

Report of the Cabinet

THE CABINET reports and recommends as follows:-

That they have referred the initial proposals on these matters to the Scrutiny Committee which supported the recommendations set out in the report to the Cabinet dated 14 January 2015.

That they have also subsequently, on 11 February 2015, submitted the attached report numbered 1 to the meeting of the Audit and Governance Committee and also the reports numbered 1, 2 and 3 to the Scrutiny Committee on 12 February 2015.

The Audit and Governance Committee was consulted specifically on the Treasury Management Policy and Strategy for 2015/2016 and was pleased to note that there were no major changes proposed to the overall Strategy and that the careful and prudent approach adopted by the Council in previous years would continue.

The Committee also noted the Borrowing and Investment Strategies and that Council continued to follow fundamental principles in relation to the prudent investment of its treasury balances which had resulted in the rate of return on investments being consistently higher than the benchmark rate.

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

The Scrutiny Committee, commented that, having considered the proposals, it was happy with the information provided within the Budget and Service reports and therefore supported the Cabinet recommendation to Council that the budget proposals be approved.

The Scrutiny Committee recognised the difficult financial situation that the Council continued to operate within and acknowledged the hard work and support provided by the Director of Finance and her team in preparing the budget proposals and managing the finances of the Council as a whole.

Subsequently

- the precept figures of the Police and Crime Commissioner Northumbria (PCCN) have been confirmed as those set out in the report to Cabinet on 11 February 2015. For the PCCN this will mean an increase of 1.99% in the precept level for 2015/2016.
- The precept figures for the Tyne and Wear Fire and Rescue Authority (TWFR) have been confirmed as a 1.99% increase in the precept level for 2015/2016. Consequently, the following amounts for the Tyne and Wear Fire and Rescue Authority have been issued to the Council, in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of dwellings as follows:

| Valuation Bands | Precepting Authority Tyne & Wear Fire and Rescue Authority |
|-----------------|--|
| A | £ 49.75 |
| B | £ 58.04 |
| C | £ 66.33 |
| D | £ 74.62 |
| E | £ 91.20 |
| F | £107.78 |
| G | £124.37 |
| H | £149.24 |

The position set out at Item 3 of the report as Determination of Council Tax 2015/2016 reflects the above notified 2015/2016 precept levels in respect of the Precepting Authorities.

NOTE:

In relation to the report numbered 2 below entitled “Revenue Budget and Proposed Council Tax for 2015/2016 and Medium Term Financial Strategy 2015/2016 to 2019/2020”, Appendix G has not been printed with this item, but the recommendation, which includes all of the substantive content of the report, is set out in full at item 3 below.

1. Capital Programme 2015/2016 and Treasury Management Policy and Strategy 2015/2016, including Prudential Indicators for 2015/2016 to 2017/2018

That they have given consideration to the attached joint report of the Chief Executive and Director of Finance and recommend that approval be given to:

- (i) the proposed Capital Programme for 2015/2016
- (ii) the Treasury Management Policy and Strategy for 2015/2016 (including specifically the Annual Borrowing and Investment Strategies)
- (iii) the Prudential Indicators for 2015/2016 to 2017/2018
- (iv) the Minimum Revenue Provision Statement for 2015/2016.

Accordingly the Cabinet recommends the Council to approve:-

- (i) the proposed Capital Programme for 2015/2016
- (ii) the Treasury Management Policy and Strategy for 2015/2016 (including specifically the Annual Borrowing and Investment Strategies)
- (iii) the Prudential Indicators for 2015/2016 to 2017/2018
- (iv) the Minimum Revenue Provision Statement for 2015/2016.

2. Revenue Budget and Proposed Council Tax for 2015/2016 and Medium Term Financial Strategy 2015/2016 to 2019/2020

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

- (i) the overall revenue budget position for 2015/2016;
- (ii) the projected balances position as at 31 March, 2015 and 31 March, 2016 and advise on their level;
- (iii) a risk analysis of the Revenue Budget 2015/2016;
- (iv) a summary of the emerging medium term financial position facing the Council from 2016/2017 to 2019/2020;
- (v) views received from the North East Chamber of Commerce and Trade Unions.

They therefore recommend that the Revenue Budget for 2015/2016, as set out at Appendix K, be approved.

3. Determination of Council Tax 2015/2016

That they have given consideration to a report of the Director of Finance making, subject to the approval of the Revenue Budget 2015/2016 (as set out at item 2 above), recommendations with respect to Council Tax levels for 2015/2016, and advising that the Council Tax is calculated using the tax bases for the areas of the City Council and Hetton Town Council as approved by Council on 28 January 2015, and setting out a number of resolutions required to be made to determine the Council Tax, including the confirmed precepts from the Major Precepting Authorities and the Parish of Hetton Town Council.

They therefore recommend that the report having advised of the statutory requirements to recommend to Council a proposed Council Tax Requirement which for Sunderland will mean a freeze to the Council Tax for 2015/2016, Council confirm the Council Tax Requirement for its own purposes is £78,273,360 (excluding Parish precepts), and

- i) it be noted that at its meeting on 28 January 2015 the Council approved the following amounts for the year 2015/2016 in accordance with the amended regulations made under Section 31B(3) of the Local Government Finance Act 1992 (the 'Act'):
 - a) 66,000 being the amount calculated by the Council, in accordance with the above regulation of the Local Authorities (Calculation of Council Tax Base) Regulations 1992, as amended by Local Authorities (Calculation of Tax Base) (Amendment) (England) Regulations 2012, as its Council Tax Base for the year (Item T).

