

CIVIC CENTRE,
SUNDERLAND
20 January 2014

TO THE MEMBERS OF SUNDERLAND CITY COUNCIL

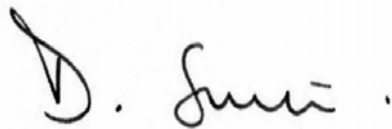
YOU ARE SUMMONED TO ATTEND A MEETING of Sunderland City Council to be held in the Council Chamber, Civic Centre, Sunderland, on **WEDNESDAY 29 JANUARY 2014** at **6.00 p.m.**, at which it is proposed to consider and transact the following business:-

Item	Page
1. To read the Notice convening the meeting.	-
2. To approve the minutes of the ordinary meeting of the Council held on 27 November 2013 (copy herewith).	1
3. Receipt of Declarations of Interest (if any).	-
4. Announcements (if any) under Rule 2(iv).	-
5. Reception of Petitions.	-
6. Apologies.	-
7. Report of the Cabinet (copy herewith).	13
8. Written Questions (if any) under Rule 8.2.	-
9. To receive a report on action on petitions.	79
10. To consider the attached motions.	81

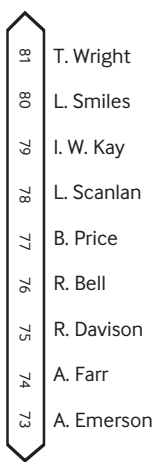
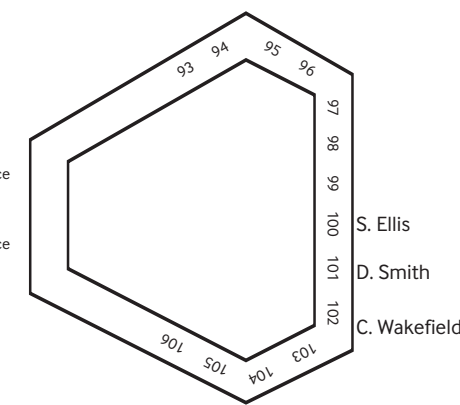
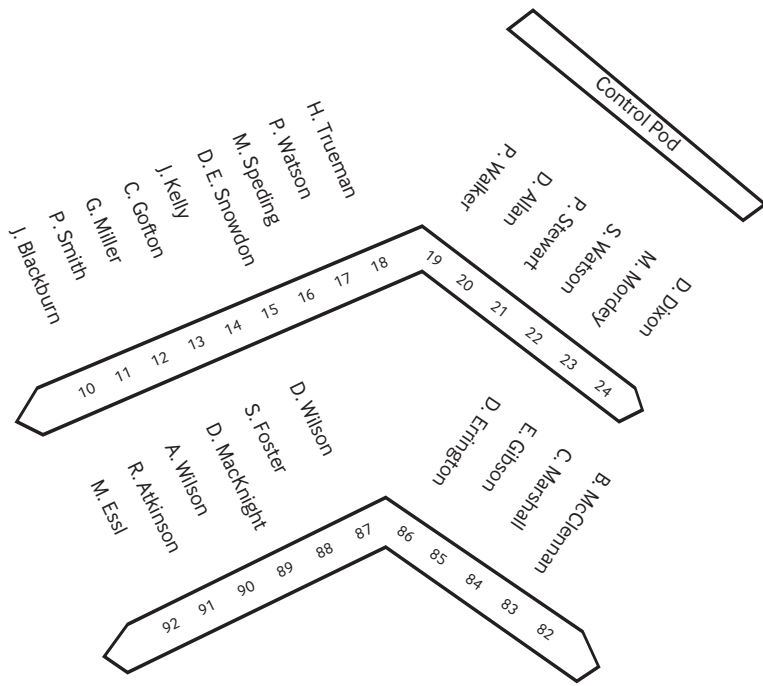
Contact: Hazel Mackel, Governance Services Team Leader Tel: 0191 561 1042
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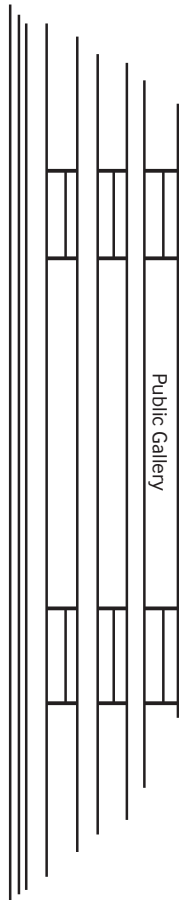
11.	To consider the undermentioned reports:-	85
(i)	Quarterly Report on Special Urgency Decisions – Report of the Leader (copy herewith), and	87
(ii)	Appointments – Local Asset Backed Vehicle and Appeals Under The Education Acts - Constitution Of Panel Members – Report of the Head of Law and Governance (copy herewith).	91

A handwritten signature in black ink, appearing to read "D. Suniti", with a small dot at the end.

CHIEF EXECUTIVE



- 29. A. Lawson
- 30. J. Scott
- 31. P. Tye
- 32. P. Gibson
- 33. F. Anderson
- 34. D. Tate
- 35. D. Richardson
- 36. G. Taylor
- 37. B. Curran
- 38. S. Bonallie
- 39. J. Jackson
- 40. T. Martin

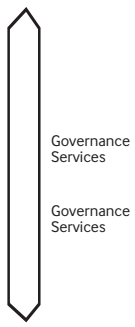


Head of Law and Governance
E. Waugh

Mayor
R. Heron

Chief Executive
D. Smith

Deputy Mayor
S. Porthouse



Minutes

Sunderland City Council

At a meeting of SUNDERLAND CITY COUNCIL held in the CIVIC CENTRE on WEDNESDAY, 27th NOVEMBER, 2013 at 6.00 p.m.

Present: The Mayor (Councillor R Heron) in the Chair

Councillors	Allan	Francis	Mordey	Trueman, D.
	Anderson	Gibson, E	Oliver	Trueman, H.
	Atkinson	Gibson, P	Padgett	Turton
	Ball	Gofton	Price	Tye
	Bell	Howe	Richardson	Wakefield
	Blackburn	Jackson	Scaplehorn	Walker
	Bonallie	Kay	Scott	Waller
	Copeland	Kelly	Shattock	Watson, S
	Curran	Lauchlan	Smith, P.	Williams
	Davison	Lawson	Snowdon, D	A. Wilson
	Dixon	McClennan	Snowdon, DE	D. Wilson
	Errington	Marshall	Speding	Wiper
	Essl	L. Martin	Stewart	Wood
	Farthing	Martin, T	Tate	Wright, N
	Fletcher	F. Miller	Taylor	
	Foster	G. Miller	Thompson	

The notice convening the meeting was read.

Minutes

1. RESOLVED that the minutes of the Meeting of the Council held on 25th September, 2013 and those of the Extraordinary Meeting held on 11th November, 2013 (copies circulated) be confirmed and signed as correct records.

Declarations of Interest

There were no declarations of interest.

Announcements

(i) Death of Mr Raymond Smith

The Mayor paid tribute to Mr Raymond Smith, the husband of former Councillor Mary Smith. He was the first male Mayor's consort in the history of Sunderland and had recently passed away.

Members and Officers stood for a minute's silence as a mark of respect.

Reception of Petitions

2. RESOLVED that the under - mentioned petitions, submitted by the Councillors named, be received and referred for consideration in accordance with the Council's Petitions Scheme:-

Councillor David Snowdon – Petition in aid of changing the speed limit on the road leading to Mount Pleasant from the Washington Highways to 30mph – Deputy Chief Executive

Councillor Anne Lawson– Petition requesting action be taken over the trees on the grounds of Barnwell School – Governing Body of Barnwell School.

Councillor E. Gibson – Petition requesting action be taken regarding the indiscriminate parking at Benedict Biscop Academy Moorside and introduce a 20 mph zone in Marcross Drive – Deputy Chief Executive.

Apologies for Absence

Apologies for absence were submitted to the meeting on behalf of Councillors Ellis, Emerson, Farr, Forbes, MacKnight, Maddison, Porthouse, Scanlan, D. Smith, P Watson, and T.H. Wright

The Cabinet reported and recommended as follows:-

1. Feed and Food Controls Service Plan 2013/14

That they had given consideration to a report of the Deputy Chief Executive (copy attached) on the Feed and Food Controls Service Plan for 2013/14 to be used by the Public Protection and Regulatory Services section of the Street Scene service and which sought approval of the plan.

They also referred the report to the Scrutiny Committee for advice and consideration. The Committee endorsed the Feed and Food Controls Service Plan 2013/14 and supported the Cabinet recommendations to submit the Service Plan to Council for approval.

Accordingly the Cabinet recommended the Council to approve the Feed and Food Controls Service Plan for 2013/14.

2. Revenue Budget Second Review 2013/14

That they had given consideration to a report of the Executive Director of Commercial and Corporate Services (copy attached) on the overall revenue position following the second review for 2013/2014 including proposed contingency transfers for the second quarter of 2013/2014.

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

"Savings on capital financing charges as a result of slippage on the capital programme and income from interest on investments are anticipated to result in planned savings of approximately £5.0m at year end. It is proposed that these amounts and any further underspendings arising from unspent contingencies at the end of 2013/2014 are earmarked to support the overall 2013/2014 position and transitional costs arising from the 2014/2015 budget setting process"

They also referred the above extract of the budget transfers to the Scrutiny Committee, for advice and consideration. The Scrutiny Committee supported the transfer of funds to support the overall 2013/2014 position together with the transitional costs arising from the 2014/2015 budget setting process and supported the Cabinet recommendation that the transfer be submitted to Council for approval.

Accordingly the Cabinet recommended the Council to approve the contingency transfers as set out in the above extract.

3. Budget Planning Framework 2014/2015 and Medium Term Financial Strategy 2014/2015 – 2016/2017

That they had given consideration to a joint report of the Chief Executive and the Executive Director of Commercial and Corporate Services (copy attached) outlining the key factors influencing the development of the Council's financial plans into the medium term and setting out the budget planning framework for the Council for 2014/2015. The report sets out the headlines and context for the Medium Term Financial Strategy 2014/2015 to 2016/2017 which will be formally considered in due course.

They also referred the report to the Scrutiny Committee for its comments in the context of the approved consultation arrangements for the Council's budget. The Scrutiny Committee supported the proposed Budget Planning Framework and endorsed the Medium Term Financial Strategy and supported the Cabinet recommendation that both are submitted to Council for approval.

Accordingly, the Cabinet recommended the Council to:-

- (i) agree the proposed Budget Planning Framework summarised at Section 10 of the report which will guide the preparation of the Revenue Budget for 2014/2015;
- (ii) note that the full Medium Term Financial Strategy 2014/2015 to 2016/2017 will be presented to Cabinet in February

4. Audit Commission Annual Audit Letter 2012/2013

That they submit for consideration by Council a report of the Chief Executive (copy attached) on the Audit Commission Annual Audit Letter covering the year 2012/2013 together with a copy of the Audit Letter which included issues arising from the audit of the Council's financial statements and the results of the external auditor's work undertaken as part of the assessment of the Council's arrangements to securing value for money in its use of resources.

Accordingly the Cabinet recommended the Council to note the contents of the report.

5. Chief Finance Officer – Section 151 Local Government Act 1972

That they had given consideration to a joint report of the Chief Executive and the Head of Law and Governance (copy attached) which sought endorsement for the interim arrangements for the allocation of Chief Finance Officer responsibilities (Section 151, Local Government Act 1972) pending a permanent appointment being made.

Accordingly the Cabinet recommended the Council to note and endorse the interim arrangements.

6. Proposed amendments to the Council's Delegation Scheme - Dog Control Orders

That they had given consideration to a joint report of Deputy Chief Executive and the Head of Law and Governance (copy attached) which sought approval to amend the Council's Delegation Scheme to authorise the Deputy Chief Executive to exercise the Council's full enforcement powers in respect of Dog Control under Part 6 of the Clean Neighbourhoods and Environment Act 2005.

Accordingly the Cabinet recommended the Council:-

- (i) to amend the Council's Delegation Scheme in Part 3 of the Constitution as follows:-

Paragraph 2.96(i) - (Deputy Chief Executive) be deleted and substituted as follows:-

- “2.96 (i) Clean Neighbourhoods and Environment Act 2005 (Sections 3-9 Vehicles, sections 18 – 19 Litter, sections 55-68 Controls on Dogs (including, for the avoidance of doubt, the power to make dog control orders under section 55, subject to taking into account the views of the relevant Area Committee in cases where representations are received in response to consultation) and sections 69 -81 and 82 -86 Noise)”.
 - (ii) to note and endorse that the amount of a fixed penalty payable in respect of an offence under a dog control order be set at £75 (discounted to £50 if paid within 10 days).

The Deputy Leader of the Council, Councillor H. Trueman, duly seconded by the Cabinet Secretary, Councillor Speding moved the report of the Cabinet.

Upon the report of the Cabinet being put to the Council it was:-

- 3. RESOLVED that the report of the Cabinet be approved and adopted.

Written Questions under Rule 8.2

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

Notices of Motion

(i) Notice of Motion – 21st Anniversary of the Award of City Status

Councillor Oliver, seconded by Councillor Wood moved the following motion in relation to the 21st Anniversary of the Award of City Status:-

“This Council congratulates the City of Sunderland on the 21st anniversary of the award of city status and notes its successes and failures.”

Councillor Speding, seconded by the Deputy Leader moved the following amendment:-

delete “and notes its successes and failures”

Upon being put to the vote the amendment was carried with 54 Members voting in favour, viz:-

The Mayor (Councillor R Heron) in the Chair

Councillors	Allan	Foster	Padgett	Trueman, H.
	Anderson	Gibson, E	Price	Turton
	Atkinson	Gibson, P	Richardson	Tye
	Ball	Jackson	Scott	Wakefield
	Bell	Kay	Shattock	Walker
	Blackburn	Kelly	Smith, P.	Waller
	Bonallie	Lauchlan	Snowdon, D	Watson, S
	Copeland	Lawson	Snowdon, DE	Williams
	Curran	McClennan	Speding	A. Wilson
	Davison	Marshall	Stewart	D. Wilson
	Dixon	Martin, T	Tate	Wright, N
	Errington	F. Miller	Taylor	
	Essl	G. Miller	Thompson	
	Farthing	Mordey	Trueman, D.	

