

**At a meeting of the MANAGEMENT SCRUTINY COMMITTEE held in the CIVIC CENTRE on THURSDAY, 21<sup>ST</sup> JANUARY, 2010 at 5.30 p.m.**

**Present:-**

Councillor Tate in the Chair

Councillors Copeland, D. Forbes, M. Forbes, P. Gibson, L. Martin, Mordey, J. Scott, Walker and T. Wright.

**Also present:-**

Councillor Anderson - Deputy Leader of the Council

**Welcome and Introductions**

The Chairman welcomed everyone to the meeting and invited them to introduce themselves to one another.

**Apologies for Absence**

There were no apologies submitted.

**Minutes of the Last Meeting of the Committee held on 17<sup>th</sup> December, 2009**

1. RESOLVED that the minutes of the last meeting of the Scrutiny Committee held on 17<sup>th</sup> December, 2009, Part I (copy circulated), be confirmed and signed as a correct record.

**Declarations of Interest (including Whipping Declarations)**

Item 6 - Reference from Cabinet – 13<sup>th</sup> January, 2010 Revenue Budget 2010/2011

Councillor Tate declared a personal interest in relation to Equal Pay issues as a Member of the GMB and as a Member of Hetton Town Council. He also declared a personal and prejudicial interest in relation to Hetton Home Care as the Chairman. Councillor Tate vacated the Chair and left the meeting, leaving the Vice-Chairman Councillor T. Wright to assume the Chair for this item of business.

Item 7 – Reference from Cabinet – 13<sup>th</sup> January, 2010 Capital Programme – Third Review 2009/2010 Provisional Resources 2010/2011 and Treasury Management Review 2009/2010

Councillors M. Forbes and P. Gibson declared personal and prejudicial interests in the report as Governors of St. Anthony's School and Chairman of Governors of Farrington Community Sports School respectively. They left the meeting before the Committee gave consideration to the additional scheme BSF Wave 2 Project Resources Plan.

Councillor Tate declared a personal and prejudicial interest as a Governor of Hetton School. He vacated the Chair and left the meeting, leaving the Vice-Chairman Councillor T. Wright to assume the Chair for this scheme.

### **Comprehensive Area Assessment (CAA) Reports and Performance Update (April – September)**

The Chief Executive submitted a report (copy circulated) providing the Scrutiny Committee with the findings from the inaugural Comprehensive Area Assessment (CAA) and a performance update which included those areas identified by the Audit Commission (AC) as being the focus of improvement during 2010.

(For copy report – see original minutes).

The Chairman invited Mr. Dave Jennings and Ms. Lynn Hunt to address the Committee. Mr. Jennings and Ms. Hunt provided the Committee with a comprehensive presentation of the CAA and Use of Resources Assessment. The presentation provided details as to how CAA will work, of the Area Assessment results for Year 1 and the Use of Resources assessment showing what areas were performing well and highlighting areas for improvement.

Councillor T. Wright commented that he was pleased to hear that the CAA had shown that the Council was working well with partners and that in the last year was starting to put things in place to reduce some health inequalities.

With regards to health, Councillor Wright enquired how this was assessed. He was of the opinion that Sunderland's health services were the best in the country, however he asked for an explanation as to how an assessment was made as to where Sunderland was coming from in the light of the inherent health problems due to the City's industrial heritage. He stated that health was therefore a much bigger challenge in Sunderland and he felt this needed to be taken into account.

In response, Mr. Jennings commented that Sunderland historically was assessed as a high performing Council as were the health authorities and yet life expectancy was shorter; there being a legacy of industrial illnesses. Children born now had a different life expectancy. Mr. Jennings stated that the Audit Commission did not come up with a league table. The local context was fed in, a dialogue took place with partners about whether they recognised this as an issue. They looked at what plans and strategies were in place to improve things and whether they were making

a difference. As an example of the things taken into account, Mr. Jennings highlighted the Wellness Centres and the Aquatic Centre which were clearly tackling health issues in Sunderland.

Councillor M. Forbes commented that in relation to partnerships the Council was often not in a position to resolve the situation where they were failing to deliver what it would like to see and that it had 'no teeth'. An example of this was in relation to affordable housing as the Council did not have any housing stock of its own.

Councillor Forbes stated that she was a little perturbed by the comment that Sunderland had a positive achievement in increasing employment when one in eight young people were not in employment, education or training.

Councillor Forbes asked what the Council should particularly be looking at in the areas of natural resources and asset management and queried why workforce had not been assessed as this was the Council's main resource.

Mr. Jennings commented that the issues Councils' wanted to tackle could not be delivered by themselves and there was a need to work with partner organisations. With regards to having 'teeth', the challenge was to work on a common vision and shared objectives. It was easy to work in partnership when everything was going fine.

Mr. Jennings stated that with regards to the number of young people not in education, employment or training (NEETs), moving from the previous system of CPA to CAA gave the opportunity to give more sophisticated commentary. During discussions with everyone involved in tackling this issue, there had been no sense of complacency that Sunderland had not received a red flag on NEETs.

With regards to workforce Mr. Jennings stated that this had not been assessed yet for any Authority. An assessment was being undertaken at the moment and would be reported to the Council later this year.

As far as natural resources were concerned, Mr. Jennings suggested bottling the enthusiasm of the staff that were leading on CAA and to disseminate it, together with a more rigorous approach to measuring sustainability, monitoring and setting clear targets. He pointed out that there was a plan to do this now but no plan existed at the time of the assessment. As far as asset management was concerned, a clear plan of how the Council's assets were going to support partnership working was needed. This was now being put in place but again was not there at the time of the assessment.

Councillor Copeland asked what impact alcohol consumption was having on Sunderland as a whole and how much this would cost the Council over the next few years.

Mr. Jennings stated that there was clear recognition of the problem. All the Tyne and Wear areas were high in the ranking in relation to alcohol consumption. Efforts were being made to understand how to mitigate the damage to children and young people and understand the link to anti-social behaviour. This was important and was recognised by the Council as being important. Some Authorities had a green flag for

their efforts in relation to this and he suggested that the Council look at whether anything they were doing could be used in Sunderland.

The Chairman commented that he had noticed from the national results that only three Councils had achieved 4 out of 4 overall for the CAA, Camden, Stockton and Tameside. In addition there were great differences in the numbers of flags awarded across the regions, for example 22 green flags were awarded in London and only 1 in the North East. He asked whether the other regions were more innovative than the North East or could this be down to inconsistencies in the application of the system.

Mr. Jennings admitted that the Audit Commission did set the bar very high but there were clear processes in place to ensure the system was consistent. He added that whether the bar was set in slightly different places in different parts of the country was a possibility.

Mr. Jennings added that it was important not to see green flags as a badge and that Councils were not bad if they did not have one. The CAA was a joint inspectorate judgement. A number of issues were put up the line however they did not meet the criteria of being truly exceptional performance. He invited the Council to show him the exceptional effect something was having and if the business case was constructed around this, who knew what would happen.

Councillor T. Wright enquired how the Audit Commission went about checking the quality of the data they were supplied with.

Mr. Jennings advised that this was done in two main ways. The first was by dialogue throughout the year and secondly the auditors undertook a quality check. Checks were also carried out on partners' data to ensure this was accurate.

The Chairman asked whether CAA had been meaningful for people on the ground who had received the services. Mr. Jennings stated that he had not seen any evidence from the public as to how they felt. There had been however 100,000 hits on the CAA website so he concluded that the public was responding. The local press had picked up on this. The Chairman asked how Scrutiny could support the Council to achieve its objectives and be involved in the CAA process.

Mr. Jennings referred to the Scrutiny Conference held last year and the real sense that Scrutiny was interested in what the Audit Commission was interested in. He stated that he was collecting email addresses and would forward to Members the National Commission reports which would help Scrutiny Members to focus on the relevant areas.

Mr. Mike Lowe, Assistant Head of Performance Improvement stated that the agenda that CAA covered were priority areas for the Council. He referred Members to Section 6.2 of the report which detailed the areas identified as those with the most potential to become red flags. Mr. Lowe pointed to how the Council was responding by regular dialogue, issues now being integrated into LSP Delivery Plans and Council Action Plans and being embedded into Corporate Plans to strengthen the Council's response.

With regard to the NEETs agenda, this was being very positively and actively managed. Last month's figures were the lowest they had ever been at 9.7%. The alcohol agenda was at the fore of the Council's Total Place work. The Council and partners were actively working on these issues together.

The Chairman commented that he wanted to feel that the CAA was having an impact on his area, the young people drinking on the streets etc but this needed a partnership approach. He added that the target on affordable housing had been reached.

Councillor L. Martin stated that it needed to be acknowledged that by clearing the estates of the less decent housing stock that this would improve the figures. He added that the Council was building a controversial centre, there were 4,000 people on the waiting list for housing, the second highest youth employment was in Sunderland and so all in all there were some big challenges. Councillor Martin stated that the 100,000 hits on the CAA website was suspect. With regards to health, it needed to be borne in mind where Sunderland was coming from in that incomes in the City were relatively low and therefore diet was a factor.

The Chairman stated that the housing waiting list in Sunderland was 1½ years compared to Chester-le-Street for example which was 7 years. The City did have decent homes. It had the lowest Council tax and reasonable rents.

In response to Councillor Martin's comments about the future of the CAA and whether Councils have to participate or whether there was an option to drop out, Mr. Jennings stated that certain pronouncements had been made however, the Commission's view was that it would continue to deliver as best as it could. Certain Councils in London had said that on seeing Year 1, they were going to drop out of Year 2. As far as Mr. Jennings was concerned the Audit Commission watched Councils doing the 'day job' and there was no additional burden. Some Councils' had treated CAA as they had done CPA historically and he felt if it was done this way, it was time consuming. It was therefore down to Councils as to which method they adopted and therefore whether they felt CAA was very heavy and intrusive. He added that in Sunderland the former method was adopted.

Ms. Charlotte Burnham, Head of Overview and Scrutiny stated that this year clearly Scrutiny had been looking at emerging issues from the CAA process. The Scrutiny Conference held earlier that day 'Tackling Health Inequalities' had over 120 people in attendance. Another area being looked at was by the Prosperity and Economic Development Scrutiny Committee 'From Recession to Recovery'. The Scrutiny Committees would also be looking at the Delivery Plans for the LSP. All of these examples showed how Scrutiny was involved in the Council's most important issues. Ms. Burnham added that the number of young people NEET in Sunderland was an example of a potential issue for the Scrutiny Work Programme.

The Chairman thanked Mr. Jennings and Ms. Hunt for their attendance and extended an invitation to them to attend the Annual Scrutiny Conference in May.

Full discussion having taken place on the report; it was:-

2. RESOLVED that the findings from the inaugural CAA and those areas identified by the Audit Commission as being the focus of improvement during 2010 be noted, together with the improvement activity and the involvement of the Scrutiny Committees in this.

### **Strategic Planning Process 2010/2011**

The Chief Executive submitted a report (copy circulated) apprising the Committee of the key issues identified by the self-assessments undertaken in respect of services of relevance to the Committee.

(For copy report – see original minutes).

Mr. Stuart Cuthbertson, Policy Officer advised Members that issues identified during the self-assessment process that would be of interest to the Committee included:-

- ensuring that performance management arrangements in respect of gathering and recording Performance Indicator information support the development and delivery of improved services;
- ensuring continued and further progress in respect of cross-cutting service, directorate and portfolio activity so that related services were aware of what each other was undertaking and planning and were further joining up their activity to ensure improved outcomes for residents;
- responding to the challenges in respect of maintaining service improvement that were presented by the cessation of grant funding streams and the anticipated future financial settlement for local authorities;
- the potential opportunities for service improvement presented by the Sunderland Way of Working and its further development and roll-out across the council; and
- the increased focus on services correctly identifying, understanding and then responding to customer needs to ensure improving council services to all council customers and residents.

3. RESOLVED that the key issues identified by the self-assessments undertaken in respect of services of relevance to the Committee be noted.

### **Reference from Cabinet – 13<sup>th</sup> January, 2010 – Revenue Budget 2010/2011**

The Chief Solicitor submitted a report (copy circulated) setting out for advice and consideration of the Committee a report considered by Cabinet on 13<sup>th</sup> January, 2010 on the provisional budget proposals, as the basis for consultation, prior to the receipt of the final Local Government Finance Settlement. Members' views were requested in accordance with the Budget and Policy Framework Procedure Rules.

(For copy reports – see original minutes).

Mr. Keith Beardmore, Director of Financial Resources advised the Committee that Members' comments would be submitted to the Council meeting on 27<sup>th</sup> January, 2010. Mr. Beardmore stated that he had pleasure in fronting an enormously successful department. A vast quantity of work was being done by a number of Officers committed to doing their best for this Council and principally Ms. Sonia Tognarelli, Head of Financial Management who was accompanying him that evening.

Mr. Beardmore highlighted to the Committee that in relation to the Formula Review detailed in paragraph 3.5, that the initial proposals would if adopted, benefit the Council and he was proposing that representations be made to give general support to the Government's proposals.

Mr. Beardmore referred Members to the outstanding uncertainties detailed in paragraph 9.2 of the report.

Councillor L. Martin thanked Mr. Beardmore and his Team for the work they were doing and proceeded to make enquiries with regards to:-

- the effect of the Employers' pay freeze on the budget of £3,558,000 for pay awards, price increases and Service pressures taking into account the effects of the economic downturn;
- what the position in respect of discretionary discounts for council tax and whether this option was part of the consultation process; and
- whether the council tax levels had been looked at as one of the questions in the consultation process.

Mr. Beardmore advised that the Council was not providing for any significant pressure on pay but this budget did include provision for the implementation of Single Status 2 which would need significant provision when the time came. Significant resources had been provided for the economic downturn and this had been reviewed as the actual experience had been greater than allowed for. The outlook for energy prices was a rise of 60% and the Council needed to be very cognisant as this was a very volatile area.

With regards to the consultation on the budget, the results were being analysed and until then no further updates were available. Consultation on the provisional budget proposals had been undertaken on a Council tax increase within Government guidelines.

Councillor M. Forbes referred to the provision made for free personal care of £1m and queried whether this figure would be enough. She commented that she could see this escalating and asked for details of the framework and guidelines that would govern the operation of the Service.

Mr. Beardmore advised that consultation was taking place on grant methodologies. The reality was that Authorities had adopted different approaches. The Council needed to guard against clients in receipt of personal care coming to the Council to provide it. Provision had been made as this was an area of pressure/growth and the burden was being passed to Local Authorities. A prudent approach had been taken positioning the Council well as things moved forward.

The Chairman, Councillor T. Wright stated that the consultation had been excellent. However he enquired what opportunity an ordinary member of the public had to take part.

Mr. Beardmore advised that there were two ways. One way was that all Members of Community Spirit received a questionnaire asking their views around priorities and possible interventions that the Council puts forward in order to consult them. The second way was in relation to focus groups where representatives from Community Spirit in different locations were asked their views. This provided an opportunity for more qualitative work. The feedback from these events was still being analysed and the detail would be fleshed out in the final proposals.

Full consideration having been given to the report; it was:-

4. RESOLVED that the provisional budget proposals for 2010/2011 be supported as the basis for consultation, prior to the receipt of the final Local Government Finance Settlement and that the Council be recommended to endorse the provisional proposals.

#### **Reference from Cabinet – 13<sup>th</sup> January, 2010 – Capital Programme – Third Review 2009/2010 Provisional Resources 2010/2011 and Treasury Management Review 2009/2010**

The Chief Solicitor submitted a report (copy circulated) setting out for advice and consideration of the Committee a report detailing the outcome of the Third Review of the Capital Programme for 2009/2010 which sets out changes to the Capital Programme since the Second Capital Review 2009/2010, showing provisional capital resource allocation for 2010/2011 and providing an update on progress in implementing the Treasury Management Borrowing and Investment Strategy for 2009/2010. The report was referred to the Management Scrutiny Committee, for advice and consideration in the context of inclusion of additional schemes for 2009/2010 which were set out in the extract to the report. Comments from the Scrutiny Committee would be reported to Council on 27<sup>th</sup> January, 2010.

(For copy report – see original minutes).

Members having given consideration to the two additional schemes, viz

- BSF Wave 2 Project Resource Plan; and
- Smart Ticketing;

it was:-

5. RESOLVED that the proposed additional schemes for 2009/2010 be supported and that they be recommended to the Council for approval as set out in the extract to the report.



## **IDeA Scrutiny Fitness Health Check – 15<sup>th</sup> and 16<sup>th</sup> February, 2010**

The Chief Executive submitted a report (copy circulated) updating Members on the arrangements for the IDeA Scrutiny Fitness Health Check to be undertaken on 15<sup>th</sup> and 16<sup>th</sup> February, 2010.

(For copy report – see original minutes).

Ms. Charlotte Burnham, Head of Overview and Scrutiny briefed the Committee on the report and referred Members to the finalised timetable for the IDeA Scrutiny Fitness Health Check detailed at paragraph 3.1. She advised that it was anticipated that a report would be available from the IDeA around March time and that any actions would be picked up and fed into the Committee's work programme accordingly. Ms. Burnham highlighted that the IDeA on-site Team consisting of David Armin, IDeA Improvement Manager and Robin Stonebridge, Ex-Member and IDeA freelance consultant would be observing the meeting of the Environment and Attractive City Scrutiny Committee on February 15<sup>th</sup>.

6. RESOLVED that the report be received and noted.

## **Forward Plan – Key Decisions for the Period 1<sup>st</sup> February, 2010 to 30<sup>th</sup> April, 2010**

The Chief Executive submitted a report (copy circulated) providing Members with an opportunity to consider those items on the Executive's Forward Plan for the above period which relate to the Management Scrutiny Committee.

(For copy report – see original minutes).

Ms. Sarah Abernethy, Trainee Scrutiny Officer introduced the report and invited Members to consider the Forward Plan.

Councillor Copeland asked for an explanation in relation to No. 01340, 'to agree abnormal costs for disposal of the Newcastle Road Baths site'.

Ms. Charlotte Burnham, Head of Overview and Scrutiny undertook to ensure Councillor Copeland received a response outside of the meeting.

Councillor Mordey commented that the descriptions of some of the decisions on the Forward Plan were very vague and that they needed to be more specific in order that people would know what the entry on the Plan referred to. He quoted No. 01355 'to authorise a funding agreement between the Council, the HCA and ONE for regeneration purposes' as a classic example of this.

Mrs. Christine Tilley, Team Leader Scrutiny, Area and Regulatory Services Team undertook to take back Councillor Mordey's comments to the Democratic Services Manager to highlight the need for better descriptions to be sought from Service Directorates in respect of the entries on the Forward Plan in relation to the key decisions to be taken by the Council.

7. RESOLVED that the Forward Plan for the above period be received and noted and that the above actions be taken forward.

### **Scrutiny Committees' Work Programmes for 2009-2010**

The Chief Executive submitted a report (copy circulated) attaching for information, the variations to the Scrutiny Committees' Work Programmes for 2009/2010 and providing an opportunity to review the Committee's own Work Programme for the remainder of this municipal year.

(For copy report – see original minutes).

Ms. Sarah Abernethy, Trainee Scrutiny Officer advised the Committee that:-

- the Annual Audit Letter scheduled for April would be brought forward to the February meeting;
- the future monitoring of Scrutiny recommendations pilot that was supposed to come to the January meeting had slipped to either the February or March meeting; and
- a draft programme outline for the Annual Scrutiny Conference 2010 due in February had slipped back to April.

Ms. Charlotte Burnham, Head of Overview and Scrutiny advised that the comments of the Scrutiny Committees in relation to the revision proposals for the Councillor Call for Action mechanism would also be submitted to the February meeting.

The Chairman advised that the Cabinet Members would be invited to the February meeting to brief the Committee on the proposals in relation to their portfolio. The meeting was scheduled for a 3.30 p.m. start to allow for four Cabinet Members to address the Committee followed by a break of 15 minutes from 5.00 p.m. and then the remainder of the Cabinet Members. The Chairman and Vice-Chairman of the other six Scrutiny Committees would also be invited to attend the February Management Scrutiny Committee meeting.

8. RESOLVED that the variations to the Scrutiny Committees' Work Programmes for 2009-10 and to the Scrutiny Committee's own Work Programme as detailed above, be noted.

(Signed) Councillor R.D. Tate,  
Chairman.

Councillor T. Wright,  
Chairman.

REFERENCE FROM CABINET – 3<sup>RD</sup> AND 10<sup>TH</sup> FEBRUARY, 2010

BUDGET AND SERVICE REPORTS:

- (A) FINAL REVENUE SUPPORT GRANT SETTLEMENT 2010/2011
- (B) COLLECTION FUND 2009/2010
- (C) a. Capital Programme 2010/2011 including Prudential Indicators and Treasury Management Strategy
- b. Revenue Budget and Proposed Council Tax 2010/2011
- c. Draft Council Tax Leaflet 2010/2011

Report of the Chief Solicitor

1. Why has this report come to the Committee?

- 1.1 To seek the advice and consideration of this Committee on a number of reports considered by Cabinet on 3<sup>rd</sup> and 10<sup>th</sup> February, 2010 on the Revenue Budget and Capital Programme for 2010/2011.
- 1.2 Members' views will assist the Council with its service and financial planning arrangements.

2. Background and Current Position

- 2.1 The Cabinet, at its meetings on 3<sup>rd</sup> and 10<sup>th</sup> February, 2010, gave consideration to the reports of the Director of Financial Resources on:
  - (A) The Final Revenue Support Grant Settlement for 2010/2011
  - (B) The estimated balance of the Collection Fund for 2009/2010 together with the amounts available to the Council and its major precepting authorities for use in setting Council Tax levels for 2010/2011.

And joint reports of the Chief Executive and Director of Financial Resources

- (C) a. Capital Programme 2010/2011 including Prudential Indicators and Treasury Management Strategy
  - b. Revenue Budget and Proposed Council Tax 2010/2011
  - c. Draft Council Tax Leaflet 2010/2011
- 2.2 Copies of the 3<sup>rd</sup> and 10<sup>th</sup> February, 2010 Cabinet agenda have been circulated to all Members of the Council. Recommendations from the meetings will be reported orally to the Scrutiny Committee.

- 2.3 In accordance with the Council's Budget and Policy Framework the reports are referred to this Committee for further advice and consideration.
- 2.4 Members will recall that at their meeting on 24<sup>th</sup> September, 2009 the Scrutiny Committee endorsed the budget consultation strategy and framework as set out in a report to Cabinet on the 9<sup>th</sup> September, 2009 as a robust consultation process and asked that a report be submitted for approval to the Scrutiny Committee following the consultation, providing feedback on the adequacy of the process undertaken.

### **3. Recommendation**

- 3.1 The Scrutiny Committee is invited to give further advice and consideration to the budget and service reports set out in this report.

### **4. Background Papers**

- 4.1 Cabinet Agenda, 3<sup>rd</sup> and 10<sup>th</sup> February, 2010.
- 4.1 Copies of the Agenda are available for inspection from City Solicitor's or can be viewed on-line at:-

<http://www.sunderland.gov.uk/committees/CmisWebPublic/Meeting.aspx?meetingID=1603>

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<b>Contact Officer:</b>	Dave Smith 0191 561 1112 <a href="mailto:dave.smith@sunderland.gov.uk">dave.smith@sunderland.gov.uk</a>	Keith Beardmore 0191 561 1802 <a href="mailto:keith.beardmore@sunderland.gov.uk">keith.beardmore@sunderland.gov.uk</a>	Bob Rayner 0191 561 1003 <a href="mailto:bob.rayner@sunderland.gov.uk">bob.rayner@sunderland.gov.uk</a>
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<b>CABINET MEETING – 3RD FEBRUARY 2010</b> <b>EXECUTIVE SUMMARY SHEET- PART 1</b>	
<b>Title of Report:</b> Final Revenue Support Grant Settlement for 2010/2011.	
<b>Author(s):</b> Director of Financial Resources	
<b>Purpose of Report:</b> This report advises Cabinet of the Final Revenue Support Grant Settlement for 2010/2011.	
<b>Description of Decision:</b> Cabinet is requested to note the report.	
<b>Is the decision consistent with the Budget/Policy Framework?</b> Yes	
<b>If not, Council approval is required to change the Budget/Policy Framework</b>	
<b>Suggested reason(s) for Decision:</b> The Settlement informs the final stages of the budget preparation process of the Council.	
<b>Alternative options to be considered and recommended to be rejected:</b> Not applicable as the report is for information only.	
<b>Is this a “Key Decision” as defined in the Constitution?</b> No	<b>Relevant Scrutiny Committee:</b> Management
<b>Is it included in the Forward Plan?</b> No	

## **Cabinet Meeting – 3rd February 2010**

### **Final Revenue Support Grant Settlement for 2010/2011.**

#### **Report of the Director of Financial Resources**

##### **1. Purpose of Report**

- 1.1 This report advises Cabinet of the Final Revenue Support Grant Settlement for 2010/2011.

##### **2. Description of Decision**

- 2.1. Cabinet is requested to note the report.

##### **3. Background**

- 3.1 On 20th January 2010 the Parliamentary Under-Secretary of State (Mrs Barbara Follett) issued her final report for the 2010/2011 Revenue Support Grant (RSG) Settlement. This follows on from the Local Government Finance Settlement consultation paper issued on 26<sup>th</sup> November 2009.
- 3.2 The main points of the Settlement are outlined in paragraph 4 with the effects on the Council outlined at paragraph 5.

##### **4. National Settlement – Provisional 2010/2011**

The main features of the provisional settlement for 2010/2011 are as follows:

- Aggregate External Finance has been reduced marginally by £18m in total, to £76,238 million, from the figures previously released, and is due to some relatively small changes to special grants, the details of which are still awaited;
- Formula Grant has remained unchanged;
- the 'floor' has remained unchanged with no changes to the scaling factors used;
- the government has reiterated that they expect the average Council Tax increase in England for 2010/2011 to fall to a 16 year low which would mean increases should be lower than the national average increase of 3% in 2009/2010. They have also asserted that the government's capping powers will be used again if authorities fail to adhere to this guidance.

##### **5. Effects on Sunderland**

As a result of the details set out in paragraph 4 above:

- the Council's final grant entitlement for 2010/2011 has remained unchanged from the figure of £157.462 million announced in November which represents an increase of 1.84%.

- The details of any specific grant changes on Sunderland are not yet available at the time of writing this report but any changes will be reported orally at the meeting, if material, and otherwise taken into account in the final proposed budget.

A separate report to Cabinet deals with the Revenue Budget 2010/2011 and the impact the final settlement will have for the Council Tax for 2010/2011.

## **6. Reason for Decision**

- 6.1 The Settlement informs the final stages of the budget preparation process of the Council.

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

- 7.1 There are no alternative options recommended for approval.

### **Background Papers**

Local Authority Finance (England) – Final Revenue Support Grant for 2010/2011 and related matters - (Source: DCLG).

<b>CABINET MEETING – 3RD FEBRUARY 2010</b> <b>EXECUTIVE SUMMARY SHEET- PART 1</b>	
<b>Title of Report:</b> Collection Fund 2009/2010	
<b>Author(s):</b> Director of Financial Resources	
<b>Purpose of Report:</b> This report advises Cabinet of the estimated balance on the Collection Fund for 2009/2010 and the amounts available to the Council and its major precepting authorities for use in setting Council Tax levels for 2010/2011.	
<b>Description of Decision:</b> Members are requested to note the position in relation to the Collection Fund for 2009/2010 and the surplus of £50,000 which will be taken into account when setting the Council Tax level for the Council for 2010/2011.	
<b>Is the decision consistent with the Budget/Policy Framework?</b> No, the decision forms part of the budget setting process for 2010/2011.	
<b>If not, Council approval is required to change the Budget/Policy Framework</b>	
<b>Suggested reason(s) for Decision:</b> Estimating the Collection Fund balance available at the end of 2009/2010 for use in setting the Council Tax for 2010/2011 is a legal requirement, which the Council must fulfil, based on information available to it as at 15 <sup>th</sup> January, each year.  The Council also has an obligation to notify its major precepting authorities of the estimated surplus or deficit on the Collection Fund within 7 working days of when this calculation has been made.	
<b>Alternative options to be considered and recommended to be rejected:</b> Not applicable as the report is for information only.	
<b>Is this a “Key Decision” as defined in the Constitution?</b> Yes	<b>Relevant Scrutiny Committee:</b> Management
<b>Is it included in the Forward Plan?</b> Yes	



## **Cabinet Meeting – 3rd February 2010**

### **Collection Fund 2009/2010**

#### **Report of the Director of Financial Resources**

##### **1. Purpose of Report**

- 1.1 This report advises Cabinet of the estimated balance on the Collection Fund for 2009/2010 and the amounts available to the Council and its major precepting authorities for use in setting Council Tax levels for 2010/2011.

##### **2. Description of Decision (Recommendation)**

- 2.1 Members are requested to note the position in relation to the Collection Fund for 2009/2010 and the surplus of £50,000 which will be taken into account when setting the Council Tax level for the Council for 2010/2011.

##### **3. Background Information**

- 3.1 The Local Authorities (Funds) (England) Regulations 1992 made under Section 99 of the Local Government Act 1988, require that billing authorities inform their relevant major precepting authorities of the amount of any estimated surplus or deficit on their Collection Fund at 31st March.
- 3.2 The estimate is to be made on 15th January or if that is not a working day, the next such day, in accordance with prescribed rules.
- 3.3 Major precepting authorities are to be notified of the estimated surplus or deficit within 7 working days of the estimate being made.

##### **4. Council Tax Surplus or Deficit**

- 4.1 The amount of any surplus or deficit, which the billing authority estimates on its Collection Fund as at 31st March is shared by the billing authority and the major precepting authorities in proportion to their respective demands upon the Collection Fund. The amount which is estimated will be taken into account by those authorities in calculating their basic amounts of Council Tax for the following year. The estimated surplus or deficit at 31st March 2010 will therefore be taken into account in setting the Council Tax for 2010/2011.
- 4.2 The sums calculated in accordance with paragraphs 3.1 and 3.2 above are not to be taken into account by authorities in calculating their budget levels, but are to be taken into account when calculating the basic amounts of Council Tax for 2010/2011.

## 5. Collection Fund 2009/2010

5.1 The surplus on the Collection Fund as at 31st March 2009, reported as part of the Statement of Accounts for 2008/2009, was £165,738 and related entirely to Council Tax. The actual level of the surplus reported was lower than the forecasted level because of the effect of the economic climate on Council Tax income. The Council has responded to the difficulties people are facing in paying their Council Tax bills by taking various positive measures to help address the position by:

- Providing the public with more flexible payment arrangements;
- Encouraging and increasing Benefit Take-up;
- Council Tax Bills and Reminders show where the public can obtain free financial advice from both the Council directly or via other sources such as the National Debt Line, the Citizens Advice Bureau, the Consumer Credit Counselling Service etc.;
- Sponsoring a free website known as LIBRA with partner organisations which acts as a 'Financial Friend' which signposts the public to where they can obtain free financial advice and guidance on a wide range of topics to help them save money (cheaper insurance, access to responsible credit unions etc.);
- The Consumer Credit Counselling Service hold weekly surgeries in the Civic Centre to provide the public with consultations and free advice.

In addition, the Council has made available additional resources to assist with the collection of council tax given the difficult economic climate.

5.2 It was estimated, in a report to Cabinet on the 11<sup>th</sup> February 2009, that the Council would use some of the projected surplus on the Collection Fund at 31<sup>st</sup> March 2009 as follows:

	£
Council Tax	
Sunderland City Council	500,000
Northumbria Police Authority	32,589
Tyne and Wear Fire and Rescue Authority	<u>30,542</u>
	<u>563,131</u>

These sums were consequently taken into account when setting the Council Tax for 2009/2010 by the Council and its precepting authorities.

- 5.4 On the basis of current collection rates and the recovery of Council Tax arrears, it is estimated that the surplus on the Collection Fund as at 31st March 2010 will be £56,563. This sum will be shared as follows:

	£
Sunderland City Council,(Billing Authority)	50,000
Precepting Authorities:	
Northumbria Police Authority	3,470
Tyne and Wear Fire and Rescue Authority	<u>3,093</u>
	<u>56,563</u>

The major precepting authorities have been informed of the position.

- 5.5 The sum of £50,000 has been taken into consideration in resourcing the Council's Revenue Budget for 2010/2011.

## **6. Reasons for Decision**

- 6.1 Estimating the Collection Fund balance available in 2009/2010 for use in setting the Council Tax for 2010/2011 is a legal requirement, which the Council must carry out, based on information available to it as at 15<sup>th</sup> January of each year.
- 6.2 The Council also has an obligation to notify its major precepting authorities of the estimated surplus or deficit on the Collection Fund within 7 working days of when this calculation has been made.

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

- 7.1 Not applicable as the report is for information only.

### **Background papers:**

Collection Fund 2008/2009 Report 11<sup>th</sup> February, 2009  
Calculation of Council Tax Base Report 13<sup>th</sup> January, 2010  
Statement of Accounts 2008/2009  
Council Tax Collection Estimates for 2009/2010

<b>CABINET MEETING – 10th February, 2010</b>	
<b>EXECUTIVE SUMMARY SHEET – PART I</b>	
<b>Title of Report:</b> Capital Programme 2010/2011 including Prudential Indicators and Treasury Management Strategy and Policy	
<b>Author(s):</b> Chief Executive and Director of Financial Resources	
<b>Purpose of Report:</b> To update Cabinet of the level of capital resources and commitments for the forthcoming financial year and seek a recommendation to Council to the overall Capital Programme 2010/2011, the Prudential Indicators, and the Treasury Management Strategy and Policy for 2010/2011.	
<b>Description of Decision:</b> Cabinet is requested to: <ul style="list-style-type: none"> <li>- recommend to Council approval of: <ul style="list-style-type: none"> <li>- the proposed Capital Programme for 2010/2011;</li> <li>- the prudential indicators and revisions to the operational limit for 2009/2010;</li> <li>- the Annual Minimum Revenue Provision Statement for 2010/2011 and adjustments to 2009/2010;</li> <li>- the Annual Treasury Management Strategy including specifically the Annual Borrowing and Investment Strategies;</li> <li>- the adoption of the revised CIPFA Treasury Management Code of Practice 2009;</li> <li>- the Treasury Management Policy Statement.</li> </ul> </li> </ul>	
<b>Is the decision consistent with the Budget/Policy Framework?</b> No this report is integral in reviewing and amending the Budget and Policy Framework <b>If not, is Council approval required to change the Budget/Policy Framework?</b> Yes.	
<b>Suggested reason(s) for Decision:</b> To comply with statutory requirements.	
<b>Alternative options to be considered and recommended to be rejected:</b> No alternatives are submitted for Cabinet consideration.	
<b>Is this a “Key Decision” as defined in the Constitution?</b> Yes <b>Is it included in the Forward Plan?</b> Yes	<b>Scrutiny Review Committee:</b> Management  Audit and Governance

## **Cabinet – 10th February, 2010**

### **Capital Programme 2010/2011 including Prudential Indicators and Treasury Management Strategy and Policy**

#### **Report of the Chief Executive and Director of Financial Resources**

##### **1. Purpose of Report:**

- 1.1 To update Cabinet of the level of capital resources and commitments for the forthcoming financial year and seek a recommendation to Council to the overall Capital Programme 2010/2011, the Prudential Indicators, and the Treasury Management Strategy and Policy for 2010/2011.

##### **2. Description of Decision:**

- 2.1 Cabinet is requested to:
- recommend to Council approval of:
    - the proposed Capital Programme for 2010/2011;
    - the prudential indicators and revisions to the operational limit for 2009/2010;
    - the Annual Minimum Revenue Provision statement for 2010/2011 and adjustments to 2009/2010;
    - the Annual Treasury Management Strategy including specifically the Annual Borrowing and Investment Strategies;
    - the adoption of the revised CIPFA Treasury Management Code of Practice 2009;
    - the Treasury Management Policy Statement.

##### **3. Capital Programme 2010/2011**

- 3.1 As reported to Cabinet in January 2010, and in accordance with the Council's Capital Strategy, resources for the main programme areas of Children's Services, Adult Services, Highways, and Housing have been allocated on the basis of their Supported Capital Expenditure (SCE (R)) approvals and other service specific resources.
- 3.2 Any further SCE (R) or grant approvals which are received will be reported to Cabinet as part of the regular capital programme reviews during the year together with any proposals for additional schemes as appropriate.

- 3.3 Due to the continuing impact of the economic downturn and the fact that the housing market is still depressed, economic recovery is expected to be slow. As a result, very few capital receipts have been, or are anticipated to be received in 2009/2010 and it will be necessary to continue to use temporary funding from the Strategic Investment Reserve to fund high priority capital programme plans and commitments.

In assessing the overall resources position, an assessment has been made of the capital programme and a range of potential sources of funding including:

- Debt Charge Savings;
- Contingency Savings, including provision for the future strategic waste solution;
- VAT Refunds;
- Government Grants etc.

Taking account of the above, therefore, the Revenue Budget can provide funding of £15.068 million to support 'one off' revenue budget commitments and proposals and to assist in funding the Capital Programme.

In the light of the above, it is proposed that:

- £6.876 million of this sum is used to support one off revenue budget commitments and proposals;
- £8.192 million is used to support the capital programme for 2010/2011.

- 3.4 Since the January 2010 Cabinet meeting, consultation with the appropriate Cabinet Portfolio Holders has been undertaken on the proposals to utilise the resources available for new starts. In considering proposals for new starts regard has been given to relevant factors to be taken into account in determining priorities set out in the Council's Capital Strategy and the outcome of budget consultation.
- 3.5 The recommended Capital Programme is included in full as Appendix A to this report. A summary of proposed new starts for the Environmental Protective and Cultural Services (Other Services) Block is set out at Appendix B. Proposed new starts for Children's Services, Adult Services, Housing, and Highways are detailed within Appendix C.
- 3.6 In accordance with the Council's Constitution, prior to commencement of projects, details of all new schemes with an estimated cost in excess of £250,000 will be reported for approval to Cabinet utilising the capital investment appraisal documentation which outlines the detail of the scheme, the outputs and outcomes expected together with funding sources and the consequential revenue implications.

- 3.7 For schemes / projects below £250,000, full capital investment appraisal documentation will be prepared and consultation will take place with the relevant Cabinet Portfolio Holder in advance of delegated decisions being taken to implement these schemes / projects.

#### **4. Prudential Framework for Local Authority Capital Expenditure**

4.1 One of the principal features of the Local Government Act 2003 was to provide the primary legislative framework to introduce a prudential regime for the control of Local Authority capital expenditure. The regime relies upon both secondary legislation in the form of regulations, and a prudential code issued and maintained by the Chartered Institute of Public Finance and Accountancy (CIPFA).

4.2 Under the prudential framework local authorities are free to borrow without specific government consent if they can afford to service the debt without extra government support. The basic principle is that authorities will be free to invest as long as their capital spending plans are affordable, sustainable and prudent. This allows the Council to manage and control its capital programme and how it is financed. The key elements of control and management of capital finance are through:

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

All authorities must follow the prudential code published by CIPFA. This involves setting various prudential limits and indicators that must be approved by the Council before the start of the relevant financial year as part of their budget setting process. The prudential indicators have been prepared and all matters specified in the code have been taken into account. Regular monitoring will take place during the year and reports made to Cabinet on the indicators as part of the quarterly capital review reports where appropriate.

#### **5. The Prudential Code and Prudential Indicators**

5.1 The Local Government Act 2003 gives statutory backing to the CIPFA Prudential Code for Capital Finance. The regulations specify that it is this Code to which authorities must have regard when setting and reviewing their affordable borrowing limits. The Prudential Code was reported to Council in March 2004.

CIPFA has issued a revised Prudential Code in 2009 with a number of indicators being removed from the Prudential Code and becoming part of the CIPFA Treasury Management in the Public Services Code of Practice.

The following indicators, previously included in the Prudential Code, now form part of the CIPFA Treasury Management in the Public Services Code of Practice but have been included alongside Prudential Code indicators in Appendix D for ease of reference:

<b>Indicator</b>	<b>Appendix D Reference</b>
Upper limit on fixed interest rate exposure.	P10
Upper limit on variable interest rate exposure.	P11
Upper limit for the maturity structure of borrowing.	P12
Lower limit for the maturity structure of borrowing.	P12
Prudential limit for principal sums invested for periods longer than 364 days.	P13

All of the above indicators together with background information to these indicators and what they are seeking to assess, are detailed in Appendix D in full compliance with the revised code.

- 5.2 It should be noted that accounting regulations relating to the introduction of International Financial Reporting Standards (IFRS) are being introduced from 1<sup>st</sup> April 2010 that are likely to affect a number of the Council's prudential indicators. In particular, changes to accounting standards for PFI schemes and leasing may require these assets to be brought onto the Council's Balance Sheet. This will result in an increase to the Council's capital financing requirement, authorised limit for external debt, and its operational boundary for external debt. These adjustments are technical in nature and a prudent amount has been added to all limits for 2010/2011 onwards to reflect these adjustments. This is in accordance with government and accounting guidance which has not yet been finalised and is therefore subject to further changes as necessary. It is considered likely that the Council's operational boundary for 2009/2010 of £227.212 million will be exceeded as a result of these changes and Cabinet is asked to recommend to Council a revision to the Council's operational boundary for external debt for 2009/2010 of £292.481 million.

## **6. The Annual Minimum Revenue Provision Statement**

- 6.1 Regulations came into force on 31<sup>st</sup> March 2008 revoking secondary legislation relating to the requirement to make a Minimum Revenue Provision (MRP) to repay borrowing over time, and replacing the legislation with a new regulation containing a duty for local authorities, each year, to determine for the current financial year, an amount of MRP that it considers prudent. The Department for Communities and Local Government (DCLG) has provided statutory guidance on the



methodology to use, which local authorities 'must have regard to'.

The guidance recommends that authorities must submit to full Council an annual statement of its policy on making a MRP in respect of the following financial year and highlight which of the various options set out in their guidance will be followed.

- 6.2 Provision for the repayment of debt is considered to be prudent where the period of repayment is either reasonably commensurate with that over which the capital expenditure to which it relates provides benefits, or in the case of borrowing supported by government Revenue Support Grant, reasonably commensurate with the period implicit in the determination of that grant.
- 6.3 The four options for calculating MRP which were set out in the guidance can be summarised as follows:
- Option 1 – Regulatory Method: applying the statutory formula set out in the 2003 Regulations before it was revoked in 2008.
  - Option 2 – Capital Financing Requirement (CFR) Method: multiplying the CFR at the end of the preceding financial year by 4%.
  - Option 3 – Asset Life Method: amortising expenditure over an estimated useful life for the relevant assets created. An assessment must be made of the asset life at the outset of the capital scheme and MRP is charged to revenue in either equal annual instalments or by an annuity method over the estimated life of the asset. The MRP charge will commence in the financial year following the one in which the asset comes into service.
  - Option 4 – Depreciation Method: making charges to revenue in accordance with the standard rules for depreciation accounting for the particular asset being created or enhanced.
- 6.4 For 2010/2011, having considered all of the options available to the Council, it is proposed that the Council use Option 1 (the Regulatory Method) for government supported borrowing. This is a continuation of the method currently used by the Council (under the existing regulations 28 and 29 of the Capital Finance Regulations and the Local Government Act 2003) where MRP is calculated with regard to the 'credit ceiling' of the authority. This takes into account all loan advances and repayments through the Council's consolidated advances and borrowing pool with MRP being calculated at 4% of the opening 'credit ceiling' balance.
- Option 1 is preferred as this option takes the formulae used by the government in calculating revenue support grant as its basis and better reflects the actual funding provided by government.
- 6.5 Neither of the two options recommended for future borrowing, for which no government support is being given and is therefore self-financed

(options 3 and 4), reflect current Council policy to accelerate debt repayments on unsupported borrowing through an increased voluntary MRP. The depreciation method for calculating MRP is also subject to volatility when asset lives are reassessed as part of the revaluation process.

6.6 The Council currently follows the criteria set out below for all unsupported borrowing and provides an increased voluntary MRP:

- In the case of invest to save schemes MRP is based on the payback period for any borrowing taken out up to a maximum of 7 years (this requirement is relaxed where unsupported borrowing is taken out on behalf of trading services, which are subject to market pressures);
- In cases where a full option appraisal shows borrowing to offer better value for money than leasing, MRP is based on the payment period that would have arisen had a lease been taken out instead of a loan;
- In the case of any form of grants for capital purposes that have been given in earlier years and any new grants given for which borrowing is taken out, MRP is based on the actual principal repayment schedule relating to the grant provided. This option is used for existing loans provided to Wearside College, mortgages provided in earlier years to householders under Right to Buy regulations, and loans to industry to support economic regeneration.

6.7 Given budget pressures it is proposed that opportunities for utilising the above framework be restricted to strategic priorities and invest to save schemes, where a provision has been made within the budget and also where option appraisal of funding through borrowing instead of leasing is appropriate.

For the purposes of the proposed regulations Option 3 is recommended for self-financed borrowing as this method is subject to less potential variation than Option 4.

It is recommended to continue existing practice so that any unsupported borrowing schemes will be subject to an additional voluntary MRP repayment as shown in the criteria detailed in 6.6 above. For any unsupported borrowing taken out in support of strategic priorities or for trading services which are subject to market pressures it is recommended that discretion be afforded in relation to relaxing the additional voluntary MRP requirement and that MRP is calculated using Option 3 where this is deemed to be appropriate. This will mean that trading services would not be put at an unfair disadvantage in comparison to any potential competitors.

In addition revised accountancy guidelines to comply with IFRS are to be introduced for 2010/2011. The new standards will potentially have

the effect of reclassifying operational leases, finance leases and PFI contracts. These proposed changes may affect a number of the Council's prudential indicators. In particular, changes to accounting standards for PFI schemes and leasing may require these assets to be brought onto the Council's balance sheet adjusting previous years' MRP repayments. It is recommended that the MRP policy for both 2009/2010 and 2010/2011 be adjusted in accordance with section 6.8 c) below and monitored to ensure that there will be no impact on council taxpayers from revisions to accounting standards.

6.8 In summary, it is recommended that the Council approves the following Annual Minimum Revenue Provision Statement for both 2009/2010 and 2010/2011:

- a) For all government supported borrowing the Council will adopt Option 1 as set out in the government's guidance which is a continuation of the basis upon which the Council currently calculates MRP.
- b) For all unsupported borrowing the Council will adopt Option 3 and make MRP repayments using the equal instalment method with the estimated useful life of an asset being assessed by the Director of Financial Resources in consultation with appropriate officers.
- c) For MRP payments in relation to finance leases and PFI contracts previously held off-balance sheet but now included on-balance sheet to comply with IFRS requirements, the amount of MRP to be made will be set to ensure that the finance charge and MRP for finance leases and on-balance sheet PFI schemes is equal to the rental or service charge payable in the income and expenditure account for the year, which writes down the balance sheet liability of those assets. The Council will therefore follow DCLG guidance which states:

'IFRS requires these changes to be accounted for retrospectively, with the result that an element of the rental or service charge payable in previous years (and previously charged to the revenue accounts) will be taken to the balance sheet to reduce the liability. On its own, this change in the accounting arrangements would result in a one-off increase to the capital financing requirement, and an equal increase in revenue account balances. This is not seen as a prudent course of action, and guidance aims to ensure that authorities are in the same position as if the change had not occurred. It does this by recommending the inclusion in the annual MRP charge of an amount equal to the amount that has been taken to the balance sheet to reduce the liability, including the retrospective element in the first year.'

Following the above DCLG guidance will ensure that, if the impending move to IFRS in local government has the effect of

bringing more PFI schemes and leases on balance sheet, there will be no effect on the charge to the revenue account and no impact on council taxpayers arising from changes made to accounting standards that must be followed by the Council.

- d) The Council will make additional voluntary MRP payments to that indicated by the adoption of Option 3, with reference to the Council's existing framework as detailed in 6.6 above, in order to make an increased voluntary MRP where this is considered to be both prudent and affordable. This requirement may be relaxed by the Director of Financial Resources where appropriate, in particular for any unsupported borrowing taken out on behalf of trading services, which are subject to market pressures.

## **7. Treasury Management**

### **7.1 The Revised CIPFA Treasury Management Code of Practice 2009**

In the light of the demise of the Icelandic banks in 2008, CIPFA has responded by amending the CIPFA Treasury Management in the Public Services Code of Practice (the Code) and Cross-Sectoral Guidance Notes, including a revised Treasury Management Policy Statement. It is a requirement of the Code that it should be formally adopted by the Council. The revised code is set out in Appendix E and the Council is asked to adopt the revised Code together with the revised Treasury Management Policy Statement (Appendix F).

The revised Code addresses a number of key areas including the following:

- All Councils must formally adopt the revised Code and four clauses set out in Appendix E;
- The Treasury Management Strategy Statement should affirm that the effective management and control of risk are prime objectives of the Council's treasury management activities;
- The Council's attitude towards risk must be clearly identified within the Treasury Management Strategy Statement which will affirm that priority is given to security of capital and liquidity when investing funds and explain how that will be carried out;
- Responsibility for risk management and control lies with the Council and cannot be delegated to any outside organisation.
- Credit ratings in respect of investment strategy should only be used as a starting point when considering risk. Use should also be made of market data and information, quality financial press, information on government support for banks and the credit ratings of that government support.
- Councils should operate a sound diversification policy in respect of its investments, with high credit quality counterparties and consideration should be given to setting country, sector and group limits.

- Borrowing in advance of need is only to be permissible when there is a clear business case for doing so i.e. in respect of the current capital programme or to finance future debt maturities.
- The main annual treasury management strategy and policy reports must be approved by full Council.
- There needs to be, at a minimum, a mid-year review of treasury management strategy and performance. This is intended to highlight any areas of concern that have arisen since the original strategy was approved.
- Each Council must delegate the role of scrutiny of treasury management strategy and policies to a specific named body.
- Treasury management performance and policy setting should be subjected to prior scrutiny before full Council approval.
- Members should be provided with access to relevant treasury management training.
- Those charged with governance are also personally responsible for ensuring they have the necessary skills and training in treasury management.
- Responsibility for treasury management activities must be clearly defined within the Council.
- Officers involved in treasury management must be explicitly required to follow Council approved treasury management policies and procedures when making investment and borrowing decisions on behalf of the Council (this will form part of the updated Treasury Management Practices set out in Appendix E (2.1)).

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

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

<b>Area of Responsibility</b>	<b>Council/ Committee/ Officer</b>	<b>Frequency</b>
Treasury Management Policy Statement (revised)	Full Council	Adoption of the new code for 2010/2011 and then as required
Treasury Management Strategy / Annual Investment Strategy	Full Council	Annually before the start of the year
Treasury Management Strategy / Annual Investment Strategy – mid year report	Full Council	Mid year
Treasury Management Strategy / Annual Investment Strategy – updates or revisions at other times	Full Council	As appropriate
Annual Treasury Management Outturn Report	Full Council	Annually by 30/9 after the end of the financial year
Treasury Management Monitoring Reports	Director of Financial Resources	Monthly
Treasury Management Practices	Director of Financial Resources	Annually
Scrutiny of Treasury Management Strategy	Cabinet / Audit and Governance Committee	Annually before Full Council
Scrutiny of Treasury Management Performance	Cabinet / Audit and Governance Committee	Quarterly

## 7.2 Treasury Limits for 2010/2011 to 2012/2013 (under the newly revised CIPFA Prudential Code)

It is a statutory duty under Section 3 of the Local Government Act 2003, and supporting regulations, for the Council to determine and keep under review how much it can afford to borrow. The amount so determined is termed the “Affordable Borrowing Limit”. This is prudential indicator P5 at Appendix D and is otherwise known as the Authorised Limit for External Debt.

The Council must have regard to the Prudential Code when setting the Affordable Borrowing Limit, which essentially requires it to ensure that total capital investment remains within sustainable limits and, in

particular, that the impact upon its future council tax levels is 'acceptable' and affordable.

Whilst termed an "Affordable Borrowing Limit", the capital plans to be considered for inclusion, incorporate financing by both external borrowing and other forms of liability, such as credit arrangements. The Affordable Borrowing Limit is set, on a rolling basis, for the forthcoming financial year and the two successive financial years thereafter.

All Treasury Management indicators are included in Appendix D as noted previously in section 5.1.

### **7.3 Revised Investment Guidance**

It should also be noted that CLG is undertaking a consultation exercise on draft revised investment guidance which will result in the issue of amended investment guidance for English local authorities that will come into effect from 1 April 2010. Members will be informed when the guidance has been finalised, indicating any further changes that have been made that require incorporation in the Treasury Management Strategy Statement. It is not currently expected that there will be any major changes required over and above the changes already required by the revised Code and included in the Treasury Management Strategy Statement in Appendix G. However, in order to provide for the possibility of changes being made it is proposed that delegated authority be granted to the Director of Financial Resources to effect any changes necessary.

### **7.4 Treasury Management Strategy for 2010/11**

The Treasury Management Strategy comprises a Borrowing and an Investment Strategy. These set out the Council's policies for managing its borrowing and investments and for giving priority to the security and liquidity of investments. The proposed Treasury Management Strategy Statement is detailed in Appendix G

The Local Government Act 2003 (the Act) and supporting regulations requires the Council to 'have regard to' the CIPFA Prudential Code and the CIPFA Treasury Management in the Public Services Code of Practice to set Prudential and Treasury Indicators for the next three years to ensure that the Council's capital investment plans are affordable, prudent and sustainable.

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

The suggested strategy for 2010/2011 is set out in Appendix G and is based upon the Director of Financial resources' views on interest rates, supplemented with leading market forecasts and other financial data available and advice provided by the Council's treasury adviser, Sector Treasury Services.

**8. Alternative Options**

8.1 No alternatives are submitted for Cabinet consideration.

**9. Background Papers**

Various Notifications regarding Capital Resources for 2010/2011 from Government Departments  
Sector City Watch (Monthly)  
Local Government Act 2003  
The Prudential Code for Capital Finance in Local Authorities (Fully Revised Second Edition)  
Treasury Management in the Public Services Code of Practice and Cross-Sectoral Guidance Notes (Fully Revised Second Edition 2009)  
Treasury Management in the Public services Guidance Notes for Local Authorities including Police Authorities and Fire Authorities (Fully Revised Third Edition)



**CAPITAL PROGRAMME**

**APPENDIX A**

2009/10 to 2013/14

Expenditure by Portfolio	Gross Cost £'000	Expend to 31.3.09 £'000	Estimated Payments				
			2009/10 £'000	2010/11 £'000	2011/12 £'000	2012/13 £'000	2013/14 £'000
Leader / Deputy Leader	5,400	405	1,195	3,800			
Resources	12,765	6,002	5,291	1,267	205		
Children & Learning City	198,867	89,001	55,106	21,410	17,122	11,277	4,951
Prosperous City	25,636	8,452	2,363	13,274	1,547		
Healthy City	24,133	4,382	7,750	3,748	2,681	2,786	2,786
Safer Cities	2,898	986	487	1,425			
Attractive & Inclusive City	250,220	61,209	25,836	22,458	15,919	38,633	86,165
Sustainable Communities	24,341	10,806	5,002	6,163	790	790	790
Responsive Services & Customer Care	7,267	2,596	1,595	2,676	400		
Contingencies	71,214			11,614	8,800	50,800	
<b>TOTAL CAPITAL EXPENDITURE</b>	<b>622,741</b>	<b>183,839</b>	<b>104,625</b>	<b>87,835</b>	<b>47,464</b>	<b>104,286</b>	<b>94,692</b>

Contingency Capital Programme 2010/11	Gross Cost £'000	Expend to 31.3.09 £'000	Estimated Payments				
			2009/10 £'000	2010/11 £'000	2011/12 £'000	2012/13 £'000	2013/14 £'000
<b>EXPENDITURE</b>							
<b>Attractive and Inclusive City</b>							
Washington Leisure Centre Refurbishment (net council contribution to the project - the scheme is dependant on receipt of external funding)	350			350			
<b>TOTAL CAPITAL EXPENDITURE</b>	<b>350</b>			<b>350</b>			
<b>FINANCING</b>							
<b>From Internal Sources</b>							
Revenue Contributions - General Fund	350			350			
<b>TOTAL FINANCING</b>	<b>350</b>			<b>350</b>			

Resources have been provisionally allocated as a capital contingency for 2010/2011 for a number of outline infrastructure schemes and where external and other funding remains to be confirmed (£11.264m). It is appropriate to make provision within capital contingencies for prudential borrowing to fund these infrastructure projects, subject to consideration and approval of suitable business cases. It is anticipated that such finance will be provided on the basis of invest to save or the generation of additional income.

## CAPITAL PROGRAMME

Source of Finance	Estimated Payments				
	2009/10 £'000	2010/11 £'000	2011/12 £'000	2012/13 £'000	2013/14 £'000
<b>From External Sources</b>					
Loans					
- Supported Capital Expenditure (Revenue)	7,649	7,742	7,110	4,650	4,227
- Unsupported Borrowing	313	13,620	400		
Government Grants					
- Disabled Facilities	1,006	1,006	1,006	1,006	1,006
- DCFS	617	174			
- DCLG	2,396				
- DCMS	1,769				
- DOH	2,253	877	299	299	299
- Sure Start	2,156	1,958			
- Social Services IT	530	113			
- Single Housing Investment Pot	2,109	1,883	1,491	1,491	1,491
- New Deal For Communities	58				
- New Deal Modernisation	1,958	294	2,924	2,924	2,924
- Standards Fund	5,915	8,056	8,850	6,619	
- Building Schools for the Future	39,869	3,339	493		
- Transport Grant	2,242	3,844	4,128	4,211	9,073
- Transport Grant - Section 31	250	6,927	6,232	31,891	56,222
- Working Neighbourhoods Fund	900	6,200	500		
- Coast Protection	59	60	190	15	60
- CABE Sea Change Fund		1,000			
Lottery Grants	925	2,101			
European Grants	22				
Grants from Other Public Bodies					
- One North East	2,604	2,760	2,261		
- Single Programme	455				
- English Partnerships	2,313	4,428			
- Primary Care Trust	845				
- Empire Maintenance	148	65			
- Nexus	150				
- SALIX	102				
- Regional Improvement and Efficiency Partnership	100	30			
- Urban 2	3				
- Waste Infrastructure Grant	435	216			
- Tyne & Wear Museums	216				
- Sport England		544			
- Governors Contribution		402	600		
- Football Foundation			1,000		
Other External Funding	871				
<b>Total External Sources</b>	<b>81,238</b>	<b>67,639</b>	<b>37,484</b>	<b>53,106</b>	<b>75,302</b>
<b>From Internal Sources</b>					
Revenue Contributions					
- General Fund	6,762	12,997	775	570	570
- Directorate Revenue Contributions	1,549	1,266	305	410	410
- Strategic Initiatives Budget	74	268			
- Insurance Fund	12				
Capital Receipts	3,019	2,004			
Reserves					
- Strategic Investment Reserve	6,179	(3,218)			18,410
- Strategic Investment Reserve (Temporary Use)	2,378	4,359	100	(600)	
- Strategic Investment Plan	1,607	2,520			
- Port Insurance Reserve	60				
- Capital Reserves	618				
- Section 106	1,014				
- Swift Reserve	115				
<b>Total Internal Sources</b>	<b>23,387</b>	<b>20,196</b>	<b>1,180</b>	<b>380</b>	<b>19,390</b>
<b>TOTAL CAPITAL FINANCING</b>	<b>104,625</b>	<b>87,835</b>	<b>38,664</b>	<b>53,486</b>	<b>94,692</b>

## **LEADER/DEPUTY LEADER CAPITAL PROGRAMME**

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

The Leader / Deputy Leader capital programme will contribute towards meeting Sunderland's corporate improvement objectives and strategic priorities of:

- Corporate Improvement Priority 1 - Prosperous City (CIP 1)
- Corporate Improvement Priority 5 - Attractive and Inclusive City (CIP 5)
- Corporate Improvement Priority 6 - Corporate Improvement Programme (CIP6)

It aims to do this through:

- Economic Development by promoting a diverse and prosperous economy that provides secure and rewarding job opportunities for all residents by developing an entrepreneurial culture, a highly skilled workforce, and a 21st century physical and support infrastructure (CIP 1)
- A development provision in 2009/2010 has enabled rapid response to the economic downturn and opportunities in the city centre, including physical infrastructure improvements.

### **OUTCOMES FROM COMPLETED CAPITAL SCHEMES**

- Rainton Bridge Strategic Site development - The E-Business Centre has been fully operational since 2007 and is now occupied by 33 diverse businesses employing around 180 staff.

