

THE CABINET

AGENDA

Meeting to be held in the Civic Centre (Committee Room No. 1) on
Wednesday 13 February 2013 at 2.00 p.m.

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

The reports contained in Part II of the Agenda are not for publication as the Cabinet is considered likely to exclude the public during consideration thereof as they contain information relating to the financial or business affairs of any particular person (including the authority) and in respect of which a claim to legal professional privilege could be maintained in legal proceedings. (Paragraphs 3 and 5 of Part 1, Schedule 12A of the Local Government Act 1972). The public interest in maintaining this exemption outweighs the public interest in disclosing the information.

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 **Denotes Key Decision.**

*** Denotes Regulation 10 Notice issues – item which is a key decision which is not included in the 28 Day Notice of Key Decisions.**

ELAINE WAUGH
Head of Law and Governance

Civic Centre
SUNDERLAND

5 February 2013

CABINET MEETING – 13 MARCH 2013
EXECUTIVE SUMMARY SHEET – PART I

Title of Report:

MINUTES, PART I

Author(s):

Head of Law and Governance

Purpose of Report:

Presents the minutes of the last meeting held on 16 January 2013 Part I.

Action Required:

To confirm the minutes as a correct record.

At a meeting of the CABINET held in the CIVIC CENTRE (COMMITTEE ROOM NO. 1) on Wednesday 16 January 2013 at 2.00pm.

Present:-

Councillor H. Trueman in the Chair

Councillors Blackburn, Gofton, Kelly, G. Miller, P. Smith and Speding.

Also present:-

Councillor Wood

Part I

Minutes

The minutes of the meeting of the Cabinet held on 20 December 2012 Part I (copy circulated) were submitted.

(For copy report - see original minutes).

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

Receipt of Declarations of Interest

Councillors G. Miller and P. Smith declared interests in relation to item 10, "Review of the Non-Domestic Rates Discretionary Relief Policy to Academy and Voluntary Aided Schools," as Governors of Academy or Voluntary Aided Schools and withdrew from the meeting during consideration of the report.

Apologies for Absence

An apology for absence was received from Councillor P. Watson.

Establishment of Sunderland Events Management Company

The Director of Corporate Affairs and Communications and the Executive Director of Commercial and Corporate Services submitted a joint report (copy circulated) to provide an update on changes to the proposed approach to the development of the Sunderland Events Management Company and to set out a series of next steps for action in order to establish the Company as a local authority owned company at the earliest opportunity.

(For copy report – see original minutes).

Councillor Kelly highlighted that following an earlier report on establishment of Sunderland Events Management Company presented to Cabinet in July, this report was to request consideration of a series of next steps actions required in order to establish the Company and to seek to recommend to Council to appoint three Directors to the Company board.

Cabinet Members were reminded that the previous report described the background to the proposals to establish the Events Management Company. Councillor Kelly reported that the Council had a very successful track record in delivering an exciting programme of high profile, important events including the Airshow, the annual switch-on of Christmas Lights, the Remembrance service, the Sunderland Festival and many others. He added that it was the aim to make sure that these highest priority events continued to be delivered to a high standard and that opportunity to expand the existing programme of events be created despite the tremendous financial pressures faced by the Council. The establishment of such a Company would provide a unique and exciting opportunity to build upon this success and to generate additional sources of income from commercial activity, sponsorship and other means. This would not only consolidate our existing events 'offer,' but give the Council the best possible chance of improving the range and quality of events delivered in the future. The Company could explore options and re-invest the funds which it generated into a wider range of events that the public could continue to enjoy, that would bring even more visitors to the City every year and that keep Sunderland very firmly, very positively on the map.

Councillor Kelly reported that it was the aim to establish the Company and transfer Council Events functions to it by April 1st 2013. He advised that the proposals would also involve the transfer of a small number of Council employees to the new Company. He assured Cabinet Members that the unions were aware of this and that all individuals concerned continued to be consulted on transfer.

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

2. RESOLVED that:-

- (i) the establishment of the Company as a local authority owned company and on the terms set out in this report be approved;

- (ii) the Chief Executive and the Executive Director of Commercial and Corporate Services be authorised to take all necessary steps and to execute all relevant documents as may be required in order to secure the establishment of the Company;
- (iii) the Chief Executive be authorised to nominate a member or officer of the Council to exercise the shareholder rights in respect of the Company on behalf of the Council;
- (iv) it be recommended to Council to appoint three directors to the Board of the Company;
- (v) approve the award of a contract and funding arrangements between the Council and the Company for the delivery of agreed events on terms to be determined by the Executive Director of Commercial and Corporate Services and the Director of Corporate Affairs and Communications in consultation with the Leader and the Portfolio Holder.

Green Deal Options including the Warm Up North Initiative

The Deputy Chief Executive submitted a report (copy circulated) to explain the forthcoming introduction of the Green Deal and to consider the various options available to the Council including joining the Warm Up North (WUN) Initiative before making recommendations for a way forward.

(For copy report – see original minutes).

Councillor Miller highlighted the forthcoming introduction of the Green Deal and a proposal to join the Warm Up North Initiative which offered an effective way of the Council partnering with a private sector provider to deliver a clear Green Deal option to local residents. He explained that the Council had a history of providing support for households to improve the energy efficiency of their homes and thereby reduce fuel poverty and minimise carbon emissions and to date this has been done through the Sunderland Energy Efficiency Partnership (SEEP). He advised that the government programmes that funded SEEP ended on the 31st December 2012 and these programmes were being replaced by the Green Deal.

Cabinet Members were advised that the Green Deal would allow private firms to offer specified energy efficiency improvements to householders. The cost of the improvement would be repaid by the householder through an additional charge on the energy bill over a 25 year period.

Councillor Miller reported that it was estimated that there were almost 50,000 properties in the city that would benefit from some form of energy efficiency improvement. He added that therefore it was important that the Council engaged with the Green Deal in some way and by partnering with a private sector partner to deliver this offered the best option as this would minimise costs to the Council and also provide a reasonable degree of control over the delivery of the programme in the city.

Councillor Miller advised that the Association of North East Councils had developed a scheme for the region and local authorities had been invited to join the initiative which was called Warm Up North and to date five councils had signed up. He added that under this scheme a private sector partner would be procured to undertake the improvement works and resources from the Green Deal Finance Company would be used to fund the improvements

Cabinet Members having been advised that the Council would need to pay a maximum of £50,000 towards the cost of Warm Up North procuring the private sector partner by 31st of March and sign the Memorandum of Understanding, it was:-

3. RESOLVED that:-

- (i) the options set out in the report be noted: and
- (ii) approval be given for the Council to join the WUN Initiative subject to confirmation that the Green Deal Finance Company has been established and has the funds available to support the initiative as proposed.

Procurement of a Stores Service Contract

The Deputy Chief Executive submitted a report (copy circulated) to seek approval to procure a stores service contract for the Integrated Transport Unit vehicle maintenance and horticultural equipment workshops.

(For copy report – see original minutes).

Councillor Blackburn reported that the proposal outlined in the report would improve the way the Council managed the stores at its vehicle maintenance workshops. He highlighted that estimated savings of around £200,000 would contribute to the £2.5m efficiency target under the Fleet and Transport Service Review.

Councillor Blackburn explained that currently parts and equipment were ordered either separately as needed, or in quantity and kept in store. He added that the required financial transactions were time consuming and the stores took up considerable space at a time when the Council was seeking to reduce its building portfolio.

Cabinet Members were advised that the recommended action was to procure a contractor to deliver what was known as an “imprest stock “service, where they delivered parts and equipment when they were needed and paid on a set price schedule of rates. This would cut out the complicated financial transactions and the need to hold parts on stock. In addition contractors might also be able to source parts at a lower unit cost. The procurement would follow European procedure and timetable, and if approved could be in place by late spring or early summer.

4. RESOLVED that approval be given to the procurement and award of a new Stores Service Contract to deliver efficiencies and reduced service costs.

National Minimum Price of Alcohol Consultation

The Deputy Chief Executive, the Assistant Chief Executive and the Director of Public Health submitted a joint report (copy circulated) seeking agreement to respond to the Government consultation on the national minimum price level of the unit cost of alcohol, as part of a consultation on the National Alcohol Strategy.

(For copy report – see original minutes).

Councillor Kelly reported that when the National Alcohol Strategy was launched by the Government in March 2012, it stated it would introduce a minimum unit price or MUP for alcohol. He added that this had been supported in the north east by the Association of North East Councils and by the Safer Sunderland Partnership, Adult Board and Children's Trust in Sunderland.

Councillor Kelly advised that the purpose of minimum unit price was to reduce excessive alcohol consumption by linking the price of alcohol to its strength and it was designed to increase the price of the cheapest and strongest alcohol. He highlighted that the government consultation period ran from 28 November 2012 to 6 February 2013 and was on a MUP of 45p.

Cabinet Members were advised that a MUP at a higher level of 50p was supported by the British Medical Association, the Association of Chief Police Officers, Alcohol Concern and Balance (the North East regional alcohol office) as they believed this level would impact more significantly on alcohol consumption and generate better health and wellbeing and community safety outcomes.

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

5. RESOLVED that approval be given to respond to the Government consultation on the National Alcohol Strategy by indicating support for the establishment of a Minimum Unit Price for alcohol in the range of 50 – 60p in order to generate better health and wellbeing and community safety outcomes.

Localisation of Council Tax Support Scheme

The Executive Director of Commercial and Corporate Services submitted a report (copy circulated) to provide an update on the consultation results for the proposed Local Council Tax Support Scheme, to explain the implications of the Government's Transitional Grant Scheme and to recommend the Local Council Tax Support Scheme for implementation with effect from 1 April 2013.

(For copy report – see original minutes).

Councillor Speding, in highlighting the report, advised that the Council must have a Local Council Tax Support Scheme approved by 31 January 2013, otherwise, the statutory default scheme would be imposed, and this would have significant financial disincentives. He reported that responsibility for Council Tax Support, previously known as Council Tax Benefit, would transfer from the Department for Work and Pensions (DWP) to the Council in 2013/2014. He explained that the Government had reduced the grant funding for the Council by £2.8m or 11.7% and this imposed reduction meant that there was significantly less resource available for the new scheme as opposed to the scheme currently in place.

Cabinet Members were advised the Council had consulted on its proposed Scheme in relation to working age households from 5 October to 30 November 2012. The results from the consultation were outlined in the report and in broad terms showed support for the Scheme. Fire and Police Authorities were also consulted, as their budgets could be impacted, and there were no significant issues of importance raised. No separate scheme for pensioner households was consulted upon because it was intended from the outset that the government default scheme be followed in relation to such households.

Councillor Speding drew attention to an announcement by Government during October, when the consultation was well underway, that one off funding that could be accessed on the basis of adopting a scheme that complied with the criteria for a Transitional Grant with a grant of £0.566m excluding preceptors available for Sunderland. He also highlighted that the government default scheme, which the Council was proposing to implement for pensioner households, was a compliant scheme for the purposes of obtaining transitional grant but the Council's proposed scheme for working age households was not. He added that however, it would be possible for the Council to adopt a compliant "Transitional Grant Scheme" by applying the government default scheme to working age households in its area in addition to pensioner households but modifying it within the constraints of the Transitional Grant criteria to incorporate key features of the original proposed scheme that was consulted upon.

In drawing attention to paragraphs 5.2 to 5.6 of the report, Councillor Speding advised that the Transitional Scheme that was now proposed broadly followed the approach taken by the original proposed Sunderland Local Council Tax Support Scheme. He explained that it would mitigate against the adverse impact of these changes on those most vulnerable and for those directly impacted, they would be better off under the Transitional Grant Scheme.

Councillor Speding therefore recommended that a Transitional Grant Scheme as proposed in the report be adopted; this being based on the scheme set out in the Council Tax Reduction Schemes (Default Scheme) Regulations 2012, modified as outlined in Appendix B of the report and that the Executive Director of Commercial and Corporate Services be given delegated power to prepare the detailed scheme document in consultation with the Leader and Cabinet Secretary, for submission to Council. With that one amendment, which was for the purposes of clarification, he requested the Cabinet to approve the recommendations as set out in paragraph 2 of the report.

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

6. RESOLVED that it be recommended to the Council to:-
- (i) consider feedback received during the consultation period from
 - precepting authorities,
 - the public, including representatives/representative groups of Council Tax payers and Council Tax benefit claimants, voluntary organisations and community groups,and also consider the implications of the Government's Transitional Grant Scheme;
 - (ii) approve the proposed Council Tax Support Scheme as described in the report to take effect from 1st April 2013;
 - (iii) authorise the Executive Director of Commercial and Corporate Services to administer the Local Council Tax Support Scheme including undertaking the consideration and determination of applications for support and authorise the Head of Law and Governance to amend the constitution accordingly to reflect this; and
 - (iv) authorise the publication of the approved Scheme on the Council's website and in any additional manner determined by the Executive Director of Commercial and Corporate Services in consultation with the Leader of the Council and Cabinet Secretary.

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

The Executive Director of Commercial and Corporate Services submitted a report (copy circulated) to review the policy on Council Tax discounts for Empty Properties and Second Homes as a result of the change in legislation to Exempt properties and the introduction of the Empty Homes Premium.

(For copy report – see original minutes).

Councillor Speding advised that the report details the Council Tax Technical reforms introduced by the Local Government Finance Act 2012. He reported that the Act abolishes Class A exemptions which were properties undergoing or in need of structural alteration and Class C exemptions which were properties left empty for up to 6 months on 31st March 2013. He explained that these exemptions were to be replaced with a discount to be determined by the Council. In drawing attention to paragraph 2 of the report, he advised that the Act also empowered the Council to charge an additional premium of up to 50% on properties that had been empty for more than two years and reduce discounts on second homes from 10% to zero.

Councillor Speding highlighted the proposals recommended within the report to:-

- Reduce the discount from 100% to 25% for properties previously exempted under Class A;

- Reduce the discount from 100% to 25% for properties previously exempted under Class C except where the property was re-occupied within one month where the discount would be 100%,
- Reduce the second homes discount from 10% to zero, and
- Introduce the empty homes premium of an additional 50%.

Cabinet Members were advised that previous reductions in discounts from 50% to zero to properties empty for more than 6 months that came into effect on 1st April 2012 had seen a reduction in the number of long term empty properties from 738 to 617. The above changes would also encourage owners to bring empty properties back into use as well as raising an estimated additional £1.3m in revenue at a time of unprecedented financial challenge for the Authority. The changes would come into effect on 1st April 2013.

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

7. RESOLVED that it be recommended to Council to amend the current policy on Council Tax discounts for Empty Properties and Second Homes with effect from 1st April 2013 by:

- (i) Introducing the Empty Homes Premium of 150% on properties that have been empty and unfurnished for more than 2 years
- (ii) Awarding a discount of 25% on properties that have been empty for a period of up to 12 months that require, or are undergoing structural alterations.
- (iii) Awarding a discount of 25% on properties that are empty and unfurnished for up to 6 months with the exception of properties that are empty and unfurnished that are reoccupied within 1 month where the discount awarded will remain at 100%, and
- (iv) Reducing the discount on Second Homes from 10% to zero.

At this juncture, Councillors G. Miller and P. Smith withdrew from the meeting during consideration of the following report.

Review of the Non-Domestic Rates Discretionary Relief Policy to Academy and Voluntary Aided Schools

The Executive Director of Commercial and Corporate Services submitted a report (copy circulated) to review the current policy of Discretionary Relief for Non-Domestic Rates awarded to Academy and Voluntary Aided Schools.

(For copy report – see original minutes).

Councillor Speding highlighted the report in relation to proposed changes to Non Domestic Rates Discretionary Relief which was currently awarded to Academy and Voluntary Aided Schools. He reported that the current policy predated the introduction of Dedicated Schools grant and the evolution of Academies.

Councillor Speding explained that currently the cost of discretionary relief was partly funded by the Council mainstream budget in respect of these schools. However the School funding reform from April 2013 would ensure that schools would receive budget equal to the cost of their Business rates through the Dedicated Schools Grant. The proposal was therefore to cease the allocation of discretionary relief to Academies and Voluntary Aided schools.

Cabinet Members having been assured that the proposed change would therefore not have any negative financial impact on the schools concerned, it was:-

8. RESOLVED that it be recommended to Council to amend the current policy on Non-Domestic Rates Discretionary Relief, by removing discretionary relief paid to Academy and Voluntary Aided Schools with effect from 1st April 2013.

Council Tax Base 2013/2014

The Executive Director of Commercial and Corporate Services submitted a report (copy circulated) to detail the calculation of the Council Tax Base for 2013/2014 and to seek approval to recommend to Council the Council Tax Base for 2013/2014 in accordance with the Local Government Finance Act 1992 as amended by the Local Authorities (Calculation of Council Tax Base) (Amendment) (England) Regulations 2012.

(For copy report – see original minutes).

Councillor Speding highlighted that the report advises of the Council Tax Base to be used in calculating the 2013/2014 Council Tax for the Council in accordance with relevant legislation. He reported that the Tax Base for the Council was to be set at £64,094 and in addition as the Council must also calculate the Tax Base for any Parish Councils within their Council boundary, the Tax Base for Hetton Town Parish Council would be £3,122.

Cabinet Members were advised that the calculations detailed in the report were very complex and must follow strict government regulation which specified the factors and formula to be applied and that the calculations must be based on all information available to the Council at 30th November of each year.

Councillor Speding drew attention to paragraph 3.6 of the report which explained that the introduction of the Localisation of Council Tax Benefit Scheme had a major impact on the Council Tax Base figures resulting in a reduction compared to previous years. The new scheme was treated as a council tax discount with the reduction in the base equivalent to the level of council tax which would not be collected because of awards made under the new scheme. The Tax base therefore fully reflected the impact of the Local Council Tax Benefit Scheme and other technical adjustments to Council Tax Discounts and Exemptions.

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

9. RESOLVED that it be recommended to Council that:-
- (i) to approve the report for the calculation of the Tax Bases for the City Council and Hetton Town Council for 2013/2014, and
 - (ii) pursuant to the report and in accordance with the Local Authorities (Calculation of Tax Base) Regulations 1992, as amended by Local Authorities (Calculation of Council Tax Base) (Amendment) (England) Regulations 2012 the amount calculated by Sunderland City Council as its Council Tax Base for the year 2013/2014, shall be £64,094 and for the area of Hetton Town Council shall be £3,122.

Business Rates Income Forecast 2013/14

The Executive Director of Commercial and Corporate Services submitted a report (copy circulated) detailing the new regulations of the Local Government Finance Act 2012 that required billing authorities from 2013/14 to have Cabinet and Council approve their NNDR1 form which estimated the business rates income for the coming financial year by 31 January.

(For copy report – see original minutes).

Councillor Speding reported that under the Business Rates Retention scheme, the forecast of business rates income had become a key component in setting the budget for the following year. He added that as Cabinet Members were already aware of the additional volatility the new funding regime brought to Council finances, the Executive Director of Commercial and Corporate Services had already implemented enhanced monitoring arrangements in this regard.

Councillor Speding advised that the estimated business rate income to be collected for 2013/14 would be allocated as follows:-

- £41.868m to be paid to Central Government
- £41.068m to be retained by the Council and
- £0.838m to be passed to the Tyne and Wear Fire and Rescue Authority

Councillor Speding explained that the details of the forecast income were set out in the NNDR 1 form which was attached as Appendix 1 to the report which must be submitted to Government following Council approval no later than 31st January 2013. He added that however, the government notified Councils the previous day of further changes to how the income forecast was calculated. Therefore he recommended that the Executive Director of Commercial and Corporate Services be given delegated power to prepare the final version of Appendix 1 if any further amendments were required in consultation with the Leader and Cabinet Secretary, for submission to full Council.

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

10. RESOLVED that as the government has notified Councils of further changes to how the income forecast is to be calculated, the Executive Director of Commercial and Corporate Services be given delegated power to prepare the final version of NNDR1 if any further amendments were required, in consultation with the Leader and Cabinet Secretary, for submission to Council. Further that Council be recommended to approve the final NNDR1 form of estimated business rates income for the year 2013/14 in accordance with new regulations which will form the basis of the necessary allocation of the estimated total business rate income for the year.

The Provisional Local Government Finance Settlement for 2013/14 and Indicative Settlement 2014/15

The Executive Director of Commercial and Corporate Services submitted a report (copy circulated) to set out the detail of the Provisional Local Government Finance Settlement for 2013/14 and some key points in response to the consultation.

(For copy report – see original minutes).

Councillor Speding highlighted that the settlement reflected the first year of implementing the new approach to funding local government from 1st April 2013. He reported that the new system was very complex with a significant degree of risk transferred to local authorities. The new arrangements for business rates and council tax particularly bring significant challenge and volatility to Council finances.

Councillor Speding advised that the lateness of the settlement and its added complexity due to the fundamental changes to the structure of local government funding had made analysis very challenging. He explained that while some information was still outstanding, the analysis showed that the statements made in relation to the level of spending power reduction significantly understate the reduction in resources available to the Council in setting its budget for next year. For example this measure did not take into consideration the real impact of Early Intervention grant changes of almost £3m. In addition the government had made significant assumptions on the level of Business Rate and Council Tax income which the council must achieve.

Councillor Speding reported that taking these factors into account the overall the settlement impact was broadly in line with the Council's budget planning assumptions for 2013/2014. He advised that in relation to 2014/15 the grant funding cuts were significantly higher than assumed with £6m less funding available than anticipated with Sunderland and other areas in the north east and north west taking a bigger hit than the national average. He added that if this position was confirmed it would mean that over the three year period 2013/14 to 2015/16 the Council would need to make further savings of around £100m on top of what had already been achieved over the last three years.

Cabinet Members were advised that the Council's response to Government included pressing for a fairer starting point for deprived areas such Sunderland, and asked Government to address weaknesses in the new funding arrangements which would disproportionately and significantly impact on the Council in 2014/15 and going forward. It was important that these issues were addressed by Government given that the system was not to be reviewed until 2020.

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

11. RESOLVED that:-

- (i) the content of the impact of the provisional Local Government settlement for Sunderland and the potential implications for the development of the Council's Budget for 2013/14, 2014/15 and future years be noted; and
- (ii) the key issues and concerns raised in the report be developed into the City Council's formal response by the consultation response date of 15 January.

Revenue Budget 2013/2014 Proposals

The Executive Director of Commercial and Corporate Services submitted a report (copy circulated) on the provisional budget proposals for 2013/2014, as a basis for the continuation of budget consultation, prior to the receipt of the final Local Government Finance Settlement 2013/2014.

