4.00%	3.90%	3.80%	3.80%	3.70%
10yr PWLB Rate	4.50%	4.40%	4.20%	4.10%	4.10%	4.10%	4.10%	4.10%
25yr PWLB Rate	5.10%	4.80%	4.60%	4.30%	4.40%	4.40%	4.50%	4.60%
50yr PWLB Rate	4.70%	4.60%	4.50%	4.30%	4.30%	4.30%	4.40%	4.40%

Source: Link Asset Services – Citywatch December 2023

## 2. Survey of Economic Forecasts

### 2.1 HM Treasury November 2023

The current 2023 base rate forecasts are based on samples of both City and non-City forecasters included in the HM Treasury November 2023 report.

BANK RATE FORECASTS	Annual Average Bank Rate				
	Ave. 2023	Ave. 2024	Ave. 2025	Ave. 2026	Ave. 2027
<b>Average</b>	4.76%	5.02%	3.86%	3.13%	2.89%
<b>Highest</b>	4.90%	5.40%	4.70%	4.20%	4.10%
<b>Lowest</b>	4.30%	3.80%	2.80%	2.00%	2.00%

Source: HM Treasury: Forecasts for the UK Economy Nov. 2023 (No.436, Table M4)





## Lending List Criteria

### 1. Counterparty Criteria

- 1.1 The Council takes into account not only the individual institution's credit ratings issued by all three credit rating agencies (Fitch, Moody's and Standard & Poor's), but also all available market data and intelligence, the level of government support and advice from its Treasury Management advisers.
- 1.2 Set out below are the criteria to be used in determining the level of funds that can be invested with each institution. Where an institution is rated differently by the rating agencies, the lowest rating will determine the level of investment.

<b>Fitch Long-Term Rating</b>	<b>Fitch Short-Term Rating</b>	<b>Moody's Long-Term Rating</b>	<b>Moody's Short-Term Rating</b>	<b>S&amp;P's Long-Term Rating</b>	<b>S&amp;P's Short-Term Rating</b>	<b>Maximum Deposit £m</b>	<b>Maximum Duration</b>
AAA	F1+	Aaa	P-1	AAA	A-1+	120	2 Years
AA+	F1+	Aa1	P-1	AA+	A-1+	100	2 Years
AA	F1+	Aa2	P-1	AA	A-1+	80	2 Years
AA-	F1+	Aa3	P-1	AA-	A-1+	75	2 Years
A+	F1+	A1	P-1	A+	A-1	70	365 days
A+	F1	A1	P-1	A+	A-1	70	365 days
A	F1	A2	P-1	A	A-1	65	365 days
A-	F1	A3	P-1	A-	A-1	50	365 days
A-	F2	A3	P-2	A-	A-2	50	365 days
<b>Local Authorities</b> (limit for each local authority)						30	2 years
<b>UK Government</b> (including debt management office, gilts and treasury bills)						300	2 years
<b>Money Market Funds (CNAV, LVNAV and VNAV)</b> Maximum amount to be invested in Money Market Funds is £250m with a maximum of £50m in any one fund.						250	Liquid Deposits
<b>Local Authority controlled companies</b>						40	20 years
<b>Strategic Partners</b>						Maximum deposit and duration of investments with strategic partners will be based on detailed business case and will be approved by Members prior to any investment taking place	

CNAV – Constant Net Asset Value, LVNAV – Low Volatility Net Asset Value, VNAV – Variable Net Asset Value

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

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

## 2. Country Limit

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

2.2 It is also proposed to set a total limit of £50m which can be invested in other countries provided they meet the above criteria. A separate limit (excluding money market funds) of £300m will be applied to the United Kingdom and is based on the fact that the government has done and is willing to take action to protect the UK banking system.

Country	Limit £m
UK	300
Non-UK	50

## 3. Sector Limit

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

Sector	Limit £m
Central Government	300
Local Government	300
UK Banks	300
Money Market Funds	250
UK Building Societies	100
Foreign Banks	50

## 4. Group Limit

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

- the UK continues to have a sovereign credit rating of AA-; and
- that market intelligence and professional advice is taken into account.

4.2 Proposed group limits are set out in Annex C.

## Approved Lending List

	Fitch		Moody's		Standard & Poor's		Limit £m	Max Deposit Period
	L Term	S Term	L Term	S Term	L Term	S Term		
<b>UK</b>	AA-		Aa3		AA		300	
<b>Lloyds Banking Group</b>							Group Limit 70	
Lloyds Bank Plc (RFB)	A+	F1	A1	P-1	A+	A-1	70	365 days
Lloyds Bank Corporate Markets plc (NRFB)	A+	F1	A1	P-1	A	A-1	65	365 days
Bank of Scotland Plc (RFB)	A+	F1	A1	P-1	A+	A-1	70	365 days
<b>Royal Bank of Scotland Group</b> (See Note 1)							Group Limit 75	
The Royal Bank of Scotland Plc (RFB)	A+	F1	A1	P-1	A+	A-1	75	2 years
National Westminster Bank Plc (RFB)	A+	F1	A1	P-1	A+	A-1	75	2 years
NatWest Markets plc (NRFB)	A+	F1	A1	P-1	A	A-1	75	2 years
Santander UK plc	A+	F1	A1	P-1	A	A-1	65	365 days
Barclays Bank plc (NRFB)	A+	F1	A1	P-1	A+	A-1	70	365 days
Barclays Bank plc (RFB)	A+	F1	A1	P-1	A+	A-1	70	365 days
Clydesdale Bank *	A-	F2	A3	P-2	A-	A-2	50	365 days
Co-Operative Bank Plc **	BB	B	Ba1	NP	-	-	0	
Goldman Sachs International Bank	A+	F1	A1	P-1	A+	A-1	70	365 days
HSBC Bank plc (NRFB)	AA-	F1+	A1	P-1	A+	A-1	70	365 days
HSBC UK Bank plc (RFB)	AA-	F1+	A1	P-1	A+	A-1	70	365 days
Nationwide BS	A	F1	A1	P-1	A+	A-1	65	365 days