### **KEY MEDIUM TERM PRIORITIES**

- Developing measures to increase the level of business activity and stimulate sustainable economic interest and investment in the city (CIP 1)
- Providing support and assistance to local and incoming businesses in order to develop employment opportunities and support business growth (CIP 1)
- Providing proactive and reactive support and assistance to secure direct investment and re-investments within the city to create and safeguard local jobs (CIP 1)
- Promoting physical and infrastructure improvements for business growth (CIP 1)
- Implementation of the Customer Service and Access Strategy action plan key principles (CIP6)

### **HOW THE PROGRAMME CONTRIBUTES TO AN EFFICIENT AND EFFECTIVE COUNCIL**

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

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

### **CAPITAL INVESTMENTS FOR THE YEAR**

#### **New Starts**

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

**LEADER/DEPUTY LEADER  
CAPITAL PROGRAMME**

**SUMMARY**

Project Description	Gross Cost £'000	Expend to 31.3.09 £'000	Estimated Payments					Full Year Revenue Costs £'000
			2009/10 £'000	2010/11 £'000	2011/12 £'000	2012/13 £'000	2013/14 £'000	
<b>MAIN BLOCK</b>								
Continuing Projects	800	405	395					
Projects Commencing 2009/10	800		800					
Projects Commencing 2010/11	3,800			3,800				
Projects Commencing 2011/12								
Projects Commencing 2012/13								
Projects Commencing 2013/14								
<b>TOTAL CAPITAL EXPENDITURE</b>	<b>5,400</b>	<b>405</b>	<b>1,195</b>	<b>3,800</b>				

**METHOD OF FINANCING ESTIMATED CAPITAL EXPENDITURE**

Source of Finance	Estimated Resources				
	2009/10 £'000	2010/11 £'000	2011/12 £'000	2012/13 £'000	2013/14 £'000
<b>FROM EXTERNAL SOURCES</b>					
Government Grants - Working Neighbourhood Fund	800	800			
<b>Total External Sources</b>	<b>800</b>	<b>800</b>			
<b>FROM INTERNAL SOURCES</b>					
Revenue Contributions - General Fund	395	3,000			
<b>Total Internal Sources</b>	<b>395</b>	<b>3,000</b>			
<b>TOTAL FINANCING</b>	<b>1,195</b>	<b>3,800</b>			

**LEADER/DEPUTY LEADER  
CAPITAL PROGRAMME**

Project Ref.No.	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.09 £'000	Estimated Payments					Full Year Revenue Costs £'000
					2009/10 £'000	2010/11 £'000	2011/12 £'000	2012/13 £'000	2013/14 £'000	
	<b>Continuing Projects</b>									
MAN/120	<b>CITY BUSINESS AND INVESTMENT TEAM</b> Provision for Economic Development 2008/09	J Snaith	800	405	395					
<b>TOTAL CONTINUING PROJECTS</b>			<b>800</b>	<b>405</b>	<b>395</b>					
	<b>Projects Commencing 2009/10</b>									
MAN/123	<b>CITY BUSINESS AND INVESTMENT TEAM</b> Provision for Economic Development 2009/10	J Snaith	800		800					
<b>TOTAL PROJECTS COMMENCING 2009/10</b>			<b>800</b>		<b>800</b>					
	<b>Projects Commencing 2010/11</b>									
MAN130	<b>CITY BUSINESS AND INVESTMENT TEAM</b> Provision for Economic Development 2010/11	J Snaith	800			800				
MAN132	Economic Development Support Provision	J Snaith	3,000			3,000				
<b>TOTAL PROJECTS COMMENCING 2010/11</b>			<b>3,800</b>			<b>3,800</b>				
<b>TOTAL CAPITAL PROGRAMME</b>			<b>5,400</b>	<b>405</b>	<b>1,195</b>	<b>3,800</b>				

## **RESOURCES CAPITAL PROGRAMME**

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

The Resources capital programme will contribute towards meeting Sunderland's strategic priorities of:

Corporate Improvement Priority 1 - Prosperous City (CIP 1)

Corporate Improvement Priority 5 - Attractive and Inclusive City (CIP 5)

It aims to do this through:

- Promoting a diverse and prosperous economy providing secure and rewarding job opportunities for all which local people are able to access (CIP 1)
- Helping new and existing local businesses create new jobs, be competitive and invest in the future (CIP 1)
- Ensuring Sunderland is at the forefront of securing the benefits offered by advances in Information Technology (CIP 1)
- Supporting economic development by providing a range of sites, premises, transport and electronic networks (CIP1)
- Developing an attractive and inclusive city (CIP 5).

### **OUTCOMES FROM COMPLETED CAPITAL SCHEMES**

- Rebuilding of Ryhope Cricket Clubhouse following fire damage
- Completion of the office rationalisation programme
- Completion of the programme of modifications to Council buildings including a lift refurbishment programme to ensure compliance with the Disability Discrimination Act
- Improvements to Voice and Data Network - the implementation was substantially complete by 31<sup>st</sup> March 2009 and is generating significant improvements to the network as well as significant revenue savings
- E-Commerce Strategy - EBP module of SAP - this investment has improved financial management information relating to spend with external suppliers to highlight efficiencies through contractual opportunities and e-enable the procurement process within the Council.
- SAP Reporting - Business Warehousing - this new IT system has introduced more controlled procurement and further increased electronic processes into the purchasing system (CIP 1)
- Relocation of the Occupational Health Unit from its previous premises, to improve the service to the organisation in terms of increasing attendance at work and improvements to the health of employees, was completed in June 2009.
- The Digital Challenge programme is setting the vision for a digitally enabled Sunderland by delivering services where, when and how they are needed and wanted. The projects and initiatives are due to be completed by 31<sup>st</sup> March 2010 (CIP1).
- Upgrading of the ICT helpdesk is due to be completed by 31<sup>st</sup> March 2010. This will allow staff to raise requests online, track progress of requests and reduce the number of avoidable contacts into ICT. In addition, remote access tools will reduce travel costs for second line analysts needing to visit locations.
- The number of circuit breakers currently installed in the Power Distribution Unit (PDU) limits distribution of power within the Moorside data centre. Installation of an additional PDU has provided an increase in the number of distribution points available to cope with a projected increased power required for ongoing projects.
- The current flexible working system is due to be replaced by 31<sup>st</sup> March 2010.

### **KEY MEDIUM TERM PRIORITIES**

- A Business Improvement Plan for the Port has been completed and the Port Masterplan produced in draft form. Proposed investment included in the masterplan is currently being evaluated.
- ICT medium term priorities include assisting the Council in the smarter working agenda, supporting business improvement programmes and ensuring communities maintain the benefits of Digital Challenge investment

### **HOW THE PROGRAMME CONTRIBUTES TO AN EFFICIENT AND EFFECTIVE COUNCIL**

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

## **RESOURCES CAPITAL PROGRAMME**

### **CAPITAL INVESTMENTS FOR THE YEAR AHEAD**

#### **Ongoing Commitments**

- A computer system is required to effectively deal with complaints and requests for information under the Freedom of Information Act (CIP 1)
- Flexible Working Solutions - capital investment will be used to deliver the infrastructure for the development and support of applications to mobile devices (CIP 1)
- Phase 2 of the Revenue and Benefits system upgrade involves public access via the web allowing customers to access account information without contacting the Council, a homeworking pilot, and IEG4 Intelligent e-forms enabling efficiencies through customers being able to complete benefit applications on line (CIP 1).

#### **New Starts**

- Introduction of an electronic system for the production of Court papers will allow for a more efficient use of staff time in bundle preparation and in accessing archived cases and it will substantially reduce future storage requirements
- The current call manager system will be replaced to allow integration with other Council VOIP systems and enable efficiencies through better use of more up to date telephony solutions.

**RESOURCES  
CAPITAL PROGRAMME**

**SUMMARY**

Project Description	Gross Cost £'000	Expend to 31.3.09 £'000	Estimated Payments					Full Year Revenue Costs £'000
			2009/10 £'000	2010/11 £'000	2011/12 £'000	2012/13 £'000	2013/14 £'000	
<b>MAIN BLOCK</b>								
Continuing Projects	10,997	5,961	4,909	127				
Projects Commencing 2009/10	1,247	41	382	619	205			
Projects Commencing 2010/11	521			521				
Projects Commencing 2011/12								
Projects Commencing 2012/13								
Projects Commencing 2013/14								
<b>TOTAL CAPITAL EXPENDITURE</b>	<b>12,765</b>	<b>6,002</b>	<b>5,291</b>	<b>1,267</b>	<b>205</b>			

**METHOD OF FINANCING ESTIMATED CAPITAL EXPENDITURE**

Source of Finance	Estimated Resources				
	2009/10 £'000	2010/11 £'000	2011/12 £'000	2012/13 £'000	2013/14 £'000
<b>FROM EXTERNAL SOURCES</b>					
Unsupported Borrowing	313				
Government Grants					
- Communities and Local Government	2,396				
- European Grants	22				
<b>Total External Sources</b>	<b>2,731</b>				
<b>FROM INTERNAL SOURCES</b>					
Revenue Contributions					
- General Fund	1,942	551	205		
- Directorate Resources		341			
Reserves					
- Port Reserve	60				
- Strategic Investment Plan	25	375			
Capital Receipts	533				
<b>Total Internal Sources</b>	<b>2,560</b>	<b>1,267</b>	<b>205</b>		
<b>TOTAL FINANCING</b>	<b>5,291</b>	<b>1,267</b>	<b>205</b>		



**RESOURCES  
CAPITAL PROGRAMME**

Project Ref.No.	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.09 £'000	Estimated Payments					Full Year Revenue Costs £'000
					2009/10	2010/11	2011/12	2012/13	2013/14	
					£'000	£'000	£'000	£'000	£'000	
	<b>Continuing Projects CITY CENTRE DEVELOPMENTS AND LAND AND PROPERTY</b>									
EDT/091/ 139	Disabled Access to Council Buildings	C Clark	984	731	253					
R/006	Relocation of Allotments Dyer Square Southwick	N Wood	150	110	40					
	<b>ICT</b>									
MAN/022	Improvements to Voice and Data Network	T Baker	1,840	1,739	101					
MAN/026	Complaints and Freedom of Information Act	R Rayner	110	4	53	53				
MAN/122	SAP Reporting-Business Warehousing	F Brown	304	25	279					
MAN/118	ICT Disaster Recovery	T Baker	100	22	54	24				
MAN/119	Flexible Working Solutions	T Baker	100		50	50				
MAN/120	Digital Challenge	T Baker	3,391	995	2,396					
	Business Transformation Projects	T Baker	3,000	1,404	1,596					
	<b>Port</b>									
PT/045	Port Penstocks	C Clark	60		60					
PT/001	Port Review Consultancy Stages 1&2	C Clark	511	506	5					
EDT/044	Port Regeneration Study	C Clark	447	425	22					
<b>TOTAL CONTINUING PROJECTS</b>			<b>10,997</b>	<b>5,961</b>	<b>4,909</b>	<b>127</b>				
	<b>Projects Commencing 2009/10 CITY CENTRE DEVELOPMENTS AND LAND AND PROPERTY</b>									
R/008	Occupational Health Unit Relocation	C Clark	103	3	100					
	<b>ICT</b>									
MAN/123	SAP Infrastructure	T Baker	100	38	62					
MAN/124	ICT Helpdesk	T Baker	65		65					
MAN/125	Power Supply to Data Centre	T Baker	80		80					
MAN/126	Revenue and Benefits system Phase 2	F Brown	444		25	419				
MAN/127	Flexible Working System	S Stanhope	50		50					
MAN/128	Cash Receipting	T Baker	200			200				
MAN/129	SAP Archiving	T Baker	205				205			
<b>TOTAL PROJECTS COMMENCING 2009/10</b>			<b>1,247</b>	<b>41</b>	<b>382</b>	<b>619</b>	<b>205</b>			
	<b>Projects Commencing 2010/11</b>									
	<b>ICT</b>									
MAN/135	Call Manager Replacement	T Baker	491			491				
MAN/136	Automated Court Bundle	R Rayner	30			30				
<b>TOTAL PROJECTS COMMENCING 2010/11</b>			<b>521</b>			<b>521</b>				
<b>TOTAL CAPITAL PROGRAMME</b>			<b>12,765</b>	<b>6,002</b>	<b>5,291</b>	<b>1,267</b>	<b>205</b>			

## **CHILDREN AND LEARNING CITY CAPITAL PROGRAMME**

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

Children's Services Capital Programme, which incorporates Building Schools for the Future (BSF) and the Primary Capital Programme (PCP) will contribute towards meeting Sunderland's corporate improvement objectives and strategic priorities as identified in:

- Sunderland's Corporate Improvement Plan Priorities:
- Corporate Improvement Priority 1 - Prosperous City (CIP 1)
- Corporate Improvement Priority 2 - Healthy City (CIP 2)
- Corporate Improvement Priority 3 - Safe City (CIP 3)
- Corporate Improvement Priority 4 - Learning City (CIP 4)
- Corporate Improvement Priority 5 - Attractive and Inclusive City (CIP 5)
- Corporate Improvement Priority 6 - Corporate Improvement Programme (CIP6)

The Children and Young People's Plan priorities:

- Achieving their education (CYPP priority 7)
- Enjoy sport, leisure and play (CYPP priority 8).

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

- Achievement of at least 78 points across the Early Years Foundation Stage (EYFS) with at least 6 in each of the scales in Personal, Social and Emotional Development and Communication, Language and Literacy (NI 72)
- Percentage of schools providing access to extended services (NI 88)
- Take up of 14-19 learning diplomas (NI 90)
- Narrowing the gap between the lowest achieving 20% in the EYFS Profile and the rest (NI 92)
- Delivery of Sure Start Children's Centres (NI 109).

It aims to do this through:

- The Children's Services AMP, which contains updated information about the condition, suitability and sufficiency of all school buildings. The school building condition drives the amount of Modernisation Grant allocated by the Department for Children, Schools and Families (DCSF) (CIP 4)
- A DCSF approved Primary Strategy for Change affecting a locally agreed action plan for the re-building and / or major refurbishment of up to 50% of its primary schools began in 2009/2010 (CIP 4)
- The School Place Planning Review, which will identify future priorities for capital investment, taking into account the current pupil roll and projected future school rolls. (CIP 4)
- Schools being allocated devolved capital from Standards Fund. The LA provides support to schools in assisting them in planning this expenditure to achieve school and LA development priorities (CIP 4)
- Building Schools for the Future (BSF) providing a strategic and transformational approach to capital investment across all secondary and secondary special schools (CIP 4 and CIP 5)
- As part of BSF, the building programme to maintain the momentum of the 'Sunderland Model' of partnership, collaboration, innovation and diversity (CIP 4 and CIP 6)
- EYFS capital investment plan has been developed to improve the quality of learning environments in early years settings, improve access for disabled children in early years settings and support the flexible provision of the 3 and 4 year olds entitlement to nursery education. The work commenced in 2009/2010 and will finish in 2010/11 in line with grant funding conditions (NI 72, NI 92, CYPP priority 7, CIP 4)
- Extended Schools capital funding will be joined up with other devolved Local Authority funding, including the resources being made available through the Primary Capital Programme, to support the provision of Extended Schools core offer (NI 88, CYPP priority 8)
- Partnership working which is key to making right investment choices and to supporting the wider regeneration agenda in Sunderland (CIP 5 and CIP 9)
- Providing young people leaving care with a residential resource, a direct access hostel and further developing supported lodgings (CIP 2 and CIP 3).

## **CHILDREN AND LEARNING CITY CAPITAL PROGRAMME**

### **OUTCOMES FROM COMPLETED CAPITAL SCHEMES**

- 11 schools have benefited from the Children's Services Access Initiative Budget which has been used to improve facilities for disabled pupils accessing mainstream school provision (CIP 4)
- BSF and Diploma Gateway funding has provided refurbishment and equipment at the two 14-16 centres based at Harraton and Pallion. These centres of excellence aim to engage young pupils in experimental learning that will encourage progression to further education and training by raising levels of attainment, raising aspirations, providing enterprising teaching and learning, and by establishing good practice (CIP 4, NI 90).
- Sunderland's Wave 1 BSF programme is almost complete. The three 'Sunderland Model' Academies; Academy 360, Castle View Enterprise Academy, and Red House Academy were opened in September 2009 as was Washington School. All of these schemes were delivered on time and within budget. The two remaining major refurbishment schemes at Biddick and St Robert of Newminster RC Secondary Schools will be complete in 2010. The BSF and Academies programme will provide the platform for transforming secondary education and for creating state of the art ICT and vocational facilities (CIP 4, CIP 5 and CIP 6)
- Outside of BSF, Thornhill School dining facility was completed July 2009 in readiness for the commencement of the new academic year. The new facility is fully inclusive and fully compliant in all aspects of DDA (CIP 2 and CIP 4)
- Works to complete the Albany Teaching and Learning Centre were completed for the opening of the Centre in September 2009. The centre had been remodelled, refurbished and furnished to provide office space for 4 Primary National Strategy Consultants delivering on national intervention programmes to support schools. (Every Child a Reader, Every Child Counts, Every Child a Talker and Communication, Language and Literacy) The high quality training facilities provided in two large rooms mean that teachers and other school staff are able to access their CPD in bespoke surroundings using excellent facilities. (CIP 4)

### **KEY MEDIUM TERM PRIORITIES**

- To address the most urgent condition priorities, health and safety work and major capitalised repair as identified from Children's Services AMP data (CIP 4)
- Planning Phase 2 of BSF which includes the 9 remaining secondary schools, the secondary special schools and the Pupil Referral Units. The secondary schools are Farringdon, Southmoor, Thornhill, St Aidan's and St Anthony's RC Schools, Monkwearmouth, Hetton, Houghton Kepier, and Venerable Bede CE School. The secondary special schools are Barbara Priestman, Portland, Springwell Dene and Castle Green Schools. The Readiness to Deliver Submission was approved by Partnerships for Schools (PfS) and DCSF in July 2009 and Sunderland is now formally in Wave 7 of the national programme. The Strategy for Change will be submitted in February 2010 with the Outline Business Case (OBC) submitted in October 2010. (CIP 5 and CIP 6)
- To continue to address school building condition priorities and the reduction of surplus places in primary schools informed through the city wide Primary Strategy for Change programme, alongside the School Place Planning Review (CIP 4 and CIP 5)
- To continue to develop a range of 'resourced school' provision (for pupils with disabilities) in mainstream settings across the city in line with Children's Services Accessibility Strategy, making more schools more accessible for pupils with disabilities (CIP 4)
- Extend supported accommodation for vulnerable young people (CIP 3)
- To maintain children's homes to a standard required to meet at least the minimum standards against which Sunderland are inspected by OFSTED twice per annum, and also to fulfil the requirements of the Council as Corporate Parents (CIP 3).

### **HOW THE PROGRAMME CONTRIBUTES TO AN EFFICIENT AND EFFECTIVE COUNCIL**

- As a result of all major capital schemes including BSF, investment in excess of £100 million is being levered in to the Council for new schools and extended facilities for children and their families in Sunderland. The costs of capital schemes will fall within parameters recommended by the DCSF
- All new or refurbished schools under BSF/Academies will be reduced in size, thereby reducing surplus places and the management of building overheads. The new schools will be more efficiently designed and constructed, all achieving 'Very Good' Building Research Establishments Environmental Assessment Method (BREEAM) ratings. The new schools will be subject to a lifecycle maintenance policy, which will ensure that the investment in assets is protected into the future
- Surplus places within schools, identified by the School Place Planning review, will be addressed by a number of methods aimed at meeting government targets. This can either be major works such as amalgamation of schools or by internal refurbishment to surplus areas providing alternative uses such as community or extended facilities

## **CHILDREN AND LEARNING CITY CAPITAL PROGRAMME**

- The directorate is participating in a corporate wide review of accommodation with a view to rationalising property. This links with a move towards locality and integrated working as well as adopting a more flexible and mobile working model. It is expected that replacement accommodation would generate efficiencies through these new approaches and the reduction in accommodation requirements
- Salix funding has been utilised to undertake 'voltage optimisation' works at six schools. A condition of the Salix funding is that schools are to repay an element of funding over an agreed number of years from revenue savings made in energy efficiency. The repayments will be channelled back into the Salix fund that will then allow additional works to be programmed in schools. The estimated annual revenue savings from the nine confirmed schemes are projected to be £0.053 million per annum.

### **CAPITAL INVESTMENTS FOR THE YEAR AHEAD**

#### **Ongoing Commitments**

- Biddick School Sports College is currently being constructed and will be complete by April 2010 (CIP 4)
- The St Robert of Newminster major refurbishment project is due for completion by September 2010 (CIP 4 and CIP 5)
- The early stages of the replacement of St Joseph's Primary School, the initial priority school replacement identified in the Primary Strategy for Change consultations, began in 2009/2010. The school will include extended facilities and outdoor sports provision, including a MUGA, for use by Diamond Hall Infant and Junior schools and the wider community. The expected completion date is December 2011 (CIP 4).
- Phase 2 of the provision of external play, equipment and some refurbishment to early years settings to improve EYFS learning environments is ongoing. (NI 72, NI 92, CYPP priority 7, CIP 4)
- Early phases of Surplus Place Removal projects are continuing including works at Seaburn Dene, Wessington and Albany Village Primary Schools.
- Works to upgrade Children's Social Care Residential Homes, in line with OFSTED requirements, is to continue into, and is expected to be completed during 2010/2011.

#### **New Starts**

- A priority of Children's Services continues to be the reduction of surplus places across all schools. The completion of the Children's Services Pupil Place Planning review has identified falling rolls across the city that need to be addressed (CIP 4)
- New Access Initiative programme aiming to improve the physical environment of schools for pupils with disabilities (CIP 4)
- The funding for the second priority within the Primary Strategy for Change, replacement of Maplewood School, has been confirmed and work will commence in 2010/2011. (CIP 4 and 5)
- Phase 3 of the provision of external play, equipment and some refurbishment to early years settings to improve EYFS learning environments is due to begin in April 2010. (NI 72, NI 92, CYPP priority 7, CIP 4)
- Work at six primary schools will begin, using the Targeted Capital Fund for school kitchens, to support enhanced and improved kitchen and dining area facilities to increase school lunch take-up (CIP 2 and CIP 4).

**CHILDREN AND LEARNING CITY  
CAPITAL PROGRAMME**

**SUMMARY**

Project Description	Gross Cost £'000	Expend to 31.3.09 £'000	Estimated Payments					Full Year Revenue Costs £'000
			2009/10 £'000	2010/11 £'000	2011/12 £'000	2012/13 £'000	2013/14 £'000	
<b>MAIN BLOCK</b>								
Continuing Projects	137,161	89,001	41,698	6,462				(10)
Projects Commencing 2009/10	32,666		13,408	12,676	5,932	650		
Projects Commencing 2010/11	11,311			2,272	6,639	2,000	400	
Projects Commencing 2011/12	8,627				4,551	4,076		
Projects Commencing 2012/13	4,551					4,551		
Projects Commencing 2013/14	4,551						4,551	
<b>TOTAL CAPITAL EXPENDITURE</b>	<b>198,867</b>	<b>89,001</b>	<b>55,106</b>	<b>21,410</b>	<b>17,122</b>	<b>11,277</b>	<b>4,951</b>	<b>(10)</b>

**METHOD OF FINANCING ESTIMATED CAPITAL EXPENDITURE**

Source of Finance	Estimated Resources				
	2009/10 £'000	2010/11 £'000	2011/12 £'000	2012/13 £'000	2013/14 £'000
<b>FROM EXTERNAL SOURCES</b>					
Loans					
- Supported Capital Expenditure (Revenue)	3,108	3,013	4,055	1,534	1,827
Government Grants					
- Standards Fund	5,915	8,056	8,850	6,619	
- Modernisation Fund	1,958	294	2,924	2,924	2,924
- Building Schools for the Future	39,869	3,339	493		
- Sure Start	2,156	1,958			
- DCFS Grant	617	174			
- Other	99				
School Diocese Contribution		402	600		
Private Sector Contributions	150				
<b>Total External Sources</b>	<b>53,872</b>	<b>17,236</b>	<b>16,922</b>	<b>11,077</b>	<b>4,751</b>
<b>FROM INTERNAL SOURCES</b>					
Revenue Contributions					
- Directorate Resources	349	183	200	200	200
Reserves					
- Strategic Investment Reserve (Temporary Use)	765	3,991			
- Capital Reserves	120				
<b>Total Internal Sources</b>	<b>1,234</b>	<b>4,174</b>	<b>200</b>	<b>200</b>	<b>200</b>
<b>TOTAL FINANCING</b>	<b>55,106</b>	<b>21,410</b>	<b>17,122</b>	<b>11,277</b>	<b>4,951</b>

**CHILDREN AND LEARNING CITY  
CAPITAL PROGRAMME**

Project Ref.No.	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.09 £'000	Estimated Payments					Full Year Revenue Costs £'000
					2009/10 £'000	2010/11 £'000	2011/12 £'000	2012/13 £'000	2013/14 £'000	
	<b>MAIN BLOCK</b>									
	<b>Continuing Projects</b>									
EDC4007P	Southwick/Carley Hill - replacement	J Walvin	7,434	7,310	124					(10)
EDC2007X	Electricity at Work	R Smith	598	465	133					
EDC4008S	Building Schools for the Future - Project Resource costs	B Scanlon	3,837	3,399	438					
EDC5009P	Oxclose - Building Schools for the Future	B Scanlon	11,064	11,037	27					
EDC5011S	Children's Centre Database	P Hayden	140	1	139					
EDC4005S	Thornhill Dining Centre	B Scanlon	1,120	302	818					
EDC5009P	Washington BSF	B Scanlon	19,112	15,563	3,549					
EDC5009P	Castle View Academy BSF	B Scanlon	16,039	13,217	2,822					
EDC5009P	Pennywell Academy BSF	B Scanlon	23,285	18,988	4,297					
ED96143	Usworth School Demolitions	B Scanlon	697	234	463					
EDC5009S	Asbestos Testing	J Walvin	111	81	30					
EDC5009S	School Closures - misc costs	J Walvin	111	72	39					
	Schools Devolved Capital	V Thompson	3,743	237	3,506					
EDC7004P	Dubmire Primary - Access	V Thompson	15	5	10					
ED95280	Lighting upgrades	B Scanlon	8		8					
EDC7002P	Barmston - voltage	J Walvin	3		3					
EDC7002S	Monkwearmouth - voltage	J Walvin	27		27					
EDC7002S	Thornhill Lighting & Voltage	J Walvin	41		41					
EDC7002S	St Aiden's Voltage	J Walvin	20		20					
EDC5011S	City Learning Centre's 08/09	L Johnson	300	199	101					
ED99262	Extended Schools - cluster co-ordinator	R Barker	37	19	18					
EDC7012S	Youth Capital Fund Plus	K Butchert	451	8	443					
ED99261	Early Years Foundation Stage	R Putz	953	12	941					
EDC7010P	Children's Centre Maintenance	P Hayden	46	11	35					
EDC5009P	Hylton Red House - BSF	B Scanlon	12,440	9,145	3,295					
EDC5009P	Biddick School - BSF	B Scanlon	16,151	5,039	8,927	2,185				
EDC5009P	St Roberts - BSF	B Scanlon	15,856	1,859	9,813	4,184				
EDC5009P	ICT Infrastructure	B Scanlon	1,681	1,348	313	20				
EDC8008S	Harraton Centre - 14-19 Phase III	B Scanlon	489	321	168					
EDC8008S	Pallion Centre - 14-19 Phase III	B Scanlon	439	94	345					
EDC7008S	Diploma Gateway Delivery	B Scanlon	72		72					
EDC7010C	Aiming High	S Fletcher	491	14	409	68				
EDC8010N	Rainbow Centre - BMS	P Hayden	7	2	5					
EDC7002P	Fulwell Jnr - boiler replacement	J Walvin	120	12	108					
EDC7007P	Albany Village - reading recovery	V Thompson	208	2	206					
EDC7002P	Eco Schools in Sunderland	V Thompson	15	5	5	5				
<b>TOTAL CONTINUING PROJECTS</b>			<b>137,161</b>	<b>89,001</b>	<b>41,698</b>	<b>6,462</b>				<b>(10)</b>
	<b>Projects Commencing 2009/10</b>									
	Schools Devolved Capital	V Thompson	5,360		788	3,830	742			
	School Travel Plans	V Thompson	143		76	67				
EDC4004P	New Pupil Places Initiatives	V Thompson	379			379				
EDC4003P	Schools Access Initiative	V Thompson	160		150	10				
	NDS Modernisation Schemes	V Thompson	1,145			1,145				

**CHILDREN AND LEARNING CITY  
CAPITAL PROGRAMME**

Project Ref.No.	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.09 £'000	Estimated Payments					Full Year Revenue Costs £'000
					2009/10 £'000	2010/11 £'000	2011/12 £'000	2012/13 £'000	2013/14 £'000	
EDC8005P	Seaburn Dene Primary - surplus place removal	V Thompson	465		150	315				
EDC8005P	Wessington Primary - surplus place removal	V Thompson	369		192	177				
EDC7002P	Rickleton Primary - boiler	J. Walvin	94		94					
EDC7002N	Pennywell Early Years - boiler	J. Walvin	101		101					
EDC7002P	South Hylton Primary - boiler	J. Walvin	100		100					
EDC7002P	New Penshaw - boiler	J. Walvin	92		92					
EDC7002P	Oxlcose Primary - boiler	V Thompson	169		9	160				
EDC8002P	New Silksworth Inf - window replacement	V Thompson	50		50					
EDC8002P	Barns Inf & Jnr - window replacement	V Thompson	80		80					
EDC8002P	Fulwell Juniors - roof	V Thompson	90		90					
EDC8002P	Fire Detection Systems	V Thompson	200		200					
	Primary Capital Works	V Thompson	2,628				2,628			
EDC7012S	Youth Capital Fund	K Butchert	174		174					
ED99261	Early Years Foundation Stage	R Putz	992		311	681				
EDC7010P	Children's Centres Maintenance	P Hayden	92		92					
ED96096	BSF - ICT Contract	B Scanlon	10,442		8,815	1,627				
EDC8003P	St Josephs RC Primary	V Thompson	6,000		200	2,588	2,562	650		
EDC8005P	Albany Village - surplus place removal	V Thompson	50		50					
EDC8005S	Farringdon School - special status	D Thornton	350		10	340				
EDC5011S	City Learning Centres 09/10	L Johnson	300		100	200				
	Window replacement schemes	V Thompson	1,130		200	930				
	Major Capitalised repairs	V Thompson	190		190					
ED4007P	Southwick (former) - demolition	V Thompson	200		200					
ED9010C	Hendon Health Centre Children's Centre	P Hayden	245		245					
ED95196	Thorney Close Children's Centre	P Hayden	22		22					
	Harraton Community Association	P Hayden	5		5					
	Highfield Tots Play Area	P Hayden	3		3					
	Children's Centres Contingency	P Hayden	44			44				
EDC8010C	Software Licences	B Brown	150		150					
	BSF Wave 2 Project Resource Plan	B Scanlon	300		300					
	<b>Children's Social Care</b>									
EDC7010C	Children's Social Care Home - Avenue Vivian	M Boustead	47		47					
EDC7010C	Children's Social Care Home - 59 Cotswold Road	M Boustead	122		122					
EDC7010C	Children's Social Care Home - 18 Revelstoke Road	M Boustead	124			124				
EDC7010C	Children's Social Care Home - 7 Colombo Road	M Boustead	54			54				
	Children's Social Care Leased Homes	M Boustead	5			5				
<b>TOTAL PROJECTS COMMENCING 2009/10</b>			<b>32,666</b>		<b>13,408</b>	<b>12,676</b>	<b>5,932</b>	<b>650</b>		
	<b>Projects Commencing 2010/11</b>									
	Schools Devolved Capital	V Thompson	2,546				2,546			
	Maplewood School	V Thompson	6,500			500	3,600	2,000	400	

**CHILDREN AND LEARNING CITY  
CAPITAL PROGRAMME**

Project Ref.No.	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.09 £'000	Estimated Payments					Full Year Revenue Costs £'000
					2009/10 £'000	2010/11 £'000	2011/12 £'000	2012/13 £'000	2013/14 £'000	
EDC7012S	Kitchen and Dining Schemes	B Scanlon	398			398				
	Youth Capital Fund	K Butchert	174			174				
	Early Years Foundation Stage	R Putz	953			953				
EDC7010P	Children's Centre Maintenance	P Hayden	97			97				
	BSF LA ICT Refresh Fund	B Scanlon	493				493			
EDC8010C	Software Licences	B Brown	150			150				
<b>TOTAL PROJECTS COMMENCING 2010/11</b>			<b>11,311</b>			<b>2,272</b>	<b>6,639</b>	<b>2,000</b>	<b>400</b>	
<b>Projects Commencing 2011/12</b>										
	Schools Devolved Capital	V Thompson	4,076					4,076		
EDC4004P	New Pupil Places Initiatives	V Thompson	865				865			
EDC4003P	Schools Access Initiative	V Thompson	513				513			
	NDS Modernisation Schemes	V Thompson	2,924				2,924			
EDC8010C	Software Licences	B Brown	150				150			
<b>Children's Social Care</b>										
EDC7010C	Minor Works	M Boustead	99				99			
<b>TOTAL PROJECTS COMMENCING 2011/12</b>			<b>8,627</b>				<b>4,551</b>	<b>4,076</b>		
<b>Projects Commencing 2012/13</b>										
	New Pupil Places Initiatives	V Thompson	865					865		
EDC4003P	Schools Access Initiative	V Thompson	513					513		
	NDS Modernisation Schemes	V Thompson	2,924					2,924		
EDC8010C	Software Licences	B Brown	150					150		
<b>Children's Social Care</b>										
EDC7010C	Minor Works	M Boustead	99					99		
<b>TOTAL PROJECTS COMMENCING 2012/13</b>			<b>4,551</b>					<b>4,551</b>		
<b>Projects Commencing 2013/14</b>										
	New Pupil Places Initiatives	V Thompson	865						865	
EDC4003P	Schools Access Initiative	V Thompson	513						513	
	NDS Modernisation Schemes	V Thompson	2,924						2,924	
EDC8010C	Software Licences	B Brown	150						150	
<b>Children's Social Care</b>										
EDC7010C	Minor Works	M Boustead	99						99	
<b>TOTAL PROJECTS COMMENCING 2013/14</b>			<b>4,551</b>						<b>4,551</b>	
<b>TOTAL CAPITAL PROGRAMME</b>			<b>198,867</b>	<b>89,001</b>	<b>55,106</b>	<b>21,410</b>	<b>17,122</b>	<b>11,277</b>	<b>4,951</b>	<b>(10)</b>



## **PROSPEROUS CITY CAPITAL PROGRAMME**

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

The Prosperous City capital programme will contribute towards meeting Sunderland's corporate improvement objectives and strategic priorities of:

- Corporate Improvement Priority 1 - Prosperous City (CIP 1)
- Corporate Improvement Priority 6 - Corporate Improvement Programme (CIP 6)

It aims to do this through:

- Economic Development by promoting a diverse and prosperous economy that provides secure and rewarding job opportunities for all residents by developing an entrepreneurial culture, a highly skilled workforce, and a 21st century physical and support infrastructure (CIP 1)

### **OUTCOMES FROM COMPLETED CAPITAL SCHEMES**

- City Centre Developments - The acquisition of a key building in the city centre was completed in 2009/2010. Further resources are included in the programme in 2010/2011 for opportunity purchases.
- The Sunnyside Commercial Property Grant Scheme continues to assist in the refurbishment and construction of premises in Sunnyside, although 2009/2010 is the final year of its operation. Five grant assisted schemes are currently on site with the final three scheme applications about to be determined - these will bring to 30 the total number of projects assisted under this scheme.

### **KEY MEDIUM TERM PRIORITIES**

- Developing measures to increase the level of business activity and stimulate sustainable economic interest and investment in the city (CIP 1)
- Providing support and assistance to local and incoming businesses in order to develop employment opportunities and support business growth (CIP 1)
- Providing proactive and reactive support and assistance to secure direct investment and re-investments within the city to create and safeguard local jobs (CIP 1)
- Promoting physical and infrastructure improvements for business growth (CIP 1)

### **HOW THE PROGRAMME CONTRIBUTES TO AN EFFICIENT AND EFFECTIVE COUNCIL**

- In developing measures to improve economic prosperity, value for money will be achieved through a range of measures including:
  - Maximising external funding
  - Work with internal and external partners to improve services for local businesses
  - Efficiencies through improved procurement techniques and monitoring arrangements.

### **CAPITAL INVESTMENTS FOR THE YEAR**

#### **Ongoing Commitments**

- Sunnyside Public Realm - The 2010/2011 programme includes funding to complete these high quality streetscape improvements, maintenance and refurbishment works to compliment the improvement of buildings in the same area
- Completion of Phase 2 of the site preparation works at Farringdon Row which has involved site remediation works and cable diversions through the dock of Wearmouth Bridge
- The 2010/2011 programme includes funding to complete the assembly of strategic sites to enable comprehensive redevelopment of West Tavistock
- The seafront strategy will be completed in 2010/2011, following which works to refurbish and remodel Marine Walk will take place.
- The Washington Managed Workspace scheme will develop high quality managed workspace in the Washington area to encourage the start-up of new small and medium enterprises and support their early growth by providing a purpose-built business centre (CIP1).
- Business, academia and the public sector have combined forces to create and deliver a vision for Sunderland as a leading 21st century software city. The aim is to provide world class telecommunications infrastructure and business premises (CIP 1).
- A development provision has enabled rapid response to issues and opportunities in the city centre including physical infrastructure improvements. Residual expenditure from this programme is included in the programme for 2010/2011 (CIP 1, CIP 5 and CIP 6).

## PROSPEROUS CITY CAPITAL PROGRAMME

### **New Starts**

- The Council has been successful in bidding for £1 million CABE Sea Change funding to refurbish and remodel Marine Walk at Roker. Further matched funding is to be provided to enable development of the agreed programme and to refurbish toilets on the seafront in the Seaburn area.
- A provision has been made for land acquisitions where this will benefit the Council's strategic objectives
- The development provision for the city centre has been extended to 2010/2011 to enable further rapid response to issues and opportunities that may arise in the city centre, including physical infrastructure improvements.

**PROSPEROUS CITY  
CAPITAL PROGRAMME**

**SUMMARY**

Project Description	Gross Cost £'000	Expend to 31.3.09 £'000	Estimated Payments					Full Year Revenue Costs £'000
			2009/10 £'000	2010/11 £'000	2011/12 £'000	2012/13 £'000	2013/14 £'000	
<b>MAIN BLOCK</b>								
Continuing Projects	12,239	8,452	1,804	936	1,047			
Projects Commencing 2009/10	6,549		559	5,490	500			
Projects Commencing 2010/11	6,848			6,848				
Projects Commencing 2011/12								
Projects Commencing 2012/13								
Projects Commencing 2013/14								
<b>TOTAL CAPITAL EXPENDITURE</b>	<b>25,636</b>	<b>8,452</b>	<b>2,363</b>	<b>13,274</b>	<b>1,547</b>			

**METHOD OF FINANCING ESTIMATED CAPITAL EXPENDITURE**

Source of Finance	Estimated Resources				
	2009/10 £'000	2010/11 £'000	2011/12 £'000	2012/13 £'000	2013/14 £'000
<b>FROM EXTERNAL SOURCES</b>					
Unsupported Borrowing		3,000			
Government Grants					
- Urban 2	3				
- CABE Sea Change Fund		1,000			
- Working Neighbourhoods Fund	100	5,400	500		
- One North East	1,689	892	1,047		
<b>Total External Sources</b>	<b>1,792</b>	<b>10,292</b>	<b>1,547</b>		
<b>FROM INTERNAL SOURCES</b>					
Revenue Contributions					
- General Fund		2,500			
- Strategic Initiatives Budget		168			
- Directorate Resources		120			
Reserves					
- Strategic Investment Reserve	58	26			
- Strategic Investment Plan	459	90			
Capital Receipts	54	78			
<b>Total Internal Sources</b>	<b>571</b>	<b>2,982</b>			
<b>TOTAL FINANCING</b>	<b>2,363</b>	<b>13,274</b>	<b>1,547</b>		

**PROSPEROUS CITY  
CAPITAL PROGRAMME**

Project Ref.No.	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.09 £'000	Estimated Payments					Full Year Revenue Costs £'000
					2009/10	2010/11	2011/12	2012/13	2013/14	
					£'000	£'000	£'000	£'000	£'000	
<b>Continuing Projects CITY CENTRE DEVELOPMENTS AND LAND AND PROPERTY</b>										
RC/012	City Centre Developments	K Lowes	108	67	15	26				
EDT/075	Ryhope Centre	K Lowes	523	488	35					
PT/026	Hetton Downs Environmental Improvements	K Lowes	139	136	3					
RC/001	Farringdon Row Phase 2	C Clark	2,312	2,258	25	29				
EDT/074	Refurbishment 28 - 29 Sunnyside & The Place	C Clark	4,122	4,100	22					
EDT/162	Sunnyside Commercial Grant Scheme Ph 2	K Lowes	1,240	982	258					
RC/018	Sunnyside Public Realm	K Lowes	2,288	419	1,406	463				
RC/019	West Tavistock Sunnyside Acquisition of Properties	C Clark	1,447			400	1,047			
RC/023	Seafront Regeneration Strategy	K Lowes	60	2	40	18				
<b>TOTAL CONTINUING PROJECTS</b>			<b>12,239</b>	<b>8,452</b>	<b>1,804</b>	<b>936</b>	<b>1,047</b>			
<b>Projects Commencing 2009/10 CITY CENTRE DEVELOPMENTS</b>										
MAN/124	Street Scene Improvements	G Farnworth	330		290	40				
MAN/124	St Mary's Car Park - Ticket Machines	G Farnworth	50			50				
MAN/124	Christmas Lights	G Farnworth	139		139					
MAN/124	City Centre Improvements	G Farnworth	30		30					
MAN/121	Washington Managed Workspace	J Snaith	4,000			4,000				
MAN/122	Software City	J Snaith	2,000		100	1,400	500			
<b>TOTAL PROJECTS COMMENCING 2009/10</b>			<b>6,549</b>		<b>559</b>	<b>5,490</b>	<b>500</b>			
<b>Projects Commencing 2010/11</b>										
MAN131	Seafront	K Lowes	1,848			1,848				
MAN131	Strategic Land Acquisition Provision	J Snaith	4,000			4,000				
MAN/133	City Centre Improvements	G Farnworth	1,000			1,000				
<b>TOTAL PROJECTS COMMENCING 2010/11</b>			<b>6,848</b>			<b>6,848</b>				
<b>TOTAL CAPITAL PROGRAMME</b>			<b>25,636</b>	<b>8,452</b>	<b>2,363</b>	<b>13,274</b>	<b>1,547</b>			

## **HEALTHY CITY CAPITAL PROGRAMME**

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

Healthy City capital programme will contribute towards meeting Sunderland's corporate improvement priorities of:

- Corporate Improvement Priority 2 - Healthy City (CIP 2)
- Corporate Improvement Priority 5 - Attractive and Inclusive City (CIP 5)
- Corporate Improvement Priority 6 - Corporate Improvement Programme (CIP 6)

It aims to do this through:

Development of suitable accommodation for vulnerable clients that includes:

- More Core and Cluster facilities for people with disabilities (CIP 2, CIP 5 and CIP 6)
- Developing the Supporting People Programme, which promotes housing related services, complimenting existing care services (CIP 5 and CIP 6)
- Developing, in partnership with the Council's Housing Service, Registered Social Landlords and private sector housing providers, a range of tenancies for people with disabilities (CIP 2, CIP 5 and CIP 6)
- Modernising Adult Services ICT systems to improve departmental and Council communications (CIP 6).
- The Financial Assistance Policy which aims to be innovative, obtain value for money and reinforce that homeowners should accept responsibility for their own housing investment through a range of loans led and grant supported products. The Council will also utilise its resources to fulfil ambitions in the privately rented sector by improving the living conditions and its management (CIP 5)

### **OUTCOMES FROM COMPLETED CAPITAL SCHEMES**

- A new Care Monitoring System has been procured supporting the administration of non-residential charging policies and providing an improved service to users
- Community Care alarm systems have been replaced at 20 Sheltered Accommodation Schemes across the city. New digital telecare lifeline units allow a greater number of wireless sensors to be based around the flat. Sensors include pendants, movement sensors, flood detector sensors, extreme temperature sensors, bed/chair occupancy sensors and fire detectors. The replacement equipment enables older and vulnerable people to live safely, securely and independently within their own homes, preventing unnecessary admission into hospital or residential care.
- Community Day Opportunities promotes choice and independence for people with a Learning Disability by offering alternatives to day centres and increasing options available in the evening and at weekends. The level of support is tailored to people's individual plans providing increased opportunities for both volunteering and paid work and has provided Increased Independence, Increased Choice and Empowerment, Social Inclusion and Citizenship.
- Through the Campus programme people have been supported to live in their own tenancies, having in many cases lived in long stay hospitals for a number of years.
- Community Equipment Services have purchased 13 vehicle tracking units with panic alarms and 2 desktop software installations for use with their vehicles.
- Completion of Grindon Mews which provides specialised care for people with severe learning disabilities including a specifically designed reablement facility for physically disabled people. The scheme has been designed to move away from traditional day centre approach and is based upon open plan activity areas with specialised rooms available for sound and sensory interactive work. The scheme benefited from Arts funding which enabled the design team to provide bespoke art work.
- To further reduce fuel poverty the Home Energy efficiency scheme was extended to include families with young children. There has been an increase in the number of homes receiving cavity wall and loft insulation and supported measures to around 600 households in 2008/2009. Total support from the Sunderland Home Insulation Scheme provided measures to over 1,500 households whilst the national Warm Front programme assisted 2,150 households including installing 1,571 boilers. The new programme from November 2009 has secured substantial utility funding under the CERT programme amounting to £3.75 million over the next 30 months with SHIP funding enabling a greater uptake, through support to marginal households falling outside the strict eligibility for free measures.
- As the Council starts to move from a grants led financial assistance process to a loans based approach the programme delivered 58 private sector renewal grants and 4 loans during 2008/2009. It is projected that the emphasis will change within 2009/2010 and a greater proportion of loans will be issued.
- Disabled Facilities Grants completed 515 adaptations during 2008/2009.

### **KEY MEDIUM TERM PRIORITIES**

- To develop a range of housing options for vulnerable people, particularly extra care housing for older people and people with learning disabilities (CIP 2, CIP 5, and CIP 6)

## **HEALTHY CITY CAPITAL PROGRAMME**

- Further develop core and cluster accommodation and outreach support to people in their own tenancies (CIP 2, CIP 5, and CIP 6)
- Review the use of our buildings based services and move to more community based services in line with the aims of the White Paper, "Our Health, Our Care, Our Say." This will include the use of technology such as Telecare to allow people to live in their own homes for much longer (CIP 2, CIP 5 and CIP 6)
- To ensure that assets are updated and fit for purpose (CIP 5)
- To support rationalisation of Council wide assets (CIP 6).

### **HOW THE PROGRAMME CONTRIBUTES TO AN EFFICIENT AND EFFECTIVE COUNCIL**

- Adult Services is part of the Smarter Working initiative piloting new ways of working such as hot-desking, the use of portable technology, home working, etc. This pilot is ongoing with a view to the rationalisation of office accommodation.
- Modernisation of ICT systems (SWIFT, Electronic Social Care Record, etc.) allows easier transfer of information between staff and helps aggregate data accurately for management information leading to more efficient use of staff time.
- A re-settlement programme is ongoing in learning disabilities to provide services locally for people with intensive support needs. This will provide a better model of care for our clients and achieve annual revenue efficiency savings through the reduction in the number of people being placed into permanent residential care and reducing the cost of care packages for customers currently out of city.
- The use of Telecare equipment has been embedded in key health policies within Adult Services relating to managing long term conditions and provides people with greater choice over their care pathways. Efficiencies are gained from working in partnership with health providers to reduce inappropriate hospital admissions, facilitate earlier discharge from hospital and reduce admissions to institutional care such as Residential / Nursing Care.
- The Housing Financial Assistance Programme, Disabled Facilities Grant and Warm Homes Initiative will ensure that individuals stay in their own homes as long as possible. This is not only what people want in terms of quality of their lives, but is generally a less expensive option than institutional care. For example, in 2003/2004, there were over 600 older people admitted to Council supported residential/nursing care, but this has declined to 388 in 2008/2009. The type of assistance to individuals has changed from grants to loans focussed support, which will help maximise available resources and allow the support to be provided to a greater number of individuals.

### **CAPITAL INVESTMENTS FOR THE YEAR AHEAD**

#### **Ongoing Commitments**

- Upgrade the Adult Services ICT systems to improve management information, deliver e-government, support delivery of personalisation and promote the integration agenda (CIP 2, CIP 5 and CIP 6)
- A number of properties are being renovated to provide accommodation for people that are part of the Learning Disability Resettlement Programme, providing individuals with greater independence (CIP 2, CIP 5, and CIP 6)
- Completion of the Rosalie House site March 2010 with a view to being fully operational in May 2010. The scheme will provide 9 flats for supported living accommodation. The facility will be used to relocate clients with learning disabilities from outer city facilities and to assist people who have lived in institutional care or with carers to move to an independent way of life. The on-site staff will deliver life skills coaching, enabling people to move on to independent living with outreach support. It has been developed in partnership with Home Housing and the PCT. (CIP 2, CIP 5 and CIP 6)
- Home Improvement Agency (HIA) provides financial assistance via loans and grants to help make homes safe, secure and free from hazards for vulnerable homeowners living in the private sector (CIP 5). Disabled Facilities Grants carry out adaptations to disabled person's properties helping to ensure that people can remain in their own properties for as long as possible in a safe and secure environment. (CIP 2, CIP 5 and CIP 6)
- Warm Homes Initiative to tackle fuel poverty (CIP 5).

#### **New Starts**

- Mental Health (MH) services are being reviewed and rationalised to help support the aims of the National Services Framework for Mental Health i.e. office accommodation and IT systems are being reviewed with the aim of facilitating joint working with our partners (CIP 2 and CIP 6)
- Provision is made for minor works and improvements to ensure that assets are fit for purpose. The Adults Services Capital Board will establish its priorities for the use of these funds (CIP 2 and CIP 5).

**HEALTHY CITY  
CAPITAL PROGRAMME**

**SUMMARY**

Project Description	Gross Cost £'000	Expend to 31.3.09 £'000	Estimated Payments					Full Year Revenue Costs £'000
			2009/10 £'000	2010/11 £'000	2011/12 £'000	2012/13 £'000	2013/14 £'000	
<b>MAIN BLOCK</b>								
Continuing Projects	8,759	4,382	4,067	310				53
Projects Commencing 2009/10	4,233		3,683	550				
Projects Commencing 2010/11	2,888			2,888				
Projects Commencing 2011/12	2,681				2,681			
Projects Commencing 2012/13	2,786					2,786		
Projects Commencing 2013/14	2,786						2,786	
<b>TOTAL CAPITAL EXPENDITURE</b>	<b>24,133</b>	<b>4,382</b>	<b>7,750</b>	<b>3,748</b>	<b>2,681</b>	<b>2,786</b>	<b>2,786</b>	<b>53</b>

**METHOD OF FINANCING ESTIMATED CAPITAL EXPENDITURE**

Source of Finance	Estimated Resources				
	2009/10 £'000	2010/11 £'000	2011/12 £'000	2012/13 £'000	2013/14 £'000
<b>FROM EXTERNAL SOURCES</b>					
Government Grants					
- IT Grants	530	113			
- Department of Health	1,141	506	299	299	299
- SHIP Grant	849	951	701	701	701
- Disabled Facilities Grant	1,006	1,006	1,006	1,006	1,006
Other Contributions (TPCT)	845				
- Regional Improvement and Efficiency Partnership	30	30			
<b>Total External Sources</b>	<b>4,401</b>	<b>2,606</b>	<b>2,006</b>	<b>2,006</b>	<b>2,006</b>
<b>FROM INTERNAL SOURCES</b>					
- General Fund	570	570	570	570	570
Revenue Contributions					
- Directorate Resources	1,126	572	105	210	210
Reserves					
- Strategic Investment Reserve (Temporary Use)	1,538				
- Capital Reserves	115				
<b>Total Internal Sources</b>	<b>3,349</b>	<b>1,142</b>	<b>675</b>	<b>780</b>	<b>780</b>
<b>TOTAL FINANCING</b>	<b>7,750</b>	<b>3,748</b>	<b>2,681</b>	<b>2,786</b>	<b>2,786</b>

**HEALTHY CITY  
CAPITAL PROGRAMME**

Project Ref.No.	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.09 £'000	Estimated Payments					Full Year Revenue Costs £'000	
					2009/10 £'000	2010/11 £'000	2011/12 £'000	2012/13 £'000	2013/14 £'000		
					<b>Continuing Projects</b>						
SS/7008	SWIFT Ph 2-Electronic Social Care Record/ICS	G King	513	504	9						53
AS/8017	Replacement for Eazitracker	G King	122		122						
AS/8018	Day Care Unit	J Fisher	2,685	1,184	1,501						
AS/9003	Minor Works	J Fisher	437	339		98					
AS/9006	Mental Health 2008/09	J Fisher	310	79	69	162					
AS/9011	Remodelled Sheltered Schemes	J Fisher	160	98	62						
AS/9013	Rosalie House	J Fisher	550		500	50					
AS/9014	LD Service Resettlement Scheme	J Fisher	150	123	27						
AS/9015	Vehicle Tracking System	J Fisher	25	3	22						
AS/9016	Campus Re-provision Programme	J Fisher	1,348		1,348						
AS/9018	Community Day Opportunities	J Fisher	70	40	30						
AS/9029	Grindon Mews Art Project	J Fisher	27	2	25						
AS/9019	Redcar House Demolition	J Fisher	7		7						
H/004	Disabled Facilities Grants	A Caddick	1,940	1,883	57						
H/044	Private Sector Renewal Grants	A Caddick	300	50	250						
H/045	Warm Homes Initiative	A Caddick	115	77	38						
<b>TOTAL CONTINUING PROJECTS</b>			<b>8,759</b>	<b>4,382</b>	<b>4,067</b>	<b>310</b>					<b>53</b>
<b>Projects Commencing 2009/10</b>											
AS/5010	Minor Works	J Fisher	431		399	32					
AS/9004	Mental Health 2009/10	J Fisher	136		98	38					
AS/9024	Kentmere Demolition	J Fisher	50		50						
AS/9021	Nookside Demolition	J Fisher	60		60						
AS/9026	WNF Mental Health	J Fisher	6		6						
AS/9025	WNF Learning Disabilities	J Fisher	5		5						
AS/9027	Swift Enhancements	G King	705		705						
AS/9028	Herrington Park café	J Fisher	100		50	50					
AS/9029	Managing Income	G King	53		53						
AS/9030	Telecare	G King	175		20	155					
AS/9031	Adults Information System	G King	50		50						
AS/9032	Document Management System	G King	75		50	25					
H/050	Disabled Facilities Grant 2009/10	A Caddick	1,987		1,987						
H/048	Private Sector Renewal Grants	A Caddick	300		50	250					
H/049	Warm Homes Initiative	A Caddick	100		100						
<b>TOTAL PROJECTS COMMENCING 2009/10</b>			<b>4,233</b>		<b>3,683</b>	<b>550</b>					
<b>Projects Commencing 2010/11</b>											
AS/1001	Minor Works	J Fisher	251			251					
AS/1002	Mental Health 2010/11	J Fisher	110			110					
AS/1003	Mobile Portal	G King	250			250					
H/1001	Disabled Facilities Grants 2010/11	A Caddick	1,957			1,957					
H/1002	Private Sector Renewal Grants	A Caddick	240			240					
H/1003	Warm Homes Initiative	A Caddick	80			80					
<b>TOTAL PROJECTS COMMENCING 2010/11</b>			<b>2,888</b>			<b>2,888</b>					



**HEALTHY CITY  
CAPITAL PROGRAMME**

Project Ref.No.	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.09 £'000	Estimated Payments					Full Year Revenue Costs £'000
					2009/10 £'000	2010/11 £'000	2011/12 £'000	2012/13 £'000	2013/14 £'000	
<b>Projects Commencing 2011/12</b>										
AS/1101	Minor Works	J Fisher	251				251			
AS/1102	Mental Health 2011/12	J Fisher	153				153			
H/1101	Disabled Facilities Grant 2010/11	A Caddick	1,957				1,957			
H/1102	Private Sector Renewal Grants	A Caddick	240				240			
H/1103	Warm Homes Initiative	A Caddick	80				80			
<b>TOTAL PROJECTS COMMENCING 2011/12</b>			<b>2,681</b>				<b>2,681</b>			
<b>Projects Commencing 2012/13</b>										
AS/1201	Minor Works	J Fisher	356				356			
AS/1202	Mental Health 2012/13	J Fisher	153				153			
H/1201	Disabled Facilities Grants 2012/13	A Caddick	1,957				1,957			
H/1202	Private Sector Renewal Grants	A Caddick	240				240			
H/1203	Warm Homes Initiative	A Caddick	80				80			
<b>TOTAL PROJECTS COMMENCING 2012/13</b>			<b>2,786</b>				<b>2,786</b>			
<b>Projects Commencing 2013/14</b>										
AS/1301	Minor Works	J Fisher	356						356	
AS/1302	Mental Health 2013/14	J Fisher	153						153	
H/1301	Disabled Facilities Grants 2013/14	A Caddick	1,957						1,957	
H/1302	Private Sector Renewal Grants	A Caddick	240						240	
H/1303	Warm Homes Initiative	A Caddick	80						80	
<b>TOTAL PROJECTS COMMENCING 2013/14</b>			<b>2,786</b>						<b>2,786</b>	
<b>TOTAL CAPITAL PROGRAMME</b>			<b>24,133</b>	<b>4,382</b>	<b>7,750</b>	<b>3,748</b>	<b>2,681</b>	<b>2,786</b>	<b>2,786</b>	<b>53</b>

## **SAFER CITIES CAPITAL PROGRAMME**

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

The Safer Cities capital programme will contribute towards meeting Sunderland's corporate improvement objectives and strategic priorities of:

- Corporate Improvement Priority 3 - Safe City (CIP 3)
- Corporate Improvement Priority 5 - Attractive and Inclusive City (CIP 5)
- Corporate Improvement Priority 6 - Corporate Improvement Programme (CIP6)

It aims to do this through:

### **OUTCOMES FROM COMPLETED CAPITAL SCHEMES**

- Hendon Beach Safety Works Phase 2 - the works included the construction of additional pedestrian ramp and traffic calming measures on the promenade which compliments the Phase 1 works, allowing easier exit from the beach
- Rapid development of CCTV across the City - Whilst the scheme is substantially complete part of the budget has been reprofiled into 2010/2011 for sites in home locations where options are currently being considered

### **KEY MEDIUM TERM PRIORITIES**

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

### **HOW THE PROGRAMME CONTRIBUTES TO AN EFFICIENT AND EFFECTIVE COUNCIL**

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

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

### **CAPITAL INVESTMENTS FOR THE YEAR**

#### **Ongoing Commitments**

- Old Sunderland Townscape Heritage Initiative - The Council continues to offer financial assistance for environmental improvements in the old Sunderland area partly funded by the Heritage Lottery Fund

**SAFER CITIES  
CAPITAL PROGRAMME**

**SUMMARY**

Project Description	Gross Cost £'000	Expend to 31.3.09 £'000	Estimated Payments					Full Year Revenue Costs £'000
			2009/10 £'000	2010/11 £'000	2011/12 £'000	2012/13 £'000	2013/14 £'000	
<b>MAIN BLOCK</b>								
Continuing Projects	2,609	986	198	1,425				
Projects Commencing 2009/10	289		289					
Projects Commencing 2010/11								
Projects Commencing 2011/12								
Projects Commencing 2012/13								
Projects Commencing 2013/14								
<b>TOTAL CAPITAL EXPENDITURE</b>	<b>2,898</b>	<b>986</b>	<b>487</b>	<b>1,425</b>				

**METHOD OF FINANCING ESTIMATED CAPITAL EXPENDITURE**

Source of Finance	Estimated Resources				
	2009/10 £'000	2010/11 £'000	2011/12 £'000	2012/13 £'000	2013/14 £'000
<b>FROM EXTERNAL SOURCES</b>					
Government Grants					
- New Deal	58				
Grants from Other Public Bodies					
- Heritage Lottery	8	699			
Other Grants and Contributions	289				
<b>Total External Sources</b>	<b>355</b>	<b>699</b>			
<b>FROM INTERNAL SOURCES</b>					
Revenue Contributions					
- Directorate Resources	9				
- SIB	52				
Reserves					
- Strategic Investment Plan	8	27			
Capital Receipts	63	699			
<b>Total Internal Sources</b>	<b>132</b>	<b>726</b>			
<b>TOTAL FINANCING</b>	<b>487</b>	<b>1,425</b>			

**SAFER CITIES  
CAPITAL PROGRAMME**

Project Ref.No	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.09 £'000	Estimated Payments					Full Year Revenue Costs £'000
					2009/10 £'000	2010/11 £'000	2011/12 £'000	2012/13 £'000	2013/14 £'000	
	<b>Continuing Projects CITY CENTRE DEVELOPMENTS AND LAND AND PROPERTY</b>									
RC/010	Back on the Map Security Grants Scheme	C Clark	190	184	6					
RC/016	Community Safety- Thorney Close St Lighting (SIB)	C Clark	24	12	12					
RC/020	Rapid deployment of CCTV across the City	C Clark	399	364	8	27				
EDT/140	Old Sunderland Townscape Heritage Initiative	K Lowes	1,827	413	16	1,398				
PT/024	Hendon Beach Safety Works Phase 2	K Lowes	169	13	156					
<b>TOTAL CONTINUING PROJECTS</b>			<b>2,609</b>	<b>986</b>	<b>198</b>	<b>1,425</b>				
	<b>Projects Commencing 2009/10 CULTURE AND LEISURE</b>									
CC90159	Monkwearmouth Station Museum Sidings	C Alexander	216		216					
CC90171	Sunderland Museum and Winter Gardens LED Lighting	C Clark	73		73					
<b>TOTAL PROJECTS COMMENCING 2009/10</b>			<b>289</b>		<b>289</b>					
<b>TOTAL CAPITAL PROGRAMME</b>			<b>2,898</b>	<b>986</b>	<b>487</b>	<b>1,425</b>				

## **ATTRACTIVE AND INCLUSIVE CITY CAPITAL PROGRAMME**

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

The Attractive and Inclusive City capital programme will contribute towards meeting Sunderland's strategic priorities of:

- Corporate Improvement Priority 1 - Prosperous City (CIP1)
- Corporate Improvement Priority 2 - Healthy City (CIP2)
- Corporate Improvement Priority 5 - Attractive and Inclusive City (CIP5).