(For copy report – see original minutes).

Councillor Speding highlighted the report and drew attention to the reductions in government funding for the third year running which had a significant negative impact on the Council's position and there were a wide range of unavoidable spending pressures that the Council needed to address. He explained that the provisional proposals set out in the report followed the approach previously agreed through the Budget Planning Framework and provided more detailed proposals and actions underpinning the framework to ensure a balanced budget position going into 2013/2014.

Councillor Speding detailed that the report set out grant reductions and pressures of £37m in 2013/2014 together with proposals for a programme of savings to fully address this gap. Planning work was also in hand to address the budget requirement beyond 2013/2014 and in this context the Medium Term Financial Strategy would be updated in the report to Cabinet in February.

Cabinet Members were advised that the savings proposals represented a balanced approach to addressing the continued significant funding cuts and this involved:-

- progressing the existing improvement programme of savings, while protecting as far as possible core services and maximising non front line savings, and
- by reshaping and refocusing front line services by targeting resources to services to ensure they were responsive to local needs while protecting core services and particularly those most vulnerable.

Councillor Speding drew attention to the approach outlined in the report and the proposed programme of savings for 2013/14 in Section 8 and also confirmed that an updated approach to workforce planning would be implemented alongside the 2013/14 budget proposals.

Cabinet Members were advised that there were a number of outstanding uncertainties around the financial position which were still being confirmed. Therefore some final decisions remained to be taken, and, of course, the consultation which would be undertaken between now and the February meeting was very important to inform those final decisions.

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

12. RESOLVED that it be recommended to Council to approve the provisional budget proposals, as a basis for the continuation of budget consultation, prior to the receipt of the final Local Government Finance Settlement 2013/2014.

Revenue Budget Third Review 2012/2013

The Executive Director of Commercial and Corporate Services submitted a report (copy circulated) to detail the outcome of the Revenue Budget Third Review for 2012/2013.

(For copy report – see original minutes).

Councillor Speding highlighted that the Council continued to face increasing challenges in delivering the required level of reductions and meeting demand pressures in 2012/2013. He reported that where delays in implementation of savings targets and budget pressures were identified Portfolio holders and Directors were progressing alternative actions to address the position.

Councillor Speding reported that given the demand pressures being experienced in relation to adult social care it was anticipated there would be a need to draw on some corporate funding. He advised that savings on capital financing and additional income from investments of £5m were to be used to meet the service pressures if required at outturn, and transitional costs or potential equal pay liabilities. The workforce planning project had enabled the successful mitigation of a projected overspending of £5m and enabled the early release of planned savings for 2013/2014.

Cabinet Members were advised that settlement discussions were underway in relation to equal pay claims, which would likely result in settlement payments being made from January onwards. These would be funded from a combination of earmarked reserves, provisions and borrowing.

Councillor Speding reported that whilst a positive outturn overall would be achieved, clearly the financial position of the Authority was becoming increasingly challenging as the compound impact of Government funding reductions and unavoidable spending pressures continued to impact.

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

13. RESOLVED that approval be given, and where necessary recommended to Council, to the contingency transfers proposed at Appendix A and budget transfers.

Capital Programme - Third Review 2012/2013, Provisional Resources 2013/2014 and Treasury Management Review 2012/2013

The Executive Director of Commercial and Corporate Services submitted a report (copy circulated) which detailed:-

- the reprofiling of projects since the Second Capital Review for 2012/2013 was approved in October 2012;
- the inclusion of additional schemes and revisions to costs and resourcing for 2012/2013 since the Second Capital Review was reported;
- the allocation of capital resources for 2013/2014, as set out in Section 5 of the report, subject to any adjustments required when final resource announcements were made; and
- the progress in implementing the Treasury Management Strategy for 2012/2013.

(For copy report – see original minutes).

Councillor Speding drew attention to the anticipated spend in 2012/2013 which had reduced by £10 million since the Second Capital Review was reported after taking into consideration technical adjustments. He reported that this included £9m of expenditure that had been re-profiled into 2013/2014 either as a result of external factors outside of the Council's control, a review of the timing of schemes to complement other works being undertaken or to maximise external grant funding.

Councillor Speding advised that the Council had not yet been notified of number of its expected allocations for 2013/2014. However, it was anticipated that grants would be awarded at similar levels to those in 2012/2013 following savage cuts across all services in the previous two years. He concluded that overall progress on the current year programme therefore remained positive with the Council continuing to invest to support its priorities despite significant Government funding reductions.

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

14. RESOLVED that:-

- (i) in relation to the Capital Programme for 2012/2013, approval be given, and where necessary recommended to Council, the inclusion of additional schemes or variations to existing schemes for 2012/2013 detailed at Appendix A, as a variation to the Capital Programme,
- (ii) in relation to the Capital Programme for 2013/2014, it be noted that the allocation of resources as set out in Section 5 will be subject to final resource announcements; and it be noted that Cabinet Members with Portfolios for areas covered by the Children's Services, Adult, Housing, Highways and Other Services Blocks will consider proposals for new starts based on resource allocations to be confirmed in due course in order to incorporate proposed new starts in the 2013/14 Capital Programme to be presented to Cabinet in February 2013, and
- (iii) in relation to the Treasury Management Strategy and Prudential Indicators, the continued very positive progress made in implementing the strategy for 2012/2013 be noted.

Sure Start Review and Integrated Early Intervention Service – Proposals to extend Children's Centre Commissioning Arrangements for a further 12 months from 1 April 2013

The Executive Director Children's Services submitted a report (copy circulated) to seek approval to extend Children's Centre commissioning arrangements for a further 12 months from April 2013 in order to allow Children's Local Area Boards, established in September 2012, to be fully involved in the shaping of future children's centre service delivery and to consider alternative models for delivery as appropriate.

(For copy report – see original minutes).

Councillor Smith reminded Cabinet Members of the number of reports in relation to the review of early years services and early intervention through Children's Centres which had been undertaken over the past eighteen months. She explained how the review had provided £1.8 million of efficiencies initially by introducing key improvements in the way that services were delivered.

Cabinet Members were advised that the review of commissioning focused on both internal and externally commissioned services and new contracts were awarded from April 2012, initially for a 12 month period. These included contracts to provide early years health services, community involvement, mobile crèche, portage and safety equipment.

The full value of the external contracts was £720,000.

Councillor Smith highlighted that five Children's Local Area Boards were also established in September 2012 with wide representation including parents, local schools and with a link through to the five People Boards through the People Boards Vice-Chair sitting on the Children's Boards. She added that in order to understand and assess whether services were indeed making a difference, the Boards had requested that external contracts were extended for a further 12 months and this extension would also allow People Boards to be fully involved.

Cabinet Members having been advised that if approval was given to extend the contracts for a further 12 months, an exercise would be undertaken with providers to realise efficiencies where appropriate.

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

15. RESOLVED that:-

- (i) the proposal to extend external contracts for service delivery in Children's Centres for a further 12 months from April 2013 in line with the request of Children's Local Area Boards be approved, and
- (ii) a further report on the outcomes of the review of the commissioning arrangements be submitted to Cabinet for consideration at the appropriate time.

Maximum Contribution for Social Care Charging

The Executive Director of Health, Housing and Adult Services submitted a report (copy circulated) to seek agreement to the proposed changes to the Social Care Contributions Policy.

(For copy report – see original minutes).

Councillor Miller reminded Cabinet Members that the Contributions Policy for Social Care was agreed by Cabinet in February 2012 and has been live since April 2012. He explained that a policy was needed that could ask customers to make a contribution against their personal budget and not against individual services. He added that by changing the cap for the maximum contribution would make the provision of services more equitable with all customers being assessed to pay no more than they could afford.

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

16. RESOLVED that approval be given to:-

- (i) the review of the maximum contribution a customer can make towards their personal budget for non residential social care,
- (ii) the removal of the maximum contribution cap to bring this in line with the standard rate of residential care (currently £394.80), and
- (iii) to update the contributions policy in line with Department of Health Guidance

Sunderland City Council Strategic Tenancy Policy.

The Executive Director of Health, Housing and Adult Services submitted a report (copy circulated) to seek approval for the adoption of the Council's first Strategic Tenancy Policy.

(For copy report – see original minutes).

Councillor Miller highlighted that the Localism Act 2011 placed a new duty on every local authority to publish a Strategic Tenancy Policy, (STP), by January 2013. He explained that the purpose of the Policy was to outline a local authority's broad objectives for the allocation of social rented properties within its administrative area and how they expected Registered Providers to allocate and manage their properties. He added that it must also outline how they expected Registered Providers to use newly introduced mechanisms such as flexible tenancies and affordable rent, which were set out in the report and the Policy.

Councillor Miller reported that there was an obligation to show that policies were based on clear evidence and consultation. He advised that according to the legislation the policies outlined within the Policy must be taken into consideration by registered providers who should align their own allocations policies accordingly.

Cabinet Members were advised that the changes would only apply to new tenancies and existing secure and assured tenants' rights would not be affected. This included their succession rights and their security of tenure.

Attention was then drawn to other proposed reforms in the Policy in relation to housing such as, whether a local authority would dispose of their homelessness responsibilities via an offer of a suitable private rented property and how they would manage their own waiting lists or housing register.

Cabinet Members were assured that consultation had taken place with Elected Members and with Registered Providers and their views had been taken in to account within the Policy. In addition the Policy would be monitored on an ongoing basis as set out in the report.

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

17. RESOLVED that the Strategic Tenancy Policy and the policies outlined within, regards the letting of social housing across the City be endorsed.

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

At the instance of the Chairman it was: -

18. RESOLVED that in accordance with the Local Government (Access to Information) (Variation) Order 2006 the public be excluded during consideration of the remaining business as it was considered to involve a likely disclosure of information relating to the financial or business affairs of any particular person (including the authority) (Paragraph 3 of Part 1, Schedule 12A of the Local Government Act 1972). The public interest in maintaining this exemption outweighs the public interest in disclosing the information.

(Signed) H. TRUEMAN,
Chairman.

Note:-

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

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

CABINET MEETING – 13 FEBRUARY 2013

EXECUTIVE SUMMARY SHEET – PART I

Title of Report:

Scrutiny Committee – Policy Review Final Reports

Author(s):

Report of the Scrutiny Committee, Deputy Chief Executive and the Executive Director for Children’s Services

Purpose of Report:

To set out the recommendations of the Scrutiny Committee following its scrutiny policy reviews into Reducing Re-offending; the Tell Us Once for Bereavement Service and Improvement, Admissions and Planning : Implementation of the Education Act 2011.

Description of Decision:

To consider and approve the recommendations of the Scrutiny Committee and the proposed Action Plans for their implementation.

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

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

Suggested reason(s) for Decision:

The scrutiny policy review recommendations are intended to inform the future development of policy and practice by Cabinet.

Alternative options to be considered and recommended to be rejected:

The Scrutiny Committee and its Scrutiny Panels have gathered detailed evidence and arrived at conclusions and recommendations which are intended to improve services. There are no alternatives to be considered.

Impacts analysed;

Equality Non Privacy Non Sustainability Non Crime and Disorder Yes

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

Is it included in the 28 day Notice of Decisions? Yes

Scrutiny Committee:

SCRUTINY COMMITTEE – POLICY REVIEW FINAL REPORTS**Report of the Scrutiny Committee and the Deputy Chief Executive and the Executive Directors for Children's Services****1. Purpose of the Report**

- 1.1 To set out the recommendations of the Scrutiny Committee following its scrutiny policy reviews into Reducing Re-offending; the Tell Us Once for Bereavement Service and Improvement, Admissions and Planning : Implementation of the Education Act 2011.

2. Description of Decision (Recommendations)

- 2.1 The Cabinet is requested to consider the Scrutiny Committee's three policy review final reports and endorse the recommendations contained within the reports.
- 2.2 To assist the Cabinet in its consideration of the recommendations of the Scrutiny Committee, a proposed Action Plan for the implementation of these recommendations has been prepared in consultation with the appropriate Portfolio Holders.

3. Background

- 3.1 On 7 June 2012, the Scrutiny Committee identified a number of policy review topics based on issues highlighted by the Council's Annual Scrutiny Conference. Each of the Committee's six Scrutiny Panels were commissioned to undertake two short policy reviews during the municipal year
- 3.2 Six of these reviews have now been completed and were agreed by the Scrutiny Committee on 17 January 2013.

4 Current Position

- 4.1 In order to balance the workload of the Cabinet, three of the reviews are submitted to this meeting for consideration and approval. The three reports, together with an Action Plan for the implementation of the recommendations, are attached as an appendix as follows:-
- (a) Reducing Re-offending Scrutiny Policy Review (**Appendix 1a and 1b**);
 - (b) Tell Us Once for Bereavement Service Scrutiny Policy Review (**Appendix 2a and 2b**); and
 - (c) Improvement, Admissions and Planning: Implementation of the Education Act 2011 Scrutiny Policy Review (**Appendix 3a and 3b**)
- 4.2 The outcome of a further three scrutiny policy reviews in relation to Mental Health Pathways; the Operation of the Work Programme in Sunderland and the Role of the Local Authority in Health Issues will be submitted to the March Cabinet meeting.

5. Reasons for the Decision

- 5.1 The recommendations are intended to support the future development of policy and practice by the Cabinet.

6. Alternative Options

- 6.1 The Scrutiny Committee and its Scrutiny Panels have gathered detailed evidence and arrived at conclusions and recommendations which are intended to develop policy within the Council. There are no alternatives to be considered.

7 Impact Analysis

Equalities

- 7.1 Equality issues were addressed during the evidence gathering process and this is reflected in the focused recommendations.

Privacy Impact Assessment

- 7.2 The proposals have no immediate additional implications for the protection of privacy of the public. Any privacy issues which arise will be addressed through the delivery of the action planning process.

Sustainability

- 7.3 The proposals have no immediate implications for sustainability. Sustainability issues will be considered and addressed as part of the delivery of the action plan by Members and officers.

Reduction of Crime & Disorder – Community Cohesion / Social Inclusion

- 7.4 Any crime and disorder issues will be addressed as part of the delivery of the action plan by Members and officers.

8. Relevant Considerations / Consultations

- 8.1 The findings in the report are the result of consultation and evidence gathering by the Scrutiny Committee.

9. Background Papers

Final reports of the Responsive Services and Customer Care Scrutiny Panel, City Services Scrutiny Panel and Children's Services Scrutiny Panel.

Responsive Services and Customer Care Scrutiny Panel Policy Review 2012/13: Reducing Reoffending

Final Report

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FOREWORD FROM THE LEAD SCRUTINY MEMBER FOR RESPONSIVE SERVICES AND CUSTOMER CARE

I am pleased to present the findings and recommendations of the Responsive Services and Customer Care Scrutiny Panel's first policy review which looked at reducing reoffending.



There is little doubt that the drive to reduce reoffending in our city is critical. By reducing re-offending the social and economic costs to our communities are reduced. In Sunderland, we found that the wide range of partners supporting this agenda are committed to reducing reoffending, there are a range of services and initiatives in place to address, and a willingness to work differently to achieve better results. That being said, levels of reoffending remain higher than other areas of the country which can be attributed in part to the social and economic factors present in the city;

We are also in a period of major reform to criminal justice and health care; provisions outlined in the Breaking the Cycle Green Paper, Health and Social Care Act 2012 and the Police Reform and Social Responsibility Act 2011 will provide criminal justice agencies with new challenges, not least the need to create and embed links and relationships with the Health and Wellbeing Board and Police and Crime Commissioner.

A seamless and effective transition from custody to the community dramatically improves the chances reducing or ceasing offending upon release, and given the changing landscape for prisons across the country it is vital that we work closely with prisons in the NE to give priority to this.

Stable and secure accommodation is a fundamental requirement if an offender is to be rehabilitated. We saw positive work being undertaken by the Council to address this, but we remain concerned about the limited availability of supported accommodation and social housing. In the context of likely further public sector budget reductions, future commissioning and new and innovative ways of working are crucial to improving the accommodation offer for offenders and in particular women offenders.

Finally, we recognise the importance of understanding the complex needs of veterans who offend and consider that we need to work better with organisations in the community who work with veteran offenders.

I would like to take this opportunity to thank everybody who contributed to what has been a very interesting policy review. In particular the Panel members; supported accommodation providers, the Integrated Offender Management team, the HMP Northumberland team and the officers who supported us in carrying out the review.

Councillor David Errington
Lead Scrutiny Member for Responsive Services and Customer Care

1. PURPOSE OF THE REPORT

- 1.1 This report provides the findings, conclusions and recommendations of the Responsive Services and Customer Care Scrutiny Panel's Policy Review 2012/13: Reducing Reoffending.

2. AIM OF THE POLICY REVIEW

- 2.1 Within the revised scrutiny arrangements Lead Scrutiny Members and their respective Panels will undertake up to two policy reviews per year, of approximately three to four months in duration. This way of working takes account of the rapidly changing policy environment within which the Council and its partners are operating. Given the timescales in which to complete the review, the Scrutiny Panel decided to focus its attentions on three areas of the Safer Sunderland Partnership's key priorities for reducing re-offending as follows:-

- (i) The city's Integrated Offender Management Unit (IOM);
- (ii) Offender support in custody and the initial transition into the community; and
- (iii) Tackling accommodation issues for offenders.

3. TERMS OF REFERENCE

- 3.1 The agreed terms of reference for the review were:-

- (a) To understand the importance of reducing re-offending in the city, how this contributes to the council's corporate outcomes framework and how national policy and legislation is translated to a local level;
- (b) To examine the role and responsibilities of the local authority and partners in regard to reducing re-offending;
- (c) To consider the role of the Integrated Offender Management Unit in the city and measuring progress to date against expected outcomes;
- (d) To investigate the Safer Sunderland Partnership's key priority to reduce re-offending by working in partnership to bridge the gap between custody and the community; and
- (e) To investigate the challenges and opportunities specifically in regard to tackling accommodation issues.

4. MEMBERSHIP OF THE SCRUTINY PANEL

- 4.1 The membership of the Responsive Services and Customer Care Panel consisted of Councillors Errington (Lead Scrutiny Member), Curran, Gibson, Heron, Kay, Lawson, Richardson, Scott, Thompson and Wiper.

5. METHODS OF INVESTIGATION

5.1 The following methods of investigation were used for the Review:

- (a) Desktop research (including consideration of best practice from other local authorities and the VCS);
- (b) Attendance at the Offender Accommodation and Support Conference held by No Offence;
- (c) Evidence from individual offenders;
- (d) Evidence from Housing Providers, Homelessness Projects and Shelter **(Appendix 1)**;
- (e) Evidence from the Sunderland Armed Forces Network;
- (f) Evidence from the Integrated Offender Management Unit;
- (g) Evidence from the City Council's Officers;
- (h) Evidence from HMP Northumberland; and
- (i) Evidence from Northumbria Probation Trust.

6. FINDINGS OF THE SCRUTINY PANEL

6.1 Sections 7 to 13 outline in detail the findings of the Policy Review; Reducing Reoffending.

7. SETTING THE SCENE

“The social and economic costs of re-offending are estimated between £7 billion and £10 billion a year”
(National Audit Office)

“Half of all crime is committed by people who have already been convicted of a criminal offence”

“ 75% of young offenders sentenced to youth custody re-offend within a year”

7.1 These statistics are concerning however a relatively small number of prolific offenders tend to be responsible for a disproportionate amount of crime. Recent evidence suggests there is a group of 16,000 active offenders nationally at any one time, each with over 75 previous convictions.

Pathways Out of Offending

7.2 The Social Exclusion Unit report *Reducing Re-offending by Ex-prisoners* published in 2002 recognised a range of factors that contribute significantly to the likelihood of an individual re-offending - known as ‘pathways out of offending’. These were refined in 2004 in the National Re-offending Action Plan and added to as a result of the review undertaken by Baroness Corston in 2010:-

- 1. Accommodation and Support
- 2. Education, Training and Employment

3. Mental and Physical Health
4. Drugs & Alcohol
5. Finance, Benefits and Debt
6. Children and Families;
7. Attitudes, Thinking and Behaviour
8. Women affected by sexual exploitation and rape; and
9. Women affected by domestic violence.

Legislation and Policy Drivers

7.3 The Government has proposed reform to the criminal justice system in recognition of concerns that half of all adult offenders released from custody re-offend within a year and the expense involved in prison sentences.

- *Breaking the Cycle (Green Paper)*

Presented to Parliament in December 2010 proposing radical reform, this policy includes:-

- (a) Punishment and payback: prisons becoming places of hard work, more community sentences, financial reparation to victims;
- (b) Rehabilitating offenders to reduce crime: supporting them to abstain from drugs/alcohol for good, ensuring they pay their way and managing those with mental health problems;
- (c) Payment by results: paying providers by the results they get;
- (d) Sentencing reform: simpler sentencing framework easier for courts and public to understand, better use of community sentences; and
- (e) Youth justice: preventing offending in the first instance, effective sentencing, payment by results

- *Legal Aid, Sentencing and Punishment of Offenders Act 2012*

Provisions within the Act include:-

- (a) Legal Aid: some cases may not be eligible;
- (b) Sentencing: new powers to extend curfews to cover more hours in the day and increase maximum sentences a Magistrates court can pass; from 6 to 12 months;
- (c) Bail and remand: reduce the numbers of those who are unnecessarily remanded into custody; and
- (d) Release on licence: additional restrictions for early release on home curfew and supervision of young adult prisoners of less than 12 months.

- *Police and Crime Commissioners (PCC)*

PCC's are intended to strengthen the links between police and communities and were elected by the public on 15 November 2012. The introduction of PCCs was established in the Police Reform and Social Responsibility Act (2011). PCCs will have responsibility for:-

- Appointing the Chief Constable and holding them to account for running of the force;

- Setting out a five year Police and Crime Plan based on local priorities (developed in consultation with the Chief Constable, communities and others);
- Setting the annual local precept and account force budget; and
- Making grants to organisations aside from the police (including, but not limited to, Community Safety Partnerships).

The reforms within the Act pose challenges for the Safer Sunderland Partnership (SSP), particularly from a funding and commissioning perspective. The Home Office Community Safety Grant the Council receives on behalf of the SSP will be transferred to the PCC from April 2013. It won't be clear immediately how the PCC intends to re-allocate this funding, possibly commissioning all services themselves, offering grants to providers or passing funding back to the SSP to commission. The outcomes of the initiatives that are currently funded will need to be evidenced to be re-commissioned. It is possible some services could end up being merged for efficiency across boundaries.