5 Members voting against, viz:-

Francis	Oliver	Wood
Howe	Wiper	

And no Members abstaining

The new substantive motion was then put to the meeting and accordingly it was:-

6. RESOLVED that this Council congratulates the City of Sunderland on the 21st anniversary of the award of city status.

(ii) Notice of Motion – British Nuclear Tests Veterans Association

Councillor H. Trueman, seconded by Councillor Oliver moved the following motion in relation to the British Nuclear Tests Veterans Association:-

“This Council notes that its commitment to the Armed Forces Community Covenant ensures the needs of those residents of Sunderland who serve, or have served, the country are recognised and supported at a local level.

Further notes that many other residents have, through a range of professions, served the country in equally significant measure, such as in national security and defence – including those who participated in the testing of Britain's nuclear weapons in the 1950s and 1960s.

Welcomes that, following a Ministry of Defence commissioned Health Needs Analysis in 2011 of British nuclear test veterans, the NHS have introduced a number of practical measures to support them.

Believes that other parts of the public and voluntary sector should seek to introduce similar measures to support nuclear test veterans, and that the Council should lead this at a local level by extending the provisions of the Armed Forces Community Covenant to those veterans who live in Sunderland.

Furthermore this Council urges the Government to support the campaign of the British Nuclear Tests Veterans Association by:

- Officially recognising the unique service of the veterans and acknowledge the nation's continuing debt to them; and
- Supporting the intention to establish a Benevolent Fund of £25million to provide assistance for those veterans and their descendents in need.

Agrees to ask our Members of Parliament to back this campaign and join the Council in urging the Government to support the requests outlined above.

Upon being put to the meeting, the motion was carried unanimously and it was: -

7. RESOLVED that:-

This Council notes that its commitment to the Armed Forces Community Covenant ensures the needs of those residents of Sunderland who serve, or have served, the country are recognised and supported at a local level.

Further notes that many other residents have, through a range of professions, served the country in equally significant measure, such as in national security and defence – including those who participated in the testing of Britain's nuclear weapons in the 1950s and 1960s.

Welcomes that, following a Ministry of Defence commissioned Health Needs Analysis in 2011 of British nuclear test veterans, the NHS have introduced a number of practical measures to support them.

Believes that other parts of the public and voluntary sector should seek to introduce similar measures to support nuclear test veterans, and that the Council should lead this at a local level by extending the provisions of the Armed Forces Community Covenant to those veterans who live in Sunderland.

Furthermore this Council urges the Government to support the campaign of the British Nuclear Tests Veterans Association by:

- Officially recognising the unique service of the veterans and acknowledge the nation's continuing debt to them; and
- Supporting the intention to establish a Benevolent Fund of £25million to provide assistance for those veterans and their descendents in need.

Agrees to ask our Members of Parliament to back this campaign and join the Council in urging the Government to support the requests outlined above.

(iii) Notice of Motion – Sunderland Royal Hospital

Councillor G. Miller, seconded by Councillor Kelly moved the following motion in relation to Sunderland Royal Hospital:-

“This Council condemns the decision by the Tory led Coalition not to include Sunderland Royal Hospital in the proposed, NHS £235 million winter planning funding programme.”

Councillor Oliver seconded by Councillor Wood moved the following amendment:-

delete “Tory led Coalition” and replace with “NHS England”

Upon being put to the vote the amendment was defeated with 5 Members voting in favour, viz:-

Francis
Howe

Oliver
Wiper

Wood

51 Members voting against, viz:-

The Mayor (Councillor R Heron) in the Chair

Councillors	Allan	Farthing	Morley	Thompson
	Anderson	Foster	Padgett	Trueman, D.
	Atkinson	Gibson, E	Price	Trueman, H.
	Ball	Gibson, P	Richardson	Tye
	Bell	Jackson	Scaplehorn	Wakefield
	Blackburn	Kay	Scott	Walker
	Bonallie	Kelly	Shattock	Watson, S
	Copeland	Lauchlan	Smith, P.	Williams
	Curran	Lawson	Snowdon, D	A. Wilson
	Davison	Marshall	Snowdon, DE	D. Wilson
	Dixon	Martin, T	Speding	Wright, N
	Errington	F. Miller	Tate	
	Essl	G. Miller	Taylor	

And no Members abstaining

Upon being put to the vote the original motion was carried with 54 Members voting in favour, viz:-

The Mayor (Councillor R Heron) in the Chair

Councillors	Allan	Foster	Padgett	Trueman, H.
	Anderson	Gibson, E	Price	Turton
	Atkinson	Gibson, P	Richardson	Tye
	Ball	Jackson	Scott	Wakefield
	Bell	Kay	Shattock	Walker
	Blackburn	Kelly	Smith, P.	Waller
	Bonallie	Lauchlan	Snowdon, D	Watson, S
	Copeland	Lawson	Snowdon, DE	Williams
	Curran	McClennan	Speding	A. Wilson
	Davison	Marshall	Stewart	D. Wilson
	Dixon	Martin, T	Tate	Wright, N
	Errington	F. Miller	Taylor	
	Essl	G. Miller	Thompson	
	Farthing	Mordey	Trueman, D.	

No Members voting against

4 Members abstaining, viz:-

Francis	Oliver	Wiper	Wood
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Accordingly it was:-

8. RESOLVED that this Council condemns the decision by the Tory led Coalition not to include Sunderland Royal Hospital in the proposed, NHS £235 million winter planning funding programme.

Quarterly Report on Special Urgency Decisions

The Leader of the Council submitted a quarterly report (copy circulated) on executive decisions which had been taken under Regulation 11 of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012.

(For copy report – see original minutes)

9. RESOLVED that the report be noted.

Appointments - Independent Member of the Audit and Governance Committee, Sunderland Business Improvement District Company, Adult Partnership Board and Sunderland Health and Wellbeing Board.

The Executive Director of Commercial and Corporate Services submitted a report (copy circulated) which requested the Council to consider the appointment of Mr Martin Knowles as an Independent Member to the Audit and Governance Committee and appointments to the Sunderland Business Improvement District Company and Adult Partnership Board and to note the appointment the Local Healthwatch representative, Mr Kevin Norris, to the Sunderland Health and Wellbeing Board.

(For copy report – see original minutes)

10. RESOLVED that the Council:-

- (i) Appoint the recommended candidate to the Audit and Governance Committee for a period of three years with the option for the Council to renew annually thereafter;
- (ii) Appoint Councillors H. Trueman and Speding as the two Directors to the Board of the Sunderland Business Improvement District (BID) Company;
- (iii) Note the vacancy on the Adult Partnership Board; and
- (iv) Note the change in representation on the Sunderland Health and Wellbeing Board.

(Signed) R. HERON,
Mayor.

Report of the Cabinet

The CABINET reports and recommends as follows:-

1. Review of Members' Allowances Scheme by the Independent Remuneration Panel

That they have given consideration to the attached joint report of the Chief Executive and the Executive Director of Commercial and Corporate Services (copy attached) on the outcome of the Independent Remuneration Panel's Review of Members' Allowances.

The Cabinet recommends the Council to approve the recommendations of the Independent Remuneration Panel that:-

- (i) the current Allowances Scheme be amended to include a Special Responsibility Allowance for the lead Member role on the Council's Fostering Panel equivalent to those attached to the Member leads on the Adoption and Permanency Panels (equivalent to 20% of the Allowance attached to a Cabinet Portfolio Holder - £4,184) and the Deputy Mayor's Allowance be increased from £3,827 to £5,735, to take effect, if approved by the Council, from the date of such approval,
- (ii) the Scheme, as amended, also be applied in the financial year commencing 1 April 2014,
- (iii) other than in respect of the amendments referred to above, the Scheme of Allowances, including the associated terms and conditions, remain unchanged, and
- (iv) in line with the approach previously supported by the Council, the Scheme be reviewed on an annual basis.

2. Council Tax Base 2014/2015

That they have given consideration to a report of the Head of Financial Resources (copy attached) seeking approval to the calculation of the Council Tax Base for 2014/2015 in accordance with the Local Government Finance Act 1992 and recommend to Council that:-

- (i) The report for the calculation of the Tax Bases for the City Council and Hetton Town Council for 2014/2015 be approved.

- (ii) That pursuant to the report and in accordance with the Local Authorities (Calculation of Tax Base) Regulations 1992, as amended by Local Authorities (Calculation of Council Tax Base) (Amendment) (England) Regulations 2012 the amount calculated by Sunderland City Council as its Council Tax Base for the year 2014/2015, shall be £64,559 and for the area of Hetton Town Council shall be £3,230.

3. Business Rates Income Forecast 2014/2015 and Projected Business Rates Income Outturn 2013/2014

That they have given consideration to a report of the Head of Financial Resources (copy attached) detailing the arrangements for estimating the forecast outturn for business rates income for 2013/2014 and the business rates income for 2014/2015 to be included in the NNDR 1 return which must be submitted to Government by 31st January 2014 in accordance with the Non Domestic Rating (Rates Retention) Regulations 2013, following approval by Council.

Accordingly the Cabinet is seeking Council approval to the NNDR1 form (final form circulated separately as Appendix A) for submission to government, and which sets out

- the forecast outturn for business rates income for 2013/2014
- total estimated business rates income before transitional arrangements for the year 2014/2015

in accordance with regulations, and which will form the basis of the necessary apportionment of the estimated total business rate income for 2014/2015 in the following proportions:

- 50% to the Government
- 1% to the Tyne and Wear Fire and Rescue Authority
- 49% to the Council

4. Revenue Budget 2014/2015 Proposals and Provisional Revenue Support Settlement 2014/2015

That they have given consideration to a joint report of the Chief Executive and Head of Financial Resources (copy attached) on the provisional budget proposals 2014/2015 and provisional Revenue Support Settlement, as a basis for the continuation of consultation, prior to the receipt of the final Local Government Finance Settlement.

They also referred the report to the Scrutiny Committee for further advice and consideration.

The Scrutiny Committee resolved that it was satisfied with the information provided on the Revenue Budget proposals and Revenue Support Settlement and had no additional comment to make.

Accordingly the Cabinet recommends the Council to approve the provisional budget proposals, as a basis for the continuation of budget consultation, prior to the receipt of the final Local Government Finance Settlement 2014/2015.

5. Capital Programme – Third Review 2013/2014, Provisional Resources 2014/2015 and Treasury Management Review 2013/2014

That they have given consideration to a report of the Head of Financial Resources which detailed the re-profiling of projects since the Second Capital Review for 2013/2014 was approved in October 2013, the inclusion of additional schemes and revisions to costs and resourcing for 2013/2014 since the Second Capital Review was reported, the allocation of capital resources for 2014/2015 subject to any adjustments required when final resource announcements are made and the progress in implementing the Treasury Management Strategy for 2014/2015.

They also referred the report to the Scrutiny Committee for advice and consideration in the context of inclusion of the additional schemes for 2013/2014 costing over £250,000 which are set out in the attached extract. The Scrutiny Committee resolved that it was satisfied with the capital budget scheme variations and had no additional comment to make.

Accordingly, the Cabinet recommends the Council to approve the inclusion of the additional schemes for 2013/2014 and associated resourcing of the Capital Programme since the Second Review of the Capital Programme was approved by Council in October 2013.

CABINET

4 DECEMBER 2013

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

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

1. Purpose of the Report

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

2. Description of Decision (Recommendations)

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

3. Introduction/Background

- 3.1 The report of the Independent Remuneration Panel has been received and is attached as Appendix 1.
- 3.2 The Panel has responsibility for making recommendations on Basic and Special Responsibility Allowances, pensions eligibility, travel and subsistence and co-optees allowances. The functions of the Panel are described in Annex 1 of its report. Local Authorities must have regard to the advice of the Panel when deciding on their Members' Allowances Scheme and the amounts to be paid thereunder.
- 3.3 During the course of the review, the Panel received information regarding the operation of the revised executive and committee arrangements and the roles and responsibilities thereunder and also considered representations that had been made by members in respect of a number of other aspects of the Scheme. Following careful consideration of these matters, the Panel has recommended that the Basic Allowance remains unchanged and that two changes be made in respect of Special Responsibility Allowances (SRAs) namely that an allowance of £4,184 be attached to the member role on the Fostering Panel and that the Deputy Mayor's allowance be increased to £5735. If accepted by the Council, the allowances will therefore be as follows:

OFFICE HOLDERS	£
Leader	37,667
Deputy Leader	25,111
Cabinet Secretary	25,111
Leader Majority Party in Opposition	12,556
Leader Minority Party in Opposition	6,277
Deputy Leader Majority Party in Opposition	8,369
Deputy Leader Minority Party in Opposition	4,184
Cabinet Member	20,716
Policy Member	12,556
Chairman of Scrutiny Committee	12,556
Chairman of Area Committees	10,350
Chair of Regulatory Committee	8,369
Chair of Licensing Committee	8,369
Vice Chairman of Area Committees	6,277
Chair of Planning and Highways Committee	6,277
Chairmen of Development Control Sub Committees	6,277
Vice Chairman of Scrutiny	6,277
Scrutiny Lead Member	5,179
Membership of Adoption Panel (to be paid to up to 2 Members)	4,184
Fostering Panel	4,184
Mayoral Allowance	17,205
Deputy Mayoral Allowance	5,735

- 3.4 A summary of the proposed Members' Allowances Scheme is also set out at Annex 2 to the Panel's report.

4. Suggested Reasons for Decision

- 4.1 Following the review of the Members' Allowances Scheme that took place during 2012, in the light of the revised executive and committee arrangements that had been introduced by the Council, it was considered appropriate that the Allowances Scheme be reviewed approximately one year later, by which time the new arrangements would be further embedded.

5. Alternative Options

- 5.1 The recommendations have been arrived at following careful consideration by the Panel. It is not therefore recommended that the Council adopt any alternative arrangements.

6. Financial Implications

- 6.1 The proposals result in an additional cost of £6,092 which can be contained within existing budget provision.

7. Other Implications

- 7.1 There are no equality, privacy, sustainability or crime and disorder issues associated with these proposals.

8. **Publicity**

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

Background Papers

Report of the Independent Remuneration Panel.