It aims to do this through:

- Maintaining the existing highway including its bridges and structures in a safe and serviceable condition (CIP5)
- Securing the safe and efficient movement and appropriate access for goods and people using the city's highways (CIP5)
- Securing improvements to existing highways and the construction of new highways (CIP5)
- Maintaining and enhancing coastal and seafront structures (CIP5)
- Managing, reviewing and upgrading existing facilities that support the aims of the Council's Improvement Priorities (CIP1,CIP2,CIP5)
- Researching and sourcing funding for the development of facilities and services in partnership with other service providers (CIP1,CIP2,CIP5)

#### **OUTCOMES FROM COMPLETED CAPITAL SCHEMES**

- Design and implementation of Local Safety Schemes including Leechmere Road, Thornhill Road, Chester Road/Kyall Road and the A182/A1231 junction improvements at Washington
- Contribution to the A19/A690 junction improvements undertaken by the Highways Agency
- Highway Maintenance schemes including Hylton Lane Downhill, A690 Stoney Gate, A195 Northumberland Way and Somerset Road Springwell
- Highway Drainage works has been carried out at 168 sites to alleviate flash flooding
- Improvement to cycle paths
- Completion of two community 25m swimming pools at Hetton and Silksworth which improves recreational provision and will increase the use of sports facilities throughout the city
- Increasing and improving play provision in the city through investment in a City Adventure Centre and refurbishment of a further 28 play areas across the city through the play pathfinder initiative.

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

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

#### **KEY MEDIUM TERM PRIORITIES**

- Structural highway maintenance works on classified roads
- Structural Bridge Maintenance of the A1018 Bridge Street and Dame Dorothy Subways, A1018 Stockton Road/Cowan Terrace Bridges
- Continue to support plans for the regeneration of the City Centre and River Corridor
- Road Safety Measures in Washington
- Coast Protection Works subject to funding approval from the Environment Agency
- Bus Corridor Improvements A183 Chester Road
- Commencement of the Central Route (subject to funding approval)
- Development of the Sunderland Strategic Transport Corridor (SSTC) which will contribute to reducing congestion, improving quality of the environment, economic success and reduce social exclusion
- Development of leisure facilities at Stadium Village

## **ATTRACTIVE AND INCLUSIVE CITY CAPITAL PROGRAMME**

- Longer term requirements to meet recycling targets within the South Tyne and Wear Joint Waste Strategy, to provide a system that is more easily understood by customers and address efficiencies.

### **HOW THE PROGRAMME CONTRIBUTES TO VALUE FOR MONEY AND EFFICIENCY**

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

### **CAPITAL INVESTMENTS FOR THE YEAR AHEAD**

#### Ongoing Commitments

- Continue development of plans for the Sunderland Strategic Transport Corridor. A proposed new transport corridor from West Wear Street at the south side of the Wearmouth Bridge to the A19/A1231 including a new Wear Bridge crossing (CIP1 and CIP5)
- Develop Bus Corridor Major Business Case. A feasibility study into developing bus priority measures along strategic transport corridors in partnership with Nexus (CIP1 and CIP5)
- Complete the structural Maintenance of the A690 Four Lane End Bridge and A1231 Grange Road Bridge (CIP5)
- Complete the demolition of Central Car Park whilst enabling the indoor market to remain open throughout the process (CIP5)
- Complete the major refurbishment of Barnes Park (CIP5)
- Structural Bridge Maintenance of the A1018 Panns Bank Wall, A1231 Pallion Road/Trimdon Street Bridge
- Provision of a further wheeled-bin to replace the black box. The change in the type of container will also necessitate changes to collection vehicles as they reach the end of their economic life.

#### New Starts

- Continue the programme of investment in schemes to improve the safety of highway users (CIP5)
- Continue the programme of investment in schemes to improve conditions for cyclists (CIP5)
- Bus priority measures at the Wheatsheaf and Stadium Way junctions (CIP5)
- Continue the programme of investment in schemes to improve the condition of highways and their structures (CIP5)
- Installation of filtration equipment at Sunderland Crematorium to comply with mercury emission regulations
- Refurbishment of 12 pavilions to encourage greater usage of sporting facilities across the city as well as ensuring that they are accessible to all sectors of the community.

**ATTRACTIVE AND INCLUSIVE CITY  
CAPITAL PROGRAMME**

**SUMMARY**

Project Description	Gross Cost £'000	Expend to 31.3.09 £'000	Estimated Payments					Full Year Revenue Costs £'000
			2009/10	2010/11	2011/12	2012/13	2013/14	
			£'000	£'000	£'000	£'000	£'000	
<b>MAIN BLOCK</b>								
Continuing Projects	212,449	61,098	18,135	8,527	9,566	34,491	80,632	858
Projects Commencing 2009/10	12,107	111	7,701	4,295				
Projects Commencing 2010/11	10,806			9,636	1,170			
Projects Commencing 2011/12	5,283				5,183	100		
Projects Commencing 2012/13	4,102					4,042	60	
Projects Commencing 2013/14	5,473						5,473	
<b>TOTAL CAPITAL EXPENDITURE</b>	<b>250,220</b>	<b>61,209</b>	<b>25,836</b>	<b>22,458</b>	<b>15,919</b>	<b>38,633</b>	<b>86,165</b>	<b>858</b>

**METHOD OF FINANCING ESTIMATED CAPITAL EXPENDITURE**

Source of Finance	Estimated Resources				
	2009/10 £'000	2010/11 £'000	2011/12 £'000	2012/13 £'000	2013/14 £'000
<b>FROM EXTERNAL SOURCES</b>					
Loans					
- Supported Capital Expenditure (Revenue)	4,503	4,729	3,055	3,116	2,400
Government Grants					
- LTP Transport Grant	2,242	3,844	4,128	4,211	9,073
- Transport Grant (Section 31)	250	6,927	6,232	31,891	56,222
- Coast Protection	59	60	190	15	60
- DCMS	1,769				
- One North East	616	1,083	1,214		
- Single Programme	98				
- English Partnerships	263				
- Heritage Lottery Fund	909	1,302			
- Waste Infrastructure Capital Grant	435	216			
- Working Neighbourhood Fund		600			
Lottery	8	100			
Football Foundation			1,000		
Nexus	150				
Other Contributions	716				
<b>Total External Sources</b>	<b>12,018</b>	<b>18,861</b>	<b>15,819</b>	<b>39,233</b>	<b>67,755</b>
<b>FROM INTERNAL SOURCES</b>					
Revenue Contributions					
- General Fund	3,392	4,226			
- Directorate Resources	174				
- Empire Maintenance	148				
- Strategic Initiatives Budget	22				
- Insurance Fund	12				
Capital Receipts	2,235	501			
Reserves					
- Strategic Investment Reserve (Temporary Use)		368	100	(600)	
- Strategic Investment Reserve	5,933	(3,244)			18,410
- Strategic Investment Plan	573	1,746			
- Section 106	1,014				
- Capital Reserve	315				
<b>Total Internal Sources</b>	<b>13,818</b>	<b>3,597</b>	<b>100</b>	<b>(600)</b>	<b>18,410</b>
<b>TOTAL FINANCING</b>	<b>25,836</b>	<b>22,458</b>	<b>15,919</b>	<b>38,633</b>	<b>86,165</b>

**ATTRACTIVE AND INCLUSIVE CITY  
CAPITAL PROGRAMME**

Project Ref.No.	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.09 £'000	Estimated Payments					Full Year Revenue Costs £'000
					2009/10 £'000	2010/11 £'000	2011/12 £'000	2012/13 £'000	2013/14 £'000	
	<b>Continuing Projects</b>									
	<b>TRANSPORT</b>									
	<b>Major Highway Schemes</b>									
DR90001	Southern Radial Route	S Pickering	35,797	35,797						
DR90003	Central Route - Scheme Development & Land Costs	S Pickering	2,952	1,202	482	668	600			
DR90307	Queen Alexandra Bridge Major Maintenance	S Pickering	7,451	7,251	200					
DR90005	Sunderland Strategic Transport Corridor Ph2	S Pickering	133,068	463	4,746	3,890	8,846	34,491	80,632	100
DR90006	SSTC Ph3 (Major Scheme Business Case)	S Pickering	530		30	400	100			
	<b>Local Transport Plan</b>									
DR90310	A1231 Parkway and Northumberland Way Bridges	S Pickering	884	873	11					
DR90312	A690 Four Lane Ends Bridge	S Pickering	494	16	431	47				
DR90316	A690 Lake Interchange Bridges	S Pickering	874	854	20					
DR90315	A1231 Grange Road Bridge	S Pickering	192	14	15	163				
DR90317	The Bridges Shopping Centre - Bridge Access Roads	S Pickering	307	97	210					
DR99016	Highways Agency Junction Improvements schemes	S Pickering	2,697	1,228	636	833				
	Public Transport :									
DR91085	Bus Corridor Major Business Case	S Pickering	850	470	230	150				
DR91088-104	Public Transport Schemes	S Pickering	644	494	150					
	<b>Strategic Investment Plan :</b>									
DR90947	Washington Road Safety Measures - Feasibility Study	S Pickering	500	39	215	246				
	<b>OTHER SERVICES</b>									
DR91966	Private Streetworks	S Pickering	65	15	50					
DR91975	Flash Flooding and Highway Drainage	S Pickering	350	279	71					
DR91408	Ryhope Beach Access	S Pickering	325	6	169	150				
	<b>SIB Initiatives</b>									
DR90935	Castletown Masterplan Gating project	S Pickering	20	13	7					
	<b>COAST PROTECTION</b>									
DR91402/07	Coastal Monitoring	S Pickering	196	166	30					
DR91409	Coastal Strategy Review Ph1	S Pickering	35	6	29					
DR91409	Coastal Strategy Review Ph2	S Pickering	50			30	20			
	<b>NEIGHBOURHOOD AND STREET SERVICES</b>									
CC90039	Vehicle Fleet Management System	L Clark	20		20					
CC90040	Vehicle Location System	L Clark	296	171	125					9
CC90107	Sunderland Crematorium	L Clark	150	113	37					
CC90160	Replacement Recycling Scheme	P High	2,700		750	1,950				



**ATTRACTIVE AND INCLUSIVE CITY  
CAPITAL PROGRAMME**

Project Ref.No.	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.09 £'000	Estimated Payments					Full Year Revenue Costs £'000
					2009/10 £'000	2010/11 £'000	2011/12 £'000	2012/13 £'000	2013/14 £'000	
<b>CULTURE AND LEISURE</b>										
CC90070	Stadium Park Ph2	M Poulter	256	158	98					
CC90017	Empire Refurbishment	M Lancaster	5,574	5,288	286					49
CC90086	Hetton and Silksworth 25m Pools /7	M Poulter	10,500	3,933	6,567					700
CC90094	Leisure Ctr Income System	J Gray	165	161	4					
CC90095	Big Lottery Childrens Play Programme	J Gray	841	824	17					
CC90112	Play Pathfinder	J Gray	3,666	1,167	2,499					
<b>TOTAL CONTINUING PROJECTS</b>			<b>212,449</b>	<b>61,098</b>	<b>18,135</b>	<b>8,527</b>	<b>9,566</b>	<b>34,491</b>	<b>80,632</b>	<b>858</b>
<b>Projects Commencing 2009/10</b>										
<b>TRANSPORT</b>										
<b>Local Transport Plan</b>										
DR90020	Highway Maintenance	S Pickering	1,980		1,980					
DR90300	Bridge Maintenance	S Pickering	290		290					
DR90318	A1231/Pallion New Road/Trimdon St Bridge	S Pickering	20		20					
DR90500	Accessibility- Cycleways	S Pickering	316		316					
DR90450	Accessibility- Access for All	S Pickering	300		300					
DR90900	Congestion	S Pickering	670		670					
DR90600	Road Safety	S Pickering	430		430					
DR91232	- Tyne and Wear Central Transport Team	S Pickering	376		376					
DR91231	- Tyne and Wear Freight Partnership	S Pickering	10		10					
DR91070	Smart Ticketing	S Pickering	928		928					
<b>OTHER SERVICES</b>										
DR91771	Civil Parking Enforcement equipment	S Pickering	30		30					
DR91769	Central Car Park	S Pickering	2,900	111	239	2,550				
DR91977	Subway Improvement Review	S Pickering	90		90					
<b>CULTURE AND LEISURE</b>										
CC90158	Barnes Park	L Clark	3,346		1,601	1,745				
CC90108	Environmental Education, Communication, Enforcement and Intervention to address Fly Tipping	L Clark	128		128					
CC90146	Improving Cycle Paths	L Clark	230		230					
CC90164	UK Online LSC - Hendon Library	G Farnworth	8		8					
CC90146	Washington Leisure Centre	J Gray	25		25					
CC90162	Belford House Playing Fields	J Gray	30		30					
<b>TOTAL PROJECTS COMMENCING 2009/10</b>			<b>12,107</b>	<b>111</b>	<b>7,701</b>	<b>4,295</b>				
<b>Projects Commencing 2010/11</b>										
<b>TRANSPORT</b>										
<b>Local Transport Plan</b>										
DR90020	Highway Maintenance	S Pickering	1,900			1,900				
DR90300	Bridge Maintenance	S Pickering	500			500				

**ATTRACTIVE AND INCLUSIVE CITY  
CAPITAL PROGRAMME**

Project Ref.No.	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.09 £'000	Estimated Payments					Full Year Revenue Costs £'000
					2009/10 £'000	2010/11 £'000	2011/12 £'000	2012/13 £'000	2013/14 £'000	
DR90500	Accessibility- Cycleways	S Pickering	250			250				
DR90450	Accessibility- Access for All	S Pickering	300			300				
DR90900	Congestion	S Pickering	751			751				
DR90600	Road Safety	S Pickering	400			400				
	Miscellaneous									
DR91232	- Tyne and Wear Central Transport Team	S Pickering	397			397				
DR91231	- Tyne and Wear Freight Partnership	S Pickering	10			10				
DR91074	Tyne & Wear Bus Corridor Improvement Programme: Ph1 - Wearsheaf & Stadium Way Junctions	S Pickering	3,648			3,648				
	<b>COAST PROTECTION</b>									
DR91410	Deptford Culvert Safety Works	S Pickering	120			20	100			
DR91411	Hendon Culvert Safety Works	S Pickering	80			10	70			
	<b>CULTURE AND LEISURE</b>									
CC90172	Community Sports Facilities	J Gray	1,700			700	1,000			
	<b>NEIGHBOURHOOD AND STREET SERVICES</b>									
CC90037	Sunderland Crematorium	L Clark	750			750				
<b>TOTAL PROJECTS COMMENCING 2010/11</b>			<b>10,806</b>			<b>9,636</b>	<b>1,170</b>			
	<b>Projects Commencing 2011/12</b>									
	<b>TRANSPORT</b>									
	<b>Local Transport Plan</b>									
DR90020	Highway Maintenance	S Pickering	1,700				1,700			
DR90300	Bridge Maintenance	S Pickering	300				300			
DR90500	Accessibility- Cycleways	S Pickering	210				210			
DR90450	Accessibility- Access for All	S Pickering	300				300			
DR90900	Congestion	S Pickering	698				698			
DR90600	Road Safety	S Pickering	500				500			
	Miscellaneous									
DR91232	- Tyne and Wear Central Transport Team	S Pickering	345				345			
DR91231	- Tyne and Wear Freight Partnership	S Pickering	10				10			
DR91073	Tyne & Wear Bus Corridor Improvement Programme: Ph2 - A183 Chester Road Bus Corridor 10% - contribution	S Pickering	1,220				1,120	100		
<b>TOTAL PROJECTS COMMENCING 2011/12</b>			<b>5,283</b>				<b>5,183</b>	<b>100</b>		
	<b>Projects Commencing 2012/13</b>									
	<b>TRANSPORT</b>									
	<b>Local Transport Plan</b>									
DR90020	Highway Maintenance	S Pickering	1,750					1,750		
DR90300	Bridge Maintenance	S Pickering	300					300		

**ATTRACTIVE AND INCLUSIVE CITY  
CAPITAL PROGRAMME**

Project Ref.No.	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.09 £'000	Estimated Payments					Full Year Revenue Costs £'000
					2009/10 £'000	2010/11 £'000	2011/12 £'000	2012/13 £'000	2013/14 £'000	
DR90500	Accessibility- Cycleways	S Pickering	266					266		
DR90450	Accessibility- Access for All	S Pickering	300					300		
DR90900	Congestion	S Pickering	649					649		
DR90600	Road Safety	S Pickering	400					400		
	Miscellaneous									
DR91232	- Tyne and Wear Central Transport Team	S Pickering	352					352		
DR91231	- Tyne and Wear Freight Partnership	S Pickering	10					10		
	<b>COAST PROTECTION</b>									
DR91407	Coastal Monitoring 2012 - 2016	S Pickering	75					15	60	
<b>TOTAL PROJECTS COMMENCING 2012/13</b>			<b>4,102</b>					<b>4,042</b>	<b>60</b>	
	<b>Projects Commencing 2013/14</b>									
DR90020	Highway Maintenance	S Pickering	1,650						1,650	
DR90300	Bridge Maintenance	S Pickering	750						750	
DR90500	Accessibility- Cycleways	S Pickering	154						154	
DR90450	Accessibility- Access for All	S Pickering	250						250	
DR90900	Congestion	S Pickering	600						600	
DR90600	Road Safety	S Pickering	500						500	
	Miscellaneous									
DR91232	- Tyne and Wear Central Transport Team	S Pickering	359						359	
DR91231	- Tyne and Wear Freight Partnership	S Pickering	10						10	
DR91072	Tyne & Wear Bus Corridor Improvement Programme: Ph3 - A690 Durham Road Bus Corridor 10% - contribution	S Pickering	1,200						1,200	
<b>TOTAL PROJECTS COMMENCING 2013/14</b>			<b>5,473</b>						<b>5,473</b>	
<b>TOTAL CAPITAL PROGRAMME</b>			<b>250,220</b>	<b>61,209</b>	<b>25,836</b>	<b>22,458</b>	<b>15,919</b>	<b>38,633</b>	<b>86,165</b>	<b>858</b>

## **SUSTAINABLE COMMUNITIES CAPITAL PROGRAMME**

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

Sustainable City capital programme will contribute towards meeting Sunderland's corporate improvement priorities of:

- Corporate Improvement Priority 2 - Healthy City (CIP2)
- Corporate Improvement Priority 3 - Safe City (CIP3)
- Corporate Improvement Priority 5 - Attractive and Inclusive City (CIP 5)
- Corporate Improvement Priority 6 - Corporate Improvement Programme (CIP6)

It aims to do this through:

- Regeneration - by continually assessing and gathering up-to-date housing market and stock condition information to enable informed decisions for the selection of future Private Sector Renewal / Clearance Area schemes. Stock Condition Surveys are the main source of data used to identify private housing investment priorities. In 2007/2008, the Council commissioned and completed its latest survey, the findings of which are being used to inform future housing renewal, regeneration and planning for the city in 2009/2010 and beyond (CIP 5)
- Delivering the extra care programme within Sunderland to ensure that there is a choice of affordable accommodation for older people, with a further choice of care to be provided as required for the household. To continue to identify opportunities to provide supported accommodation for vulnerable people within our communities (CIP 2, CIP 3 and CIP 6).

### **OUTCOMES FROM COMPLETED CAPITAL SCHEMES**

- Area Renewal programme has contributed towards a sustainable community and neighbourhood, with the replacement of unfit and unpopular housing types through 42 demolitions in 2009/2010, an increase in housing choice with the approval of 145 new housing units, commencing February 2010, bringing back into use 76 empty properties and a reduction in anti-social behaviour.
- There have been 48 acquisitions of homes at Hetton Downs through SHIP 3 funding and 5 funded through Homes and Communities Agency.
- Woodridge Gardens Extra Care Scheme in Columbia, Washington was opened in December 2009, providing 39 two bedroom apartments.

### **KEY MEDIUM TERM PRIORITIES**

- Developing long-term housing solutions for households including vulnerable adults needing support through the development of the Suitable Homes for Living Strategy, which will help to deliver a greater number and range of Extra Care housing, a form of sheltered housing, for older people in partnership with both the Local Housing Corporation and housing providers in the city, and with whom Housing colleagues have developed strong business links (CIP 2, CIP 5 and CIP 6)
- Improving the quality and choice of affordable accommodation, with emphasis being placed upon Council Renewal Areas (CIP 2, CIP 5 and CIP 6).
- Support the development and implementation of the North East Home Loans Partnership

### **HOW THE PROGRAMME CONTRIBUTES TO AN EFFICIENT AND EFFECTIVE COUNCIL**

- The development of Joint Ventures, such as in Castletown, creates an environment for the Council to work with funding and development partners to attract resources into developing and creating sustainable communities.

### **CAPITAL INVESTMENTS FOR THE YEAR AHEAD**

#### **Ongoing Commitments**

- The Extra Care housing programme continues with the development of the extra care housing scheme Bramble Hollow at Hetton le Hole. This will provide 48, two bedroom mixed tenure apartments for older people and 24/7 care provision tailored to meet the needs of individuals (CIP 2, CIP 5 and CIP 6)
- In partnership with Gentoo the Council is developing a new extra housing scheme named Cherry Tree Gardens, Houghton-le-Spring. This scheme will provide 40, two bedroom apartments and 7 two bedroom bungalows, all extra care and all linked to 24/7 care provision (CIP 2, CIP 5 and CIP 6)
- Area Renewal continues with the Hetton Downs, Castletown and Hendon Renewal Programmes (CIP 5).
- A traveller's transit site will assist in dealing with unauthorised encampments more efficiently and effectively. The provision will ensure that statutory regulations are met (CIP 2, CIP 3 and CIP 5).

**SUSTAINABLE COMMUNITIES  
CAPITAL PROGRAMME**

**SUMMARY**

Project Description	Gross Cost £'000	Expend to 31.3.09 £'000	Estimated Payments					Full Year Revenue Costs £'000
			2009/10 £'000	2010/11 £'000	2011/12 £'000	2012/13 £'000	2013/14 £'000	
<b>MAIN BLOCK</b>								
Continuing Projects	19,429	10,806	3,492	5,131				
Projects Commencing 2009/10	1,610		1,510	100				
Projects Commencing 2010/11	932			932				
Projects Commencing 2011/12	790				790			
Projects Commencing 2012/13	790					790		
Projects Commencing 2013/14	790						790	
<b>TOTAL CAPITAL EXPENDITURE</b>	<b>24,341</b>	<b>10,806</b>	<b>5,002</b>	<b>6,163</b>	<b>790</b>	<b>790</b>	<b>790</b>	

**METHOD OF FINANCING ESTIMATED CAPITAL EXPENDITURE**

Source of Finance	Estimated Resources				
	2009/10 £'000	2010/11 £'000	2011/12 £'000	2012/13 £'000	2013/14 £'000
<b>FROM EXTERNAL SOURCES</b>					
Supported Borrowing	38				
Government Grants					
- SHIP	1,260	932	790	790	790
- Department of Health	1,112	371			
- English Partnerships	2,050	4,428			
<b>Total External Sources</b>	<b>4,460</b>	<b>5,731</b>	<b>790</b>	<b>790</b>	<b>790</b>
<b>FROM INTERNAL SOURCES</b>					
Revenue Contributions					
- Directorate Resources		50			
Reserves					
- Strategic Investment Plan	542	282			
Capital Receipts		100			
<b>Total Internal Sources</b>	<b>542</b>	<b>432</b>			
<b>TOTAL FINANCING</b>	<b>5,002</b>	<b>6,163</b>	<b>790</b>	<b>790</b>	<b>790</b>

**SUSTAINABLE COMMUNITIES  
CAPITAL PROGRAMME**

Project Ref.No.	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.09 £'000	Estimated Payments					Full Year Revenue Costs £'000
					2009/10	2010/11	2011/12	2012/13	2013/14	
					£'000	£'000	£'000	£'000	£'000	
<b>Continuing Projects</b>										
<b>HOUSING</b>										
<b>Disabled Facilities</b>										
<b>Market Rejuvenation</b>										
H/011	Eppleton and Castletown Renewal Area	A Caddick	7,950	6,900	50	1,000				
H/030	Area Renewal 2007/08 (SHIP 2)	A Caddick	909	903	6					
	Hetton Downs	A Caddick	7,150	1,722	2,000	3,428				
<b>Decent Homes</b>										
H/053	Regional Loans Scheme	A Caddick	88	51	37					
H/029	Homelessness & Advice Service - Set Up costs	A Caddick	251	213	38					
H/054	Extra Care Housing : Woodlands Demolition	A Caddick	47	47						
H/056	Extra Care Housing : Woodlands	A Caddick	471	236	235					
H/057	Extra Care Housing : Moorhouse	A Caddick	565	283		282				
H/058	Extra Care Housing : Racecourse	A Caddick	1,533		1,112	421				
	Extra Care Housing : Silksworth	A Caddick	465	451	14					
<b>TOTAL CONTINUING PROJECTS</b>			<b>19,429</b>	<b>10,806</b>	<b>3,492</b>	<b>5,131</b>				
<b>Projects Commencing 2009/10</b>										
<b>HOUSING</b>										
<b>Market Rejuvenation</b>										
H/046	Area Renewal : Eppleton, Castletown, Hendon	A Caddick	988		988					
<b>Decent Homes</b>										
H/060	Regional Loans Scheme	A Caddick	229		229					
H/061	Travellers Site	A Caddick	100			100				
<b>NEIGHBOURHOOD AND STREET SERVICES</b>										
	Recycling Bring Sites	P High	293		293					
<b>TOTAL PROJECTS COMMENCING 2009/10</b>			<b>1,610</b>		<b>1,510</b>	<b>100</b>				
<b>Projects Commencing 2010/11</b>										
<b>HOUSING</b>										
<b>Market Rejuvenation</b>										
H/1004	Area Renewal : Eppleton, Castletown, Hendon	A Caddick	790			790				
<b>Decent Homes</b>										
H/1005	Regional Loans Scheme	A Caddick	142			142				
<b>TOTAL PROJECTS COMMENCING 2010/11</b>			<b>932</b>			<b>932</b>				

**SUSTAINABLE COMMUNITIES  
CAPITAL PROGRAMME**

Project Ref.No.	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.09 £'000	Estimated Payments					Full Year Revenue Costs £'000
					2009/10 £'000	2010/11 £'000	2011/12 £'000	2012/13 £'000	2013/14 £'000	
	<b>Projects Commencing 2011/12</b>									
H/1104	<b>HOUSING Market Rejuvenation</b> Area Renewal : Eppleton, Castletown, Hendon	A Caddick	790				790			
<b>TOTAL PROJECTS COMMENCING 2011/12</b>			<b>790</b>				<b>790</b>			
	<b>Projects Commencing 2012/13</b>									
H/1204	<b>HOUSING Market Rejuvenation</b> Area Renewal : Eppleton, Castletown, Hendon	A Caddick	790					790		
<b>TOTAL PROJECTS COMMENCING 2012/13</b>			<b>790</b>					<b>790</b>		
	<b>Projects Commencing 2013/14</b>									
H/1304	<b>HOUSING Market Rejuvenation</b> Area Renewal : Eppleton, Castletown, Hendon	A Caddick	790						790	
<b>TOTAL PROJECTS COMMENCING 2013/14</b>			<b>790</b>						<b>790</b>	
<b>TOTAL CAPITAL PROGRAMME</b>			<b>24,341</b>	<b>10,806</b>	<b>5,002</b>	<b>6,163</b>	<b>790</b>	<b>790</b>	<b>790</b>	

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

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

The Responsive and Customer Care Capital Programme will contribute towards meeting Sunderland City Council's corporate improvement priorities of;

- Corporate Improvement Priority 1 - Prosperous City (CIP1)
- Corporate Improvement Priority 4 - Learning City (CIP4)
- Corporate Improvement Priority 5 - Attractive and Inclusive City (CIP5).
- Corporate Improvement Priority 6 - Corporate Improvement Programme (CIP6)

It aims to do this through:

- Promoting inclusion by challenging existing structures, policies and practice by encouraging the engagement of all communities - Customer Service Centre Network and Mobile CSC (CIP 6)
- Developing facilities that support the aims of the Council's Improvement Priorities (CIP1,CIP5)
- Researching and sourcing funding for the development of facilities and services in partnership with other service providers (CIP 6)

### **OUTCOMES FROM COMPLETED CAPITAL SCHEMES**

- Improvements to the infrastructure at Herrington Country Park. Enhancement of the park's capability and function from that of a Country Park to a facility that is capable of staging large scale outdoor events of regional and national significance on a regular basis. There will be a particular focus on music events.
- Development of a Community Library and Customer Service Centre within the new Beckwith Mews Extra Care Scheme at Silksworth to provide full library facilities. Services include children's, young people and teenage provision together with adult, reference and heritage areas. Also incorporated is a general seating and reading area and an electronic village hall. The internal specification of the development has enhanced the delivery of customer service provision.

### **HOW THE PROGRAMME CONTRIBUTES TO VALUE FOR MONEY AND EFFICIENCY**

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

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

### **CAPITAL INVESTMENTS FOR THE YEAR AHEAD**

#### **Ongoing Commitments**

- An ongoing scheme to incorporate Public Art lighting at the Empire Fly Tower will create a significant artistic feature at the gateway to the city centre. (CIP1,CIP5)
- A programme of improvements to support the Wearmouth-Jarrow bid for World Heritage Site status in 2011(CIP4,CIP5,CIP6)

#### **New Starts**

- A scheme to develop the Civic Centre reception for visitors will rationalise existing customer service facilities at the civic centre and provide a better utilisation of staff resources, increased security for staff and increase customer and staff satisfaction.
- A contribution towards works at Houghton Primary Care Centre to provide a physical link with Houghton Sports Centre and a new Wellness Centre, café and support facilities.



**RESPONSIVE SERVICES AND CUSTOMER CARE  
CAPITAL PROGRAMME**

**SUMMARY**

Project Description	Gross Cost £'000	Expend to 31.3.09 £'000	Estimated Payments					Full Year Revenue Costs £'000
			2009/10 £'000	2010/11 £'000	2011/12 £'000	2012/13 £'000	2013/14 £'000	
<b>MAIN BLOCK</b>								
Continuing Projects	4,133	2,596	1,272	265				
Projects Commencing 2009/10	584		323	261				
Projects Commencing 2010/11	2,550			2,150	400			
Projects Commencing 2011/12								
Projects Commencing 2012/13								
Projects Commencing 2013/14								
<b>TOTAL CAPITAL EXPENDITURE</b>	<b>7,267</b>	<b>2,596</b>	<b>1,595</b>	<b>2,676</b>	<b>400</b>			

**METHOD OF FINANCING ESTIMATED CAPITAL EXPENDITURE**

Source of Finance	Estimated Resources				
	2009/10 £'000	2010/11 £'000	2011/12 £'000	2012/13 £'000	2013/14 £'000
<b>FROM EXTERNAL SOURCES</b>					
Unsupported Borrowing			400		
Grants from Other Public Bodies					
- Single Programme	357				
- One NorthEast	299	185			
Other Grants and Contributions	5				
<b>Total External Sources</b>	<b>661</b>	<b>185</b>	<b>400</b>		
<b>FROM INTERNAL SOURCES</b>					
Revenue Contributions					
- General Fund	463	1,800			
- Directorate Resources	74				
- Empire Maintenance Fund		65			
Reserves					
- Strategic Investment Reserve	320				
Capital Receipts	77	626			
<b>Total Internal Sources</b>	<b>934</b>	<b>2,491</b>			
<b>TOTAL FINANCING</b>	<b>1,595</b>	<b>2,676</b>	<b>400</b>		

**CAPITAL PROGRAMME**

Project Ref.No.		Project Sponsor	Gross Cost	Expend to 31.3.09	Estimated Payments					Full Year Revenue Costs
					2009/10	2010/11	2011/12	2012/13	2013/14	
					£'000	£'000	£'000	£'000	£'000	
<b>Continuing Projects</b>										
<b>STRATEGIC CHANGE MANAGEMENT-PEOPLE FIRST</b>										
CC90170	Doxford - Customer Service Centre	M Poulter	8		8					
CS95501	Washington - Customer Service Centre	M Poulter	1,742	1,626	116					
CC60169	Hendon Customer Service Centre	M Poulter	11		11					
CC90168	Southwick Customer Service Centre	M Poulter	20		20					
CC90142	Silksworth Customer Service Centre	M Poulter	229	49	180					
<b>CULTURE AND LEISURE</b>										
CC90091	Empire Fly Tower	C Alexander	350	35	50	265				
CC90092	Stadium Gas Vents	C Alexander	150	97	53					
CC90101	C2C & W2W Cycle Routes	C Alexander	245	180	65					
CC90103	Herrington Country Park	C Alexander	1,000	517	483					
CC90108	Environmental Improvements - Public Art	C Alexander	278	89	189					
CC90109	Cultural Quarter	C Alexander	100	3	97					
<b>TOTAL CONTINUING PROJECTS</b>			<b>4,133</b>	<b>2,596</b>	<b>1,272</b>	<b>265</b>				
<b>CULTURE AND LEISURE Projects Commencing 2009/10</b>										
CC90161	World Heritage Site- Wearmouth Jarrow action plan	C Alexander	100		24	76				
CC90161	World Heritage Site- Wearmouth Jarrow	C Alexander	484		299	185				
<b>TOTAL PROJECTS COMMENCING 2009/10</b>			<b>584</b>		<b>323</b>	<b>261</b>				
<b>STRATEGIC CHANGE MANAGEMENT-PEOPLE FIRST Projects Commencing 2010/11</b>										
CC90175	City Centre - Customer Service Centre	M Poulter	150			150				
CC90174	Houghton Primary Care Centre	M Poulter	2,400			2,000	400			
<b>TOTAL PROJECTS COMMENCING 2010/11</b>			<b>2,550</b>			<b>2,150</b>	<b>400</b>			
<b>TOTAL CAPITAL PROGRAMME</b>			<b>7,267</b>	<b>2,596</b>	<b>1,595</b>	<b>2,676</b>	<b>400</b>			

**Capital Programme 2010/2011**

**Environmental, Protective, and Cultural Services (Other Services)**

**1. Introduction**

1.1 Consideration has been given to the overall resource position facing the Council in respect of the Environmental, Protective and Cultural Services (Other Services Block), after taking account of the need to fund one off revenue spending pressures and also:

- the budget position of the Council following the Revenue Support Grant settlement for 2010/2011 and the outlook for the medium term;
- the need to provide for commitments arising from the 2009/2010 capital programme and variations thereto; and,
- the requirement to provide resources to address various spending pressures linked to strategic priorities;

resources have been identified for proposed new starts in the 2010/2011 capital programme.

**2. Resources**

**2.1 Capital Receipts**

The impact of the credit crunch has seen both a significant drop in the market price of developable land, and a withdrawal of market interest in purchasing new land sites. To mitigate this impact the Council has temporarily funded the gap in the funding of the capital programme by utilising earmarked sums within the Strategic Investment Reserve, and has adopted an approach of progressively earmarking resources as part of the final accounts and budget processes to gradually meet the gap in financing the capital programme.

It is intended to continue to seek to address the funding shortfall as the opportunity arises including through capital receipts as these are realised and as other funding opportunities become available.

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

**2.2 Revenue Budget Savings**

In assessing the overall resources available an assessment has been made of the savings which will accrue from a range of sources, including through additional contingency savings, interest and debt

charge savings and allocation of existing budgets for 2009/2010. It is proposed that a sum of £8.192 million will be used from these sources to support the capital programme for 2010/2011.

### **3. Proposed New Starts**

3.1 After taking account of the commitments arising from the 2009/2010 and previous years capital programmes, resources are available to resource the following main schemes / projects at this stage. Schemes / projects are at various stages of development and subject to other processes e.g. external and other funding has yet to be confirmed for some projects, and these schemes / projects will therefore be brought forward for detailed approval when appropriate.

#### **3.2 Blue Bin Recycling Scheme - £300,000**

The Council is introducing a new kerbside collection scheme for recyclable materials. A total of £2.400 million has been allocated towards this scheme for the purchase of bins, however provision is required for a further £0.300 million following receipt of tenders and to make some allowance for lost bins in the early years of operating the revised collection arrangements.

#### **3.3 Disabled Facilities Grants - £570,000**

Disabled Facilities Grants, to support access within the home, amounting to £0.570 million are committed from the Council's revenue funding on an annual basis in addition to specific capital grants and supported borrowing allocations received each year.

#### **3.4 Football Facilities Investment - £1,700,000**

The Football Investment Strategy, presented to Cabinet on 13th January 2010, set out a clear 'vision' for football facilities and the 'player development pathway' in Sunderland, across public, private and school based provision. It established a clear approach to the level of provision including the implementation of local standards for playing fields and ancillary facilities. The Football Investment Strategy provides a framework from which to guide future investment, resources and subsequently increase satisfaction with, and participation in, football and physical activity in the city.

In order to implement the Football Investment Strategy, a £0.700 million Council capital allocation has been provided for from the funding allocated to fund the Strategic Investment Plan to match £1.000 million of 'in principle' funds from the Football Foundation.

#### **3.5 Central Car Park - £1,400,000**

On 9<sup>th</sup> September 2009, Cabinet approved the award of a contract for the demolition of the car park to levels A and B, retaining an operational indoor market throughout and after the works at an estimated scheme cost of £2.900 million. Cabinet recommended approval was given to a commitment of £1.400 million against

2010/2011 capital resources to add to the provision made in the 2009/2010 capital programme of £1.500 million.

**3.6 Economic Development Block Provision - £800,000**

The proposal seeks to continue the policy of providing funding for a range of capital projects and job creation and retention initiatives that support economic development and regeneration objectives in the city. The fund provides a resource to deal with unforeseen demands. It covers both strategic investments in infrastructure and facilities for business and direct support to business growth and investment activities.

**3.7 Economic Development Support Provision - £3,000,000**

Funding has been earmarked to support major economic development initiatives in conjunction with other bodies, including the Regional Development Agency, the government and the private sector. Further details will be submitted to Cabinet with the definitive proposals.

**3.8 Strategic Land Acquisition - £4,000,000**

It is proposed to earmark resources to support opportunity acquisitions of land and buildings assets in accordance with the recently agreed Land Acquisition Policy. It is proposed that this is funded from prudential borrowing where one-off resources are unavailable.

**3.9 Seafront - £1,848,000**

The Council has been successful in bidding for £1.000 million CABE Sea Change funding to refurbish and remodel Marine Walk at Roker. This followed extensive public consultation on the Seafront Strategy. The grant award requires matched funding of £0.500 million. In addition funding is provisionally earmarked as follows:

- £168,000 contributions from Area Committees to address public realm improvements at the seafront at Seaburn
- £120,000 is available from the 2008/2009 Highways Maintenance Budget.
- £60,000 is anticipated to be available from capital receipts associated with this scheme.

It is proposed to utilise these sums to refurbish and enhance the facilities of the Seafront Toilets. In addition, an ongoing revenue budget provision of £12,000 has been made to secure the opening of the Seafront toilets on a year round basis.

**3.10 Houghton Primary Care Centre - £2,400,000**

This project will provide a physical link with Houghton Sports Centre and a new build Wellness Centre, café and support facilities. Total capital development cost for the project is estimated to be £21.653 million. It is proposed that the Council contribute £2.400 million resources towards this project (£2.000 million from resources available to finance new starts in 2010/2011 and £0.400 million from prudential borrowing in 2011/2012). The prudential borrowing will be funded on an 'invest to save' basis through increased leisure income.

**3.11 City Centre Customer Service Centre - £150,000**

The proposed project for the further development of the Civic Centre Customer Service Centre reception for visitors is aimed at rationalising the existing customer service facilities at the civic centre, provide a better utilisation of staff resource, increasing the security for staff working at Civic Centre complex, and improve customer, staff and Member satisfaction.

**3.12 Automated Court Bundle System - £30,000**

Currently the production of court bundles is completed manually for delivery to judges, courts, barristers and other parties. These typically can run to hundreds of pages. An electronic system will allow all case documents to be scanned, securely stored, ordered, paginated and updated as cases progress. Moving from a manual to an electronic system will allow for more efficient and effective use of staff time in bundle preparation and provision, and in accessing archived cases and will substantially reduce future storage requirements. At this stage, pending an evaluation of the efficiency savings arising, it is proposed to earmark the sum of £30,000. It is anticipated that this will be funded on an 'invest to save' basis with a limited payback period.

**3.13 City Centre - £1,000,000**

It is proposed to continue to provide a sum of £1.000 million to support projects to generate outputs and outcomes quickly and clearly demonstrate the Council's support for the growth and vitality of the City Centre and the businesses that operate within it.

Proposed schemes will be brought forward for 2010/2011 with the aim being to meet the objectives of;

- growing the city centre economy with the underlying objective of creating more jobs and improving the offer to Sunderland residents and visitors;
- demonstrating our commitment to the public realm and the environment within the city centre to grow and develop the business community's confidence and encourage private sector investment in the city centre;
- increase the number of users and visitors to the city centre with a view to increasing spend in the city centre increase the profitability of businesses based in the city centre which should lead to expansion of existing businesses.

Whilst no definitive proposals are made as part of this report, proposals will be brought forward over the next couple of months and are likely to include:

- Festivals and Events;
- Street Scene Improvements;
- Marketing and Promotion;
- Business Support.

An evaluation is currently being undertaken of the projects which have been delivered this year and this will be used to inform any proposals for a programme of projects to be delivered during 2010/2011.

**3.14 CISCO Call Manager System Replacement - £491,000**

The current CISCO telephony system was installed six years ago. The data network underpinning the system is becoming unreliable and requires replacement to allow integration with the Council VOIP system and to enable efficiencies through better use of more up to date telephony solutions, economies of scale and reduced maintenance costs.

**3.15 Other Issues**

Resources have been provisionally allocated as a capital contingency to schemes relating to a number of outline infrastructure schemes which it is intended, will be brought forward on an invest to save or income generating basis, and where external and other funding remains to be confirmed. With regard to the invest to save and income generating schemes, it is anticipated that funding for these schemes will be met through prudential borrowing, subject to the consideration of the individual business cases.

3.16 In considering this area of the programme, the latest allocations of Single Programme funding for specific schemes have been incorporated. Taking account of the latest revised allocations of funding from the government, and the latest guidance from government regarding the determination of priorities, the Regional Development Agency has confirmed its intentions to fund specific schemes up to the end of 2010/2011. This has resulted in some schemes being ineligible for funding, including the Cultural Interpretation Centre Scheme. Accordingly a review is being undertaken, taking account of the objectives of the scheme, so that a revised proposal, or proposals can be brought forward for inclusion in the capital programme.

**Capital Programme 2010/2011  
Children's Services, Adult Services, Highways and Housing**

**1. Introduction**

- 1.1 Consideration has been given to the overall resource position facing the Council in respect of the Children's, Adults, Highways and Housing elements of the Capital Programme.

The following paragraphs set out the major proposed schemes, projects and areas for investment for inclusion in the 2010/2011 capital programme in these four areas.

**2. Children's Services**

**2.1 Primary Strategy for Change (PSfC)**

Following approval of the Primary Strategy for Change (PSfC), funding of £10,562,786 has been secured from the Department for Children Schools and Families (DCSF) to replace St Joseph's Primary School and Maplewood Special School. These schools were identified during the PSfC consultation process as initial priorities.

- 2.2 The future capital programme for Children's Services is very much influenced by the outcome of the PSfC Programme and the School Place Planning Review. As a consequence, future available resources are being allocated / redirected as appropriate to support these initiatives.

**2.3 Modernisation Programme**

A key medium term priority for Children's Services continues to be that of addressing the most urgent condition priorities, health and safety work, and major capital repairs as identified through the asset management process.

**2.4 Targeted Capital for Schools Kitchen and Dining Facilities**

Specific funding has been received from the DCSF to enable local authorities to increase lunch take up by building or refurbishing school kitchens and improving dining areas and facilities. Refurbishment of 6 primary schools kitchen and dining facilities will take place in 2010/2011.

**2.5 Youth Capital Fund**

The specific aim of the Youth Capital Fund is to provide a discrete capital budget to be spent on young people led projects to respond to young people's needs.

**2.6 Early Years Foundation Stage**

This funding has been allocated through the government's Sure Start Early Years and Childcare Grant to support the improvement of the



quality of the learning environment in early years settings and to ensure that that all children have access to the provision. Total funding of £2,858,460 had been provided for the period 2008/2009 to 2010/2011. The final tranche of £952,820 has been allocated for 2010/2011.

### 3. Adult Services

#### 3.1 IT Infrastructure

Specific grants for information technology investments are allocated by the Department for Health to all local authorities with Adult Social Care responsibilities. It is proposed that these specific grants are used to deliver the Directorate ICT roadmap, which feeds into the Directorate's 3 year Delivery Plan. More specifically, it is proposed that the grants of £0.113 million are used to support the mobile and lone worker solution which is estimated to cost £0.250 million. This project will support the property rationalisation agenda which will ensure workers are safe and can access council systems. The balance of funding of £0.137 million will be from the 2010/2011 Adults Revenue Budget in the form of a Revenue Contribution to Capital.

#### 3.2 Mental Health

A range of schemes are proposed to be funded from the Mental Health specific capital grant. Schemes aimed at improving service provision, rationalising office accommodation, and enabling mobile and flexible working are estimated to cost £0.110 million and in addition £0.050 million is proposed to be allocated to developments at Herrington Park Café.

#### 3.3 Minor Works

Minor Works are funded from a capital grant of £0.146 million from the Department of Health and £0.105 million from the 2010/2011 Adults Revenue Budget in the form of a Revenue Contribution to Capital. The proposed refurbishments for 2010/2011 are detailed below:

	£'000
Cassaton House moves	20
25 Hepburn Grove	32
Nook Lodge	16
2-4 Swaledale Crescent	10
Washington Multi Purpose Centre	30
Bishopwearmouth Nursery	23
The Close	16
St Marks Garage	14
Leechmere Training Centre	18
ILC Air-conditioning	16
210 Grindon Lane	33
2 Blackwood Road	15
Works less than £10,000	8
<b>Total minor works 2010/2011</b>	<b>251</b>

## **4. Highways**

### **4.1 Sunderland Strategic Transport Corridor (SSTC) Phase 2**

At its meeting on 9<sup>th</sup> September 2009, Cabinet agreed to proceed with the development of the SSTC Phase 2 to include a landmark bridge. The project is included in the capital programme at an estimated cost of £133.068 million funded from the Department for Transport (DfT), One North East and the City Council. Expenditure of £3.890 million is planned for 2010/2011.

### **4.2 Central Route**

The development of the scheme and progress on land issues prior to programme entry approval from the DfT will continue in 2010/2011 in respect of which expenditure of £0.668 million is proposed.

### **4.3 Local Transport Plan (LTP)**

The DfT allocation for 2010/2011 amounting to £8.577 million is the final year of the 5 year LTP Programme. It includes an integrated transport element of £3.544 million in the form of a capital grant, an amount of £4.729 million in the form of SCE(R) for maintenance and £0.304 million capital grant for bridge maintenance schemes at the A1018 Bridge Street Subway; A1018 Dane Dorothy Subway and A1018 Stockton Road/Cowan Terrace Bridges.

The following use of funding is proposed for 2010/2011:

- complete the Structural Maintenance of the Four Lane Ends Bridge on the A690 and Grange Road Bridge on the A1231;
- carry out the Pallion Road / Trimdon Street Bridge Maintenance Scheme;
- continue the bus corridor improvements feasibility study and commence the first phase of this programme at the Wheatsheaf and Stadium Way junctions;
- continue with the Major Scheme Business Case for the SSTC Phase 3;
- continue with the Structural Maintenance of Highways across the city;
- carry out a programme of works to improve road safety and access;
- reduce congestion and improve cycling facilities across the city;
- contribution to funding of the SSTC Phase 2;
- contribution to funding for the Southern Radial Route;
- contribution to the development costs of the Central Route.

## **5. Housing**

5.1 The Strategic Housing Investment Pot (SHIP) funding is allocated through the Regional Housing Board. It is anticipated that £1.491 million will be available to support new schemes in 2010/2011. This allocation is indicative only as final approvals have not yet been announced. The allocation of £1.864 million in 2009/2010 has been

reduced when assessing the 2010/21011 programme as early indications suggest a 20% cut in funding as funds are diverted from existing stock refurbishment to new builds. In addition, further grant funding from the CLG specifically for Disabled Facilities Grants is yet to be announced but is included at this stage, at this year's level of £1.006 million.

The following projects are provisionally proposed for inclusion in the 2010/2011 capital programme:

**5.2 Disabled Facilities Grant**

Disabled Facilities Grants have specific allocations through SHIP (£0.381 million indicative allocation), CLG DFG Grant (£1.006 million for 2009/2010 - the allocation for 2010/2011 to be confirmed) and a Council contribution funded by a revenue contribution to capital (£0.570 million) amounting to £1.957 million.

**5.3 Housing Renovation Loans Scheme**

The Loans Scheme is funded via SHIP under objective 3 for decent homes. Grant funding of £0.240 million (indicative allocation) is expected which will be used to finance the loan scheme.

**5.4 Warm Homes Initiative**

An indicative allocation of £0.080 million is proposed to be allocated to energy efficiency measures, such as loft insulation and cavity wall insulation, enabling those in need of support to maintain their independence in their chosen home for the foreseeable future. The funding is used to help lever in external funding. In addition, a contingency of £50,000 will be made available should this funding be considered insufficient.

**5.5 Area Renewal and Private Sector Renewal**

An indicative allocation of £0.790 million from the SHIP allocation is proposed to support decent homes and market rejuvenation initiatives. Area renewal supported by the SHIP is taking place in the Eppleton, Castletown and Hendon areas of the city.

**Prudential Code Indicators 2010/2011 to 2012/2013**

Local Authorities are required to have regard to the Prudential Code when carrying out their duties under Part 1 of the Local Government Act 2003. The key objectives of the code are to ensure that the capital investment plans of Local Authorities are affordable, prudent and sustainable. A further key objective is to ensure that treasury management decisions are taken in accordance with good professional practice.

It should be noted that accounting regulations relating to the introduction of International Financial Reporting Standards (IFRS) are being introduced that may affect a number of the Council's prudential indicators. In particular, changes to accounting standards for PFI schemes and leasing may require these assets to be brought onto the Council's balance sheet, increasing the Council's capital financing requirement, authorised limit for external debt and operational boundary for external debt. These adjustments are technical in nature and authorities are being consulted on the measures required. A prudent amount has been added to all limits to reflect these potential adjustments, however as guidance has not yet been finalised should any of the Council's prudential indicators be exceeded as a result these changes they will be reported to Cabinet and where appropriate full Council at the next meetings following the change.

The indicators that must be taken into account are shown below:

- P1 Actual capital expenditure incurred in 2008/2009 was £123.531 million and the estimates of capital expenditure to be incurred for the current and future years that are recommended for approval are:

Portfolio	Estimated Capital Expenditure			
	2009/10 £'000	2010/11 £'000	2011/12 £'000	2012/13 £'000
Leader / Deputy Leader Resources	1,195	3,800	0	0
Children & Learning City	55,106	21,410	17,122	11,277
Healthy City	7,750	3,748	2,681	2,786
Attractive & Inclusive City	25,836	22,458	15,919	38,633
Sustainable Communities	5,002	6,163	790	790
Prosperous City	2,363	13,274	1,547	0
Responsive Services & Customer Care	1,595	2,676	400	0
Safer Cities	487	1,425	0	0
Contingencies (including provisions for prudential borrowing and schemes subject to further evaluation and approval)	0	11,614	8,800	50,800
<b>TOTAL</b>	<b>104,625</b>	<b>87,835</b>	<b>47,464</b>	<b>104,286</b>

An estimate has been made of future spend on the basis of grants expected to be received in 2010/2011 onwards. Where no formal grant offer has been received for anticipated capital schemes, such as Building Schools for the Future Wave 2, a provision has been made within the Contingencies section in the capital programme detailed above. The profile of expenditure will be updated in the quarterly capital reviews to Cabinet as further projects are approved.

- P2 Estimates of the ratio of financing costs to net revenue stream for the current and future years, and the actual figures for 2008/2009 are:

Ratio of financing costs to net revenue stream				
2008/2009 Actual	2009/2010 Estimate	2010/2011 Estimate	2011/2012 Estimate	2012/2013 Estimate
2.28%	4.20%	4.83%	5.29%	5.53%

The estimates of financing costs include current commitments and the proposals in the revenue budget and capital programme reports. The forecasts show an anticipated decrease in the ratios of financing costs to net revenue stream than those previously reported in 2008/2009 and 2009/2010 due to the Council achieving a higher than anticipated rate of return on investments in 2008/2009 and through the incorporation of previously excluded general grants such as Area Based Grant in the calculation of the indicator.

The indicators show an increase in anticipated ratios in future years and reflects the fact that significant amounts of expenditure are

planned to be financed from earmarked reserves which will lead to investment levels decreasing over time and also due to forecasted low levels of interest rates as a result of the economic downturn, the end of which is uncertain. It should be noted that the ratios will vary depending on the interest rate obtained on investments and the level of investments available. If there is, for example, slippage in use of grants used to fund the capital programme then the ratios shown in the table above will decrease, whilst any reduction in the interest rate obtained on investments, beyond that estimated, will lead to an increase in the reported ratios.

As detailed in section 6.8 of the main report, there are planned voluntary increases to the statutory Minimum Revenue Provision in order that, in relation to non-trading areas, unsupported borrowing taken out and used to fund invest to save schemes is repaid over a shorter time period relating to the savings profile of the particular invest to save scheme. This will lead to a higher ratio in early years but lower ratios over the medium to long-term.

The level of financing costs is considered to be affordable and has been taken into account when assessing the Medium Term Financial Strategy. Please see the report on the Revenue Budget and Proposed Council Tax for 2010/2011.

P3 Estimates of the end of year Capital Financing Requirement for the Council for the current and future years and the actual Capital Financing Requirement at 31st March 2009 are:

<b>Capital Financing Requirement</b>				
<b>31/03/09</b>	<b>31/03/10</b>	<b>31/03/11</b>	<b>31/03/12</b>	<b>31/03/13</b>
<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Actual</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>
205,781	294,927	307,627	315,968	320,974

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

capital purpose. The substantial increase in the Capital Financing Requirement at 31/03/10 reflects potential changes arising from compliance with new accounting standards relating to IFRS (these are detailed in section 5.2 of the main report).

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

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

The Authority had no difficulty meeting this requirement in 2008/2009, nor are there any difficulties envisaged for the current or future years. This view takes into account current commitments, existing plans, and the proposals in this report and the report elsewhere on today's agenda on the Revenue Budget and Proposed Council Tax 2010/2011.

The Council's net borrowing at 31<sup>st</sup> March 2009 was £10.094 million and as noted in Prudential Indicator P7 the Council's actual external borrowing was £169.092 million. This variation between actual and net borrowing reflects the cash flow position of the authority and balances held in earmarked reserves. The gap will reduce over time as earmarked reserves are used to fund specific projects.

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

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

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

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

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

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

	<b>Authorised Limit for External Debt</b>			
	<b>2009/2010</b>	<b>2010/2011</b>	<b>2011/2012</b>	<b>2012/2013</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Borrowing	331,759	323,990	323,990	328,447
Other long term liabilities	1,563	91,558	93,053	94,548
<b>Total</b>	<b>333,322</b>	<b>415,548</b>	<b>417,043</b>	<b>422,995</b>

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

In taking its decisions on the Revenue Budget and Capital Programme for 2010/2011, the Council is asked to note that the authorised limit determined for 2010/2011, (see P5 above), will be the statutory limit determined under section 3(1) of the Local Government Act 2003.

- P6 The Council is also asked to approve the following operational boundary for external debt for the same time period. The proposed operational boundary for external debt is based on the same estimates



as the authorised limit, but reflects directly the estimate of the most likely, prudent but not worst case scenario level, without the additional headroom included within the authorised limit to allow for example for unusual cash movements, and equates to the maximum of external debt projected by this estimate. The operational boundary represents a key management tool for in year monitoring. Within the operational boundary, figures for borrowing and other long-term liabilities are separately identified. The Council is also asked to delegate authority to the Director of Financial Resources, within the total operational boundary for any individual year, to effect movement between the separately agreed figures for borrowing and other long term liabilities, in a similar fashion to the authorised limit.

The operational boundary limit will be closely monitored and a report will be made to Cabinet and Council if it is exceeded at any point. In any financial year, it is generally only expected that the actual debt outstanding will approach the operational boundary when all of the long-term borrowing has been undertaken for that particular year and will only be broken temporarily as a result of the timing of debt rescheduling. It is considered likely that the Council's set operational boundary for 2009/2010 of £227.212 million will be exceeded as a result of accounting changes relating to the incorporation of IFRS requirements and Cabinet is asked to recommend a revision in the Council's operational boundary for external debt in 2009/2010 to £292.481 million in the light of these changes.

	<b>Operational Boundary for External Debt</b>			
	<b>2009/10</b>	<b>2010/11</b>	<b>2011/12</b>	<b>2012/13</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Borrowing	200,918	235,743	246,126	256,109
Other long term liabilities	91,563	91,558	93,053	94,548
<b>Total</b>	<b>292,481</b>	<b>327,301</b>	<b>339,179</b>	<b>350,657</b>

P7 The Council's actual external debt at 31<sup>st</sup> March 2009 was £169.092 million.

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

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

<b>For Band D Council Tax</b>		
<b>2010/2011</b>	<b>2011/2012</b>	<b>2012/2013</b>
£0.98	£4.51	£6.95

The estimates show the net revenue effect of all capital expenditure from all schemes commencing in 2010/2011 and the following two financial years. The impact on the Band D Council Tax detailed above takes account of estimated government grant funding through General Grants.

These forward estimates are not fixed and do not commit the Council. They are based on the Council's existing commitments, current plans and the capital plans detailed in this report. The cumulative effect of full year debt charges will have an additional impact of £8.21 in 2013/2014. There are no known significant variations beyond the above timeframe that would result from past events and decisions or the proposals in the budget report.

- P9 The Council is also required to indicate if it has adopted the CIPFA Code of Practice on Treasury Management. This original 2001 Code was adopted on 20<sup>th</sup> November 2002 by full Council and the revised Code (see Appendix E in this report) will be adopted on 3<sup>rd</sup> March 2010.

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

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

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

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

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

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

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

**CIPFA Treasury Management in the Public Services Code of Practice - Indicators 2010/2011 to 2012/2013**

- P10 It is recommended that the Council sets an upper limit on its fixed interest rate exposures of £90 million in 2010/2011, £115 million in 2011/2012 and £120 million in 2012/2013.
- P11 It is further recommended that the Council sets an upper limit on its variable interest rate exposures of £50 million in 2010/2011, £60 million in 2011/2012 and £60 million in 2012/2013.
- P12 It is recommended that the Council sets upper and lower limits for the maturity structure of its borrowings as follows:

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

	<b>Upper limit</b>	<b>Lower limit</b>
Under 12 months	40%	0%
12 months and within 24 months	50%	0%
24 months and within 5 years	75%	0%
5 years and within 10 years	100%	0%
10 years and within 20 years	100%	0%
20 years and within 30 years	100%	0%
30 years and within 40 years	100%	0%
40 years and within 50 years	100%	0%
over 50 years	100%	0%

- P13 A maximum maturity limit of £100 million is set for each financial year (2010/2011, 2011/2012 and 2012/2013) for long term investments, (those over 364 days), made by the authority. This gives additional flexibility to the Council in undertaking its Treasury Management function. Should the Council appoint any external fund managers during the year, these limits will be apportioned accordingly. The type of investments to be allowed are detailed in the Annual Investment Strategy (Appendix G).

At present the Council has £36.525 million of long-term investments. The main element of this is £35.000 million in term deposits, of which £30.000 million matures in 2010/2011 and £5.000 million matures in 2011/2012. The remaining £1.505 million is the value of share capital held in NIAL Holdings PLC. This equates to a 9.41% share in Newcastle International Airport. The Council also holds £0.020 million in government securities, other shares and unit trusts.

### Adoption of the revised CIPFA Treasury Management Code of Practice 2009

#### 1. INTRODUCTION

- 1.1 The CIPFA Code of Practice on Treasury Management in Local Authorities was revised in 2009 in the light of the default on investments to Icelandic banks in 2008. The revised Code requires that a report be submitted to the Council, board or other appropriate body, setting out four amended clauses which should be formally passed in order to approve adoption of the new version of the Code of Practice and Cross-Sectoral Guidance Notes.
- 1.2 The revised Code also includes an amended version of the Treasury Management Policy Statement (TMPS) incorporating a revised definition of treasury management activities (please see Appendix F). The Code sets out various requirements, incorporated into the Treasury Management Strategy Statement, which have been summarised in section 7.1 of the report

#### 2. RESOLUTIONS

- 2.1 CIPFA recommends that all public service organisations adopt, as part of their standing orders, financial regulations, or other formal policy documents appropriate to their circumstances, the following four clauses.
1. The Council will create and maintain, as the cornerstones for effective treasury management:
    - a treasury management policy statement, stating the policies, objectives and approach to risk management of its treasury management activities;
    - suitable Treasury Management Practices (TMP's), setting out the manner in which the organisation will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities These will cover the following Treasury Management activities:
      - TMP1 Risk management;
      - TMP2 Performance management;
      - TMP3 Decision making and analysis;
      - TMP4 Approved instruments, methods and techniques;
      - TMP5 Organisation, clarity and segregation of responsibilities, and dealing arrangements;
      - TMP6 Reporting arrangements and management information arrangements;
      - TMP7 Budgeting, accounting and audit arrangements;
      - TMP8 Cash and cash flow management;
      - TMP9 Money laundering;
      - TMP10 Training and qualifications;

- TMP11 Use of external service providers;
- TMP12 Corporate governance.