Local Context

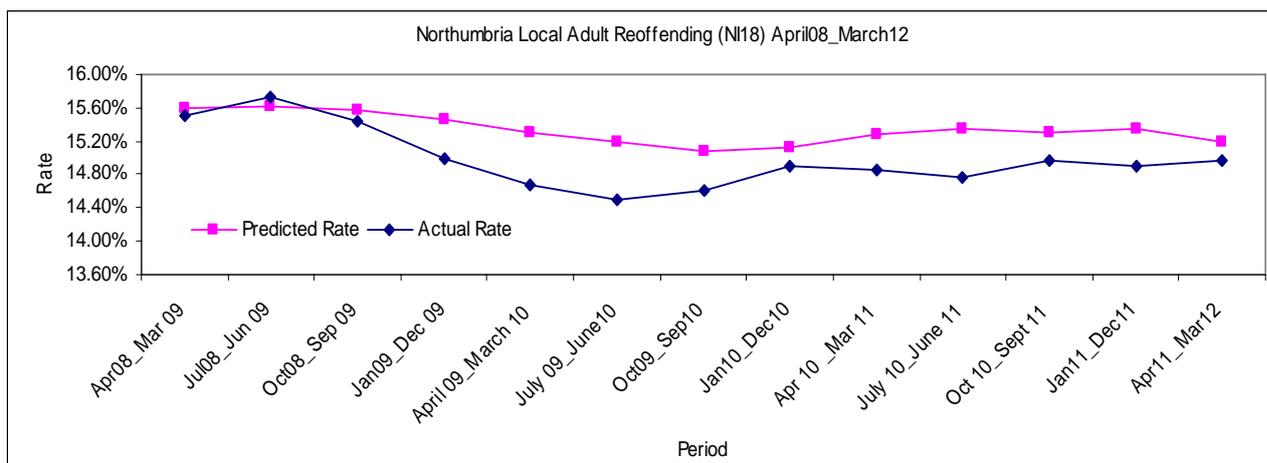
- 7.4 The Safer Sunderland Partnership (SSP) brings together the public, private, community and voluntary sectors to deliver the Safer Sunderland Strategy. There are currently six 'responsible authorities' who form the SSP which are Sunderland City Council, the Primary Care Trust (PCT) (replaced by the Clinical Commissioning Group as of April 2013), Northumbria Probation Service, Northumbria Police, Northumbria Police Authority (to be revised) and Tyne and Wear Fire and Rescue Service. Collectively each member has a legal duty to work in partnership, to carry out an annual strategic assessment and implement a partnership plan to tackle crime, disorder, substance misuse and re-offending.
- 7.5 Reducing re-offending is a strategic priority for the Safer Sunderland Partnership and a delivery group comprising of crime and disorder partners drives the work of the SSP to address re-offending, of which there are sub-groups to address each reoffending pathway.
- 7.6 In September 2012, the breakdown of offenders from the city was 338 in custody and 186 on licence¹, not taking account of those on community orders. The actual rate of reoffending across the Northumbria force area has remained below the predicted rate now for three years. That being said, the difference between the actual and predicted rate of reoffending in the last data was the smallest it has been for over two years.² In Sunderland, the actual rate of reoffending has fallen by around 1.6 per cent. Worryingly, offenders in the Northumbria area are more likely to reoffend than other areas of the country, although Sunderland's figures are slightly lower than regional counterparts. Data shows that around 15 per cent of offenders will reoffend within three months and Proven Reoffending³ data states that this will rise to

¹ All offenders sentenced to 12 months or more are supervised by Northumbria Probation Trust when they come out of prison on licence.

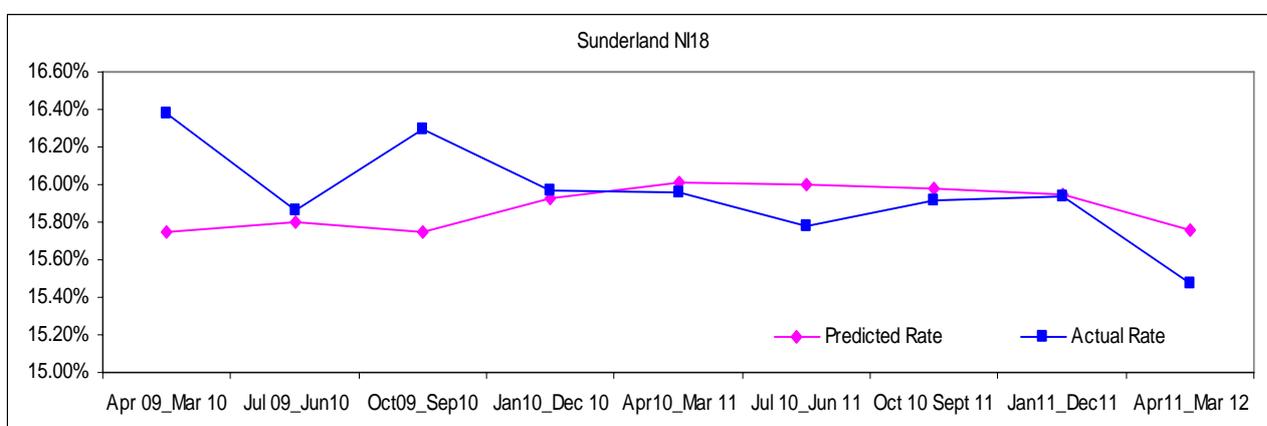
² The actual and predicted rates of reoffending are calculated taking into account the type of people on a probation caseload and includes factors such as age, gender, offence, sentence and number of offenders.

³ A proven re-offence is defined as any offence committed in a one year follow-up period and receiving a court conviction, caution, reprimand or warning in the one year follow up or a further six months waiting period.

40 per cent within twelve months. This disparity can be attributed in part to factors including economic deprivation and high unemployment rates.



Reoffending Rates for Northumbria Probation Trust – April 2008-March 2012 (Table 1)



Reoffending Rates for Sunderland – April 2008-March 2012 (Table 2)

8. MANAGING THE CITY'S MOST PROLIFIC AND PRIORITY OFFENDERS

8.1 The Integrated Offender Management (IOM) is an overarching framework that allows local partner agencies to work together to manage the most prolific offenders within local communities in a coordinated way. Common key principles include:-

- (1) All partners tackling offenders together;
- (2) Delivering a local response to local problems;
- (3) Offenders facing their responsibility or facing the consequences;
- (4) Offenders are provided with a clear understanding of what is expected of them; and
- (5) Making better use of existing programmes and governance.

8.2 All offenders at high risk of causing serious harm and/or re-offending are eligible for the scheme. The intensity of management relates directly to the severity of risk of an offender, irrespective of position within the criminal justice system.

8.3 Sunderland's IOM unit is made up of:-

- Probation Officers;
- HMP Durham Prison Seconded;
- HMP Northumberland Prison Seconded covering South of Tyne (recently recruited);
- Three Northumbria Police Officers and one Police Community Support Officer;
- DISC (Developing Initiatives, Supporting Communities) staff dealing with substance misuse recovery;
- Turning Point staff delivering the drug intervention element);
- Youth Offending Service Officer;
- Shelter and Accommodation Worker (Council's Access to Housing Service) to address accommodation issues; and a
- Mental Health Nurse - Northumberland, Tyne and Wear NHS Foundation Trust.

8.4 For those offenders subject to court orders, engagement and attendance at appointments is mandatory. Clients on the scheme are some of the city's most difficult, challenging and chaotic offenders. The Panel learned that outcomes and achievements for this category of offender can often be a reduction in the level and seriousness of offending, rather than a complete abatement. At the time of writing, the unit was working with 11 clients in the community and a further 29 serving custodial sentences.

8.5 The non-statutory element of the IOM works with a group of offenders not subject to statutory court orders or licence, but who nonetheless have been identified as being at risk of committing high levels of crime in the city. From March to September 2012, the team worked with 24 offenders, with positive results, including an 81.9 per cent reduction in arrests and an 87.2 per cent reduction in convictions whilst on the scheme.

8.6 IOM staff reported early engagement as being crucial to engagement. 'Contacts' are made whilst an offender is in custody to develop a relationship and gain an understanding of the offender's issues when they leave custody and an opportunity to address those prior to release or immediately upon release.

8.7 The Panel recognised this type of supervision of offenders to be extremely resource intensive; however thought that where success could be demonstrated and evidenced there was a strong case for extending this model further.

Experiences of a Client on the IOM Scheme - Colin

Colin is from another area of the country originally. He is an ex-heroin user, in and out of prison for around seven years. He was subject to a DRR (Drugs Rehabilitation Requirement) order and requested to have his order transferred to Sunderland as his Father lives here and he felt he could make a fresh start.

He started the scheme in April 2012 and has been struck by the difference in approach by the IOM Team as opposed to the more traditional supervision approach at his previous IOM, which involved a quick 'chat' and a signature. The IOM scheme in Sunderland is more intense and there is a lot more support available to him.

He is currently living at his Father's house, but has recently started to look for his own accommodation with the assistance of the IOM.

He has regular contact with staff from DISC, Turning Point, his Probation Officer and the GP, who assist him in staying 'clean', which he now has been for six months. He has also been taking part in a bike making skills course which has given him a level of normality and fills in his time (which previously had been spent offending to gain money for heroin).

It is early days, but he feels positive for the future and feels the move he made from his home town gave him the fresh start he needed and the IOM scheme has helped to keep him on the right track.

Managing the City's most Prolific and Priority Offenders – the Importance of Partnership Working

- 8.8 The Panel were pleased to note a strong ethic of partnership working, made easier and more seamless through co-location and a true multi-agency approach.
- 8.9 Several mechanisms give staff the opportunity to share information and raise issues of concern both with the team and with other agencies. This includes:-
- (a) Monthly IOM Meeting – to discuss statutory and non statutory offenders engaged in the scheme;
 - (b) Nominations' Panel – reviews nominations for the scheme. These come from a variety of places including the Police Neighbourhood Teams and LMAPS (Local Multi-Agency Problem Solving) groups, of which Elected Members participate; and
 - (c) Cases for Concern – a regular meeting involving a range of agencies looking at those individuals whereby ongoing or new developments may lead to an increased risk of harm or offending.

9. MANAGING THE TRANSITION BETWEEN CUSTODY AND THE COMMUNITY

- 9.1 The National Offender Management Agency (NOMS) is an executive agency of the Ministry of Justice, bringing together the Probation Service and HM Prison Service. The two bodies remain distinct but have the same purpose; to protect the public and reduce reoffending. Prison and probation services ensure the sentences of the courts are properly carried out and work with offenders to tackle the causes of their offending behaviour.

- 9.2 The Probation Service assess offenders and produce court reports; advising the judiciary as to the most appropriate sentence for the individual concerned. For custodial sentences longer than 12 months probation offender managers supervise the offender working closely within prisons and with prison staff to identify the most effective programmes and interventions for rehabilitation.
- 9.3 The Panel found there was a concern for those offenders sentenced to short term prison sentences i.e. less than 12 months, who are not subject to any statutory supervision upon release. This could mean a lack of access to necessary support, increasing the risk of an offender failing to get appropriate accommodation or access health services. These offenders are more likely to re-offend than those with sentences of over four years. Short term prison sentences remain a vital option for courts; however there is growing evidence that properly enforced community sentences which combine punishment, payback and rehabilitation can be just as effective.
- 9.4 On licence, offenders must attend regular appointments with probation staff, complete set programmes/work, provide information about where they live and work and comply with any other conditions of the licence. This might include restrictions on movements and behaviour.
- 9.5 Probation staff can ask to include extra specific conditions in some licences, including:
- Where the offender must live;
 - Attendance on treatment programmes relating to their offending behaviour;
 - Not visiting specific areas or making contact with certain people;
 - Not living in a house with children under a certain age; and
 - Any offender who breaks the rules of their licence will be returned to prison to finish their sentence (recalled).
- 9.6 The SSP has links with HMP Durham, Holme House, HMP Northumberland and Low Newton; all of whom address reoffending pathways with offenders. The Panel decided to take evidence from HMP Northumberland as anecdotally it was informed that this establishment had a robust strategy in place across all seven pathways.

HMP Northumberland

- 9.7 HMP Northumberland was formerly two separate prisons; HMP Acklington and HMP Castington. On 31 October 2011, the merged prison became known as HMP Northumberland. HMP houses 1348 prisoners, most of whom are from the North East. HMP structures activities to reduce reoffending around the seven Pathways out of Offending outlined in the aforementioned National Re-offending Action Plan.
- 9.8 Prisoners are managed through the Offender Management Model which aims to manage the needs of the offender from court to custody and onto resettlement back into the community. Every prisoner is assessed and a personal sentence plan is developed, which maps out the sequence of required interventions.

- 9.9 Whilst the Panel was impressed with the range of services in place for offenders within HMP Northumberland it became apparent throughout the visit that it has great difficulty in measuring its specific impact upon reducing reoffending. This is for a number of reasons, not least because very often an offender leaves custody and is often subject to further supervision, support or interventions. This was judged to be detrimental to measuring the effectiveness of the programmes in place and could hamper improvements/changes to the way programmes are delivered in the future.

Education, Training and Employment

- 9.10 Offenders face significant barriers to entering the labour market upon release from custody. A criminal record is an obstacle to overcome in itself but just under half of prisoners nationally (47 per cent) have no qualifications and 13 per cent have never had a job.
- 9.11 Employment is a critical issue for offenders on the IOM scheme in the community. A key part of recovery is engagement in positive activities. Clients undertake a timetable of work each week which may include activities such as fishing or allotment based activities. All activities provide volunteering opportunities to provide experience and improve employment prospects. Staff reported that where employment is secured this dramatically increased the chances of a long term success story.
- 9.12 HMP Northumberland provide a wide range of courses to prisoners including; functional skills; employability; business admin; and creative techniques, as well as more challenging vocational training courses including motor mechanics, bricklaying, painting and decorating, plastering, woodwork, catering and hospitality (basic skills are embedded within all vocational areas).
- 9.13 The Breaking the Cycle green paper outlines the intention to make prisons places of hard work and industry, with more prisoners engaging in a longer working week. At the time of the Panel's visit an inspection report revealed that whilst provision was good, there wasn't enough of it and up to a third of prisoners remained in their cells during the core hours of the day.
- 9.14 The Panel were given the opportunity to observe prisoners undertaking vocational training within a workshop making prisoner garments as part of a national contract of HM Prison Service. Prisoners can access industry recognised qualifications and provides an opportunity to develop required workplace skills, such as team working and communication. In addition, HMP provide life skills training in areas such as personal budgeting.

Mental and Physical Health

- 9.15 It is widely understood that offenders experience significant health inequalities compared to the general population. They have higher rates of suicide, drug and alcohol misuse, mental and physical health issues, and often lead unhealthy lifestyles such as bad diet and lack of exercise. These issues are made worse by poor access to and take up of health and care services.

- 9.16 The statistics highlight some of the health inequalities experienced by offenders, including:-
- In the week following their release female prisoners are 69 times more likely to die than females in the general population, and male prisoners are 29 times more likely to die than males in the general population;
 - In prisons the smoking rate is as high as 80 per cent, almost four times more likely than the general population;
 - 63 per cent of male prisoners and 39 per cent of females are hazardous drinkers;and
 - Among female prisoners, 40 per cent have a long standing physical disability, and 90 per cent have a mental health or substance misuse problem.
- 9.17 The ongoing review being undertaken by the Health, Housing and Adult Services Scrutiny Panel into Mental Health Pathways has found that there are a range of services in place across the city and access to these services through various routes is good. Similarly, there are a wealth of services in place to address physical health issues, but ensuring offenders access these services is not easily addressed.
- 9.18 Positively, the agencies the Panel took evidence from actively work with offenders to address health needs in the transition between custody and the community. For example, prior to release from HMP, GP appointments, dental appointments and hospital appointments are secured whenever possible. The IOM and Probation Teams also refer offenders to health services and can accompany them to appointments to ensure they attend.
- 9.19 At HMP, it was evident to the Panel that physical activity plays an important part in purposeful activity and engagement with prisoners. Many offenders consider the gym to be a positive part of their custodial sentence and it can be used as an incentive to stimulate positive behaviours. The Panel reflected that physical activity and education around healthy lifestyles is a vital part of providing offenders with the skills they will require to maintain and improve their health once they return to the community. It recognised a gap in offenders continuing physical activity and healthy lifestyles upon release, and attributed this in part to a return to offending. Positively, the prison worker seconded to the North of Tyne IOMs has engaged with local gyms, sports providers and community venues to increase the opportunities for offenders to continue physical activity upon release. The recently recruited prison officer for the South of Tyne provides an opportunity to replicate this arrangement to Sunderland; the Council could assist in this by signposting to sport and physical activity provision.
- 9.20 The Panel deemed the mental and physical health of offenders to be a key issue within the city and considered that generally, if offender health issues are to be tackled effectively it must be at a strategic level. The reforms to the health and social care system in the Health and Social Care Act 2012, specifically the creation of Health and Wellbeing Boards and Clinical Commissioning Groups, provide an opportunity for more effective local joint working to tackle these issues through better identification of need as part of

the Joint Strategic Needs Assessment⁴ (JSNA). The JSNA will inform the Health and Wellbeing Strategy from which commissioning plans are formed. Furthermore the NHS Mandate from the Government to the NHS Commissioning Board⁵ illustrates the role of the NHS in wider society and promotes the development of better healthcare services for offenders and people in the criminal justice system which is integrated between custody and the community.

- 9.21 The Panel acknowledged the steps that had already been taken to begin joint working. In March 2012, the SSP presented a report to the HWB which made a number of recommendations to promote joint working to address the health needs of offenders including progress with the treatment system redesign and for the Board to receive. It was evident that criminal justice agencies must have a strong influencing role on the HWB. Furthermore the SSP's links with the newly elected Police and Crime Commissioner would be crucial in influencing the commissioning of initiatives to address community safety.

Drugs and Alcohol

- 9.22 Substance misuse is strongly associated with offending; for example only 20 per cent of offenders on the IOM programme do not have any drug or alcohol issues. The perception that drugs and alcohol are always the only cause of offending can be misleading, and often substance misuse issues are one part of a much wider range of complex needs. Most offenders accessing supported accommodation, for example have at least one other support need - likely to be a drug and/or alcohol issue.
- 9.23 In 2010, the Government changed the focus on rehabilitation using prescribed substitutes to an abstinence based model, whereby the user refrains from using any substance or drug substitute. The Panel noted that those working with offenders with substance misuse issues viewed this as a positive change. The new approach to recovery through abstinence, rather than ongoing medical substitution is mirrored in HMP's strategy to address drug and alcohol issues. The Panel had previously found that where offenders did not effectively address drug use in prison and were released on high doses of methadone, it presented a barrier to addressing accommodation and other needs.
- 9.24 The Panel were given the opportunity to meet a group of offenders within the treatment programme. When asked about plans after release and optimism for continued success in the community, they highlighted the effectiveness of the peer mentor scheme. The Panel was aware that a peer mentor scheme was in operation in Sunderland; however the group was not aware of this.
- 9.25 Appropriate aftercare support (support upon leaving custody), greatly increases the likelihood that offenders will not relapse into drug misuse and re-offending. The DIP team provides assessment services within all of the local prisons and offers gate/release pick ups. During the review, the

⁴ The JSNA is used to assess current and future health needs of the local population based on evidence from a wide range of sources.

⁵ The NHS Mandate sets out the responsibilities and expectations of the Health Secretary and the NHS Commissioning Board to ensure the NHS remains fit for purpose and is able to adapt.

Government announced its intention to provide offenders leaving prison with a mentor to meet them at the gate. Notwithstanding the detail needed around who would provide this service and how it would be monitored, the Panel regarded this to as a crucial part of managing the transition from custody to the community for any offender.

Children and Families

- 9.26 Children and families play a significant role in supporting an offender to make the changes to stop re-offending. Relationships can often be broken by offending and families are significantly affected by the offender's behaviour. The Panel was particularly concerned about this issue and, although not part of the review in itself, was continually raised during the evidence gathering for the review and therefore warranted some mention.
- 9.27 The Department for Communities and Local Government (DCLG) estimate there are 120,000 families nationally who have complex issues including unemployment, children not attending school and involvement in crime and anti-social behaviour. These families cost a large amount of money to taxpayers.
- 9.28 The Family Focus Project is Sunderland's name for the project that will deliver the 'Troubled Families' initiative. It will sit beneath the Strengthening Families Agenda. There is an opportunity with this Agenda to pay closer attention to how families are supported to ensure that the effects of offending on children and families are minimised, which should hopefully have a positive impact on reducing reoffending. One of the outcomes of Family Focus is to reduce reoffending by minors by 33%, which will only be achieved if there is a comprehensive approach to working with the families involved.
- 9.29 The Panel agreed that individuals within many of the families identified in Sunderland may at some point receive a custodial sentence, therefore prisons have an opportunity to undertake some specialised work with the women/men and families concerned. Approaches have been made by HMP to all local authorities to highlight this possibility, but responses had been few. The Panel recognised that whilst this may be a good opportunity there may be some difficulties in local authorities jointly funding work by HMP due to the different approaches to tackling this agenda across the region.

Managing the City's most Prolific and Priority Offenders – the Importance of Partnership Working

- 9.30 There appear to be good links with statutory and other agencies within Sunderland and there is an emphasis on effective communication in order to manage the offender journey from custody to the community. The Panel was informed that a significant issue for offenders being released from custody was the time it takes benefits to be paid and was concerned this may indicate a failure in service from custody to the community. Upon further investigation it emerged that the process is initiated prior to release and delays are occurring due to a backlog of general benefit claims, which is out with HMP or probation's control. A lead within the Welfare Rights Team has been identified to progress this and ensure the needs of vulnerable offenders are addressed.

The Reducing Re-Offending Delivery Network has agreed the following actions to address this priority:-

- Raise awareness of welfare reforms amongst operational partners and the impact this may have on offenders
- Provide Tier 1 training to frontline practitioners to support offenders around finance benefit and debt
- Provide advice and information on where to signpost offenders

9.31 Throughout the visit the Governor and his management team emphasised the willingness to work in partnership with the Council and other authorities to improve reoffending rates by further joint working and cooperation.

9.32 The Panel considered the prison officer secondment to the Integrated Offender Management units South of Tyne to be crucial to strengthening the transition arrangements for offenders and fostering joint working. One area in which this could be explored further is the sharing of the personalised work plan with agencies outside of the IOM or Probation, such as supported accommodation or other community providers. HMP emphasised that the SSP can and should work with the worker to develop the tailor the role to meet Sunderland's requirements.