CITY OF SUNDERLAND MEMBERS' ALLOWANCES SCHEME**REPORT OF THE INDEPENDENT REMUNERATION PANEL: REVIEW OF MEMBERS' ALLOWANCES SCHEME****1.0 Introduction**

- 1.1 The Independent Remuneration Panel operates in accordance with the Local Authorities (Members' Allowances) (England) Regulations 2003. The terms of reference for the Panel are attached at Annex 1.
- 1.2 The Regulations are supported by detailed guidance issued by the former Office of the Deputy Prime Minister and Inland Revenue (the Guidance) to which the Panel has had regard in formulating its proposals.

2.0 Background

- 2.1 In September 2012, the Remuneration Panel considered a number of proposed changes to the Council's Members' Allowances Scheme which were designed to align the Scheme with changes to the Council's Executive and Committee arrangements. The Panel accepted that, in view of the scale and extent of the proposed changes, it was likely that there would be a degree of learning and development for all concerned. It therefore suggested that it would be beneficial to review experience of the initial period of their operation after, approximately, one year and this has been undertaken as part of the current review. In addition, the Panel has considered a number of representations made by members as part of both the previous and current review, which are also addressed in this report.

3.0 The Review Process

- 3.1 The Panel considered information provided by Officers which included;
- i. written representations received from Members
 - ii. documentation provided by the Council which included
 - the background to the review of the Council's Executive and Committee arrangements which was carried out in 2012
 - the current position with regard to implementation of planned improvements
 - areas identified for further refinement and improvement in the light of experience of operating new arrangements
 - information regarding allowances paid by other authorities in the region

- iii. supplementary information provided by the Council in response to comments and queries made by the Panel during the course of its deliberations.
- 3.2 The Panel also met with representatives of each political group on the Council.
- 3.3 The Panel records its gratitude for the assistance provided by Members and Officers.

4.0 Sunderland Way of Working to Community Leadership Council

- 4.1 The Panel noted that, since it had last met, the Council had launched the next phase of its transformation to meet the challenges and opportunities of, principally, rising demand and expectations and falling budgets.
- 4.2 Over this time the Council had moved forwards from the Sunderland Way of Working to focusing upon its core role as Community Leader and how it could deliver this role most effectively. This was the direction of travel envisaged when the Council carried through its fundamental review of Executive and Committee arrangements. Implementation of these new arrangements had provided a framework within and around which its continued development as a Community Leadership Council was being planned and delivered.
- 4.3 The Panel confirmed its understanding of the revised Executive and Committee arrangements, however its focus was on the roles and responsibilities of the individual positions within that structure.

5.0 Review of Operation of the Revised Executive and Committee Arrangements

- 5.1 The Panel reviewed each main element of the Council's Executive and Committee arrangements – some of which had also been the subject of representations from individual Members – as follows:

- i. **Cabinet:** The reduction of Cabinet from ten to eight members had been operating since May 2012. The Panel was advised that the new arrangements were operating effectively. Rationalised Portfolios had eased Cabinet's alignment with recent, parallel Officer restructuring around the Council's PEOPLE, PLACE and ECONOMY strategic themes.

In addition, the Panel was advised that, together with enhanced capacity provided by Policy Members, Cabinet restructuring had enabled Cabinet to support a strong and growing local, sub-regional and regional agenda and to support the Leader's role as a member of the European Committee of Regions. New Cabinet arrangements had also supported the Council's continued chairmanship of the Association of North East Councils, the Council's engagement with the Local Enterprise Partnership and significant new ventures such as development of plans for the Combined Authority, Chairmanship of the

national Key Cities network and the Council playing a leading role in the new Co-operative Councils Innovation Network.

- ii. **Policy Members:** The Panel gave careful consideration to these positions in the light of representations received that questioned the duties and responsibilities of these roles. The Panel considered the role of policy members in supporting the work of Cabinet on the Council's strategic objectives and in their championing of important issues.

The Panel was advised that, notwithstanding the above, there remained a general need to build on the foundations that had been laid for these roles and in the light of the representations received, the Panel recommended that efforts were made to strengthen wider understanding amongst Members of the role and contribution of Policy Members.

- iii. **Area Committees, Place and People Boards:** The Panel received information regarding the operation of the area governance arrangements and the role of the Place and People Boards in underpinning the Council's approach to the decentralisation to the Area level of decision-making on a range of important, high profile services.

The Panel was advised that monthly Area People and Place Boards reporting to Area Committees had promoted more locally responsive environmental improvements through the Responsive Local Services initiative. The work programme for Area Committees and Boards in 2013/2014 included further major drives on welfare reform, public protection and core strategy and supporting efficiency savings within Adult Social Care through co-production and capacity building with community groups.

The Panel received a representation from an individual Member in relation to the comparability of the Special Responsibility Allowance attached to the roles of Area Committee Vice Chairman and Scrutiny Lead Member. However the Panel remained of the view that in the light of the responsibility placed upon Area Committee Vice Chairmen to support the Council's major drive for service decentralisation, the current levels of remuneration were appropriate.

- iv. **Streamlined Scrutiny Arrangements** - The Panel was reminded that the new scrutiny commissioning model replaced seven former Scrutiny Committees with one Scrutiny Committee supported by six Scrutiny Lead Members, each with a specific remit and supporting Panel. The Panel was advised that this streamlined approach had been supported by members, officers, partners and communities.

The new Scrutiny Committee had brought together all core scrutiny activities through its new co-ordinating role and in doing so had demonstrated its capacity to undertake statutory responsibilities more efficiently and be more focused, flexible and responsive in the delivery of its work programme.

- v. **Other Main Committees:** The Council's Licencing and Regulatory Committees had operated on a frequent, regular and effective basis with no significant issues identified.

The Panel had received a representation from an individual Member requesting an increase to the Allowances currently attached to the posts of Chairmen of Development Control and Planning and Highways Committees. The Panel was advised that there had been no significant change in the role and responsibilities of these positions, nor was the Council yet in a position to confirm how it planned to discharge its responsibilities in these areas in the future. The Panel did not therefore consider it appropriate to recommend any change to the levels of remuneration for these roles.

- vi. **Adoptions and Permanency Panels:** The Panel was advised that the two Panels concerned had continued to hold frequent meetings and transact significant business since new arrangements were introduced.

The Panel noted that the main issue highlighted during the year related to an anomaly concerning the Council's Fostering Panel. The Panel was informed that this Panel was as important to achieving the Council's objectives for vulnerable children as its Adoptions and Permanency arrangements and had an equally challenging combination of workload, responsibilities and reputation pressures. However, the Member lead role on the Fostering Panel did not currently have a Special Responsibility Allowance attached to it. The Council had received representations from Members on this matter. The Panel recommended that an SRA equivalent to those attached to the Adoptions and Permanency Panel (c. 20% of that of a service Portfolio Cabinet Member - £4,184) be attached to this role.

- vii. **Personnel Committee:** The Panel was informed that the Council's Personnel Committee had been disestablished in May 2012 and had been replaced by the Human Resources Committee which had met on an ad hoc basis with no Special Responsibility Allowance attached.

6.0 Other Member Representations

- 6.1 When the Panel undertook its review of the Scheme in 2012, there were a number of written representations by Members which were deferred to be considered as part of the next review. Those matters, together with additional representations made as part of the current review, are addressed in this report.
- 6.2 One of the matters raised was the impact on Councillors who claim unemployment or sickness benefit and who only receive the Basic Allowance. The representation pointed out that for those in employment or in receipt of pension, the receipt of Basic Allowance amounted to additional income, whereas for those in receipt of benefits, the Allowance was deducted from their benefits so that in effect, they received little or no additional income to assist with meeting the cost of Ward and civic duties.

The Panel was sympathetic to the situation of such Members. However it concluded that this was not a matter that could be addressed within the Allowances Scheme. The statutory guidance on Local Authority allowances did not permit different rates of basic allowance to be paid to different Members. The individual financial position of all Members would vary to an extent and the impact of the receipt of allowances would be different for each Member. This was not, however, a matter to which the Panel could have regard. The Basic Allowance must be the same for each Member and therefore it was not possible to vary the amount paid to any individual Member in order to take account of the impact on that Member's financial situation.

- 6.3 The Panel also gave consideration to submissions regarding the cost of transport from some areas of the city to the Civic Centre and the potential difficulties for those Members who did not have their own private transport and may need to use public transport, in some cases relatively late in the evening. Again, while the Panel was sympathetic to the situation of such Members, it considered that the approach taken in the existing scheme was appropriate. Where possible, car sharing by Members should be encouraged. In addition, it was noted that the scheme did permit the use of taxis in cases of urgency or where public transport was not available or appropriate or where a Member felt that their personal safety may be compromised. The Panel considered that this gave Members an appropriate level of flexibility when determining how they should travel when undertaking civic duties and also the Panel questioned whether all Members were aware of the expenses which they were entitled to claim in respect of travel and subsistence and suggested that the Council may wish to consider issuing a guidance note to Members to remind them of those matters.
- 6.4 The Panel was also consulted regarding the Council's practice of providing refreshments for Members following full Council meetings. The Panel considered that this was a matter for the Council to determine and that what was considered an appropriate level of provision may well change over time. The Panel noted that if refreshments were not provided, a Member would be entitled in most cases to claim a subsistence allowance of £10.59. The Panel suggested that the Council should be mindful of those figures when determining the level of provision maintained. It was noted that the extent of refreshments provided had been reduced and was lower than the cost that would be incurred if Members claimed their subsistence allowance.
- 6.5 A representation had been made to the effect that Cabinet was too big. The Panel considered that the size of the Cabinet was a matter for the Leader. The Panel's role was to consider the roles and responsibilities of whatever governance arrangements the Council, or Leader, as appropriate, had determined.
- 6.6 One representation supported a review of all Special Responsibility Allowances and no increase to the Basic Allowance. Another expressed the view that Special Responsibility Allowances should be reduced and focus on roles such as Cabinet, Scrutiny Chair and Chair of Planning and Highways Committee and the Basic Allowance should be increased. The Panel was mindful that the Guidance, whilst reflecting that the legislation did not limit the number of Special Responsibility Allowances that may be paid, also stated

that if the majority of members of a council receive a Special Responsibility Allowance, the local electorate may rightly question whether this was justified. This aspect of the Guidance was also considered as part of the previous review, at which time the Panel had noted that census information available at that time indicated that Councils across the country averaged 58% of Councillors holding SRAs and that north eastern metropolitan authorities averaged 67%.

Having given careful consideration, as part of both the previous and current review, to the roles and responsibilities of the various positions within the Council's executive and committee structure, the Panel is of the view that the recommendations contained in this report are appropriate.

- 6.7 The Panel also considered representations regarding the mayoral allowances and had regard to the time commitment and responsibilities associated with these positions, together with the incurring of expenditure in undertaking the roles. The Panel also noted that there was evidence that some other authorities in the region awarded their Deputy Mayor approximately one third of the allowance awarded to the Mayor. While the Panel did not consider it appropriate to recommend any change in the allowance paid to the Mayor, in the light of the responsibilities associated with the Deputy Mayor role, the Panel recommends an increase of £1908 to the existing allowance of £3827, to take it to £5735.
- 6.8 Whilst the Panel noted that representations had been received to the effect that the total budget for Members' allowances should not increase, it considered the amendments proposed in this report to be appropriate in order to reflect the responsibilities of the posts concerned
- 6.9 The Panel received the Council's assurance that it intended to continue to refine and improve the revised Executive and Committee arrangements and that there was on-going dialogue on the practical operation of the arrangements.
- 6.10 The Panel was advised that at the current time, the Council did not foresee the need for further significant changes in its overall Executive and Committee arrangements. However as indicated earlier in this report, the Panel recommends two changes to the current Members' Allowance Scheme – the proposal to attach a Special Responsibility Allowance equivalent to that of the Adoptions and Permanency Panels to the lead Member role on the Council's Fostering Panel and the increase of the Deputy Mayoral Allowance.
- 6.11 The Panel has previously recommended the annual review of the allowances scheme and it considers that further review would be appropriate during the course of the financial year 2014 / 2015, at which time the roles and responsibilities under the revised arrangements will be further embedded, together with the development of the community leadership / ambassadorial role of the mayoralty. As part of the next review, the Panel would like to meet with a representative sample of holders of the various posts under the revised arrangements.

7.0 Recommendations

7.1 Having reviewed experience of the first full year of operation of the Council's revised Executive and Committee arrangements and having received and considered Member representations, the Remuneration Panel recommends that

- i. the current Allowances Scheme be amended to include a Special Responsibility Allowance for the lead Member role on the Council's Fostering Panel equivalent to those attached to the Member leads on the Adoption and Permanency Panels (equivalent to 20% of the Allowance attached to a Cabinet Portfolio Holder - £4,184) and the Deputy Mayor's Allowance be increased from £3827 to £5735, to take effect, if approved by the Council, from the date of such approval.
- ii. other than in respect of the amendments referred to above, the Scheme of Allowances, including the associated terms and conditions, remain unchanged.
- iii. the Scheme, as amended, also be applied in the financial year commencing 1 April 2014.
- iv in line with the approach previously supported by the Council, the Scheme be reviewed on an annual basis.

8. Summary of Proposed Allowances Scheme

A summary of the proposed level of allowances is set out in Annex 2.

John Anderson CBE – Chair

Karen Straughair

John Cuthbert

November 2013

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

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

Members' Allowances Scheme

	£ Amount per annum £
Basic Allowance	8,369
Special Responsibility Allowances:-	
Leader of the Council	37,667
Deputy Leader of the Council	25,111
Cabinet Secretary	25,111
Leader of Majority Party in Opposition	12,556
Leader of the Minority Party in Opposition	6,277
Deputy Leader of Majority Party in Opposition	8,369
Deputy Leader of the Minority Party in Opposition	4,184
Cabinet Member with Service Portfolio	20,716
Policy Member	12,556
Chairmen of the following:-	
Scrutiny Committee	12,556
Area Committees	10,350
Regulatory Committee	8,369
Licensing Committee	8,369
Planning and Highways Committees	6,277
Development Control Sub-Committees	6,277
Where the same person chairs the Licensing and Regulatory Committees, only one allowance will be payable but increased by a factor of 50%	
Vice Chairmen of the following:-	
Scrutiny Committee	6,277
Area Committee	6,277
Other Special Responsibility Allowances:	
Scrutiny Lead Member	5,179
Membership of Adoption and Permanency Placement Panel (To be paid to up to 2 members)	4,184
Membership of Fostering Panel	4,184
Co-optees Allowances	
Port Board	15,000
Audit and Governance Committee:	
Chairman	6,277
Independent member	3,139
Mayoral Allowance	17,205
Deputy Mayoral Allowance	5,735
Motor Cycle Allowance	24p per mile
Bicycle Allowance	20p per mile
Car Allowance	45p per mile for first 10,000 mile and 25p thereafter

Passenger Supplement 5p per mile for the passenger (not exceeding 4).