The content of the policy statement and TMP's will follow the recommendations contained in Sections 6 and 7 of the Code, subject only to amendment where necessary to reflect the particular circumstances of this organisation. Such amendments will not result in the organisation deviating from the Code's key principles.

2. The Council will receive reports on treasury management policies, practices and activities, including, as a minimum, an annual strategy and plan in advance of the year, a mid-year review and an annual report after its close, in the form prescribed in its TMP's.
3. The Council delegates responsibility for the implementation and regular monitoring of its treasury management policies and practices to Cabinet, and for the execution and administration of treasury management decisions to the Director of Financial Resources, who will act in accordance with the organisation's policy statement and TMPs and, if he/she is a CIPFA member, CIPFA's Standard of Professional Practice on Treasury Management.
4. The Council nominates the Audit and Governance Committee to be responsible for ensuring effective scrutiny of the treasury management strategy and policies.

## **Treasury Management Policy Statement**

CIPFA recommends that the Council's Treasury Management Policy Statement adopts the following form of words to define the policies and objectives of its treasury management activities:

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

The Council is requested to formally approve this statement.

### Treasury Management Strategy Statement

#### 1. Introduction

- 1.1 The Council has customarily considered an Annual Treasury Management Strategy Statement under the requirement of the CIPFA Code of Practice on Treasury Management, adopted by the Council on 20<sup>th</sup> November 2002. The 2003 Prudential Code for Capital Finance in Local Authorities introduced new requirements for the manner in which capital spending plans are to be considered and approved, including the development of an integrated Treasury Management Strategy.
- 1.2 The revised CIPFA Treasury Management in the Public Services Code of Practice and Prudential Code still require due regard to be had to the Prudential Indicators set out in Appendix D, when determining the Council's Treasury Management Strategy.

#### **Borrowing Strategy**

- 1.3 The suggested borrowing strategy for 2010/2011 in respect of the following aspects of the treasury management function is based upon the Director of Financial Resources' views on interest rates, supplemented with leading market forecasts provided by the Council's treasury adviser. The strategy covers:
- the past and current treasury position including interest rates;
  - the borrowing requirement for 2010/2011;
  - an economic forecast, including the outlook for interest rates;
  - capital borrowings and borrowing strategy for 2010/2011;
  - debt rescheduling.

The Borrowing Strategy is set out in paragraphs 2 to 6 inclusive.

#### **Annual Investment Strategy**

- 1.4 The Annual Investment Strategy comprises:
- investment objectives;
  - security of capital: the use of credit ratings and other market intelligence;
  - investments defined as capital expenditure;
  - provision for credit related losses;
  - past performance and current position;
  - outlook and proposed investment strategy for 2010/2011;
  - end of year report.

The Annual Investment Strategy is set out at paragraphs 7 to 14.

## **BORROWING STRATEGY**

### **2. The Past and Current Treasury Position including Interest Rates**

#### **2.1 Interest Rates 2009/2010**

2.1.1 Interest rates have varied only slightly during the current financial year, with the largest movement being in the 10 year period which has moved up 0.88%. Both the shorter and the longer periods show a slight decrease from the start of the year, as shown in the table below:

<b>Loan Type</b>	<b>31<sup>st</sup> March 2009 %</b>	<b>20<sup>th</sup> January 2010 %</b>	<b>Difference %</b>
7 Day Notice	0.50	0.25	(0.25)
1 Month	0.96	0.41	(0.55)
PWLB - 1 Year	0.83	0.93	0.10
5 Year	2.56	3.13	0.57
10 Years	3.38	4.26	0.88
25 Years	4.28	4.57	0.29
50 Years	4.58	4.49	(0.09)

The Bank of England Base Rate was reduced from 1.00% to 0.50% on 5<sup>th</sup> March 2009 where it has remained.

2.1.2 Shorter-term interest rates –The Bank of England is expected to resist increasing the Base Rate for as long as possible to help build up momentum in economic growth for the UK. It is forecast to increase by 0.25% in September 2010 and end the financial year at 1.50%. The risk to this scenario is judged to be that these projected increases will be delayed.

2.1.3 Longer-term interest rates – Public Works Loan Board (PWLB) rates have remained relatively flat throughout 2009/2010. The 1 year PWLB has remained around 1%, while the 25 year and 50 year have hovered around 4.50%.

#### **2.2 Long-term Borrowing 2009/2010**

2.2.1 As part of the Treasury Management Policy and Strategy Statement, which was included in the March 2009 Capital Programme report to Council, a benchmark rate of 4.00% was set for all long-term borrowing to be undertaken in 2009/2010.

2.2.2 Long-term borrowing of £5.6 million was required to be replaced in 2008/2009 as a result of 11.75% redeemable stock maturing in November 2008. As PWLB rates were forecast to fall during 2009/2010, a decision was taken not to replace this borrowing at that time.

The Council had a further possible borrowing requirement of £20.0 million due to four 'Lenders Option Borrowers Option' loans (LOBO's)



that were due to rollover in 2009/2010 (details shown below). With a LOBO the lender has the option to vary the rate on the rollover date and the Council can either accept the new rate or repay the loan. The lenders have not exercised their option to vary the rate in respect of these loans so far in 2009/2010, and these loans will continue to the next rollover period.

Start Date	Lender	Amount £m	Period (Years)	Rate %	Rollover Date	Rollover Period
29/09/06	Dexia	5.0	60	4.32	29/09/09	Every 3 Years
21/10/03	Barclays	5.0	40	4.50	21/10/09	Every 6 Months
03/02/06	Dexia	5.0	60	4.37	03/02/10	Every 3 Years
22/02/06	Dexia	5.0	60	4.38	22/02/10	Every 3 Years

2.2.3 The Treasury Management Strategy for 2009/2010 included provision for debt rescheduling as follows: “to secure further early debt redemption when (and if) appropriate opportunities arise. Consequently market conditions will be closely monitored to identify and take advantage of any such opportunities”.

In January 2009, £30.0 million of PWLB loans (with an average rate of 4.20%) were prematurely repaid as part of a debt rescheduling exercise. This was considered opportune as investment rates were averaging 1.80% (and were projected to fall further as the Bank Base Rate was cut to help protect the economy from the recession). Investments were therefore used to temporarily finance this transaction as the net premium involved was very advantageous, being almost cost neutral. The aim was then to replace the loans in 2009/2010 in a range of tranches at various maturity periods over the short to medium term to mitigate against any interest rate risk in the future. All replacement loans were taken out with regard to the Council’s target borrowing rate of 4% or below, thus reducing the overall interest charged to the Council.

These loans have now been replaced and are shown in the table below:

Date	Lender	Loan No	Amount £’m	Period (Years)	Rate %	Difference from Benchmark of 4%
18/06/09	PWLB	495591	5.0	3.0	2.32	1.68
18/06/09	PWLB	495595	5.0	4.0	2.73	1.27
22/06/09	PWLB	495612	5.0	9.0	3.67	0.33
30/06/09	PWLB	495648	5.0	10.0	3.71	0.29
10/08/09	PWLB	495784	4.0	8.5	3.65	0.35
10/08/09	PWLB	495785	4.0	11.5	3.99	0.01
13/10/09	PWLB	496090	2.0	18.5	3.99	0.01
<b>Total</b>			<b>30.0</b>			
13/10/09	PWLB	496090	3.0	18.5	3.99	0.01
<b>Total Borrowed</b>			<b>33.0</b>			

The £33 million replacement borrowing from the PWLB was at an average rate of 3.414%.

A total of £30 million of these loans (with an average rate of 3.356%) were to replace the £30 million of PWLB that was prematurely repaid at an average rate of 4.2%. This will result in annual savings of £252,200 per annum for at least the next 3 years.

The remaining £3 million borrowed (at 3.99%) was to partly replace the £5.6m 11.75% stock which matured in November 2008 and this will result in annual savings of £232,800.

Interest rates will continue to be monitored to determine the optimum time to replace the remaining £2.6 million loan stock with new PWLB borrowings.

On 12<sup>th</sup> January 2010 a further rescheduling exercise was undertaken when £24.0 million of PWLB loans with an average rate of 4.2% were prematurely repaid, which was almost cost neutral, incurring a minimal cost of £288. These loans are shown below:

Date	Lender	Loan No	Amount £m	Period (Years)	Rate %	Premium / (Discount) £
12/01/10	PWLB	490872	4.0	45.0	4.15	(46,699)
12/01/10	PWLB	490873	4.0	46.0	4.15	(47,065)
12/01/10	PWLB	491674	3.0	46.0	4.20	(5,908)
12/01/10	PWLB	491675	3.0	47.0	4.20	0
12/01/10	PWLB	491676	3.0	48.0	4.20	0
12/01/10	PWLB	491695	3.0	48.0	4.30	60,144
12/01/10	PWLB	491876	4.0	47.0	4.25	39,816
<b>Total Repaid</b>			<b>24.0</b>			<b>288</b>

This action was considered opportune as investment rates were averaging 0.8% and the average interest payable on the PWLB loans was on average 4.2%, it was therefore considered prudent and appropriate to repay certain higher interest rated PWLB loans using investments to temporarily finance this transaction as the net premium involved was very advantageous, being almost cost neutral. This will result in annual savings of £817,000. The aim is then to replace the loans in 2010/2011 or in future years by replacing the debt on a lower term or with variable rate debt prior to securing lower long term rates at some point in the future, depending upon the financial market outlook.

It is intended to temporarily fund the loans repaid by the use of investments as the current return on investments is much lower than the 4.2% interest that was being paid on these loans.

The Treasury Management team will continue to monitor market conditions and will secure further early debt redemption when and if appropriate opportunities arise. Any rescheduling undertaken will be reported to Cabinet as part of the current treasury management reporting procedure.

- 2.2.4 The Council also has nine market Lender's Option / Borrower's Option (LOBO) loans totalling £39.5 million. Of these £34.5 million were converted from stepped rate loans (i.e. loans where the interest rate was fixed for an initial period, and then rose to an agreed higher rate) to flat rate loans (sometimes known as vanilla LOBO's) where the interest rate remains the same throughout the period of the loan. The rescheduling of these LOBO's had the following effects:
- Lengthening the period of the loan resulting in a lower interest rate;
  - Reducing the Council's volatility levels by lengthening the 'roll-over' period from every six months to every three years.

The one unchanged LOBO detailed below, stepped up to the higher rate of 4.50% from the initial rate of 2.55% on 23<sup>rd</sup> April 2007.

Start Date	Lender	Amount £m	Period (Years)	Rate %	Fixed Period	Roll Over Period
21/10/03	Barclays	5.0	40	4.5	23/04/07	Every 6 months

The last 'roll-over' date (21<sup>st</sup> October 2009) has now passed without the lender requesting a change in the rate of interest. The Lender still has the option at the end of each 'roll-over' period to vary the interest rate and the Council has the option to accept the new rate or repay the loan at that point.

The Treasury Management team will continue to monitor this loan for an opportunity to renegotiate the loan in a similar manner to the other LOBO's.

### 2.3 Current Portfolio Position

The Council's treasury portfolio position at 22<sup>nd</sup> January 2010 is:

		Principa (£m)	Total (£m)	Average Rate (%)
<b>Borrowing</b>				
Fixed Rate Funding	PWLB	107.5		
	Market	24.5		
	Other	0.4	132.4	3.95
Variable Rate Funding	PWLB	0.0		
	Market	15.0		
	Temporary/ Other	30.9	45.9	1.70
<b>Total Borrowing</b>			<b>178.3</b>	<b>3.37</b>
<b>Total Investments</b>	In House		<b>164.3</b>	<b>1.93</b>
<b>Net Debt</b>			<b>14.0</b>	

This Council currently has a difference between gross debt and net debt (after deducting cash balances), of £14.0 million.

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

Benefits of having a high level of Investments are;

- liquidity risk – having a large amount of investments means that the Council is less at risk should money markets become restricted or less available.- this mitigates against liquidity risk;
- interest is received on investments which helps the Council to address its Strategic Priorities;
- the Council has greater freedom in the timing of its borrowing as it can afford to wait until the timing is right rather than be subject to the need to borrow at a time when interest rates are not advantageous.

Risks associated with holding a high level of Investments are;

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

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

### 3. Borrowing Requirement 2010/2011

#### 3.1 Future Borrowing Requirement

		2010/11 £m	2011/12 £m	2012/13 £m
1.	Unsupported Capital Borrowing (potential)	14.0	10.0	10.0
2.	Replacement borrowing (PWLB)	26.5	0.0	5.0
3.	Replacement borrowing (Market)	0.0	0.0	0.0
4.	Market LOBO replacement (potential)	10.0	19.5	20.0
<b>TOTAL – KNOWN (2+3)</b>		<b>26.5</b>	<b>19.5</b>	<b>25.0</b>
<b>TOTAL – POTENTIAL (1+4)</b>		<b>24.0</b>	<b>29.5</b>	<b>35.0</b>

### 4. The Outlook for Interest Rates

4.1 The Council has appointed Sector Treasury Services as treasury advisers to the Council and part of their service is to assist the Council to formulate a view on interest rates.

## 4.2 Economic Forecasts

Set out below, are a number of current city forecasts for short-term or variable (the Bank of England Base Rate) and longer fixed interest rates.

### 4.2.1 Survey of Economic Forecasts

The table below shows the HM Treasury – December 2009 summary of forecasts of 23 City and 12 academic analysts for Q4 2009 and Q4 2010. Forecasts for 2010 to 2013 are based on 31 forecasts in the last quarterly forecast (January 2010):

Bank Rate Forecast	Quarter ended			Annual Average Bank Rate			
	Actual	Q4 2009	Q4 2010	Average 2010	Average 2011	Average 2012	Average 2013
	%	%	%	%	%	%	%
<b>Median</b>	0.50	0.50	1.30	0.70	1.80	3.00	3.70
<b>Highest</b>	0.50	0.50	2.00	1.30	3.30	4.30	4.60
<b>Lowest</b>	0.50	0.50	0.50	0.50	0.50	1.00	1.40

4.2.2 Sector's interest rate forecast of 11<sup>th</sup> January 2010 is set out below:

	2009/10	2010/11				2011/12				2012/13			
	Mar 2010 %	Jun 2010 %	Sept 2010 %	Dec 2010 %	Mar 2011 %	Jun 2011 %	Sept 2011 %	Dec 2011 %	Mar 2012 %	Jun 2012 %	Sept 2012 %	Dec 2012 %	Mar 2013 %
<b>Bank Rate</b>	0.50	0.50	0.75	1.00	1.50	2.25	2.75	3.25	3.50	3.75	4.25	4.25	4.50
<b>PWLB 5yr</b>	3.05	3.20	3.30	3.40	3.60	3.85	4.15	4.55	4.60	4.80	4.80	4.85	4.85
<b>PWLB 10 yr</b>	4.00	4.05	4.15	4.30	4.45	4.60	4.80	4.90	5.00	5.10	5.10	5.15	5.15
<b>PWLB 25y</b>	4.55	4.65	4.70	4.80	4.90	5.00	5.05	5.10	5.20	5.30	5.30	5.35	5.35
<b>PWLB 50yr</b>	4.60	4.70	4.75	4.90	5.00	5.10	5.15	5.20	5.30	5.40	5.40	5.45	5.45

4.2.3 Capital Economics interest rate forecast of 5<sup>th</sup> November 2009 is set out below

	2009/10	2010/11				2011/12		
	Mar 2010 %	Jun 2010 %	Sept 2010 %	Dec 2010 %	Mar 2011 %	Jun 2011 %	Sept 2011 %	Dec 2011 %
<b>Bank Rate</b>	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
<b>PWLB 5yr</b>	2.35	2.15	2.15	2.15	2.15	2.15	2.15	2.15
<b>PWLB 10 yr</b>	3.45	3.15	2.65	2.65	2.65	2.65	2.65	2.65
<b>PWLB 25y</b>	3.85	3.75	3.75	3.75	3.75	3.75	3.75	3.75
<b>PWLB 50yr</b>	4.15	4.05	4.05	4.05	4.05	4.05	4.05	4.05

#### 4.2.4 UBS interest rate forecast of January 2010 is set out below

	2009/10	2010/11				2011/12		
	Mar 2010 %	Jun 2010 %	Sept 2010 %	Dec 2010 %	Mar 2011 %	Jun 2011 %	Sept 2011 %	Dec 2011 %
<b>Bank Rate</b>	0.50	0.50	0.75	1.00	1.50	2.00	2.50	3.00
<b>PWLB 5yr</b>	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>PWLB 10 yr</b>	3.90	4.05	4.40	4.75	4.90	5.15	5.40	5.40
<b>PWLB 25y</b>	4.45	4.65	5.00	5.15	5.40	5.65	5.90	5.90
<b>PWLB 50yr</b>	4.55	4.75	5.10	5.25	5.50	5.75	6.00	6.00

### 4.3 Economic Background

#### 4.3.1 Introduction

- The global credit crunch, of August 2007 almost led to the near collapse of the world banking system in September 2008. This then had the effect of pushing most of the major economies of the world into a very sharp recession in 2009, which was accompanied by a dearth of lending from banks anxious to rebuild their weakened balance sheets. Many governments were forced to recapitalise and rescue their major banks with the consequence that most central banks around the world agreed to cut their central bank rates to between 0.10% – 1.00% in order to help counter the ensuing world recession.
- The long awaited start of growth eventually came through in quarter 3 of 2009 in the US and the EU. However, there was disappointment that the UK failed to emerge from recession until quarter 4. Figures released on 26<sup>th</sup> January 2010 showed that the UK emerged from the recession in Quarter 4 of 2009, but only by the slenderest of margins, by 0.1%. This shows that the recovery is still quite fragile.
- Inflation has plunged in most major economies and is currently not seen as being a problem for at least the next two years due to the large output gaps and high unemployment which will have the effect of curbing wage growth. In many countries there have been widespread pay freezes in 2009 and these are likely to be persistent for some time.
- Most analysts think that there still needs to be a radical world rebalancing of excess savings rates by cash rich Asian and oil based economies and excess consumption rates in Western economies if the world financial system is to avoid a potential repeat of this type of financial crisis in the future.
- Most major economies have resorted to an expansion of fiscal stimulus packages in order to encourage a quicker exit from

recession. This, together with expenditure on direct support provided to ailing banks, has led to a significant increase in government debt levels which will take many years to repay.

#### 4.3.2 Two growth scenarios

- The main issue with the world economy at the moment is 'how quickly will the major world economies recover' however opinion by financial experts and economists is divided as detailed below: This division of opinion is also reflected in the views of Capital Economics and UBS in the tables above which set out their views on interest rates projected into the future..

#### 4.3.3 Strong recovery

- This is a normal cyclical recovery which will be strong in the major world economies. The US still has potential to add further fiscal stimulus in 2010 to ensure that strong recovery continues after the current round of stimulus measures end. Growth in the EU is likely to be strong in 2010 and is likely to not require such help from EU governments.
- The forecast suggests that UK GDP growth will almost get back to the long term average of about 2.5% by 2011 but growth is likely to peak in the first half of 2010 as inventory rebuilding and stimulus measures begin to fade and some fiscal contraction occurs later in the year.
- In addition it is suggested that the economy will rebalance with strong growth in exports and import substitution helped by strong recovery in the EU and the rest of the world.
- Sterling has depreciated by 25% since reaching its peak in 2007 and is expected to remain weak, which benefits manufacturing industry and exports.
- Consumer spending – only a minimal recovery is expected due to a steady increase in the savings ratio from +5.6% in 2009 to about +8% in 2011 as consumers reduce debt and/or build up cash savings. Consumer spending will also be low due to the fact that both earnings/incomes will be held down by pay freezes or below inflation increases and increases expected in general taxation.
- House price recovery is expected to persist helped by a low Bank Base Rate for a prolonged period. House prices are expected to rise by about 6% in 2010, and 3% in 2011. Mortgage approvals are anticipated to rise back to the level of around 75,000-80,000 per month and this scale of increase is needed to ensure a continuation of a trend of rising house prices.
- CPI inflation was expected to peak at 2.5% in early 2010 after the rise in VAT in January but then to fall to a low of roughly 1.5% in early 2011 and to stay below 2% for the rest of 2011.
- The current MPC attitude is one of restraint and seeking to avoid increasing Bank Base rates for as long as possible to secure economic recovery, the aim being to try to ensure that growth is achieved and well established before Bank Base rates gets back to the level of 4%–5% before the next cyclical recession and that all assets purchased through Quantitative Easing measures have

been sold off by then. The first Bank Base Rate increase is expected in Q3 2010.

- A change of Government in 2010 with a more aggressive fiscal stance could delay the timing of Bank Base Rate increases.
- The UK fiscal deficit is 6.4% of GDP, about £90bn, which is expected to fall at £11bn per annum, over the next eight years at currently planned rates. This is similar to the peak deficit of 7% experienced in the 1990s which was remedied to a surplus of 1.6% in the space of 6 years helped by strong, steady economic growth of 3% per annum and supported by loose government monetary policy that compensated for the fiscal squeeze.

The major risk to this scenario would be a lack of supply of bank credit. However, it is felt that the Bank of England is on alert to ensure that this does not happen and would continue various measures to assist the expansion of credit.

#### **4.3.4 Weak Recovery**

- The current economic cycle is not a normal business cycle but a balance sheet driven cycle. Over borrowing by banks, corporates and consumers are focused on shrinking their levels of borrowing to more viable and affordable levels and this balance sheet adjustment will take several years to effect. Repayment of debt will therefore act as a major impetus to the required increase in demand in the economy. Consequently, there will only be weak economic recovery over the next few years after the initial sharp inventory rebuilding and is forecast to reach only 1.5% maximum growth by 2011.
- Fiscal contraction will further dampen economic recovery driven by a strong political agenda to accelerate cuts in government and public expenditure together with increases in taxation expected after the general election in 2010.
- The consumer savings ratio will rise so as to eliminate over borrowing and to insure against people losing their jobs during the present economic downturn. This will depress consumer expenditure which is the main driver of the UK economy thus limiting expected growth.
- Growth will also be hampered by a reduced supply of credit from weakened banks compounded by weak demand for credit.
- The eventual reversal of Quantitative Easing will take cash out of the economy and further reduce demand in the economy.
- Unemployment is likely to rise to near 3 million in 2010 and take some years to subside due to expected weak growth. High unemployment will reduce tax income and increase expenditure on benefits and the costs of local authority services.
- Inflation will not be a threat for several years as the current 6% output gap will take until 2014 to be corrected.
- However, deflation is considered a risk for some years to come as both falls in manufacturing prices over the last 12 -18 months and the impact of wage deflation will still have to feed through to the economy.



- CPI inflation will rise up to over 2% in early 2010 but will then be on a strong downward trend to about -1% in 2011.
- There is no need for the MPC to change the Bank Base Rate from 0.5% in 2010 or 2011 and possibly for the next 5 years as they will need to counter the fiscal contraction that will dampen demand in the economy over this period.
- Long term PWLB rates will fall from current levels to nearer 4% in 2010 due to the weak economic recovery and minimal inflation highlighted above so that the real rate of return (net of inflation) on long dated gilts is considered appropriate at these low levels

#### **4.3.5 Economic summary and review**

- At the current time it is difficult to have confidence as to exactly how strong the UK economic recovery will prove to be. Both the above scenarios are founded on large conflicting assumptions and research.
- The Council's treasury advisers have adopted a more moderate view between these two scenarios which is reflected in the economic forecast set out in 4.2.2. and is based upon the following views:
  - The risk that long-term gilt yields and PWLB rates will rise markedly are considered high.
  - There are large uncertainties in both scenarios due to the major difficulties of forecasting the following areas:
    - degree of speed and severity of fiscal contraction after the general election;
    - timing and amounts of the reversal of Quantitative Easing;
    - speed of recovery of banks' profitability and balance sheet imbalances;
    - changes in the consumer savings ratio;
    - rebalancing of the UK economy towards exporting and substituting imports.

In summary, the overall balance of risks is weighted to the downside, with the view that the pace of economic growth disappoints and Bank Rate increases are delayed and / or lower than presently forecast.

There is also a risk that a double dip recession could occur.

#### **4.4 Base Rate Forecast**

Sector has advised that they expect the Bank Base Rate to steadily increase over the next three financial years from its current level of 0.50% to 1.50% by March 2011 and to 4.50% by March 2013.

#### **4.5 Long-term PWLB Rates**

With regard to the PWLB interest rates, the shorter periods are more influenced by the Base Rate whereas the longer periods are more sensitive to inflation, both actual and expected. Sector is forecasting the PWLB rates to steadily increase throughout 2010/2011 across all periods. The 5 years PWLB is forecast to be 3.6% by March 2011 and the 25 year and 50 year to be around the 5.0% mark.

## **5. Capital Borrowings and Borrowing Strategy for 2010/2011**

**5.1** Money markets will no doubt become more volatile in the lead up to the General Election. The Director of Financial Resources will monitor the interest rate market and adopt a pragmatic approach to any changing circumstances, reporting any decisions to Cabinet as part of established reporting procedures for Treasury Management.

### **5.2 Sensitivities of the Forecast**

**5.2.1** The main sensitivities of the forecast are likely to be the two scenarios below. Council officers, in conjunction with treasury advisers, will continually monitor both the prevailing interest rates and the market forecasts, adopting the following responses to a change of sentiment:

- If it was felt that there was a significant risk of a sharp rise in long and short term borrowing rates, perhaps arising from a greater than expected increase in world economic activity, then the portfolio position will be re-appraised with the likely action that further fixed rate funding would be drawn whilst interest rates were still relatively cheap.
- If it was felt that there was a significant risk of a sharp fall in long and short term borrowing rates, for example if growth rates remained low or were weakening, then long term borrowings would be postponed, and any rescheduling from fixed rate funding into variable or short rate funding would be considered.

The Director of Financial Resources, taking account of the advice of the Council's treasury adviser considers a benchmark financing rate of 4.50% for any further long-term borrowing for 2010/2011 to be appropriate. With long-term interest rate forecasts set to remain around their current levels that level is considered appropriate as the long-term borrowing rate benchmark limit for 2009/2010.

**5.2.2** If long term rates do not fall then consideration will be given to utilising some investment balances to fund the borrowing requirement in 2010/2011. In addition, the Council may not need to borrow further depending upon the evaluation and progress of various capital schemes. However the need to adapt to changing circumstances will be required, and flexibility will be retained to adapt to such changes.

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

## **6. Debt Rescheduling**

6.1 The reasons for any rescheduling of debt will include:

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

In previous years debt rescheduling has achieved significant savings in interest charges and discounts and these interest savings have been secured for many years to come. However, changes to the PWLB rules in 2007, in respect of replacement loans significantly impacted upon the potential for debt rescheduling unless significant changes in interest rates are forecast or occur. Such has been the case in the latter part of 2008 and in 2009.

The latest interest rate projections for 2010/2011 show short term borrowing rates will be considerably cheaper than longer term rates. As such there are likely to be significant opportunities to generate savings by switching from long term debt to short term debt. However, these savings will need to be considered in the light of their short term nature and the likely cost of refinancing those short term loans, once they mature, compared to the current rates of longer term debt in the existing debt portfolio. Any such rescheduling and repayment of debt is likely to lead to a reduction in volatility in the Council's maturity profile as in recent years there has been a skew towards longer dated PWLB. The Council is keeping a watching brief on market conditions in order to secure further early debt redemption when, and if, appropriate opportunities arise. The timing of all debt repayment is crucial. The timing of all borrowing and investment decisions inevitably includes an element of risk, as those decisions are based upon expectations of future interest rates. The policy to date has been very firmly one of risk spread and this will be continued.

6.2 There has been much discussion as to whether the size of spread between long term PWLB repayment and new borrowing rates should be revised (downwards) in order to help local authorities currently dissuaded from using investment cash balances to repay long term borrowing and thereby reduce counterparty and interest rate risk exposure. This has also been highlighted in recent government consultations which emphasise that Councils must not borrow to on-lend and in a recent Debt Management Office (DMO) / PWLB consultation document options were suggested to revise the methodology used to calculate the early repayment rate. The consultation period ended in January 2010 and developments will be monitored to assess if there is any merit in amending the strategy if significant changes are introduced.

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

## **ANNUAL INVESTMENT STRATEGY**

### **7. Introduction**

- 7.1 The Council has regard to the Government Guidance on Local Government Investments and the Chartered Institute of Public Finance and Accountancy's (CIPFA's) Treasury Management in Public Services: Code of Practice and Cross Sectoral Guidance Notes (CIPFA TM Code).
- 7.2 Completion of an Annual Investment Strategy is a requirement under the Government's Guidance on Local Government Investments. The Annual Investment Strategy states which investments the Council may use for the prudent management of its treasury balances during the financial year under the headings of 'Specified Investments' and 'Non-Specified Investments'. Under the prudential code and Government Guidance of Local Government Investments it is possible to use non-specified investments as approved investments. Non-specified investments are for greater than one year (up to a maximum of 5 years), this can present a higher risk than investments for shorter periods.
- 7.3 This Strategy sets out:
- the procedures for determining the use of each class of investment (advantages and associated risk), particularly if the investment falls under the category of "non-specified investments";
  - the maximum periods for which funds may be prudently committed in each class of investment;
  - the amount or percentage limit to be invested in each class of investment;
  - whether the investment instrument is to be used by the Council's in-house officers and/or by the Council's appointed external fund managers, (if used); and, if non-specified investments are to be used in-house, whether prior professional advice is to be sought from the Council's treasury advisers;
  - the minimum amount to be held in short-term investments (i.e. one which the Council may require to be repaid or redeemed within 12 months of making the Investment).

### **8. Investment Objectives**

- 8.1 All investments will be in pounds sterling. The general policy objective for the Council is the prudent investment of its treasury balances. The Council's investment priorities are in order of importance:
- (A) The **security** of capital;
  - (B) The **liquidity** of its investments and then
  - (C) The Council aims to achieve the **optimum yield** on its investments but this is commensurate with the proper levels of security and liquidity.

## **9. Security of Capital: The Use of Credit Ratings**

### **9.1 Sovereign Credit Ratings**

One of the recommendations of the Code is that local authorities set limits for the amounts of investments that can be placed with institutions based in foreign countries. Previously investment criteria was based upon the individual credit ratings for institutions. It is therefore recommended that sovereign ratings are applied in the Council's Counterparty criteria as set out in Appendix H.

### **9.2 Counterparty Criteria and Other Market Intelligence and Information**

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

Set out in Appendix H is the detailed criteria that will be used, subject to approval, in determining the level of investments that can be invested with each counterparty or institution. Where a counterparty is rated differently by any of the 3 rating agencies, the lowest rating will be used to determine the level of investment.

### **9.3 Monitoring of Credit Ratings:**

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

## **9.4 Post Credit Crunch Developments**

Since the credit crunch crisis there have been a number of developments which require separate consideration and which also help inform the Annual Investment Strategy.

### **9.4.1 Nationalised / Part Nationalised Banks**

In order to stabilise the UK banking system, the UK Government nationalised some banks (Northern Rock and Bradford & Bingley) and took a major shareholding in others (Royal Bank of Scotland (RBS - 84% stake) and Lloyds (43% stake)). These investments by the Government will be managed on a commercial basis by a new arm's-length company, 'UK Financial Investments Limited' (UKFI), which is wholly owned by the Government. Its overarching objectives will be to protect and create value for the taxpayer as shareholder, with due regard to financial stability and acting in a way that promotes competition.

On 1<sup>st</sup> January 2010 Northern Rock was split into two separate entities; Northern Rock Plc and Northern Rock Asset Management. Northern Rock Plc is the "good bank", according to the Government, and will be regulated by the FSA. It is this bank which will hold local authority deposits. Previously Fitch assigned an Individual Rating of F to Northern Rock, which reflected that this bank had failed and is now owned by the Government. However, since the split of the bank on 1<sup>st</sup> January 2010 Fitch have not issued an individual or support rating and are currently reviewing their ratings in relation to Northern Rock.

The Government by taking such a large stake in RBS and Lloyds, together with the support packages listed below, have demonstrated their determination not to let these banks fail. As a result of this the Governments AAA rating will be applied to these counterparties with a counterparty limit of £40 million in line with our the credit criteria set out in Appendix H.

### **9.4.2 UK Banking System - Support Packages**

The UK Government has not given a blanket guarantee on all deposits but has underlined its determination to ensure the security of the UK banking system by supporting eight named banks with a £500bn support package. Whilst no blanket guarantee is in place this represented a very significant financial commitment which has been accompanied by further statements of intent should a worsening scenario emerge. It is proposed to continue to lend to these eight banks and building societies within the UK, applying a credit rating of AA to these counterparties in recognition of their participation in the Governments support package. As a result of this it is proposed to apply to these counterparties a counterparty limit of £30 million in line with our credit criteria set out in Appendix H

On 13<sup>th</sup> October 2008, the UK Government announced a further measure known as the Credit Guarantee Scheme. This scheme forms part of the Government's measures announced on 8th October 2008 to ensure the stability of the financial system and to protect savers, depositors, businesses and borrowers. In summary these measures are intended to:

- provide sufficient liquidity in the short term;
- make available new capital to UK banks and building societies to strengthen their resources, permitting them to restructure their finances, while maintaining their support for the real economy; and,
- ensure that the banking system has the funds necessary to maintain lending in the medium term.

As previously stated this Credit Guarantee Scheme is not a blanket guarantee by the UK Government on all deposits but it has underlined the Government's determination to ensure the security of the UK banking system by supporting the banking system with a £500bn support package.

In April 2009 the government introduced its Asset-backed Securities Guarantee Scheme. The assets eligible for the 2009 Scheme will be residential mortgage-backed securities (RMBS) backed by residential mortgages over property in the UK. HM Treasury will keep the scope of the 2009 Scheme under review. The 2009 Scheme forms part of the Government's measures, announced on 19 January 2009, to support lending in the UK economy, and represents an extension of the 2008 Credit Guarantee Scheme for unsecured debt issuance by UK incorporated banks and building societies (the "2008 Scheme").

In summary, the 2009 Scheme is intended to:

- improve banks' and building societies' access to wholesale funding markets
- help support lending to creditworthy borrowers
- promote robust and sustainable markets over the long term
- protect the taxpayer.

### **9.4.3 Other Countries**

Other countries have also signalled their support for their domestic banks through the provision of very significant financial support and guarantees similar to those provided by the UK Government in relation to its banks.

### **9.4.4 Sovereign Ratings**

The sovereign credit rating of a particular country would take precedence over the individual credit ratings for the banks covered by that guarantee. However a judgement is necessary as to whether to rely on the blanket guarantees to authorise lending to these banks and for which countries they are prepared to do so. The Council,

after consultation with its Treasury Advisers have decided to only to include countries with a minimum sovereign credit rating of AA+. Furthermore, when determining which country to include, other information will be considered such as the Gross Domestic Product (GDP) for that country as well as its economic outlook, and the strength of its financial system.

## **10. Investments Defined as Capital Expenditure**

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

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

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

## **11. Provisions for Credit Related Losses**

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

## **12. Past Performance and Current Position**

**12.1** During 2009/2010 the Council did not employ any external fund managers, all funds being managed by the in-house team.

The performance of the fund by the in-house team is shown below and compares this with the previous years performance:

	<b>2008/09 Return %</b>	<b>2008/09 Benchmark %</b>	<b>2009/10 Return %</b>	<b>2009/10 Benchmark %</b>
			<b>Year to date</b>	<b>Year to date</b>
Council	5.06	3.60	1.90	0.35

**12.2** During 2009/2010 the Council will continue to review the optimum arrangements for the investment of its funds.



### **13. Outlook and Proposed Investment Strategy 2010/2011**

- 13.1** Based on its cash flow forecasts, the Council anticipates its fund balances in 2010/2011 are likely to range between £150 million and £230 million which represents a cautious approach and provides for funding being received in excess of the level budgeted for and also for unexpected and unplanned levels of slippage and underspending. However in 2010/2011, if short-term interest rates fall materially below long-term rates, it is possible that some investment balances may be used to fund some long-term borrowing or used for debt rescheduling. Such funding is wholly dependent upon market conditions and will be assessed and reported to Cabinet if and when the appropriate conditions arise.
- 13.2** The Council is not committed to any investments, which are due to commence in 2010/2011, (i.e. it has not agreed any forward deals).
- 13.3** Activities likely to have a significant effect on investment balances are:
- Capital expenditure during the financial year, (dependent upon timing), will affect cash flow and short term investment balances;
  - Any slippage in capital expenditure from, and to, other financial years will also affect cash flow, (no slippage has been taken into account in current estimates);
  - Any unexpected capital receipts or income;
  - Timing of new long-term borrowing to fund capital expenditure;
  - Possible funding of long-term borrowing from investment balances (dependent upon appropriate market conditions).
- 13.4** The minimum amount of overall investments that the Council will hold in short-term investments (less than one year) is £50 million. As the Council has decided to restrict most of its investments to term deposits, it will maintain liquidity by having a minimum of 40% of these short-term investments maturing within 6 months.
- 13.5** A maximum limit of £100 million is to be set for in-house non-specified investments over 364 days up to a maximum period of 2 years. This amount has been calculated by reference to the Council's cash flows, including the potential use of earmarked reserves. The Director of Financial Resources will monitor long-term investment rates and identify any investment opportunities if market conditions change. This will enable the Council to invest balances available from sources such as the Strategic Investment Reserve, Schools, the Insurance Reserve and balances from any slippage of the capital programme.
- 13.6** The type of investments to be used by the in-house team will be limited to term deposits and interest bearing accounts and will follow the criteria as set out in Appendix H.
- 13.7** The Director of Financial Resources, in conjunction with the Council's treasury adviser Sector Treasury Services, and taking into account the minimum amount to be maintained in short-term investments will

continue to monitor investment rates closely and to identify any appropriate investment opportunities that may arise.

**13.8** The Council will also agree strict investment limits and investment criteria with any external fund managers it may appoint. These external fund managers will work to the following parameters:

- The institutions on the Approved Lending list of the external manager must correspond to those agreed with Sunderland City Council (i.e. only institutions on Sunderland City Council's Approved Lending List to be included as shown in Appendix I);
- they will be allowed to invest in term deposits, Certificates of Deposit (CD's) and government gilt securities;
- An investment limit of £3 million per institution (per manager);
- A maximum limit of 50% fund exposure to government gilts;
- A maximum proportion of the fund invested in instruments carrying rates of interest for periods longer than 364 days shall not exceed 50%. Again, it is proposed to only recommend the use of fixed term deposits up to a maximum of 2 years.

**13.9** The details regarding the types of investment and the time periods to be permitted for investments are detailed in the Council's Approved Lending List (Appendix I) and also with reference to the Lending List Criteria set out in (Appendix H).

**13.10** It is further proposed that:

- Delegated authority continue to be given to the Director of Financial Resources, in consultation with the Cabinet Portfolio holder for Resources, to vary the Lending List Criteria and Lending List itself should circumstances dictate, on the basis that changes be reported to Cabinet retrospectively, in accordance with normal Treasury Management reporting procedures.

## **14. End of Year Report**

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

## Appendix H

### LENDING LIST CRITERIA

#### Counterparty Criteria

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

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

<b>Fitch / S&amp;P's Long Term Rating</b>	<b>Fitch Short Term Rating</b>	<b>S&amp;P's Short Term Rating</b>	<b>Moody's Long Term Rating</b>	<b>Moody's Short Term Rating</b>	<b><u>Maximum Deposit £m</u></b>	<b><u>Maximum Duration</u></b>
AAA	F1+	A1+	Aaa	P-1	40	2 Years
AA+	F1+	A1+	Aa1	P-1	40	2 Years
AA	F1+	A1+	Aa2	P-1	30	364 days
AA-	F1+ / F1	A1+ / A-1	Aa3	P-1	20	364 days
A+	F1	A-1	A1	P-1	10	364 days
A	F1 / F2	A-1 / A-2	A2	P-1 / P-2	10	364 days
A-	F1 / F2	A-2	A3	P-1 / P-2	5	6 months
Local Authorities (limit for each local authority)					30	364 Days

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

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

## Country Limit

At present, only UK institutions are included on the Council's approved Lending List. It is proposed that only countries with a minimum sovereign credit rating of AA+ by all three rating agencies will be considered for inclusion on the Approved Lending List.

It is also proposed to set a limit of £30 million for all countries except for the UK provided they meet the above criteria. A separate limit of £250 million will be applied to the United Kingdom and is based on the fact that the government has done and is willing to take action to protect the UK banking system.

<b>Country</b>	<b>Limit £m</b>
UK	250
Non UK	30

## Sector Limit

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

<b>Sector</b>	<b>Limit £m</b>
Central Government	250
Local Government	250
UK Banks	250
UK Building Societies	150
Foreign Banks	0

## Group Limit

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

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

Current group limits are set out in Appendix I.

Approved Lending List

Appendix I

	Fitch				Moody's			Standard & Poor's		Limit £m	Max Deposit Period
	L Term	S Term	Individual	Support	L Term	S Term	Fin Strength Rating	L Term	S Term		
<b>UK</b>	AAA	F1+			Aaa			AAA		250	364 days
<b>Lloyds Banking Group</b> (see Note 1)										<b>Group Limit 40</b>	
Lloyds Banking Group plc	AA-	F1+	C	1	A1	-	-	A	A-1	40	364 days
Lloyds TSB Bank Plc	AA-	F1+	C	1	Aa3	P-1	C-	A+	A-1	40	364 days
Bank of Scotland Plc	AA-	F1+	C	1	Aa3	P-1	D+	A+	A-1	40	364 days
<b>Royal Bank of Scotland Group</b> (See Note 1)										<b>Group Limit 40</b>	
Royal Bank of Scotland Group plc	AA-	F1+	D/E	1	A1	-	-	A	A-1	40	364 days
The Royal Bank of Scotland Plc	AA-	F1+	D/E	1	Aa3	P-1	C-	A+	A-1	40	364 days
National Westminster Bank Plc	AA-	F1+	-	1	Aa3	P-1	C-	A+	A-1	40	364 days
Ulster Bank Ltd	A+	F1+	E	1	A2	P-1	D-	A	A-1	40	364 days
<b>Santander Group *</b>										<b>Group Limit 30</b>	
Santander UK plc	AA-	F1+	B	1	Aa3	P-1	C-	AA	A-1+	30	364 days
Abbey National Treasury Services plc	AA-	F1+	-	-	Aa3	P-1	-	-	-	30	364 days
Alliance and Leicester plc	AA-	F1+	B	1	Aa3	P-1	E+	AA	A-1+	30	364 days
Barclays Bank plc *	AA-	F1+	B	1	Aa3	P-1	C	AA-	A-1+	30	364 days
HSBC Bank plc *	AA	F1+	B	1	Aa2	P-1	C+	AA	A-1+	30	364 days
Nationwide BS *	AA-	F1+	B	1	Aa3	P-1	C-	A+	A-1	30	364 days
Standard Chartered Bank *	A+	F1	B	1	A2	P-1	C+	A+	A-1	30	364 days
Clydesdale Bank / Yorkshire Bank **	AA-	F1+	C	1	A1	P-1	C-	A+	A-1	10	364 days
Co-Operative Bank Plc	A-	F2	B/C	3	A2	P-1	D+	-	-	5	6 months
Northern Rock	A+	-	-	-	-	-	-	A	A-1	10	364 days

	Fitch				Moody's			Standard & Poor's		Limit £m	Max Deposit Period
	L Term	S Term	Individual	Support	L Term	S Term	Fin Strength Rating	L Term	S Term		
<b>Top 10 Building Societies (by asset size)</b>											
Nationwide BS (see above)											
Yorkshire BS	A-	F2	B/C	3	Baa1	P-2	D+	A-	A-2	0	
Coventry BS	A	F1	B	3	A3	P-2	C-	-	-	5	6 Months
Chelsea BS ***	BBB+	F2	C	3	Baa3	P-3	E+	-	-	0	
Skipton BS	A-	F2	B/C	3	Baa1	P-2	D+	-	-	0	
Leeds BS	A	F1	B/C	3	A2	P-1	C+	-	-	10	364 Days
West Bromwich BS ***	BBB-	F3	C/D	3	Baa3	P-3	E+	-	-	0	
Principality BS ***	BBB+	F2	C	3	Baa2	P-2	D-	-	-	0	
Newcastle BS ***	BBB-	F3	C/D	3	Baa2	P-2	D-	-	-	0	
Norwich and Peterborough BS ***	BBB+	F2	C	3	Baa2	P-2	D	-	-	0	

## Notes

### Note 1

Nationalised / Part Nationalised

The counterparties in this section will have the UK Government's AAA rating applied to them thus giving them a credit limit of £40 million for a maximum period of 364 days

\* Banks / Building Societies which are part of the UK Government's Credit Guarantee scheme  
The counterparties in this section will have a AA rating applied to them thus giving them a credit limit of £30 million for a maximum period of 364 days

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

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

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

**CABINET MEETING – 10<sup>th</sup> February 2010****EXECUTIVE SUMMARY SHEET – PART I****Title of Report:**

Revenue Budget and Proposed Council Tax for 2010/2011

**Author(s):**

Chief Executive and Director of Financial Resources

**Purpose of Report:**

To report:

- the overall revenue budget position for 2010/2011;
- the projected balances position as at 31st March, 2010 and 31st March, 2011 and advice on their level;
- a risk analysis of the Revenue Budget 2010/2011;
- a summary of the emerging medium term financial position facing the Council from 2011/2012 to 2013/2014;
- any views received from the North East Chamber of Commerce and Trade Unions.

**Description of Decision:**

Members are requested to:

- recommend to Council the proposed Revenue Budget for 2010/2011 set out at Appendix G;
- recommend to Council the proposed Council Tax for 2010/2011 (paper to be tabled);
- note the views, if any, expressed by the North East Chamber of Commerce and Trade Unions.

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

No – this report is integral in reviewing and amending the Budget and Policy Framework.

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

Not at this stage.

**Suggested reason(s) for Decision:**

To comply with statutory requirements.

**Alternative options to be considered and recommended to be rejected:**

There are no alternative options recommended for approval as the budget has been developed on the basis of an agreed framework with consultation carried out throughout the process.

<b>Is this a “Key Decision” as defined in the Constitution?</b> Yes	<b>Relevant Review Committee:</b> Management
<b>Is it included in the Forward Plan?</b> Yes	



**REVENUE BUDGET 2010/2011**

**Report of the Chief Executive and Director of Financial Resources**

**1. Purpose of Report**

1.1 To report:

- the overall revenue budget position for 2010/2011;
- the projected balances position as at 31st March, 2010 and 31st March, 2011 and advice on their level;
- a risk analysis of the Revenue Budget 2010/2011;
- a summary of the emerging medium term financial position facing the Council from 2011/2012 to 2013/2014;
- any views received from the North East Chamber of Commerce and Trade Unions.

**2. Description of Decision**

2.1 Members are requested to:

- recommend to Council the proposed Revenue Budget for 2010/2011 set out at Appendix G;
- recommend to Council the proposed Council Tax for 2010/2011 (paper to be tabled);
- note the views, if any, expressed by the North East Chamber of Commerce and Trade Unions.

**3. Introduction**

3.1 Cabinet will be aware that it approved budget proposals for the purposes of ongoing budget consultation at its January 2010 meeting. At that stage there were a number of uncertainties and outstanding issues. These included:

- the consideration of the Collection Fund position;
- the final Council Tax Base figures;
- the impact of the Final Local Government Finance Settlement;
- any adjustments necessary to individual budgets in light of final information received and evaluated.

3.2 The outcome of budget consultation is also reported and has been taken into account in the final budget proposals.

Taking account of the latest changes in the light of new information and consideration of the final stages of budget consultation, Cabinet is asked to consider the final budget proposals, including the proposed use of balances and the position in relation to major reserves, for recommendation to Council.

### **3.3. National Financial Outlook**

- 3.3.1 In considering the budget 2010/2011 there is a need to consider:
- the national economic position and the impact of key economic indicators on the Council's financial position;
  - how the Council needs to respond both in the short and medium term in order to continue to meet the Council's priorities taking into consideration the future severe constraints on public spending and a wide range of uncertainties in that context.

The following key economic indicators illustrate the overall national economic position and outlook:

#### **The Economy**

- 3.3.2 The Chancellor in his Pre Budget Report 2009 announced:
- the UK economy is expected to grow by between 1% -1.5% next year and by 3.5% in 2011/2012.
  - inflation is projected to rise from 1.5% to around 3% in early 2010 before falling back to the guideline rate of 2%.

#### **Government Borrowing**

- 3.3.3 The financial crisis has led to a significant increase in government borrowing as a result of the need by the government to inject additional resources into the economy to support financial institutions and to seek to stimulate economic growth. The latest government forecasts set out in the Pre Budget Report 2009 showed that:
- bank bail out payments had been revised downwards from £50 billion to around £10 billion;
  - borrowing as a proportion of Gross Domestic Product (GDP) will be 12.6% in 2009/2010 and falling each year to 4.4% by 2014/2015;
  - net debt is forecast to reach 56% of GDP in 2009/2010 reaching a peak of 78% by 2014/2015 before gradually reducing in future years. The Chancellor indicated that this was no worse than any of the other G7 countries;
  - debt servicing costs are set to increase from £25.6 billion to £50.7 billion by 2013/2014.

In addition to the costs of debt servicing there will also be pressure on the government to repay debt in order to reduce the level of debt to a more sustainable level in the longer term.

## **Inflation**

- 3.3.4 There have been significant reductions to the measures of inflation over the last eighteen months particularly with regard to energy prices. Within that overall reduction, there has been significant volatility e.g. energy, and some increases e.g. food. However, in recent months inflation has begun to increase by slightly more than what most financial experts were predicting. The latest figures available for December 2009 are set out below along with the latest forecasts for next year:

### **Current Rates**

- Consumer Price Index (CPI) – 2.9%
- Retail Price Index (RPI) – 2.4%

### **Average of Forecasts 2010/2011**

- Consumer Price Index (CPI) – 1.4%
- Retail Price Index (RPI) – 2.0%

The position still remains uncertain and forecasts continue to be regularly reviewed and revised. The outlook beyond 2010/2011 will be largely dependent upon actions taken by the government to address the overall national economic position and associated changes in the global economy.

## **Interest Rates – Bank Base Rate**

- 3.3.5 The impact of the global financial crisis on interest rates can be demonstrated by the movement in rates since last summer:

- 4.5% October 2008
- 0.5% March 2009
- 0.5% September 2009
- 0.5% January 2010

The 'all time low' Bank Base Rate is estimated to continue for the rest of 2009/2010 with views varying as to when an increase in interest rates will occur. Clearly major factors will include the future approach of the Monetary Policy Committee and the levels of growth and inflation within the overall economy. The recent announcement that the UK was officially out of recession with growth of 0.1% for the last quarter of 2009, was a welcome sign that the economy is starting to recover however, the level of recovery was lower than analysts had anticipated. This could indicate that interest rates may need to remain at their very low level for a longer period, with most experts predicting that interest rates are expected to rise but only very slowly from around the third quarter of 2010. There is a risk that there could be a 'double dip' recession caused in part by the impact of the public spending reductions that will be necessary in the future, and any changes to taxation. The Council's Medium Term Financial Strategy takes account of this risk, its impact on the Council's financial position, and the need

to sustain and develop its response to address the needs of its citizens, communities and businesses.

### **Public Sector Spending Plans**

3.3.6 In the Chancellor's Budget Report of 2009, public sector growth was revised to an average growth of 0.8% in real terms over the period 2011/2012 to 2013/2014. This position was further confirmed in the Pre Budget Report announced in December 2009 and further details, which are set out below, were released by the government on their proposed spending plans which included:

- that they intend to protect certain key services namely Education, Health and Police in the first 2 years of the next Comprehensive Spending Review;
- Defence spending is to be increased by an extra £2.5bn in 2010/2011 to meet the cost of military operations in Afghanistan;
- specifically a package of measures will guarantee that:
  - 95% of NHS spending will rise in line with inflation
  - front line school spending will increase by 0.7% in real terms
  - sufficient funding will be provided to maintain the current number of police officers.

In order to free up the necessary resources to fund this package of measures the government announced:

- £12bn of savings through smarter government;
- £5bn from targeting and prioritising spending;
- Reforms to public sector pay and pensions.

No details were made available in respect of the spending levels or the level of efficiencies required by local government in the next Comprehensive Spending Review period (which would normally cover a three year period spanning 2011/2012 to 2013/2014). However, in comparison with previous years, the levels of increase set out by the government represent a very significant reduction in public sector funding and the position for the funding of local government services will be exacerbated to the extent that services such as Health, Education, Police and Overseas Aid are to be protected.

### **Banking Sector**

3.3.7 Interventions by the Government, such as quantitative easing and other financial measures and guarantees, have sought to introduce more liquidity back into the banking sector. Although the position has improved, it has not had, to date, the impact anticipated which means that generally there is still:

- a continuation of curtailment of credit;
- an increase in credit margins;
- a focus by the banks on improving their balance sheets as opposed to taking action to stimulate economic recovery.

### **Housing Market**

- 3.3.8 The housing market has been severely affected by the lack of credit available and the impact of the economic crisis on property prices. Whilst, the latest situation shows some positive signs with limited increases in mortgage activity over recent months, the vast majority of development is still on hold.

### **Impact on the Council's Financial Position**

- 3.4 The above factors impact on the Council's financial position in the following ways:
- significant real terms reductions in government grant settlements from 2011/2012 for an uncertain period but likely to extend for at least the next four years;
  - interest receipt levels from deposits are likely to be low for some time;
  - capital receipts generated from the disposal of surplus assets are likely to continue to be stalled, or if realised will be at significantly reduced values until market conditions improve;
  - the impact on the local economy will continue to bring additional pressures on key services.

### **3.5 Changing Context**

- 3.5.1 The budget proposals set out in this report have been drafted taking into account the current economic conditions and how that is impacting on Sunderland's residents, its communities and local businesses. In particular, the budget seeks to:
- ensure that services which are directed at, and are most needed to address the impact of the economic downturn and initial recovery and are proactive in tackling the issues that can emerge and respond to the demands as they occur;
  - identify funding to support new initiatives to address the impact of the economy on residents, businesses and communities within Sunderland;
  - identify and take into account the impact on the Council's domestic financial position in the short and medium term and take sound decisions to enable the Council to take advantage of opportunities that may arise as changes to the economy occur.
- 3.5.2 The Council has taken a range of measures to address the needs of its citizens, communities and businesses during the economic downturn. Clearly these need to be continued, at least in the short term, until the economic recovery is assured. This Council's budget contains a range of measures to help to maintain that recovery whilst continuing to support services which are aimed at the most vulnerable and in need in our communities e.g. maintaining employment, encouraging and pump

priming economic development and regeneration, provision of advice and support etc.

#### **4. Adjustments to the January 2010 Position**

##### **Collection Fund**

- 4.1 The Collection Fund position was reported to Cabinet on 3<sup>rd</sup> February 2010. The surplus available to the Council to be taken into account in the budget and council tax calculations has been estimated at £50,000.

##### **Council Tax Base**

- 4.2 The Council, at its meeting on 27th January, 2010, approved the Council Tax Base for the area covered by Hetton Town Council (£4,043) and the City Council area (£80,260).

##### **Final Local Government Finance Settlement**

- 4.3 The outcome of the final Local Government Finance Settlement for 2010/2011 was reported to Cabinet on 3<sup>rd</sup> February 2010.

- 4.4 The main features of the 2010/2011 final settlement so far as Sunderland is concerned are as follows:

- the Council's final grant entitlement for 2010/2011 has remained unchanged from the figure of £157.462 million announced in November 2009, which represents an increase of 1.84%;
- there have been no changes to the level of floor increases announced or to the scaling factors used;
- the Government has stated that it expects to see council tax increases fall further from this year's (2009/2010) average council tax increase of 3%.

##### **Dedicated Schools Grant Position**

- 4.5 Schools funding is separate from the General Formula Grant system and is instead funded through the ring fenced Dedicated Schools Grant (DSG). However, Non Schools Education Services (Local Authority central education functions) are still financed through the General Formula Grant system.

- 4.5.1 The headline national percentage increases announced as part of the 3 year settlement were, for 2010/2011:

	<b>2010/2011</b>
DSG	4.3%
Per Pupil Increase	4.3%

- 4.5.2 To protect Authorities with sharply falling school rolls a minimum cash increase in DSG of 2.0% was established. The DSG for Sunderland is forecast to increase in cash terms by 2.0% in 2010/2011, although the precise increases will be determined by the final pupil numbers submitted to the Department for Children, Schools and Families (DCSF) in February. The anticipated DSG local cash increase reflects the falling school rolls experienced in Sunderland Schools. The per pupil increases are, however, much nearer to the national average increases, with a per pupil increase for 2010/2011 of 4.2%.
- 4.5.3 The strong focus on personalising teaching and learning to meet the needs of every child continues over the three year period, with £912 million in 2010/2011 earmarked within the DSG. This additional funding is to support the universal roll out of a personalised offer to all pupils – including those with special educational needs. To complement this increased funding through DSG, the DCSF are continuing to roll out specific grant funding of £315 million in 2010/2011, to help improve the rate at which children progress, seeking to ensure that all children can meet their potential, and that those who are behind expectations, or are falling behind, get back on track.
- 4.5.4 The increased funding for targeted support will continue to be delivered through the Standards Fund for next year, as will increases in funding to extend the entitlement to free nursery education from 12.5 to 15 hours. Headline allocations have been provided for Targeted Support for Primary and Secondary Strategies of £0.937m and £0.670m however detailed guidelines are awaited before any allocations can be made to schools.
- 4.5.5 In addition, the government has prescribed a Minimum Funding Guarantee (MFG) at school level based on a percentage uplift per pupil. The MFG reflects the average cost pressures and an assumed efficiency gain of 1.0%. The MFG for all schools was set at 2.1% for all 3 years of the 3 year settlement period.

The application of the MFG of 2.1% has also been applied to the majority of School Based Grants.

- 4.5.6 The level of funding to be received from the Skills Funding Agency (previously the Learning and Skills Council) in 2010/2011 is awaited. At this stage it has been assumed that the overall level of funding to be received will be at 2009/2010 levels. This assumption takes account of minimum inflationary increases and a projected fall in 16-18 student numbers.

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

	£m
<b>Total Indicative Funding Available</b>	<b>175.521</b>
MFG Requirement (2.1%)	159.818
Rates	2.338
Needs Led Formula Requirement	1.719
<b>Total ISB Budget</b>	<b>163.875</b>
School Contingency	0.644
School Block - Other Expenditure	10.370
Total Indicative Call on Funding	174.889
Indicative Available Headroom	0.632
<b>Total Indicative Funding Available</b>	<b>175.521</b>

4.5.8 The Schools Forum, at its meeting on 28<sup>th</sup> January 2010, agreed to allocate available headroom to increase the meal subsidy provided through the Local Management of Schools formula to reflect the increased cost of providing a school meal and to maintain prices in 2010/2011 at 2008/2009 levels. The remaining unallocated funding is subject to change once the pupil and Special Educational Needs data have been updated to reflect January pupil count. However, the Schools Forum also agreed that any remaining headroom, once final figures are confirmed, is to be distributed based on pupil numbers

#### **Funding Changes for 16-19 Year Olds**

4.5.9 Machinery of Government' changes planned for April 2010 will transfer statutory responsibilities from Learning and Skills Council to local authorities for funding of commissioning of learning for 16-19 year olds in General Further Education colleges and sixth forms. Priorities and commissioning intentions will need to be considered at a local level and then integrated into sub regional and regional planning groups for 2011/2012. Funding for 2010/2011 will be received from Skills Funding Agency and Young People's Learning Agency based on discussions that have taken place between providers and officers of the Learning and Skills Council.



## **Specific and Special Grants**

- 4.6 Specific and special grants continue to be allocated for specific purposes, with the final determination for use to be agreed as part of the overall budget by Cabinet, or otherwise where Cabinet deems appropriate, in consultation with the relevant Cabinet Portfolio holder.
- 4.6.1 Specific and special grants included within the Aggregate External Finance will increase by 4.7% for 2010/2011 as compared to the 2009/2010 adjusted figures. Grants were expected to increase in overall terms by 5.2% in January 2009 but these have decreased mainly because of changes to grant funding particularly in Education and Children's services in respect of reduced DSG, due to the inclusion of revised pupil numbers, and various other grant changes announced by the government.
- 4.6.2 The government has announced a consultation paper in respect of a new initiative to provide free personal care at home to people with high personal needs. The scheme is expected to come into force on 1<sup>st</sup> October 2010 and will cost an estimated £670m in a full year. The government is proposing that they will route funding for this through the Area Based Grant (the grant amounts to £210m in the first year 2010/2011 and £420m for a full year). The remainder is to be funded by local government efficiencies (amounting to £125m in 2010/2011 and £250m in each full year thereafter). The consultation formally ends on 23<sup>rd</sup> February 2010.

The Council welcomes the initiative to help fund free personal care for those with high personal needs and will respond fully to the consultation paper issued in due course. However, the Council would have preferred it if the government was to meet the full costs of this initiative, rather than leaving just over a third of the costs to be met by further Council efficiencies.

## **Area Based Grant**

- 4.7 There are a number of external funding streams supporting programmes, projects and initiatives, which are allied to Council mainstream funding and address the strategic priorities set out in the Sunderland Strategy.
- 4.7.1 As part of the first 3 year Local Government Finance Settlement (for the period 2008/2009 to 2010/2011) the Government introduced an Area Based Grant (ABG) allocation for each Council which relaxed the controls over a number of its previous specific grants so that Councils have more freedom and flexibility to use this funding as they deem appropriate.
- 4.7.2 The provisional ABG allocation for 2010/2011 is £39.0 million but at this stage the government has not yet confirmed the final allocation for

2010/2011. Major previous specific grants included within the ABG are Supporting People (£11.3m) and Working Neighbourhoods Fund (WNF) (£11.0m). The Council has largely adopted an approach of allocating the Area Based Grant to those areas of the Council which were previously in receipt of the specific grants allocated. In this way, the performance and service expectations that accompanied the previous specific grants can continue to be delivered. Where it has been possible to identify efficiency savings through the use of the grant these have been realised and used to contribute towards meeting the efficiency targets associated with the budget planning framework.