Further Developments

9.33 On 8 November 2012, three days after the Scrutiny Panel visited HMP Northumberland; the Government announced that the prison would be privatised. The current, public sector management were excluded from progressing to the next stage of competition, leaving only two private companies to be considered in the final decision in 2013. The Government judged that the private companies had produced a package of cost reductions, improvements and a 'working prisons' model.

9.34 Having seen first hand the enthusiasm and commitment of the management team and staff at HMP, it was disappointing to learn of this development and the Panel regarded much of the evidence it had gathered and the conclusions it had drawn from the visit, to be uncertain at the present time. It believed that the Safer Sunderland Partnership would have a crucial objective to undertake in developing new relationships with the new management team.

10. PATHWAY 1: TACKLING ACCOMMODATION ISSUES FOR OFFENDERS

10.1 Nationally, around one third of prisoners about to leave prison have no accommodation arranged for their release. Living in settled accommodation helps to restore or continue family ties and can provide the foundation for engagement in services and interventions to meet offenders' often complex needs. Appropriate accommodation is necessary to access education and training, or obtain employment. Research conducted at a regional level concluded that:-

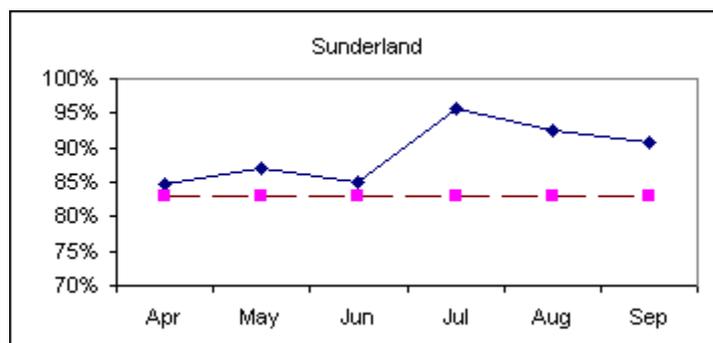
- 14 per cent or 746 people had no settled accommodation on release from a NE prison during 2009/10;

- There are strong links between experiences of homelessness, repeat offending and custodial sentences;
- 16.7 per cent of offenders had a significant problem with the suitability of their accommodation; and
- The age group 25-40 has the highest proportion of offenders and the largest number of people reporting no fixed abode.

10.2 The Breaking the Cycle green paper recognises suitable accommodation for offenders as being critical to rehabilitation and reductions in re-offending. Interestingly, with the exception of setting out the intention to ensure offenders receive appropriate housing assessments and advice, all other commitments to tackle accommodation issues are not designed specifically for offenders; but are aimed tackling homelessness generally, within which accommodation and support for offenders will be picked up.

10.3 Several barriers and gaps to securing stable and suitable accommodation were identified locally by those working with offenders in the city at **Appendix 2**.

10.4 Approximately 90 per cent of offenders, or 450 out of 500 within Sunderland Probation Team’s caseload are determined to have suitable and stable accommodation upon termination of their licence or order.



No. of offenders in stable accommodation in Sunderland

10.5 Offenders on licence or subject to community orders are tracked through mandatory contacts with Probation or other agencies therefore accommodation issues are identified and addressed. If an offender is recalled to custody due to a breach of the conditions of release, or are serving a sentence of less than 12 months; they are released without licence, conditions or restrictions, and are able to live where they choose. Shelter highlighted this type of offender as tending to move in to hostel accommodation on release from custody and re-offending quickly, often leading to the ‘revolving door syndrome’.

10.6 A group of offenders the Panel had the opportunity to speak with at HMP reinforced accommodation as a concern; but it became apparent that many were actually against being housed in a Probation Approved Premises or Supported Accommodation⁶ as part of their licence stating that this would encourage them to reoffend due to a separation from a support network of

⁶ Offenders referred to Approved Premises⁶ and other Supported Accommodation as hostels; however it is important to note these are different to the city’s private hostels or Houses of Multiple Occupancy.

family and friends. There appeared to be a generally negative attitude toward probation staff, and a view that Probation's approach could be unreasonable and varied from offender to offender. This was not surprising to the Panel, given Probation's role in managing the risk of the offender to themselves, their families and the community. Prisoners' views about what would stop them reoffending were in direct opposition to that of those working with them; for example the IOM reported to the Panel that where accommodation was located within the community in which the offending had started they would be much more likely to re-offend.

- 10.7 Prisoners also reported that many reoffend intentionally whilst on licence in the community and are recalled, simply to ensure that once they are released they have no restrictions placed upon them around where they can and cannot live, reinforcing the Panel's earlier concerns about a lack of support and monitoring where there is no licence in place. In November 2012, the Government stated it wanted all but the highest risk prisoners to be in rehabilitation programmes by the end of 2015, regardless of the length of sentence. The Panel noted this with interest as potentially assisting with the gaps in support highlighted by Shelter and others for short sentence offenders or those released without licence.

Hostel Accommodation

- 10.8 The Panel wholly supported the view that the use of the city's private hostels was unsuitable and inappropriate accommodation for offenders who are often also vulnerable people with complex issues. The city has a number of hostels, concentrated in one particular area of the city, which creates problems for residents and businesses in the area of crime and anti-social behaviour. The Council, Northumbria Probation and other agencies no longer refer to these private establishments; however sometimes an offender will have no other option but to seek accommodation in them, which is of concern to those working with them. The IOM reported that the vast majority of clients have 'burned bridges' with family, friends and previous accommodation providers.
- 10.9 The Regional Homelessness Group has commissioned a review into the inappropriate use of accommodation to house those in need across the North East. The Panel noted that the recommendations arising as a result of this should be taken into account when considering how offenders are accommodated.
- 10.10 The Council is also taking steps to reduce the number of private hostels and reduce the associated issues; an example of this is the closure of Camrex House in 2014 with discussions taking place with the owner to agree a transition strategy. The Panel was pleased to note that the issue of individuals from outside of the city being referred into Sunderland's private hostels was improving due to work undertaken regionally to raise awareness of the issues. The city's Housing Strategy is in the process of being developed, with this in mind the needs of vulnerable adults are included, of which offenders are specified as a key group. A Hostel Strategy has been drafted and a sub-group has been formed to support individuals affected by

future hostel closures and ensure a co-ordinated response to safely managing individuals with complex needs.

'Through the Gate'

10.11 The Regional Homelessness Group, comprising of all 12 North East authorities, has been allocated approximately £500,000 of funding from Communities and Local Government to develop services that will reduce single rough sleeping across the region and tackle service users who experience chronic social exclusion.

10.12 The 'Through the Gate' project will aim to:-

- (a) Identify and assess the accommodation and support needs of chronically socially excluded individuals with a history of offending, insecure housing and homelessness;
- (b) Provide tailored support to sustain an individual's tenancy whilst in custody, or complete a closure of the tenancy through liaison with landlords, benefit teams and families;
- (c) Provide tailored support leading up to release to ensure accommodation is accessed and appropriate local support services are engaged (complementing the existing service provided in NE prisons by Shelter);
- (d) Address the broader needs of the individual to prevent future homelessness; and
- (e) Reduce reoffending.

10.13 The Panel deemed this to be a very encouraging development in tackling those very difficult and complex issues around the transition of offenders from custody into the community, streamlining current arrangements and allowing for a more seamless offender journey.

Shared Accommodation Rate

10.14 The Welfare Reform Programme intends to save £18 billion per year by 2014-15 through changes to the benefits system, with the intention of reducing benefit dependency and making work pay. The reforms provide for significant reductions in housing benefit entitlement.

10.15 Single, under-35 year olds with no dependants receive local housing allowance in the form of the shared accommodation rate. This means they are only entitled to enough local housing allowance to cover the average cost of a single room in a shared house in the area. This has implications for homelessness and may hamper efforts to prevent reoffending by securing suitable accommodation. Under Phase 2 of the Reforms, under 25s are likely to have no entitlement to housing benefit. The Panel found that these severe changes compound an already strained financial situation for offenders who usually have little or no savings and do not meet the criteria for the Council's Bond Scheme.

10.16 In Sunderland, the average rent is £70 per week for a two bedroom house. The average market rent is £100-£120 and the affordable rent level (80 per cent of market rate) is £92 per week. Offenders without any identified need

for support are treated no differently to others entitled to housing benefit, which in Sunderland is around £43 per week. The individual will be expected to make up the shortfall in rent themselves or find alternative, cheaper accommodation.

- 10.17 The Panel was reassured that the Council has thus far taken an innovative and proactive approach to assisting residents in mitigating some of the impacts of Welfare Reform generally, but was gravely concerned that the reduction in housing benefit particularly could lead to increases in offending and reoffending. Indeed, the Cyrenians Project reported having seen the impact of the changes to housing benefit to under 35s already and considered this would eventually lead to an increase in the use of Houses of Multiple Occupancy (HMO's), including private hostels, for offenders.

Social Housing Availability for Offenders

- 10.18 A common theme that emerged from evidence gathering, was the difficulties faced by agencies and offenders in securing social housing tenancies. Policies to recognise and reward excellent customers who show that they can uphold all the criteria within a tenancy agreement can effectively exclude offenders with a history of rent arrears, anti-social behaviour of offending, or issues around the upkeep of a property.
- 10.19 There was also a concern that the city's largest social housing providers may decline to work with an ex-offender due to the severity of their offence. Home Group advised that they are required to operate within strict parameters due to an inability to provide the level of support required by some offenders, whilst Gentoo reported that as an organisation it needed to be sure that anybody given a tenancy has the ability or the support in place to manage it successfully.
- 10.20 The Panel appreciated these issues, but believed the lack of available social housing exacerbated the already very difficult issues faced by offenders in accessing stable accommodation.

Increased use of the Private Rented Sector (PRS)

- 10.21 Housing offenders within the PRS is becoming more prevalent in the context of the reduction in supported accommodation beds and a general shortage of social housing. This is compounded by the use of the PRS as a critical element in government housing and homelessness strategies and changes to legislation including the Localism Act 2011, which allows local authorities to discharge the homelessness duty by offering suitable accommodation in the PRS. Unfortunately, this type of accommodation is not without its issues. Private landlords are often averse to housing offenders even where there is a level of support offered in sustaining the tenancy. Finding a private landlord willing to house offenders was reported as the most significant barrier to housing offenders successfully.
- 10.22 The potential benefits to landlords are:

- A high quality assessment of the suitability of the property for the prospective tenant;
- Ability to always fill properties;
- Some upfront payment –rent in advance, bond etc;
- Single point of contact to support landlords and to resolve problems;
- Advantage of knowing background of clients (although this isn't shared with landlords);
- Initial and ongoing support for tenants (in some instances); and
- Expert knowledge and advice provided.

10.23 'Lets Help You' is a web based scheme which allows landlords to display details of empty properties with local housing allowance rent rates. The scheme will be accessible to all private landlords in Sunderland who wish to use it, and there will be a special logo to indicate those landlords who are accredited by the Council. This will allow the Gateway and the Council's Accommodation Worker to have a better understanding of the properties available at any given time. The Panel also noted that the Strategic Tenancy Strategy was currently being developed and this should certainly take account of offenders as a special group.

10.24 The Panel learned that the IOM can and have worked with private landlords to inform them when a individual client is engaged in the scheme and would encourage the landlord to be actively involved in sharing information about a client's behaviour. Often, the level and intensity of support provided by the IOM encourages private landlords to accommodate clients and the IOM are also available to support providers as to the suitability of a client for a tenancy.

10.25 A significant and recurring theme during the Review was the ability of an offender to commence and sustain a tenancy, be that in social housing or the PRS. Moreover, this was highlighted as a major reason for offenders being excluded from social housing and PRS properties. Increased use of floating support, in which an offender lives independently but is supported in managing their tenancy, could provide the necessary reassurance for private landlords and other accommodation providers and encourage them to house people with an offending background.

Tackling Accommodation Issues – the Importance of Partnership Working

10.26 Homeless Link highlights two key areas of best practice as; going beyond organisational boundaries to meet individual need, and effective partnership working.

10.27 The Supported Housing Gateway is a single point of access for a range of agencies including the police, probation, Children's Services, Health, Housing and Adult Services and health services to refer to. Supported accommodation providers are commissioned by the Council to provide accommodation and support for clients and include Gentoo, Norcare, NECA, Stonham, YMCA, Centrepoint and Wearside Women in Need. The Council provides funding of around £2.8m for housing related support to help prevent homelessness and social exclusion.

- 10.28 The Panel found consistently that information sharing between agencies was good and was facilitated in many instances by the Council in its recognition that providers can offer solutions to some of the issues. This was demonstrated in the development of a panel in which providers will play a key role in identifying and addressing difficult cases, making better use of the intelligence available.
- 10.29 Providers were complimentary about the Gateway generally and new opportunities to work together. They highlighted the sharing of support plans to avoid the duplication of multiple assessments when clients move around as a new approach to joint working. The Data Protection Act limits the extent to which some information can be shared, and there are some issues in gaining information from health services; however, by and large Information Sharing Protocols assist services in managing the risks of information sharing.
- 10.30 The IOM reported having access to a worker from the homelessness charity Shelter for one day per fortnight to assist in working with offenders to secure accommodation. The Panel were informed that the IOM does have good links with the Salvation Army but that links with other registered housing providers are not currently present, although the Council's Gateway provides the necessary central point of contact.
- 10.31 HMP Northumberland also works with Shelter to provide specialist prison housing services, including information and advice to prisoners. The Panel was informed that the Council is very proactive in its approach in liaising with Shelter and HMP staff to secure accommodation for prisoners prior to release. The Council aims to secure housing for offenders by encouraging offenders to complete a homelessness application prior to release, considered to be best practice in minimising the risk of newly released offenders being homeless and reducing the likelihood of reoffending.
- 10.32 Partnership working has also led to a collaborative approach to meeting the considerable challenges of reductions in funding. For example, Norcare and other providers have significantly remodelled service delivery in Sunderland to enable continued high level support to its clients whilst working with smaller budgets. This was viewed to be very encouraging given the further reductions to public spending over the next three years.

Support for Women Offenders

- 10.33 The Corston Report (2007) recommended that the accommodation pathway was in urgent need of gender-specific reform. In particular, she suggested more supported accommodation should be provided for women on release to break the cycle of repeat offending and custody. It is important however that women offender's issues as a whole are taken into account as they are fundamentally linked; for example mental health problems and family issues will add to the difficulties of securing or keeping a tenancy.
- 10.34 The picture of support for women offenders in Sunderland largely mirrors the more general national picture; it is identified as a key issue for the Council and Northumbria Probation Trust as part of the Safer Sunderland Partnership's Reducing Re-Offending Delivery Network.

- 10.35 In October 2012, over a third of offenders (34.5 per cent) on Northumbria Probation Trust's Sunderland Local Delivery Unit caseload were women. Of these, a third (32.6 per cent) had an identified accommodation need and the vast majority also had one or more other issues, such as mental health, drug/alcohol dependency or be a victim of domestic violence.
- 10.36 Northumbria Probation Trust have developed a Project Group to identify and work with those women who offend or are at risk of offending. Premises at St Mary's Church in the city centre have been identified to host a Community Hub or 'one stop shop' for women. Resource has been identified for one year for the Hub which will be staffed by Probation but will also involve input from partner organisations, thus ensuring its sustainability going forward. Support will include accommodation advice, as well as debit and finance advice, addressing substance misuse issues, relationship issues, and education training and employment.
- 10.37 All agencies involved in the Panel's review highlighted the difficulties in finding suitable accommodation for its female clients due to there being no provision in Sunderland for women. This was reported as a significant factor in the failure to rehabilitate female offenders with drug or alcohol dependency. The Women outside Walls (WoW) (**Appendix 1**) project is making progress in working with female offenders in the city to successfully house them, but this is limited by the available provision. Following the evidence gathering considering accommodation issues for women the Panel were informed that the Salvation Army is aiming to provide a women only wing. The Panel were pleased that this was being considered and a demonstration of providers working differently to maximise the available resource.
- 10.38 Current housing related support provision ends in March 2014. Throughout 2013 the Council will be reconsidering its future commissioning intentions and considering where there are gaps and how better use of the accommodation that is already available might be made. The Council, via the Gateway, is currently gathering intelligence to support this. The Panel considered that in the context of there being a lack of capital available to build anything new, future commissioning and working innovatively to change levels of provision for women, and offenders in general, was key to making progress in this area.

Support for Veterans

- 10.39 The exact number of former Service personnel in prison in England and Wales is at present unknown. Despite a number of attempts to produce a reliable figure, the most accurate figure asserts that 3.5 per cent of all those currently in custody in England and Wales had served in the Forces.
- 10.40 According to research veteran offenders largely fall within the following groups:-
- Those who have experienced traumatic and difficult lives during childhood or adolescence and had witnessed or suffered extreme violence, problems with drugs or alcohol prior to enlisting;

- Those who experience difficulties arising in military service, sometimes the reason for discharge, such as mental health or physical injury; and
 - Those who experience post-Forces problems and had difficulty in adjusting to civilian life due to a lack of life skills, which may have contributed to, or been exacerbated by, family or relationship breakdown. It is suggested that veterans may sometimes feel more comfortable in a custodial setting as it is similar to the highly structured routines of the army.
- 10.41 Three factors are prevalent in the majority of offending by veterans; social isolation and exclusion, alcohol, and financial problems.
- 10.42 In October 2012, there were 27 veteran offenders out of a total 524 (5.1 per cent) on Northumbria Probation Trust's Sunderland Local Delivery Unit caseload, however this is very likely to be an under-reporting. Of these only 4 (14.8 per cent) were identified as having an accommodation need, which can be viewed positively. More starkly, 22 (81 per cent) had an identified alcohol need, which could jeopardise a stable tenancy.
- 10.43 The Panel found that the identification of veteran offenders has only taken place in the last 12 months and the agenda is relatively new. Northumbria Probation Trust has a Veteran's Champion within each of its Local Delivery Units who meet regularly to share information and progress. Sunderland's Veteran's Champion is ex-armed forces himself and sits on the Sunderland Armed Forces Network.
- 10.44 Sunderland's Armed Forces Network (SAFN) was set up by Veterans to bring together local and national statutory bodies, agencies, and charities who are involved in delivering welfare and support for armed forces personnel, Veterans and their families. The Panel were informed that the SAFN network meetings do provide a useful opportunity for support providers to exchange information and believed it vital that the momentum of this agenda be maintained and the meetings be well attended by key representatives working with offenders to address accommodation for offenders.
- 10.45 The Panel were informed that the Newcastle Veteran's Centre is an example of a targeted supported accommodation project which is demonstrating positive outcomes. The Centre has been open for two years and is purposely small, housing up to five residents to blend in with and become part of the local community. The Centre also has Outreach Programmes in Durham Prison and Byker Community Centre and works alongside the Veterans in Custody Support Officers in Durham Prison and Kirk Levington in order to secure engagement before release to reduce the risk that an offender goes 'underground'. The Centre also has a Family Liaison Officer who helps veterans build bridges with families.
- 10.46 The Panel agreed with the findings within a review undertaken by the Joint Health Overview and Scrutiny Committee of North East Local Authorities in 2011 which concluded that the presence of veterans in the criminal justice system was a 'thorny' issue and supported the recommendation that local authorities should work closely with ex-service charities and other agencies to join up services for veterans but regarded that this should be extended to the Safer Sunderland Partnership.

10.47 The Panel highlighted the forthcoming redundancies in the forces and the significant effect this may have upon Sunderland, given that the city has traditionally been a high recruiting area for the armed forces. It was advised that this issue has already been recognised and Norcare and other ex-service charities are working closely with local authorities to analyse the figures of resettlement in the North East and the impact that is likely to have on services going forward. In addition, the Safer Sunderland Partnership are aware of the potential increase in the amount of veterans coming into the area and are putting plans in place to deal with this increase on the demand for health services.

11. CONCLUSIONS

11.1 The Scrutiny Panel have made a number of conclusions based on the evidence gathered throughout the review:-

- (a) By reducing re-offending the social and economic costs to society are reduced. In Sunderland, partners are committed to reducing reoffending and there are a range of services and initiatives in place to address this, however levels of reoffending remain higher than other areas of the country, attributed in part to social and economic factors;
- (b) Major reform including the Health and Social Care Act 2012 and the Police Reform and Social Responsibility Act 2011 provide an opportunity for further local joint working to tackle the health needs of offenders, whom often experience greater health inequalities than the general population. The Safer Sunderland Partnership has begun to link with the Health and Wellbeing Board and the newly elected Police and Crime Commissioner; however it is evident that these links will require further embedding;
- (c) There appear to be robust links between statutory agencies and those in the voluntary and community sector, and good examples of joint working producing positive outcomes for offenders. A key development in this regard is the recruitment of the prison officer to the IOM teams South of the Tyne. This will enhance the provision already in place from Durham HMP and will provide an important opportunity to improve the transition of offenders between custody and the community by reducing the barriers to information sharing and developing those essential links with wider community provision;
- (d) In light of the national changes to the prison service, it will be vital that the partnership ethos between the Safer Sunderland Partnership and HMP North East prisons is developed and maintained, and the transition from custody to the community continues to be a priority. This is particularly relevant in regard to HMP Northumberland when a private provider takes over the management of the prison in 2013.
- (e) Stable and secure accommodation is a basic human right, without which other complex needs cannot begin to be addressed. The Council is effectively utilising its Accommodation Worker to work proactively with offenders prior to and upon release to secure accommodation, however a lack of supported accommodation, social housing and difficulties securing PRS accommodation

for offenders is a concern. In the context of shortages of funding and likely further budget reductions for the Council and partners, future commissioning and new and innovative ways of working are crucial to improving the accommodation offer for offenders. Future commissioning in this regard must reflect the needs of offenders, but take particular account of women offenders if this significant concern is to be addressed. Furthermore, the Council's key policies and strategies to address housing need should give specific consideration to the accommodation needs of offenders.

- (f) The Sunderland Armed Forces Network (SAFN) is considered to be an important mechanism to facilitate information sharing and joint working between statutory and non statutory agencies to address the needs of offenders generally. It is therefore vital that the attendance of those partners on the Safer Sunderland Partnership is maintained and that the SSP works with ex-service charities and other agencies to improve services for veterans who offend.