In the case of absence from the usual place of residence for a continuous period which exceeds 4 hours but does not involve an overnight absence, subsistence is payable as per the table set out below:

Breakfast Allowance	£6.22
Lunch Allowance	£8.55
Tea Allowance	£3.37
Evening Meal Allowance	£10.59

The subsistence rates shall be reduced as shown below in respect of meals provided free of charge by any authority or body during the period to which the allowance relates as follows:

Reduction of Subsistence Allowance for Meals Provided Free of Charge:

Reduction for Breakfast provided	£6.22
Lunch provided	£8.55
Tea provided	£3.37
Dinner provided	£10.59

Expenses Allowances Claimable Against Income Tax –

Use of Home as Office	£135 per annum
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This is the national Her Majesty's Revenues and Customs publicised rate. Allowance to be updated as and when Her Majesty's Revenues and Customs publishes a revised allowance.

Grant payable for Use of Rooms or Halls for Ward Surgeries	£15 maximum per occasion
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Telephone Calls Allowance	£15 per quarter
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Broadband – actual costs to be reimbursed up to a maximum of £15 per month with a contribution from each Member of £3 per month where private use is made for the facility.

Cabinet – 15 January 2014

Council Tax Base 2014/2015

Report of the Head of Financial Resources

1. Purpose of Report

- 1.1. To detail the calculation of the Council Tax Base for 2014/2015 and to seek approval to recommend to Council the Council Tax Base for 2014/2015 in accordance with the Local Government Finance Act 1992 as amended by Local Authorities (Calculation of Council Tax Base) (Amendment) (England) Regulations 2012.

2. Description of Decision

Cabinet is recommended to recommend to Council:

- 2.1. The report for the calculation of the Tax Bases for the City Council and Hetton Town Council for 2014/2015 be approved.
- 2.2. That pursuant to the report and in accordance with the Local Authorities (Calculation of Tax Base) Regulations 1992 and the Local Authorities (Calculation of Council Tax Base) (Amendment) (England) Regulations 2012, the amount calculated by Sunderland City Council as its Council Tax Base for the year 2014/2015, shall be 64,559 and for the area of Hetton Town Council shall be 3,230.

3. Background to the Calculation of the Council Tax Base

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

- 3.3 Under the Council Tax (Reductions for Disabilities) Regulations 1992 properties adapted to meet the needs of a disabled person are charged at a rate equal to the next lowest valuation band. For instance a qualifying band C property would be charged at the band B rate. This lower band is described as the 'alternative valuation band'. Prior to 1st April 2000 properties already in band A could not qualify for any disabled reduction as there was not a lower band to be charged at. From the 1st April 2000, however, the regulations were amended to introduce an additional 'alternative valuation band' (below band A) to allow band A properties to qualify for a disabled reduction. Instead of paying the normal band A charge (six-ninths of the band D charge) a qualifying band A property is now charged at five-ninths of the band D charge. For the purpose of the Council Tax Base calculation it is necessary to show Band A properties which qualify for disabled reduction as if it was an additional valuation band. In this report the 'additional' valuation band is shown as either (A) or Disabled (A).
- 3.4 The calculations also take into account two legislative changes that were introduced last year by the government. These relate specifically to:
- Technical adjustments to Council Tax Discounts and Exemptions
 - Localisation of Council Tax Benefit Scheme (LCTBS)
- 3.5 The Technical adjustments have had a positive impact on the Tax Base calculations of the Council and these are required to be detailed further within the calculations which are included in Appendix 1 for information.
- 3.6 The introduction of the LCTBS from 1st April 2013, however, has, as expected, seen significant reductions in the council tax base. This is because the LCTBS, is treated as a council tax discount in the calculations (Item Z referred to as the Council Tax Reduction Scheme) and is based on the scheme approved by the council each year. No change has been made to the previously agreed LCTB scheme implemented for 2013/2014, which was fully consulted upon last year. The Tax Base of the Council thus includes the full estimated impact of the LCTB scheme for 2014/2015 as required by the regulations.

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

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

4.3 The relevant amounts 'A' as calculated in Appendix 1 are shown below:

BAND	RELEVANT AMOUNT 'A'
	£ p
Disabled (A)	99.44
A	29,673.93
B	10,684.43
C	12,325.15
D	7,439.63
E	3,323.16
F	1,369.65
G	933.68
H	<u>27.50</u>
	<u>65,876.57</u>

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

This element of the formula is to reflect the level of collection anticipated. Last year an anticipated collection rate of 98% was assumed. On the basis of current collection levels it is suggested that the collection rate should remain at 98% for 2014/2015.

4.5 Calculation of Council Tax Base

The Council's Tax Base is therefore: 'A' £65,876.57 x 'B' 98% = £64,559.04
(for comparison the previous years Tax Base was £64,093.89)

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

4.6 The Council Tax Base has increased from last year by 465. This increase is due to the number of new homes built across the city over the last year and a prudent estimate of the anticipated number of new homes expected to be built over the next twelve months, which the tax base calculation must take into account.

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

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

5.2 The amounts calculated for each band are shown below:

BAND	RELEVANT AMOUNT
	'A'
	£ p
Disabled (A)	7.92
A	1,868.86
B	649.33
C	387.40
D	210.44
E	100.92
F	52.00
G	18.33
H	1.00
	<u>3,296.20</u>

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

'A' x 'B' (where 'B' is the estimated collection rate) £3,296.20 x 98% = £3,230.28.
(for comparison the previous years Tax base was £3,122.23)

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

5.4 The Council Tax Base has increased from last year by 108. This increase is due to the number of new homes built in the parish boundary over the last year and takes into account a prudent estimate of the anticipated number of new homes expected to be built in the next twelve months.

6. Reasons for Decision

6.1 To comply with statutory requirements.

7. Alternative Options

7.1 No alternative options are proposed.

8. Impact Analysis

8.1 There are no implications.

9. List of Appendices

Appendix 1 - Calculation of the Billing Authority's Council Tax Base

Appendix 2 - Council Tax Base - City of Sunderland / Hetton Town Council

Appendix 3 - Calculation of Council Tax Base For Hetton Town Council - Local Precept

Calculation of the Billing Authority's Council Tax Base

- 1.1 Regulation 3 of the Local Authorities (Calculation of Council Tax Base) Regulations 1992 (S.I. 1992 No. 612) and amended by (S.I. 2012 No. 2914) states that a Billing Authority's Council Tax Base for a financial year shall be calculated by applying the formula -

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

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

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

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

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

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

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

- b) The calculation of each of the above items is, where appropriate, to be made in accordance with paragraph 2-13 of Regulation 4 of the Local Authorities (Calculation of Council Tax Base) Regulations 2012. The different items are to be calculated as follows:

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

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

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

Item R – the number of dwellings for which the amount of Council Tax payable for the relevant day was reduced. For 2014/2015 the following reductions are to be applied:

- a) Single Person Discount – awarded to properties with only one adult resident
- b) Single Disregard – awarded to properties in which all but one resident has been disregarded
- c) Double Disregard – awarded to properties in which all residents have been disregarded
- d) Class A Discount – Awarded to properties that cannot be occupied throughout the year (for example beach huts) – there are currently no such properties within the city area
- e) Class B Discount – awarded to furnished, unoccupied properties
- f) Class BE Discount – awarded to properties left furnished and unoccupied because the Council Tax payer is working away from home
- g) Class C Discount 1 – awarded to substantially unfurnished properties vacant for less than one month
- h) Class C Discount 2 – awarded to substantially unfurnished properties vacant for more than one month, for a maximum period of 6 months
- i) Class C Discount 3 – awarded to substantially unfurnished properties vacant for more than 6 months
- j) Class D Discount - awarded to vacant properties requiring or undergoing structural alteration or major repair, for a maximum period of 12 months
- k) Class E Discount - awarded to members of the armed forces living in accommodation provided by the Secretary of State
- l) Class F Discount – awarded to annexes forming part of a single property which the resident is using as their sole or main residence

Item S - the relevant percentage. For 2014/2015 the relevant percentage is as follows:

a) Single Person Discount	-	25%
b) Single Disregard	-	25%
c) Double Disregard	-	25% x 2 (50%)
d) Class A Discount	-	0%
e) Class B Discount	-	0%
f) Class BE Discount	-	50%
g) Class C Discount 1	-	100%
h) Class C Discount 2	-	25%
i) Class C Discount 3	-	0%
j) Class D Discount	-	25%
k) Class E Discount	-	50%
l) Class F Discount	-	0%

The relevant percentage for items a) to c) above, is calculated in accordance with Section 11 Local Government Finance Act 1992. The relevant percentage for item d) to f) is calculated in accordance with the Council Tax (Prescribed Classes of Dwellings) (England) Regulations 2003, and Section 11A of the Local Government Finance Act 1992. The relevant percentage for items g) to l) is calculated in accordance with the Council Tax (Prescribed Classes of Dwellings) (England) Regulations 2012, Section 11A of the Local Government Finance Act 1992 and the Local Government Finance Act 2012.

Item E – The amount of any additional premium charged on all long term empty properties which have remained unoccupied for a period of greater than 2 years. The amount of the premium is 50% of the amount of the Council Tax charge for that property. This means that properties are charged at a 150% rate.

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

Item Z - the amount of support provided under the Council Tax Reduction Scheme. The support is shown as a discount and the reduction in the base is equivalent to the level of Council Tax that will not be collected because of awards made under the Council Tax Reduction Scheme.

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

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

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

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

The results of these calculations are shown below.

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

	Disabled Band(A)	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H
Item H	191	77426	16929	15736	8002	2902	1008	606	19
Item Q	12	9337.25	1350.75	1028	389.75	127.25	49.75	44	5.25
Item E	0	206.50	16.5	16.5	12	2.5	2	1.5	0
Item J	0	85	191	164	81	12	1	4	0
Item Z	0.00	23869.36	2048.63	1022.71	265.62	70.30	13.03	7.29	0
Item F	5	6	7	8	9	11	13	15	18
Item G	9	9	9	9	9	9	9	9	9

1.4 Applying the figures in section 1.3 to the calculation $((H - Q + E + J) - Z) \times (F/G)$ produces a relevant amount for each Valuation Band - Item A in Regulation 3 of the Local Authorities (Calculation of Council Tax Base) Regulations 2012 as follows:

BAND RELEVANT AMOUNT

	'A'
	£ p
Disabled (A)	99.44
A	29,673.93
B	10,684.43
C	12,325.15
D	7,439.63
E	3,323.16
F	1,369.65
G	933.68
H	27.50
	<u>65,876.57</u>

Council Tax Base - City of Sunderland

Band	Item 'A'	Item 'B'	Tax Base 'A' x 'B'
	£ p	%	£ p
(A)	99.44	98	97.45
A	29,673.93	98	29,080.45
B	10,684.43	98	10,470.74
C	12,325.15	98	12,078.65
D	7,439.63	98	7,290.84
E	3,323.16	98	3,256.70
F	1,369.65	98	1,342.26
G	933.68	98	915.00
H	<u>27.50</u>	98	<u>26.95</u>
	<u>65,876.57</u>		<u>64,559.04</u>

Council Tax Base - Hetton Town Council

(A)	7.92	98	7.76
A	1,868.86	98	1,831.48
B	649.33	98	636.35
C	387.40	98	379.65
D	210.44	98	206.23
E	100.92	98	98.90
F	52.00	98	50.96
G	18.33	98	17.97
H	<u>1.00</u>	98	<u>0.98</u>
	<u>3,296.20</u>		<u>3,230.28</u>

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

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

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

Item A is calculated by the formula:

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

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

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

	Disabled Band (A)	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H
Item H	15	4768	968	455	221	87	38	13	1
Item Q	0.75	550.25	67.25	25.75	10	6	2.50	2	0.50
Item E	0	29	1	0.5	1	0	0.50	0	0
Item J	0	-25	8	22	6	4	0	0	0
Item Z	0	1418.46	74.90	15.92	7.56	2.43	0	0	0
Item F	5	6	7	8	9	11	13	15	18
Item G	9	9	9	9	9	9	9	9	9

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

BAND RELEVANT AMOUNT

	'A'
	£ p
Disabled (A)	7.92
A	1,868.86
B	649.33
C	387.40
D	210.44
E	100.92
F	52.00
G	18.33
H	1.00
	<u>3,296.20</u>

Cabinet – 15th January 2014

Business Rates Income Forecast 2014/2015

Report of the Head of Financial Resources

1. Purpose of Report

- 1.1 This report details the arrangements for estimating
- the forecast outturn for business rates income for 2013/2014 and
 - the business rates income for 2014/2015
- to be included in the NNDR 1 return which must be submitted to Government by 31st January 2014, in accordance with the Non Domestic Rating (Rates Retention) Regulations 2013, following approval by Council.

2. Description of Decision:

- 2.1 Cabinet is recommended to recommend Council to approve the NNDR1 form (to be circulated separately as Appendix A) for submission to government, and which sets out
- the forecast outturn for business rates income for 2013/2014
 - total estimated business rates income before transitional arrangements for the year 2014/2015
- in accordance with regulations, and which will form the basis of the necessary apportionment of the estimated total business rate income for 2014/2015 in the following proportions:
- 50% to the Government
 - 1% to the Tyne and Wear Fire and Rescue Authority
 - 49% to the Council.

- 2.2 In the event that there is a delay in receiving the NNDR 1 form for completion from government, as a result of which the form is to be completed or amended after the date of this Cabinet meeting, Cabinet is asked to provide delegated authority to the Head of Financial Resources, in consultation with the Leader of the Council and Cabinet Secretary, to approve the version of the NNDR1 form to be submitted to Council for approval.