### **Capping Powers and Reserve Powers**

- 4.8 The Government has retained capping and reserve powers. The government has re-emphasised that it will use capping powers if necessary and that it expects to see council tax increases fall further from this years (2009/2010) average council tax increase of 3%.

Barbara Follett MP, Parliamentary Under Secretary of State wrote to all local authorities on 9<sup>th</sup> December 2009 stating that capping principles have always been determined on a year by year basis to take account of the current economic and social circumstances and this will again be the case in 2010/2011.

## **5. Budget Consultation**

- 5.1 The consultation undertaken in relation to the development of the budget was aimed at better understanding relative priorities and action to address those priorities which may be taken in the future, taking account of the Council's Strategic Priorities and changing economic position.

The Budget and Policy Framework procedure rules contained within the Constitution of the Council requires consultation on budget proposals to take place. In September 2009 Cabinet approved proposals regarding the consultation strategy and framework for the budget for 2010/2011 and proposed briefings to the following stakeholders:

- Trade Unions;
- North East Chamber of Commerce;
- Youth Parliament;
- Schools Forum, Head Teachers and Governors.

Presentations have been made to the stakeholders and feedback taken into consideration in framing the budget proposals set out in this report.

At each stage in the budget preparation process reports are referred to the Management Scrutiny Committee for review.

5.2 In addition to the above stakeholder consultation, a survey was undertaken with the citizen's panel - Community Spirit - on seven priorities for further investment:

1. Creating Safer Communities;
2. Clean Streets;
3. City Centre;
4. Customer Service;
5. Getting Along with Each Other (community cohesion);
6. Activities and Facilities for Young People;
7. Roads and Footways.

5.3 To supplement the survey, focus groups were held, with Community Spirit panel members and representatives from the voluntary and community sector, in different locations throughout the city. An eighth priority of "Helping people to live independently in their own home" was added to the seven priorities in the survey as this area had previously been identified as a high priority. Attendees were asked to work in small groups to prioritise 16 interventions to address the eight budget priorities.

The six highest ranking interventions were:

1. Extend the range of support services (for example, advice and advocacy services) to enable more people to direct their own social care budgets.
2. Youth Crime Family Intervention Programme – Project Workers to work with young people at high risk of offending who come from a small number of families with a history of offending.
3. Investing additional funds in our footways to help reduce trip hazards and the potential for pedestrians to suffer slips, trips or falls.
4. Continue to extend the availability and range of services that can be provided through the evening and overnight e.g. the Sunderland Telecare Service.
5. Staffing and running costs of the new 'state of the art' mobile youth buses to expand provision and services.
6. Review the way in which we identify people who are highly vulnerable due to their personal, social or economic circumstances and are at high risk of becoming victims of crime and anti-social behaviour.

5.4 In addition to the above budget consultation, other consultation has been conducted on the following, which has also been taken into account in the budget proposals:

- Sea Front;
- Waste Disposal and Recycling;
- the possible introduction of a Council Tax Discount Scheme.

## 5.5 Sea Front Consultation

The Community Spirit Summer Survey 2007 highlighted the importance of the seafront to the city. Some 94% of respondents to the summer survey stated the seafront is very or fairly important to their quality of life. The seafront was also identified as the second green space in the city most in need of improvement, after Barnes Park. These results highlighted the need to develop a Regeneration Strategy to guide the future improvement of, and investment in, the seafront at Roker and Seaburn.

To inform this Strategy the City Council undertook a citywide consultation between 16 February and 3 April 2009. In total 2,455 people completed a seafront consultation form, including 843 members of the Community Spirit citizens' panel, and over 200 people participated in workshops.

Both the survey and workshops highlighted the need to provide an attractive and clean seafront with modern facilities, improved toilets with longer and year round opening, and a seafront that provides entertainment, activities and high quality catering facilities set against the back drop of the area's natural environment and heritage.

The Seafront Regeneration Strategy together with the Marine Walk masterplan were subject to further public consultation during August and September last year. In total 128 representations were received in response to the strategy and 91 for the masterplan. The vast majority of representations were in support of both the strategy and the masterplan which aim to deliver Seafront regeneration by investment in the renewal and enhanced management of the public realm and by the private sector in high quality new developments.

## 5.6 Waste Disposal and Recycling Consultation

Public consultation both in respect of neighbourhood cleanliness and waste issues as well as through the State of the City events have all identified levels of dissatisfaction with the black box used in the recycling service. Concerns revolved around the weight and manoeuvrability of the boxes when full and the implications, particularly for the infirm; the absence of a lid with the consequence that material can be blown about in high winds; and the capacity of the boxes. The clear desire was for a much more user friendly system which included a container with both wheels and a lid, with a larger capacity; and for a system that would allow for the recycling of plastic bottles and potentially other materials. The wheeled bin method collection addresses those concerns. The change in collection method also requires changes to the fleet of collection vehicles and improves the health and safety of the collection arrangements.

Consultation regarding the Joint Waste Strategy and proposals for dealing with the remaining 50% of (residual) waste, both in 2007 and 2008, indicated broad support for dealing with waste other than through landfill and to secure financial benefit from its treatment such as by the generation of heat and electricity. The three partner authorities (Gateshead, South Tyneside and Sunderland) have subsequently secured financial support from Government to secure a treatment method that significantly reduces the reliance on landfill and will limit increases in the costs of waste treatment in the long term.

#### 5.7 Council Tax Discount Scheme Consultation

The objective of the consultation was to consider whether a Council Tax Discount Scheme was the best way of assisting Sunderland residents, who may be impacted by the economic downturn, for example through redundancy, reduced working hours etc. or to help specific groups who may be experiencing financial hardship.

The results of the consultation, and the conclusions arising, point to the need for the Council to understand and support the precise needs of those suffering financial hardship and target their support and services to those citizens and address their specific needs. Thus, it is considered that the overall increase in council tax should be kept as low as possible and that the Council should consider measures to support as far as possible those most in need.

The following actions are therefore being considered:

- That the Council lobby for changes to the benefits scheme at a national level to seek to tackle those groups of people who continue to suffer financial hardship.
- That the Council continues to try to identify and reach those families and vulnerable individuals who are entitled to benefits but do not take up those benefits and seeks to encourage the take up of those benefits.
- That the Council explores new ways of targeting those people “just missing out” and experiencing financial hardship, firstly examining their needs and secondly, by seeking to reconfigure and target services to meet those needs.

More details of the findings of the consultation are included in Appendix A.

5.8 All of the feedback from the various consultations has been considered. The budget proposals in this report, taken alongside outline plans for use of Area Based Grants and specific and special grants, fully recognise the priorities identified and allocate additional resources to address these issues.

5.9 The outcome of the budget consultation undertaken is detailed at Appendix A. The Revenue Budget Report to January Cabinet formed

the basis for second stage consultation. The notes of the meetings with the representatives of business ratepayers and trades unions to meet statutory obligations to consult on the proposed budget will be tabled at the meeting as Appendix B.

## **6. Budget Proposals**

### **6.1 Healthy City**

The following proposals are made:

In October 2008, the Vision for 2025 was launched which sets out the clear vision for transforming adult social care. The first 3 year Delivery Plan to start the journey to achieve the vision was also launched. Additional provision of £2.636 million has been earmarked for Adult Services, in recognition of the need to address the second year of a two year agreement on fees with independent providers of care; to fund the investment in Telecare; and to provide a contingency for additional costs that may arise through the recent announcement to provide free personal care to those with assessed high needs.

In addition, the Social Care Reform Grant amounting to £1.580 million in 2010/2011 continues to be allocated to Adult Social Care, as intended by the government, to support the modernisation of Adult Social Care services.

Further details are set out below:

#### ***Independent Care Providers***

A two year agreement was negotiated with independent care providers in 2009/2010 for residential and nursing accommodation. Budget provision is proposed to meet the cost increases arising from the second year of the negotiated agreement and also other social care services contracts during 2010/2011. Notwithstanding the modernisation of Adult Services underway, it is important that capacity is retained in the independent care sector.

#### ***Telecare***

The steps taken to increase the level of independence of clients across the city has required an expansion of the Council's Telecare service. This has created a financial pressure which needs to be addressed in the 2010/2011 budget if the required level of service is to be delivered. Additional provision is therefore proposed of £343,000. This will enable the continued employment of additional staff and the provision of a range of equipment for installation in customers' homes which can trigger an alarm if necessary which is linked to a control room and can respond to the alarm call in an emergency. The fundamental objective of the Telecare Service enables people to live in their own home for longer, with increased safety, confidence and independence.

### ***Free Personal Care - October 2010***

The government is consulting on options for the allocation of grant to support the provision of free personal care for people with assessed high care needs from October, 2010. The government's assumption is that the government grant will cover approximately two thirds of the cost and that the remaining one third will need to be met from efficiencies generated by local government. The financial implications have been assessed so far as possible and will continue to be reviewed as the new measure may result in clients, currently unknown to the local authority, becoming its responsibility, and the prospective gradual increase in liability due to demographics over time. Accordingly, at this stage it is proposed to create an earmarked contingency provision of £1 million to cater for any unforeseen increased costs.

### ***Commissioning Strategy - Three Year Delivery Plan***

The Social Care Reform Grant was introduced in 2008/2009 to help Councils modernise Adult Social Services and thereby deliver more cost efficient and effective care packages for all client groups. A sum of £1.580 million was allocated for 2010/2011 as part of the 3 year grant settlement announced on introduction of the grant.

The grant is earmarked to assist in funding the three year delivery plan, to support new methods of care which seek to maximise independence and enable more people to live in their own homes independently for longer

## **6.2 Children and Learning City**

The following proposals are made:

### ***Fostering and Adoption Services***

The Foster Care Recruitment and Retention Strategy is designed to deliver better outcomes for vulnerable children in a cost effective way. The Strategy was allocated additional resources of £475,000 in 2009/2010, and it is proposed that a further sum of £140,000 be provided for 2010/2011 to further build capacity in terms of the number of foster carers but also aim to enable children with more complex needs to be safely cared for within the community. This Strategy will also result in a reduced reliance on relatively costly external placements.

### ***Youth Initiatives***

Cabinet approved a report earlier this financial year regarding the Sunderland XL Youth Village Programme and the utilisation of funding of £300,000 included in the Provision for Strategic Priorities agreed as part of the Council's Revenue Budget for 2009/2010.

A sum of £200,000 is proposed to be included in the Revenue Budget for 2010/2011 which will be used to support an expansion of youth initiatives, including the provision of the new mobile youth villages, details of which will be considered and confirmed over the coming months.

### ***Fees for Independent Care Providers***

An additional £119,000 is proposed to be provided to assist in funding fees for independent care providers for children's social care in 2010/2011.

### ***Safeguarding***

A sum of £636,000 is proposed to fund the following:

- As a result of the increase in contacts following the Baby Peter case and the subsequent Lord Laming review, an interim increase of 6 staff into the Initial Referral Team (IRT) was implemented in 2009/2010. This is a pressure, not just in Sunderland but nationally, and the Council is working with partners, particularly in health and police, to manage contacts. In order to maintain the necessary response to the levels of contact being experienced within the IRT a sum of £250,000 is proposed to be allocated to continue to fund the additional staffing in 2010/2011.
- Historically, the Safeguarding employees budget has included an allowance for the delay in filling of vacant posts. However, in recent months, to meet the demands upon the service and to address the Laming recommendations, the Service has needed to staff to full capacity. This requires the allocation of an additional sum of £236,000.
- The new Independent Safeguarding Authority (ISA) was set up in October 2009 to run the new national Vetting and Barring Scheme which aims to further protect children and vulnerable adults from those who may do them harm. Many Council staff and volunteers will need to be registered with the ISA, a process which begins in July 2010. ISA registration is a statutory requirement but doesn't replace the Criminal Records Bureau (CRB) check but rather adds further safeguards. The Government has given organisations 5 years to register all current staff and volunteers who fall under the remit of the ISA and this will be done on a 'rolling programme' basis. Whilst the financial implications associated with these new responsibilities are still being assessed, it is proposed to allocate a contingency sum of £150,000 to support this scheme at this stage.



### 6.3 Safer City

The following proposals are made:

#### ***Citywide Events Programme***

Provision of £250,000 is proposed to enable the enhanced and developing City Wide Festivals and Events Programme to continue to be funded. This funding will support the leverage, in the longer term, of other external funding.

#### ***Family Intervention Project***

A sum of £98,000 is proposed to replace grant funding for the Family Intervention Project, which is subject to grant tapering arrangements. The gross cost of the project is £145,000 per annum.

The main objective of the Family Intervention Project is to stop the anti-social behaviour of families and restore safety to their homes and to the wider community, through a dual approach which includes help for families to address the causes of the behavioural problems being experienced, alongside supervision and enforcement to provide the incentives to change.

#### ***Identification of Vulnerable People at Risk of Anti Social Behaviour and Crime***

Additional funding from the Home Office of £79,000 is earmarked to provide training for staff across partner agencies in the identification of those at risk of or vulnerable to anti social behaviour and crime and also enable a review of processes and procedures, and implementation of infrastructure and IT improvements. It will also provide support to witnesses and victims of anti social behaviour.

### 6.4 Sustainable Communities

The following proposals are made:

#### ***Empty Properties***

A sum of £90,000 is proposed in relation to Empty Properties to encourage, advise and support landlords, and encouraging owners to care about the condition of their properties and find alternative approaches to bring properties back into use. This will result in a greater reduction in the number of empty properties, fewer anti-social behaviour complaints, and more homeless people being able to be housed into empty properties.

### ***Waste Disposal***

In accordance with the policy of gradually building up provision within the Council's base budget to fund the eventual affordability gap associated with the Waste Disposal Solution, it is proposed to make mainstream provision of £1 million for 2010/2011. It will also be possible to assist in addressing the affordability gap next year through the provision made for landfill tax which will be saved when the Waste Disposal Strategic Solution comes on stream.

The overriding objective of the strategic solution is to minimise the use of landfill as a means of waste disposal in the future and move to a more environmentally sustainable method of waste disposal in the future. Whilst the Outline Business Case contains affordability gaps at this stage based on a wide range of assumptions, it is clear that the annual affordability gap will be significant for all three partners within the partnership (Gateshead MBC, South Tyneside MBC and this Council).

Whilst the final annual affordability gap is not yet known, the proposal to increase the provision set aside at this stage represents a prudent approach given the timescales which are being worked to. The strategic waste disposal solution is not planned to become operational until September 2013 at the earliest.

### ***Community Cohesion***

The government has allocated a grant of £164,000 to support the 'Prevent;' Strategy.

Sunderland's approach to the 'Prevent' agenda focuses on ensuring that we thoroughly understand our communities and work with them to address any problems they might encounter with regard to people who hold extremist and violent views and who thereby pose a threat both to their community, to the wider communities around them, and the country as a whole. Some practical examples include collaborative working with the Sunderland BME Network, as well as providing small budgets to the area based Community Cohesion networks (both practitioner and strategic) to provide some immediate financial assistance in order that low cost local solutions can be delivered to any identified areas or 'hot spots' highlighted.

Funding to support this provision is being allocated through the Area Based Grant.

## 6.5 **Attractive and Inclusive City**

The following proposals are made:

### ***Transport and Engineering***

A sum of £300,000 is proposed to support the development and improvement of the Transport and Engineering Service within the Council. In addition, it is proposed to allocate a one off sum of £300,000 to enable the pump priming of the initial improvement and development work.

### ***Swimming – Silksworth Pool / Free Swimming Initiative***

An additional sum of £100,000 is proposed in respect of the new Silksworth Pool to reflect the full year running costs of the pool which has recently opened.

An amount of £116,000 is also proposed to supplement the specific government grant available, to support the free swimming initiative for the over 60's and under 16's for the remaining year of a two year time limited period.

### ***Play Parks Maintenance***

An additional sum of £85,000 is proposed to fund the revenue implications of implementing the Play Parks Strategy. The programme to implement the strategy was accelerated as a result of the receipt of external funding from the Big Lottery Fund and securing Pathfinder funding.

### ***'Kerb It' Replacement Scheme***

A sum of £159,000 is proposed to meet the additional costs of leasing vehicles to support the new 'blue bin' scheme which will replace the existing 'kerb it' scheme. This will allow for the provision of rear end loading vehicles to accommodate the new bin which will replace the black box from April 2010.

This change accords with wishes expressed by residents through a range of consultation feedback over recent years. The distribution of the new wheeled bins to all conventional domestic properties will commence in late 2009/2010 and continue into 2010/2011 on a phased basis.

## 6.6 Resources Portfolio

The following proposals are made:

### ***Occupational Health Unit***

Provision of £150,000 was included in the Revenue Budget for 2009/2010, which facilitated the reduction in waiting times for physician appointments from 6 weeks to just under 2 weeks. Early intervention by Human Resources teams and referral to Occupational Health is the key to preventing and resolving absence attributed to sickness. The intervention of the occupational health physician has helped achieve successful resolution of long term cases of absence over the last 18 months, resulting in a significant reduction in the number of current long term sickness cases.

A sum of £150,000 is proposed for 2010/2011 to enable the budget to be mainstreamed and included in the Council's Base Budget on an ongoing basis.

## 6.7 Responsive Services and Customer Care

### ***Community Leadership Programme***

Provision of £50,000 is proposed to provide further support for the Community Leadership Programme to seek to ensure its timely implementation. The Community Leadership Programme is one of three strategic improvement programmes promoted by the Council with its key partners and is an integral part of the Improvement Agenda.

## 6.8 General

### ***Targeting financial hardship and promoting Financial Inclusion***

Following public consultation, a clear message was that the Council needs to continue to identify the needs of citizens and communities who are experiencing financial hardship, and to better target and develop services to meet those needs.

It is clear that the Government is also considering, at a national level, how those citizens who are finding themselves marginally ineligible for services can be sensibly targeted and brought within the various safety nets which exist. An example of this relates to the widening of eligibility for free school meals where low income families will become eligible for free school meals, in a two stage process, from September 2010. Details of the Government's scheme are yet to be announced but eligibility is to be extended to those families in receipt of Working Tax Credit who have an income of up to £16,190.

Taking account of the feedback from the consultation in relation to the Council Tax Discount Scheme, it is proposed that the Council explores new ways of targeting those people "just missing out" by firstly

examining their needs and secondly, seeking to reconfigure and target services to meet those needs. Further reports will be made to Cabinet on this issue in due course. In the meantime, an initial contingency of £300,000 is proposed to enable the Council to respond to policy initiatives as they emerge.

## **7. Additional Proposed 'One off' Investments**

### **7.1 Revenue Budget Position 2009/2010**

As referred to in the January 2010 Cabinet report additional funds will accrue to balances at the outturn for this financial year arising from savings on debt charges and contingencies. Details are set out in the report on the Capital Programme elsewhere on today's agenda. Having considered the proposals for the allocation of 'one off' revenue funding it is proposed to allocate a sum of £6.876 million to support one off revenue budget commitments. The proposed uses are set out below referenced to the Strategic Priority / Portfolio as appropriate.

#### **Sustainable Communities**

### **7.2 Waste Strategic Solution Preparation Costs**

A further provision of £867,000 in relation to the Waste Strategic Solution Partnership is required to fund preparation costs. Clearly the scale of the project together with the significant financial implications that will arise and the length of the contract require that this phase of the project is properly resourced.

#### **Safer City**

### **7.3 World Cup Bid**

An additional £300,000 is required to support communications and marketing of Sunderland's 2018 World Cup Bid. In addition to providing beneficial exposure for the city the provision will demonstrate the Council's commitment to the bid. The sum is in relation to contractual commitments to the event of £250,000 and a contingency provision of £50,000.

### **7.4 Festivals**

A specific provision is required to contribute towards the summer concerts planned for the Stadium of Light to maintain the momentum established this year in relation to music events and as such will enhance the Citywide festivals and events programme.

#### **Prosperous City**

## 7.5 Software City Revenue

Working Neighbourhood Fund resources amounting to £600,000 are proposed to be earmarked to meet the initial revenue budget requirements of this project over a 3 year period.

### **Attractive and Inclusive City**

## 7.6 Transport and Engineering - 'One Off' Resource Needs

As part of the package of measures to address capacity and improvement needs within this service a 'one off' sum of £300,000 for investment in transport and engineering has been provided within the budget proposals. This will enable current backlogs in work to be addressed and street based records to be updated.

## 7.7 Highways and Footways Maintenance

It is proposed to continue to provide a sum of £400,000 to supplement the existing Highways Maintenance budget and thereby address the backlog of maintenance and reduce the incidence of claims. The investment has had a positive impact on accident claim repudiation which continues to improve at approximately 87% and insurance premiums which have reduced from £1.437 million in 2004/2005 to £467,000 this year. The number of claims submitted in the last 3 years has been in the range of 200 to 250. The majority of claims are made by pedestrians in residential areas in respect of footways. Apart from reducing risks, this funding also fulfils the objective of making the city safer and more attractive.

Allocation of the budget will be made between Highway Maintenance and Footway Maintenance in light of need, performance and satisfaction issues. It is also proposed that consideration is given to using this additional investment for Road Safety Schemes where the technical case does not warrant prioritisation of Local Transport Plan resources, but there is a clear community desire to see a scheme implemented.

Finally, it is proposed to utilise existing budgets to progress the development of a Highways Asset Management Plan (HAMP). The adoption of a HAMP is needed to meet requirements relating to the Local Transport Plan 2 and the Whole of Government Accounts Programme. The HAMP will ensure the provision of good qualitative information upon which to base decisions relating to ongoing investment, prioritisation of maintenance funding and maximisation of the impact of investment across the highway network. It is estimated that delivery of the HAMP will require one off costs of £130,000 and ongoing revenue costs of £100,000. This investment will result in a better allocation and use of resources.

## **Resources**

### 7.8 Service Transformation

A total of £150,000 is required to meet the costs of continuing to support the implementation of single status phase 1.

### 7.9 Single Status Phase 2 / Job Family Modelling

A total of £159,000 is required to fund the preparation for Single Status Phase 2 and associated Job Family Modelling.

## **Leader and Deputy Leader**

### 7.10 Invest to Save Improvement Programme

Set out at Section 10 is the medium term financial position of the Council, insofar as it can be forecast given the uncertainties associated with the future performance of the economy and the size of the reductions made to public spending constraints over the short, medium and long term. However, what is certain is that there will be a significant reduction in the resources available to the Council, and there is a need to act now to avoid, so far as possible, any reduction to frontline services. Accordingly it is proposed to earmark resources of £4m to be used on an invest to save basis to provide the flexibility to strategically deploy resources as necessary to realise significant savings over the short, medium and long term. Whilst this is a significant sum, it needs to be considered in the context of the scale of the resource shortfalls that are very likely to be faced over the next 4 - 5 year period at least. By using this resource to invest in essential infrastructure, for example to provide greater transactional internet facilities; service re-design and re-engineering, staffing development, support and transitional costs; and to secure specialist skills; the aim is to both enable the improvement and development of services, whilst achieving significant reductions in cost. The provisional estimates estimated at paragraph 10.12 indicate that potentially it will be necessary to secure efficiency and other savings amounting to £28.9m over the period 2011/2012 to 2013/2014. Further reports will be submitted to Cabinet in due course setting out the proposed use and timescales for the deployment of these resources.

## 8. Efficiency Savings

- 8.1 Cabinet agreed the Efficiency Strategy 2009/2010 to 2013/2014 in October 2009. This set out the strategy by which the Council aims to satisfy the Government's latest expectations for achieving efficiency within the public sector and recognised the need for longer term planning for efficiency savings. It also reinforced the need for the Council wide Improvement Programme.
- 8.2 Given the anticipated significant long term pressure on public finances and the certain reduction in resources that are to be made available to local government over the medium to long term, the Budget Planning Framework, approved in October 2009, recognised the need to plan for savings over a longer period. Directorates were therefore asked to consider options to cover a four-year period in order to ensure timely action can be taken to maximise efficiency savings. The following targets were set:

Year	%
2010/2011	4
2011/2012	5
2012/2013	6
2013/2014	6

Whilst a longer-term approach to planning to generate efficiency has been adopted, only the first year's efficiency savings are to be determined at this stage. It is clear that the position in relation to the economy remains uncertain, as does the extent and period of the constraints applied to public sector spending. The above targets will therefore be subject to review as necessary, as future government spending plans are announced. The Council's Improvement Programme will play a key role in contributing efficiency savings to meet these targets, though other Directorate based improvement programmes, modernisation strategies and efficiency measures will need to contribute to maximise the efficiency savings available.

- 8.3 The identification of efficiency savings for inclusion in the 2010/2011 Budget have been generated through:
- specific efficiency savings from Corporate / Cross Cutting Efficiency Projects;
  - efficiency savings arising from modernisation strategies, and policy and service reviews;
  - realising emerging efficiency savings from the Improvement Programme;



- 8.4 The efficiency savings submitted by Directorates in response to the Budget Planning Framework guidelines were assessed against the following criteria:
- that the efficiency savings should have no material effect on policy or front line services except where already approved by Cabinet and/or Council;
  - that they should minimise the effect on job losses and seek to ensure so far as possible no compulsory redundancies.
- 8.5 The following table shows the financial impact of efficiency savings proposed to be taken into account in the budget for 2010/2011:

<b>Service</b>	<b>£000</b>
Back Office / Support Services / Corporate Services /	1,007
Additional or Alternative Sources of Income	1,432
Overheads/General Efficiencies	1,074
Procurement	2,768
Service Review and Modernisation	1,437
<b>TOTAL</b>	<b>7,718</b>

The focus of the above proposed efficiency savings is on back office / support services, income generation, reducing overheads and procurement arrangements.

Plans are either in place, or are being finalised in relation to each measure to generate the required efficiency savings, and appropriate contingency planning in relation to the Council's financial provision is in place. The generation of the proposed efficiency savings will be subject to regular monitoring and review as part of the quarterly revenue budget and traded services reviews during the next financial year.

## **9. Overall Position**

- 9.1 Since the initial budget proposals were formulated, consideration has been given to the outcome of the budget consultation, the final settlement, the collection fund position, the council tax base, and government guidance in relation to council tax levels.
- 9.2 The Net Budget Requirement to be approved by the Council is funded through:
- the grant received from government (the Council's share of Revenue Support Grant and National Non – Domestic Rates); and
  - Council Tax.

The General Summary page of the Revenue Budget together with details of the proposed contingency and allocations proposed for investment in strategic priorities will be circulated separately at the meeting of Cabinet on the 10th February, 2010.

- 9.3 The formal decisions of the major precepting bodies are awaited regarding their precept proposals for 2010/2011. Consequently, the Proposed Council Tax for 2010/2011 will be tabled as Appendix C to this report at the Cabinet meeting on 10<sup>th</sup> February 2009.

## **10. Medium Term Financial Position**

- 10.1 In considering the Revenue Budget for 2010/2011 it is more important than ever, given the impending reductions to public spending, to have regard to the medium term position, covering 2011/2012 through to 2013/2014. There are a number of assumptions included in the Medium Term Financial Strategy and a range of scenarios, which may emerge. Those particularly significant commitments, which have been considered when estimating the resources position for future years are set out below.

### **Pay and Pensions**

- 10.2 With regard to pay awards, the government has indicated that they expect public sector pay awards to be no higher than 1.0% for 2011/2012 and 2012/2013. Whilst the Teachers Pay Award for 2010/2011 has been agreed at 2.3%, as part of a two year pay agreement, negotiations are continuing with regard to employees covered by the Green Book. Prudent provision has been included for pay awards both within the proposed budget for next year and within the Medium Term Financial Strategy in future years.

Provision has been included to reflect the government's decision to increase all employer rates of National Insurance by a further 0.5% from 1st April 2011 from the 0.5% already announced in the Budget Report 2008. This will mean that Class 1 contributions will rise to 12% and Class 4 to 9%.

Prudent provision continues to be made for the implementation of Phase 2 of the Single Status Agreement and adjustments necessary to arrangements covered by Single Status Phase 1.

With regard to pensions, the next actuarial review of the Local Government Pension Scheme is planned for 31st March 2010, the results of which will be implemented in 2011/2012. The significant economic downturn initially impacted negatively on investments made by pension funds generally, but there has been a significant revival since then. Other significant factors include increasing longevity which continues to place a strain on pension funds. Clearly the position in relation to the financial markets remains volatile and uncertain over the short to medium term.

Whilst the government has signalled its intention to introduce a cap on

state contributions to public service pensions for teachers, Councils, NHS and the Civil Service by 2012, and this is estimated to save £1 billion per annum, no details of how this cap will be applied have yet been announced.

Accordingly, taking all of the above factors into account, at this stage, a prudent estimate for additional costs has been factored into the medium term position.

### **Debt Charges and Revenue Consequences of Capital Expenditure**

- 10.3 The prudential framework for the control of local authority capital expenditure provides flexibility to borrow to fund capital expenditure. Prudential borrowing has been provided for within the medium term financial position in relation to those known investments over the medium term, together with a provision to provide future flexibility for, at this stage, unknown investments, in the future.

As reported elsewhere in detail on today's agenda, the mechanisms used by individual government departments to see a certain level of capital investment in the areas they are responsible for continues to place constraints on local authorities. Allowance has been included on the best information to meet future government supported borrowing.

With regard to the revenue consequences of capital expenditure, other than financing costs, the medium term planning assumption is that these will be met from within Directorate cash limits. For major corporate developments additional provision may be included in the Medium Term Financial Strategy.

### **Passenger Transport Levy**

- 10.4 The position relating to the PTA levy in future years is based on a prudent view of the likely increases in future years.

### **Waste Disposal**

- 10.5 The impact of costs variations in relation to waste disposal have been factored into the Medium Term Financial Strategy including landfill tax, volume of waste, recycling implications, and the need to address a significant affordability gap associated with the Waste Disposal Strategic Solution. The provisions for waste disposal in the short to medium term will continue to be affected by the annual increases in landfill tax (£8 per tonne until 2010/2011), the need to continue to make progress in the area of recycling, and the need to continue to provide to meet the affordability gap.

## **Adult Services Demand and Performance Issues**

- 10.6 The increasing longevity of the national and specifically, the city's, population continues to place pressure on Adult Social Services budgets and indeed health budgets generally. In addition, client expectations and demand for support which enables them to maintain independent living is requiring reconfigured services and the growth in establishing and operating individualised budgets to meet client care needs will create transitional pressures.

These factors have been recognized in the Adult Social Care Vision for 2025 and have been factored into the 3 year Delivery Plan which will be refreshed as the Strategy is implemented. The financial implications have been considered in preparing the 2010/2011 Revenue Budget and have been considered in preparing the Medium Term Financial Strategy.

It is anticipated that the future of how Adult Social Care is funded will be reconsidered and addressed after the general election, the results will be factored into the Medium Term Financial Strategy when known. In the meantime, a prudent assessment of the impact has been included on the basis of the existing funding arrangements.

## **Equal Pay and Single Status**

- 10.7 In respect of equal pay legal action the Council continues to mount a strenuous and robust defence to the equal pay claims and challenges which are before the Newcastle Employment Tribunal. Funds have previously been provided for and approved to meet compensation payments necessary to settle equal pay claims or the outcome of Employment Tribunal proceedings. Consideration continues to be given to the level of reserves to assist in meeting potential liabilities which might arise in light of legal advice received which is regularly updated to reflect changing case law. Depending upon the outcome of the Tribunal proceedings, further sums may be required and the position will be kept under review and the Medium Term Financial Strategy adjusted if necessary.

## **Future Government Spending Reviews**

- 10.8 There are a range of uncertainties, both short and medium term in respect of the period beyond 2010/2011, which is dependent on the outcome of the Spending Review 2010 as detailed below:
- the length and depth of the economic downturn and financial crisis leading to severe public expenditure restraint over the medium to long term and therefore impact on the Council's finances;

- the level of specific grants over the period including any transfers of responsibilities and funding from / to local authorities and any adjustment to the Area Based Grant;
- government directions or guidance on council tax levels, with a possible freeze in prospect;
- the level of interest receipts from investments in the light of low interest levels;
- the level of capital receipts from asset disposals as a result of the economic downturn;
- the recognition or otherwise of any exceptional costs by government outside of the government's spending plans e.g. equal pay.

The outlook remains one of a significant reduction in public spending which will have a significant impact on local government spending and hence this Council.

Given the economic downturn, much lower settlements can be expected. It is considered very likely that there will be a one year settlement for 2011/2012. In the context of the foregoing, prudent assumptions have been made regarding future government grant funding.

### **Impact of Regional and European Funding Changes**

- 10.9 The North East, in common with other regions, has experienced a fall in the quantum of European funding and the impact of changes in the way funding is distributed. Whilst the impact of the reduced funding has largely been accounted for within the Council's overall position, every effort will continue to be made to maximise funding from this source consistent with addressing the Council's Strategic Priorities.

Similarly, the need to redirect funding to other priorities, specifically housing, has impacted upon the level of funding available to support economic regeneration from the Regional Development Agency, ONE North East. Support made available to all local areas has fallen and this places a greater burden on Councils if the required responses to the economic challenges can continue to be made. Efforts will continue to be made to maximise funding from this source consistent with addressing the Council's Strategic Priorities.

### **Developments in Local Government Finance**

- 10.10 The final Lyons Report 'Place-shaping: a Shared Ambition for the future of Local Government' published in March 2007 contained numerous recommendations for both central and local government. Specific recommendations were made for different sectors and services with the overall view that local and central government should pursue a developmental approach to reform and that flexibility is more important than the balance of funding. Whilst the government initially

ruled out the implementation of certain recommendations, it did indicate that these would be kept under review and brought forward if appropriate over the medium term.

Specifically, the government has already reformed Empty Property Business Rate Relief, though has provided temporary relief to reverse these reforms for small businesses in light of the economic downturn, and the Business Rate Supplements Act 2009 introduced in September 2009 allows Councils to levy a supplementary business rate from 1st April, 2010, one of the Lyons report's main recommendations.

Government legislation affecting local authority finance has been limited in recent months and no major reforms are expected until after the next general election.

The General Election this year means that there is considerably more uncertainty surrounding the finances of local government in the short to medium term as both main political parties have indicated that future finance settlements for local government will be a lot tougher because of the economic downturn. The two main political parties however have different views on the scale and time periods over which the correction to public finances should be made, and therefore the future of local government finance is more difficult to predict. Accordingly it is more important than ever to set a budget which is sustainable and that adequate plans are made to maximise efficiency savings to seek to address the range of scenarios that might emerge.

### **Maximising Efficiency Savings**

- 10.11 The Comprehensive Spending Review 2007 (CSR07) set out a national efficiency target for local government of £4.9billion by the end of 2010/2011 equating to 3% cashable savings per annum. When the Budget was announced in April 2009, the government's efficiency target for local government was increased to 4% for 2010/2011

In order to ensure a successful response to the efficiency requirements of the CSR07, Cabinet agreed the Efficiency Strategy 2008/2009 to 2010/2011 and approved a revised Efficiency Strategy in October 2009 for the period 2009/2010 to 2013/2014 to recognise the higher target set for 2010/2011, the changing context for local government funding in light of the impact of the banking crisis and economic downturn, and the emerging contribution and importance of the Council's Improvement Programme.

In light of the outlook, it is vitally important for the Council to continue to identify and maximise efficiency gains and savings, principally to seek to position the Council as well as possible to improve and develop services whilst achieving significant reductions in cost. Accordingly the Medium Term Financial Strategy has set targets for future efficiency savings:

<b>Year</b>	<b>%</b>
2010/2011	4
2011/2012	5
2012/2013	6
2013/2014	6

The above targets will be subject to review as future government spending plans are announced.

### **Overall Outlook**

10.12 There is a wide range of potential increased budget requirements for 2011/2012 and future years. This reflects the very significant uncertainties, principally the actual reductions imposed on public spending and local government specifically. These uncertainties include:

- the level of government funding through general grant, area based grant and specific and special grants;
- the future of local taxation and policy guidelines in relation to the level(s).
- the performance of the economy;
- the level of inflation both in relation to specific goods, services, commodities and generally;
- the level of pay awards;
- the results of the actuarial review of the pension fund and future changes which may be made to pension arrangements e.g. cost sharing, capping of the employer's liability.

10.13 The table below sets out the potential increased budget requirements for each of the next three years. They are based on a range of assumptions.

	<b>2011/2012</b>	<b>2012/2013</b>	<b>2013/2014</b>
Potential % Budget increase	4.5%	4.0%	3.1%

10.14 The potential increase in the budget requirement equates to £28.9m over the three year period and requires a range of options to be explored and if necessary implemented to meet the demands placed on the budget, including:

- reducing the base budget through maximising efficiency savings, implementing alternative financing options and methods of service delivery, incurring capital and revenue expenditure on an invest to save basis, or reducing services;
- generating additional income including through maximising resources via external funding streams and income generally;
- ensuring effective exit strategies are in place in relation to services funded by time limited external funding streams;
- working with partners and utilising technology to implement more efficient models of service delivery and thereby reducing costs;
- identifying areas of priority for additional investment if resources are available.

10.15 As stated above there are many uncertainties. Given the potential levels of increased budget requirements, the position is tight, with no room for growth and an identified need to maximise efficiency and other savings. On this basis, the budget is nevertheless sustainable in the medium term, with the use of some or all of the options identified above.

## **11. General Fund Balances and Position in Relation to Major Reserves**

11.1 In considering the level of general balances as part of budget preparation decisions, regard is given to:

- known commitments against balances in future years;
- financial risks faced by the Council and the measures in place to mitigate them or meet them financially.

11.2 The estimated level of general balances as at 31st March, 2009 and 31st March, 2010 is set out at Appendix D.

11.3 In accordance with best practice an analysis of the major financial risks has been undertaken in order to inform the level of balances deemed necessary. These are detailed at Appendix E.

11.4 In addition the Council has a range of earmarked reserves e.g. the Strategic Investment Reserve. The major earmarked reserves are also set out at Appendix F.



11.5 In accordance with Part 2 of the Local Government Act 2003 there is a requirement for the Chief Financial Officer (CFO) to report upon the robustness of the estimates and the level of reserves. In making the statement, the CFO places reliance on information provided to him by other officers of the Council as part of the budget setting process. This process involves reasonable checks and other verification, which is undertaken in accordance with the overall system of internal control to validate the information provided.

11.6 Based upon the information used in determining this Revenue Budget 2010/2011 report, including specifically:

- the Medium Term Financial Position set out at paragraph 10;
- the outcome of budget consultation set out at Appendix A;
- the Statement of General Balances set out in Appendix D;
- the Risk Analysis set out in Appendix E;
- the Major Reserves set out in Appendix F;

the Revenue Budget is considered robust and the level of reserves is considered to be adequate for 2010/2011 after an assessment of the financial risks and future plans of the Council have been taken into account.

## **12. Presentation of the Revenue Budget**

### **General**

12.1 Appendix G sets out the Detailed Revenue Budget 2010/2011 for each Portfolio. All changes with the exception of the adjustments relating to final considerations of council tax levels, have been incorporated into the Budget.

12.2 The Revenue Budget 2010/2011 includes details of key actions for improvement planned during 2010/2011. Detailed 'Service Improvement Plans' for each 'Head of Service' will be presented to Cabinet in due course which will provide greater detail on individual improvement and change actions. Budget tables set out in Appendix G include a cross reference to the relevant Head of Service 'Service Improvement Plan'.

### **Best Value Accounting Code of Practice**

12.3 The presentation of the budget reflects the requirements of the Best Value Accounting Code of Practice, published by CIPFA. The purpose of the Code is to standardise the way Local Authorities account for expenditure so that comparisons can be made with other Authorities and external providers. The Code constitutes a 'proper practice' for the purposes of financial reporting and therefore assumes the status of

statutory guidance. Compliance with the requirements of the Code is therefore mandatory. For next year:

- the bases of allocation of central support service and departmental support service costs have been reviewed to better reflect the actual use and or activity of each support service;
- the impact of revaluation of assets has been incorporated.

Members will appreciate that these changes, where applied, do not enable a valid year on year comparison, and some significant variations between years may be apparent because the original budgets will not reflect the amended practice or valuations.

### **Revised Estimates**

- 12.4 Quarterly budget reports have been reported to Cabinet during the year. The revised estimates reflect changes notified within those reports. In addition the revised estimate reflects variations in asset charges arising from revaluation of assets and a number of technical adjustments e.g. contingency transfers.

### **Background Papers**

Local Authority Finance (England) Revenue Support Grant 2010/2011 and related Matters

Cabinet Reports 13<sup>th</sup> January 2010

- Provisional Revenue Support Grant Settlement for 2010/2011
- Calculation of Council Tax Base 2010/2011
- Revenue Budget 2010/2011

Cabinet Reports 3rd February 2010

- Final Local Government Finance Settlement 2010/2011
- Collection Fund 2009/2010

### Budget Consultation Results

Presentations on the budget planning framework were made to a range of stakeholder groups in accordance with the approach to Budget Consultation agreed by Cabinet in September 2009, and feedback was noted.

The following stakeholder groups were consulted:

- Trade Unions;
- North East Chamber of Commerce;
- Youth Parliament;
- Schools Forum, Head Teachers and Governors; and

In overall terms consultees recognised that the financial position facing the Council was tight with limited scope to address spending pressures and an understandable need to identify and realise the maximum level of efficiency savings.

The consultees acknowledged the consultation as being an in-depth approach to ascertain the views of the stakeholders consulted.

In addition to the presentations, members of Sunderland's citizens' panel and the voluntary and community sector were invited to take part in a self completion survey to ascertain residents' views on seven priorities identified for further investment as outlined in the January 2010 Cabinet report. The survey was completed by 1,075 Community Spirit panel members, which is a response rate of 67%. A booster sample of 195 responses, from residents aged 18-34, who have been under represented in previous consultations was also produced to take the total responses to 1,270.

The seven priorities for investment were as follows:

1. Creating safer communities;
2. Clean streets;
3. City Centre;
4. Customer service;
5. Getting along with each other (community cohesion);
6. Activities and facilities for young people;
7. Roads and footways;

The survey identified a number of possible approaches to improve services in each of the priority areas and consultees were asked to rank the approaches on a scale of 1 (high priority) to 5 (low priority). The information obtained from the survey was then used to inform workshops.

Workshops were held, with Community Spirit panel members and representatives from the voluntary and community sector (including the Independent Advisory Groups), in different locations throughout the city.

A total of 66 panel members attended the Community Spirit workshops and there were a further 16 attendees at the workshop for the voluntary and community sector and Independent Advisory Groups.

An eighth priority of “Helping people to live independently in their own home” was added to the seven priorities in the survey as this area had previously been identified as a high priority through previous consultation exercises. Attendees were asked to work in small groups to prioritise 16 interventions to addressing the eight budget priorities.

The six highest ranking interventions were:

1. Extend the range of support services (for example, advice and advocacy services) to enable more people to direct their own social care budgets.
2. Youth Crime Family Intervention Programme – Project Workers to work with young people at high risk of offending who come from a small number of families with a history of offending.
3. Investing additional funds in our footways to help reduce trip hazards and the potential for pedestrians to suffer slips, trips or falls.
4. Continue to extend the availability and range of services that can be provided through the evening and overnight e.g. the Sunderland Telecare Service.
5. Staffing and running costs of the new ‘state of the art’ mobile youth buses to bring provision and services into areas where there are no suitable venues.
6. Review the way in which we identify people who are highly vulnerable due to their personal, social or economic circumstances and are at high risk of becoming victims of crime and anti-social behaviour.

With regard to the workshops, participant feedback was excellent in terms of the steps the Council had taken to engage people as evidenced below.

Of the 59 respondents who expressed an opinion, 97% were very/fairly satisfied overall and more specifically:

- 100% of the 63 respondents who expressed an opinion rated the presentation on the Budget Overview as being very good / good;
- 98% of the 61 respondents who expressed an opinion rated the question and answer sessions with officers as being very good / good;
- 93% of the 59 respondents who expressed an opinion rated the break-out group sessions as being very good / good.

The workshops enable participants to gain a better understanding of the complexities and the specific issues that have to be addressed in the budget setting process and to understand the views of other participants. This is achieved through the combination of the presentation, question and answer sessions and constructive discussion and debate during the group activity and helps participants to make better informed judgements.

It needs to be recognised however that the manner in which participants were chosen - they volunteered - means that workshop attendees cannot be regarded as being statistically representative of Sunderland citizens although the involvement of the voluntary and community sector this year helped to better represent the interests of more marginalised and vulnerable groups.

Although the results of the workshop cannot be regarded as being statistically representative, they do give a good indication of the thinking of the participants in arriving at decisions and coming to judgements on priorities.

By taking cognisance of these results and Members own knowledge and feedback from constituents, the budget setting process becomes more informed. In addition, in considering the results of the consultation and its impact on the mainstream budget decisions of the Council, regard should be had to past investments which are still being implemented, and any special funding streams which are being used to address the issues highlighted.

Within that overall context each of the priorities identified has been considered and addressed within the budget proposals contained within this report and as detailed within the detailed Revenue Budget and Capital Programme for 2010/2011 as follows:

### **1. *Creating safer communities***

- provision of £98,000 is proposed to replace funding for the Family Intervention Project, which is subject to grant tapering arrangements. The gross cost of the project is £145,000 per annum; the Family Intervention Project (FIP) provides intensive support to some of the most chaotic families within the City who are at risk of losing their home due to anti-social behaviour. The project can work with up to 17 families at any one time challenging the behaviour of those families as well as providing support to modify behaviour.  
The FIP model is well-recognised by the government and supports many national and local strategic aims and outcomes such as the Every Child Matters agenda, Prevention of Homelessness, Safer Sunderland Strategy, and the Housing Strategy.
- additional funding from the Home Office of £79,000 is proposed to be earmarked to provide training for staff across partner agencies in the identification of those at risk of, or vulnerable to, anti social behaviour and crime,

### **2. *Clean Streets***

- provision of £100,000 is included in the Budget for 2009/2010 to appoint additional Enforcement Officers (EOs) to address environmental crimes such as littering, dog fouling etc, which will increase the number of EOs to 15 across the city, so that there are 3 in each area of the city; this budget provision continues into 2010/2011.

### **3. City Centre**

- provision of £1 million is proposed for inclusion in the capital programme for a programme of projects in the City Centre which aim to increase footfall to develop the vibrancy of the City Centre to benefit local businesses, and to increase business, visitor and public satisfaction with the City Centre; a similar sum was provided in the Budget for 2009/2010 to provide festivals and events (including Oktoberfest, farmer's markets, enhance Christmas lighting and supporting programme), street scene improvements, marketing and promotion and business support (including free Sunday parking);
- provision of £1.4 million has been included in the capital programme for 2010/2011 following the award of a contract for the demolition of levels A and B of the Central Car Park, whilst retaining the operational indoor market, as part of an overall project cost of £2.9 million.

### **4. Customer Service**

- provision of £150,000 is proposed to be made in the capital programme for the refurbishment of the City Centre / Civic Centre Customer Service Centre reception for visitors to rationalise existing customer service facilities at the civic centre and provide a better utilisation of staff resource, increased security, to improve customer satisfaction;
- provision of £50,000 is proposed to provide further support for the Community Leadership Programme which is one of three strategic improvement programmes promoted by the Council with its key partners and is an integral part of the Council's Improvement Agenda.

### **5. Getting Along With each Other (Community Cohesion)**

- provision of £164,000 is included in the proposed budget through the Area Based Grant from government to support the 'Prevent' Strategy.

Sunderland, along with every other Council in the country, has been asked to produce an action plan in partnership with other key agencies. The emphasis of Prevent is beginning to shift towards a more cohesion focussed approach, to support mainstream voices, this is largely following the Community Cohesion event held in Sunderland. Further details are set out at paragraph 6.4 of the main report.

### **6. Activities and facilities for young people**

- provision of an additional £200,000 is proposed to support an expansion of youth initiatives, including the provision of the new mobile youth villages, details of which will be considered over the coming months; in 2009/2010 a sum of £300,000 was included in the Budget which funded costs associated with mobile youth facilities which, have led to significant reductions in anti-social behaviour, attracted national positive interest, and has been very well received by young people.
- an additional sum of £100,000 is proposed in respect of the new Silksworth Pool to reflect the full year running costs of the pool which has recently opened;
- an amount of £116,000 is also proposed to supplement the specific

government grant available, to support the free swimming initiative for the over 60's and under 16's for the remaining year of a two year time limited period;

- an additional sum of £85,000 is proposed to fund the revenue maintenance implications of implementing the Play Parks Strategy. The programme to implement the strategy was accelerated as a result of the receipt of external funding from the Big Lottery Fund and securing Pathfinder funding;
- a total sum of £1.7 million has been included in the capital programme for Football Facilities development which consists of a £700,000 Council capital allocation to match £1 million of 'in principle' funds from the Football Foundation to implement the Football Investment Strategy.

### **7. Roads and Footways**

- it is proposed to continue to provide an additional sum of £400,000 to supplement the existing Highways Maintenance budget and thereby address the backlog of maintenance and incidence of claims. Allocation of the budget will be made between Highway Maintenance and Footway Maintenance in light of need, performance and satisfaction issues. Consideration will be given to also using part of this funding to support a pilot based approach to local safety schemes through relevant Area Committees.

### **8. Helping People to Live Independently in Their Own Home**

- provision is proposed of £343,000 for the Council's Telecare Service to enable the continued employment of additional staff and the provision of a range of equipment for installation in customers' homes, which can be attached to an alarm system that can be activated in a control room in an emergency, resulting in a response to the alarm call;
- it is proposed to create an earmarked contingency provision of £1 million to cater for any unforeseen increased costs relating to government proposals for the provision of free personal care from October 2010 for people with assessed high care needs; the consultation assumes that government grant will cover two thirds of the cost and that the remaining one third will need to be met from efficiencies generated by local government;
- a sum of £1.580 million was allocated for 2010/2011 as part of the 3 year grant settlement on introduction of the Social Care Reform Grant; the grant is earmarked to assist in funding the three year delivery plan, to support new methods of care which seek to maximise independence and enable more people to live in their own homes independently for longer

In addition to the above budget consultation, other consultation has been conducted on the following, which has also be taken into account in the budget proposals:

- Sea Front;
- Waste Disposal and Recycling;
- Council Tax Discount Scheme.

## **9. Sea Front**

- provision of £1.848 million has been included in the capital programme which consists of £1 million CAGE Sea Change funding and match funding of £500,000 to refurbish and remodel Marine Walk, Roker, following extensive public consultation on the Seafront Strategy. In addition, other funding has been provided as follows:
  - £168,000 contributions from Area Committees to address public realm improvements at the seafront at Seaburn
  - £180,000 to refurbish the Seafront Toilets and expand the facilities they provide. In addition, ongoing Revenue Budget provision of £12,000 has been made to secure the opening of the Seafront toilets on a year round basis.

## **10. Waste Disposal and Recycling**

- provision of £1 million for 2010/2011 has been made, taking into account the landfill tax that will be saved when the Waste Disposal Strategic Solution comes on stream in accordance with the policy of gradually building up provision within the Council's base budget to fund the eventual affordability gap associated with the Waste Disposal Solution; the overriding intention of the strategic solution is to minimise the use of landfill as a means of waste disposal in the future;
- a sum of £159,000 is provided to meet the additional costs of leasing vehicles to support the new 'blue bin' scheme which will replace the existing 'kerb it' scheme. This will allow for the provision of rear end loading vehicles to accommodate the new bin which will replace the black box from April 2010;
- provision of £867,000 in relation to the Waste Strategic Solution Partnership is provided in the Budget to fund additional preparation costs;
- a total of £2.4 million has been allocated towards the blue bin recycling scheme; however provision for a further £300,000 has been made in the capital programme, following receipt of tenders, and to make some allowance for lost bins in the early years of operating this collection arrangement.

## **11. Council Tax Discount Scheme**

When considering a potential Council Tax Discount Scheme, an extensive range of groups were considered. Some 40 groups were identified and ranged from all Council Taxpayers to specific groups which met certain criteria, and fell into the following broad categories:

- All households
- Those in receipt of full, partial or no Council Tax Benefit, and also with or without a dependent child of 16 years of age or under.



- Age related - Both households with occupants over 65, or households with a dependent child of 16 years of age or under, and in receipt of full, partial or no Council Tax Benefit.
- Welfare related - Households in receipt of Job Seekers Allowance, Child or Working Tax Credit, lone parents, or families in receipt of free school meals.

The objective of the consultation undertaken was to consider whether a Council Tax Discount Scheme was the best way of assisting Sunderland residents, who may be impacted by the economic downturn, for example through redundancy, reduced working hours etc. or to help specific groups who may be experiencing financial hardship during these challenging economic times.

In looking to meet the objective of the Scheme, it was considered necessary to focus attention on a scheme that assisted those groups where there was actual demonstrable need, rather than a blanket application which could assist those who already had the ability to pay their Council Tax.

As the cost of the Scheme would be met by all council tax payers, it was recognised that there may be council tax payers who would not favour those schemes which would include those who had the ability to pay - a scheme that paid all pensioners for example, rather than just those pensioners on low incomes. Alternatively, some council tax payers may object to helping those already in receipt of council tax benefit, as they may consider that those in receipt of council tax benefit are already receiving help in any event.

It was considered that an important element of any successful scheme is to ensure that the majority of funding goes to the resident in need, and not on administering the scheme. It was found that only where residents were already known to the Council and therefore already verified (e.g. those already in receipt of Council Tax Benefit), could the cost of administration be proportionate to the amount of help proposed (a provisional maximum sum of £100 per individual beneficiary was considered). Other schemes, such as lone parents and all pensioners, would result in an expensive and complex application, verification and appeals process, which could be perceived as a poor use of council tax payers money as the administrative costs would be disproportionate to the benefit received by the beneficiaries.

In order to ensure a detailed consideration of these issues, a consultation exercise was undertaken, firstly by interview and secondly in a consultation workshop held with 53 residents. The majority of the group were initially in favour of a scheme, based on the survey, however, at the conclusion of the workshop, having considered the above, and other associated issues in more detail, the consultees were very mixed in their views, with those against, very strong in their objection, and those in favour being moderately in favour, and

having concerns about the practical application of the scheme. From these concerns some broad conclusions may be drawn.

- The views of a large proportion of local people consulted who strongly object to the introduction of a council tax discount scheme because they perceive it to be inequitable, need to be considered. Other Councils that have introduced such schemes have experienced negative feedback and opposition.
- There is a need to consider the views of those council tax payers who take the view that the wider benefits system is the means by which financial assistance to those in need should be provided and that a scheme to bolster that wider benefits system payments is not an appropriate use of council tax funds.
- As the scheme is being funded by Council Taxpayers it may be that the scheme causes a burden to those who are in need but miss out due to eligibility criteria.
- The size of any payment is unlikely to remove households from the 'poverty trap' and resources could be better used improving access to other benefit entitlements, educating and facilitating those in receipt of benefits to maximise their use of such benefits and their status, and providing targeted services and assistance to those experiencing financial hardship.
- Whilst the scheme could be introduced as a 'one off' for 2010/2011 there would be pressure to continue in future years. Given pressures on future years' budgets this may not represent the best use of resources in those years given other spending pressures. Other Councils who have introduced similar schemes in 2009/2010 have restricted eligibility in future years to existing applicants.

The results of the consultation, and the conclusions arising, point to the need for the Council to understand and support the precise needs of those suffering financial hardship and target their support and services to those citizens and address their specific needs. Thus, it is considered that the overall increase in council tax should be kept as low as possible and that the Council should consider measures to support as far as possible those most in need.

The following actions are therefore being considered:

- That the Council lobby for changes to the benefits scheme at a national level to seek to tackle those groups of people who continue to suffer financial hardship.
- That the Council continues to try to identify and reach those families and vulnerable individuals who are entitled to benefits but do not take up those benefits and seeks to encourage the take up of those benefits using existing and new routes.
- That the Council explores new ways of targeting those people "just missing out" and experiencing financial hardship, firstly examining their needs and secondly, by seeking to reconfigure and target services to meet those needs.

## Appendix B

### Notes of a Budget Consultation meeting between representatives of the Council and the Trade Unions held at Sunderland Civic Centre on Monday 1 February 2010 at 10.00am

#### Present:

#### Council Representatives

Councillor Paul Watson	-	Leader of the Council
Councillor Mrs Florence Anderson	-	Deputy Leader of the Council
Keith Beardmore	-	Director of Financial Resources
Sue Stanhope	-	Director of Human Resources
and		Organisational Development
Graeme Farnworth	-	Head of Regeneration
Programmes		
Keith Lowes	-	Head of Planning and
Environment		

#### Trade Union Representatives

Peter De-Vere	-	UNISON
George Pearson	-	UNISON
Helen Finkill	-	UNISON
David Short	-	UCATT
Howard Brown	-	NUT
Paul Owens	-	GMB
Alyson Bryan	-	GMB

The Leader of the Council welcomed representatives from the Trade Unions and asked Keith Beardmore, Director of Financial Resources, to outline the current position with regard to the Council's budget for 2010/2011.

The Director of Financial Resources advised that informal meetings had been held with the Trade Union representatives and they had more recently been provided with the relevant Revenue Budget reports considered by the City Council's Cabinet. This meeting formed part of the statutory consultation process for the Council's budget proposals and any views and comments would be presented to the Cabinet at its next meeting when it is to consider the final budget proposals for the next year.

The Director of Financial Resources reported that the budget had been particularly difficult in light of the current economic climate and that the Government grant increase of 1.84% would present the authority with challenges in the next year. It was also apparent that the Council could expect significantly reduced levels of grant increases in future years.

Attention was drawn to the spending pressures and priorities which were outlined in the Revenue Budget report. Proposed additional provisions in each strategic and corporate improvement priority improvement area included: -

- Healthy City – additional provision is proposed to meet the costs of the second year of an agreement with independent providers of care in respect of fees, to

recognise the need to support the expanded Telecare service and a contingency for additional costs which may arise from the government's intention that personal care should be provided free to those with assessed high needs;

- Children and Learning City – further investment is proposed to support the implementation of the Foster Care Recruitment and Retention Strategy, the expansion of youth initiatives; and additional staffing in Safeguarding services;
- Safer City – provision is proposed to enable the enhancement of the Citywide Events Programme, to support the Family Intervention Project and to support the identification of vulnerable people at risk of Anti-Social Behaviour and crime and address their needs;
- Sustainable Communities – additional investment is proposed to seek to reduce further the number of empty properties; to plan to meet the funding implications of the new Strategic Waste Solution; and to address community cohesion initiatives;
- Attractive and Inclusive City – these proposals include additional provision to fund the improvement and development of the Transport and Engineering service; to meet the full year running costs of the new Silksworth Pool; to meet ongoing maintenance costs associated with the new Play Parks; and to meet the costs of the 'Kerb It' replacement scheme;
- Provision is also to meet the higher levels of investment required in respect of the Occupational Health Unit and to provide support for the implementation of the Community Leadership Programme.

The Director of Financial Resources then highlighted the Council's plan to realise efficiency savings in 2010/2011 and beyond and emphasised that the Council was intent on having regard to the medium to long term context for the future funding of local government and the need to set a sustainable budget for next year.

The Leader invited views and questions from the Trade Union representatives.

Peter De-Vere noted that the reserves and levels of interest had been good in previous years but were considerably lower this financial year. The Director of Financial Resources advised that budget for interest receipts had been reduced to £1.6m for next year, but that the Council had taken the decision not to build in ongoing expenditure commitments the higher levels of investment income generated in previous years.

The Leader added that the Council had also looked at the way money was invested and had ensured that no losses were incurred. He emphasised that it had been difficult to restrict expenditure to areas which did not require an ongoing revenue budget commitment but the difficult decisions taken in the past had been proven to be beneficial and ensure that the Council was as well placed as possible financially. He emphasised that with the impending constraints on public spending, as long as staff understood the need to retrain and up-skill, and were prepared to be as flexible as possible, then the Council had the best prospect of working through any difficult times ahead together and in a way that would seek to protect and retain jobs as far as possible.

Peter De-Vere then made reference to the provision of free personal care which were being brought in from October 2010 and asked if it was felt this was realistic from the local authority's point of view and queried if it would be more cost efficient in the long term to bring the services back in house.

The Director of Financial Resources advised that the government had announced that the provision of free personal care was to be two thirds funded through a

Government grant and the rest was to come from local government efficiencies. It was clear that some who would qualify for free personal care would already be receiving care through the local authority but there was a possibility that there would be others that were unknown to the Council at the present time. As much due diligence as possible had been done in relation to assessing the financial implications and this had formed the basis for the provision proposed to be included in the budget.

The Leader highlighted that the House of Lords were continuing to debating the Bill on free personal care but also acknowledged that the policy was supported as this would be additional help to enable people to remain in their own homes. The Deputy Leader added that representations were still being made on behalf of Local Government for central Government to fund the entire costs of free personal care.

Alyson Bryan commented that because of the modernisation which had taken place in recent years, services were well placed to provide free personal care. She was pleased to note the additional investment in Telecare and felt that it was an example of good practice for other local authorities.

Howard Brown expressed concern about the proposed efficiency savings and the impact of these in the forthcoming years. He felt that if job cuts were a possibility in the future then work should begin now to minimise the impact. He also asked how closely the Sunderland Way of Working (SWOW) fitted in with future budget planning.

The Leader reported that, should reductions in staff become inevitable, the strategies were being put in place to seek to keep these to a minimum. The Director of Financial Resources stated that the targets for efficiency savings would be subject to review and that the SWOW was integral to the plan for the efficiency savings which were to be realised in order to seek to avoid any reduction in services.