12. RECOMMENDATIONS

- 12.1 The Scrutiny Panel has taken evidence from a variety of sources to assist in the formulation of a balanced range of recommendations. The Committee's key recommendations to the Cabinet are as outlined below:-
 - (a) That the Council identifies ways in which existing housing related support can be better utilised, and that the intelligence currently being gathered through the Council's Gateway informs housing related support commissioning intentions in 2014, specifically taking account of accommodation issues for offenders and particularly women offender;
 - (b) That key policies in relation to housing, including the Housing Strategy, the Strategic Tenancy Policy and the Hostel Strategy have a specific focus on the accommodation needs of offenders informed by intelligence;
 - (c) That the Council works with the city's private landlords to meet the accommodation needs of offenders;
 - (d) That the Safer Sunderland Partnership develops the appropriate channels and mechanisms to strengthen and embed its influencing role with the:-
 - (i) Health and Wellbeing Board; and
 - (ii) Clinical Commissioning Group;
 - (e) That the Safer Sunderland Partnership improves the transition from custody to the community by:-
 - (i) Ensuring effective relationships with all prisons in the NE;
 - (ii) Utilising the IOM Prison Officer roles of Durham and HMP Northumberland, to improve information sharing and links with community provision; and
 - (iii) Improving accommodation outcomes for offenders through the 'Through the Gate' project;

- (f) That the Safer Sunderland Partnership and the Council seek to improve outcomes for women offenders, in particular accommodation and accommodation related support; and
- (g) That the Safer Sunderland Partnership and the Council ensures it fully understands the needs of current and future veteran offenders by engaging with relevant bodies and organisations.

13. ACKNOWLEDGEMENTS

13.1 The Scrutiny Panel is grateful to all those who have presented evidence during the course of our review. We would like to place on record our appreciation, in particular of the willingness and co-operation we have received from the below named:-

- Susan Kellie, NHS South of Tyne and Wear;
- Alan Caddick, Sunderland City Council;
- Peter J Smith, Sunderland City Council;
- Marnie Burden, Sunderland City Council;
- Alison Minniss, Sunderland City Council;
- Tyler Moore, Gentoo;
- Michelle Meldrum, Gentoo;
- Maureen Plunkett, Home Group;
- Maureen McKenna, Approved Premises - Northumbria Probation Trust;
- Andrea Kent, BASS – Stonham Housing;
- Tracy Guy, Shelter North East;
- Nikki Wheeler, Norcare;
- Helen Aitchison, ACE Project - Cyrenians;
- Lisa Boyzak WoW Project – Cyrenians;
- Mary Stratford and team, Integrated Offender Management (IOM);
- Colin and Paul, IOM Clients;
- Matt Spence, team and prisoners, HMP Northumberland;
- NEPACS, HMP Northumberland;
- Graham Hall, Sunderland Armed Forces Network;
- Maureen Gavin, Northumbria Probation Trust; and
- Phil Thompson, Norcare.

14. BACKGROUND PAPERS

14.1 The following background papers were consulted or referred to in the preparation of this report:

	Document	Location
A	Panel Agenda 5 July 2012	Available
B	Panel Agenda and Reports 19 July 2012	Available
C	Panel Agenda and Reports 10 September 2012	Available
D	Panel Agenda and Reports 20 September 2012	Available
E	Integrated Offender Management Unit Site Visit 24 October 2012	Available

F	Panel Notes from Site Visit 5 November 2012	Available
G	Panel Agenda and Reports 12 November 2012	Available
H	Sunderland Strategy (2008-2025)	www.sunderland.gov.uk
I	Breaking the Cycle: Effective Punishment, Rehabilitation and Sentencing of Offenders (Ministry of Justice 2010)	http://www.justice.gov.uk/consultations/consultation-040311
J	Legal Aid, Sentencing and Punishment of Offenders Act 2012	www.legislation.gov.uk
K	Improving Housing Outcomes for Offenders in the North East – Report for North East Reducing Re-offending Partnership Board (2011)	http://www.vonne.org.uk/policy/policy_article.php?id=1754
L	Housing Offenders in the North East: A Good Practice Guide (2011)	http://www.vonne.org.uk/policy/policy_article.php?id=1754
M	Safer Sunderland Partnership Single Delivery Plan – Reducing Re-offending Delivery Network Priorities 2012/13	Available
N	Shelter Private Rented Sector Toolkit	http://www.privaterentedsector.org.uk/publicity-and-promotion.asp
O	Regional Review of the Health Needs of the Ex-Service Community – Joint Health Overview and Scrutiny Committee of North East Local Authorities (2011)	Available on CMIS
P	Specification for Through the Gate Service – Middlesbrough Council (2012)	Available
Q	BBC News: Prison Gates Mentor Plan for released Inmates	http://www.bbc.co.uk/news/uk-20399401
R	Health and Wellbeing Boards and Criminal Justice System Agencies: Building Effective Engagement (NHS Confederation, 2012)	http://www.nhsconfed.org/Publications/Documents/criminal-justice-system-agencies.pdf
S	Better Together: Preventing Reoffending and Homelessness (Homeless Link, 2011)	http://homeless.org.uk/criminal-justice-project
T	The Mandate: A mandate from the Government to the NHS Commissioning Board: April 2013 to March 2015 (Department of Health, 2012)	www.dh.gov.uk

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Appendix 1 – Attendance at a Roundtable Discussion held by the Panel, 20 September 2012

The following organisations were in attendance at the Panel Meeting:-

(1) Northumbria Probation Service – Approved Premises, Sunderland

Approved Premises provide structured, supervised, temporary accommodation for offenders who would in any case be living in the community. They provide an enhanced level of supervision that might not otherwise be possible. Staff work closely with probation officers and other agencies including the police, prison service and the community to rehabilitate and successfully resettle offenders in the community. Each resident is allocated a key worker who undertakes an initial assessment and induction, followed by an individually tailored, programme of work. This includes work to address offending behaviour, recognise the impact of offending on victims and members of the community, acquire basic skills to change lifestyles, boost employment opportunities and address accommodation needs.

The approved premises, located in the Pennywell area operate to stringent standards in accordance with Ministry of Justice requirements including enforced rules of residence which contribute to their smooth running and to protecting the public. Offenders who do not comply will receive a warning and can be returned to prison or court. Rules of residence include: a night time curfew (from 11pm) which is rigorously monitored; a total ban on alcohol and solvents, as well as illegal drugs; room searches - staff check offenders rooms weekly at random; behaviour contracts – individually tailored contracts for each offender; and payment of rent.

(2) Norcare

Norcare is a North East charity that works with and supports people aged 16 and over who are homeless and socially or economically excluded, including offenders. Norcare provide supported accommodation; help people to find the right kind of home; address any issues they may be facing; and develop the confidence and skills clients need to lead independent lives.

Norcare uses a framework of seven pathways to structure the support it provides, adopted from the National Offender Management Service (NOMS). These are:-

- Living and accommodation
- Learning and work
- Health
- Substance misuse
- Managing money
- Relationships and communities
- Attitudes, behaviours and empowerment

In Sunderland Norcare operates two projects :-

- ***Toward Road Accommodation Project***

Toward Road is made up of seven self-contained flats within shared accommodation, and 11 one-bedroom properties in temporary accommodation. Properties are all situated within the Wearside area. It supports clients aged 16 and over who are ex-offenders or at risk of offending. Referrals are accepted from all statutory and voluntary agencies particularly the Probation Service, as well as directly from individual applicants. It works with all clients to develop a support programme lasting between six and 24 months - providing personalised support and advice and helping the client access education, health and wellbeing support, and counselling services.

- ***Wearside Tenancy Support Project***

This scheme covers the Wearside area and helps up to 26 people aged 16 years and over who have a history of offending or are at risk of offending. Support is provided to enable individuals to gain and/or maintain their own tenancy. Referrals are received from the Probation Service, the Council, housing providers and directly from individual applicants. Clients are given a support programme lasting between six and 24 months - providing personalised support and advice and helping the client access education, health and wellbeing support, and counselling services.

(3) Stonham Housing (part of Home Group) – Bail Accommodation and Support Service (BASS)

BASS provides accommodation and support services to people who would normally be living in the community on bail or Home Detention Curfew (HDC) but do not otherwise have a suitable address. They have been bailed by the courts or released from prison, initially on an electronic tag, having served a prison sentence. The overall aim of the service is to reduce unnecessary loss of liberty and its negative impacts on family life, employment and housing, and to deter people from re-offending.

Stonham provides accommodation for the period of a person's bail or HDC license. The number of properties nationally is small with around 200 across England and Wales and there is currently only one property in the Sunderland area. The houses are furnished and typically are for two to three sharing. Each person has their own bedroom and shares the communal space, and has normal household responsibilities whilst residing there. Some properties are for single occupancy and others for a parent who can be united with dependent children. All occupants are liable for rent and charges under the terms of their Accommodation License Agreement.

Support Officers visit regularly to effectively manage each property, provide support to each individual and monitor adherence to their bail conditions or HDC licence. Failure to comply with these conditions is acted upon. The support officer will also help each individual to find more stable accommodation to move on to. BASS does not provide accommodation to anyone who has a conviction, caution, a current allegation of or are under police bail for any sexual offences.

(4) The Cyrenians – Adults Facing Chronic Exclusion (ACE) Project

Funded through the Homeless Transition Fund, a Department for Communities and Local Government programme administered by Homeless Link, this project develops a personalised approach to help rough sleepers and those at risk of rough sleeping into sustainable accommodation. The Cyrenians received approximately £250k, for a two year project.

The project employs individuals who have direct experience of rough sleeping to provide peer support to homeless people to access services, typically accompanying them to appointments to ensure this happens. Three case workers typically have a caseload of six to eight clients at any one time. The group of clients ACE targets differ in age, gender, ethnicity and background but have a multitude of needs in common in addition to homelessness. These can include offending, substance addictions and physical and mental health problems.

Assertive outreach workers locate and engage with homeless individuals at street level, within complimentary day services and supported accommodation throughout the city.

(5) Bernicia - Ashkirk Homeless Household Project

This project aims to support clients to develop skills and confidence that will help them secure and maintain long term accommodation. Ashkirk is an accommodation based support service providing practical housing related supported and advice to families who are homeless. Each household is provided with a tailored support package and action plan that specifically addresses the needs of the family. New clients may move into one of the core properties and may, subject to progress, move on to a satellite unit as a stepping stone to achieve independent living.

The project is open to families who are homeless or threatened with homelessness and who have housing related support needs. The service is in demand, and so a waiting list is operated and places are allocated in order of priority need.

Referrals to the project are received by a variety of agencies including Children's Services, the police, Probation or health services. Referrals are processed through the Council's Supported Accommodation Gateway.

(6) Shelter

Shelter is a charity that works to alleviate the distress caused by homelessness and poor quality housing. It provides advice, information and advocacy to people in housing need, and campaigns for change to improve housing issues.

It works within HMP Durham, HMP Holme House, HMP/YOI Low Newton, HMP Northumberland and HMYOI Deebolt. Within each prison staff are based on site delivering housing and debt advice to prisoners. This would typically be about homelessness, tenancy sustainment and tenancy termination, prisoners would be seen face to face and offered legal advice and advocacy to resolve their issues and where homeless work with the prisoner to try to secure accommodation upon

release. Debt advice is split into priority debt where a person can receive a custodial sentence and non priority debt.

Shelter also works with probation clients within the Northumbria Probation Trust area to provide housing advice and secure accommodation for offenders with low level support. It currently operates within four Approved Premises (two in Newcastle, one Gateshead, one Sunderland) and three Integrated Offender Management Teams (Sunderland, South Tyneside and Gateshead). Both contracts involve extensive partnership working with probation and prison staff, local authority's and other statutory and voluntary organisations to reach the best possible outcome for the client.

(7) Gentoo

Gentoo deliver a number of specialist services in relation to supported accommodation, community safety and safeguarding. Some of these services include:-

- ***Allocations' System***

Gentoo's current allocations system includes a direct allocation element which can be used to re-house customers in exceptional circumstances. Gentoo are leading a pilot scheme whereby ex-offenders who are deemed by all key partners to be ready to successfully manage a tenancy, are considered for direct allocation. Other partners involved in the scheme are the City Council, Probation and Youth Offending Service.

- ***Positive Engagement Service***

This service supports perpetrators of anti-social behaviour (ASB) in an attempt to address the root cause of the ASB and prevent re-offending.

- ***Safeguarding Service***

Gentoo have a specialist safeguarding team to ensure all referrals from staff relating to vulnerable children, young people and adults are dealt with in the most appropriate way.

- ***Drug and Alcohol Support***

Gentoo employ a support officer to work with customers who specifically have drug and/or alcohol problems.

- ***Supported Accommodation***

Holmewood

Based in the City Centre, Holmewood provides supported accommodation to clients aged between 16 and 21 who are homeless. Primary referrals are made by SCC Gateway. The service is staffed 24 hours per day, 365 day per year and accommodates 6 female and 6 male clients at any one time. Between January

2012 and August 2012, 15 referrals were made, of which 6 had a history of offending. All referrals were accepted by the team.

STEPS

'STEPS' is Gentoo's floating support service to young people between the ages of 16-25 who require support to sustain their tenancies. There are 29 self contained flats owned by Gentoo (Core Properties) and 90 supported tenancies (cross tenure). Between January 2012 and August 2012 a total of 80 referrals were made into the service of which 10 had a history of offending. Again, all referrals were accepted into the service.

Managing Agents

Gentoo provide 169 units to a range of support agencies to use as temporary accommodation for their service users which include ex-offenders.

(8) Home Group

Home Group is a social enterprise, providing affordable rented homes and supported housing for people in the UK. Home manages 55,000 homes and provides support and services to more than 120,000 people every year. Home has 1468 properties in the city, with around 900 in Plains Farm. It also has properties in Grindon, Ryhope, Hylton Lane, Ford and the Coalfields area.

Home operates within the local communities in which it has properties in Sunderland. As well as an office based in the area, with staff on hand and available for tenants, it also has an anti-social behaviour team which works closely with the Police, the Probation Service and other agencies to reduce crime and anti-social behaviour and to assess prospective clients' suitability for a tenancy within that community.

Home faces a number of challenges and opportunities in light of the recession and current and future policy and legislation changes, including welfare reform. It is therefore focusing on the needs and desires of customers and clients with choice and 'personalised' services being paramount.

Appendix 2 – Local Accommodation Barriers and Gaps

Issue	Accommodation Barriers/Gaps
Prison Leavers	<ul style="list-style-type: none"> Prisoners rely on Hostel/Supported Accommodation as Private Landlord tenancies cannot be secured in time; Hostels do not like to pre-book bed spaces, so a vacancy can not be guaranteed until day before release; and Private landlords are reluctant to accept anyone coming straight out of prison and asking for background checks and disclosures.
Housing Benefit Changes & Finance	<ul style="list-style-type: none"> The Shared Room Rate for under 35's makes it very difficult to access suitable accommodation; and Some offenders have little or no savings to secure a tenancy and do not hit the criteria for a Paper Bond.
Registered Provider (Housing Associations) and Shared accommodation	<ul style="list-style-type: none"> Often shared accommodation available is unsuitable due to other residents and the area; and Some adult offenders (age under 35) refuse to reside in shared accommodation; however their offence history usually triggers an automatic ban when trying to access Registered Provider properties.
Hostel provision	<ul style="list-style-type: none"> Currently there is only one suitable Adult Supported Accommodation in Sunderland (Salvation Army). If a person is refused a vacancy there, they have to rely on Private Hostels to provide accommodation.
Supported Accommodation	<ul style="list-style-type: none"> Interviews for Supported Accommodation (out of area) take months to obtain; There is a lack of specialised Supported Accommodation for adult females; Supported Housing Providers are often particularly strict about allowing a person to apply again-not taking into account progress they have made (hopefully the Gateway will improve this problem); and The Offender may refuse to consider out-of-area hostel placements when all options have been exhausted in Sunderland.
Mental Health	<ul style="list-style-type: none"> Finding accommodation for people with significant mental health needs can be challenging; Landlords may not be tolerant of particular behaviours relating to their mental health, and may consider them to be too high risk despite extensive support being offered.
Offenders with 'high risk' offences	<ul style="list-style-type: none"> There is real difficulty finding accommodation for people with high risk offences i.e.; Arson, Sex Offences, Violent offences etc; and There is often a lack of suitable intensive support out in the community for those who may get housed and remain chaotic.

Landlords	<ul style="list-style-type: none"> • Landlords research potential applicants via internet sites, resulting in immediate exclusions
Issue	Personal Barrier
Substance Use	<ul style="list-style-type: none"> • Returning to drug/alcohol use immediately on release from prison; and • Not addressing drug use within the prison and being released on high levels of methadone.
Finance	<ul style="list-style-type: none"> • Not budgeting prison discharge grant well, and spending it immediately upon release; • 'Starting from scratch'-being released with very few belongings. Having to start again and save for furniture, clothing etc; • Benefits taking a long time to come through-lack of income leads to re-offending; • Leaving numerous addresses with rent arrears; and • Failing to address arrears which prevents them from being able to reapply for housing.
Behaviour	<ul style="list-style-type: none"> • Behaviour within Supported Accommodation. Poor behaviour leads to a cycle of evictions from various establishments; • 'Sofa Surfing' between friends as exhausted all other accommodation options available to them; and • Immediate return to known associates/peers.

Responsive Services and Customer Care Scrutiny Panel
Reducing Reoffending: Policy Review recommendations 2012/13

Ref	Recommendation	Action	Owner	Due Date	Progress Commentary
(a)	That the Council identifies ways in which existing housing related support can be better utilised, and that the intelligence currently being gathered through the Council's Gateway informs housing related support commissioning intentions in 2014, specifically taking account of accommodation issues for offenders and particularly women offender.	Ongoing monitoring of the Gateway outcomes to inform the commissioning intentions of the Council for the re – commissioning of Housing Related Support services in 2014.	HHAS Head of Strategic Housing / HHAS Lead Commissioner	April 2014	Since April 2012 the introduction of the Gateway process for accessing Supported Accommodation has resulted in an improvement in the quality of need information being gathered. This continues on a quarterly basis and is assisting the development of clear commissioning intentions. Quarter 3 figures are currently being reviewed.
(b)	That key policies in relation to housing, including the Housing Strategy, the Strategic Tenancy Policy and the Hostel Strategy have a specific focus on the accommodation needs of offenders informed by intelligence.	The accommodation needs of offenders have been included within the Hostel Strategy action plan informed by intelligence gathered from the Partnership Strategic Intelligence Assessment (PSIA). This work will continue to be overseen by the Hostel Strategy Working Group with particular focus on Camrex House and the Norfolk Hotel.	P&N, Safer Communities Officer	On-going	A multi-agency group is meeting on the 17 th of January 2013 to develop a closure strategy for managing down Camrex House and finding alternative accommodation for vulnerable residents including offenders. It is anticipated the hostel will close in early 2014.
		The City Housing Strategy will capture the needs of vulnerable groups including offenders.	P&N, Safer Communities Officer	July 2013	A meeting has been convened for the end of January to progress the vulnerable people section of the Housing Strategy.

(c)	<p>That the Council works with the city's private landlords to meet the accommodation needs of offenders.</p>	<p>Build on existing relationships with Private Landlords to enhance the private rented offer for offenders specifically by –</p> <ul style="list-style-type: none"> • Presenting the need to the Private Landlord Forum to try and engage with a small number of landlords to develop an approach. • Work in partnership with all relevant parties to develop an agreed application process to minimise risk • Pilot a number of tenancies to build confidence in this new approach. 	<p>HHAS Access to Housing Manager / Offender Accommodation Officer</p>	<p>April 2014</p>	
(d)	<p>That the Safer Sunderland Partnership develops the appropriate channels and mechanisms to strengthen and embed its influencing role with the:-</p> <p>(i) Health and Wellbeing Board; and (ii) Clinical Commissioning Group;</p>	<p>The membership of the Health and Well-Being Board includes The Leader of the Council who is also a member of the Safer Sunderland Partnership. Links are to be strengthened over the coming months to ensure the correlation between crime and disorder and health are considered within relevant policies and strategies.</p> <p>The SSP will engage with the Joint Commissioning Group to identify the most effective ways to build relationships with CCG's.</p>	<p>P&N, Lead Policy Officer, Community Safety</p> <p>P&N, Lead Policy Officer, Community Safety</p>	<p>June 2013</p> <p>February 2013</p>	<p>The SSP Responsible Authorities Group is providing a response to the Health and Well-Being Strategy at the end of January 2013 to ensure the health needs of offenders are included within the strategies main objectives.</p>

(e)	That the Safer Sunderland Partnership improves the transition from custody to the community by:-				
	(i) Ensuring effective relationships with all prisons in the NE.	The SSP will continue to work with ANEC & NOMS on improving the relationship between the local authority and NE prisons identifying gaps in delivery.	P&N, Safer Communities Officer	June 2013	The SSP and HMP Durham are currently working together on a joint venture to improve the employment, education and training transition for offenders on release. The Family Focus Project has developed links with NE Prisons.
	(ii) Utilising the IOM Prison Officer roles of Durham and HMP Northumberland, to improve information sharing and links with community provision.	Meeting to be arranged with both IOM Prison Officer Links to develop an improved information sharing pathway.	P&N, Safer Communities Officer, HMP Durham, HMP Northumberland	February 2013	
	(iii) Improving accommodation outcomes for offenders through the 'Through the Gate' project.	Sunderland to nominate a rep for the Through the Gate steering group to ensure the needs & views of Sunderland are fully represented. To establish clear operational procedures between Through the Gate and the Access to Housing Team to enable the most successful outcomes for offenders returning to Sunderland.	HHAS Access to Housing Manager / Offender Accommodation Officer	July 2013	Meetings have taken place in early January with Through the Gate to agree the procedures for working with the Access to Housing Team. These will be embedded in the coming month by liaison between Through the Gate and the Access to Housing Offender Accommodation Officer. The offer of a Sunderland representative becoming a part of the Through the Gate Steering group has been made and is currently being considered.