3. Introduction and Background Information

- 3.1 The Non Domestic Rating Regulations 2013 set out the regulations in relation to the Business Rates Retention Scheme (BRRS) introduced from 1 April 2013. Under the regulations, 50% of Non-Domestic Rates (more commonly known as Business Rates) will be retained locally by billing authorities and 2% of this total will be shared with the Tyne and Wear Fire and Rescue Authority.

- 3.2 Councils must submit a return known as the NNDR1 form to the Department for Communities and Local Government (DCLG). This form provides the local tax base for business properties in the area for the forthcoming year and determines the value of income from Non-Domestic Rates between central government, the council and the Tyne and Wear Fire Authority. As such the NNDR1 form is a key document in the budget setting process.
- 3.3 The financial year 2014/2015 will be the second operational year of the new BRRS. As such, in addition to estimating the rates position for 2014/2015, the NNDR1 form requires the Council to confirm their best estimate of the NDR collection fund position as at 31 March 2014 i.e. to the end of the prior financial year 2013/2014. This is required in order to demonstrate whether a surplus or deficit on the Collection Fund in relation to NDR is anticipated at that date. Where a deficit is anticipated, payment will be required from central government and the Fire Authority, conversely where a surplus is anticipated payment will be required to be made by the Council to central government and the Fire Authority. These payments are required to be included in the Councils budget position for 2014/2015.
- 3.4 The NNDR1 form must be certified by the Section 151 Officer. Councils are expected to adopt a similar approval process used for the Council Tax Base, i.e. approval by Council.
- 3.5 The NNDR1 figures must be reported to the DCLG and to any relevant precepting authorities. In the case of the Council it must formally notify the Tyne and Wear Fire and Rescue Authority of their proportionate share of the Councils total estimated business rates income for 2014/2015, and the forecast outturn position for 2013/2014.
- 3.6 Full Council in January will approve the NNDR 1 submission and hence the agreed estimate of Retained Business Rate Income for 2014/2015 for inclusion in the Council budget.
- 3.7 The approved NNDR1 form must be returned to the DCLG no later than 31 January 2014.

4. NNDR1 Form

- 4.1 Following announcements made in the Autumn Statement, production of the NNDR1 return has been significantly delayed by the DCLG as it seeks to incorporate the impact of all of the changes into the return. As such a final version is not anticipated to be available until mid-January 2014. At the time of writing the report it is assumed the form will be available to enable circulation separately as Appendix A.

In the event there is a further delay in receiving the NNDR 1 form for completion from government, resulting in completion or amendment after the date of this Cabinet meeting, delegated authority is sought for the Head of Financial Resources (Section 151 Officer), in consultation with the Leader of the Council and Cabinet Secretary, to approve the version of the NNDR1 form to be submitted to Council.

4.2 Forecast Outturn 2013/2014

4.2.1 This first year of the BRRS has evidenced that the most significant variable, rateable adjustment appeals, is very difficult to forecast with certainty:

- Businesses can appeal the rateable valuation of their property, against a set list of appeals criteria, for as long as the valuation list is open. The current valuation list is the 2010 list and is envisaged to remain open until 2017.
- The Council has no control over the timing/ outcome of appeal decisions. Appeals are made to the Valuation Office Agency (VOA) who then considers these appeals and advise the Business and Local Authority of the outcome. The Council loses income to the value of 49% of the value of successful appeals.
- A significant proportion of the appeals are backdated to the start of the 2010 list. Such successful appeals therefore result in a refund for prior years and an adjustment for the current year. Successful appeals then reduce the base income collectable position for future years.
- There were a significant number of outstanding appeals awaiting VOA consideration as at the 1st April 2013 when the new BRRS came into effect. Despite these appeals pre-dating the new scheme, the Council bears 49% of the lost income and refunds of any successful appeal.

4.2.8 In recognition of the likely impact of backdated appeals the government is proposing to allow Authorities to spread the cost of these appeals over a five year period. However, this approach impacts on the Council's revenue budget position for the following four years. It is therefore proposed that the full cost of the estimated backdated appeal liability arising in 2013/2014 be accounted for in 2013/2014 which will result in a deficit on the collection fund at 31st March 2014. The Council budget planning for 2014/2015 is required to take this position into account.

4.3 Forecast Business Rates Income 2014/2015

4.3.1 The forecast position for 2014/2015 included in the NNDR1 includes the

- best estimate of the appeals position in relation to that financial year based on extrapolation of VOA data.
- the impact of announcements made by the government as part of the autumn statement. The government has confirmed that the impact on Council funding of these measures will be fully funded and separate Section 31 grants will be payable into the General Revenue Fund (rather than the Collection Fund).

4.3.2 In order to address the Collection fund deficit position brought forward at 31st March 2014, the Council Business Rates Retained Income for 2014/2015 available to support the Councils revenue budget will be reduced. The impact of this on the Revenue Budget for 2014/2015 is provided for within the Safety Net Reserve Budget Provision.

5. Equality

5.1 There are no implications.

6. Privacy

6.1 There are no implications.

7. Sustainability

7.1 None specific from this report. More widely, the mechanism of funding Councils from retained NDR emphasise the importance of continuing to support business growth.

8. Crime and Disorder

8.1 There are no implications

9. Reasons for Decision

9.1 To comply with Government expectation that require Council to approve the NNDR1 return on an annual basis. The final estimated Business Rates Income Return figures for 2014/2015 have also to be formally notified by 31st January 2014 to both the Government who receives 50% of the total figure and also to the Tyne and Wear Fire and Rescue Authority who receives 1% of the total. The Council will retain the remaining 49%.

10. Alternative Options

10.1 No alternative options are proposed.

11. List of Appendices

Appendix 1 – NNDR1 Return for 2014/2015 - to be circulated separately

12. Background Papers

None

CABINET

15th JANUARY 2014

**REVENUE BUDGET 2014/2015 PROPOSALS AND PROVISIONAL
REVENUE SUPPORT SETTLEMENT 2014/2015**

Report of the Chief Executive and Head of Financial Resources

1. Purpose of Report

- 1.1 This report sets out the provisional budget proposals for 2014/2015 including the impact of the Provisional Revenue Support settlement, as a basis for the continuation of budget consultation, prior to the receipt of the final Local Government Finance Settlement 2014/2015.

2. Description of Decision

- 2.1 Members are requested to approve the provisional budget proposals, as a basis for the continuation of budget consultation, prior to the receipt of the final Local Government Finance Settlement 2014/2015.

3. National Economic Context to 2014/2015 Budget

- 3.1 Government Autumn Statement - Impact of the Deficit Reduction Plan

The Government confirmed in the Autumn Statement that it intends to continue to address the deficit by following its deficit reduction plan with the Office of Budget Responsibility predicting a surplus position by 2018/2019.

The Government has revised its growth forecasts to 1.4% in 2013 (from 0.6%), 2.4% in 2014 (from 1.8%), and for the following four years to 2.2%, 2.6%, 2.7% and 2.7%. Despite the improving economic position the chancellor has indicated that public sector funding will continue to be reduced up until 2019/2020 to bring about a small budget surplus

The Government also announced additional Public Sector spending cuts of £3bn over 2014/2015 to 2016/2017, i.e. £1bn per year (equivalent to a 1.1% reduction per year). The chancellor indicated Local Government would be protected in 2014/2015 on the basis that they will assume a freeze in council tax. The indicative settlement for 2015/2016 implies this protection has also been applied to 2015/2016 but this would need to be confirmed as part of the 2015/2016 final local government finance settlement in January 2015.

3.2 National Funding Totals

As reported as part of the Budget Planning Framework in October, the Spending Review 2013 resulted in a reduction in core local government funding of £5.5bn across 2014/2015 and 2015/2016 equivalent to a 25% real terms cut. As set out in paragraph 3.1, Local Government appears to have been protected from the further cuts announced as part of the Autumn statement for 2015/2016 on the basis of an assumed freeze in Council Tax. The Government has yet to release its Council Tax referendum principles for 2015/2016 which could see a zero % increase introduced to achieve this aim.

4. **Provisional Local Government Settlement for 2014/2015 and Indicative Settlement 2015/2016**

Provisional Settlement 2014/2015

- 4.1 On 18th December 2013 Government announced the Provisional Local Government Settlement for 2014/2015 and Indicative Settlement 2015/2016, together with a consultation paper on its contents.
- 4.2 The deadline for responses to the Government consultation is January 15th 2014. Officers are preparing the proposed response in consultation with the Leader and Cabinet Secretary for submission in accordance with this timeline.
- 4.3 Detailed tables underpinning the announcement are set out at Appendix 1, with the main points of note set out below.
- 4.4 In overall terms, the provisional settlement confirms the expected headline funding reductions trailed by the government in both the Spending Review 2013 and the recent Autumn Statement for 2014/2015 of circa 10% with a further 15% in 2015/2016. The prognosis therefore continues to remain very challenging in the short to medium term.

While the provisional settlement is as expected, it should be noted the previously reported anomalies in the way the funding reductions have been applied remain in place i.e:

- the disproportionate cuts across Councils arising as a result of the methodology used for allocating the cuts,
- the continued unfairness of the New Homes Bonus top-slice,
- the erosion of the council tax resource equalisation,
- the inappropriateness of the safety net top-slice.

All of the above points would suggest that there has been an ineffective equalities impact assessment undertaken by the Government to assess the impact on differing sections of the population. The Council response to the consultation will take these points into account.

- 4.5 The Council's Settlement Funding Assessment (SFA) is being reduced significantly year on year;
- 2014/15 - 9.7% reduction
 - 2015/16 -14.0% reduction

Excluding grants rolled into this measure means that the real cut, to the broadly comparative formula grant component, shows a much higher reduction;

- 2014/15 -12.9% reduction
- 2015/16 -19.0% reduction

and excluding Business Rates and Council tax growth from the figures, revenue support grant for Sunderland is reducing by

- 2014/15 - 17.4% reduction
- 2015/16 - 27.7% reduction

This means that the elements of funding within the grant mechanism that are based on needs and recognise low income resources and deprivation are constantly being eroded in favour of measures that reward growth. The consequence of this is that the more affluent areas of the country are being relatively protected from the cuts at the expense of some of the more deprived areas of the country such as Sunderland.

- 4.6 The government uses Revenue Spending Power to describe the changes to Local Government funding. Revenue Spending Power is made up from a combined total of Council Tax, Business Rates, and Government grant funding. The council is receiving a cut in Revenue Spending Power more than the national average for England in both 2014/2015 and 2015/2016:

- 2014/2015 council cut 4.7% national average 2.9%
- 2015/2016 council cut 3.9% national average 1.8%.

However, if increases in Health / Care funding are excluded (i.e. ring fenced Public Health Grant, NHS Social Care Funding (2014/2015), Pooled Better Care Funding (2015/2016) and Adult Social Care New Burdens(2015/2016), the remainder of the Council funding included within Revenue Spending Power is being cut by 5.9% in 2014/2015 and 9.1% in 2015/2016.

- 4.7 The Spending Power reduction for Sunderland in 2014/2015 represents a cash reduction of £13.9m. However, it should be noted that this takes into account:

- Assumed council tax freeze grant for 2014/2015 of £0.987m
- An additional years New Homes Bonus Grant of £0.522m
- An increase in NHS funding to Support Social Care of £1.575m to £7.186m

- The Settlement Funding Assessment (business rates top up grant, assumed business rates and revenue support grant) has reduced by £18.3m (9.7%) compared to 2013/2014. Included within this is:
 - the Government assumed level of Retained Business Rates income, however this will differ from the actual amount to be included within the Council Budget position, which will reflect up to date data;
 - a reduction of Early Intervention Funding of £0.895m compared to the previous year;
 - within the RSG allocation government have also included £100m of the £800m hold back amount in respect of New Homes Bonus in 2014/2015;
 - the government has also returned £28m of monies held back for capitalisation resulting in additional funding of £0.202m for the council.

More detail is included at Appendices 1a) and 1c) for information.

Provision for the above variations was already factored into the budget planning framework.

- 4.8 Therefore, as outlined above, in overall terms the provisional settlement has confirmed that the original budget planning framework assumptions of a reduction in resource of £18.4m need to be maintained.

Indicative Settlement 2015/2016

- 4.9 For 2015/2016 spending power reduces by 3.9% representing a £11.3m reduction in funding. The position however is distorted by the inclusion by Government of:
- Pooled NHS and LA Better Care funding of £22.4m within the calculation. The Council needs to work with Clinical Commissioning Group (CCG) to develop a 2 year plan for 2014/2015 and 2015/2016 to show how the funding will be used across health and social care. Work is on-going to understand the detail and the share of the £22.4m which the Council will access.
 - Assumed council tax freeze grant for 2015/2016 of £0.994m.
 - An additional years New Homes Bonus of £0.521m.
- 4.10 The inclusion of the above masks:
- a 14% reduction in Settlement Funding Assessment (Business Rates, Top-up Grant, and Revenue Support Grant) of £23.92m. Within this Revenue Support Grant has reduced by £26.03m or 27.7%. This is as anticipated following the CSR 13.
 - removal of a separate allocation for Local Welfare Provision Grant (Community Care and Crisis funding) of £1.44m. Government have indicated this has been rolled into RSG, however this loses its visibility. This is a concern given this was a new burden transferred to the Council from DWP in April 2013, and the impact that further Welfare reforms may have on the city.

- removal of the full Local Council Tax Benefits Burden grant of £0.18m
- the inclusion of Adult Social Care New Burdens Funding of £1.862m which will bring significant additional costs associated with the new burdens.

More detail is set out in Appendices 1b) and 1c) for information.

- 4.11 In addition the Government has removed from the Revenue Spending Power calculation Housing and Council Tax Benefit Administration grant of £2.67m. At this stage there is no indication of the Government plans for this funding in 2015/2016.
- 4.12 Planning figures for 2015/2016 will be updated as further details emerge.