- b) 3,301 being the amount calculated by the Council, in accordance with the Regulations, as the amount of it's Council Tax Base for the year for dwellings in the area of the Parish of Hetton Town Council.
- ii) That the Council Tax Leaflet be made available via the Council's website rather than enclosed with Council Tax bills which reflects a relaxation of the rules and that, to meet timescales for publication, responsibility for finalising the document be delegated to the Director of Finance in consultation with the Leader of the Council and the Cabinet Secretary.
- iii) That the following amounts be now calculated by the Council for the year 2015/2016 in accordance with Sections 31 to 36 of the Local Government and Finance Act 1992 as amended:
- (a) £662,982,481 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A (2) of the Act taking into account all precepts issued to it by Parish Councils.
- (b) £584,665,845 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A (3) of the Act.
- (c) £78,316,636 being the amount by which the aggregate at iii (a) above exceeds the aggregate at iii (b) above, calculated by the Council, in accordance with Section 31A (4) of the Act, as its Council Tax Requirement for the year including Parish Precepts (Item R in the formula in Section 31A(4) of the Act)
- (d) £1,186.6157 being the amount at iii (c) above (Item R) all divided by Item T (i (a) above), calculated by the Council, in accordance with Section 31B (1) of the Act, as the basic amount of its Council Tax for the year (including Parish precepts).
- (e) £43,276 being the precept notified by Hetton Town Council as a special item under Section 34 (1) of the Act.

(f) £1,185.9600 being the amount at iii (d) above less the result given by dividing the amount at iii (e) above by the Item T (i (a) above), calculated by the Council, in accordance with Section 34 (2) of the Act, as the basic amount of its Council Tax for the year for dwellings in those parts of its area to which no Parish precept relates.

(g) £1,199.0700 being the amount given by adding to the amount at iii (f) above the amount iii (e) divided by the amount at i (b) above, calculated by the Council in accordance with Section 34 (3) of the Act as the basic amounts of its Council Tax for the year for dwellings in the area of the Parish of Hetton Town Council.

(h)

| Valuation Band | Parts of the Council's Area | |
|----------------|-----------------------------|---------------------------------------|
| | Hetton Town Council | All other parts of the Council's Area |
| A | £ 799.38 | £ 790.64 |
| B | £ 932.61 | £ 922.41 |
| C | £ 1,065.84 | £ 1,054.19 |
| D | £ 1,199.07 | £ 1,185.96 |
| E | £ 1,465.53 | £ 1,449.51 |
| F | £ 1,731.99 | £ 1,713.05 |
| G | £ 1,998.45 | £ 1,976.60 |
| H | £ 2,398.14 | £ 2,371.92 |

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

iv) it be noted that for the year 2015/2016, the Tyne and Wear Fire and Rescue Authority and the Police and Crime Commissioner for Northumbria have confirmed the following amounts in precepts issued to the Council, in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of dwellings as follows:

| Valuation Bands | Precepting Authority | |
|-----------------|---|---------------------------------------|
| | Police and Crime Commissioner for Northumbria | Tyne & Wear Fire and Rescue Authority |
| A | £ 58.89 | £ 49.75 |
| B | £ 68.70 | £ 58.04 |
| C | £ 78.52 | £ 66.33 |
| D | £ 88.33 | £ 74.62 |
| E | £107.96 | £ 91.20 |
| F | £127.59 | £107.78 |
| G | £147.22 | £124.37 |
| H | £176.66 | £149.24 |

- v) having calculated the aggregate in each case of the amounts at (iii) h and (iv) above, and having received confirmation of the precept in paragraph (iv), the Council, in accordance with Section 30 (2) of the Local Government Finance Act 1992, hereby sets the following amounts as the amounts of Council Tax for the year 2015/2016 for each of the categories of dwellings shown below:

| Valuation Band | Parts of the Council's Area | |
|----------------|-----------------------------|---------------------------------------|
| | Hetton Town Council | All other parts of the Council's Area |
| A | £ 908.02 | £ 899.28 |
| B | £ 1,059.35 | £ 1,049.15 |
| C | £ 1,210.69 | £ 1,199.04 |
| D | £ 1,362.02 | £ 1,348.91 |
| E | £ 1,664.69 | £ 1,648.67 |
| F | £ 1,967.36 | £ 1,948.42 |
| G | £ 2,270.04 | £ 2,248.19 |
| H | £ 2,724.04 | £ 2,697.82 |

- vi) to note that under Section 52ZB of the Local Government Finance Act 1992, the Authority's relevant basic amount of council tax for 2015/2016 is not excessive in accordance with the principles determined under Section 52ZC(1) of the Act.

(i.e. the proposed Council Tax Freeze for 2015/2016 means that the Council does not need to hold a referendum on its proposed council tax. The regulations set out in Section 52ZC of the Local government Finance Act 1992 requires all billing authorities (councils and precept authorities (i.e. Fire and Police authorities)) to hold a referendum on their proposed level of basic Council Tax each year if they exceed government guidelines set out annually.

For 2015/2016 the guideline increase for the council was 2%.

As the council is proposing a council tax freeze for 2015/2016 then the above regulations have no impact for 2015/2016.)