(f)	That the Safer Sunderland Partnership and the Council seek to improve outcomes for women offenders, in particular accommodation and accommodation related support.	The needs of women Offenders will continue to be addressed as part of the Women Offenders Sub-group Led by Probation and overseen by the Reducing Re-Offending Delivery Network.	Probation, Director of Offender Management	July 2013	
(g)	That the Safer Sunderland Partnership and the Council ensures it fully understands the needs of current and future veteran offenders by engaging with relevant bodies and organisations.	SSP to strengthen links with the HHAS Veterans Champion to identify any issues regarding offenders.	P&N, Safer Communities Officer, HHAS Head of Strategic Housing	August 2013	

**City Services Scrutiny Panel
Spotlight Policy Review 2012 – 2013**

Tell Us Once For Bereavement Service

Final Report

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1 Foreword from the Scrutiny Lead Member for City Services

It gives me great pleasure to be able to introduce the City Services Scrutiny Panel's first spotlight policy review into the operation of the Tell Us Once for Bereavement Service in Sunderland.

At the start of the year, when the Scrutiny Committee was considering the range of issues it wished to examine, the Panel was asked to undertake a brief spotlight review into the operation of the Tell Us Once for Bereavement Service in Sunderland.



The Panel's review has therefore looked into the background to the introduction of the TUO service at a national and local level, together with its operation and implementation in Sunderland. We have examined how far the service is delivering the anticipated benefits and how far it is contributing to the Council's efficiency agenda. This has involved finding out more about what customers and our partners think of the service and any areas we feel could be developed and improved.

As a result of our review, we have found that the introduction and operation of the Tell Us Once Services in Sunderland has been a great success and has clearly enhanced the customer experience when registering a birth or death.

However, the Panel's report does include a number of recommendations which we hope will help to build on this success.

For example, we consider that while the level of take up has been good to date, the Council should continue to look at new and innovative ways to promote the existence and potential benefits of the service to local residents and that the level of take up rates should continue to be closely monitored. We also consider that the Council should continue to work closely with the Department of Work and Pensions at a national level to ensure the TUO service, systems and databases continue to evolve and improve.

We also consider that there is scope for the Council to look at ways of building on the principles of the Tell Us Once Service, transferring any 'lessons learnt' or best practice to other service areas.

In conclusion, I would like to thank my colleagues on the City Services Scrutiny Panel and all of the officers and staff involved for their hard work during the course of the review and thank them for their valuable contribution.

Councillor Stephen Bonallie, Lead Member for City Services

2 INTRODUCTION

- 2.1 On 7 June 2012, the Scrutiny Committee requested that the City Services Scrutiny Panel undertake a brief spotlight review into the operation of the Tell Us Once Service in Sunderland. This issue was highlighted as a policy review topic during the Council's Annual Scrutiny Conference 2012.

3 AIM OF THE REVIEW

- 3.1 To examine and evaluate the operation of the Tell Us Once for Bereavement service from a customer perspective.

4 TERMS OF REFERENCE

- 4.1 The Panel agreed the following terms of reference for the review:-
- (a) to examine the background to the introduction of the TUO service at a national and local level;
 - (b) to review the operation and implementation of TUO in Sunderland and consider how far it is delivering the anticipated benefits and contributing to the efficiency agenda;
 - (c) to consider whether there are any other areas of the Council's operation where the principles of the TUO system could be adopted for the benefit of the Council and people receiving services.

5 MEMBERSHIP OF THE PANEL

- 5.1 The membership of the City Services Scrutiny Panel consisted of Councillors Stephen Bonallie (Lead Member), Michael Essl, Stephen Foster, Neville Padgett, Stuart Porthouse, Katheryn Rolph, Lynda Scanlan, Peter Wood.

6 METHODS OF INVESTIGATION

- 6.1 The following methods of investigation were used for the review:
- (a) Desktop Research
 - (b) Use of secondary research e.g. surveys and questionnaires;
 - (c) Evidence from relevant Council officers and key stakeholders;
 - (d) Site visits including viewing at first hand the appointment booking process of the service at the Moorside Contact Centre and the Court and Offices of District Coroner.

7 FINDINGS OF THE REVIEW

Findings relate to the main themes raised during the Panel's investigations and evidence gathering.

7.1 Tell Us Once Service - Background

- 7.1.1 The Tell Us Once (TUO) programme is a cross-government programme hosted by the Department for Work and Pensions (DWP). It has been developed to provide a service whereby customers only need to inform a local authority **once** of a change in their circumstances, such as a birth or a death. Following this initial contact the information is shared with various government departments and local authority services.
- 7.1.2 The programme is designed to tackle the issue of people being required to report a change in their circumstances to a large number of government departments and organisations – often at a time when they are most vulnerable such as during bereavement.
- 7.1.3 Indeed, it has been estimated that people have to make on average to 44 contacts when reporting a death to government bodies and their local authority.
- 7.1.4 From the Governments perspective, as well as cutting unnecessary bureaucracy and red tape, the TUO system has a number of other potential benefits:-
- Customers receive faster, cheaper and easier access to government services leading to improved satisfaction and reduced avoidable contact;
 - Local Government benefits from improved use of resources, reduced fraud, reduced write-offs and overpayments and reduced administrative costs;
 - Central Government benefits from easier verification, reduction in error, duplication and fraud and quicker processing times;
 - Frontline staff can enjoy improved job satisfaction from delivering a personalised service that makes a real difference.
- 7.1.5 It should be emphasised that participation in the TUO service is entirely voluntary.

7.2 Tell Us Once Service - Local Context

Introduction of TUO in Sunderland

- 7.2.1 In November 2010, Sunderland City Council was one of a handful of local authorities chosen by the Department for Work and Pensions to become a Pathfinder Authority to their TUO service for Births. The Council was also subsequently chosen to be one of the first in the

country to introduce TUO for Bereavement in October 2011.

- 7.2.2 There are around 3000 deaths recorded in Sunderland per annum and around 3000 births.

How the System Operates in Practice

- 7.2.3 The operation of TUO is relatively straightforward. Customers are able to use the service in person when visiting the Registration Service in Sunderland for a birth or death registration appointment. In these circumstances, TUO is delivered face to face to the customer by the Registrar.

- 7.2.4 It is also possible for customers to take up TUO for Bereavement by using the DWP telephony service following their death registration appointment. The DWP have a dedicated team and contact telephone number relating to this service.

- 7.2.5 Finally, from April 2012 customers are also able to take up TUO for Bereavement online by using a dedicated DirectGov webpage, and again once the death has been registered.

- 7.2.6 The TUO Birth service migrated onto the new DWP Change Reporting System in September 2011 enabling Registrars to continue to offer TUO but with a more streamlined ICT application. This is a secure internet site which ensures the integrity of the information collected by the Registrar during TUO.

- 7.2.7 The following organisations are informed of a birth, following customer participation in TUO Birth:-

- Department for Work and Pensions
- Jobcentre Plus
- Housing and Council Tax Benefits
- Council Tax
- Library Services
- Children's Services (Family Information Service)
- HMRC – Child Benefit

- 7.2.8 In the case of a death, the following organisations are informed:-

- Department for Work and Pensions
- War Pensions Scheme
- HMRC – Child Benefit
- HMRC – Personal Taxation
- Identity and Passport Service
- Driver and Vehicle Licensing Agency (DVLA)
- Housing and Council Tax Benefits
- Council Tax

- Library Service
- Blue Badges
- Adult Services
- Children's Services
- Electoral Services
- Collection of payment for council services (Income & Payments Section)

7.2.9 Staff at the Moorside Contact Centre who speak to bereaved families when they make a death registration appointment have a very important role in operation of the system. This involves advising the customer of the various organisations who will receive notification of the bereavement and also promoting the benefits of the service in terms of saving the family time and effort in having to notify these organisations independently. In an attempt to raise awareness, the Council has started to produce publicity material to promote TUO and this are being distributed across GP surgeries, the hospice and Funeral Directors across the city. It is interesting to note that those families who decline to use the TUO service often say that they have begun the process to contact these organisations already and would rather complete a task they have already started.

7.2.10 As part of the TUO for Bereavement appointment conducted by Registrars, a printed tick list of all organisations who have been notified of the death which has occurred is given to the customer once the appointment is complete. This tick list also shows a list of other organisations outside the scope of TUO for Bereavement who may need to know that a loved one has passed away, and is a useful tool for bereaved families to ensure that all relevant parties are made aware of the even.

7.2.11 While the Council is unable to make local amendments to the TUP process, there is scope to develop a prompt list within the Bereavement Guide which could be launched on the Council's web pages. This would enable the Council to make amendments as and when the contact details of the various support groups change so that the guidance remains accurate. If customers require a hard copy, it is intended that a print version could be provided with assistance at any of the Council's CSN facilities or upon specific request a print copy could be provided.

7.2.12 An online Bereavement Guide is also currently in production, which will be posted to www.sunderland.gov.uk Should customers require a hard copy, this document may be printed. It will also be able to be viewed at any of the Customer Service Centres across the city which provide online access to customers.

TUO Coroners

7.2.13 In a drive to make the TUO service fully inclusive to families in

Sunderland, on 12 June 2012 Sunderland City Council began to offer TUO to families whose loved one's death has been referred to HM Coroner for investigation.

- 7.2.14 Previously, deaths referred to HM Coroner were out of scope for TUO but following partnership working with DWP, Sunderland are one of the first local authorities nationally to offer the TUO service in such circumstances.
- 7.2.15 Once families receive the interim death certificate from the Coroner's Team, they are able to book a TUO appointment with a Registrar who will take details from the family relating to their loved one who has passed away, and refer the information onto other local authority and government departments. Again, appointments are made by telephoning the Contact Centre at Moorside.
- 7.2.16 The Panel took the opportunity of visiting HM Coroners court and the offices of the Coroner in order to view at first hand the facilities now available and to discuss with the Coroner the improvements made through the TUO system.
- 7.2.17 Members were very impressed with the improvement that have been made and the opportunity to build on the already strong relationship between the Council and HM Coroner.

7.3 TUO Benefit Realisation – Effect in Sunderland

- 7.3.1 As part of our review of the TUO system, the Panel considered that it was important to obtain feedback from staff and service users on their view on the operation and success of the TUO service and the range of benefits that have accrued to both the customer and the Council and other organisations.
- 7.3.2 In this work, we were greatly assisted by Karen Lounton and staff from both the Bereavement and Registration Service and Contact Centre. Central to this has been the result of feedback from staff and the users of the service. While it is recognised that the numbers taking part in the survey are quite small, we do feel that it provides a useful snapshot of the operation of the service in Sunderland.

Staff Feedback

- 7.3.3 Twelve staff from the Contact Centre and Registrars completed a questionnaire on the TUO Bereavement Service. As part of the survey, staff were asked if they thought the TUO Bereavement Service had contributed to an improved service to customers. Results showed that 83% strongly agreeing and the remaining 17% agreed. All staff surveyed agreed that they would recommend the service to customers. One member of staff had stressed the importance of making sure that customers were aware that the service was free as the belief that there

was a charge could adversely affect take up rates. Another commented that families had been very grateful for the help given to them by TUO.

Customer Feedback

- 7.3.4 From a sample of families who had registered a death in May 2012, twenty families were contacted by telephone as part of a customer survey. Sixteen agreed to provide feedback on the service. All families contacted agreed that the TUO for Bereavement service they experienced was provided promptly, they were treated with dignity and trusted the service provided.
- 7.3.5 Comments made by family members included that it was a “really helpful service at such a difficult time”, and “such a convenient service, I can’t understand why it isn’t compulsory”.
- 7.3.6 Overall, therefore, feedback from the survey was very positive and the outcome was to be shared staff.

End User Feedback

- 7.3.7 Managers representing the end data users were also surveyed as part of the benefit realisation exercise. Lyn Laws, Processing Manager in Housing and Council Tax Benefits stated the following:-
- 7.3.8 *'Tell us Once has had a beneficial impact on the Housing and Council Tax Benefit Section, it has helped to speed up the process of dealing with Bereavement claims and we can issue correspondence directly to the next of kin. It is more customer friendly and there is no unnecessary contact at a difficult time for partners and relatives of the deceased person as all the information is provided at the first point of contact.'*
- 7.3.9 Marina Clark, Billing Manager from Council Tax also stated the following:-
- 7.3.10 *“Since the introduction of “Tell us Once”, the Council Tax Section is now informed on a daily basis up to date information of deaths in and out of the area. The information collected from the informant now includes details of next of kin and executors contact details and telephone numbers, which enables any credits to be issued quickly and also to find out information regarding probate, sale of property etc; as well as highlighting if there is anyone else living in the property who may be entitled to a Single Person Discount”.*
- 7.3.11 As part of the review, the Lead Member of the Panel, Councillor Stephen Bonallie visited the Contact Centre at Moorside and spoke to the staff involved in providing the service. Councillor Bonallie was most impressed by the quality of the service provided and the

professionalism and expertise of the staff.

7.4 Take Up Rates for Bereavement / Birth TUO

7.4.1 The Panel considered that an integral part of the review was to find out more about the level of take up rates for the TUO service and also the kind of measures that were in place for its promotion.

7.4.2 The Panel heard that since its launch, take up rates for TUO Birth in Sunderland averaged around 66%, whilst TUO Bereavement was 55%. A more detailed breakdown of take up rates is set out below:-

Week Ending	Bereavement	Birth
8/7/12	43%	63%
15/7/12	56%	76%
22/7/12	53%	65%
29/7/12	46%	60%
5/8/12	66%	81%
12/8/12	58%	56%
19/8/12	65%	70%
26/8/12	42%	54%
2/9/12	47%	70%
9/9/12	48%	59%
16/9/12	60%	61%
23/9/12	54%	57%
30/9/12	62%	74%
7/10/12	62%	72%
14/10/12	58%	73%
21/10/12	65%	71%

7.4.3 The Panel considers that take up rates and their gradual growth are pleasing. We are also highly encouraged by the obvious commitment of staff to improve them still further, ensuring the maximum number of families are given the opportunity to enjoy the benefits of the TUO service.

7.4.4 As has already been mentioned, in an attempt to raise awareness, the Council has started to produce publicity material to promote the existence and benefits of the TUO service. During the review, we were shown examples of the kind of promotional activity taking place, including a range of posters and leaflets.

7.4.5 Promotional material has been distributed across all Funeral Directors in the city, whilst posters and leaflets have been provided to the Hospice in Newcastle Road and the Maternity Wing of Sunderland Royal Hospital.

- 7.4.6 The service is clearly committed and aware of the importance of continuing to promote the TUO service. For example, a presentation on TUO was provided to the South Forum at Farringdon in September 2012, and as result of this a further presentation was arranged for a group of local GPs at Silksworth Health Centre in November 2012. The GPs have expressed a wish to distribute all TUO promotional material relating to both birth and bereavement across practices in Sunderland.
- 7.4.7 As a Panel, we look forward to the continued development of new ideas and initiatives to promote of the service and improve levels of take up.

8 CONCLUSION

- 8.1 The introduction of Tell Us Once for both Birth and Bereavement has clearly made a positive impact and offered customers an improved experience when registering a life event, such as a birth or death.
- 8.2 We are satisfied that, in line with the objectives of the TUO programme, the sharing of information across services, has helped to relieve the customer of the burden placed upon them to contact each organisation in turn. As well as the obvious benefits to the customer, TUO has also helped to reduce avoidable contact and introduces efficiencies to the 'end data user' organisations who are able to react to the information shared with them without the need to verify directly with the customer details of the life event that has occurred.
- 8.3 The evidence suggests that there has been a reduction in processing times for Child Benefit claims by HMRC, reduction in Housing and Council Tax Benefit incorrect benefit payments and fraud whilst Children's Services are being helped to strategically target key service users for local Children's Centres across the city.
- 8.4 The feedback received to date is exceptionally positive, but some families have mentioned that they initially thought the service sounded 'too good to be true' and there is a concern that some families have declined TUO as they simply do not have faith in one organisation's ability to notify all of the others. It is hoped that the publicity material and raising general awareness may go some way to combating these issues.
- 8.5 The DWP have not set accuracy targets to be met by the Registration Service and although Management Information (MI) has just begun to be reported by DWP, this does not include statistics relating to incorrect referrals. One area covered in the MI is the number of notifications received through the TUO process that are yet to be read / collected by the end users (such as Council Tax, Libraries, Electoral Role etc). This aspect of the report shows the volume of uncollected data that hasn't been read by services in a 21 - 28 day and 29 - 34 day window of time from the day the Registrar collected the information

from the family at the point of death registration.

- 8.6 It is important that data is read / collected by end users in a timely manner as this supports the purpose and credibility of the whole TUO process. By the MI report highlighting any failures, action can be taken with the relevant service to identify and procedural or staff training issues and ensure the TUO service suffers no reputational damage.
- 8.7 A future development for TUO will be for the Registration On Line (RON) system which is used by Registrars to record the actual death registration into, to link to the Change Reporting System (CRS) directly and transfer details of the deceased (name / address / place of death / date of birth / date of death). This will save the Registrar an element of double inputting as currently this information is input independently by them into each system. Not only will this enhancement save time, but will also reduce the risk of errors.
- 8.8 The 'end users' who are the different central and local government departments who receive the data once collected as part of the TUO process are stipulated by the DWP. Whilst the Council is unable to insist that particular organisations are party to this information, it can make a recommendation to the DWP that other third party groups be considered to join the TUO end user group. A recent recommendation has been made to them for the Local Government Pension Service to become party to the TUO information. The Registration Service will continue to work with and liaise with the DWP when service enhancements are deemed necessary.

9 RECOMMENDATIONS

9.1 The Panel's recommendations are as outlined below:-

(a) that whilst the level of take up for the Tell Us Once Service in Sunderland has been good to date, we consider that the Council should continue to look at new and innovative ways to promote the existence and potential benefits of the service to local residents and continue to monitor accordingly;

(b) that the Council should explore ways of building on the principles of the Tell Us Once Service in other areas of service delivery, transferring any 'lessons learnt' or best practice realised from TUO to other service areas;

(c) that the Council should continue to work closely with the DWP on a national level to ensure the TUO service, systems and databases continue to evolve and improve.

10. ACKNOWLEDGEMENTS

10.1 The Committee is grateful to all those who have presented evidence during the course of our review. We would like to place on record our appreciation, in particular of the willingness and co-operation we have received from the below named:-

- (a) Les Clark, Head Of Streetscene;
- (b) Karen Lounton, Bereavement and Registration Services Manager;
- (c) Martin Lancaster, former Bereavement and Registration Services Manager;
- (d) Liz St Louis, Head of Customer Service and Development;
- (e) Derek Winter, HM Coroner for Sunderland;
- (f) Councillor James Blackburn, Portfolio Holder for City Services.

11. BACKGROUND PAPERS

11.1 The following background papers were consulted or referred to in the preparation of this report:-

- (a) [New Department for Work and Pensions bereavement service - Turn2us](#)
- (b) <http://www.dwp.gov.uk/docs/eia-tell-us-once-wr2011.pdf>
- (c) <http://www.dwp.gov.uk/docs/tell-us-once-wr2011-ia.pdf>
- (d) [Sunderland City Council : Tell Us Once](#)
- (e) Notes of Meetings of Scrutiny Panel – 2 June, 23 June, 10 September, 15 November 2012.

Ref	Recommendation	Action	Owner	Due Date	Progress Commentary
(a)	that whilst the level of take up for the Tell Us Once Service in Sunderland has been good to date, we consider that the Council should continue to look at new and innovative ways to promote the existence and potential benefits of the service to local residents and continue to monitor accordingly;	Take up of the Tell Us Once Service for both birth and bereavement is monitored monthly by comparing the number of births and deaths registered in Sunderland, to the Management Information reports received from the DWP which details the number of Tell Us Once notifications received from Sunderland City Council. This monitoring methodology will continue to be used as the most robust way to assess take up of the service.	Karen Lounton	Ongoing	Reports received monthly and information regarding take up reported back to staff.
		Steps have already been taken to roll out publicity material across some GP practices, with the objective that all practices in the city will have received promotional material about Tell Us Once by March 2013.	Karen Lounton	March 2013	List of all GP practices across the city provided by Corporate Communications team. Distribution of material to remaining GP practices pending.
		Promotional material relating to Tell Us Once for Bereavement is to be rolled out to the Bereavement Service at Sunderland Royal Hospital.	Karen Lounton	January 2013	Publicity material provided to Sunderland Royal Hospital.

(b)	that the Council should explore ways of building on the principles of the Tell Us Once Service in other areas of service delivery, transferring any 'lessons learnt' or best practice realised from TUO to other service areas;	<p>The Tell Us Once model can be adapted and used across other services, with longer term plans in place at the DWP to extend the principles of this project across other areas such as 'change of address'.</p> <p>Colleagues in the Transformation, Programmes and Project Team were involved with the implementation of Tell Us Once for birth and bereavement and have a full understanding of the benefits realised by the services involved, and how this established good practice can be built upon further.</p>		Ongoing	
(c)	that the Council should continue to work closely with the DWP on a national level to ensure the TUO service, systems and databases continue to evolve and improve.	<p>Regular communication is established between Gillian Priestley, the DWP Account Manager for the North East Tell Us Once project and the Bereavement and Registration Manager.</p> <p>This affords us an opportunity to continue to have input into the future development of the Tell Us Once service for birth and bereavement.</p> <p>Areas on the agenda for development include the introduction of connectivity between the General</p>	Karen Lounton	Ongoing	

		<p>Register Office (GRO) database and the DWP Change Reporting System (CRS). Developments in this area will speed up the birth or death registration and Tell Us Once interview process, allowing better use of resources in the Registration Service.</p> <p>Other development areas include extending the scope of Tell Us Once for birth and bereavement, and introducing new services and organisations to the list of 'end users' who receive information relating to birth and death events. This development area will be managed by DWP, but with input from Local Authority representatives.</p> <p>The DWP also have representation at quarterly Regional Registration Service Manager meetings where TUO is a standing item on the agenda. The Bereavement and Registration Manager attends these meetings as the representative from Sunderland City Council.</p>	<p>Karen Lounton</p>	<p>March 2013</p>	<p>Gillian Priestley, DWP Tell Us Once Account Manager to attend next Regional Registration Service Manager meeting, scheduled for March 2013.</p>
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**Children’s Services Scrutiny Panel
Spotlight Policy Review 2012 – 2013**

**Improvement, Admissions, Planning: Implications of the Education Act
2011**

Final Report

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Appendix 1 – The Education Act 201121

1 Foreword from the Scrutiny Lead Member for Children's Services

It gives me great pleasure to be able to introduce the first policy review from the Children's Services Scrutiny Panel, around the implications of the Education Act 2011.



The Education Act 2011 is a key piece of legislation fundamental to the Government's reform agenda for schools and the education system in England. The Education Act 2011 brings about deep structural changes along with a fundamental shift in approach that will look to autonomous schools to drive the shape of support required. Sunderland like many other local authorities is adapting and changing to the requirements contained within the legislation.