5. Detail of Key Funding Elements for 2014/2015

- 5.1 For 2014/2015 the key funding elements to support the revenue budget comprise:

- Retained Business Rates
- Revenue Support Grant
- Top Up Grant
- Section 31 Grant - Cap on Business Rates RPI increase
- Other Core Grant Funding
- Council Tax

5.1.1 Retained Business Rates

Key features of the Business Rates Retention system are:

- 50% of business rates forms part of the national 'central' share retained by Central Government to be redistributed; 50% is retained locally. Of this 50% the Council must distribute 2% to the Tyne and Wear Fire and Rescue Authority.
- A safety net arrangement is included with the intention of protecting Authorities from significant falls in their Business Rates income which has been set at 92.5% of their base line funding limit.

The forecast income from Business Rates for 2014/2015 which will be retained by the Council is reported elsewhere on this agenda for approval prior to submission to Central Government.

In forecasting the level of Business Rates Income, the Council are required to make provision for the impact of reductions in income as a result of successful valuation appeals, including amounts backdated prior to 1st April 2013. The level of backdated appeals in 2013/2014 which are currently forecast to be successful is anticipated to result in a deficit on the Business Rates Collection Fund at 31st March 2014. As a

consequence the level of retained Business Rates available to support the Revenue Budget in 2014/2015 is reduced. The impact of this on the Revenue Budget for 2014/2015 is provided for within the Safety Net Reserve Budget Provision.

5.1.2 Revenue Support Grant

The amount of Revenue Support grant to be received by Sunderland announced as part of the Provisional Local Government Finance Settlement is £93.946m.

5.1.3 Top up Grant

The amount of Top-up grant to be received by Sunderland announced as part of the Provisional Local Government Finance Settlement is £35.274m.

5.1.4 Section 31 Grant - Cap on Business Rates RPI increase

As part of the Autumn Statement the Government capped the annual increase on Business Rates at 2% instead of RPI (3.2%). The Government is to compensate Councils for the consequential shortfall in income through provision of a Section 31 Grant. For 2014/2015 this is estimated to be £0.812m.

5.1.5 Other Core Grant and Revenue Funding

The core and revenue grants of significant value which have been confirmed as part of the provisional settlement are:

- The New Homes Bonus Grant is intended to incentivise local authorities to build and bring into use more homes, with a special emphasis on creating more affordable housing. The level of grant awarded is based on the increase in housing stock through new build properties and through returning empty properties back into use. Each year's allocation is awarded for a 6 year period after which the grant ceases.

The Government has top sliced total available resources to fund the New Homes Bonus each year since its introduction in 2011/2012. The cumulative impact for Sunderland up to and including 2014/15 means that £4.3m more resource has been lost than gained since the New Homes Bonus was introduced. It is therefore proposed to follow the practise adopted in 2013/2014 of utilising NHB to support the overall budget position. The provisional total allocation for 2014/2015 of £2.226m comprises:

2011/12 - year 4 of allocation	£0.575m
2012/13 - year 3 allocation	£0.577m
2013/14 - year 2 allocation	£0.552m

2014/15 - year 1 allocation (prov) £0.522m

Support to Housing investment initiatives will continue to be addressed via the Capital Programme and revenue budget as required.

- NHS funding to support Social Care and Benefit Health Grant has increased by £1.575m to £7.186m. The additional resource has already been taken into account in addressing the overall savings requirement and to meet ongoing pressures in this area in 2014/2015.
- A reduction in Housing and Council Tax Benefit Administration grant of £0.207m to £2.675m was notified to the Council after the Budget Planning Framework was presented to Cabinet in October but has been built into the planning assumptions.
- Local Welfare Provision (administration and programme) Grant of £1.435m has reduced by £0.021m. This level of funding was taken into account in assessing the impact of the Governments Welfare Reform agenda in 2014/2015.
- The Public Health Grant has been confirmed at £21.234m which is as anticipated.

The PFI core grant has not yet been confirmed but the allocation for the Council is not expected to change from the previous year's allocation.

5.1.6 Council Tax

Capping Powers and Reserve Powers

The Localism Act provides for the provision of referendums to veto excessive council tax increases. This effectively places a limit on council tax increases and if councils exceed Government limits then the public will be able to vote to agree or veto any considered 'excessive' increase.

In the Provisional Settlement the Government announced that the referendum threshold principles would not be announced until the New year. It has also indicated that it is receptive to lowering the current limit of 2% for 2014/2015 for 'all or some categories of authorities'.

Council Tax Freeze Grant

As part of the SR13 the Government indicated they would provide funding for the impact of the 2013/2014 Council Tax Freeze Grant through to 2015/2016 at which time it would be subsumed into Revenue Support Grant. This treatment is consistent with the fact the 2011/2012 Council Tax Freeze Grant was also subsumed into Revenue Support Grant as part of the 2013/2014 settlement process.

The SR13 further indicated grant funding would be available to allow local authorities to freeze council tax for 2014/2015 and 2015/2016 (based on a 1% council tax increase) with this funding being built into the Spending Review baseline. This measure is designed both to encourage councils to take up the freeze grant and provide certainty that extra funding will be made available to 2015/2016 at least.

The funding is offered to compensate those Authorities who decide not to increase their Council tax in 2014/2015 and 2015/2016. As it is unclear whether the funding will be available beyond 2015/2016 any use of the grant to support on-going revenue expenditure may require alternative funding to be identified in the following years should the Council decide to access and accept the grant.

5.2 Schools Funding

New funding arrangements were introduced from April 2013 for all schools and academies. This is the first stage of introducing a national funding formula in the next spending review period. The Government through the new formula is seeking to develop a clear and transparent funding formula that supports the needs of pupils and enables Schools and Academies to be funded on a broadly comparable basis.

5.2.1 Dedicated Schools Grant

The distribution of the Dedicated Schools Grant (DSG) to local authorities will continue to be based on the current “spend-plus” methodology for 2014/2015, set out in three spending blocks for each authority: an early years block, a schools block and a high needs block. The underlying schools budget will be kept at flat cash per pupil for 2014/2015.

The October 2013 census data shows that pupil numbers have decreased by 342 and consequently school block funding has reduced by £1.220m.

The Government is to continue to apply a national protection arrangement for schools whereby no school will see a per pupil reduction compared to its 2013/2014 budget (excluding sixth form funding) of more than 1.5 per cent before the pupil premium is applied.

Included within the Early Years Block is additional funding to support the increase in early learning places for two-year-olds from lower income households. From 1 September 2013 early learning became a statutory entitlement for around 20% of two-year-olds across England, which will extend to 40% of two-year-olds from September 2014.

5.2.2 Pupil Premium Funding

The Pupil Premium level of funding for 2014/2015 for Sunderland Schools and Academies is based on January 2014 pupil numbers and

funding allocations will not be confirmed until September by the Education Funding Agency. Provisional allocations will be calculated by the Local Authority and notified to Schools in February 2014.

5.2.3 Education Services Grant

The ESG is allocated on a simple per-pupil basis to local authorities and academies according to the number of pupils for whom they are responsible. The amount of funding to be received by the Council reduces with each school that transfers to an academy. Current planning assumes funding of £2.5m will be received in 2014/2015.

6. Provision for Spending Pressures and Commitments

6.1 When the Budget Planning Framework was approved in October 2013 Cabinet agreed that the following spending commitments would be taken into account:

- Prudent assumptions in respect of a pay-award based on indications by Government of a limit on public sector pay of 1.0%;
- price increases on the basis of prudent assumptions in respect of energy and contractual arrangements;
- the results of the Actuarial review of the Local Government Pension Scheme 2013;
- provision for spending commitments in respect of debt charges and interest receipts;
- the impact of demographic changes in respect of adult social care;
- pressures relating to safeguarding, and external placements;
- service pressures as a result of the economic downturn;
- replacement of one off resources utilised in setting the 2013/2014 budget of £3.55m.

6.2 In this context it is proposed to make provision to address a number of spending commitments and pressures as set out below:

6.3 Cabinet Secretary

The following proposals are made:

6.3.1 Capital Financing

Prudential borrowing has been provided for within the medium term financial position in relation to known investments over that period, together with a provision to provide future flexibility to enable strategic priorities of the Council to be addressed.

6.3.2 Workforce Transformation and Workforce Planning

Financial implications of workforce transformation and workforce Planning will be kept under review and accommodated from transitional resources set aside for this purpose.

6.4 Adults Health and Housing

The following proposals are made:

6.4.1 People - Adult Services Demand / Demographic Issues

The increasing longevity of the national and specifically, the city's, population continues to place significant pressure on Adult Social Services budgets. In addition, client expectations and increasing demand to support clients with complex cases to enable clients to maintain independent living, is requiring reconfigured services and additional investment.

The impact of additional cost pressures and necessary investment have been factored into plans on an appropriate basis.

6.5 Children's Services

The following proposals are made:

6.5.1 People - Children's Services Demand Pressures

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

6.5.2 People - Children's Services Special Guardianship and Residence Orders

In October 2013, Cabinet approved the alignment of special guardianship and residence order allowances, and future adoption allowances to the age related core fostering allowance rate from 18th October 2013. The additional cost has been taken into account within the 2014/2015 budget planning.

7. Summary Funding Gap

The financial provisions proposed for the areas of spending pressures outlined are set out in the following table. When taken alongside the current forecast reduction in funding the overall gap to be addressed is summarised below.

	2014/2015		2015/2016	
	£'m	£'m	£'m	£'m
Government Grant Changes		18.42		24.84
Spending Pressures				
Pay, Prices and Other pressures	8.72		5.24	
People - Adults Demand Pressures	2.51		2.29	
People - Children's Demand - External Placements	1.20		0.00	
People - Children's Special Guardianship and Residence Orders	0.65		0.00	
Capital Financing	0.50		2.50	
Replacement 2013/14 Use of One Off Resources	3.55		0.00	
Replacement 2014/15 Use of One Off Resources		17.13	0.50	10.53
Total Estimated Pressures and Grant Reductions		35.55		35.37

8. Proposals to Meet the Funding Gap 2014/2015

- 8.1 As part of the Budget Planning Framework for 2014/2015 Cabinet agreed in October 2013 to meet the funding gap by progressing the existing savings programme and developing a further programme of activity based around the Councils Community Leadership approach including:
- understanding demand and prioritising service provision to protect core services and particularly those most vulnerable
 - maximising non frontline savings
 - ensuring services are responsive to local needs
 - targeting resources rather than universal service provision
 - developing alternative ways of providing services not necessarily by the Council
 - greater collaboration and community involvement
 - continued focus on progressing Regeneration, funding leverage and commercial opportunities.

8.2 Summary of Proposed Plans To Meet Funding Gap

Proposals to fully meet the funding gap for 2014/2015 are summarised below together with an indication of plans for 2015/2016;

	2014/15 £'m	2015/16 £'m
Total Estimated Pressures and Grant Reductions	35.55	35.37
Proposals to Meet the Funding Gap		
Strategic and Cross Cutting	-17.97	-3.97
Place and Economy	-8.86	-2.82
People	-6.70	-9.93
Total Ongoing Savings Programme	-33.53	-16.72
Use of One off Resource		
SIB Balances	-0.50	0.00
Temporary Use of balances /potential Grant	-1.52	-5.72
Total Proposals to meet the Gap	-35.55	-22.44

Further work is continuing to develop a full suite of proposals to meet the 2015/2016 funding gap of circa £12.9m as well as the further savings forecast to be required in 2016/2017 and beyond. Further updates will be provided to Cabinet in due course and the Medium Term Financial Strategy 2014-2017 will be refined and updated as this work progresses.

Further detail on the proposals for reduction are set out below.

8.3 Detail of Proposals for Reduction

8.3.1 Corporate and Cross Cutting (£17.975m 2014/2015 and £3.970m)

- **Strategic and Shared Services - (£1.025m in 2014/15 and £1.000m in 2015/16)**

It is proposed to continue the review and reconfiguration of strategic and support services to ensure those services meet the future requirements of the council. All strategic and support service areas will deliver a proportionate share of the savings requirement over the two years.

- **Integrated Commissioning Services - (£0.600m in 2014/15)**

Through the bringing together of commissioning functions across the council and developing a joint approach to commissioning with health partners in the Clinical Commissioning Group it is envisaged that reductions in cost will be made. In addition reductions to cost will be made through a review programme of services that the council currently commissions

- **ICT rationalisation and income opportunities - (£0.250m in 2014/15 and £0.750m in 2015/16)**

The ICT Unit will continue consolidating applications into a smaller number of core systems, reducing external spend on application support and improve data quality and the availability of information. In addition, all contracts will continue to be reviewed and renegotiated delivering further reductions in cost.

Whilst reducing external costs the ICT Unit will be looking at increasing income through the sharing of ICT services and resources.

- **Various Corporate Allocations - (£9.200m in 2014/15 and £1.570m 2015/2016)**

A review of all central resources and reserves has been undertaken which has identified capacity to release some corporate contingencies, primarily in respect of the waste strategic solution. The proposals also take into account additional income on a prudent basis in respect of council tax collection and the New Homes Bonus grant allocation.

In recent years opportunities to capitalise revenue expenditure in respect of highways and building maintenance costs have been maximised and it is proposed to continue with this approach going forward.

- **Release of Revenue Contribution to Capital Outlay (RCCO) - (£2.000m in 2014/15)**

Previous budgets have included provision for a revenue contribution to help support the capital programme. In light of the financial position facing the council it is proposed that this provision be removed from the budget.

- **SWITCH Budget Repatriated - (£3.200m in 2014/15)**

Following the successful implementation of the severance scheme over the last two financial years and the previously agreed cessation of the SWITCH programme, the balance of the SWITCH budget can be released to support the 2014/2015 budget position.

- **Maximisation of Income: (£1.100m in 2014/15 and £0.400m in 2015/16)**

As a result of the Airport refinancing arrangements agreed last year, the council is to receive interest on long term loan notes issued for a period of 20 years subject to performance of the Airport. It is proposed the annual income receivable be brought into account in the budget from 2014/2015.

In addition, the City's Port has improved both turnover and trading profitability over recent years. Capital investment in the Port has provided the necessary infrastructure to allow increased tonnages and new cargos to be handled. Given this positive trend it is proposed the Port be set increased profit targets for 2014/2015 and 2015/2016 financial years.

Finally two reviews are being undertaken with a view to raising additional revenue from fees and charges (where appropriate) and advertising including outdoor advertising.