The Director of Human Resources and Organisational Development reiterated that planning had already started and the Council was not simply waiting for things to happen. A recruitment freeze had already been implemented, along with the establishment of the internal jobs market. The Council was confident that the processes which were in place would deliver the required efficiency savings.

It was queried if there was a timetable for meetings with the Trade Unions on the SWOW and the Director of Human Resources and Organisational Development advised that the primary mechanism for consultation with the unions was the Organisational Development Joint Consultative Forum. However, given the importance of the SWOW, it was agreed that separate meetings would be arranged to deal with that issue. The Leader of the Council welcomed the engagement of the Trade Unions with these discussions but added that he hoped they felt they could raise issues about how the SWOW was moving forward at any time and not have to wait for planned meetings.

The Leader thanked the Trade Union representatives for their comments and informed them that they would be taken into consideration by the Cabinet. He also thanked those present for their support of the Council's position during the current economic circumstances.

**Notes of a Budget Consultation meeting between representatives of the Council and the Chamber of Commerce held at Sunderland Civic Centre on Monday 1 February 2010 at 11.00am**

**Present:**

**Council Representatives**

Councillor Paul Watson	-	Leader of the Council
Councillor Mrs Florence Anderson	-	Deputy Leader of the Council
Keith Beardmore Resources	-	Director of Financial
Sue Stanhope and	-	Director of Human Resources Organisational Development
Graeme Farnworth Programmes	-	Head of Regeneration
Keith Lowes Environment	-	Head of Planning and
Stephen Pickering City Services	-	Deputy Executive Director,

**Chamber of Commerce Representatives**

Mick Thurlbeck  
Rachel Anderson  
Jill Haley

The Leader of the Council welcomed representatives from the North East Chamber of Commerce and asked Keith Beardmore, Director of Financial Resources, to outline the current position with regard to the Council's budget for 2010/2011.

The Director of Financial Resources advised that informal meetings had been held with the Chamber of Commerce and they had more recently been provided with the relevant Revenue Budget reports considered by the City Council's Cabinet. This meeting formed part of the statutory consultation process for the Council's budget proposals and any views and comments would be presented to the Cabinet at its next meeting when it is to consider the final budget proposals for next year.

The Director of Financial Resources reported that the budget had been particularly difficult in light of the current economic climate and that the Government grant increase of 1.84% which would present the authority with challenges in the next year. It was also apparent that the Council could expect significantly reduced levels of grant increases in future years.

Attention was drawn to the spending pressures and priorities which were outlined in the Revenue Budget report. Proposed additional provisions in each strategic and corporate improvement priority improvement area included: -

- Healthy City – additional provision is proposed to meet the costs of the second year of an agreement with independent providers of care in respect of fees, to recognise the need to support the expanded Telecare service and a contingency for additional costs which may arise from the government's intention that personal care should be provided free to those with assessed high needs;
- Children and Learning City – further investment is proposed to support the implementation of the Foster Care Recruitment and Retention Strategy, the expansion of youth initiatives; and additional staffing in Safeguarding services;
- Safer City – provision is proposed to enable the enhancement of the Citywide Events Programme, to support the Family Intervention Project and to support the identification of vulnerable people at risk of Anti-Social Behaviour and crime and address their needs;
- Sustainable Communities – additional investment is proposed to seek to reduce further the number of empty properties; to plan to meet the funding implications of the new Strategic Waste Solution; and to address community cohesion initiatives;
- Attractive and Inclusive City – these proposals include additional provision to fund the improvement and development of the Transport and Engineering service; to meet the full year running costs of the new Silksworth Pool; to meet ongoing maintenance costs associated with the new Play Parks; and to meet the costs of the 'Kerb It' replacement scheme;
- Provision is also to meet the higher levels of investment required in respect of the Occupational Health Unit and to provide support for the implementation of the Community Leadership Programme.

The Director of Financial Resources circulated a list of proposed one off investments and selected Capital Programme schemes within the Revenue Budget 2010/2011. The Director then highlighted the Council's plan to realise efficiency savings in 2010/2011 and beyond and emphasised that the Council was intent upon having regard to the medium to long term context for the future funding of local government and the need to set a sustainable budget for the next year.

The Leader invited views and questions from the Chamber of Commerce representatives.

Mick Thurlbeck thanked the Leader and the Director of Financial Resources for affording the Chamber of Commerce the opportunity to discuss the budget proposals and congratulated the Director and his team for the excellent work that they had done to achieve the efficiency savings without any detriment to service provision. He highlighted that the Economic Masterplan was vital to the City but the delivery of it would be the crucial element. The success of the bid to be a World Cup 2018 host city had been an excellent example of

partnership working. Mick Thurlbeck also commented on the positive developments at Nissan, the success of the BSF scheme and Academies which were ensuring that young people were well positioned for the future. Statistics showed that new businesses were being started up in Sunderland and a commercial business bank was soon to be opening in the City.

Jill Haley reiterated the comments about the Revenue Budget report and stated that as the new Vice Chair of Sunderland Chamber of Commerce, she was pleased to have the opportunity to take part in this discussion. With regard to the proposed efficiency savings, she asked what the additional sources of income might be, and if there was a strategy for business growth.

The Director of Financial Resources responded that the additional income referred to was not focused on raising fees and charges but principally about maximising opportunities for attracting and utilising a range of grants to best effect. These were being received both from the government and a range of third parties. A Single Investment Plan was being developed for the City looking at how community based services were provided and how they could be improved through greater partnership working and it was clear that there was both the opportunity and the imperative for Partners to work together to develop new models of delivery in the future. In relation to business growth, the Director of Financial Resources advised that officers within the Business and Investment team would be best placed to outline the current arrangements.

Jill Haley commented that Sunderland had some excellent services and enquired as to what plans were in place for the Council to sell these services to third parties. The Head of Planning and Environment highlighted that this currently happened with building control services as the legislation allowed a competitive market. Whilst income and trading was restricted for local authorities the constraints were being increasingly relaxed. The Council did have powers to trade but could not use them without establishing a separate company. The Leader noted that the 'power of well-being' allowed Councils to expand their reach but they had to ensure that private business was not disadvantaged.

Rachel Anderson welcomed the work which had been done by the Council on procurement but expressed concern that an aggregation of some contracts might lead to small businesses being disadvantaged when it came to bidding for work. The Leader advised that representatives from the Council's procurement team were talking to business forums in order to get businesses on a local register. 'Buy Sunderland First' was to be promoted for contracts valued at less than £75,000 and the register of Sunderland providers would be launched in March 2010.

Mick Thurlbeck stated that businesses would welcome this focus on Sunderland business for Sunderland but there was a job to do in ensuring that businesses were adequately prepared and 'fit for purpose' so that they could be placed on the register of Sunderland providers.



Rachel Anderson noted the pressures which the Council would face in the provision of social care and queried how safe the budget priorities would be, given these pressures. The Leader stated that there were some statutory duties which the Council had to fulfil, but the Council needed to continue to focus on making the city more prosperous as this was the key to improvements in others areas such as health. He stated that the focus would be on sustainable investment and continuous innovation to ensure that the Council was getting the best possible results.

With reference to the capital budget, Rachel Anderson asked about Sunderland's policy for local borrowing at the current time. The Director of Financial Resources advised that specific provision had been made for 2010/11 for a number of initiatives which would be funded, subject to a satisfactory business case being brought forward. With regard to the proposed Accelerated Development Zones (ADZs), he commented that the current proposals would lead to a loss of money to the central exchequer to enable resources to be used to support the infrastructure requirements associated with new developments. The government's approach to this type of initiative would be likely to be heavily influenced by the scale of national debt and borrowing.

Rachel Anderson highlighted that the North East Chamber of Commerce was campaigning against empty property rates and were looking for support in this. It was considered that these charges were working against getting smaller commercial properties back into use. The Leader replied that he understood the reasoning behind the empty property rating changes as it was intended to be a tool to stimulate the turnover of properties, but supported the steps that the government had take to alleviate the effects of the changes during the economic downturn. The Leader added that a 'Just the Job' scheme had been launched to help people get into training for work, including self employment.

Mick Thurlbeck took the opportunity to thank the Council again for the opportunity to comment on the budget proposals both this year and in previous years during his time as Chair of the Sunderland Chamber of Commerce and emphasised the Chamber's desire to do all it could to enhance the Sunderland business community. The Leader thanked the Chamber's representatives for their attendance and for their comments which would be taken into consideration by the Cabinet. The Leader then closed the meeting.

**CABINET – 10TH FEBRUARY, 2010**

**EXECUTIVE SUMMARY SHEET- PART 1**

**Title of Report:**

Item 4(ii) – Appendix C – Revenue Budget and Proposed Council Tax 2010/2011

**Author(s):**

Director of Financial Resources

**Purpose of Report:**

To advise Cabinet of the final General Summary for the Revenue Estimates and the proposed Contingencies and Provisions for Strategic Priorities for 2010/2011 set out at Annex 1.

To enable recommendations to be made to Council with respect to Council Tax levels for 2010/2011, subject to the approval of the Revenue Budget 2010/2011. The Council Tax is calculated using the tax bases for the areas of the City Council and Hetton Town Council as confirmed by Council on 27th January 2010. There are a number of resolutions required to be made to determine the Council Tax including precepts from the Major Precepting Authorities and the Parish of Hetton Town Council.

**Description of Decision:**

**Cabinet is requested to recommend to Council the Council Tax levels for 2010/2011 in accordance with statutory requirements. The recommendations are:**

- a) To note the Council Tax base applicable to the Council and to the Parish of Hetton Town Council.
- b) To recommend the estimated amount of the Council's aggregate gross revenue expenditure.
- c) To recommend the estimated amount of the Council's aggregate gross revenue income.
- d) To recommend the estimated amount of the Council's net revenue budget requirement.
- e) To note the aggregate of the sums estimated to be payable into the General Fund.
- f) To note the precept notified by Hetton Town Council.
- g) To note the Council Tax bands applicable to the Council and to the Parish of Hetton Town Council based on the above financial information.
- h) To note the provisional precept of the Tyne and Wear Fire and Rescue Authority.
- i) To note the provisional precept of the Northumbria Police Authority.
- j) To recommend the draft total Council Tax levels for 2010/2011

**applicable to the Council and to the Parish of Hetton Town Council including all relevant precepts.**

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

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

**Suggested reason(s) for Decision:**

To comply with all legal requirements and the Local Authorities (Alteration of Requisite Calculations) (England) Regulations 2003 in Sections 32, 33, 43 and 44 of the Local Government Finance Act 1992 and Sections 85, 86, 88 and 89 of the Greater London Authority Act 1999 which applied from 1<sup>st</sup> April 2003, in order to determine the Council Tax applicable for 2010/2011.

**Alternative options to be considered and recommended to be rejected:**

There are no alternative options recommended for approval.

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

**Relevant Scrutiny Committee:**  
Management

**Is it included in the Forward Plan?**  
Yes

## **Cabinet - 10th February 2010**

### **Proposed Council Tax 2010/2011**

#### **1. Purpose of Report**

- 1.1 To advise Cabinet of the final General Summary for the Revenue Estimates and the proposed Contingencies and Provisions for Strategic Priorities for 2010/2011 set out at Annex 1.
- 1.2 To enable recommendations to be made to Council with respect to Council Tax levels for 2010/2011, subject to the approval of the Revenue Budget 2010/2011. The Council Tax is calculated using the tax bases for the areas of the City Council and Hetton Town Council as confirmed by Council on 27th January 2010. There are a number of resolutions required to be made to determine the Council Tax including precepts from the Major Precepting Authorities and the Parish of Hetton Town Council.

#### **2. Description of Decision**

##### **It is recommended that Cabinet recommend to Council:**

That it be noted that at its meeting on 27th January 2010 the Council approved the following amounts for the year 2010/2011 in accordance with regulations made under Section 33 (5) of the Local Government Finance Act 1992:

- a) £80,260 being the amount calculated by the Council, in accordance with Regulation 3 of the Local Authorities (Calculation of Council Tax Base) Regulations 1992, as it's Council Tax Base for the year
- b) £ 4,043 being the amount calculated by the Council, in accordance with Regulation 6 of the Regulations, as the amount of it's Council Tax Base for the year for dwellings in the area of the Parish of Hetton Town Council.

#### **3. It is also recommended that Cabinet recommend to Council:**

That the following amounts be now calculated by the Council for the year 2010/2011 in accordance with Sections 32 to 36 of the Local Government and Finance Act 1992:

- a) £784,067,244 being the aggregate of the amounts which the Council estimates for the items set out in Section 32 (2) (a) to (e) of the Act

- b) £531,317,271 being the aggregate of the amounts which the Council estimates for the items set out in Section 32 (3) (a) to (c) of the Act
- c) £252,749,973 being the amount by which the aggregate at 3 (a) above, exceeds the aggregate at 3 (b) above calculated by the Council, in accordance with Section 32 (4) of the Act, as its budget requirement for the year
- d) £157,511,823 being the aggregate of the sums which the Council estimates will be payable for the year into its General Fund in respect of redistributed Non-Domestic Rates, Revenue Support Grant, and the amount of the sum which the Council has estimated will be transferred from its Collection Fund to its General Fund in accordance with Section 97(3) of the Local Government Finance Act 1988 (Council Tax Surplus)
- e) £1,186.6204 being the amount at 3 (c) above less the amount at 3 (d) above, all divided by the amount at 2 (a) above, calculated by the Council, in accordance with Section 33 (1) of the Act, as the basic amount of its Council Tax for the year
- f) £53,000 being the precept notified by Hetton Town Council as a special item under Section 34 (1) of the Act
- g) £1,185.9600 being the amount at 3 (e) above less the result given by dividing the amount at 3 (f) above by the amount at 2 (a) above, calculated by the Council, in accordance with Section 34 (2) of the Act, as the basic amount of its Council Tax for the year for dwellings in those parts of its area to which no special item relates
- h) £1,199.0691 being the amount given by adding to the amount at 3 (g) above the amount 3 (f) divided by the amount at 2 (b) above, calculated by the Council in accordance with Section 34 (3) of the Act as the basic amounts of its Council Tax for the year for dwellings in the area of the Parish of Hetton Town Council

#### **Parts of the Council's Area**

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

G	£ 1,998.45	£ 1,976.60
H	£ 2,398.14	£ 2,371.92

being the amounts given by multiplying the amounts at 3 (g) and 3 (h) above by the number which, in the proportion set out in Section 5 (1) of the Act, is applicable to dwellings listed in a particular valuation band divided by the number which in that proportion is applicable to dwellings listed in valuation band D, calculated by the Council, in accordance with Section 36 (1) of the Act, as the amounts to be taken into account for the year in respect of categories of dwellings listed in different valuation bands.

**4. It is also recommended that Cabinet recommend to Council:**

That it be noted that for the year 2010/2011, Tyne and Wear Fire and Rescue Authority and Northumbria Police Authority have supplied their best estimate of their proposed precepts, which have still to be approved by their respective Authorities. Consequently, the following amounts for both the Tyne and Wear Fire and Rescue Authority and the Northumbria Police Authority represent the provisional precepts for 2010/2011, which may be issued to the Council, in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of dwellings as follows:

Valuation Bands	Precepting Authority	
	Northumbria Police Authority	Tyne & Wear Fire and Rescue Authority
A	£ 55.79	£ 48.77
B	£ 65.09	£ 56.90
C	£ 74.38	£ 65.03
D	£ 83.68	£ 73.16
E	£102.28	£ 89.42
F	£120.87	£105.68
G	£139.47	£121.93
H	£167.36	£146.32

**5. It is also recommended that Cabinet recommend to Council:**

That having calculated the aggregate in each case of the amounts at 3 (i) and 4 above but not having received confirmation of the precept in paragraph 4, the Council, in accordance with Section 30 (2) of the Local Government Finance Act 1992, estimate the following amounts as the amounts of Council Tax for the year 2010/2011 for each of the categories of dwellings shown below at this point in time. The exact levels will only become known once formal notification of the precepts from the Tyne and Wear Fire and Rescue Authority and Northumbria Police Authority are received.

## Parts of the Council's Area

Valuation Bands	Hetton Town Council	All other parts of the Council's Area
A	£ 903.94	£ 895.20
B	£ 1,054.60	£ 1,044.40
C	£ 1,205.25	£ 1,193.60
D	£ 1,355.91	£ 1,342.80
E	£ 1,657.23	£ 1,641.21
F	£ 1,958.54	£ 1,939.60
G	£ 2,259.85	£ 2,238.00
H	£ 2,711.82	£ 2,685.60

### 6. Suggested Reason for Decision

To comply with all legal requirements and the Local Authorities (Alteration of requisite calculations) (England) Regulations 2003 on Sections 32, 33, 43 and 44 of the Local Government Finance Act 1992 and Sections 85, 86, 88 and 89 of the Greater London Authority Act 1999 which applied from 1<sup>st</sup> April 2003, in order to determine the Council Tax applicable for 2010/2011.

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

There are no alternative options recommended for approval.

### Background Papers

Local Government Finance Settlement 2010/2011 (Final).

Calculation of Council Tax Base Report (Cabinet – 13th January 2010 and Council – 27th January 2010).

Revenue Budget 2010/2011 and Capital Programme 2010/2011 to 2012/2013.

Best estimate available of the Precept from Tyne and Wear Fire and Rescue Authority.

Best estimate available of the Precept from Northumbria Police Authority.

Notification of Hetton Town Council Precept.

Local Authorities (Alteration of Requisite Calculations) (England) Regulations 2003.

Local Authorities (Alteration of Requisite Calculations) (England) Regulations 2008.

## Appendix D

### Statement of General Balances

	£000	£000
<b>Balances as at 31<sup>st</sup> March 2009</b>		<b>11,553</b>
<b>Use of Balances 2009/2010</b>		
- Contribution to Revenue Budget	(431)	
- Contribution to fund the Capital Programme	(3,065)	
- Contribution to Economic Development Grants	(488)	(3,984)
<b>Contributions to Balances 2009/2010</b>		
- Debt Charge Savings	3,000	
- Contingency Savings	2,500	
- Local Authority Business Growth Incentive Scheme Grant	379	
- VAT Refunds	1,300	
		7,179
<b>Proposed Utilisation of Balances in 2010/2011</b>		
- Contribution to Revenue Budget	(3,307)	
- Contribution to fund the Capital Programme	(3,872)	
		(7,179)
<b>Estimated Balances 31<sup>st</sup> March 2010</b>		<b>7,569</b>



### General Balances – Financial Risk Analysis

#### Inflation

*Risk is that pay and price increases may exceed the levels provided for within the budget.*

This is very unlikely to occur due to the realistic prudent provisions made:

- prudent provision has been made for the Green Book employees pay award;
- teacher's pay for the pay settlement of September 2010 has been settled at 2.3% and is factored into the 2010/2011 Revenue Budget and Medium Term Financial Strategy;
- the government has proposed pay awards in the range of up to 1% in 2010/2011 for key public service workforces not in multi-year deals and is seeking a 1% cap on basic pay uplifts across the public sector for 2011/2012 and 2012/2012. Local Government employers have offered a zero pay increase for 2010/2011 against a pay claim by the unions of 2.5% or £500 (a total cost increase of 2.8%);
- currently RPI is 2.4%, RPIX is 3.8%, and the Consumer Price Index (CPI) is 2.9% and the inflation outlook (CPI) for the year ahead is within the 0.5% to 2.7% banding.
- provision for price increases has been included in the budget on the basis of:
  - contract related budgets – 2.0%; with lower provision for certain areas;
  - other budgets - 0%
- expenditure in respect of most of the budget heads can be either influenced or controlled;
- separate provision has been made for fuel and utility costs, which have been subject to significant price variations over the last year. Council procurement officers are continuously monitoring price changes in order to take advantage of any purchasing opportunities that may arise.

#### Debt Charges

*Risk is that Debt Charges will be greater than budgeted.*

This is very unlikely to arise due to:

- a prudent estimate has been made for 'in year' ring fenced Supported Capital Expenditure' and a prudent provision has been made to enable potential borrowing under the prudential framework with some limited headroom for unplanned borrowing;
- our current level of variable rate debt is £45.9m and our fixed level of debt is £132.4m. The requirement to borrow in 2010/2011 is estimated to be a maximum of £50.6m and is made up from:
  - £2.6m of the 11.75% stock that matured in November 2008;

- £24m of PWLB loans replacement. These loans (with interest rates varying from 4.05% to 4.30%) were prematurely repaid on 12<sup>th</sup> January 2010 as part of a rescheduling exercise;
- £14m potential unsupported capital borrowing;
- £10m potential LOBO replacement.

Provision for this requirement to borrow is included in the budget and the Director of Financial Resources will review the position in the light of prevailing market conditions to decide the most appropriate action. There is a limited risk, which is not considered material, in respect of very rapid rate increases in 2010/2011. The market consensus regarding the economic outlook for the year ahead is that base rates will increase from 0.5% to 1.50% by March 2011 and PWLB 50 year rates will increase from the current level of 4.44% to 5.0% by March 2011.

- a contingency exists for any additional new borrowing costing more than forecast.

### **Investment Interest**

*Risk is that income generated will not match budget provision.*

This is unlikely to arise as the base budget has been adjusted and a prudent rate of return has been estimated and included in the budget, which reflects the investments made to date, the prevailing market conditions and the economic forecasts for the year ahead.

### **Contingencies**

*Risk is that the contingency provision will be insufficient to meet the needs identified.*

This is unlikely to occur due to:

- prudent estimates being included in respect of each category of contingency provision and specific contingencies have been created for all known spending pressures in 2010/2011;
- the total contingency provision is deemed sufficient in the context of the net revenue budget;
- general contingencies have been set at £0.900.m.
- past experience suggests an underspending against contingency provision.

## **Risk Management**

*Risk is that all risks have not been identified and that major financial consequences may result.*

This is very unlikely to occur due to:

- existence of Bellwin Scheme;
- the Council has a corporate risk profile in place, which is regularly and formally reviewed, and action is taken to mitigate and manage risks;
- corporate and directorate risk management action plans are maintained;
- comprehensive self and external insurance arrangements are in place;
- adequate self insurance funds including both provisions and reserves;
- risk management practices are assessed as part of the CAA process and have been found to be robust and continue to be highly rated.

## **Financial Planning**

*Risk is that a major liability or commitment is currently known but has not been taken into account in the financial planning of the Council.*

This is unlikely to arise due to:

- the existence of a comprehensive Medium Term Financial Strategy process with regular updates during the year;
- benchmarking and networking with other senior finance staff in other authorities who are likely to identify similar liabilities;

The position regarding equal pay claims is subject to rigorous monitoring and review. Reserves and provisions have been created to address the potential liability and appropriate action will be taken as necessary should there be any indication that liabilities will exceed the funding earmarked.

## **Revenue Budget - Budgetary Control**

*Risk is that the budget will be overspent in the year.*

This is very unlikely to occur due to:

- monthly budget monitoring is in place in all Directorates;
- quarterly Council-wide Revenue Budget Budgetary Control reviews are undertaken, reported to Cabinet and corrective action agreed or set in train;
- Financial Procedure Rules relating to delegated budgets provide for virement and carry forward of under / over spending to be used / met the following financial year;
- clear budget management responsibilities are in place and recorded within the Corporate Improvement Plan;
- demonstrable track record.

## **Capital Programme Implications**

*Risk is that funding will not be available as planned or that over spending may occur.*

This is unlikely to happen due to:

- project sponsors are identified for each capital programme project and recorded within the Capital Programme;
- quarterly Council-wide Capital Programme Budgetary Control reviews are undertaken, reported to Cabinet and corrective action agreed or set in train;
- budgeted revenue contributions to fund capital expenditure and the Prudential Borrowing regime gives added flexibility in terms of financing the Capital Programme.

## **Reductions to the Revenue Budget**

*Risk is that planned efficiency reductions to the Revenue Budget will not occur or are unachievable.*

This is unlikely to occur due to:

- the reductions to budgets planned have all been subject to due diligence and there are no significant barriers to implementation;
- the budgetary control processes that are in place will identify any shortfall and remedial action will be taken;
- contingencies exist to safeguard against the non - realisation of some of the efficiency reductions.

## **Availability of Other Funds**

*Risk is that the Council could not call on any other funds to meet unforeseen liabilities.*

This is very unlikely as the Council has a range of other funds which whilst earmarked are not wholly committed e.g. Strategic Investment Reserve.

## **Impact of the Economic Downturn**

*Risk is that the impact of the economic downturn is so severe and so deep as to have a significantly greater impact on the Council's financial position than currently envisaged*

The length of and continuing impact of the economic downturn is unknown at this stage but the issue and its effects on the Council's financial position will be kept under constant review so that remedial action can be taken at the earliest opportunity.

## Appendix F

### Major Earmarked Reserves - Position Statement

Title and Purpose of Earmarked Reserve	Opening Balance 1/4/2009 £'000	Estimated Movement in the Year £'000	Estimated Balance 31/3/2010 £'000
<p><b>Strategic Investment Reserve</b> A reserve established with the proceeds of the Housing Stock Transfer and Airport Share Sale to address some of the Council's key developments, strategic priorities and address other major liabilities.</p>	56,184	(9,506)	46,678
<p><b>Council Directorates - Delegated Budget Surpluses</b> The Council has approved the operation of a delegated budget scheme in accordance with Financial Procedure Rules which provides specific flexibility in the management of Directorate Budgets, for instance by allowing the carry forward of delegated budget under spend from one financial year to the next. There is a balance held by Directorates at the end of each financial year. The majority of the balances held are earmarked for investment in specific projects, including: - Working Neighbourhoods Fund - £3.343m - Strategic Initiatives Budget (Area Committees) - £2.016m</p>	10,949	(3,383)	7,566
<p><b>Schools Delegated Budget Surpluses</b> These are the financial reserves held by schools under the Local Management of Schools/Fair Funding arrangements. The level of un-earmarked balances, is limited to 8% for Primary, Nursery and Special Schools and 5% for Secondary Schools in accordance with a detailed scheme, with balances in excess of these thresholds requiring the approval of a licensed surplus application at individual school level.</p>	8,624	(3,443)	5,181
<p><b>Insurance Reserve</b> This reserve has been established to provide for potential claims associated with the housing stock transfer, future claims increases and risk management funds.</p>	5,384	134	5,518
<p><b>Street Lighting PFI Smoothing Reserve</b> The reserve was established in order to smooth the financial impact of the Street Lighting PFI contract across the 25 years of the contract life. In the early years of the contract surpluses are achieved as the full level of unitary charge is not incurred until the core investment programme for the installation of the new street lighting and highways signs is completed.</p>	7,637	(320)	7,317
<p><b>Unutilised RCCO Reserve -</b> This reserve consists of unutilised direct revenue financing and is fully earmarked to fund capital projects previously approved.</p>	7,559	(1,142)	6,417
<p><b>Strategic Investment Plan Reserve</b> A reserve to fund the Council's contribution to its Strategic Investment Plan approved by Council in April, 2008.</p>	12,741	(2,037)	10,704

# REVENUE BUDGET 2010/2011

**REVENUE BUDGET 2010/2011  
LEADER AND DEPUTY LEADER**

**ROLES AND RESPONSIBILITIES**

The Leader and Deputy Leader Portfolio provides leadership to the council on all matters and particularly all major strategic, corporate and cross-cutting and commercially sensitive issues, and the Budget and Capital Programme. The Portfolio also provides community leadership for partners, residents and other interests in order to improve the quality of life and satisfaction in the City.

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

- Strategic and policy overview
- Performance management including the Comprehensive Area Assessment
- Marketing, communications and City image
- Strategic developments and inward Investment
- Strategic partnerships including the Local Strategic Partnership and Sunderland ARC
- Strategic improvement programmes and modernisation
- External and International Strategy and Programmes
- City region
- Regional and sub-regional governance
- Services for elected members
- Equality and diversity.

**KEY ACTIONS FOR PORTFOLIO IMPROVEMENT**

**CIP Themes and Improvement/Change Actions**

Outcome	CIP Theme	Improvement/Change Action
<b>Corporate Improvement Priority 1; Prosperous City</b>		
<b>CIP Lead: Deputy Chief Executive</b>		
Ensuring international engagement supports the Sunderland Partnership in achieving its vision for Sunderland, maximising the opportunities and benefits for the city <i>International Strategy</i>	International Engagement	<p><b>CIP 1.17</b> Strengthen Sunderland's relationships with its international partners - increasing economic development activity, creating opportunities for city schools to strengthen the international dimension in education, and generating additional opportunities for residents to learn about other cultures - and increase understanding of the benefits they generate</p> <p><b>CIP 1.18</b> Increase awareness of EU Policy and European and International initiatives relevant to city priorities (including EU transnational programmes), and work in a co-ordinated way to influence policy and share good practice through EURO CITIES, the World Health Organisation's European Healthy Cities network and the NE England Office in Brussels</p>
Sunderland will be a city where everyone has the opportunity of employment. We will have an active population that is equipped with the right skills to support business growth and personal development at all levels within the workplace. The city will be seen as a good place to start, develop and have a successful career <i>(Sunderland Strategy)</i>	Increasing Employment Across the City	<b>CIP 1.16</b> Washington Managed Workspace: Develop high-quality managed flexible technology workspace in the Washington area.

**REVENUE BUDGET 2010/2011  
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<b>Outcome</b>	<b>CIP Theme</b>	<b>Improvement/Change Action</b>
<b>Corporate Improvement Priority 6: Corporate Improvement Programme</b>		
<b>Customer Focused Services</b>		
<b>CIP Lead: Chief Executive</b>		
Achieving sustainable and rapid progression in customer service by improving quality and effectiveness in the most efficient way <i>(Implementing the Improvement Principles)</i>	Business Improvement Programme	<b>CIP 6.3</b> Re-establish the agreed vision, governance and portfolio of projects within the BIP, to deliver the new operating model and support the Improvement Programme.  <b>CIP 6.4</b> Ensure the BIP is appropriately resourced and supported across the identified themes and priority projects, including Shared Services, Strategic Services, ICT, Customer Service, Procurement, Service Delivery Review, Organisational Development and Smarter Working
Ensure directorate resources are prioritised on the programmes and projects that will deliver the council's Strategic Priorities and Corporate Improvement Objectives <i>(Implementing the Improvement Principles)</i>	Directorate Improvement Programmes	<b>CIP 6.12</b> Establish Directorate Improvement Programme Boards and a portfolio of prioritised projects in each directorate  <b>CIP 6.13</b> Ensure Directorate Improvement Programmes are appropriately resourced and supported
<b>One Council</b>		
<b>CIP Lead: Director of Human Resources and Organisational Development</b>		
Increase understanding of the role of the council  Adopt a more consistent approach to use of council brand	Brand and Positioning	<b>CIP 6.19</b> Undertake a review of core council messaging and develop a clear position and narrative to underpin an integrated brand communications strategy  <b>CIP 6.20</b> Integrate communications across services
Improving trust, reputation and satisfaction levels with the council and its key partners  Improving quality of life at a neighbourhood level for residents of the City	Community Leadership Programme	<b>CIP 6.26</b> Improve coordination and effectiveness of the full range of support services required by Members in order to deliver their Community Leadership role  <b>CIP 6.27</b> Integrate Officer and Member development activity and deliver Member development activity in a more responsive, customised manner  <b>CIP 6.28</b> Improve the effectiveness of the council's contribution to key outside bodies
Sunderland has a vision for equality, this being where everyone: <ul style="list-style-type: none"> <li>▪ Has equality of opportunity to reach their full potential, access similar life opportunities and expect a good quality of life</li> <li>▪ Is respected, valued and celebrated</li> </ul>	Equalities and Community Cohesion	<b>CIP 6.29</b> Equalities Framework for Local Government



**REVENUE BUDGET 2010/2011  
LEADER AND DEPUTY LEADER**

Outcome	CIP Theme	Improvement/Change Action
<ul style="list-style-type: none"> <li>▪ Feels that they belong to Sunderland and can develop strong and positive relationships within neighbourhoods, and in work, education and leisure</li> <li>▪ Feels able to participate in community life, be active citizens and play a positive role in developing Sunderland's vision for its future.</li> </ul>		
<p>Provide comprehensive understanding and insight into the current and future needs and wants of the council's various internal audiences</p> <p>Ensure the city council becomes an employer of choice</p>	Internal Communications/ Single Personality	<p><b>CIP 6.30</b> Develop and implement a comprehensive programme of insight across the council</p> <p><b>CIP 6.31</b> Implement a programme of activity, which drives the development of Sunderland City Council's employer brand</p>
<p>Increase the council's ability to influence emerging policy in areas that link to corporate priorities</p>	National - Reputation and Influence	<b>CIP 6.32</b> Implement a public affairs influencing strategy
<p>Ensuring the council's Review Committees can make a positive contribution to developing and reviewing the council's policy and monitoring the performance of council services and identifying action that will result in better services, including considering what impact the Cabinet's policies and plans will have on the community and ensuring that the decisions taken are best for the community.</p>	Scrutiny	<b>CIP 6.33</b> Develop and improve the effectiveness of the council's Overview and Scrutiny Function
<p>Shared and strategic services will support, enable and regulate the council to ensure appropriate and valued services are delivered effectively and efficiently</p>	Shared and Strategic Services	<b>CIP 6.34</b> Strategic and support services consolidation

**REVENUE BUDGET 2010/2011  
LEADER AND DEPUTY LEADER**

<b>Outcome</b>	<b>CIP Theme</b>	<b>Improvement/Change Action</b>
<b>Efficient and Effective Council</b>		
<b>CIP Lead: Director of Financial Resources</b>		
Utilising effective performance management to secure continuous improvement in delivering high quality, efficient, user-focused council services.	Performance Management	<p><b>CIP 6.40</b> Implementation and roll out of performance management software as the key analysis and reporting tool for officers, members and partners linked to development of business warehouse and GIS</p> <p><b>CIP 6.41</b> Utilise the software to disaggregate information in terms of geography and customer profiles to ensure decisions are based on need</p> <p><b>CIP 6.42</b> Utilise the software to present information more flexibly to elected members to enable them to challenge and manage performance more effectively</p>
<b>Partnership Working</b>		
<b>CIP Lead: Assistant Chief Executive</b>		
Using the CAA framework to raise opportunities and challenges in the context of the councils improvement agenda including setting a vision for the area which is very ambitious; priorities and targets that are challenging and realistic; delivering good and improving outcomes for its priority services and communities	Comprehensive Area Assessment	<p><b>CIP 6.47</b> Demonstrating national exemplar performance within the city (i.e. best practice approach and achievement of successful outcomes) to the CAA Lead</p> <p><b>CIP 6.48</b> Delivery of Area Assessment improvement priorities</p> <p><b>CIP 6.49</b> Successful implementation of LAA Delivery Plans</p> <p><b>CIP 6.50</b> Effective performance management arrangements for the Sunderland Partnership identifying and minimising the risk of additional red tags</p> <p><b>CIP 6.51</b> Demonstrating national exemplar performance within the council (i.e. best practice approach and achievement of successful outcomes) to the CAA Lead</p> <p><b>CIP 6.52</b> Delivery of Managing Performance improvement priorities</p> <p><b>CIP 6.53</b> Successful implementation of council actions within the LAA Delivery Plans</p> <p><b>CIP 6.54</b> Demonstrating national exemplar performance within the council (i.e. best practice approach and achievement of successful outcomes) to the Audit Manager</p> <p><b>CIP 6.55</b> Delivery of the Use of Resources Improvement Plan</p>
Using the LAA to focus on the things that matter most to local people and which present barriers to the achievement of our vision for the city, including tackling worklessness, health inequalities, and raising the aspirations of residents. <i>(Local Area Agreement 2008-2011)</i>	Local Area Agreement	<p><b>CIP 6.56</b> Develop an area based breakdown of performance for LAA priority indicators and related performance measures</p> <p><b>CIP 6.57</b> Develop improvement action plans for all priority indicators that are considered to be at risk (based on performance reports)</p>

**REVENUE BUDGET 2010/2011  
LEADER AND DEPUTY LEADER**

<b>Outcome</b>	<b>CIP Theme</b>	<b>Improvement/Change Action</b>
Raise the profile of Sunderland as a city council and as a city at a national level with opinion formers and influencers.	National - Reputation and Influencing	<b>CIP 6.58</b> Undertake generic benchmarking with opinion formers and influencers on perceptions of Sunderland attributes and values
Increased ability to influence place-shaping in the region to support our corporate priorities Increase the profile of Sunderland within the region.	Regional - Profile and Voice	<b>CIP 6.59</b> Complete a review of our current profile within the region - our regional voice  <b>CIP 6.60</b> Implement a regional influencing strategy
Ensure Sunderland has a modern contemporary brand and that visitors, workers, students, businesses know where to find out information on Sunderland.	Sunderland Marketing Board	<b>CIP 6.61</b> Promote a single set of city photography and case studies and web portal  <b>CIP 6.62</b> Develop a city wide events and activities calendar
Ensuring the Sunderland Partnership achieves the ambitious targets set and that there is real improvement to the quality of life for people in Sunderland by 2025. Clear and transparent lines of accountability and responsibility will be developed between partners to ensure this happens. <i>(Sunderland Strategy)</i>	Sunderland Partnership	<b>CIP 6.63</b> Sunderland Partnership will improve <ul style="list-style-type: none"> <li>▪ Consultation</li> <li>▪ Planning</li> <li>▪ Performance management</li> <li>▪ Commissioning</li> <li>▪ Leadership</li> </ul>
Ensuring that the needs and aspirations of all groups and individuals are considered, and that this is complemented by Sunderland's appropriate social and physical development. <i>(Sunderland Strategy)</i>	Sunderland Strategy	<b>CIP 6.64</b> That a robust and manageable process is put in place to ensure that cross cutting themes become a key element within the delivery plans of the Sunderland Strategy
Taking a "whole area" approach to service transformation to improve the experience of local residents and deliver better value.	Total Place	<b>CIP 6.65</b> Changing Cultures and Social Attitudes workstream  <b>CIP 6.66</b> Total Place workstreams

**REVENUE BUDGET 2010/2011  
LEADER AND DEPUTY LEADER**

**FINANCIAL**

**OBJECTIVE SUMMARY**

Ref.	Head of Service Ref.	Original Estimate 2009/2010 £	Revised Estimate 2009/2010 £		Estimate 2010/2011 £
<b>Office of the Chief Executive</b>					
1	ACE	0	0	Corporate Strategic Management	0
2	HoCLP	0	0	Community and Leadership Programme	0
3	HPPO	261,986	539,944	Programme and Project Office	586,276
4	ACE	0	0	Corporate Policy, Performance Improvement and Local Strategic Partnership	0
5	HCBI	984,160	981,333	Inward Investment	980,228
6	HCC	428,636	572,628	Corporate Communications	678,530
7	HCC	(145,416)	(152,842)	City Print	(124,361)
8	HSED	148,730	155,795	International	154,523
9	HSED	227,971	226,861	Equality Issues	369,851
10	CS	3,453,615	3,446,899	Democratic Core	3,567,853
11	HS	264,255	274,436	Scrutiny Committees	449,912
		<u>5,623,937</u>	<u>6,045,054</u>	<b>TOTAL BUDGET</b>	<u>6,662,812</u>
		104.5	107.5	<b>Total No. of Staff</b>	114.6

**DELIVERING VALUE FOR MONEY AND EFFICIENCY SAVINGS**

The council's approach to improving services through modernisation programmes, corporate efficiency projects and business improvement programmes has resulted in high levels of performance and achieved good or very good levels of satisfaction on a consistent basis for many years. This has been evidenced by a 4 star / Excellent Comprehensive Performance Assessment.

Under the new Comprehensive Area Assessment the council was awarded an overall score of 3 under the Organisational assessment, scoring 3 for both constituent elements of Managing Performance and Use of Resources. The Inspectorates judged the council services as helping to improve the quality of life for people of Sunderland and that there is a clear long-term vision for Sunderland in 2025 based on a good understanding of needs and priorities of residents.

At an overall level the council has all CPA assessed services performing well or strongly, with lower median quartile expenditure for above median levels of deprivation. The council also continues to have the lowest council tax in the Tyne and Wear and the North East region.

However, it is clear that to move to an even better level of performance and address the challenge of the future outlook for public finances, a new impetus and approach is required. The Improvement Programme includes four key programmes:

- Community Leadership Programme
- Economic Regeneration Programme
- Business Improvement Programme
- Directorate Programmes.

The underlying objectives of the Improvement Programme are to review services to:

- challenge what we are doing, how we are doing it and how effective it is in meeting customer needs
- ensure that the most efficient and effective processes and structures are in place supported by the right people to secure the development and improvement of the council and services it delivers
- organise in a way that maximises value for money and protects front line services.

Implementation of the Improvement Programme is intended to realise significant efficiency savings which should position the council as well as possible in meeting the future financial challenges.

As part of the Improvement Programme, the development of programmes and projects aimed at delivering improved services whilst gaining efficiencies includes the Business Improvement Programme, Service Transformation, Workforce Development, Directorate based service modernisation strategies and efficiency

## **REVENUE BUDGET 2010/2011 LEADER AND DEPUTY LEADER**

projects. A range of projects are underway which will progress during 2010/2011 with the aim of generating efficiency savings including HR and Payroll, Smarter Working, Customer Service Network Transformation and E Payments.

The Community Leadership Programme has identified and acted upon a wide range of personal development and support issues identified by Councillors as impairing their capacity to operate most effectively as Community Leaders. The Programme also launched two important, interconnected activities designed to improve public satisfaction and trust in the council.

Additional investment in the capacity of the Scrutiny function has enabled the embedding of the principles of effective scrutiny into the council's decision making process, including developing its challenge role. The second annual Overview and Scrutiny conference held in June 2009 helped to focus on delivering more effective scrutiny.

The Comprehensive Area Assessment for Sunderland stated that "Sunderland has had one of the highest employment growth rates in the country. There is a good record of attracting new business and investment into the city." This is likely to continue, helped by the development of an Economic Development Masterplan and exploration of opportunities arising from new industries relating to the low carbon economy and Software City. This will result in the provision of a comprehensive regeneration strategy for the city.

A development provision in 2009/2010 of £1,000,000 has enabled a rapid response to the economic downturn and opportunities in the city centre, including physical infrastructure improvements. The Rainton Bridge Business Park continues to attract major companies, including the relocation of 900 power company jobs. The development of the new Turbine Park Business Park in Washington started in 2009. When complete the Park will create up to 4,000 jobs. The council and partners are engaging with key employers during the recession, to ensure they can help safeguard existing jobs.

In the first half of 2009/2010 the work of the Sunderland Partnership was assessed as part of the CAA through a series of workshops, interviews, briefings and a review of available evidence (e.g. key documents, performance indicators, consultation results etc). Whilst the results of the assessment showed the positive impact of the Partnership on quality of life there were also a small number of key areas for improvement and delivery plans are currently being refreshed to ensure that the work programme for 2010 is targeting the correct issues in order to demonstrate the required outcomes. Additional investment was provided in 2009/2010 to support the operating costs and marketing the activities of the Partnership.

The 2010/2011 budget has been set taking into account efficiencies of £285,000 arising from:

- the economies of scale to be realised from the centralisation of communications (£224,000)
- a review of staffing arrangements (£41,000)
- efficiencies in general overheads (£20,000).

### **PORTFOLIO GLOSSARY**

CS	Chief Solicitor
ACE	Assistant Chief Executive
HCBI	Head of City Business and Investment Team
HoCLP	Head of Community Leadership Programme
HCC	Head of Corporate Communications
HPPO	Head of Programme and Project Office
HS	Head of Scrutiny
HSED	Head of Strategic Economic Development

**REVENUE BUDGET 2010/2011  
RESOURCES**

**ROLES AND RESPONSIBILITIES**

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

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

- Corporate Personnel matters
- Budgetary and financial affairs
- Strategic management of council land, buildings and other assets, including the Port of Sunderland
- Corporate ICT matters
- E-government Champion, Digital Challenge and e-inclusion
- Strategic Procurement Champion
- Efficiency Champion
- Risk Management Champion
- Legal and Democratic Services
- Elections.

**KEY ACTIONS FOR PORTFOLIO IMPROVEMENT**

**CIP Themes and Improvement/Change Actions**

Outcome	CIP Theme	Improvement/Change Action
<b>Corporate Improvement Priority 1: Prosperous City</b>		
<b>CIP Lead: Deputy Chief Executive</b>		
<p>Creating an enterprising and productive global city with a strong and diverse economy. A city that provides jobs and careers for generations to come, where everyone has the opportunity to contribute to and benefit from the local economy. People will fulfil their potential to be skilled, motivated and wealth creating without losing the special characteristic of Sunderland's balanced way of life</p>	<p>Economic Regeneration</p>	<p><b>CIP 1.4</b> Port of Sunderland</p> <ul style="list-style-type: none"> <li>▪ Appoint new Port Director and establish operation of new Port Board.</li> <li>▪ Confirm opportunities for Port of Sunderland emerging from Round 3 Offshore Wind Proposals</li> </ul> <p><b>CIP 1.8</b> Consider opportunities for acquisition of land and buildings in accordance with the Policy for Strategic Acquisitions</p> <p><b>CIP 1.9</b> Consider the business case for fibre networking provision for the council to replace current legacy network provision</p>
<b>Corporate Improvement Priority 6: Corporate Improvement Programme</b>		
<b>Customer Focused Services</b>		
<b>CIP Lead: Assistant Chief Executive</b>		
<p>Adopting commissioning principles to achieve:</p> <ul style="list-style-type: none"> <li>▪ Improved outcomes for people, communities and businesses</li> <li>▪ More efficient and effective use of planning, resourcing and commissioning services</li> <li>▪ All stakeholders having an understanding of planning and commissioning and are involved in the process</li> <li>▪ Value for Money</li> </ul>	<p>Commissioning and Service Improvement</p>	<p><b>CIP 6.5</b> Implement a commissioning strategy of the Children's Trust 2010-2025 through secure partnership arrangements across the Children's Trust and the Sunderland Partnership</p> <p><b>CIP 6.6</b> In partnership with the PCT, Health Housing and Adult Services and Children's Services, develop a citywide joint strategic needs assessment</p> <p><b>CIP 6.7</b> Implement a programme of commissioning knowledge, skills and competences as part of the Children's Trust Workforce Reform Strategy</p> <p><b>CIP 6.8</b> Fully establish a Joint Commissioning Team working across Children's Services and the Children's Trust</p>

**REVENUE BUDGET 2010/2011  
RESOURCES**

Outcome	CIP Theme	Improvement/Change Action
<b>One Council</b>		
<b>CIP Lead: Director of Human Resources and Organisational Development</b>		
<p>Recognising and leading effective change management to ensure that focus is given to both the structural and business process elements of change and also the behavioural and employee focussed element.</p> <p>Developing the necessary skills and behaviours in the leaders to deliver the required change is key <i>(Implementing the Improvement Principles)</i></p>	Change Management and Organisational Development	<p><b>CIP 6.21</b> Incorporate a review of staff appraisal processes into the Organisational Development theme of work supporting the adoption of the new Improvement Programme, and taking full advantage of the opportunities from the unification of the Human Resources and Organisational Development function</p> <p><b>CIP 6.22</b> Continue to implement and review the impact of a range of changes to Attendance Management policies and practices, taking full advantage of the opportunities from the unification of the Human Resources and Organisational Development function</p> <p><b>CIP 6.23</b> Business Process Reviews to target the removal of non-value added tasks, improve data quality and provide consistency in the processes</p> <p><b>CIP 6.24</b> Consolidation of HCM and FMS onto a single platform</p> <p><b>CIP 6.25</b> Incorporate a pay and grading review for Green Book employees into the Organisational Development theme of work supporting the adoption of the new Improvement Programme</p>
<b>Efficient and Effective Council</b>		
<b>CIP Lead: Director of Financial Resources</b>		
Improve the council's corporate governance arrangements	Governance	<b>CIP 6.35</b> Completing the Corporate Governance Improvement Action Plan for 2009/2010
<p>Improve ICT internal and external Service Support and Delivery performance</p> <p>Improve the digital literacy of local authority employees</p>	ICT	<p><b>CIP 6.36</b> ITIL - Complete the implementation of best practice processes across the ICT Unit and introduce improved ICT management procedures to the wider council.</p> <p><b>CIP 6.37</b> As part of the introduction of ITIL, introduce a password reset tool to look to reduce call volumes to the service desk by 12,000</p> <p><b>CIP 6.38</b> Continue developments with the GOSS web content management system in conjunction with Corporate Communications to ensure new user friendly web site provision</p> <p><b>CIP 6.39</b> Learning Styles Project - Work with Corporate HR to investigate a programme of digital skills and capacity building for Local Authority Employees</p>
Utilising effective and efficient procurement to support the cost effective delivery of high quality public services, driving commercially advantageous and innovative solutions to continuously improve service delivery across Sunderland <i>(Procurement Strategy 2009-2012)</i>	Procurement	<p><b>CIP 6.43</b> Review of the 'Procure to Pay' process to ensure that it operates as efficiently as possible</p> <p><b>CIP 6.44</b> Targeted reviews of external spend to seek cashable savings through price reductions, cost avoidance, demand management and review of the commissioning of goods and services</p>

**REVENUE BUDGET 2010/2011  
RESOURCES**

<b>Outcome</b>	<b>CIP Theme</b>	<b>Improvement/Change Action</b>
Ensure the effective management and development of the council's land and buildings in the delivery of the council's aims and objectives	Property Portfolio	<p><b>CIP 6.45</b> Prepare and implement a strategy that will result in the allocation of resources on the basis of 70% for planned maintenance and 30% for responsive maintenance</p> <p><b>CIP 6.46</b> Prepare and implement a strategy for the rationalisation of the council's operational buildings portfolio</p>

**FINANCIAL**

**REVENUE ESTIMATES 2010/2011  
OBJECTIVE SUMMARY**

<b>Ref.</b>	<b>Head of Service Ref.</b>	<b>Original Estimate 2009/2010 £</b>	<b>Revised Estimate 2009/2010 £</b>		<b>Estimate 2010/2011 £</b>
1	HES	395,921	395,276	Electoral Services	596,865
2	DoHROD	0	0	Human Resources and Organisational Development	0
				Head of Corporate ICT	
3	HCICT	0	0	Corporate ICT	0
4	HCICT	(20,100)	(21,333)	Cabling	(22,891)
				Director of Financial Resources	
5	DDoFR	0	0	Financial Services - Management, Insurances and Risk Management	0
6	HoFM	0	0	Financial Services - Financial Management	0
7	HoA&P	0	0	Financial Services - Audit and Procurement	0
8	HoTS	0	0	Financial Services - Transactional Services	0
9	HoTS	1,821,610	1,805,262	Collection of Council Tax and Business Rates	1,799,382
10	HoTS	498,751	475,163	Housing and Council Tax Benefit Administration	582,528
11	HoTS	1,048,324	1,048,324	Housing Benefit Payments	1,181,511
12	DoFR	1,970,696	2,278,545	Corporate Management	2,318,964
				Chief Solicitor	
13	CS	0	0	Legal Services	0
14	CS	0	0	Democratic Services	0
15	CS	0	0	Land Charges	0
16	CS	0	0	Civic Centre Manager	0
				Head of Land and Property	
17	HL&P	(708,136)	(757,520)	Industrial Units and Managed Workshops	(881,369)
18	HL&P	(109,897)	(110,401)	Retail Market	(144,359)
19	HL&P	0	0	Property Services	0
20	HL&P	(1,239,958)	(1,084,968)	Miscellaneous Land and Property	(1,388,616)
21	HL&P	647,032	628,609	Repairs and Renewals	628,615
22	HL&P	(125,019)	(135,679)	Port of Sunderland – Operational Activity	(149,766)
23	HL&P	411,611	431,614	Port of Sunderland – Asset Charges and Central Support Recharges	379,756
24	HMS	0	0	Support Services	0
		<b>4,590,835</b>	<b>4,952,892</b>	<b>TOTAL BUDGET</b>	<b>4,900,620</b>
		876.0	886.5	<b>Total No. of Staff</b>	881.3



**REVENUE BUDGET 2010/2011  
RESOURCES**

**DELIVERING VALUE FOR MONEY AND EFFICIENCY SAVINGS**

As part of the new Comprehensive Area Assessment the council was awarded the score of 3 out of 4 for 'Use of Resources' within the Organisational Assessment for 2009 and the Audit Commission assessed the council as performing well. The assessment comprises of three themes for which the following overall scores per theme and individual scores for each Key Lines of Enquiry were awarded:

Theme	Overall Score	Key Line Of Enquiry	Score
<b>Managing finances</b>	3	Financial planning	4
		Understanding costs and achieving efficiencies	3
		Financial reporting	3
<b>Governing the business</b>	3	Commissioning and procurement	3
		Data quality and use of information	3
		Good governance	3
		Risk management and internal control	4
<b>Managing resources</b>	2	Natural resources	2
		Strategic asset management	2
		Workforce	Not assessed

In reaching the above assessment the Audit Commission identified the following:

- Financial Planning was identified as exemplary with the council managing finances well, shifting resources to ensure achievement of priorities
- Risk Management and Internal Control was identified as excellent and effective Partnership governance has enabled partners to improve outcomes and access additional sources of finance.

The scores reflect the continued efforts made to drive improvement in managing the council's resources.

The council has a strong track record of demonstrating the achievement of efficiency savings across the whole range of its services.

The council's Efficiency Strategy 2009/2010 to 2013/2014 sets out the proposed overarching council approach to meeting the efficiency challenge of the Comprehensive Spending Review 2007 as amended by the Budget Report 2009. The strategy was updated in October 2009 in light of:

- the Governments Operational Efficiency Programme published in April 2009
- the need for longer term planning for efficiency through to 2013/2014 in light of the future constraints on public spending
- the emerging council Improvement Agenda.

National Indicator 179 measures 'the total net value of ongoing cash releasing value for money gains that have impacted since the start of the 2008/2009 financial year'. The council is currently on line to achieve the Governments target for this council of £30.701million by 31<sup>st</sup> March 2011.

The portfolio has taken the lead role in driving the achievement of efficiencies through a number of the corporate efficiency projects, including:

- investment in Voice over IP telephony which resulted in supplier line cost savings and improved the quality of communications
- the HR and Payroll project which aims to redesign the HR and Payroll processes and design, build and implement technology to support service delivery will enable manager and employee self service. This will result in improved management information and enable efficiencies to be achieved
- the introduction of an e-recruitment system in May 2009 which has enabled a move to use of signposting adverts in the local press, reducing advertising costs
- further investment in the SAP FMS system through the implementation and roll out of SRM across all Directorates, has led to improvements in the prompt payment of invoices, cost savings through the use of electronic processes and improved reporting functionality
- the implementation of the e-payments solution has and will continue to increase the availability of self service technology (automated telephone payments and an improved internet payment facility) for customers to transact with the council. This will improve the accessibility of the service to customers and enable the service to be provided in a more efficient manner utilising the benefits of improved technology.

## REVENUE BUDGET 2010/2011 RESOURCES

- Corporate Procurement are leading on delivering efficiency savings through improved procurement arrangements, including the use of a category management model, with an updated Procurement Strategy approved by Cabinet in July 2009 reflecting this approach. A programme of reviews on existing and potential contracts has achieved savings, for example, through procurement arrangements in office stationery, ICT desktop hardware, business travel and accommodation and various social care service delivery contracts
- the Smarter Working Project aims to implement new ways of working which will reduce dependency on buildings and deliver mobile and flexible working arrangements. The overall project aim is to reduce the council's cost of property and other related costs
- improvements to Energy Management arrangements are resulting in efficiencies through the installation of Automatic Meter Readers which provide improved information on consumption, and the installation of software to enable the automatic shutdown of PC's. Both of these projects will result in savings in energy consumption.

The 2010/2011 budget has been set taking account of efficiencies of £426,000 arising from:

- a rationalisation of processes and a review of staffing arrangements (£210,000)
- enablement of back office functions (£134,000)
- maximisation of income earning opportunities (£72,000)
- a review of general overheads (£10,000).

### PORTFOLIO GLOSSARY

CS	Chief Solicitor
DoFR	Director of Financial Resources
DoHROD	Director of Human Resources and Organisational Development
HCICT	Head of Corporate ICT
HES	Head of Electoral Services
HL&P	Head of Land and Property
HoTS	Head of Transactional Services
DDoFR	Deputy Director of Financial Resources
HoA&P	Head of Audit and Procurement
HoFM	Head of Financial Management
HMS	Head of Management Support

**REVENUE BUDGET 2010/2011  
CHILDREN AND LEARNING CITY**

**ROLES AND RESPONSIBILITIES**

The Children and Learning City portfolio provides leadership to improve the life chances of children and young people in the City. The portfolio is responsible for leading the City's response to education, skills and training issues and opportunities in order to promote economic and social regeneration.

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

- Children's Trust
- Corporate Parenting
- Protecting children and young people from harm
- Promoting good health and health awareness in children and young people
- Reduction of child poverty
- Safeguarding and securing the well being of children and young people
- Schools and school meals
- Building Schools for the Future
- Developing the potential of children and young people through education, training, personal development and preparation for working life
- Promoting the development of skills and capacity which will enable children and young people to support and benefit from the City's continuing economic development
- Apprentices.

**KEY ACTIONS FOR PORTFOLIO IMPROVEMENT**

**CIP Themes and Improvement/Change Actions**

Outcome	CIP Theme	Improvement/Change Action
<b>Corporate Improvement Priority 2: Healthy City</b>		
<b>CIP Lead: Executive Director of Health, Housing and Adult Services</b>		
Sunderland will be a place where everyone, regardless of the vulnerabilities they experience through age and/or disability, is supported to live independently in accommodation of their choice, including their own home <i>(Sunderland Strategy)</i>	Reducing Health Inequalities	<b>CIP 2.1</b> Review current safeguarding arrangements to balance risk and choice for individuals
<b>Corporate Improvement Priority 4: Learning City</b>		
<b>CIP Lead: Executive Director of Children's Services</b>		
Everyone in Sunderland will have the knowledge and skills essential to playing a full part in the city's social, cultural and economic development <i>(Sunderland Strategy)</i>	Improving Aspiration and Learning	<p><b>CIP 4.1</b> All Sunderland Learning Partnership partners and sub groups to develop strategies to increase the number of learners participating in and achieving Level 1 qualifications in literacy</p> <p><b>CIP 4.2</b> All Sunderland Learning Partnership partners and sub groups to develop strategies to increase the number of learners participating in and achieving an entry Level 3 qualification in numeracy</p> <p><b>CIP 4.3</b> All Sunderland Learning Partnership partners and sub groups to develop strategies to increase the number of learners participating in and achieving a Level 2 qualification</p> <p><b>CIP 4.4</b> Actions in place to improve the attainment at the Early Years Foundation Stage</p> <p><b>CIP 4.5</b> Actions in place to improve the performance of GCSEs A*-C including English and Maths</p> <p><b>CIP 4.6</b> Actions in place to improve the outcomes of BME groups, specifically the Bangladeshi cohort</p> <p><b>CIP 4.7</b> Young people to have access to the fullest range of learning and support. Benchmark information, advice and guidance given to young people against new standards and take action to improve. Review 100% of NEET cases and identify actions to increase the number who then engage in training or employment</p>

**REVENUE BUDGET 2010/2011  
CHILDREN AND LEARNING CITY**

**FINANCIAL**

**OBJECTIVE SUMMARY**

Ref.	Head of Service Ref.	Original Estimate 2009/2010 £	Revised Estimate 2009/2010 £		Estimate 2010/2011 £
<b>Executive Director of Children's Services</b>					
1	HoPI&P	167,274,526	165,663,848	<b>Individual Schools Budget</b>	<b>166,838,513</b>
<b>Performance Improvement, Policy and Resources</b>					
2	HoPI&P	6,550,647	6,681,288	Resources	6,552,073
3	HoPI&P	110,097	153,553	Locality Based Working	260,852
4	HoPI&P	0	0	Sandhill Centre	0
5	HoPI&P	(166,551,622)	(163,887,095)	Dedicated Schools Grant and Learning Skills Council	(164,410,579)
6	HoPI&P	1,446,354	1,395,631	Performance Improvement and Policy Team	1,287,581
		<b>(158,444,524)</b>	<b>(155,656,623)</b>	<b>Total Performance Improvement, Policy and Resources</b>	<b>(156,310,073)</b>
<b>Standards</b>					
7	HoStds	8,696,662	9,543,101	Partnership and Planning	8,648,038
8	HoStds	4,758,631	4,724,392	School Improvement Service	4,245,368
9	EDDoCS	1,039,278	1,045,257	Admissions and Capital, Including Building Schools for the Future	1,000,814
10	HoStds	109,594	108,305	Governors Section	114,967
11	HoStds	4,777,036	4,806,670	Extended Services and Attendance Group	4,382,375
12	HoStds	302,264	297,349	Standards Fund	322,941
		<b>19,683,465</b>	<b>20,525,074</b>	<b>Total Standards</b>	<b>18,714,503</b>
<b>Positive Contribution and Economic Well-Being</b>					
13	HoPC&EW	203,122	199,420	Parenting	174,771
14	HoPC&EW	2,024,239	2,003,491	Youth Offending Service	1,981,653
15	HoPC&EW	3,102,125	3,378,592	Youth Service	3,301,512
16	HoPC&EW	219,369	218,674	Trading Operations - Derwent Hill	240,828
17	HoPC&EW	2,009,211	2,054,772	Services for Young People	2,020,869
18	HoPC&EW	0	(44,316)	Trading Operations - Connexions Hub	(51,831)
19	HoPC&EW	3,090,648	3,122,561	Connexions Delivery	2,919,717
		<b>10,648,714</b>	<b>10,933,194</b>	<b>Total Positive Contribution and Economic Well-Being</b>	<b>10,587,519</b>
20	HoHI	<b>520,138</b>	<b>587,318</b>	<b>Health</b>	<b>506,457</b>
<b>Safeguarding</b>					
21	HoS	8,704,979	8,970,411	Case Management	8,926,039
22	HoS	1,953,290	1,687,865	Central Budgets and External Placements	1,685,149
23	HoS	1,248,375	1,247,979	Safeguarding Quality Assurance Unit	1,364,682
24	HoS	10,920,526	11,648,436	Services for Looked After Children	12,027,073
25	HoS	2,223,337	2,107,211	Services for Disabled Children	2,192,389
		<b>25,050,507</b>	<b>25,661,902</b>	<b>Total Safeguarding</b>	<b>26,195,332</b>
		<b>64,732,826</b>	<b>67,714,713</b>	<b>Total Executive Director of Children's Services</b>	<b>66,532,251</b>
<b>Executive Director of City Services</b>					
26	HCS	13,731	5,729	School Meals Client	16,921
27	HCS	0	0	School Meals Trading Services	0
		<b>13,731</b>	<b>5,729</b>	<b>Total Executive Director of City Services</b>	<b>16,921</b>
		<b>64,746,557</b>	<b>67,720,442</b>	<b>TOTAL BUDGET</b>	<b>66,549,172</b>
		6,597.9	6,498.8	<b>Total No. of Staff</b>	6,462.3

## REVENUE BUDGET 2010/2011 CHILDREN AND LEARNING CITY

### DELIVERING VALUE FOR MONEY AND EFFICIENCY SAVINGS

Overall Education spending per pupil is average reflecting the demography of the population, and the priority given to Education by the council in the light of community and partner consultation.