	Fitch		Moody's		Standard & Poor's		Limit £m	Max Deposit Period
	L Term	S Term	L Term	S Term	L Term	S Term		
Standard Chartered Bank	A+	F1	A1	P-1	A+	A-1	70	365 days
Close Brothers Ltd	A-	F2	Aa3	P-1	-	-	50	365 days
SMBC Bank International Ltd	A-	F1	A1	P-1	A	A-1	50	365 days
Top Building Societies (by asset value)								
Nationwide BS (see above)								
Coventry BS	A-	F1	A2	P-1			50	365 days
Leeds BS	A-	F1	A3	P-2	-	-	50	365 days
Principality BS **	BBB+	F2	Baa1	P-2	-	-	0	
Skipton BS	A-	F1	A2	P-1	-	-	50	365 days
West Bromwich BS **			Ba3	NP	-	-	0	
Yorkshire BS	A-	F1	A3	P-2	-	-	50	365 days
<b>Money Market Funds</b>							250	Liquid
Prime Rate Stirling Liquidity	AAA		AAA		AAA		50	Liquid
Insight Liquidity Fund	AAA		-		AAA		50	Liquid
Aberdeen Liquidity Fund (Lux)	AAA				AAA		50	Liquid
Deutsche Managed Sterling Fund			Aaa		AAA		50	Liquid
Foreign Banks have a combined total limit of £50m								
<b>Australia</b>	AAA		Aaa		AAA		50	
Australia and New Zealand Banking Group Ltd	A+	F1	Aa3	P-1	AA-	A-1+	50	365 days
Commonwealth Bank of Australia	A+	F1	Aa3	P-1	AA-	A-1+	50	365 days
National Australia Bank	A+	F1	Aa3	P-1	AA-	A-1+	50	365 days
Westpac Banking Corporation	A+	F1	Aa3	P-1	AA-	A-1+	50	365 days
<b>Canada</b>	AA+		Aaa		AAA		50	
Bank of Nova Scotia	AA-	F1+	Aa2	P-1	A+	A-1	50	365 days
Royal Bank of Canada	AA-	F1+	Aa1	P-1	AA-	A-1+	50	2 years
Toronto Dominion Bank	AA-	F1+	Aa1	P-1	AA-	A-1+	50	2 years
<b>Denmark</b>	AAA		Aaa		AAA		50	

	Fitch		Moody's		Standard & Poor's		Limit £m	Max Deposit Period
	L Term	S Term	L Term	S Term	L Term	S Term		
Danske A/S	A	F1	A2	P-1	A+	A-1	50	365 days
<b>Finland</b>	AA+		Aa1		AA+		50	
OP Corporate Bank plc	WD	WD	Aa3	P-1	AA-	A-1+	50	2 years
<b>Germany</b>	AAA		Aaa		AAA		50	
DZ Bank AG (Deutsche Zentral-Genossenschaftsbank)	AA-	F1+	Aa2	P-1	A+	A-1	50	365 days
Landwirtschaftliche Rentenbank	AAA	F1+	Aaa	P-1	AAA	A-1+	50	2 years
NRW Bank	AAA	F1+	Aa1	P-1	AA	A-1+	50	2 years
<b>Netherlands</b>	AAA		Aaa		AAA		50	
Bank Nederlandse Gemeenten	AAA	F1+	Aaa	P-1	AAA	A-1+	50	2 years
Cooperatieve Rabobank U.A.	A+	F1	Aa2	P-1	A+	A-1	50	365 days
Nederlandse Waterschapsbank NV			Aaa	P-1	AAA	A-1+	50	2 years
<b>Singapore</b>	AAA		Aaa		AAA		50	
DBS Bank Ltd	AA-	F1+	Aa1	P-1	AA-	A-1+	50	2 years
Oversea Chinese Banking Corporation Ltd	AA-	F1+	Aa1	P-1	AA-	A-1+	50	2 years
United Overseas Bank Ltd	AA-	F1+	Aa1	P-1	AA-	A-1+	50	2 years
<b>Sweden</b>	AAA		Aaa		AAA		50	
Svenska Handelsbanken AB	AA	F1+	Aa2	P-1	AA-	A-1+	50	2 years
<b>Switzerland</b>	AAA		Aaa		AAA		50	
UBS AG	A+	F1	Aa2	P-1	A+	A-1	50	365 days
<b>USA</b>	AA+		Aaa		AA+		50	
Bank of New York Mellon	AA	F1+	Aa1	P-1	AA-	A-1+	50	2 years
JP Morgan Chase Bank NA	AA	F1+	Aa1	P-1	A+	A-1	50	365 days
Wells Fargo Bank NA	AA-	F1+	Aa1	P-1	A+	A-1	50	365 days

RFB – Ringfenced Bank, NRFB – Non-Ringfenced Bank

## Notes

### Note 1 **Nationalised / Part Nationalised**

The counterparties in this section will have the UK Government's AA- rating applied to them thus giving them a credit limit of £75m.

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

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

Any bank which is incorporated in the United Kingdom and controlled by the Prudential Regulation Authority (PRA) is classed as a UK bank for the purposes of the Approved Lending List.