- **Procurement - (£0.200m in 2014/15 and £0.200m in 2015/16)**

In addition to all Directorates reviewing their third party spend and securing savings from other projects and reviews, a review of all corporate contracts is being undertaken with a view to reducing prices further.

- **CSN programme - (£0.400m in 2014/15 and £0.050m in 2015/16)**

With virtually all service areas now migrated to the Customer Service Network the focus has shifted to deepening the customer offering to enable decision making at the earliest point in the interaction. This will enable costs to be reduced whilst maintaining services.

8

8.3.2 Place and Economy (£8.858m 2014/2015 and £2.823m 2015/2016)

- **Smarter Working - review of premises and Repairs and Renewals (£0.702m in 2014/15 and £0.100m in 2015/16)**

This saving is a continuation of the Smarter Working project which has already delivered significant savings in premises costs through the planned closure of administrative buildings. The review is now focussing on delivering savings in operational buildings through collaborative working and co-location. Reductions to the Repairs and Renewals budget will be delivered by prioritisation. Optimising council properties will minimise the rates liability.

- **Land and Property - Review of operational costs and income generation (£0.703m in 2014/15 and £0.385m in 2015/16)**

A number of initiatives have been identified to increase income, including from Cash in Transit, Control Room and through rent reviews of the council's property portfolio, and through reducing costs, including in relation to Design Services where greater flexibility will be built into service provision.

- **Economic Development Grants Review (£0.250m in 2014/15)**

A reduction in the Economic Development grant budget will be delivered through the reprioritisation of external grants provided by the Team, focussing on those grants where clear outcomes are demonstrable.

- **Review of Citywide Services (£1.519m in 2014/15 and £0.789m in 2015/16)**

- Review of operational arrangements for Waste Collection – (£0.863m in 2014/2015 and £0.189m in 2015/2016): Having committed to retain weekly refuse collections through to 2016/2017, this proposal has identified cost reductions through the implementation of a 4-day working week to coincide with the opening of the new waste transfer station at Jack Crawford House.
- Transport and Fleet review – (£0.600m in 2014/2015 and £0.600m in 2015/2016): The on-going Transport and Fleet review, will further rationalise and reduce the scale of the council's fleet, ensure better utilisation based on new management and monitoring systems and ensure more efficient hire and maintenance arrangements.
- Review of operational arrangements for Regulatory Services – saving of £0.056m (2014/15): Review to include the Registrar and Coroner services

- **Car Parking – review of operational costs and income (£0.336m in 2014/15 and £0.433m in 2015/16)**

Delivery of the new Parking Strategy will achieve savings through the implementation of a Local Parking Permit Scheme in the City Centre to improve parking utilisation and support local businesses, introducing seafront and on-street charges, taking advantage of commercial opportunities to generate new income streams, improving enforcement arrangements and reviewing parking charges.

- **Bereavement Services – review of operational costs and income (£0.105m in 2014/15 and £0.150m in 2015/16)**

Following the review last year to simplify burial charges, further savings will be delivered through an increase in charges for burial and cremation.

- **Review of Highways and Network Management including maintenance (£1.431m in 2014/15 and £0.200m in 2015/16)**

A reduction in the Highways maintenance budget will be achieved through the prioritisation of the budget, multi-skilling of highways inspectors to carry out on-the-spot repairs. In addition through a review of operations to more flexibly meet the design requirements of revenue and capital schemes, by maximising income earning opportunities and focussing on statutory functions.

- **Review of Pest Control Charges (£0.051m in 2014/15 and £0.050m in 2015/16)**

It is proposed that pest control charges be introduced (excluding a charge for rat control) in line with other local authorities.

- **Review of operational arrangements for Responsive Local Services (£0.761m in 2014/15 and £0.216m in 2015/16)**

A reduction in the responsive local services operational budget can be achieved through focussing on rationalising and re-engineering operational supervision. Taking into account opportunities arising from workforce planning measures, the review will enable Area Response Manager and Officer arrangements to be maintained, the assimilation of existing fixed term and apprentice staff into the service and the creation of a further 30 new apprentice positions.

- **Energy - Invest to Save Initiatives (£0.500m in 2015/16)**

Officers are working alongside the council's PFI contractor to develop opportunities to reduce the cost of energy, primarily in relation to Street Lighting and premises-related energy. Capital investment, to take account of improvements in technology, will be considered on an invest to save basis.

- **People Based Commissioning Reviews (Public Health) (£3.000m in 2014/15)**

This reduction in budget reflects the development of the council's approach, locally, to move away from commissioning separate, unconnected services to supporting the delivery of an integrated wellness model. Services influenced through this approach include NHS health-checks, adult obesity programmes, substance misuse, infection control and public health strategic resources.

8.3.3 People (£6.699m 2014/2015 and £9.934m 2015/2016)

- **Full Year Impact of previous year's decisions (£1.744m in 2014/15 and £0.100m in 2015/16)**

This is the full year impact of previous year's agreed savings decisions, all of which have been implemented in the current financial year in respect of Children Looked after Strategy, Review of structures, YOS, Services to Schools and School Improvement service.

- **Reconfiguration of Family Home Care and Community Support Services (£0.100m in 2014/15 and £0.035m in 2015/16)**

Reconfiguration of staffing arrangements for some support services (e.g. Family Home Care and Community Support Services) provided to children and young people.

- **Review of Commissioning Arrangements (£0.827m in 2014/15 and £1.265m in 2015/16)**

A review of commissioning arrangements will lead to reductions in the following areas;

- The removal of subsidy at the Castleview Centre, review of partner contributions Sunderland Safeguarding Children's Board, and review of Housing related support.
- A Review of Home to School Transport is underway including how statutory transport is provided. This will require appropriate consultation and will include a review of commissioning arrangements, a review of eligibility criteria and an offer to parents of personalised budgets where appropriate.
- Alternative delivery models for internally delivered services are being considered including XL and Mobile Youth Provision. This will include working with partners to determine how the desired outcomes from delivery can be met. In line with all other commissioned services, commissioned contracts

will be reviewed to reduce costs by approximately 30% when these are due for renewal in April 2015.

- **Early Years and Childcare**

- **Review of support for workforce development and the curriculum and quality assurance process in childcare settings (£0.439m in 2014/15)**

Financial support has been provided to deliver an improved early years workforce provided by childcare settings and child-minders. It is considered appropriate to continue the phased withdrawal of this support. The review will look at other alternative ways of funding and delivering the service to reduce costs such as those relating to qualified teacher support.

- **Review of Children's Centre Delivery (£0.460m in 2014/15 and £0.100m in 2015/16)**

A further review of Children's Centres delivery in response to the updated needs analysis and usage will be undertaken. This will involve appropriate consultation with Children Local Area Boards and elected members.

- **Health and Social Care Integration (£0.290m in 2014/15 and £3.210m in 2015/16)**

Reductions on the net budget can be achieved through integration of services and development of person centred co-ordinated care in localities. This will prevent hospital admissions and readmissions and can also be supported through additional grant funding.

- **Sunderland Cares - Local Authority Trading Company (LATC) - (£4.153m 2014 to 2018 with £2.594m in 2014/15 and £0.824m in 2015/16)**

In-house Care and Support has moved to a LATC from the 1st December 2013. The separation of the Council's provider arm into a LATC will give greater opportunities to consolidate its provider options, enabling flexible solutions and the potential to develop business / generate income through innovative service provision to individual customers and commissioners.

- **Further Implementation of Personalisation (£0.245m in 2014/15 and £1.300m in 2015/16)**

The continued implementation of personalisation will allow individuals to have choice and control in respect of the care and support they receive to meet their assessed need and prevent admissions to residential and nursing care.

In 2015/2016 the Government is proposing minimum national eligibility standards. The proposal is to adopt the national criteria.

- **Sport and Leisure Review (£2.600m in 2015/16)**

Cabinet agreed in October 2013 to explore the establishment of an alternative service delivery model for Sports and Leisure Facilities. Work undertaken concluded that a Joint Venture arrangement between the Council and a partner is the preferred option for the future model to operate and to manage the City's leisure complexes.

Analysis undertaken suggests that, through achieving increases in participation and customer volumes, additional revenues will be delivered to contribute to the position.

- **People Directorate – Review of staffing Structures (£0.500m in 2015/16)**

A review of staffing structures following the amalgamation of Health Housing and Adult Services and Children's Services is to be undertaken in 2014/2015.

8.3.4 Use of One Off Resources

At this stage it is proposed to utilise one off funding of £0.5m of uncommitted SIB balances.

8.4 Other Resources

After taking account of total on-going programmed savings and use of one off resources for 2014/2015 there remains a funding gap of £1.52m. At this stage it is proposed this gap be met from either council tax increase, acceptance of the council tax freeze grant or use of transitional funding held in balances on a temporary basis.

9. Outstanding Uncertainties

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

- transitional costs in relation to the implementation of savings proposals;
- the outcome of the final Local Government Revenue Support Grant Settlement for 2014/2015 and related grant announcements;
- the forecast Income from Business Rates
- the final Collection Fund position for both Council Tax and Business Rates.

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

10 Budget Consultation

10.1 The Budget and Policy Framework procedure rules contained within the Constitution of the Council requires consultation on budget proposals to take place. In October 2013 Cabinet approved proposals regarding the consultation strategy and framework for the budget for 2014/2015 and proposed briefings to the following stakeholders:

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

10.2 In addition to the above stakeholder consultation, a survey was undertaken to gain an understanding of views on the overall approaches to meeting the budget challenge.

10.3 To supplement the survey, a workshop was held, with Community Spirit panel members, equality forums, and with representatives from the voluntary and community sector being invited.

10.4 Initial findings of the survey and discussions at the workshops demonstrate general support for the overall approach.

10.5 To date budget consultation with these groups has concentrated on the overall approaches to meeting the budget challenge. Further detailed consultation in relation to the proposals will be undertaken, as appropriate, when the proposals are developed, or service review takes place. The results of this consultation will, in turn, inform the Equality Analysis of the proposals.

10.6 At each stage in the budget preparation process Scrutiny Committee is being consulted.

10.7 This report will become the basis for second stage consultation. Elements of the consultation undertaken to date, which has not yet been fully analysed, together with the results of the second stage of consultation will be considered in framing the final budget proposals to be submitted to Cabinet in February, 2014.

11 Equalities Impact Assessment

- 11.1 In accordance with the approach followed in previous years the Council continues to fully consider the impact of its plans by following a robust approach to equalities analysis. Appendix 2 sets out the approach adopted to the budget setting process.

12 General Balances

- 12.1 A Statement of General Balances is attached at Appendix 3.
- 12.2 As reported at the Second Revenue Review Report to Cabinet, some savings have been generated in 2013/2014 from Interest on Balances and Debt Charges, and unutilised contingency provisions. Any savings generated will be required to fund one off spending pressures and additional costs associated with implementing the budget proposals for 2013/2014 and to support the 2014/2015 Revenue Budget as part of a prudent and robust approach to budget setting.
- 12.3 The balances position will be updated / reviewed as the budget is progressed. A full risk analysis will be presented with the final budget proposals to the February meeting of Cabinet.

13 Suggested Reason for Decision

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

14 Alternative options to be considered and recommended to be rejected

- 14.1 There are no alternative options recommended for approval.

Background Papers

Budget and Planning Framework 2014/2015 (October 2013 Cabinet)

Local Government Finance Settlement 2014-15:

<https://www.gov.uk/government/collections/provisional-local-government-finance-settlement-england-2014-to-2015>

APPENDIX 1a)

Provisional Revenue Support Settlement 2014/2015 and Indicative Settlement 2015/2016

Spending Power Calculations for 2014/2015 compared to the adjusted 2013/14

Spending Power Components	2013-14	2014-15	Change	Change
	£m	£m	£m	%
1 Council Tax Requirement excluding parish precepts	76.013	76.592	0.579	0.8%
Settlement Funding Assessment	188.750	170.421	-18.329	-9.7%
SFA: Adjustment to reflect Section 31 grants for business				
2 rates cap	0.000	0.812	0.812	100.0%
3 minus Council Tax Support Funding to Parishes	-0.012	-0.012	0.000	0.0%
4 Efficiency Support Grant	0.000	0.000	0.000	0.0%
Inshore Fisheries Conservation Authorities	0.014	0.014	0.000	0.0%
Lead Local Flood Authorities	0.037	0.037	0.000	0.0%
Community Right to Challenge	0.009	0.009	0.000	0.0%
Community Right to Bid	0.008	0.008	0.000	0.0%
Local Welfare Provision (Admin + Programme funding) 2014-15	1.456	1.435	-0.021	-1.5%
5 Indicative Council Tax Freeze Grant 2014-15	0.000	0.987	0.987	100.0%
6 New Homes Bonus	1.704	2.226	0.522	30.6%
7 New Homes Bonus: returned funding	0.636	0.263	-0.373	-58.7%
Housing Benefit Subsidy Admin	2.882		-2.882	-100.0%
Local Council Tax Support and Housing Benefit Administration Subsidy		2.675	2.675	100.0%
Council Tax Support New Burdens Funding	0.216	0.180	-0.036	-16.8%
LA Social Housing Fraud	0.000	0.000	0.000	0.0%
Local Reform and Community Voices DH revenue grant	0.275	0.283	0.009	3.1%
Public Health Grant (Ring-fenced)	20.656	21.234	0.578	2.8%
NHS funding to support social care and benefit health	5.611	7.186	1.574	28.1%
Estimated 2014-15 Revenue Spending Power including NHS support for social care	298.255	284.347	-13.907	-4.7%

Note: Totals are rounded to 3 decimal places,

APPENDIX 1b)

Provisional Revenue Support Settlement 2014/2015 and Indicative Settlement 2015/2016