The delivery of Building Schools for the Future (BSF) is making good progress. Sunderland's Wave 1 BSF/Academies programme is a £120m investment which is well advanced with six of the eight schools included within the programme now open and operating. Two remaining Wave 1 schools will open in 2010.

Key stage 4 results continue to improve and were the best ever achieved in Sunderland in summer 2009, with the percentage of pupils achieving 5+ A\*-C grades in 2009 improving from 43% to 45%. Sunderland performs in the top quartile nationally for Ofsted standards of secondary school behaviour and permanent exclusions, alongside relatively low levels of persistent absentees.

For those schools that were inspected during the 2008/2009 academic year, 100% were judged to be satisfactory or better in Ofsted Value for Money judgements.

Sunderland has achieved the national target set by Department for Children Schools and Families and Department for Health of 75% of our schools achieving Healthy Schools status by December 2009.

Building Schools for the Future Wave 2 - Sunderland's Readiness to Deliver submission for the next Wave of BSF has been approved by Partnerships for Schools (PfS). This approval allows Sunderland's second wave project to progress to the 'operational phase'. The indicative funding allocation provided by PfS is £137.297 million including BSF ICT funding.

Overall spend on children looked after and families' services is slightly above average reflecting the increased investment in Safeguarding over recent years. The key service priority for Safeguarding is providing an effective and efficient Safeguarding service for the children and young people of Sunderland and their families.

The Foster Care Recruitment and Retention Strategy is central to reducing the council's need to use external placements. This 4-year strategy builds Sunderland's capacity to provide cost effective, safe foster placements for children who need to live away from their birth families. Additional investment in 2009/2010 has enabled:

- improved Foster Care Allowances and recruitment of 25 additional mainstream foster carers
- the number of specialist foster care workers to increase by 8, from 47 to 55.

The Ofsted Children's Services Profile for 2009 places 11 out of 12 Staying Safe performance indicators either above or in line with national averages.

Additional investment in 2009/2010 was made available to fund Mobile Youth Village provision throughout the City. This has allowed 38 Youth Village events to take place over the summer months with a Winter Programme planned. The Mobile Youth Villages allow for provision of different activities to be provided across the city in areas where there was previously little or no provision on a weekend, and early results show a significant reduction in youth related anti-social behaviour in the areas where the villages are operating.

Engagement of young people continues to significantly exceed the statutory target with all indicators for 2009/2010 being on target. Sunderland began delivery of youth villages in July 2009: of the target events identified, 38 have been delivered on a Friday or Saturday night and 50 more events are planned from November to the end of March. Of the 1,154 young people who have attended to date, 418 are first time attendees (40%), representing young people who have not accessed positive activities before.

The 2010/2011 budget was set taking account of efficiency savings totaling £2,036,000. Details of these are set out below:

The budget for Performance, Improvement, Policy and Resources has been set taking account of efficiencies of £470,000, arising from:

- service modernisation and base budget reviews within Student Awards and School Meals services (£90,000)
- a review of commissioning arrangements in relation to key preventative actions (£140,000)
- a review of operational and staffing arrangements within Student Awards and the Children's Services Management Team (£90,000)
- maximisation of income earning opportunities (£150,000).

**REVENUE BUDGET 2010/2011  
CHILDREN AND LEARNING CITY**

The budget for Standards has been set taking into account efficiencies of £976,000, arising from:

- service modernisation and base budget reviews in relation to the Extended Service and Attendance Group, and the Education Improvement Partnership (£872,000)
- a review of operational and staffing arrangements within Special Educational Needs and the Management Team (£104,000).

The budget for Positive Contribution and Economic Wellbeing has been set taking into account efficiencies of £535,000 arising from:

- revised operational and staffing arrangements in Services for Young People, the Youth Offending Service and Connexions (£316,000)
- revised procurement and commissioning arrangements in the Youth Service (£219,000).

The budget for the School Meals Service has been set taking account of efficiencies of £55,000, arising from:

- maximisation of income earning opportunities (£45,000)
- a review of operational and staffing arrangements within the facilities management service team (£10,000).

**PORTFOLIO GLOSSARY**

EDDoCS	Executive Deputy Director of Children's Services
HCS	Head of Community Services
HoHI	Head of Health Improvement
HoPC&EW	Head of Positive Contribution and Economic Well-Being
HoPI&P	Head of Performance Improvement and Policy
HoS	Head of Safeguarding
HoStds	Head of Standards

**REVENUE BUDGET 2010/2011  
PROSPEROUS CITY**

**ROLES AND RESPONSIBILITIES**

The Prosperous City portfolio has responsibility to ensure that the council's approach to economic, social and physical regeneration of the city is integrated, enabling and effective. The portfolio provides leadership for strategic partners in order to achieve economic, social and physical regeneration objectives.

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

- Economic strategy
- Economic development and employment initiatives
- Business investment
- Planning, land use and strategic transport planning
- City centre
- Domestic and european regeneration and economic development grants
- Liaison with business interest groups
- Support for the Leadership on all relevant local, sub-regional or regional partnerships and governance arrangements, including Sunderland ARC

**KEY ACTIONS FOR PORTFOLIO IMPROVEMENT**

**CIP Themes and Improvement/Change Actions**

Outcome	CIP Theme	Improvement/Change Action
<b>Corporate Improvement Priority 1: Prosperous City</b>		
<b>CIP Lead: Deputy Chief Executive</b>		
<p>Creating an enterprising and productive global city with a strong and diverse economy. A city that provides jobs and careers for generations to come, where everyone has the opportunity to contribute to and benefit from the local economy. People will fulfil their potential to be skilled, motivated and wealth creating without losing the special characteristic of Sunderland's balanced way of life</p>	<p>Economic Regeneration</p>	<p><b>CIP 1.1</b> Bring forward the development of key strategic sites, the development of which is integral to the prosperity of the city centre and Sunderland, including:</p> <ul style="list-style-type: none"> <li>▪ Vaux site</li> <li>▪ Farringdon Row</li> <li>▪ Holmeside Triangle</li> <li>▪ Stadium Village</li> </ul> <p><b>CIP 1.2</b> City centre public realm improvements to create attractive public spaces which enhance the image of the city centre, increase visitor numbers and satisfaction and increase the vitality of the city centre in order to support local businesses, attract additional investment and job creation. Works to include:</p> <ul style="list-style-type: none"> <li>▪ Cleaning</li> <li>▪ De-cluttering</li> <li>▪ Improvement schemes</li> </ul> <p><b>CIP 1.3</b> Promotion of a programme of events and markets in the city centre throughout the year, to improve the visitor offer, contribute to an enhanced quality of life for residents, attract additional investment, support local businesses and job creation.</p> <p><b>CIP 1.5</b> City Centre - Central Station: Complete feasibility study for Central Station and agree scheme and funding for station improvement</p> <p><b>CIP 1.7</b> Sunderland Software City: Lead on the procurement and construction of the Sunderland Software Centre</p> <p><b>CIP 1.10</b> Support to Washington, Houghton le Spring and Hetton le Hole town centres</p>

**REVENUE BUDGET 2010/2011  
PROSPEROUS CITY**

<b>Outcome</b>	<b>CIP Theme</b>	<b>Improvement/Change Action</b>
Sunderland will be a city where everyone has the opportunity of employment. We will have an active population that is equipped with the right skills to support business growth and personal development at all levels within the workplace. The city will be seen as a good place to start, develop and have a successful career <i>(Sunderland Strategy)</i>	Increasing Employment Across the City	<p><b>CIP 1.11</b> Deliver Boosting Enterprise strand of Working Neighbourhoods Strategy and get 350 people into business</p> <p><b>CIP 1.12</b> Deliver Assisting people into Work strand of Working Neighbourhoods Strategy and get 2,150 people from benefits into work (70% from deprived neighbourhoods)</p> <p><b>CIP 1.13</b> Complete the Economic Masterplan, providing a comprehensive and integrated regeneration strategy for the city</p> <p><b>CIP 1.14</b> Provide a refocused Job Linkage network and determine its future structure and governance</p> <p><b>CIP 1.15</b> Continue the "block fund" currently providing on-going support to a range of capital projects and initiatives that support investment</p>

**FINANCIAL**

**REVENUE ESTIMATES 2010/2011  
OBJECTIVE SUMMARY**

<b>Ref.</b>	<b>Head of Service Ref.</b>	<b>Original Estimate 2009/2010</b>	<b>Revised Estimate 2009/2010</b>		<b>Estimate 2010/2011</b>
		£	£		£
<b>Office of the Chief Executive</b>					
1	HCB&IT	1,285,248	1,384,474	Economic Development and Business Support	1,380,101
2	HSED	145,932	142,638	Strategic Programmes and Europe	179,357
3	HCB&IT	9,382,129	9,051,886	Employment and Training	10,026,406
4	HCB&IT	35,376	46,995	Training Centres	22,345
5	HL&P	50,504	49,565	City Centre Management	54,604
6	HP&E	683,734	801,862	Development Control	523,634
7	HP&E	2,962,086	2,476,737	Planning Implementation	3,207,741
8	HP&E	1,154,902	1,163,162	Planning Policy	1,235,732
		<b>15,699,911</b>	<b>15,117,319</b>	<b>Total Chief Executive</b>	<b>16,629,920</b>
<b>Executive Director of City Services</b>					
9	HCT	196,510	195,913	Marketing	95,049
10	HCT	865,589	864,952	Resorts	784,802
11	HSS	115,010	114,498	Strategic Transport Planning	95,028
		<b>1,177,109</b>	<b>1,175,363</b>	<b>Total Executive Director of City Services</b>	<b>974,879</b>
		<b>16,877,020</b>	<b>16,292,682</b>	<b>TOTAL BUDGET</b>	<b>17,604,799</b>
		182.3	181.8	<b>Total No. of Staff</b>	170.0

**DELIVERING VALUE FOR MONEY AND EFFICIENCY SAVINGS**

The Comprehensive Area Assessment for Sunderland stated that "Sunderland has had one of the highest employment growth rates in the country. There is a good record of attracting new business and investment into the city. This is likely to continue, helped by an Economic Development Masterplan, providing a comprehensive and integrated regeneration strategy for the City, due for completion early in 2010". The main aim of the plan is to enhance the prosperity of Sunderland over the next 10-15 years.

A development provision in 2009/2010 of £1million has enabled rapid response to the economic downturn and opportunities in the city centre, including physical infrastructure improvements. The Rainton Bridge Business Park continues to attract major companies, including the relocation of 900 power company jobs. The development of the new Turbine Park Business Park in Washington started in 2009. When complete the Park will create up to 4,000



**REVENUE BUDGET 2010/2011  
PROSPEROUS CITY**

jobs. The council and partners are also talking more to key employers during the recession, to ensure they can help safeguard existing jobs.

Despite the current economic downturn, initial performance data from the Business Investment Team for the 2009/2010 financial year appears positive. Business development enquiries, business grants awarded, and business support events attended have all increased. To date in 2009/2010 759 jobs have been created and 604 jobs have been safeguarded.

The Seafront Regeneration Strategy and Marine Walk Masterplan has been prepared and adopted providing a planning framework for the improvement and future development of the seafront and as a basis for future investment decisions. The Sea Change bid was submitted and was successful in attracting a £1million grant to assist in the implementation of the initial phase of major improvements to Marine Walk in order to improve its attractiveness as a seafront destination for residents and visitors.

During 2010/2011 it is planned to help bring forward activity on key strategic sites, the development of which is integral to the prosperity of the city centre and Sunderland.

The 2010/2011 budget has been set taking account of efficiency savings totalling £20,000 arising from a review of staffing arrangements.

**PORTFOLIO GLOSSARY**

HCB&IT	Head of City Business and Investment Team
HCT	Head of Culture and Tourism
HL&P	Head of Land and Property
HP&E	Head of Planning and Environment
HSED	Head of Strategic Economic Development
HSS	Head of Street Scene

**REVENUE BUDGET 2010/2011  
HEALTHY CITY**

**ROLES AND RESPONSIBILITIES**

The Healthy City portfolio provides leadership and support for the council and its partners in securing the social and health care of all adults. The portfolio has responsibility for leading partners to achieve improvements to public health and health awareness in the city.

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

- Adult social care services
- Mental health commissioning
- Supporting people including people with disabilities
- Supporting carers
- Strategic partnership with the TPCT and other partners to promote public health and wellness
- WHO EuroHealthyCity Network
- Health awareness
- Healthy lifestyles
- Healthy environment
- Promotion of Decent Homes and good housing standards in private sector housing
- Specialist housing support services and provision.

**KEY ACTIONS FOR PORTFOLIO IMPROVEMENT**

**CIP Themes and Improvement/Change Actions**

<b>Outcome</b>	<b>CIP Theme</b>	<b>Improvement/Change Action</b>
<b>Corporate Improvement Priority 2: Healthy City</b>		
<b>CIP Lead: Executive Director of Health, Housing and Adult Services</b>		
<p>Sunderland will be a place where everyone, regardless of the vulnerabilities they experience through age and/or disability, is supported to live independently in accommodation of their choice, including their own home <i>(Sunderland Strategy)</i></p> <p>Individuals and carers, alongside other residents, will be given appropriate support to access a range of universal services within the city to help meet their needs <i>(Sunderland Strategy)</i></p>	<p>Reducing Health Inequalities</p>	<p><b>CIP 2.2</b> Implement a new assessment model for adult social care</p> <p><b>CIP 2.3</b> Implement a Personal/Individual Budget scheme in the city</p> <p><b>CIP 2.4</b> Further extend the range of re-enablement and rehabilitative services</p>
<p>Sunderland will be a place where everyone, regardless of the vulnerabilities they experience through age and/or disability, is supported to live independently in accommodation of their choice, including their own home <i>(Sunderland Strategy)</i></p>	<p>Improving the Housing Offer in Sunderland</p>	<p><b>CIP 2.5</b> Agree schemes for next cluster of Extra Care Housing</p>

**REVENUE BUDGET 2010/2011  
HEALTHY CITY**

<b>Outcome</b>	<b>CIP Theme</b>	<b>Improvement/Change Action</b>
Children and families will be supported by excellent services and facilities and an environment which will seek to halt the rise of obesity. New Wellness facilities across the city, links with Sunderland Football Club, as well as key partnerships with the community sector, will ensure that local people are supported by all to become more active <i>(Sunderland Strategy)</i>	Improving the Sport and Wellness Offer	<b>CIP 2.6</b> Develop and deliver a 'core offer' which connects communities with sport and physical activity opportunities. The core offer is made up of the following: <ul style="list-style-type: none"> <li>▪ Wellness</li> <li>▪ Swimming</li> <li>▪ Play</li> <li>▪ Sport</li> </ul>
	Digital Inclusion	<b>CIP 2.7</b> Develop and deploy a safer walking system for the emergency tracking of in-community Alzheimer's wanderers.

**FINANCIAL**

**REVENUE ESTIMATES 2010/2011  
OBJECTIVE SUMMARY**

<b>Ref.</b>	<b>Head of Service Ref.</b>	<b>Original Estimate 2009/2010 £</b>	<b>Revised Estimate 2009/2010 £</b>		<b>Estimate 2010/2011 £</b>
<b>Executive Director of City Services</b>					
1	HCS	53,079	52,158	Meals at Home Trading Service	13,865
		<b>53,079</b>	<b>52,158</b>	<b>Total Executive Director of City Services</b>	<b>13,865</b>
<b>Executive Director of Health, Housing and Adult Services</b>					
2	HAS	38,247,297	38,995,420	Older People	35,528,829
3	HAS	22,180,422	22,833,637	Disabilities	24,838,760
4	HAS	0	0	Provider Services	0
5	HAS	4,864,037	4,431,491	Mental Health	4,613,314
				Performance Commissioning and Change:	
6	HPCC	341,528	341,527	Service, Strategy and Regulation	340,996
7	HPCC	310,000	310,000	Capital Expenditure Charged to Revenue a/c	210,000
8	HSBWD	0	0	Business Support and Workforce Development	0
9	HHS	807,616	965,117	Home Improvement Agency/Warm Homes Initiative	1,026,482
1	HHS	369,445	445,541	Supporting People	11,733,249
0					
		<b>67,120,345</b>	<b>68,322,733</b>	<b>Total Executive Director of Health, Housing and Adult Services</b>	<b>78,291,630</b>
		<b>67,173,424</b>	<b>68,374,891</b>	<b>TOTAL BUDGET</b>	<b>78,305,495</b>
		1,605.1	1,648.1	<b>Total No. of Staff</b>	1,693.3

**REVENUE BUDGET 2010/2011  
HEALTHY CITY**

**DELIVERING VALUE FOR MONEY AND EFFICIENCY SAVINGS**

An analysis of cost comparisons with other Metropolitan Authorities and Nearest Neighbours based on the Audit Commission Value for Money definitions is detailed below:

<b>Service Area</b>	<b>Sunderland City Council Cost per head £</b>	<b>Metropolitan Average per head £</b>	<b>Quartile compared to Metropolitan Authorities</b>	<b>Nearest Neighbours Average per head £</b>	<b>Quartile compared to Nearest Neighbours</b>
Social Care - Older People (Aged 65 and Over) Including Older Mentally Ill	155.31	156.21	Upper median quartile	163.45	Lower median quartile
Social Care - Adults Aged under 65 with a Physical Disability or Sensory Impairment	25.94	29.61	Lower median quartile	30.86	Lower quartile
Social Care - Adults Aged under 65 with Learning Disabilities	48.54	69.09	Lower quartile	71.25	Lower quartile
Social Care - Adults Aged under 65 with Mental Health Needs	18.04	24.08	Lower quartile	23.16	Lower quartile
Social Care - Other Adult Social Care	1.02	6.81	Lower quartile	7.01	Lower quartile

*Details taken from 2009/2010 RA submissions*

Generally Sunderland's Adult Social Services spend per head of population continues to be ranked in the lower quartile in 2009/2010 compared to both Nearest Neighbours and other Metropolitan Authorities despite having high socio-economic deprivation and ill-health factors.

The Portfolio is committed to improving the quality of life for individuals, including empowering them to make choices. One example is the long-term reduction in the number of older people admitted to residential/nursing care, as an increasing proportion of people are supported more intensively at home through preventative measures (for example technologically-enabled solutions) as an alternative. These interventions result in efficiency savings.

To support the Sunderland Strategy, the council launched its Sunderland's Commissioning Framework for Adult Social Care 2009 - 2025, which sets out how the challenges of an ageing population and rising expectations will be met, enabling people to have more choice and control over the support they receive. One of the key aims is for every person to have the support to live independently in their own home or community for longer, if that is what they want. The council's Housing Strategy and Extra Care Housing Strategy will also ensure that there is a choice of quality housing available within the city for older people.

The council will continue to commission the independent and third sectors to deliver services to provide quality whilst offering greater value for money through preventative work and less expensive forms of support.

The council opened its first extra care housing facility within the city in March 2009. These facilities provide an alternative to residential care, improve the housing choice available, release existing housing stock back into the housing market, give residents and the wider community access to social inclusion activities and provide independent living for particularly vulnerable people. A further extra care housing facility was opened in Washington in December 2009.

The council will continue to work with its partners to consider opportunities to develop additional extra care housing facilities within the city to better support individuals to live independently. A further extra care housing scheme is due to open in May 2010 at Hetton.

An additional £0.570 million was allocated in 2009/2010 and will be invested again in 2010/2011 to provide Disabled Facilities Grants. This funding was invested to help manage demand-led financial pressures for major adaptations to vulnerable individuals properties. This investment has ensured more adaptations were delivered and that the average timescales to provide adaptations to customers has improved.

Grindon Mews special care unit opened in 2009/2010. The facility provides specialist care for people with severe learning disabilities including a respite facility for physically disabled people. This will help to address future demand issues and provide efficiency savings by preventing or delaying residential and nursing care.

## REVENUE BUDGET 2010/2011 HEALTHY CITY

Evidence from the 2009 Department of Health Home Care User Experience Survey demonstrates a high level of satisfaction within home support services in the city overall, with 92% quite, very or extremely satisfied with the service they receive. Furthermore, responses indicate that people are able to exercise choice and control about their personal care. For example:

- 85% of customers reported their opinions and preferences are “always” or “usually” taken in account when decisions are made about their care, compared to 85% nationally
- 87% of customers stated they felt in control of their daily lives, compared to 85% nationally
- 89% of customers stated their care worker “always” or “usually” came at times that suited them, with 92% who felt their care worker “always” or “usually” did the things they want done, compared to 84% and 89% nationally, respectively.

Additionally, 36% of older people feel that they receive the support they need to live independently at home, which is a higher proportion than the averages pertaining to the North East region and England (35% and 30% respectively).

The council remains committed to supporting individuals across all 4 FACS bands, one of only 4 councils to continue to do so, and for 2008/2009, the Care Quality Commission (CQC) continued to rate the council’s provision of adult social care as a top-rated authority.

More social care clients are receiving self directed support. As well as promoting greater customer choice and empowerment, this also provides greater value for money, because the costs associated with Direct Payments are often less than more “traditional” costs of care. The benefits of Direct Payments for local authorities include:

- lower administration costs, since much of the administration is handled directly by users
- lower overall costs of provision in cases where prices for direct payments are set at a lower rate than for domiciliary home care.

During 2008/2009 31,149 items of maintained equipment and minor alterations were delivered, 90% of which were within 7 working days, to assist individuals with daily living compared to 30,748 items and 88% during 2007/2008.

It is proposed to invest in technology such as telecare equipment to help support people at home for longer. This is not only what people tell us they want, but is also a more cost effective form of support compared to residential and nursing care.

The Futures team will continue to work with clients with Learning Disabilities to bring them back within the city and deliver more cost effective accommodations solutions such as Rosalie House, a 9 flat supported living accommodation facility designed to assist people who have lived in institutional care or with carers, to move to an independent way of life.

The 2010/2011 budget has been set taking account of efficiency savings totalling £2,322,000, arising from:

- continued modernisation of residential and nursing care services to improve opportunities for people to continue to live at home through investment in Telecare, Overnight Services and new Preventative Services (£1,589,000)
- continued modernisation of Day Care services (£108,000)
- continued reconfiguration of Home Care services (£224,000)
- continued modernisation of services through the use of direct payments (£24,000)
- revised procurement and commissioning arrangements (£142,000)
- a review of staffing arrangements (£75,000)
- a review of general overheads (£40,000)
- maximisation of income earning opportunities (£110,000)
- use of new technology (£10,000).

### PORTFOLIO GLOSSARY

HAS	Head of Adult Services
HCS	Head of Community Services
HHS	Head of Housing Services
HPCC	Head of Performance, Commissioning and Change
HSBWD	Head of Business Support and Workforce Development

**REVENUE BUDGET 2010/2011  
SAFER CITY AND CULTURE**

**ROLES AND RESPONSIBILITIES**

The Safer City and Culture Portfolio provides leadership for the council and its partners in order to make Sunderland a safe city.

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

- Section 17 of the Crime and Disorder Act 1998 responsibilities
- Safer Sunderland Partnership
- Anti-social behaviour
- Drugs awareness, prevention and treatment
- Local Multi-Agency Problem-Solving Groups (LMAPS)
- Emergency planning and local resilience
- Licensing, licensing regulation and controlled drinking zones
- Trading standards
- Public and environmental health
- Building control
- Cultural strategy and initiatives
- Coroner
- Registrars
- Events

**KEY ACTIONS FOR PORTFOLIO IMPROVEMENT**

**CIP Themes and Improvement/Change Actions**

Outcome	CIP Theme	Improvement/Change Action
<b>Corporate Improvement Priority 3: Safe City</b>		
<b>CIP Lead :Deputy Chief Executive</b>		
<p>People in Sunderland will be free from crime, disorder, and substance misuse (recorded crime and perceptions of anti-social behaviour) <i>(Sunderland Strategy)</i></p>	<p>Reducing Crime and the Fear of Crime</p>	<p><b>CIP 3.1</b> Local Multi-Agency Problem Solving (LMAPS) Groups (problem solving monies and administrative support). Every area of Sunderland is supported by its own LMAPS Group. A range of agencies attend (including police, council, Gentoo) who are able to identify, analyse and effectively resolve crime, fear of crime, anti-social behaviour and substance misuse issues at a local level.</p> <p><b>CIP 3.2</b> Challenge and Support Project. This project is operated by Children’s Services and targets young offenders and those at risk of offending, and those at risk of becoming ‘not in education, employment or training’ (NEET). It works with young people to reduce their anti-social behaviour.</p> <p><b>CIP 3.3</b> Delivery of the Home Office Pioneer Crime and Justice Programme during 2010/2011 and continuation of Safer Sunderland Partnership marketing and communications work. This has the ultimate aim of driving improvements in the services the public get from the Criminal Justice System and partners and through this improving public confidence, perceptions and feelings of safety. Activity includes: promotional activity around the Policing Pledge, Highly Visible Community Payback Schemes, Community Crime Fighters and Support for Victims and Witnesses.</p> <p><b>CIP 3.4</b> Taxi Marshalling Scheme. This service is helping people get home safely from the city centre after a night out. It consists of three fully licensed and trained marshals being on duty at the taxi ranks on Green Terrace and West Street on Friday and Saturday nights. Their job is to help keep the taxi queues moving, resolve any problems that might arise and ensure that all members of the public feel safe in and around the taxi ranks. There has been a noticeable reduction in the number of incidents of disorder and queue-jumping (based on anecdotal evidence from marshals and police).</p>

**REVENUE BUDGET 2010/2011  
SAFER CITY AND CULTURE**

Outcome	CIP Theme	Improvement/Change Action
		<p><b>CIP 3.5</b> Further development of the Pubwatch scheme, the Best Bar None scheme and the polycarbonate glasses scheme. PubWatch plays a vital role in helping make the city a safe place to enjoy a night out</p> <p>All members (including licensed premises, police, city centre management and the council) meet regularly to discuss ways of improving safety for pub customers, staff and local communities</p> <p>The aim is to ensure licensed premises within the city centre are welcoming both day and night. Best Bar None is a scheme where bars, pubs and clubs can demonstrate their commitment to working in partnership to provide a safe and secure environment for their customers and staff. The polycarbonate glasses scheme provides for glass products to be replaced with polycarbonate drink ware alternatives which means the opportunity to commit violent crime using a glass is reduced</p> <p><b>CIP 3.6</b> Local delivery of the National Violent Crime Action Plan. This also includes interventions to tackle domestic violence and alcohol related crime and disorder. It sets out what the government, together with police and local agencies, will do over the next three years to cut homicide, knife crime, gun and gang-related crime and sexual and domestic violence</p> <p><b>CIP 3.7</b> Local delivery of the National Alcohol Strategy. The long term aim of the strategy is to minimise the health harms, violence and anti-social behaviour associated with alcohol, while ensuring that people are able to enjoy alcohol safely and responsibly. This plan is critical to the delivery of NI 20 via tackling alcohol related violence (e.g. it involves activities such as CCTV provision, enforcement of the city's licensing policy, Best Bar None, Polycarbonate Glasses scheme and the Cardiff Model). Other key interventions in this plan include brief interventions training, a hospital in-reach service, specific alcohol related criminal justice interventions, improved access to community and in-patient detoxification for alcohol, peer support, mentoring, and community re-integration support for those who misuse alcohol</p> <p><b>CIP 3.8</b> Safer Homes Initiative. This is a reactive and proactive project that provides additional home security to victims, or those at risk of, domestic violence, domestic burglary and hate crime - with the aim of reducing repeat victimisation. 97% of those receiving the service said they felt safer as a result</p> <p><b>CIP 3.9</b> Independent Domestic Violence Advisors (IDVA). IDVAs are trained specialists whose goal is the safety of domestic violence victims. Their focus is on providing a service to victims at high risk of harm to address their safety needs and help manage the risks that they face. They link in very closely with the work of the Multi Agency Risk Assessment Conferences and the Specialist Domestic Violence Courts as part of an integrated approach to victim safety and support</p> <p><b>CIP 3.10</b> Deliver an Integrated Offender Management System covering the Prolific and Other Priority Offender (PPO) Scheme, Drug Interventions Programme (DIP) and Drug Rehabilitation Requirements (DRR). The PPO Scheme actively targets those offenders who cause most harm to our local communities. It concentrates on three strands from prevent and deter, to catch and convict, through to rehabilitation.</p>

**REVENUE BUDGET 2010/2011  
SAFER CITY AND CULTURE**

Outcome	CIP Theme	Improvement/Change Action
		<p>The DIP is a Home Office funded national crime reduction programme which seeks to reduce the levels of acquisitive crime by getting problematic drug users into treatment, and retaining and supporting them there. The DIP is a key part of the Government's strategy for tackling drugs and drug related crime.</p> <p>DRR is one component of a range of twelve possible requirements that magistrates may consider imposing as part of one community order for adult offenders. The DRR provides fast access to drug treatment programmes with the goal to reduce drug related offending. Offenders agree their treatment plan with the probation and treatment services. The plan sets out the level of treatment and testing and what is required at each stage of the order</p> <p><b>CIP 3.11</b> Youth Crime Family Intervention Project. This supports the 30 most at risk children, young people and their families as part of a multi-agency approach (incorporating individual support, group work and the ISSP Think Family Project for intensive family support)</p> <p><b>CIP 3.12</b> Local delivery of the National Drugs Strategy. This covers work on prevention, treatment, enforcement and communications to reduce drug misuse, drug related crime and the harm caused by drugs</p>
<b>Corporate Improvement Priority 5: Attractive and Inclusive City</b>		
<b>CIP Lead : Executive Director of City Services</b>		
<p>Sunderland will have a reputation as a high quality events destination with excellent visitor attractions which can be further developed through international links. Sunderland will be able to host visitors to the city and region <i>(Sunderland Strategy)</i></p>	<p>Improving the Tourism and Heritage Offer</p>	<p><b>CIP 5.11</b> Drive the cultural regeneration of the city through:</p> <ul style="list-style-type: none"> <li>▪ Implementing Arts Strategic Delivery Plan priorities</li> <li>▪ Implementing Music Strategy Delivery Plan priorities</li> <li>▪ Developing and enhancing the event and festival programme for the City</li> <li>▪ Implementing the Tourism Destinations Management Plan</li> <li>▪ Delivery of Legible City framework priorities</li> <li>▪ Implementation of events strategy to deliver planned priorities.</li> </ul>



**REVENUE BUDGET 2010/2011  
SAFER CITY AND CULTURE**

**FINANCIAL**

**OBJECTIVE SUMMARY**

Ref.	Head of Service Ref.	Original Estimate 2009/2010 £	Revised Estimate 2009/2010 £		Estimate 2010/2011 £
<b>Office of the Chief Executive</b>					
1	HSED	782,267	780,882	Safer Communities	1,011,340
2	HLP	0	0	Cash in Transit	0
3	HLP	71,496	190,687	Security Services	116,426
4	HLP	284,925	284,154	Civil Contingencies	290,935
5	HoPE	147,334	139,043	Planning and Environment - Building Control	24,225
		<b>1,286,022</b>	<b>1,394,766</b>	<b>Total Chief Executive</b>	<b>1,442,926</b>
<b>Executive Director of City Services</b>					
6	HSS	631,282	625,422	Environmental Health	689,604
7	HSS	0	0	Environmental Health Support	0
8	HSS	713,166	711,802	Trading Standards and Consumer Advice	684,655
9	HSS	739,638	738,637	Commercial	660,617
10	HSS	282,127	281,925	Pest and Animal Control	426,013
11	HSS	(112,217)	(112,712)	Licensing	(103,954)
12	HPSD	227,810	226,676	Registrars	297,595
13	HPSD	458,223	457,703	Coroner	642,426
14	HCT	161,557	161,275	Heritage (Including Fulwell Mill)	167,804
15	HCT	315,473	315,167	Tourism	510,119
16	HCT	441,352	457,330	Events	766,659
		<b>3,858,411</b>	<b>3,863,225</b>	<b>Total Executive Director of City Services</b>	<b>4,741,538</b>
<b>Executive Director of Health, Housing and Adults</b>					
17	HAS	221,922	230,581	Drug Awareness	234,476
18	HHS	93,742	95,033	Anti Social Behaviour	94,853
		<b>315,664</b>	<b>325,614</b>	<b>Total Executive Director of Health, Housing and Adults</b>	<b>329,329</b>
		<b>5,460,097</b>	<b>5,583,605</b>	<b>TOTAL BUDGET</b>	<b>6,513,793</b>
		178.5	180.8	<b>Total No. of Staff</b>	186.8

**REVENUE BUDGET 2010/2011  
SAFER CITY AND CULTURE**

**DELIVERING VALUE FOR MONEY AND EFFICIENCY SAVINGS**

An analysis of cost comparisons with other Metropolitan Authorities and Nearest Neighbours based on the Audit Commission's Value for Money definitions is detailed below:

Service Area	Sunderland City Council cost per head	Metropolitan Average per head	Quartile compared to Metropolitan Authorities	Nearest Neighbours Average per head	Quartile compared to Nearest Neighbours
	£	£		£	
Environmental Health - Food Safety	1.54	2.14	Lower median quartile	1.88	Lower median quartile
Environmental Health - Pollution Reduction	1.67	2.14	Lower median quartile	1.91	Lower median quartile
Environmental Health - Public Health	2.24	2.22	Upper median quartile	2.82	Lower median quartile
Licensing	(0.40)	0.46	Lower quartile	0.39	Lower quartile
Trading Standards	2.55	2.88	Lower median quartile	3.57	Lower quartile
Community Safety	3.90	10.80	Lower quartile	12.09	Lower quartile
Building Control	0.52	2.32	Lower quartile	2.87	Lower quartile

*Details taken from 2009/2010 RA submissions*

Generally Sunderland's costs in relation to Environmental Health services and Licensing, remain in the lower/lower median quartile compared with both nearest neighbours and other metropolitan authorities. At the same time, these services are performing well, with scores against a checklist of enforcement best practice for Environmental Health and Trading Standards achieving the 100% target in 2008/2009.

Additional investment has enabled the employment of a number of Environmental Enforcement Officers to tackle environmental crime across the City that contributes to resident's perceptions of cleanliness of local neighbourhoods. Clean Streets is a priority for residents and these officers deal with those crimes that blight local areas.

Additional investment in Safer Communities in 2009/2010 and 2010/2011 is tackling a number of priority issues including:

- increasing capacity to target prolific offenders
- increasing capacity to support both adults and children via the provision of Independent Domestic Violence Advisors
- assisting small retailers to combat robbery and disorder
- mainstreaming staffing costs within the Safer Communities Team and support running costs.

In terms of recorded crime, Sunderland's crime rate continues to be below the national average with a 3% reduction for 2008/2009 compared to 2007/2008. This means that in the 6 years since 2002/2003 there have been almost 15,000 fewer victims of recorded crime (39% reduction).

In relation to the assault with injury crime rate in 2008/2009 the target of 9.32 incidents per 1,000 population was achieved at 8.84 per 1,000 incidents.

There has been an 18.3% reduction in youth re-offending from 2004/2005 to 2008/2009. This has been supported by work around the pathways to reducing re-offending such as education, employment and housing.

The following are examples of planned improvement activity for 2010/2011 which seek to ensure continued Value For Money:

- The Safer Sunderland Partnership has developed the Safer Sunderland Strategy 2008-2023, which sets out long-term plans to address some of the most challenging issues in Sunderland such as drug and alcohol misuse and anti-social behaviour
- The Local Area Agreement's Safe City Delivery Plan and the hallmarks of effective partnership working will be implemented and will deliver significant improvements in performance relating to violent crime, drug related crime and perception of ASB.

A marketing and communications programme is being developed to raise public awareness of Civil Contingency arrangements from 15% in 2008/2009 to 21% by the end of 2010/2011.

**REVENUE BUDGET 2010/2011  
SAFER CITY AND CULTURE**

The city provides a wide ranging Festivals and Events programme which provides high quality well attended events that attract substantial media interest and significant economic spend. Investment in events continues to be a high priority for the city with over 280 days of events planned for 2010. This will ensure Sunderland is at the centre of achieving the council's vision of a dynamic city, committed to equality, regeneration and growth achieved through the development and delivery of high quality events which are accessible and enjoyed by all residents and visitors.

The 2010/2011 budget has been set taking account of efficiency savings totalling £132,000, arising from:

- a review of staffing arrangements (£85,000)
- maximisation of income earning opportunities (£12,000)
- a review of operational arrangements for the Tourist Information Centre (£20,000)
- partnership arrangements for the fear of crime survey (£15,000).

**PORTFOLIO GLOSSARY**

HAS	Head of Adult Services
HCT	Head of Culture and Tourism
HHS	Head of Housing Service
HLP	Head of Land and Property
HPSD	Head of Project and Service Development
HSED	Head of Strategic Economic Development
HSS	Head of Street Scene
HoPE	Head of Planning and Environment

**REVENUE BUDGET 2010/2011  
ATTRACTIVE AND INCLUSIVE CITY**

**ROLES AND RESPONSIBILITIES**

The Attractive and Inclusive City portfolio has responsibility for ensuring that the council and its partners succeed in making the city attractive and accessible for all. The portfolio provides leadership for the council and its partners to ensure that the local environment is well managed and meets customer expectations.

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

- Neighbourhood environmental services and street scene
- Highways, traffic and transportation
- Highways maintenance
- Parking and road safety
- Facilities management
- Grounds and building maintenance
- Refuse collection
- Coastal protection
- Libraries
- Museums
- Sport
- Wellness
- Aquatics
- Play

**KEY ACTIONS FOR PORTFOLIO IMPROVEMENT**

**CIP Themes and Improvement/Change Actions**

Outcome	CIP Theme	Improvement/Change Action
<b>Corporate Improvement Priority 5: Attractive and Inclusive City</b>		
<b>CIP Lead: Executive Director of City Services</b>		
All people living, working and visiting Sunderland will have the opportunity to travel to, and move around in, the city safely, either on foot, by cycling, or by using sustainable, reliable and efficient transport networks <i>(Sunderland Strategy)</i>	Strategic Highways Development	<b>CIP 5.5</b> Develop the Sunderland Strategic Transport corridor
The city will have a reputation for world class urban design, including a public realm that is well maintained, accessible, safe, sustainable and functional <i>(Sunderland Strategy)</i>	Street Scene Services	<b>CIP 5.7</b> Street Scene and Neighbourhood - support the Clean, Green and Safe Agenda through the development of Responsive Local Street Scene Services

**REVENUE BUDGET 2010/2011  
ATTRACTIVE AND INCLUSIVE CITY**

**FINANCIAL**

		<b>OBJECTIVE SUMMARY</b>		
Ref.	Head of Service Ref.	Original Estimate 2009/2010 £	Revised Estimate 2009/2010 £	Estimate 2010/2011 £
<b>Street Scene</b>				
1	HSS	402,870	326,949	Waste Collection 249,025
2	HSS	3,485,961	3,526,922	Waste Collection Trading Service 3,528,472
3	HSS	1,694,804	1,732,281	Recycling Collection 1,876,092
4	HSS	(558,713)	(572,556)	Street Cleaning (543,737)
5	HSS	4,689,958	4,691,256	Street Cleaning Trading Service 4,689,958
6	HSS	788,579	786,972	Parks, Open Spaces and Grounds Maintenance 723,386
7	HSS	4,749,967	4,743,404	Grounds Maintenance Trading Service 4,983,398
8	HSS	75,835	75,824	Allotments Trading Service 86,889
9	HSS	1,804,148	1,848,714	Transport Planning, Policy and Strategy 1,697,472
10	HSS	0	15,679	Transport 0
11	HSS	2,864,566	2,854,661	Traffic and Road Safety 2,697,935
12	HSS	145,894	143,530	Trading Operations - Parking Services 388,155
13	HSS	4,775,011	4,775,011	Highways - Street Lighting 4,864,037
14	HSS	2,870,385	2,870,385	Highways - Verge Maintenance and Cleaning 2,960,738
15	HSS	4,615,482	4,655,703	Highways - Maintenance 4,668,821
16	HSS	1,072,187	1,070,053	Structures and New Works 1,035,360
17	HSS	(35,000)	(44,201)	Highways Trading Service (35,000)
18	HSS	(65,000)	(67,016)	Building Maintenance Trading Service (65,000)
19	HSS	0	(16,570)	Building Services Surveying Trading Service 0
20	HSS	0	(161)	Highways and Building Maintenance Overheads 0
21	HSS	(223,305)	125,576	Cemeteries and Crematorium (266,472)
22	HSS	413,654	414,942	Public Conveniences 378,238
		<b>33,567,283</b>	<b>33,957,358</b>	<b>Total Street Scene 33,917,767</b>
<b>Culture and Tourism</b>				
23	HCT	969,495	985,575	Arts and Creative Development 973,377
24	HCT	5,533,552	5,578,075	Libraries 5,383,202
25	HCT	1,638,003	1,653,756	Museums 1,602,460
26	HCT	110,254	110,254	Grants to Community Projects and Miscellaneous Contributions 111,996
27	HCT	429,746	429,746	Theatre – Operating Costs 396,056
28	HCT	367,291	367,291	Theatre – Asset Charges 360,980
29	HCT	0	0	Culture and Tourism Support Service 0
		<b>9,048,341</b>	<b>9,124,697</b>	<b>Total Culture and Tourism 8,828,071</b>
<b>Community Services</b>				
30	HCS	3,675,411	3,734,625	Leisure Centres 3,907,404
31	HCS	2,706,899	2,684,546	Leisure Management Trading Service 2,954,571
32	HCS	999,173	985,552	Sports Development 971,618
33	HCS	443,546	491,060	Young Peoples Play and Urban Games 444,588
34	HCS	0	0	Facilities Management Support 0
35	HCS	0	(18,826)	Cleaning Services to Schools and Civic Buildings 0
36	HCS	0	555	Commercial Catering Trading Service 0
		<b>7,825,029</b>	<b>7,877,512</b>	<b>Total Community Services 8,278,181</b>
<b>Support Services</b>				
37	HPSD	0	0	Central Support Services 0
		<b>0</b>	<b>0</b>	<b>Total Support Services 0</b>
		<b>50,440,653</b>	<b>50,959,567</b>	<b>TOTAL BUDGET 51,024,019</b>
		1,725.4	1,751.3	<b>Total No. of Staff 1,755.2</b>

**REVENUE BUDGET 2010/2011**  
**ATTRACTIVE AND INCLUSIVE CITY**

**DELIVERING VALUE FOR MONEY AND EFFICIENCY SAVINGS**

Costs are in the lower quartile for 2009/2010 for Waste Collection, when compared to Metropolitan Authorities (lower median in 2008/2009) and in lower median quartile compared with Nearest Neighbours for 2009/2010 (lower median in 2008/2009).

The amount of household waste recycled and composted (NI 172) declined in 2008/2009 with less household waste collected, and the levels of garden waste collected slightly improved but recyclable materials reduced. The figures have been influenced by economic conditions. Work to improve these figures is ongoing and investigations with existing contractors are currently taking place to establish ways of recovering materials from residual waste.

A £2.7 million update to the city councils Kerb-it scheme is progressing with a phased implementation due to commence in April 2010. This scheme will replace the black box Kerb-it scheme which has been operational since 2003. As part of the new scheme all households will be issued with a blue wheeled bin which will make it easier to manoeuvre and store recyclables, it will also extend recycling to include plastics and cardboard.

In 2009/2010 Recreation and Sport expenditure is in the upper median quartile compared to Nearest Neighbours and in the upper quartile compared to other Metropolitan Authorities. The council has a long term plan for its leisure facilities, which includes capital investment, that will result in future revenue savings and reductions in health inequalities.

From April 2009 free swimming has been provided for under 16's and over 60's for a pilot period of two years to help to increase participation in physical activity. In the period April - October 2009, swimming participation increased by 51.3%. The construction of both the Silksworth and Hetton swimming pools, which include other leisure facilities, were completed on time. Handover of these facilities from the contractor has now taken place and both pools were opened to the general public during January 2010. These 2 facilities should help participation levels to increase further.

The upgrade of 28 play parks and the development of the City Adventure Centre are scheduled to be complete by March 2010. Before this programme started 17% of children and young people living in the city had access to high quality play within 1km of their home. Once this programme of works is completed, in March 2010, this figure will rise to 60%.

Cultural and Heritage Services expenditure is in the upper median quartile, reflecting the high priority attached to these services and Sunderland's ongoing commitment to improving cultural opportunities for its citizens.

Work has been undertaken in 2009 to encourage and enable residents to engage with a wide range of arts activity. This includes education outreach work with the Northern Gallery for Contemporary Art, the appointment of a new Creative Director at the Arts Centre Washington, which has led to the development of an exciting professional programme of music, dance and theatre; creative activity for all the family at the Sunderland International Friendship Festival and the showcasing of new and existing musical talent at a range of events across the city.

Other than Washington Town Centre and Silksworth libraries, which were relocated to temporary locations whilst refurbishments took place, visitors to libraries were up by 8% in 2008/2009. The continuation of the ongoing marketing campaign, to promote the library service to both new and existing users, will seek to ensure that this increase in visitor numbers continues.

Following the award of funding from the Heritage Lottery Fund and Big Lottery Fund, Barnes Park is undergoing a major redevelopment which is planned for completion in April 2011. This will enhance the reputation of the park and increase usage across all groups.

Expenditure in relation to Highways and Transport Services is in the upper quartile compared to Metropolitan Authorities and in the upper median quartile compared to Nearest Neighbours. A large proportion of the costs relate to the Street Lighting PFI contract, which was entered into in 2003 to address the significant backlog of replacement and maintenance of street lighting and highway signs within the city. The contract runs until 2028.

**REVENUE BUDGET 2010/2011  
ATTRACTIVE AND INCLUSIVE CITY**

The following improved performance has been achieved in relation to road and footpath maintenance:

- Principal road network where maintenance improved from 2% in 2007/2008 to 1% in 2008/2009.
- Non-principal road network where maintenance improved from 3% in 2007/2008 to 2% in 2008/2009.
- Footpaths in need of repair have improved from 25% in 2007/2008 to 21% in 2008/2009.
- There has been continued additional investment, to address the backlog of road and footpath maintenance and this will help to improve this performance further.

Implementation of the project to improve bus and footways links in Washington has continued during 2009/2010. This will improve the safety of local people and promote a wider take up of and satisfaction with public transport, both key priorities for the city.

The actual number of people killed or seriously injured has declined from 120 in 2007 to 93 in 2008. There was a 12% improvement with the number of children killed or seriously injured, with actual numbers improving significantly from 29 killed or seriously injured in 2007 to 13 in 2008. The council is on target to achieve government targets (reduction in numbers by 2010 based on the 1994-1998 average) for the reduction in numbers of people and children killed or seriously injured.

Levels of street cleanliness have improved with the proportion of relevant land and highways that are assessed as having levels of litter and detritus below an acceptable level reducing from 10% in 2007/2008 to 9% in 2008/2009. Sunderland is currently on course to achieve the targeted performance of 9% in 2009/2010, and a target of 8% has been set for 2010/2011.

A full service review of the Street Scene Service will be carried out in early 2010. The review will focus upon a number of issues, including:

- the integration of the Highways and Transportation function with Environmental Services to create a 'joined up' Street Scene Service
- improving links with the Customer Service Network to allow the further utilisation of the lizuka system with front line staff via handheld ICT
- realisation of opportunities for greater empowerment of staff and rationalisation of managerial and supervisory structures
- the integration of client and contractor units, in areas where these still exist, to establish more efficient services in line with the Sunderland Way of Working.

The 2010/2011 budget has been set taking account of efficiency savings totalling £1,340,000, arising from:

- a review of operational arrangements within the Libraries, Museums and Archives services (£195,000)
- a review of operational arrangements within Culture and Tourism (£12,000)
- a review of operational and staffing arrangements within Facilities Management and Commercial Catering (£93,000)
- a review of operational arrangements within the Leisure services provision (£275,000)
- a review of the operational management arrangements for Play Inspection and Maintenance (£25,000)
- a review of operational and staffing arrangements within Traffic and Road Safety, Highways Inspection, Transport and Engineering and Transport Support services (£171,000)
- a review of overheads within Street Cleaning (£20,000)
- a review of operational arrangements to deliver improved service integration following the creation of the new City Services Directorate, in respect of Transport, Highways, Parks and Grounds Maintenance, Street Cleansing and Waste Collection (£340,000)
- maximisation of income earning opportunities (£86,000)
- effective vacancy management across the whole City Services Directorate (£123,000).

**PORTFOLIO GLOSSARY**

HCS	Head of Community Services
HCT	Head of Culture & Tourism and World Cup Host City Director
HPSD	Head of Project and Service Development
HSS	Head of Street Scene

**REVENUE BUDGET 2010/2011  
SUSTAINABLE COMMUNITIES**

**ROLES AND RESPONSIBILITIES**

The Sustainable Communities portfolio is responsible for promoting effective partnership action within a clear policy framework to build communities that are sustainable in every sense. The portfolio ensures that today's actions do not store up environmental issues for future generations.

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

- Developing an integrated strategy in support of Sustainable Communities objectives
- Housing strategy
- Environmental policy
- Heritage and design champion
- Housing renewal
- Strategic relationships with Registered Social Landlords and private sector housing providers
- Homelessness and housing advice
- Recycling
- Strategic waste management
- Carbon management
- Cohesive and inclusive communities.

**KEY ACTIONS FOR PORTFOLIO IMPROVEMENT**

**CIP Themes and Improvement/Change Actions**

Outcome	CIP Theme	Improvement/Change Action
<b>Corporate Improvement Priority 1: Prosperous City</b>		
<b>CIP Lead: Deputy Chief Executive</b>		
Creating an enterprising and productive global city with a strong and diverse economy. A city that provides jobs and careers for generations to come, where everyone has the opportunity to contribute to, and benefit from, the local economy. People will fulfil their potential to be skilled, motivated and wealth creating without losing the special characteristic of Sunderland's balanced way of life	Economic Regeneration	<b>CIP 1.6</b> Low Carbon Economy: Develop a low carbon economic policy in conjunction with One NorthEast and neighbouring authorities, and also develop a marketing plan to promote the city to attract low carbon businesses
<b>CIP Lead: Deputy Chief Executive</b>		
<b>Corporate Improvement Priority 3: Safe City</b>		
<b>CIP Lead: Deputy Chief Executive</b>		
Sunderland will have cohesive communities (attacks or harassment because of race, colour, religion or sexual orientation, feelings of safety amongst vulnerable groups) <i>(Sunderland Strategy)</i>  The Sunderland Compact and supporting Codes of Practice are of fundamental importance in building trust within the city. It sets out the relationship between Partner organisations and VCS organisations for mutual advantage and community gain. The Sunderland Partnership is committed to developing, maintaining and embedding the Compact within all partner organisations <i>(Sunderland Strategy)</i>	Equalities and Community Cohesion	<b>CIP 3.13</b> Roll out the ARCH system to cover all hate based incidents across the city and also all incidents of bullying in schools  <b>CIP 3.14</b> Deliver the community cohesion strategy  <b>CIP 3.15</b> Incorporate community impact assessments as part of the Impact and Needs Requirement Assessment (INRA) process  <b>CIP 3.16</b> Ensure sign-up to the Compact, including ensuring all service areas are aware of, and fulfil, what is expected and required of them within the terms of the Compact



**REVENUE BUDGET 2010/2011  
SUSTAINABLE COMMUNITIES**

<b>Outcome</b>	<b>CIP Theme</b>	<b>Improvement/Change Action</b>
<b>Corporate Improvement Priority 5: Attractive and Inclusive City</b>		
<b>CIP Lead: Executive Director of City Services</b>		
<p>Sunderland will support sustainable patterns of consumption and development, evidenced by retaining its low eco footprint whilst protecting its diverse natural environment <i>(Sunderland Strategy)</i></p> <p>The city will reduce the carbon emissions from its transport, waste, houses and businesses development <i>(Sunderland Strategy)</i></p>	Low Carbon and Sustainable Services	<p><b>CIP 5.2</b> Procurement of a Joint Waste Management facility to be operated in partnership with Gateshead and South Tyneside Councils (South Tyne and Wear Waste Management Partnership)</p> <p><b>CIP 5.3</b> Develop and implement sustainability strategies, policies and projects within the council's activities and with partners.</p>
<p>Sunderland will have a reputation as a high quality events destination with excellent visitor attractions which can be further developed through international links <i>(Sunderland Strategy)</i></p>	Regeneration	<b>CIP 5.4</b> Progress and implement a strategy for improving the seafront by building on its natural assets, enhancing its management, investing in its public realm
<p>The city will have a reputation for world class urban design, including a public realm that is well maintained, accessible, safe, sustainable and functional <i>(Sunderland Strategy)</i></p>	Street Scene Services	<b>CIP 5.6</b> Improve the levels of household waste recycling and composting in Sunderland
<p>Sunderland's housing stock will encourage the retention and attraction of new households, with increased spending and entrepreneurial powers, to further invest in the city and support its existing services and facilities <i>(Sunderland Strategy)</i></p>	Improving the Housing Offer in Sunderland	<p><b>CIP 5.8</b> Continue with Area Renewal Programme</p> <p><b>CIP 5.9</b> Develop a City Housing Investment Plan</p> <p><b>CIP 5.10</b> Implement Selective Licensing Scheme in Hendon Area</p>

**REVENUE BUDGET 2010/2011  
SUSTAINABLE COMMUNITIES**

**FINANCIAL**

**OBJECTIVE SUMMARY**

Ref.	Head of Service Ref.	Original Estimate 2009/2010 £	Revised Estimate 2009/2010 £		Estimate 2010/2011 £
<b>Office of the Chief Executive</b>					
1	HSED	227,971	227,971	Cohesive and Inclusive Communities	376,979
2	HP&E	127,822	125,858	Sustainability	179,435
		<b>355,793</b>	<b>353,829</b>	<b>Total Chief Executive</b>	<b>556,414</b>
<b>Executive Director of City Services</b>					
3	HSS	7,001,814	8,002,897	Waste Disposal	8,041,472
4	HSS	798,502	795,535	Recycling	796,189
5	HSS	0	0	Cleansing Support	0
6	HSS	0	0	Depots	0
		<b>7,800,316</b>	<b>8,798,432</b>	<b>Total Executive Director of City Services</b>	<b>8,837,661</b>
<b>Executive Director of Health, Housing and Adult Services</b>					
7	HHS	1,125,663	1,177,311	Housing Renewal	1,045,514
8	HHS	1,407,709	1,553,138	Housing Strategy / Advice and Homelessness	1,504,527
		<b>2,533,372</b>	<b>2,730,449</b>	<b>Total Executive Director of Health, Housing and Adult Services</b>	<b>2,550,041</b>
		<b>10,689,481</b>	<b>11,882,710</b>	<b>TOTAL BUDGET</b>	<b>11,944,116</b>
		77.1	84.9	<b>Total No. of Staff</b>	87.1

**DELIVERING VALUE FOR MONEY AND EFFICIENCY SAVINGS**

The Local Development Framework - Core Strategy will provide the overall spatial vision and strategy for the City of Sunderland. It will address important city-wide spatial matters including housing, economy, retail, sustainability, community safety, tourism, transport, and areas of regeneration. It will aim to conform with the Regional Spatial Strategy and take forward the aims of planning related issues related to sustainable development and sustainability. It will also take into account other city-wide plans and strategies, including those produced by other agencies.

Sunderland has made several public commitments to tackling climate change, the most recent, and legally binding, being the EU Covenant of Mayors, signed on 14<sup>th</sup> January 2009. The council plans to meet these commitments through its Climate Change Action Plan, adopted in November 2008, as the framework through which Sunderland will work to reduce the city's carbon emissions.

The council achieved a rating of Level 1 in relation to NI 188 "Planning to adapt to climate change". Action is currently underway to achieve Level 2 by the end of 2009/2010 and Level 3 by the end of 2011/2012.

The City's carbon emissions continue to fall. Emissions in 2007 were 5.6% below 2005, and should continue to fall to 8% below 2005 levels, on the basis of initiatives delivered in 2008 and 2009. Looking forward from 2010 - 2020, it is proposed that Sunderland now aims to cut its emissions by 34%, in line with new UK targets. The revised Climate Change Action Plan outlines measures that could reduce the city's emissions by 29% overall, with the shortfall to be found in future revisions of the Action Plan. To achieve these higher targets, Sunderland will need to develop the following new initiatives:

- Ensuring the emerging Economic Development Masterplan not only develops low carbon industries, but also supports all homes, buildings and transport in using low carbon technologies
- Efforts to insulate every possible home in Sunderland should increasingly focus on programmes to insulate homes with solid wall construction, which is where the greatest potential exists to save energy in the City's existing housing stock.

The council will progress plans to install 3 wind turbines at The Venerable Bede C of E, Washington and St Robert of Newminster Schools, contributing to both cost savings and carbon reduction targets.

## REVENUE BUDGET 2010/2011 SUSTAINABLE COMMUNITIES

Waste Disposal costs are in the upper quartile compared to Metropolitan Authorities (upper in 2008/2009) and in the upper median quartile compared to Nearest Neighbours (upper median in 2008/2009). This comparatively higher level of expenditure reflects increased investment in recycling, in order to meet the recycling targets.

The South Tyne and Wear Waste Management Partnership with Gateshead and South Tyneside Councils aims to reduce the amount of waste going to landfill. The PFI supported procurement of the strategic residual waste treatment facility is anticipated during 2010/2011 and it is planned to be operational by April 2014.

Additional funding allocated has allowed for a pilot scheme to provide on-street recycling facilities. Six sites have been developed, 4 in the City Centre, 1 in Houghton and 1 in Washington, improvements have also been made to a number of recycling sites across the City.

A £2.7 million update to the city council's Kerb-it scheme is progressing with a phased implementation due to commence in April 2010. This scheme will replace the black box Kerb-it scheme which has been operational since 2003. As part of the new scheme all households will be issued with a blue wheeled bin which will make it easier to manoeuvre and store recyclables, it will also extend recycling to include plastics and cardboard.

The cost of the Homelessness service continues to be ranked upper median in 2009/2010 compared to metropolitan authorities and nearest neighbours, reflecting the key priority placed on the service, and additional investment in recent years to address this priority. However, this represents improved value for money, as the council has helped a greater number of people and families reduce their risk of homelessness through preventative work during 2008/2009. This not only improves outcomes for individuals and promotes their independence, but also provides a more cost-effective approach to supporting people.

Costs are in the upper median quartile for Housing Strategy, Advice Advances, Enabling, Renewals and Licensing compared to both Metropolitan Authorities and Nearest Neighbours. The increased expenditure in this area is primarily related to additional investment in preventative support, including information and advice, and the increase in the number of empty properties returned to occupation.

Building on the success of 299 net new dwellings (after taking account of demolitions) in 2008/2009, 185 net new dwellings have been achieved in the first six months of 2009/2010 despite the difficult economic conditions. The council will continue to support Gentoo in the delivery of its Modernisation/Regeneration Programme which includes 422 new dwellings due to be completed by March 2011 which are being funded through the Governments Kick Start Funding.

230 affordable new homes were provided during 2008/2009 achieved by supporting Registered Social Landlords (RSLs) in their bids for National Affordable Housing Programme funding. Building on this success, the council continues to explore new ways of delivering services and working with housing partners to provide affordable housing, to improve the choice, quality and design of property available for all people.

The Housing and Neighbourhood Renewal team continues to be successful in working in partnership with organisations such as the Homes and Communities Agency and Gentoo to improve housing conditions across the city with particular emphasis in the private housing sector.

The 2010/2011 budget has been set taking account of efficiency savings totalling £108,000, arising from:

- Maximisation of income earning opportunities (£100,000)
- A review of staffing arrangements (£8,000).

### PORTFOLIO GLOSSARY

HHS	Head of Housing Services
HP&E	Head of Planning and Environment
HSED	Head of Strategic Economic Development
HSS	Head of Street Scene

**REVENUE BUDGET 2010/2011  
RESPONSIVE LOCAL SERVICES AND CUSTOMER CARE**

**ROLES AND RESPONSIBILITIES**

The Responsive Local Services and Customer Care portfolio provides leadership for the continuing development of area arrangements as a principal means of improving the relevance of services to local communities and circumstances. The portfolio has responsibility for championing the continuing improvement of customer care policy and practice and improvements in the responsiveness of services to local needs and customer feedback. The portfolio is also responsible for developing the community's capacity to engage in the shaping, delivery and review of services.