One of the key drivers for these reforms was England's fall from within the top ten PISA (Programme for International Student Assessment) rankings for Maths, English and Science in 2006 to middle ranking by 2009, while the most recent rankings do again put the UK in the top ten countries globally. The fall in ranking was viewed by the Government as a decline in our ability to compete in the global arena. Although it should not be forgotten that it was through local authority stewardship that England reached the top ten in the first place.

The landscape is clearly changing as schools become more and more autonomous and it will be important for the local authority to define its role in this altering vista. Throughout the review, and in this report, there is reference to the local authority adopting a mediating or middle tier role and this could see local authorities brokering partnerships and developing capacity and skills in schools around commissioning, providing robust challenge and professional development. These are both exciting and challenging times for schools but with the breadth of expertise we have in our city's schools and the local authority, I feel sure we are more than capable of rising to that challenge.

Finally I would like to thank my colleagues on the panel for their commitment and contribution to this piece of work. It is through this commitment along with the invaluable contribution from officers and key stakeholders that has allowed the Children's Services Scrutiny Panel to produce this review report.

Councillor Bob Francis, Scrutiny Lead Member for Children's Services

2 Introduction

- 2.1 The Scrutiny Conference provided a variety of scrutiny topics for potential review during the coming year. The Children's Services Scrutiny Panel, commissioned by the Scrutiny Committee, agreed to undertake a spotlight review around the implications of the Education Act 2011.

3 Aim of the Review

- 3.1 To understand and provide a Member perspective on the implications of the Education Act 2011 with particular reference to the developing and emerging models for school improvement in Sunderland including the local authorities statutory responsibility for admissions and school place planning.

4 Terms of Reference

- 4.1 The title of the review was agreed as 'Improvement, Admissions, Planning: Implications of the Education Act 2011' and its terms of reference were agreed as:
- (a) To gain an overview of the Education Act 2011;
 - (b) To explore and assess the emerging model for school improvement and the implications for both the Council and local schools;
 - (c) To investigate and consider the implications of the act on the local authority's statutory obligations around admissions and school place planning.

5 Membership of the Panel

- 5.1 The membership of the Children's Services Scrutiny Panel during the Municipal Year is outlined below:

Cllrs Bob Francis (Scrutiny Lead Member for Children's Services), Anthony Farr, Doris MacKnight, Robert Oliver, Mary Turton, Philip Tye, Linda Williams, Amy Wilson and Rose Elliott (Co-opted Member).

6 Methods of Investigation

- 6.1 The approach to this work included a range of research methods namely:
- (a) Desktop Research;
 - (b) Use of secondary research e.g. surveys, questionnaires;
 - (c) Evidence presented by key stakeholders;
 - (d) Evidence from members of the public at meetings or focus groups; and,
 - (e) Site Visits.
- 6.2 Throughout the course of the review process the committee gathered evidence from a number of key witnesses including:
- (a) Keith Moore – Executive Director Children's Services;
 - (b) Beverley Scanlon – Head of Commissioning and Change Management;

- (c) Annette Parr – School Support and Intervention Lead Officer;
- (d) Richard Hegarty – School Support and Intervention Officer;
- (e) Kay Rooks – Early Years Foundation Stage School Improvement Officer;
- (f) Chris Campbell - (Schools) Support and Intervention Officer;
- (g) Julie Davey - Admissions Team Leader;
- (h) Graham Shillinglaw – Headteacher Springwell Dene School.

6.3 All statements in this report are made based on information received from more than one source, unless it is clarified in the text that it is an individual view. Opinions held by a small number of people may or may not be representative of others' views but are worthy of consideration nevertheless.

7 Findings of the Review

Findings relate to the main themes raised during the panel's investigations and evidence gathering.

7.1 The Education Act 2011

7.1.1 The Education Bill was introduced into the House of Commons on Wednesday 26th January 2011 and received Royal Assent on 15th November 2011. The Education Act 2011 implements the education reform programme of the Coalition Government and seeks to create an education system that delivers ever higher standards for all children.

7.1.2 The Education Act 2011 takes forward the legislative proposals contained in the Schools White Paper, The Importance of Teaching, and measures from the Department for Business, Innovation and Skills to improve skills, including two elements of the reforms to higher education funding.

7.1.3 There are four main principles which underpin the legislation. One is specific to education relating to good student behaviour and discipline through improving the quality of teaching, by giving additional disciplinary powers to teachers and lecturers. The other three appear across the Coalition Government's approach to public services, and are:

- sharpened accountability;
- the freeing up of, and giving more flexibility to, professionals to do their jobs;
- and the fairer use of resources.

7.1.4 **Appendix 1** of this report provides a complete overview of each part and relevant sections of the Education Act 2011. However of particular relevance to this review are the provisions repealing the duties on schools to co-operate with the local authority and other partners to promote the well-being of children and have regard to the children and young people's plan. Therefore schools will no longer have to publish a school profile (Section 32), and local authorities will no longer appoint School Improvement Partners to each school (Section 33).

7.1.5 This makes it clear that the main responsibility for school improvement will in the future rest with schools and that the best schools and leaders will be expected to take on greater responsibility for leading improvement across the education system. The impact of Academies in relation to educational provision in schools needs to be considered alongside the wider impacts to Local Authorities (LA's), of schools, arising from other changes set out in the Academies Act 2010 or the Education Act 2011, in particular the duty placed on councils to act as a champion for children and families. The significant implications of schools moving towards academy status and outside of an LA maintained position will be a major focus of change management activity over the coming years. New models for school improvement are being developed and listed below are some of the models being used across the country:

- (a) **Teaching School:** gives outstanding schools a leading role in training and professional development of teachers, support staff and headteachers, as well as contributing to raising standards through school to school improvement work;

- (b) ***Incorporated/Unincorporated Trust:*** schools formally sign up to a school improvement partnership which gives them a way to raise standards through formally strengthening collaboration and drawing on the expertise and energy of partners to support school improvement, to explore a range of governance models and to offer capacity to enter into contracts which may achieve cost savings or improved services;
- (c) ***School to School/Brokered Market Arrangements:*** schools determine their own route to school improvement. This could include developing their own strengths as an offer to other schools as well as a range of other options, e.g. LA, other LAs, private sector providers, Teaching School;
- (d) ***Multi-academy/Specialist Trusts:*** schools are grouped into a number of structural arrangements of their choosing, often based on shared characteristics, e.g. Faith Schools, Special Schools, Academies, etc, and;
- (e) ***Locality Consortia:*** schools are grouped within the five localities and there is a reporting mechanism to five Area Improvement Boards. This model would like secondary and feeder primary schools.

7.1.6 Another key factor that will influence ongoing improvement in schools will be the changes to the Ofsted inspection framework, which are to be introduced from September 2012. The main changes are as follows:

- schools cannot be judged as ‘outstanding’ for overall effectiveness unless they have ‘outstanding’ teaching;
- a school that is not yet ‘good’, but that is not judged ‘inadequate’, is a school that ‘requires improvement’;
- a school that is ‘inadequate’ overall and that requires significant improvement, but where leadership and management are not ‘inadequate’, is a school with serious weaknesses. *N.B Schools that have a current Notice to Improve on 1 September will move to the Serious Weaknesses classification on that date;*
- a school that is ‘inadequate’ overall, and where leadership and management are also ‘inadequate’, is a school requiring special measures;
- schools that are judged as ‘requires improvement’ will normally be monitored and re-inspected within a period of two years; the timing of the re-inspection will reflect the individual school’s circumstances and will be informed by what inspectors find at the monitoring visits;
- if a school is judged as ‘requires improvement’ at two consecutive inspections and is still not ‘good’ at a third inspection, it is likely to be deemed ‘inadequate’ and to require special measures;
- inspectors will normally contact the school by telephone during the afternoon of the working day prior to the start of a section 5 inspection;

- inspectors will evaluate the robustness of performance management arrangements, and consider whether there is an appropriate correlation between the quality of teaching in a school and the salary progression of the school's teachers.

7.1.6 It is the responsibility of the admission authority to ensure that admission arrangements are compliant with the School Admissions Code. The admissions authorities for the various types of schools are as follows:

- community and voluntary controlled schools - the local authority;
- voluntary aided and foundation schools - the governing body;
- academies – Academy Trust;
- free schools - Free School Trust.

7.1.8 Admissions policy and procedures remain the statutory responsibility of the local authority. However it is recognised that the context for this statutory responsibility will potentially change with more schools becoming their own admissions authorities. As part of the Education Act 2011 the government has also introduced a new School Admissions and Appeals Code. The Code will become effective from 2013. The intention of the new code is to provide a fairer and simpler system for parents to navigate.

7.1.9 The Education Act 1996 placed a statutory duty on the Local Authority to ensure a sufficient supply of school places. More recently the Education Act 2011 re-enforced the role of the LA (as set out in 'The Importance Teaching – The Schools White Paper 2010') as champions for parents, families and vulnerable pupils, requiring that the LA promote educational excellence by ensuring a good supply of high quality school places, and co-ordinating fair admissions. This has resulted in a shift of emphasis in terms of school place planning, requiring more detailed consideration of the performance of schools and parental preferences when making decisions, set alongside the more practical considerations of cost, school locality and the availability of space to expand. The Act makes changes to the arrangements for the establishment of new schools, with a presumption that any such schools would be Academies or Free Schools.

7.2 School Improvement

7.2.1 School performance and pupil attainment in Sunderland has shown significant improvement in recent years. The provisional results for 2012 continue this progression showing a rise in every measure at Key Stage 1 including a 4% increase, to 75%, of pupils achieving 2b+ in Reading and a 5% increase, to 62%, in pupils achieving 2b+ in Writing. The performance is similar at Key Stage 2 where performance at level 4+ in English and Maths had risen from 74% to 81%.

7.2.2 At Key Stage 4 the performance shows that 63% of Sunderland students achieved the Government's 'Gold Standard' of 5 higher grade GCSE's including English and Maths. This shows an 8% increase on last year's figures. It is also worth noting that it is the best result in the region and higher than Sunderland's statistical neighbours nationally. The number of students achieving 5 or more A*-C grade GCSE's was 89% with 99% of students achieving exam success of some kind. At A level the number of entries A* - E increased from 97% to 99% with A* - C increasing from 69% to 76%. Despite these excellent city-wide results, there are still challenges for

a small number of primary and secondary schools who are performing below floor targets in addition to the need to improve outcomes at both KS2 and KS4 for children who are looked after (LAC) and Bangladeshi pupils in line with the overall percentage figures.

- 7.2.3 The review highlights the current picture in Sunderland with approximately 25 schools having already moved or moving shortly to academy status in Sunderland. In addition to the three original 'Sunderland Model' Academies, the majority of academies have converted on the basis of decisions made by governing bodies. Currently only a small number are what would be described as 'directed' academies although 'local' solutions have been able to be brokered for these. Grindon Hall Christian School became a free school in September 2012.
- 7.2.4 The Sunderland School Improvement Service has previously been identified as having a strong national reputation for partnership working with its schools and a proud record of continuous improvement. Members during discussions recognised that the relationship between school leaders and the local authority was mature. This was supported by the visit to Springwell Dene School where the Headteacher expressed the importance of continuing good relations with the local authority and in essence Springwell Dene, despite in the process of converting to an academy school, still viewed themselves as a local authority school.
- 7.2.5 This strong relationship provides a basis for creative and realistic solutions to local problems. This is highlighted in research conducted by the Association of Directors of Children's Services (ADCS) which recognises that 'local knowledge and connection to a particular place, with a particular history, is often underestimated by Westminster. Personal relationships, soft data and influence are often critical, especially in dealing, efficiently, with difficult issues involving schools'¹.
- 7.2.6 Although it is important to stress that the future direction of school improvement is one where schools take an active responsibility for their own improvement. Members recognised that in the past, the local authority had a role to support and maintain high educational standards of achievement and care for pupils, whereas the new legislation centres the local authority role in supporting schools in the transition towards greater collaboration, deeper self evaluation and more effective planning. The panel acknowledged the evolving role of the local authority was in supporting the brokerage of appropriate support and the monitoring of its effectiveness and impact.
- 7.2.7 The current Sunderland School Improvement Team has been reduced as a result of the devolution of previously centrally held funding to schools. Its size reflects levels of buy back from schools and, of necessity, the current team focuses on support and intervention for those schools that most require it. The team is therefore, developing its strategic role in a number of ways;
- (a) Creating conditions for clusters of schools to work together to build a school to school improvement system;
 - (b) Building sustainable network learning communities;
 - (c) Working with schools, designing and facilitating periodic best practice conferences;
 - (d) Offering an apprenticeship into school-to-school peer review;
 - (e) Interpreting and sharing school specific information and data;

¹ The future role of the local authority in education by Jonathan Crossley-Holland. ADCS. 2011

- (f) Facilitating a brokerage service and directory for the City and across the region; and
- (g) Providing advice on curriculum design and construction.

7.2.8 In terms of support services to schools, 2012 has been seen as a transition year in which some support delivery will still be provided by the School Improvement Service within Children Services on a traded basis. However, from April 2013 the School Improvement Team will offer a core statutory service which will be centrally funded and which will focus on support, challenge and intervention. Only a limited amount of training will be charged to schools with support for a small number of other statutory requirements still offered to schools free of charge, including:

- Early Years Foundation Stage moderation;
- Key Stage 1 moderation; and
- Acting as the appropriate body to carry out the statutory responsibilities around the induction of NQT's in maintained schools, non maintained special schools and maintained nursery schools.

7.2.9 During the investigation it was reported to the panel that service level agreements (SLA's) had been sent to relevant schools in April 2012 and these costs were highlighted as being very competitive. It was noted that these arrangements were to change in 2013 (as described above) as the local authority would no longer provide a traded service. The schools currently buying into the School Improvement Service SLA receive the following support:

- Half day visit by a Support and Intervention Officer to review the school's self evaluation strategies, the plan for improvement and the implications for staff CPD;
- Future visits, 1 day in total, would be brokered against the agreed agenda of supporting schools in their self evaluation processes for an area of school provision or in supporting the headteacher in any other required improvement activity;
- The potential to broker specific external support for schools from neighbouring LA's at an additional, but reduced, cost;
- Support in accordance with the LA Concerns Policy for schools causing concern, normally one half day per week from each Support and Intervention Officer allocated to support the school including EYFS, SEN and EAL if required;
- Support for schools that are identified as vulnerable to falling below the government floor standard, normally one half day per fortnight;
- Access to termly development activity to expand the skills of EYFS Leaders and practitioners;
- Provision for vulnerable groups SEN;
- Referral to the EAL team where appropriate;

- Support and Intervention Officer contribution to the process for selection of headteacher and deputy headteacher appointments;
- Following an Ofsted inspection attendance at the feedback session conducted by the Ofsted Inspection Team; and
- Support with capability/disciplinary issues in partnership with Human Resources.

7.2.10 Department for Education research² indicates that many schools across the country continue to buy-in the services of an experienced and credible partner to act in a similar role to the former school improvement officer. This view is supported by the panels own findings around the buy-back of school improvement provision in Sunderland. While secondary schools, sponsored academies and converter academies are confident in their abilities to commission high quality school improvement support from a variety of sources there appears less confidence within the primary school sector. As more primary schools convert, or look to convert to academy status, there is the need to ensure the knowledge and skills of the commissioning process are developed within these schools.

7.2.11 It was acknowledged in the panel's visit to Springwell Dene School that the new education landscape was a very competitive one and organisations from both the private and public sectors were offering services to schools. The multi-academy model operated by the special schools within Sunderland, Ascent Academy Trust, was highlighted as already developing this further through an outward facing approach to support provision around their specialist knowledge of SEN provision. In looking at the marketing of such services conversations are already taking place with mainstream schools and the multi-academy to ensure that any resource offered is tailored to meet the needs and demand of the schools.

7.2.12 Within Sunderland the emerging model of school to school improvement is proposed as a mixed economy of support through national and local arrangements for National Leaders in Education (NLE's) and Local Leaders in Education (LLE's), locally grown school clusters and triads, with support in part through the Teaching School (the first in Sunderland) at Townend and Bexhill Academy.

7.2.13 The benefits to schools of a school to school improvement model are widely acknowledged as being:

- It promotes school ownership of their own improvement;
- It develops school capacity, including future leaders;
- It enables schools to retain high quality staff;
- It is potentially the most cost effective;
- It provides a local framework for National College programmes;
- It promotes values of moral purpose, collaboration and professionalism; and
- It recognises the importance of local knowledge and connection to a particular place with a particular history.

7.2.14 It was highlighted to Members that teaching schools were a very important route for schools to source high quality support from other schools in their area and as such will contribute towards ensuring that all schools can access the support they need. The multi-academy model also provides support through formal collaborations

² Action research into the evolving role of the local authority in education. DfE. June 2012

which develops and drives improvement in schools. Springwell Dene School reported that through school to school improvement academies can provide a critical friend challenge, as well as ensuring issues around capacity are minimal.

- 7.2.15 In discussing school to school improvement with a member of the Ascent Academy Trust, the view was expressed that one of the aims of the model was to develop and grow a group of staff that provides a resource not only for the multi-academy schools but also the mainstream schools in Sunderland. The Springwell Dene School Headteacher felt that the multi-academy model provided an opportunity to offer a more personalised approach through the school to school improvement agenda, operating in an open and transparent manner. This was recognised as particularly important in times when the local authority school improvement service was reducing in size.
- 7.2.16 Another important aspect of school to school improvement is the local authorities overall position and its ability to promote a whole range of such support that reflects the opportunities and demands within a specific area. It is argued that the local authority of the future will be pivotal in charting what an increasingly sophisticated system of school to school support might look like³. The local authority, as a whole, is well placed to be a middle tier in the school to school mechanism.
- 7.2.17 The panel, through its discussions with school improvement officers, identified the proactive role Sunderland was undertaking to build leadership capacity in schools. Clearly identified in this was the support to develop the roles of NLE/LLE's, developing a TRIAD programme for professional development, supporting self-sustaining networks to secure improvement on a cluster basis and the continued support in the teaching of literacy and numeracy across all phases.
- 7.2.18 The scrutiny panel acknowledged the shift in school improvement brought about by the Education Act 2011 and recognised the new models of working and the huge potential that they offer. However, school improvement models need to be sustainable and build capacity within the system. Models such as teaching schools place emphasis on individuals who are in place at the time. New models also need to be able to address issues in the more challenging schools as well as with those who have the most capacity and appetite to improve.
- 7.2.19 One of the key aspects and challenges in taking school improvement forward, through greater autonomy, is around how the local authority will ensure that schools are receiving the support required and what response will be provided should a school fail or consistently underperform. Schools will drive their own improvement but there is still an important accountability role for academy sponsors, academy trusts and local authorities respectively, and this in itself raises a number of key challenges for the future.
- 7.2.20 The first challenge is the ability of local authorities to continue to effectively support and challenge maintained schools despite the reduced resource available to do so. A key innovation around this in Sunderland was the Triad Model which is now proposed to developing into consortia arrangements. The School Improvement Team informed the panel that schools were accustomed and comfortable with the previous model of working. Therefore the School Improvement Service needed to shift to a facilitation role to support schools to develop a school to school improvement system.

³ The future role of the local authority in education by Jonathan Crossley-Holland. ADCS. 2011

- 7.2.21 The original Triad programme saw an initial 25 schools enrol with the majority being primary schools. It was noted that the drop out rate was zero. The project developed partnership working and more importantly the challenge aspect of the role of school improvement. One of the real positives of the project was the honesty exhibited by Headteachers throughout. It was also noted that schools were not well prepared for this style of inter-school challenge.
- 7.2.22 One of the key aspects of the project was that all schools were equal partners, and at its core was the desire to enable schools to challenge and support each other. It was highlighted that when schools came together to share practices this was extremely beneficial and provided the support and ability to work together on those issues that needed development.
- 7.2.23 Members were informed that there was no natural lifetime to triad groups as long as they continued to be beneficial and meet the needs of those involved. It was also noted that it was still the duty of the local authority to ensure that school improvement and pupil progression was in place.
- 7.2.24 Another key challenge is to ensure that school to school support mechanisms are effectively brokered and robustly held to account by an external third party. It is often difficult for schools to challenge each other and the local authority can often act as a broker for schools to access a variety of support from a range of providers including the teaching school. Again the triad or consortia models can be an effective way to develop the skills of critical analysis, challenge and support for those schools unaccustomed to the role of providing such critique. Also through the multi-academy model and the school to school improvement agenda such schools identify very much with being support mechanisms for each other and the children of Sunderland.
- 7.2.25 Local authorities are also concerned about shared intelligence in a more autonomous school system and being able to detect the signs of declining school performance before it impacts on results. There are a number of sources of information which can be used to detect performance issues including:
- Ongoing discussions with headteachers and governing bodies;
 - Buying into LA school improvement services;
 - Partnership based mechanisms that allow schools to access a range of support and challenge through membership;
 - Accessing LA support for HR, payroll, finance, governor support or other back office services;
 - Questions or complaints from parents to the LA via Members or officers; and
 - LA representation on school governing bodies.
- 7.2.26 One final issue is around the ability of local authorities to work successfully with the Department for Education and other partners to broker sponsors for failing schools. Research clearly indicates that local authorities are keen to develop good relationships with a small number of sponsors who are able to develop a good understanding of a local area its needs and demands.
- 7.2.27 There are a variety of emerging local solutions to a number of the issues raised by the implications of the Education Act 2011 in relation to school improvement. Sunderland City Council has devised the one.education@sunderland project to

develop a collaborative local authority and a school to school model of school improvement for which the key objective would be the attainment and improved life chances of every child.