Spending Power Calculations for 2015/2016 compared to the adjusted 2014/15

Spending Power Components	2014-15	2015-16	Change	Change
	£m	£m	£m	%
1 Council Tax Requirement excluding parish precepts	76.592	77.175	0.583	0.8%
Settlement Funding Assessment	170.421	146.501	-23.920	-14.0%
SFA: Adjustment to reflect Section 31 grants for				
2 business rates cap	0.812	0.812	0.000	100.0%
3 minus Council Tax Support Funding to Parishes	-0.012	-0.012	0.000	0.0%
4 Efficiency Support Grant	0.000	0.000	0.000	0.0%
Inshore Fisheries Conservation Authorities	0.014	0.014	0.000	0.0%
Lead Local Flood Authorities	0.037	0.025	-0.012	-32.9%
Community Right to Challenge	0.008	0.000	-0.008	-100.0%
Community Right to Bid	0.009	0.000	-0.009	-100.0%
Local Welfare Provision (Admin + Programme funding) 2014/15	1.435	0.000	-1.435	-100.0%
5 Indicative Council Tax Freeze Grant 2014-15	0.987	0.987	0.000	100.0%
6 Indicative Council Tax Freeze Grant 2015-16	0.000	0.994	0.994	-100.0%
7 Provisional and illustrative New Homes Bonus	2.226	2.747	0.521	23.4%
New Homes Bonus: returned funding	0.263	0.668	0.405	154.0%
8 Council Tax Support New Burdens Funding	0.180	0.000	-0.180	-100.0%
LA Social Housing Fraud	0.000	0.000	0.000	0.0%
Local Reform and Community Voices DH revenue	0.283	0.283	0.000	0.1%
9 Public Health Grant (Ring-fenced)	21.234	21.234	0.000	0.0%
10 Adult Social Care New Burdens	1.862	1.862	0.000	0.0%
11 Pooled NHS and LA Better Care fund	10.704	22.432	11.728	109.6%
Estimated 2015-16 Revenue Spending Power including NHS support for social care	287.055	275.721	-11.334	-3.9%

Note: Totals are rounded to 3 decimal places,

APPENDIX 1c)

Provisional Revenue Support Settlement 2014/2015 and Indicative Settlement 2015/2016

Settlement Funding Assessments for both 2014/15 and 2015/16			
	Adjusted 2013-14 Start-Up Funding Assessment	Provisional 2014-15 Settlement Funding Assessment	Illustrative 2015-16 Settlement Funding Assessment
	£m	£m	£m
Upper-Tier Funding	133.676	119.497	100.203
Lower-Tier Funding	25.092	21.510	18.001
Total	158.769	141.006	118.203
Council Tax Support	-20.979	-20.979	-20.979
True needs based funding	137.790	120.027	97.224
Real % reduction in needs based funding		-12.9%	-19.0%
Fire & Rescue Funding	0.000	0.000	0.000
2011-12 Council Tax Freeze Compensation	2.377	2.366	2.365
Early Intervention Funding	11.543	10.648	9.739
GLA General Funding	0.000	0.000	0.000
GLA Transport Funding	0.000	0.000	0.000
London Bus Services Operators Grant	0.000	0.000	0.000
Homelessness Prevention Funding	0.141	0.139	0.139
Lead Local Flood Authority Funding	0.121	0.119	0.119
Learning Disability and Health Reform Funding	14.821	14.962	14.957
Efficiency Support for Services in Sparse Areas	0.000	0.000	0.000
2013-14 Council Tax Freeze Compensation	0.979	0.979	0.979
Returned Holdback		0.202	
Totals	188.750	170.421	146.501
Total SFA Reduction in year		-18.329	-23.920
% reduction		-9.7%	-14.0%
	Adjusted 2013-14 Start-Up Funding Assessment	Provisional 2014-15 Settlement Funding Assessment	Illustrative 2015-16 Settlement Funding Assessment
	£m	£m	£m
SFA split			
RSG including Freeze grant	113.735	93.946	67.915
Baseline Funding (Top Up Grant)	34.600	35.274	36.247
Assumed Business Rates	40.415	41.201	42.339
Total	188.750	170.421	146.501
% reduction in RSG component		-17.4%	-27.7%

Note: Totals are rounded to 3 decimal places,

EQUALITY AND THE BUDGET PROPOSALS**1 How equality analysis has fed into the budget-setting process**

- 1.1 Each Directorate has considered the equality impact of their proposals. Where it is timely and appropriate an Equality Analysis has been completed (the Council adopted approach to analyse and record equality impacts). The detail of the analysis is dependent on the nature of the proposal and its stage of development. For those proposals which are not sufficiently detailed to undertake a full Equality Analysis at the present time, an initial consideration of the impacts has been undertaken. In these cases further analysis will be carried out, when the proposals are further developed.

2 Consultation

- 2.1 Consultation has included an online survey as well as a targeted event to which Community Spirit (the Residents' Panel), representatives of the Area Voluntary and Community Sector Networks, and city-wide Equality Forums were invited. The Equality Forums cover a range of protected characteristics including disability, sexuality, faith and belief, race and age.

3 Key Messages

- 3.1 Individual proposals for additional savings are currently at different stages of equality analysis depending on the stage of the development of the proposal. The equality considerations can be summarised as follows:
- Equality Analysis, whether complete or at initial consideration, has identified or anticipated positive impacts. In some cases this may be an initial Equality Analysis that needs updating as the project progresses.
 - Equality Analysis, whether complete or at initial consideration, has identified or anticipated negative impacts. Where negative impacts are identified, it is the responsibility of the services to minimise these as far as possible. Some proposals have already identified possible ways to mitigate against potential impacts.
 - No impacts have been identified or are anticipated. This includes instances where mitigating actions have already been put in place to neutralise negative impacts.
 - The proposal has potential employment impacts, or the saving will be partially made from staffing changes. Where there are impacts for the Council as an employer, equality considerations will be made as part of the Workforce Planning Project.

- Equality implications will be considered as part of a planned review, or further work is needed to help identify equality impacts.

The summary of impacts, by directorate, is outlined below:

	Strategic and Cross Cutting Proposals	Economy and Place Proposals	People Proposals
Positive impact identified or anticipated	0	0	5
Negative impact identified or anticipated ¹	0	0	7
No impact identified or anticipated	8	7	12
Employee implications	4	4	1
Further work is needed to assess the full impact / assessment will be part of a review	0	1	8
Total	12	12	33

Note 1: Where the current draft of the Equality Analysis does identify potential negative impacts, the services will be considering how these impacts can be mitigated as far as possible during the development of detailed proposals.

- 3.2 A number of the proposals provide the opportunity for improving equality and diversity of provision, due to services being reviewed in line with demand management and application of the Customer Service and Access principles. These principles encourage greater understanding of customers and communities.
- 3.3 Where Equality Analysis is finalised, there will be a quality assurance process to ensure the relevant considerations are being made in a thorough manner.

4 CONCLUSIONS

- 4.1 The Council continues to seek to meet its obligations in relation to equality and diversity and has procedures in place at both a general and budget specific level to incorporate equality and diversity issues into decision making processes and the assessment of proposals.
- 4.2 Where analysis does highlight some equality implications, services and directorates will be responsible for assessing how these can be mitigated during the development of the detailed proposals. Where a proposal includes a review of services a full and/or updated version of equality analysis will be undertaken and presented to decision makers as proposals are shaped.

Appendix 3

Statement of General Balances

	£m
Balances as at 31st March 2013	7.570
Use of Balances 2013/2014	
Contribution to Revenue Budget (approved as part of 2013/2014 budget)	(2.572)
Additions to Balances 2013/2014	
Transfer from Strategic Investment Reserve to Support Transition Costs (approved as part of 2013/2014 budget)	2.572
Estimated Balances 31st March 2014	7.570

The above position will be reviewed and updated and reported to Cabinet as part of the final budget proposals in February, 2014.

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

**Capital Programme – Third Review 2013/2014, Provisional Resources
 2014/2015 and Treasury Management Review 2013/2014**

Scheme Variations since the Second Capital Review 2013/2014

City Services	£'000
<p>Clean Bus Technology Fund Following a successful joint bid with Durham County Council, £0.276m Clean Bus Technology Fund grant has been awarded by the DfT. This grant will be pass-ported to Go North East to retrofit 19 buses to cut pollution and improve air quality across Sunderland and Durham</p>	276
<p>Trans-Sunderland Cycle Route £0.265m funding has been secured from the Department for Transport for a trans-Sunderland cycle route and includes works at Washington Road and Ferryboat Lane. Match funding is provided by existing Local Transport grant.</p>	265

Action on Petitions

ACTION TAKEN ON PETITIONS

Council Members are asked to note the action taken in relation to the under mentioned petition which was presented to Council.

(i) Petition regarding the trees in the grounds of Barnwell Primary School - Presented by Councillor Anne Lawson on 27 November 2013

The petitioners had requested that action be taken over the trees in the grounds of Barnwell School. The matter was referred to the Governing Body of the School.

Following the receipt of the petition the Governing Body obtained legal advice regarding their duties and responsibilities. They then enlisted the support of an independent arboriculturalist to advise on the conditions, risks and appropriate works needed to address the six concerns raised within the petition.

On Wednesday 11th December the School procured the services of Gentoo to carry out a full survey of the site. In the petition Governors were requested to cut back and fell the problem trees. The arboriculturalist was requested to assess every tree within the grounds of Barnwell Primary School and produce a plan and report which took into consideration all of the issues raised.

A survey was carried out on Friday 13th December and the subsequent report was received on Wednesday 18th December. The results highlighted a number of maintenance issues which would be addressed across the 72 trees on the Barnwell site. It also suggested the removal of 2 trees which were in poor condition. The majority of the works needed were crown lifts which were causing overhang or light issues to the neighbouring homes.

Overall the report indicated that work was needed on 38 of the 72 trees. A quote was received from Gentoo for all of the works to be carried out as detailed in the report. The Governing Body noted that many of these tasks were not required to be carried out from a legal perspective, however as a gesture of goodwill, approval was given by Governors. The School budget would meet this cost (approximately £2,700) and Gentoo were asked to complete these works as quickly as possible.

The Governing Body have informed Councillor Lawson and the lead petitioner of the actions taken and hope that this and the subsequent works carried out satisfy all of the concerns raised in the petition, via telephone calls and by individuals who have visited the School. The Governing Body feel that by procuring independent advice they have dealt with the matter in a fair, swift and appropriate way.

Notices of Motion

NOTICES OF MOTION

Council Members are asked to consider the under mentioned Motions:-

(i) Notice of Motion – Combined Authority

Recognising the importance of a combined authority to the future of a city deal and consequent development of the Vaux site, this council urges Durham, Northumberland and Tyne and Wear local authorities to agree to speak with one voice by including representatives of all major political parties and business leaders in any proposed combined authority.

Councillor R. Oliver
Councillor P. Wood
Councillor G.E. Howe
Councillor R. Francis
Councillor J.S. Wiper

(ii) Notice of Motion – Transforming Rehabilitation – Probation Services not for sale

This Council notes the Coalition Government plans to privatise the majority of probation services including handing community supervision of 200,000 serious and violent offenders over to private companies.

This Council believes that:

- Fragmenting offender management will increase the risk of harm to the public
- Cooperative partnership arrangements for managing the most active offenders will flounder leading to a substantial risk of an increase in crime in the city
- There has not been adequate scrutiny of the proposed plans
- Payment by Results of probation services is an unproven model which at best has a massive potential for unforeseen negative consequences
- Criminal Justice is not for profit

Therefore this Council resolves to oppose the privatisation of probation services.

Councillor P. Watson
Councillor M. Speding
Councillor P. Smith
Councillor H. Trueman
Councillor J. Blackburn

Reports

Quarterly Report on Special Urgency Decisions**Report of the Leader**

The Council's Constitution requires that a quarterly report be submitted to Council on executive decisions which have been taken as a matter of special urgency. This requirement is now contained in Regulation 11 of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012.

This is the special urgency provision under which key decisions may be taken by the executive, although not contained in the 28 day Notice of Key decisions (whether proposed to be taken in public or private), where compliance with Regulation 10 (the general exception) was also impracticable.

There have been no such instances since the last report.

Recommendation

That the Council notes the content of this report.

APPOINTMENTS – LOCAL ASSET BACKED VEHICLE AND APPEALS UNDER THE EDUCATION ACTS - CONSTITUTION OF PANEL MEMBERS**Report of the Head of Law and Governance****1.0 Introduction**

- 1.1 The purpose of this report is to seek approval for the appointment of the Council's representatives to the Board of the proposed Local Asset Backed Vehicle for Sunderland (LABV) (and its subsidiaries) and the appointment of Panel Members to the Education Admission Appeals Panel.

2.0 The Local Asset Backed Vehicle

- 2.1 The Cabinet at its meeting held on 27 November 2013 considered a report of the Deputy Chief Executive and the Executive Director of Commercial and Corporate Services on the outcome of the procurement process for the LABV partner and approved the appointment of the Preferred Bidder and the next steps in order to progress to the establishment of the LABV.
- 2.2 The work is ongoing with the Preferred Bidder, Igloo/Carillion, in order to reach legal and financial completion and to establish the LABV. As part of these set-up arrangements, the Council needs to appoint four representatives to the Board of the LABV (and its subsidiaries).
- 2.3 The Council is accordingly asked to appoint the Leader of the Council, the Cabinet Secretary, the Deputy Chief Executive and the Head of Financial Resources (for the period until the appointment of the new Executive Director of Commercial and Corporate Services) to the Board of the LABV (and its subsidiaries). These appointments will become effective from the date of the establishment of the LABV.

3.0 Appeals under the Education Acts - Constitution of Panel Members

- 3.1 In accordance with usual practice and to comply with the Council's duty under the School Standards and Framework Act 1998 to establish a panel of persons from whom Appeals Panels may be constituted, advertisements have been placed seeking applications from members of the public to sit on the Appeals Panel.
- 3.2 New applications as Panel Members have been received as set out below. Satisfactory references have been received and the Council is now requested to consider the applications:-

Non Lay Members

Patricia Bateley, Margaret Cottam, Irene Lanaghan and John Richardson; and

Lay Members

Lynda Cochrane, Dianne Gardener, David Harris and Fran Pickersgill.

4.0 Recommendation

4.1 The Council is accordingly recommended:-

- (i) to appoint the Leader of the Council, the Cabinet Secretary, the Deputy Chief Executive and the Head of Financial Resources (for the period until the appointment of the new Executive Director of Commercial and Corporate Services) to the Board of the LABV (and its subsidiaries), and
- (ii) to approve the appointment of Panel Members to the Education Admission Appeals Panel as set out in paragraph 3.2 above.