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

- Area Committees
- Area Partnerships
- Local Area Plans
- Area Budget policy framework
- Area Budgets including the community chest
- Customer care policy and practice
- Improving the responsiveness of neighbourhood services and facilities to local circumstances and customer feedback
- Improving the responsiveness of personal services to customer feedback
- Contact Centre and Customer Services Network
- Community development
- Adult and community learning.

**KEY ACTIONS FOR PORTFOLIO IMPROVEMENT**

**CIP Themes and Improvement/Change Actions**

<b>Outcome</b>	<b>CIP Theme</b>	<b>Improvement/Change Action</b>
<b>Corporate Improvement Priority 5: Attractive and Inclusive City</b>		
<b>CIP Lead: Executive Director of City Services</b>		
We will implement the Community Development Plan effectively to ensure the voluntary and community sector is best able to help achieve our vision for the future <i>(Sunderland Strategy)</i>	Community Development	<b>CIP 5.1</b> Coordinating the delivery of the Partnership Community Development Plan priorities and performance management arrangements
<b>Corporate Improvement Priority 6: Corporate Improvement Programme</b>		
<b>Customer Focused Services</b>		
<b>CIP Lead: Assistant Chief Executive</b>		
Ensure area priorities and issues are addressed	Area Arrangements	<b>CIP 6.1</b> Building on the implementation of updated area governance arrangements (2009/2010), further develop the council's policy approach and strategic direction in respect of tailoring services to the needs of the city's communities  <b>CIP 6.2</b> Implementation, review and refinement of updated area governance arrangements introduced in 2009/2010
Ensuring consultation activity: <ul style="list-style-type: none"> <li>▪ Is effectively co-ordinated across the council and with partner agencies</li> <li>▪ Impacts on service delivery; is delivered to a high standard and meets the expectations of the Government particularly in relation to Best Value</li> </ul> <i>(Community Consultation Strategy)</i>	Consultation	<b>CIP 6.9</b> Implementation of the e-consultation solution across the council

**REVENUE BUDGET 2010/2011**  
**RESPONSIVE LOCAL SERVICES AND CUSTOMER CARE**

<b>Outcome</b>	<b>CIP Theme</b>	<b>Improvement/Change Action</b>
Ensuring end to end customer service and in doing so support the council to achieve its performance ambitions to deliver customer focused services and to be an efficient and effective council <i>(Customer Services Access Strategy)</i>	Customer Services	<b>CIP 6.10</b> Migrate all initial customer contact to the Customer Service Network  <b>CIP 6.11</b> Migrate customer contact to more convenient, accessible and cost effective channels
Using improved customer insight to target action and to use experience gained in order to revise service standards to become more appropriate and responsive to local priorities and preferences for style and approach to public engagement <i>(Implementing the Improvement Principles)</i>	Responsive Local Services	<b>CIP 6.14</b> Identify an initial range of high local impact services which have the potential to engage local residents in shaping improvements to their day to day quality of life  <b>CIP 6.15</b> Establish baseline service delivery standards for these services  <b>CIP 6.16</b> Review and revise standards in response to feedback from local residents and improved customer insight  <b>CIP 6.17</b> Ensure that in improving engagement with local residents, service providers increasingly adopt the approach advocated by 'Demos' in order to improve trust and satisfaction levels with the council  <b>CIP 6.18</b> Increase the degree to which Front Line Councillors and Area Committees are able to influence the delivery of activities included within the scope of the Responsive Local Services initiative

**FINANCIAL**

**REVENUE ESTIMATES 2010/2011**  
**OBJECTIVE SUMMARY**

<b>Ref.</b>	<b>Head of Service Ref.</b>	<b>Original Estimate 2009/2010</b>	<b>Revised Estimate 2009/2010</b>		<b>Estimate 2010/2011</b>
		<b>£</b>	<b>£</b>		<b>£</b>
<b>Chief Executive</b>					
1	HSED	149,128	383,971	Area Co-ordination and Special Programmes	290,396
2	HSED	2,582,996	2,582,996	Strategic Initiatives Budget	2,582,996
		<b>2,732,124</b>	<b>2,966,967</b>	<b>Total Chief Executive</b>	<b>2,873,392</b>
<b>Executive Director of Children's Services</b>					
3	HoPC&EW	55,681	55,209	Family, Adult and Community Learning	49,214
		<b>55,681</b>	<b>55,209</b>	<b>Total Executive Director of Children's Services</b>	<b>49,214</b>
<b>Executive Director of City Services</b>					
4	HCS	8,716	8,696	Area Facilities	0
5	HCS	931,824	942,393	Community Development	1,354,270
6	HoCS&D	0	28,452	Customer Service Network	0
7	HoP&SD	0	(49,315)	Project and Service Development	0
		<b>940,540</b>	<b>930,226</b>	<b>Total Executive Director of City Services</b>	<b>1,354,270</b>
		<b>3,728,345</b>	<b>3,952,402</b>	<b>TOTAL BUDGET</b>	<b>4,276,876</b>
		156.1	179.2	<b>Total No. of Staff</b>	181.3

**REVENUE BUDGET 2010/2011**  
**RESPONSIVE LOCAL SERVICES AND CUSTOMER CARE**

**DELIVERING VALUE FOR MONEY AND EFFICIENCY SAVINGS**

Most people who contacted the council during 2007 and 2008, were satisfied with the response they received:

- four in five (81%) found council staff helpful
- three in five (63%) found staff quick to deal with the request
- two in three (68%) felt that staff were able to deal with their problem
- three in five (60%) of those who contacted the council were satisfied with the outcome of their enquiry
- almost seven in ten (68%) were satisfied with how their enquiry was handled.

National Indicator 14 measures the level of avoidable contact. 2008/2009 was a baseline year and had an outturn indicator of 26.6% of all contact which could be avoided. Reducing avoidable contact will be a key aspect of delivery of the priorities identified via the Customer Services business case presently being prepared as one of the key work streams emerging from scoping the council's new business operating model as part of the implementation of the Sunderland Way of Working.

The Customer Services business case developed from the work undertaken with our strategic partner, will accelerate migration of services to the Customer Service Network and will provide efficiencies as the series of migrations are completed. It is also planned to move customers to lower cost channels to access council services e.g. self access via the web rather than by face to face or telephone contact. This will include reducing avoidable contact which should deliver increased value for money and efficiency savings.

The Responsive Local Services Project (RLS) was approved in January 2009. This forms part of the council's Community Leadership Programme which is one of the council's Key Strategic Improvement Programmes. The RLS project will promote action on relevant priorities and engage local communities of interest directly, in shaping responses to high impact local issues and opportunities. It seeks to adapt services in response to opinions and views about services in individual areas.

Area Committee arrangements were reviewed during 2009 in line with the Community Leadership Programme, and introduced revised area governance arrangements. The review evidenced the need to enhance officer support to the 5 Area Committees. The officers support Area Committees in ensuring the development and delivery of Local Area Plans including working with partners to deliver effective services at a local level. This includes provision of an enhanced performance management role, including service challenge and review of both council and Partners Services.

Each Area Committee is supported by a member of the Executive Management Team as Area Lead Executive to ensure that city wide strategy is considered at an area level in addition to ensuring area priorities feed into citywide strategy.

Additional resources invested in Community Development have enabled the implementation of the Community Development Plan and allowed the council to strategically support the Voluntary and Community Sector, through the Sunderland Community Network. Performance in relation to specific National Indicators is detailed below:

- NI 6 - Participation in Regular Volunteering 2008/2009 was a baseline year but the outturn (14.4%) was lower than the average for both North East and All England Local Authorities. Community Development is working to raise the profile of volunteering in the City and creating key routes that support individuals into volunteering opportunities. This will next be surveyed in 2010/2011.
- NI 7 - Environment for a thriving third sector outturn (13.7%) was lower than the average for both North East and All England Local Authorities. Community Development is coordinating implementation of the Sunderland Partnership Community Development Plan - Action Plan and leading sign-up and embedding of the Sunderland Compact arrangements. This will be next surveyed in 2010/2011.

The 2010/2011 budget has been set taking account of efficiency savings totalling £136,000, arising from:

- a review of operational arrangements and service delivery via integration of services to the Customer Service Network (£72,000)
- a review of operational arrangements in relation to reception and customer enquiry services (£45,000)
- a review of operational and staffing arrangements (£16,000)
- a review of general overheads (£3,000).

**REVENUE BUDGET 2010/2011  
RESPONSIVE LOCAL SERVICES AND CUSTOMER CARE**

**PORTFOLIO GLOSSARY**

HoCS&D	Head of Customer Service and Development
HoP&SD	Head of Project and Service Development
HSED	Head of Strategic Economic Development
HoPC&EW	Head of Positive Contribution and Economic Well-Being
HCS	Head of Community Services

## REVENUE ESTIMATES 2010/2011

## General Summary

Page No.	Original Estimate 2009/2010 £	Revised Estimate 2009/2010 £		Estimate 2010/2011 £
6	5,623,937	6,045,054	Leader and Deputy Leader	6,662,812
10	4,590,835	4,952,892	Resources	4,900,620
14	64,746,557	67,720,442	Children and Learning City	66,549,172
18	16,877,020	16,292,682	Prosperous City	17,604,799
21	67,173,424	68,374,891	Healthy City	78,305,495
27	5,460,097	5,583,605	Safer City and Culture	6,513,793
31	50,440,653	50,959,567	Attractive and Inclusive City	51,024,019
36	10,689,481	11,882,710	Sustainable Communities	11,944,116
39	3,728,345	3,952,402	Responsive Local Services and Customer Care	4,276,876
	7,352,024	2,537,454	Provision for Contingencies	5,523,000
	12,006,000	8,664,664	Provision for Strategic Priorities	14,291,000
			Capital Financing Costs	
	5,693,000	6,181,000	- Revenue Contributions to Capital Programme	6,242,000
	19,145,220	16,145,220	- Debt Charges	19,095,682
	(2,600,000)	(2,600,000)	- Interest on balances	(1,600,000)
	(148,000)	(148,000)	- Interest on Airport long term loan notes	(110,000)
	0	(379,000)	LABGI	0
	(8,714,836)	(10,705,932)	Technical Adjustments: FRS17 and Reversal of Capital Charges and Transfers	(10,448,630)
	<u>262,063,757</u>	<u>255,459,651</u>		<u>280,774,754</u>
			<b>LEVIES</b>	
	18,177,049	18,177,049	Tyne and Wear Integrated Transport Authority	18,382,210
	181,646	181,646	Environment Agency	191,000
	42,156	42,156	North Eastern Sea Fisheries Committee	49,576
	<u>18,400,851</u>	<u>18,400,851</u>		<u>18,622,786</u>
	(27,969,243)	(28,056,137)	Less Area Based Grant	(39,521,567)
	<u>252,495,365</u>	<u>245,804,365</u>	<b>TOTAL NET EXPENDITURE</b>	<u>259,875,973</u>
	(3,496,000)	3,195,000	Less: (Use of)/Addition to Balances	(7,179,000)
	<u>248,999,365</u>	<u>248,999,365</u>	<b>LOCAL BUDGET REQUIREMENT</b>	<u>252,696,973</u>
	51,455	51,455	Hetton Town Council	53,000
	<u>249,050,820</u>	<u>249,050,820</u>	<b>TOTAL BUDGET REQUIREMENT</b>	<u>252,749,973</u>
			<b>Deduct Grants etc.</b>	
	29,000,033	29,000,033	Revenue Support Grant	19,965,712
	125,643,033	125,643,033	National Non Domestic Rates	137,496,111
	500,000	500,000	Collection Fund Surplus - Council Tax	50,000
	<u>155,143,066</u>	<u>155,143,066</u>		<u>157,511,823</u>
	<u>93,907,754</u>	<u>93,907,754</u>	<b>LOCAL COUNCIL TAX REQUIREMENT</b>	<u>95,238,150</u>



## Contingencies 2010/2011

	£'000s
Pay and Price Increases including Single Status	5,048
General Contingency	900
Improvement Programme Efficiencies	(850)
New Adoptions and Grounds Maintenance	220
Featurenet Costs	130
Security Services	75
<b>Total Contingency</b>	<b>5,523</b>

## Provision for Strategic Priorities

Strategic Investment Plan	800
Inward Investments - International Strategy	50
World Cup Preparations	300
Summer Events	100
Adult Social Care - Provision for Care and Preventative Services	2,970
Empty Property Officers	90
Specific Projects - Targeting Financial Hardship and Promoting Financial Inclusion	300
Free Swimming	169
Youth Initiatives	200
Independent Care Services	119
Independent Safeguarding Authority Responsibilities	150
Waste Disposal - Provision for Strategic Solution and Preparatory Costs	2,867
Repairs and Maintenance	250
Economic Downturn	926
Transport and Engineering	600
Highways and Footway Maintenance	400
<b>Total Strategic Priorities</b>	<b>10,291</b>

In addition a sum of £4m has been earmarked to support the Improvement Programme on an 'Invest to Save' basis to secure significant efficiency savings

**CABINET MEETING – 10<sup>th</sup> February 2010****EXECUTIVE SUMMARY SHEET – PART I**

<b>Title of Report:</b>	
Draft Council Tax Leaflet 2010/2011	
<b>Author(s):</b>	
Chief Executive and Director of Financial Resources	
<b>Purpose of Report:</b>	
The report submits for consideration the draft Council Tax Leaflet for 2010/2011.	
<b>Description of Decision:</b>	
Cabinet is requested to consider the draft Council Tax Leaflet, and, subject to the inclusion of financial and other information, once the Revenue Budget has been set, ask Council to approve it.	
<b>Is the decision consistent with the Budget/Policy Framework?</b> <b>Yes</b>	
<b>If not, is Council approval required to change the Budget/Policy Framework?</b>	
<b>Suggested reason(s) for Decision:</b>	
The Local Government Finance Act 1992 requires Local Authorities to produce a Summary of Financial Information to accompany the annual Council Tax bill.	
<b>Alternative options to be considered and recommended to be rejected:</b>	
As the Local Government Act Finance Act 1992 requires local authorities to produce a Summary of Financial Information to accompany the annual Council Tax bill, no alternative options have been considered.	
<b>Is this a “Key Decision” as defined in the Constitution?</b> Yes/No	<b>Relevant Scrutiny Committee:</b>
<b>Is it included in the Forward Plan?</b> Yes/No	Management Scrutiny Committee

**Draft Council Tax Leaflet 2010/2011**

**Report of the Chief Executive and Director of Financial Resources**

**1.0 Purpose of the Report**

1.1 This report submits for consideration the draft Council Tax Leaflet for 2010/2011.

**2.0 Description of Decision**

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

**3.0 Background**

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

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

3.3 In view of this, it is proposed that the council's Council Tax Leaflet for 2010/2011 will follow the same format as that successfully followed last year, updated to focus on actions for 2010/2011 and to reflect the latest approach in respect of the presentation of the council's image.

3.4 A full performance plan, providing actual performance information will be provided and made available by the statutory deadline of 30<sup>th</sup> June 2010.

3.5 A more detailed account of the council's performance in 2009/2010 and Budget information will be outlined in the Corporate Improvement Plan 2010/2011 and Revenue Budget 2010/2011, which are to be the subject of separate reports to Cabinet.

**4.0 Proposal**

4.1 The draft Council Tax Leaflet for 2010/2011 has been structured to reflect the Strategic Priorities of the Sunderland Strategy 2008-2025, a format that has been identified as best practice by the Audit Commission and is comparable to the structure of previous years. The document focuses on demonstrable service improvements and developments that are planned to take place in 2010/2011 (and, as was the case last year, an Annual Report will be produced in the Summer which

will communicate the council's achievements during 2009/2010 – this will be the subject of a further report to Cabinet in due course). The document also takes account of Use of Resources Guidance and Communities and Local Government requirements regarding the inclusion of efficiencies information within Council Tax bills.

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

4.3 It is not possible to include the financial information and all of the related other performance information at this time. This will be incorporated into the document following Council approval at its Budget meeting in March 2010. Owing to the constraints of the production schedule a full copy of the document will not therefore be available for Cabinet prior to final printing taking place. The latest outline version of the document will be tabled at the meeting. Final sign off will be undertaken by the Leader of the Council in conjunction with the Chief Executive and the Director of Financial.

## **5.0 Reasons for Decision**

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

## **6.0 Alternative Options**

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

## **7.0 Financial Implications**

7.1 The costs for printing and distributing the Summary of Financial Information 2010/2011 are provided for within the council's base budget.

## **Background Papers**

Corporate Improvement Planning Framework 2010/2011  
Service Improvement Planning Templates 2010/2011



# COUNCIL TAX

## 2010 - 2011

How much you pay...  
Where your money goes...

  
Sunderland  
City Council

# Need a hand paying your rent or Council Tax?

**One free phone call is all it takes to find out if you can save money on your rent or Council Tax.**

Make sure you get what's yours...

Call free on **0800 633 5853**, pop into a Sunderland Customer Service Centre or email [enquiries@sunderland.gov.uk](mailto:enquiries@sunderland.gov.uk)

# YOUR COUNCIL TAX BILL...

The current difficult economic climate impacts upon us all and the likely spending cuts that the government will make will no doubt affect local authorities throughout the country.

Sunderland City Council is not only extremely effective at budgetary planning and control, but has always been focussed upon delivering the best services for the least cost. We are continually innovating and finding new and efficient ways of providing the services that the people of Sunderland need, want and benefit from.

In 2010-2011 we plan to spend over XXX million to provide services for the XXXXXX residents of Sunderland.

Council Tax is just 13% of the council's budget. It helps to pay for around 800 different services - overleaf you can see what you will be getting for your money.

This year we have ensured that the increase in Council Tax is as low as possible without impacting on services. In fact it is the lowest percentage increase, at xxx, in over ten years – and once again indications are that we will continue to have the lowest Council Tax in the region. We managed to do this by making efficiency savings of around £xx million.

This means you continue to get top quality services at what we believe is very good value for money.

Alongside your day-to-day services, we have also had some major achievements for the city. Amongst others:

- We opened Hetton and Silksworth Pools
- We generated 1,500 jobs with £140m investment secured
- We opened Beckwith Mews, Grindon Mews and Woodridge Gardens Extra Care Schemes
- We opened Castle View and Red House Academies, Washington School opened and St Roberts refurbishment commenced
- We secured £1m Seachange funding for Marine Walk
- We opened the 10th Customer Service Centre and the redeveloped library and Customer Service Centre in Washington

We hope you'll agree that you get a lot for your money in Sunderland.



*Paul Watson*

**Cllr Paul Watson**  
Leader of the Council



*D. Smith*

**Dave Smith**  
Chief Executive

Delivering services for a better future

  
Sunderland  
City Council

# YOUR COUNCIL TAX HELPS

Based on an average Band A Council Tax bill of approximately 64% of homes are in Band A in Sunderland

## Children's Services

Providing services which help keep children safe and healthy and services for children, young people and families through schools, Children's Centres and youth projects.



## Customer Services

Making sure all council customers receive an effective, efficient and fair service.



## Recreation and tourism

Running sport and leisure centres, museums, libraries, theatres and other visitor attractions and events.



## Refuse collection, disposal and environmental health

Collecting and recycling your rubbish, street cleaning, parks and open spaces and everything else that keeps the city clean and green.



## Adult Services

Looking after vulnerable people who need care and support to live independent, healthy and active lives.



## Environment

Maintaining, protecting and improving the city's natural and built environment.





# PAY FOR ALL OF THIS...


£XX per week –

Sunderland City Council

ITEM	APPROX. NET COST PER WEEK AT BAND A
ADULT SERVICES	£
CHILDREN'S SERVICES	£
RECREATION AND TOURISM	£
ENVIRONMENT	£
REFUSE COLLECTION, DISPOSAL AND ENVIRONMENTAL HEALTH	£
PLANNING AND ECONOMIC DEVELOPMENT	£
GENERAL FUND HOUSING SERVICES	£
CONTINGENCIES AND STRATEGIC PRIORITIES	£
CUSTOMER SERVICES	£
LEVIES	£
TOTAL COUNCIL SERVICES	£
NORTHUMBRIA POLICE AUTHORITY PRECEPT	£
TYNE AND WEAR FIRE AND RESCUE AUTHORITY PRECEPT	£
TOTAL BAND A CHARGE	£

**THANK YOU**

TCA#



## Planning and economic development

The Economic Masterplan will set out a plan for how Sunderland will earn its living over the next 15 years, and what this will look like on the ground.



## Levies

We pay a direct levy to the Passenger Transport Authority to support public transport and to the Environment Agency to support flood defence works.



## Housing services

Making sure everyone has the chance of a decent home and help, where needed, with Housing Benefit.



## Contingencies and strategic priorities

Whilst all known expenditure pressures have been provided for within the budget, there is still uncertainty over some costs and it is important that we have sufficient contingencies to meet emergency funding requirements.

## Precepts

We collect your contribution towards our police and fire and rescue services which is set by them.



# FINANCIAL INFORMATION...

Legislation requires that certain financial information must be included with the Council Tax bill for the City Council, the Tyne and Wear Fire and Rescue Authority and the Northumbria Police Authority in a prescribed format and this is set out on pages 12 to 14 of this booklet.

Other financial information has been included to show next year's spending on council services and the income received.

In relation to Sunderland's Council Tax information is included on how it compares to other councils, and the main factors, such as the views of residents and some of the major spending issues, which have been considered in setting the budget for the council for 2010-2011. Information is also included on efficiencies achieved to date and forecast to be achieved in the future.

The council's accounts are subject to detailed scrutiny and audit by independent external auditors. In addition, the auditors also assess how well the council uses its resources and achieves value for money. The council's accounts continue to receive an unqualified opinion by the external auditor.

Your Council Tax bill, included with this booklet, shows the amount you are required to pay for council services, and also includes the amounts to help fund both the Fire and Rescue and Police services.

There are various ways to pay Council Tax and these are explained in full on the back of the bill along with information on how you may be entitled to claim Council Tax Benefit, and thereby reduce the amount payable. The free phone number for all benefit enquiries is 0800 633 5853.



A handwritten signature in black ink, appearing to read 'K Beardmore', written over a horizontal line.

**Keith Beardmore**

Director of Financial Resources

**Find out if you can save  
money on your Council Tax...**

Call free on 0800 633 5853

# WHAT YOU PAY

Normally the person living in the property will be responsible for paying Council Tax if it is their main home and they are over 18 years of age.

The amount of Council Tax that you pay depends on the value of your home. More valuable properties pay more Council Tax.

Each home is placed in a valuation band based on what your home was valued at, or would have been valued at, in 1991.

The table below sets out the Council Tax levels for 2010-2011 for Sunderland for each valuation band. Your Council Tax bill states the band that applies to your property.

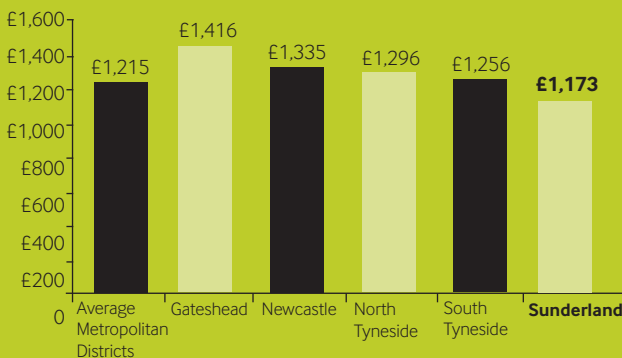
Valuation Band	City Council Tax level	Tyne and Wear Fire and Rescue Authority Tax level	Northumbria Police Tax level	Total Council Tax level
	£ P	£ P	£ P	£ P
A				
B				
C				
D				
E				
F				
G				
H				

## HOW DOES SUNDERLAND'S COUNCIL TAX COMPARE?

In recent years, Sunderland has consistently had the lowest Council Tax in the Tyne and Wear area and in the last 3 years, the lowest in the North East region. This compares

favourably with the average for Metropolitan District Councils throughout the country and reflects the prudent approach the council has taken in setting the Council Tax each year.

### Band D Council Tax levels for 2009-2010 for the City Council (excluding Fire and Police)

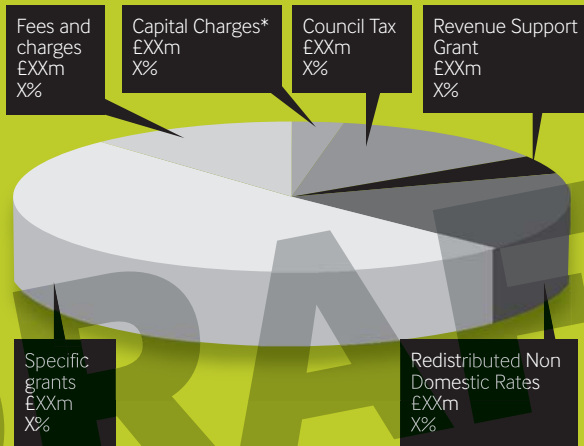


Indications are that for 2010-2011 the amount you pay in Council Tax will again be the lowest in the North East region.

# WHERE THE MONEY WILL COME FROM IN 2010-2011

The council provides a wide range of services including schools, caring for the elderly, collecting rubbish and providing leisure facilities. The cost of running and maintaining the day-to-day services provided by the council is called Revenue Expenditure.

The Council Tax you pay forms only part of the funding to pay for these services. The chart below shows the various sources of funding.



**Total Income**  
€XXm

\* Capital charges amounting to €XXm are included in gross expenditure and income in accordance with the Best Value Accounting Code of Practice.

Sunderland City Council is the highest rated council in Tyne and Wear.

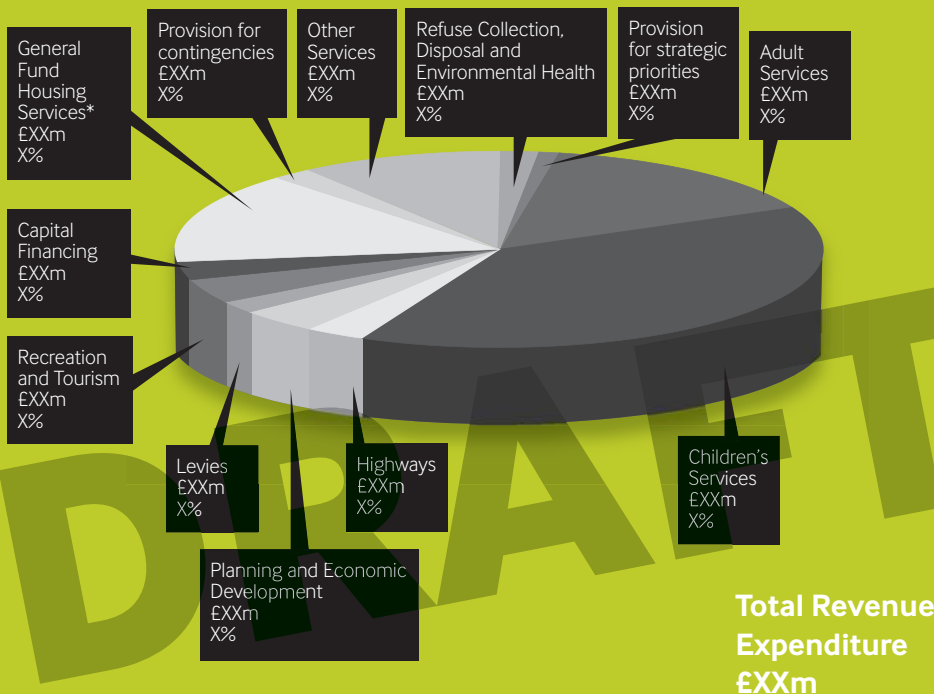
## HOW RESIDENTS HELP SET THE BUDGET

We consult with thousands of residents all year round on a whole range of issues that help us plan our services and the development of the city. It's only by residents telling us what they want that we can set the priorities and make sure we're

delivering the things that really matter to people. At budget time we have additional consultation sessions and we're particularly grateful for the help and support of residents who are members of our citizens' panel, "Community Spirit".

# WHERE THE MONEY WILL BE SPENT ON SERVICES FOR 2010-2011

The chart below shows what the council plans to spend on its services in 2010-2011.



\*This excludes council housing costs as this service has transferred to Gentoo (formerly Sunderland Housing Group). The amount detailed consists of Housing Benefit payments and the cost of the council's strategic housing role.

# THE MAJOR ISSUES IN SETTING THE 2010-2011 BUDGET

The budget for next year takes account of a range of increased costs including pay awards, more sustainable waste management, energy prices and increased contract prices.

During the budget process, the council has used balances of £XXm together with efficiency savings of £XXm in order to enable spending pressures to be addressed and to allow for some additional investment in high priority services whilst limiting the increase in Council Tax.

## The cost of services

In addition to services provided by the council, other bodies including the Northumbria Police Authority and the Tyne and Wear Fire and Rescue Authority also provide services which the council must collect on their behalf. The table below gives a summary of the net cost of these services for 2010-2011 and how the Council Tax for Band D is built up.

Last Year 2008-2009 £m	Summary net cost of services	This Year 2009-2010 £m	Band D Council Tax £ p

In addition Hetton Town Council is levying a precept of £XX in 2010-2011 (£XX 2008-2009). This is equivalent to a Band D charge of £XX but is only paid by the residents of the Parish of Hetton Town Council.

## Cost per head of population

The table below shows the total cost to each person in Sunderland of services provided by the

council and Precepting Authorities after taking account of the income received from Revenue Support Grant and Business Rates.

	Total Budget Requirement £	Revenue Support Grant £	Business Rates £	Collection Fund Surplus £	Net Budget Requirement £
City Council					
Tyne and Wear Fire and Rescue Authority					
Northumbria Police Authority					
<b>Total</b>					

# BUDGET INFORMATION

## Sunderland City Council budget information

### Explanatory Notes

The Net Budget requirement is £XXm with planned gross expenditure of £XXm (£XXm including levies) and gross income of £XXm. The net increase in the total budget requirement is £XXm, details of which are shown in the table opposite.

Borrowing liabilities outstanding at 31 March 2008 were £XXm (of which £XXm was on behalf of other public bodies such as the Tyne and Wear Fire and Rescue Authority).



Last Year 2009-2010				This Year 2010-2011		
Gross Expenditure £m	Gross Income £m	Net Expenditure £m		Gross Expenditure £m	Gross Income £m	Net Expenditure £m
			Children's Services			
			Adult Services			
			Highways			
			Planning and Economic Development			
			Recreation and Tourism			
			Environmental Health			
			Refuse Collection and Disposal			
			Housing (Non Council Housing Costs)			
			Other Services			
			Area Based Grant			
			Capital Financing Costs			
			Provision for contingencies			
			Provision for strategic priorities			
			Interest on Balances			
			Transfer to/(from) Reserves and Balances			
			Capital Charges			
		<b>TOTAL</b>	<b>EXPENDITURE</b>			
			<b>Levies</b>			
			Tyne and Wear Passenger Transport Authority			
			Environment Agency - Flood Defence			
			<b>TOTAL BUDGET REQUIREMENT</b>			
			Less Revenue Support Grant			
			Redistributed Non Domestic Rates			
			Collection Fund Surplus			
			<b>NET BUDGET REQUIREMENT</b>			

Total number of employees

# BUDGET INFORMATION

## Levies and precepts

Your Council Tax bill is made up of a number of elements besides the council's budget requirement. These include levies and precepts that the council is legally required to collect on behalf of other organisations.

## Levying Authorities

Environment Agency							<b>Change in levy (Total Budget Requirement) between years is attributable to:</b>  Change in inflation and levels of service xx Use of reserves xx <b>xx</b>  Sunderland's proportion of the Environment Agency levy is £0.182m in 2009-2010 (2008-2009 £0.151m)
Last Year 2009-2010			This Year 2010-2011			£m	
Gross Expenditure £m	Gross Income £m	Net Expenditure £m	Gross Expenditure £m	Gross Income £m	Net Expenditure £m		
Flood Defence							
Transfer to / (from) reserves							
<b>Levy</b>							

Tyne and Wear Passenger Transport Authority							<b>Change in the Total Budget Requirement between years is attributable to:</b>  Inflation and other cost pressures xx Increase in grant to Nexus xx Decrease in Income xx Contribution to reserves (xx) <b>xx</b>  Sunderland's proportion of the Tyne and Wear Passenger Transport Authority levy is £XXm in 2009-2010 (2008-2009 £XXm)
Last Year 2009-2010			This Year 2010-2011			£m	
Gross Expenditure £m	Gross Income £m	Net Expenditure £m	Gross Expenditure £m	Gross Income £m	Net Expenditure £m		
Tyne Tunnels							
PTA							
Grant to Nexus							
Transfer to Reserves							
<b>Total Budget Requirement</b>							
Less Rail Grants and Miscellaneous Grants							
<b>PTA Levy</b>							



# BUDGET INFORMATION

## Precepting Authorities

Northumbria Police Authority							
	Last Year 2009-2010			This Year 2010-2011			Change in Precept (Total Budget Requirement) between years is attributable to:
	Gross Expenditure £m	Gross Income £m	Net Expenditure £m	Gross Expenditure £m	Gross Income £m	Net Expenditure £m	
Police General							£m
Contingencies							xx
<b>Total Budget Requirement</b>							Variation in quantity / quality of service xx
Less:							Change in other income (xx)
Police Grant							xx
Use of Balances							
<b>Total Net Police Expenditure</b>							Sunderland's proportion of the Northumbria Police Authority precept is £XXm in 2009-2010 (2008-2009 £XXm)
Less Revenue Support Grant							This represents £XX of the Band D council tax and equates to a XX% increase over last year.
Business Rates							
Collection Fund Surplus							
<b>Precept</b>							

Tyne and Wear Fire and Rescue Authority							
	Last Year 2009-2010			This Year 2010-2011			Change in Precept (Total Budget Requirement) between years is attributable to:
	Gross Expenditure £m	Gross Income £m	Net Cost £m	Gross Expenditure £m	Gross Income £m	Net Expenditure £m	
Fire Service							£m
Emergency Planning							xx
<b>Total Budget Requirement</b>							Reduction in pension costs (xx)
Less Revenue Support Grant							Change in other income (xx)
Business Rates							xx
Collection Fund Surplus							
<b>Net Budget Requirement</b>							Sunderland's proportion of the Tyne and Wear Fire and Rescue Authority precept is £XXm in 2009-2010 (2008-2009 £XXm)
							This represents £XX of the Band D council tax and equates to a XX% increase over last year.

# BECOMING MORE EFFICIENT

All councils are required to measure and report the value of efficiency savings they have achieved since April 2008. For the 2010-2011 Budget, Sunderland City Council has continued to work hard to identify and deliver projects which both improve the services the council provides while achieving efficiencies. Services have been reviewed and modernised and there are a range of service improvement and council wide projects in place that will generate savings in 2010-2011 and beyond. An efficiency saving occurs when the cost of an activity falls, but its effectiveness is not reduced.

The table below shows the value of efficiency savings achieved by the end of March 2009 and forecast to be achieved by the end of March 2010:

	By March 2010	By March 2009
Sunderland City Council	£13,196,000	£21,171,000
Tyne and Wear Fire and Rescue Authority		
Northumbria Police Authority	£1,277,000	£2,619,000
	£10,548,000	£20,248,000

The table below shows the value of gains forecast to be achieved by March 2010 for the average Band D dwelling and compares that with the average figure for similar authorities across England:

	Savings per dwelling	National average for similar authorities
	Band D	Band D
Sunderland City Council	£264.34	£227.00
Tyne and Wear Fire and Rescue Authority		
Northumbria Police Authority	£8.10	£4.49
	£43.72	£53.79

Each year, councils are assessed by the Audit Commission on their use of resources and given a score out of 4 (4 being "performing strongly" and 1 being "inadequate performance"), 2009 represented the first year that performance was assessed under the new much tougher Comprehensive Area Assessment (CAA) regime. Sunderland City Council achieved a score of 3, Tyne and Wear Fire and Rescue Authority and Northumbria Police Authority also scored a 3. These scores recognise strong performance in making efficiency savings and improving services.

This year we have ensured that the increase in Council Tax is as low as possible without impacting on services.

We would love to hear your views on the Council Tax summary. Please fill in the form below below and send it back to the address overleaf.

**Tell us what you think:**

The length of the summary is:

The information provided in the summary is:

The financial information provided in the summary is:

I would like to see in the next Council Tax summary:

Any other comments:

**DRAFT**

**DRAFT**

Sunderland City Council

**FREEPOST XXX XXX**

Sunderland SR2 7DN

# MANAGEMENT SCRUTINY COMMITTEE

## FORWARD PLAN – KEY DECISIONS FOR THE PERIOD 1 MARCH 2010 TO 30 JUNE 2010

REPORT OF THE CHIEF EXECUTIVE

18 FEBRUARY 2010

### 1. Purpose of the Report

- 1.1 To provide Members with an opportunity to consider those items on the Executive's Forward Plan for the period 1 March 2010 – 30 June 2010 which relate to the Management Scrutiny Committee.

### 2. Background Information

- 2.1 Holding the Executive to account is one of the main functions of Scrutiny. One of the ways that this can be achieved is by considering the forthcoming decisions of the Executive (as outlined in the Forward Plan) and deciding whether Scrutiny can add value in advance of the decision being made. This does not negate Non-Executive Members ability to call-in a decision after it has been made.
- 2.2 To this end, it has been agreed that the most recent version of the Executive's Forward Plan should be included on the agenda of this Committee. The Forward Plan for the period 1 March 2010 – 30 June 2010 will be dispatched in advance of this meeting, due to its formal publication on 12<sup>th</sup> February, 2010 which falls after the statutory requirements for the dispatch of the Committee's agenda and supporting papers.

### 3. Current Position

- 3.1 In considering the Forward Plan, Members are asked to consider only those issues which are under the remit of the Management Scrutiny Committee. These are as follows:-

*Corporate Improvement Plan; Sunderland Strategy; Partnerships (including relations with external bodies); enhancing the role and reputation of Sunderland regionally, nationally and internationally; co-ordination and development of the Scrutiny Function; Asset Management, Property Services and Building Maintenance; Area Frameworks; Corporate Communications; External Assessments; Public Protection and Trading Standards; Governance; Emergency Planning (to refer to appropriate Scrutiny Committee); Budget, financial resources and value for money; and to review any matter not falling within the remit of the other Scrutiny Committees.*

3.2 In the event of Members having any queries that cannot be dealt with directly in the meeting, a response will be sought from the relevant Directorate.

#### **4. Recommendation**

4.1 It is recommended that the Committee considers the Executive's Forward Plan for the period 1 March 2010 – 30 June 2010.

#### **5. Background Papers**

There were no background papers used in the preparation of this report.

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Contact Officer : Charlotte Burnham, Head of Overview and Scrutiny  
0191 561 1147  
[charlotte.burnham@sunderland.gov.uk](mailto:charlotte.burnham@sunderland.gov.uk)

# **MANAGEMENT SCRUTINY COMMITTEE**

## **SCRUTINY COMMITTEES WORK PROGRAMMES FOR 2009-10**

**REPORT OF THE CHIEF EXECUTIVE**

**18 February 2010**

**Strategic Priority: ALL**

**Corporate Improvement Objective : ALL**

### **1. Purpose of the Report**

- 1.1 The report attaches, for Members' information, the variations to the Scrutiny Committees work programmes for 2009/10 and provides an opportunity to review the Committee's own work programme for the remainder of this Municipal Year.

### **2. Background**

- 2.1 The role of the Management Scrutiny Committee is two-fold, firstly it has a role in co-ordinating efficient business across the seven Scrutiny Committees and manage the overall Scrutiny Work Programme and secondly to consider the Council's corporate policies, performance and financial issues.
- 2.2 The aim of its co-ordinating role is to avoid duplication, make best use of resources and to provide a corporate overview of the Overview and Scrutiny Function. As such the remainder of this report outlines the current work programmes of the Scrutiny Committees.

### **3. Scrutiny Committees Work Programmes**

- 3.1 **Appendix 1** sets out the changes this month to the Scrutiny Committee work programmes from those endorsed at the start of the municipal year. Each Scrutiny Committee receives its own work programme in full each month in order to review progress.

### **4. Management Scrutiny Committee's Work Programme**

- 4.1 **Appendix 2** outlines this Committee's full work programme for the year, updated to reflect new additions and amendments requested by Committee as the year has progressed.

### **5. Recommendation**

- 5.1 That the Committee notes the variations to the Scrutiny Committees Work Programmes for 2009-10 and to its own work programme.

## 6. Background Papers

Scrutiny Committee Agendas – February 2010 cycle of meetings.

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**Contact Officer:** Charlotte Burnham, Head of Overview and Scrutiny  
(0191 561 1147)  
[Charlotte.burnham@sunderland.gov.uk](mailto:Charlotte.burnham@sunderland.gov.uk)



## CHILDREN, YOUNG PEOPLE &amp; LEARNING SCRUTINY COMMITTEE WORK PROGRAMME 2009-10

	JUNE 18.6.09	JULY 9.7.09	SEPTEMBER 17.9.09	OCTOBER 15.10.09	NOVEMBER 12.11.09	DECEMBER 10.12.09	DECEMBER 18.12.09	JANUARY 14.1.10	FEBRUARY 11.2.10	MARCH 11.3.10	APRIL 22.4.10
<b>Policy Review</b>	Proposals for policy reviews (KB)	Scope of review – Commissioning 16-19 learning  Looked After Children – Progress on recommendations			16-19 Learning – Setting the Scene (LB)	Achieving Educational Inclusion (MF)	Evidence Gathering Meeting – 16-19 Changes	Youth Work Commissioning (AN)	YOS Improvement Plan (JH)	Apprenticeships (SS)	Final Report
<b>Scrutiny</b>	Workforce Innovation & Reform Strategy consultation (PC/PT)  Health Notice : Measles Outbreak (KM)	Laming Report Action Plan (KM)  Health Notice : Swine Flu / Measles Outbreak (NC)	Library Plan (JH)  HRH Primary – Improvement Plan (SM/MF)	Ofsted Inspection Framework / Schools Performance 2008/09 (LB)	Young Persons Supported Housing Project (PB)	Library Services Pricing Review (JH)  Behaviour & Attendance Strategy (PH)		Schools Concerns Policy (LB)	Corporate Parenting Annual Report (MB)  Library Services Pricing Review (JH)  HRH Monitoring Visit	Social Worker Roles & Responsibilities (MB)  BSF Wave 2 (BS)	Annual Report (KB)  Schools Performance (LB)  Phoenix Project
<b>Scrutiny (Performance)</b>	HRH Primary – Improvement Plan (SM/MF)  Ofsted 12 months progress  Plains Farm Primary	Castle View Monitoring Visit (MF)	Provisional KS Results (MF/AB)  Performance & ViM Annual Report (SM)	Complaints Annual Report 08/09 (SM)  LDD Strategy (SF)	Audit Commission School Survey 2009 (SM)	HRH Primary Improvement Plan (MF/SM)		Performance Q2 April – Sept 09	Attainment of C&YP inc Gender (LB)	Tellus4survey (SM)	Performance Framework Q3  Final Behaviour & Attendance Strategy (PH)
<b>Cabinet</b>	Article 4: Youth Justice Plan 09/10 (JH/GK)							Strategic Planning Process	Article 4: CYPP 2009-11  LSP Delivery Report		
<b>Committee Business</b>	Work Programme 2009/10 (KB)  Children's Homes Inspections  Parenting Strategy	Libraries Conference	Ofsted Safeguarding Inspections  Final Draft Work Programme	Co-opted Review (KB)	Libraries Conference Feedback (GH/TM)			CCfA revisions			
<b>CCFA/Members items/Petitions</b>											

To be scheduled: Academy Schools Vision & Future  
Children's Trust  
Teaching & Take up of MFL  
Children's Centres / Sure Start  
Sandhill Scores

At every meeting: Forward Plan items within the remit of this committee  
Work Programme update

**COMMUNITY AND SAFER CITY SCRUTINY COMMITTEE WORK PROGRAMME 2009-10**

	<b>JUNE 15.6.09</b>	<b>JULY 7.7.09</b>	<b>SEPTEMBER 15.9.09</b>	<b>OCTOBER 13.10.09</b>	<b>NOVEMBER 10.11.09</b>	<b>DECEMBER 8.12.09</b>	<b>JANUARY 12.1.10</b>	<b>FEBRUARY 9.2.10</b>	<b>MARCH 9.3.10</b>	<b>APRIL 20.4.10</b>
<b>Policy Review</b>	Proposals for policy review (Jim Diamond)	Scope of review – Anti Social Behaviour and Alcohol (Jim Diamond/Stuart Douglass)	Approach to review (JD)  Impact of Deprivation – Visit)	Evidence Gathering	Evidence Gathering – Anti Social Behaviour and Housing (Stuart Douglass)  Feedback from Conference (Members)  Feedback from Safer Sunderland Forum (J Diamond)	Evidence Gathering  Tackling Deliberate Fires (John Allison)  Neighbourhood Helpline (Liz St Louis)  Safer Sunderland Forum – Feedback	Evidence Gathering  Nexus (Ken Wilson)  Home Office Advice on Tackling Anti Social Behaviour (Bill Blackett)  Youth Villages  Environmental Enforcement Teams (Norma Johnson)	Evidence Gathering  Magistrates Court  Not in my Neighbourhood Week – Feedback (Bill Blackett)  Visit to City Police Teams (Jim Diamond)  Visit to Youth Village  LMAPS	Draft report (JD)	Final Report
<b>Scrutiny</b>		Polycarbonate Drinking Vessels – City Centre Pilot (Stuart Douglass)		National Drug Strategy (Stuart Douglass)  Poverty of Place – Visit (Sal Buckler)		Tackling Violent Crime (Stuart Douglass)		Reducing Reoffending (Stuart Douglass)	Scrutinising the Policing Pledge (Stuart Douglass)  Powers of CSO's (Stuart Douglass)	Fear of Crime – Update report (Stuart Douglass)
<b>Scrutiny (Performance)</b>			Performance Q1 (Mike Lowe)				Performance Q2 (Mike Lowe)  Fear of Crime Study – Update report (Stuart Douglass)	Annual Delivery Plan (Andy Neal)		Performance Framework Q3 (Mike Lowe)
<b>Ref Cabinet</b>				Gambling Act – Amendments to Statement of Principles (Norma Johnston)						
<b>Committee Business</b>	<b>Work Programme 2008/09 (JD)</b>			Request to Attend Conference (J Diamond)						
<b>CCFA/Members items/Petitions</b>										
<b>Information</b>										

**ENVIRONMENT AND ATTRACTIVE CITY WORK PROGRAMME 2009 -10**

	<b>JUNE 18.6.09</b>	<b>JULY 13.7.09</b>	<b>SEPTEMBER 21.9.09</b>	<b>OCTOBER 19.10.09</b>	<b>NOVEMBER 16.11.09</b>	<b>DECEMBER 14.12.09</b>	<b>JANUARY 18.1.10</b>	<b>FEBRUARY 15.2.10</b>	<b>MARCH 15.3.10</b>	<b>APRIL 26.4.10</b>
<b>Policy Review</b>	Proposals for policy review (JD)	Scope of review – Highways and Network Management (Jim Diamond)	Baseline Report (JD)	Evidence Gathering	Evidence Gathering	Evidence Gathering	Evidence Gathering	Evidence Gathering	Draft report (JD)  Policy Review – Progress Report on Previous Study	Final Report
<b>Scrutiny</b>		Lisburn Terrace Triangle Development Framework – Cabinet Consultation (Keith Lowes)  Highways Maintenance Contingency- Prioritisation (Burney Johnson)	Parking Enforcement (B Johnson)  Stadium Village Development Framework – Cabinet Consultation (Keith Lowes)	Civil Parking Enforcement (B Johnson)  Holmeside Triangle Development Framework (K Lowes)  Sunniside Conservation Area (K Lowes)	Public Transport Issues/Bus Network Redesign (NEXUS)	Local Development Framework – Progress Report (Neil Cole)  Flood Defence (Andy Hindhaugh)	Waste Management and Recycling (Peter High)  Seafront Masterplan (Keith Lowes)  Flood Planning (Barry Frost)  Silksworth Conservation Area (Mark Taylor)	Public Realm and Streetscene – Feedback from Review)  Stadium Development Village Development Framework (K Lowes)	Cemeteries (Peter High)  Fawcett Street – Cllr Wood Item (Keith Lowes)  Public Toilets (Les Clark)	Streetlighting (Aurora)  Legible City – Better Signposting of the Gateways (Graeme Farnworth)  Local Transport Plan – Progress on Action Plan (Stephen Pickering)
<b>Scrutiny (Performance)</b>			Performance Q1 (Mike Lowe)				Performance Q2 (Mike Lowe)  Strategic Planning Process (Jon Beaney)	Environment and Attractive City Annual Delivery Plan (Sal Buckler)		Performance Framework Q3 (Mike Lowe)
<b>Ref Cabinet</b>										
<b>Committee Business</b>	Work Programme 2008/09 (JD)									
<b>CCFA/Members items/Petitions</b>										
<b>Information</b>										

## HEALTH AND WELLBEING SCRUTINY COMMITTEE WORK PROGRAMME 2009-10

	<b>JUNE 17.06.09</b>	<b>JULY 08.07.09</b>	<b>SEPTEMBER 16.09.09</b>	<b>OCTOBER 14.10.09</b>	<b>NOVEMBER 11.11.09</b>	<b>DECEMBER 9.12.09</b>	<b>JANUARY 13.01.10</b>	<b>FEBRUARY 10.02.10</b>	<b>MARCH 10.03.10</b>	<b>APRIL 21.04.10</b>
<b>Policy Review</b>	Proposals for policy review (Review Coord)	Scope of review (Review Coord)	Approach to Review (Review Coord)	Progress on Review (Review Coord)	Progress on Review (Review Coord)	Progress on Review (Review Coord)	Progress on Review (Review Coord)	Progress on Review (Review Coord)	Progress on Review (Review Coord)	Final Report
<b>Scrutiny</b>	Proposed Restructuring of Community Nurse Teams in Sunderland (TQ)  Workforce Development in the Independent Care Sector (TWCA)  Health and Wellbeing Inequalities (NCx)  Food Law Enforcement Safety Plan. (NJ)	Position Statement on Autism (SL)  Pandemic Influenza & Measles – Update (NCx)	Beacon Award – Reducing Health Inequalities	NTW Crisis Resolution Team (RP)  Intensive Rehabilitation & Recovery Services for Men & Women (CW/MW)  Washington MPC (GK)  Integrated Care Pilot Scheme (SL)	Annual Home Care Report including Home Care Services Progress Report (SL)  Shop Mobility Scheme (PB)  Barmston Medical Practice (LA)  Ocular Oncology	Quality Standards for Residential and Nursing Homes for Older People (GK)  Total Place (LC)  Redesign of Drug and Alcohol Programmes (BS)  District Nursing Review (CB)	Electronic Prescriptions (LA)  NHS Constitution (LA)	Provision of Public Services to People with Learning Disabilities (GK/JF)  Response to Out of Hours Care Query (GK)  WHO Healthy City (NM)		Annual Report (Review Coord)
<b>Scrutiny (Performance)</b>			Performance & VfM Assessment (Paul Allen)  Dementia Care in Sunderland Policy Review 08/09 – Progress (SL)  Quality Commissioning Progress Monitor 07/08 Policy review SL		Day Opportunities Update		Dementia Care in Sunderland Policy Review 08/09 – Progress (SL)  Performance Framework Q2 (GR)  Strategic Planning Process 2010/11 (JB)	Annual Delivery Plan	Quality Commissioning Progress Monitor 07/08 Policy review SL  Annual Health Check	Performance Framework Q3 (Paul Allen)  Home Care Services Progress Report (SL)
<b>Ref Cabinet</b>	Work Programme 2009/10 (Review Coord)	Work Programme 2009/10 (Review Coord)	Work Programme 2009/10 (Review Coord)	Work Programme 2009/10 (Review Coord)  Cooption Report	Work Programme 2009/10 (Review Coord)	Work Programme 2009/10 (Review Coord)	Work Programme 2009/10 (Review Coord)	Work Programme 2009/10 (Review Coord)	Work Programme 2009/10 (Review Coord)	Work Programme 2009/10 (Review Coord)
<b>Committee business</b>							Review of CCfA			

<b>CCFA/ Members items/Petitions</b>			Conference Attendance  CfPS Bid  Forward Plan	Forward Plan	Forward Plan	Forward Plan  Joint Scrutiny Proposals	Forward Plan	Forward Plan	Forward Plan	Forward Plan
<b>Information</b>	Work Programme 2009/10 (Review Coord)	Work Programme 2009/10 (Review Coord)	Work Programme 2009/10 (Review Coord)	Work Programme 2009/10 (Review Coord)  Cooption Report	Work Programme 2009/10 (Review Coord)	Work Programme 2009/10 (Review Coord)	Work Programme 2009/10 (Review Coord)	Work Programme 2009/10 (Review Coord)	Work Programme 2009/10 (Review Coord)	Work Programme 2009/10 (Review Coord)

Scrutiny Items – Carried Forward

Crisis Resolution Team Update – A further update to come back to committee (Sept 10)  
Intensive Rehabilitation & Recovery Services for Men & Women (Sept 10)

**PROSPERITY & ECONOMIC DEVELOPMENT SCRUTINY COMMITTEE WORK PROGRAMME 2009-10**

<b>PROSPERITY &amp; ECONOMIC DEVELOPMENT SCRUTINY COMMITTEE WORK PROGRAMME 2009-10</b>										
<b>REASON FOR INCLUSION</b>	<b>JUNE 17.6.09</b>	<b>JULY 15 .7.09</b>	<b>SEPTEMBER 23.9.09</b>	<b>OCTOBER 21.10.09</b>	<b>NOVEMBER 18.11.09</b>	<b>DECEMBER 16.12.09</b>	<b>JANUARY 20.1.10</b>	<b>FEBRUARY 17.2.10</b>	<b>MARCH 17.3.10</b>	<b>APRIL 28.4.10</b>
<b>Policy Review</b>	Proposals for reviews (KJB)	Scope review ( Cabinet Member Attendance) (KJB)			Major Projects Overview (JJ)  WNS Use of Budget			City Centre Developments (LH)	University City  Major Projects Overview (JJ)	Final Report (KJB)
<b>Scrutiny</b>	Overview of the Working Neighbourhood Strategy (Cllr BC/VT)	Overview of Tourism & Marketing (KM)	Economic Masterplan (VT/CR)  Tourism Submission to Select Committee (KM)	Sunderland Retail Needs Assessment (NC/GC)  Industrial Property Review (CC)	Connexions – NEETs (AC)  Future Jobs Fund (GB)	Arc strategy (DW)  Economic Masterplan Aims & Values (VT)	Seafront Regeneration Strategy & Marine Walk Masterplan (CJ)  Sunniside Partnership (BH)	Lambton Cokeworks Development (HCA)	Destination Management Plan (KM)  Delivering and Resourcing Projects and Programmes  Port Development	Future Jobs Fund (GB)  Draft Final Economic Masterplan  NECC
<b>Scrutiny (Performance)</b>			Performance Q1 & VfM (GR)				Performance Q2		SCVS Survey Results (GM)	Performance Q3
<b>Ref Cabinet</b>							Strategic Planning Process	Partnership Delivery Report		
<b>Committee business</b>	Draft Work Programme 09/10 (KJB)		Work Programme (KB)	Grand Committee Feedback (KR)  High Streets Feedback (KR)  Coopted Member Protocol (KB)	WNS – Use of Scrutiny Budget	Working Groups – Progress report	CCfA Guidance	WNS – Use of Scrutiny Budget		
<b>CCFA/Members items/Petitions</b>										
<b>Information</b>		Forward Plan Pilot								

At every meeting Forward Plan items with the remit of this Scrutiny Committee and Work Programme Update

**SUSTAINABLE COMMUNITIES SCRUTINY COMMITTEE WORK PROGRAMME 2009-10**

	<b>JUNE 15.06.09</b>	<b>JULY 14.07.09</b>	<b>SEPTEMBER 22.09.09</b>	<b>OCTOBER 20.10.09</b>	<b>NOVEMBER 17.11.09</b>	<b>DECEMBER 15.12.09</b>	<b>JANUARY 19.01.10</b>	<b>FEBRUARY 16.02.10</b>	<b>MARCH 16.03.10</b>	<b>APRIL 27.04.10</b>
<b>Policy Review</b>	Proposals for policy review (Review Coord)	Scope of review (Review Coord)	Approach to review (Review Coord)	Progress on Review (Review Coord)	Progress on Review (Review Coord)	Progress on Review (Review Coord)	Progress on Review (Review Coord)	Progress on Review (Review Coord)	Draft report (Review Coord)	Final Report
<b>Scrutiny</b>		Empire Theatre Annual Report  Forward Plan	Forward Plan	Climate Change (JG)  Homelessness Report (PB/DS)  Young Persons Supported Housing Project (PB/DS)  Forward Plan	Major Projects Report (JB)  Football Investment Strategy (JR)  Britain in Bloom(IC/NA)  Forward Plan	Review of Local Studies in Sunderland (NC/HL)  Forward Plan	Climate Change (JG)  Sustainability Appraisals (NCo)  Review of Local Studies – Setting the Scene (VM)  Forward Plan  Bowes Railway Report (VM)	Accommodation with Support Design Guide (AC)  Annual Sport and Leisure Report (RL)  Forward Plan	Forward Plan  English Heritage – Christmas Workshop	Annual Report (Review Coord)  Climate Change (JG)  Forward Plan
<b>Scrutiny (Performance)</b>			Performance & VfM Assessment  Progress on Policy Review 08/09 – A Place to Play		Heritage Update (JH)	Progress on Policy Review 08/09 – A Place to Play	Performance Framework Q2  Strategic Planning Process	Annual Delivery Plan		Performance Framework Q3  Progress on Policy Review 08/09 – A Place to Play
<b>Ref Cabinet</b>	Terms of Reference of the Review Committee	Cabinet Response to the Policy Review-A Place to Play								
<b>Committee business</b>	Work Programme 2009/10 (Review Coord)	Work Programme 2009/10 (Review Coord)	Work Programme 2009/10 (Review Coord)  Conference Attendance	Work Programme 2009/10 (Review Coord)  Cooption Report	Work Programme 2009/10 (Review Coord)	Work Programme 2009/10 (Review Coord)	Work Programme 2009/10 (Review Coord)	Work Programme 2009/10 (Review Coord)	Work Programme 2009/10 (Review Coord)	Work Programme 2009/10 (Review Coord)
<b>CCFA/ Members items/Petitions</b>							Review of CCfA Mechanism			
<b>Information</b>										

MANAGEMENT SCRUTINY COMMITTEE WORK PROGRAMME 2009/10

REASON FOR INCLUSION	JUNE 23.6.09	JULY 16.7.09	SEPTEMBER 24.9.09	OCTOBER 22.10.09	NOVEMBER 20.11.09	DECEMBER 17.12.09	JANUARY 21.1.10	FEBRUARY 18.2.10	MARCH 18.3.010	APRIL 29.4.10
<b>Scrutiny</b>		Absence Management (SS)  Asset Management Review (CC)	Absence Management – Additional Information (SS)		Gentoo – Request to Extend Borrowing Powers (KB)  Strategy for Surplus Assets (CC)	Health & Safety Annual Report (SS)				
<b>Scrutiny (Performance)</b>			Performance & VfM Assessment (SR)			Service Planning Arrangements for 2010/11	Performance Management Q2 (SR)		Annual Audit Letter (moved from February due to budget focus of meeting)	Performance Management (Q3) (SR)
<b>Ref Cabinet</b>			Proposal for Budget Consultation 2010/11 (KB)  Budget Variations 1 <sup>st</sup> Q (KB)	Budget Variations 2 <sup>nd</sup> Q (KB)  Budget Planning Framework (KB)			Council Tax 2010/11 (KB)  Budget Variations 3 <sup>rd</sup> Q (KB)  CAA Formal Feedback (SR)	Budget & Service Reports - RSG 09/10 - Council Tax - CIP	Article 4: Sunderland Strategy  LAA	Ongoing CAA
<b>Committee business</b>	Annual Work Programme & Policy Review 2009/10 (CB)  Scrutiny Committee Work Programme 2009/10 (CB)	Feedback from conference (CB)  Refresh of Scrutiny Handbook (CB)  Relationship Building / INLOGOV (CB)  Forward Plan Pilot (CB)	Draft Protocol – Scrutiny and External Partners (CB)  Draft Protocol – Appointment of Co-opted Members to the Council’s Scrutiny Committees (CB)	Tony Bovaird Workshops (CB)  Draft Role Descriptors for Scrutiny Chair, Vice Chair and Scrutiny Member (CB)  Finalised Protocol – appointment of Co-opted Members to the Council’s Scrutiny Committees (CB)  Review of CCfA Mechanism & Proposal for Introduction of Selection Criteria for Dealing with issues of Local Concern (CB)	Chairs Six Month Progress Reports Pilot (CB)  Forward Plan (CB)  Work Programmes of all Scrutiny Committees (CB)  Feedback from Seminar: NEREO Seminar on Performance Management (Cllrs Tate and Wright) (CB)	Future Monitoring of Scrutiny Recommendations Pilot (CB)  Forward Plan (CB)  Work Programmes of all Scrutiny Committees (CB)  Feedback from Parliamentary Seminar of 1 Dec 09 from Cllr Wright (CB)  Further Revisions to the CCfA Mechanism / Proposal for Introduction of Selection Criteria for Dealing with issues of Local Concern (CB)	Forward Plan (CB)  Work Programmes of all Scrutiny Committees (CB)  IDeA Peer Review of Scrutiny Health Check 15+16 February 2010 (CB) – Finalised Timetable.	Forward Plan (CB)  Work Programmes of all Scrutiny Committees (CB)	Forward Plan (CB)  Work Programmes of all Scrutiny Committees (CB)	Draft Annual Report (CB)  Forward Plan (CB)  Work Programmes of all Scrutiny Committees (CB)  Annual Scrutiny Conference 2010 – Draft Programme Outline (CB)