- 7.2.28 The project sets out to ensure that no school should be below floor targets in terms of end of key stage results and every school should receive at least good in an Ofsted Inspection. The One Education model's collaborative approach will be of most benefit to those schools currently deemed to be satisfactory or 'requiring improvement' and therefore at risk in a further inspection and for the number of schools currently deemed as good schools who could drop a grade to 'requiring improvement' at their next inspection.
- 7.2.29 The project is well developed with representation on the board from the community of schools in Sunderland and officers of Sunderland City Council. Importantly links are also being established with the Teaching School to develop a model of partnership working and support for the city. The key aim of the one.education@sunderland Board is to facilitate the development of a school to school improvement model. This model is based upon consortia of schools who work together in areas of support and challenge and , through the consortia, identify the development needs of particular schools then commission support. This is entirely in keeping with the governments approach to change although one in which the distinction needs to be drawn between the intervention approach to tackle failure in schools (through the respective roles of the Council Ofsted and the DfE) and this approach which is about schools supporting each other to avoid intervention. Schools responsibilities under this model would be to run and manage the consortia (which would be funded through schools) identify needs and commission appropriate support and undertake peer to peer challenge. The Council is facilitating the set up of these consortia and will support the identification of schools needs through the provision and analysis of performance data.
- 7.2.30 At the present time consortia are on the basis of existing partnerships that many schools work within. Some of these have a locality focus but others are organised on the basis of sectors e.g. nursery schools, or on a joined agenda e.g. improving literacy. By January 2013, it is anticipated that the first consortia will be up and running. The stated aim in facilitating these arrangements is to ensure that all schools are able to access suitable networks of support as there is a concern that a number of schools may not be currently engaged in this agenda.
- 7.2.31 In addition to the developing consortia arrangements, schools are accessing school improvement support from a number of sources, including from Teaching Schools and individual schools in other authorities and buying into school improvement services offered by neighbouring local authorities. The panel were informed that some local authorities had been more proactive in tendering and promoting services across the region, and it was acknowledged that some schools in Sunderland were buying back services from other local authorities including Durham and Gateshead.
- 7.2.32 It was acknowledged by panel members that local authorities still have a duty to ensure good outcomes for all children in their area. However as the number of autonomous schools increases, so the local authorities' sphere of influence decreases. This loss of accountability is a driver for local authorities to look in different ways to influence schools and increasingly local authorities are looking to soft intelligence and data to provide this. There are a number of 'soft' indicators that

can point to performance issues including levels of exclusion, pupil movement from the school, parental preference, complaints from parents, staff or residents, governor vacancies, staff turnover, vacancies and sickness. Mapping these various sources of intelligence and soft indicators across an area could help to identify the early signs of the potential for declining performance in a school.

7.2.33 Research by the Department for Education highlights that East Sussex has recognised the diminishing level of intelligence it receives from school improvement officers as autonomy in schools takes over. The authority now meets with service managers who interact with schools including HR, finance, governor services and admissions to identify in advance any concerns, trends or intelligence about schools that is based on clear evidence. This approach ensures that intelligence can be used effectively to improve the quality of support offered to schools as well as anticipating any declining school performance. There is a note of caution to this as more schools become academies the pool of intelligence available may shrink and local authorities will need to consider the systems and policies in place for contact with schools. However, traded services such as HR, finance and governor services in Sunderland still have high levels of buyback from Sunderland schools that have converted to academy status.

7.3 Admissions and School Place Planning

7.3.1 Local authorities are also bound by some 200 statutory duties covering education and children’s social care and outlines key aspects of the Director of Children’s Services (DCS) and Lead Member for Children’s Services (LMCS) roles in working together to provide ‘strong strategic local leadership and development of an increasingly autonomous and diverse education and children’s sector’. One of these key responsibilities is around promoting fair access to services such as admissions, and school places.

7.3.2 By way of context the current admission picture for primary schools in Sunderland (as at 29 June 2012) is illustrated in the table below. It can be seen from the table that a fairly similar picture exists across all the Sunderland areas with a number of schools (41) oversubscribed leading to waiting lists while other schools (29) currently have a number of vacancies.

Area	Pupil Admission Nos.	Places Offered	Waiting List	Vacancies
Coalfields (15)	555	485	54	70
East (12)	631	619	104	12
North (16)	666	639	29	27
Washington (18)	706	699	97	7
West (15)	770	735	84	35
Totals	3328	3177	368	151

Figure 1: Current Admissions for Primary Schools in Sunderland (29 June 2012)

7.3.3 The methodology for pupil projections was outlined to members at a panel meeting and involves live birth data by ward which is collated by home address and supplied by the PCT, a further postcode analysis is also undertaken to determine the numbers for each ward to attend a school. These projections are further enhanced by the use of a 3 year average to calculate the percentage of children in a ward who

will attend each school. Secondary school forecasting is more accurate as a result of the availability of 7 years worth of primary school cohort data.

- 7.3.4 It was also noted during panel discussions that any new housing developments were also considered and a calculation of 'pupil yield' employed. The calculation was very dependent on the type of housing and as a rough estimate a ratio of 1:8 secondary school places and 1:4 primary school places was employed. It was stressed to the panel that it was important not to over react to new housing it was a significant factor but not as crucial a determinant as the birth rate.
- 7.3.5 There were some key challenges identified in predicting pupil numbers including the fact that the weighted average was based on actual reception cohorts and not original parental preference and it is difficult to predict any sibling links. Also pupil projection figures do not take into account the impact of infant class size legislation which restricts class sizes to 30 in number.
- 7.3.6 It was reported that statistics collected were particularly accurate and the evidence gathered was robust. The current surplus place position in Sunderland was highlighted as 12% in the primary sector, 10% in the secondary sector and a potentially challenging 4% in reception. The Head of Commissioning and Change Management reported that this surplus was satisfactory in the primary and secondary sectors to deal with any potential rises in the school population, however with only 4% surplus in reception there was the possibility for a deficit of reception school places in some areas of the city.
- 7.3.7 In discussing current trends the panel were informed that approximately 92% of primary aged children and 95% of secondary aged children do get their first preference school. This was acknowledged as a high rate in meeting parental choice. Members were also informed that often parents made unrealistic preferences and research did indicate the majority of pupils were offered a place in the school nearest their first choice if unsuccessful. It was also recognised by the panel that there would be pressure on primary places over the next five years with Washington, Coalfields and Sunderland West particularly effected. Also the September 2013 academic year will see an overall dip in primary pupil numbers but that they will rise again in September 2014.

Primary Pupil Projections

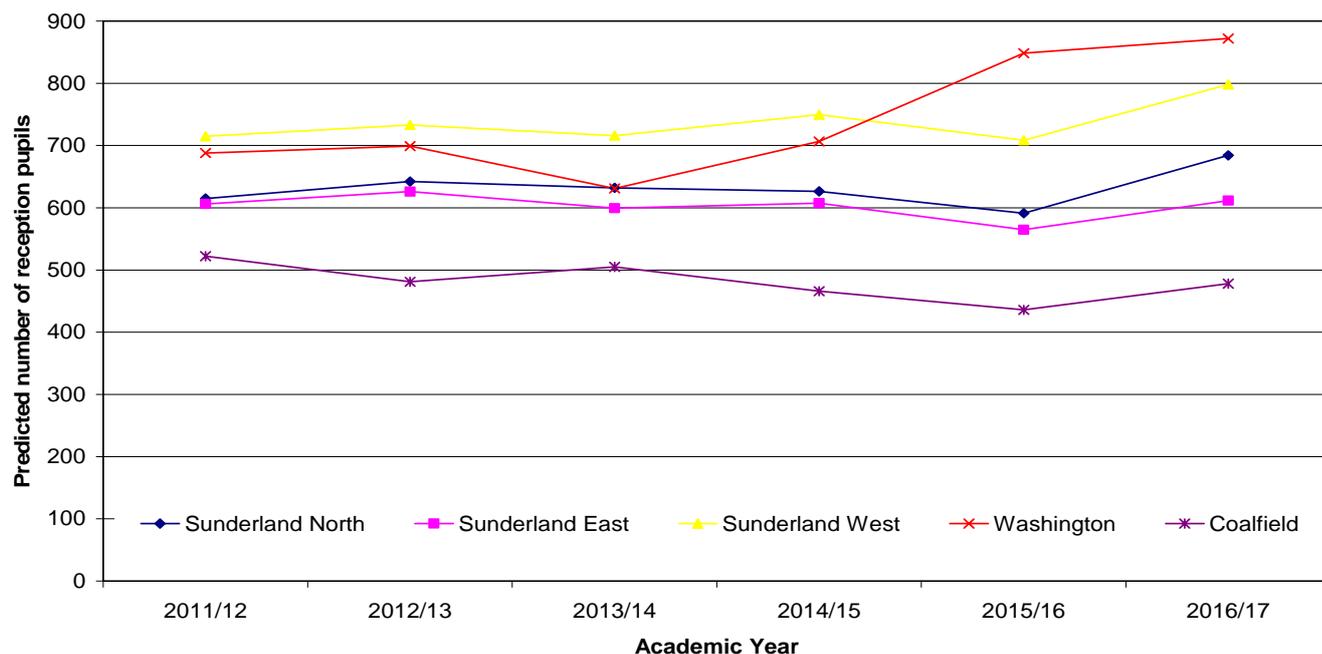


Figure 2: Primary Pupil Projections by locality. Source: Sunderland City Council

7.3.8 Members acknowledged the impact of Grindon Hall Christian School, a free school, on pupil places, with the school doubling in size to 545 places and admissions of 40 pupils per year group. Grindon Hall admitted children to all year groups from reception through to year 11, this influx had the biggest impact on neighbouring schools including Academy 360, Broadway Juniors, Barnes Junior School and South Hylton Primary School.

7.3.9 In order to address the potential need for additional places in the primary sector of solutions being explored including the use of surplus capacity, existing assets, remodelling and capital investment. It was highlighted that many schools used their surplus capacity in a variety of ways including for community use and if such space was to be reclaimed for pupil places it would involve discussions with the relevant schools governing body.

7.3.10 In terms of capital funding there is a degree of uncertainty in going forward. Currently capital allocations to the LA are limited to urgent maintenance and to reflect Basic Need (shortage of places) with the latter being calculated on the basis of the overall shortage of spaces across a whole area. This will bring added pressure in terms of meeting the need for new school places, and place greater emphasis on working with developers and proposers of new schools to identify affordable and sustainable solutions. In the short term this is likely to mean that those proposing new schools would also need to seek support direct from the DfE in order to make their development a viable proposition. Developer contributions for new school places are secured through planning obligations, which are also known as Section 106 agreements. This places emphasis on the Local Authority demonstrating sufficient need, to do so will normally require that specific schools are named in the S106 agreement. As a consequence of new legislation introduced in April 2010 a new mechanism for securing developer contributions through a Community Infrastructure Levy (CIL) was introduced. This places greater emphasis on the naming of specific schools to receive any contributions. This means developers are unlikely to welcome the uncertainty of competitions for

additional places, and will seek to only provide money for specific schemes. However, the Council has been successful in securing 5 new schools through the PFI funded Priority Schools Building Programme for Hetton Secondary School and Shiney Row, Usworth Grange, Hylton Castle Primary Schools. St Anthony's Girls VA Academy has also been successful in securing this funding.

7.3.11 The picture in relation to surplus places is different at secondary school level with the secondary school population much more fluid in response to perceptions, performance and popularity. Current secondary school projections show that numbers are continuing to decrease and that the increases in primary schools will not impact on the secondary sector until 2017/18. Although this does present a potential pressure around over supply of secondary school places which could result in decreasing funds for schools due to such surplus places. Members were informed that oversubscription tended to occur more in the faith schools and particular schools, often those with outstanding Ofsted judgements, also the border areas of the city suffered from a migration of pupils to schools in Durham, Gateshead and South Tyneside. For some schools the reduction in numbers, resulting in large surplus places, presents significant challenges in terms of funding and organisation of curriculum moving forward. The extent of this challenge is currently being investigated and potential solutions explored.

7.3.12 Members queried the current trends and hotspots in relation to appeals for schools and it was noted that the majority of appeals were for primary schools and were attributed to the growing birth rate in some areas and parental demand for particular schools. Current hotspots were identified as the Washington locality and parts of Sunderland West and the Coalfields. It was also reported to the panel that the Admissions Forum, which was to continue in Sunderland, played an important role in identifying and addressing emerging issues in relation to admissions

7.3.13 In terms of the September 2012 admissions it was reported to the panel that there had been no issues with secondary schools with every pupil having a place for 2012. However the primary school position was very different with a number of appeals still ongoing. Some of this was due to the late arrival of school preference forms. It was also of interest to Members that increasingly as schools become more independent the need remains for a relationship between schools and the local authority around admissions.

7.3.14 Every type of school must set an admission criteria and arrangements. The local authority criteria are as follows:

- Looked After Children
- Attendance at a cluster or feeder primary
- Sibling link
- Medical Circumstances
- Other reasons.

Academy schools have the option to develop their own criteria but so far all have maintained the local authority prescribed criteria for admissions.

8 Conclusions

The Panel made the following overall conclusions:-

- 8.1 There is no doubt that there is a gathering momentum for schools to convert to Academy status, compounded by the declining resources available from local government for school support. This is clearly a key driver in the changing school landscape for the development of new models of delivery for both school and pupil support.
- 8.2 The local authority is referred to more and more frequently as the middle or mediating tier, which, with a focus on school improvement, could exercise a strong strategic role supporting schools to improve through collaboration, promoting the professional development of teachers and ensuring schools respond effectively to national policy changes. The importance of the relationship between the local authority and local schools has never been more important. The report clearly identifies that there is a good and mature relationship between schools leaders and the council and this will ensure that local knowledge, history, soft data and influence can help to resolve or highlight any emerging issues. Improvement across a local area will depend heavily on a shared approach of those working and living in the locality. Schools working independently will not be as effective as a school system where all the key players contribute towards common goals of improvement, change and success. The [one.education@sunderland](#) project looks to develop this way of working across the city.
- 8.3 In many terms 2012 is being viewed as a transition year with schools adjusting or converting to a new school status. In terms of school improvement this has meant that many schools continue to buy-back services from credible partners and this is supported by the panel's findings. While the secondary sector, sponsored and converter academies are confident with the commissioning process there is clearly less confidence in the primary and nursery sectors and it will be important to ensure that support is available to build expertise and confidence in a process which has perhaps not been required previously.
- 8.4 The changing role of the Local Authority provides a clear driver to look at new models of school improvement, ensuring it is fit for purpose in a changing environment. School to school improvement has huge potential, with the involvement of the Teaching Schools, multi-academy trusts, LLEs and NLEs to use the expertise in order that all schools can become good and outstanding. However there are also a number of key challenges that present themselves around this model of improvement and through the consortia model the local authority is effectively looking to facilitate schools to become the agents of their own improvement.
- 8.5 The local authority still has a key duty to ensure good outcomes for all children however the increasing autonomous landscape means local authorities need to look to different ways to influence schools and detect the early signs of declining performance. Soft indicators and intelligence from a variety of council services in contact with schools can help provide an evidence based picture of school performance and its current state. It could prove extremely beneficial to the local authority and local schools to chart such indicators and intelligence across areas and wards to help identify any potential areas of concern as soon as possible.

- 8.6 It will also be important to ensure that there is clarity on how the local authority would approach an academy where there is a potential concern over performance. The introduction of a mutually agreed protocol that clearly outlines the local authority role in a brokerage supporting role that builds on the existing good relationships with schools would be beneficial. The development of such a protocol would need to involve all key stakeholders and could help to provide a mechanism for future collaboration as well as setting clear defining roles and actions.
- 8.7 School place planning is not an exact science and the local authority uses a raft of data to predict the pupil projections over a number of years. This provides an accurate, if not definitive, picture of the expected pressures and pinch points on school places across the city. Clearly the primary sector is the most difficult to predict compared to the secondary sector and each sector faces different challenges; over-subscription for reception places in some parts of the city, and reducing numbers in some of the city's secondary schools. There is clearly, as the review highlights, an impact from free schools, studio schools and university technical colleges in an area as they are able to operate outside of the system of co-ordinated admissions for the first year. This acknowledges the accelerated timescale to which they are opened and directly impacts on neighbouring schools.
- 8.8 The expansion in free schools and academies will have an implication on the application process and while there will be more onus on schools to allocate pupil places there will still be a role for the local authority to provide support and assistance and this offer will still be available. Parents often struggle to understand admissions arrangements and this could become even more difficult with multiple admissions authorities, different over-subscription criteria/definitions and requirements for additional information. There is an important role here for the local authority in providing clear and concise advice to all parents around admission arrangements and providing support to the process through their middle tier position.

9 Draft Recommendations

- 9.1 The Children's Services Scrutiny Panel has taken evidence from a variety of sources to assist in the formulation of a balanced range of recommendations. The Panel's key recommendations are as outlined below:-
- (a) That in further support to the one.education@sunderland project the local authority explores the development of a shared intelligence group with the aim of collating evidence based information from a number of key council sources who have direct contact with schools around 'soft' indicators that can chart and identify risks, key trends and areas of concern or intelligence about schools.
 - (b) That in developing its middle tier role, the local authority looks to, in consultation with Members, Officers and headteachers, to develop a protocol that clearly outlines and establishes the council's role in terms of brokerage, support and intervention with schools and academies in relation to school improvement.
 - (c) That the local authority provides clear, current and concise information to parents, in suitable formats, around admission arrangements for all types of schools in Sunderland and continues to develop a brokerage role in supporting the admissions process through its middle tier position.

10. Acknowledgements

10.1 The Committee is grateful to all those who have presented evidence during the course of our review. We would like to place on record our appreciation, in particular of the willingness and co-operation we have received from the below named:-

- (a) Keith Moore, Executive Director of Children's Services;
- (b) Beverley Scanlon – Head of Commissioning and Change Management;
- (c) Annette Parr – School Improvement Officer;
- (d) Richard Hegarty – School Improvement Officer;
- (e) Kay Rooks – Early Years Foundation Stage School Improvement Officer;
- (f) Chris Campbell – (Schools) Support and Intervention Officer;
- (g) Julie Davey – Admissions Team Leader;
- (h) Graham Shillinglaw – Headteacher Springwell Dene School;
- (i) Cllr Paul Stewart – Policy Member Children's Services.

11. Background Papers

11.1 The following background papers were consulted or referred to in the preparation of this report:

- (a) [The future role of the local authority in education](#) by Jonathan Crossley-Holland. ADCS. 2011
- (b) [Action research into the evolving role of the local authority in education - The final report for the Ministerial Advisory Group : The Department for Education](#) June 2011
- (c) [The Future Role of Local Authorities in School Improvement | LGIU: Local Government Information Unit](#) CSN Policy Briefing. April 2012
- (d) [The Education Act 2011](#). HM Government
- (e) Children's Services Scrutiny Panel Papers June 2012 – November 2012

An Overview of the Education Act 2011

Part 1: Early Years provision

Early years provision (the 'free entitlement', notionally 15 hours a week for 38 weeks a year) will be offered to 2-year-olds from disadvantaged families (Section 1).

Part 2: Discipline

School staff receive greater powers to search pupils for, and seize, more items. In addition to knives, offensive weapons, stolen articles, and alcohol, staff will be able to search for and seize items those thought likely to be used to commit an offence or cause personal injury to either the pupil or another pupil. Schools will be able to seize items banned by school rules. If school rules prohibit electronic devices (mobile phones etc), these can have files removed before they are returned. In urgent circumstances, a member of staff can dispense with the need for the presence of another member of staff of the same sex as the pupil before carrying out a search of a pupil's clothing or possessions (Section 2). Similar powers are given to staff at further education institutions (Section 3).

The parents of an excluded pupil lose the right to appeal to a local independent appeals panel to ask that their child is reinstated. Instead, parents can ask the Local Authority to arrange an independent review panel, to ask the school to think again about a decision to exclude a child. Where a governing body is directed to reconsider a permanent exclusion by the panel and it does not subsequently offer to reinstate the pupil, the school will be expected to make an additional payment to the LA towards the costs of alternative provision. (Section 4).

The requirement to give 24 hours notice before a pupil is detained outside school hours as part of a punishment is repealed (Section 5). The requirement that each secondary school must participate in a behaviour and attendance partnership is repealed (Section 6).

Part 3: School workforce

The General Teaching Council England (GTCE) is abolished (Section 7). Teacher discipline functions are given to the Secretary of State who gets the power to investigate allegations of professional misconduct etc against qualified teachers and the power to prohibit qualified teachers from teaching (Section 8). The Secretary of State will take over from the GTCE the management of teacher induction (Section 9).

Restrictions are placed on reporting by the media etc of alleged criminal offences by teachers in schools prior to a formal charge being made (Section 13).

The Training and Development Agency for Schools (TDA) is abolished and the Secretary of State becomes directly responsible for funding initial training, including the setting of entry standards for funded training to teaching and other school related professions (Sections 14 to 17).

The School Support Staff Negotiating Body (SSSNB) is also abolished; the Body has not yet issued, and will not now issue, its first report on pay and conditions of support staff (Section 18).

Part 4: Qualifications and curriculum

Maintained schools may be required to take part in international surveys of school and pupil performance (Section 20).

Ofqual is directed to consider examination standards in other countries when considering standards in England (Section 22). Following the problems with errors in the Summer 2011 GCSE and GCE examinations, Ofqual is given powers to investigate and fine examination boards for errors (Section 23).

The Qualifications and Curriculum Development Agency (QCDA) is abolished with functions being extinguished or transferred to the Secretary of State. The development of the National Curriculum is transferred to the Secretary of State without the need to involve an arm's-length body (Sections 25 to 27).

The Secretary of State gives up power to direct how the Connexions service works in a particular local authority, but schools can refuse entry to Connexions advisers (Section 28). Schools become responsible for impartial careers guidance for 14 to 16-year olds which cannot be provided by a member of the school's staff (Section 29). Local authorities will no longer be responsible for securing the additional (noncore) diploma entitlement for 16 to 18 year olds (Section 30), and the full range of diploma courses for 14 to 16 year olds (Section 31).

Part 5: Education institutions: other provision

The provisions (which were at the start of Part 5) repealing the duties on schools to co-operate with the local authority and other partners to promote the well-being of children and have regard to the children and young people's plan were removed from the Bill by a Government amendment in the Lords.

Schools will no longer have to publish a school profile (Section 32), and local authorities will no longer appoint School Improvement Partners to each school (Section 33).

The admission forum, the body which supports local co-ordination of school admission arrangements, is abolished. On an appeal against a school's admission arrangements, the adjudicator will lose the power to rewrite admission arrangements. Instead, the adjudicator will state what needs to be done in respect of the appeal to bring the admission arrangements into line with the School Admissions Code. This judgement will remain binding on the admission authority. Local authorities will continue to send annual reports to the Schools Adjudicator but the content of the report will be set out in the Admissions Code rather than regulations (Section 34).

Local authorities and schools must not charge more for school meals than the cost of providing the meals. However, differential charging will be permitted to encourage take up by specific groups (Section 35).

When a new school is required, the local authority must first try to find a promoter to establish an Academy (or its Free School variant). If none can be found, the local authority can conduct a competition for a foundation or voluntary school as currently happens. If none can be found following a competition, the local authority can then seek the consent of the Secretary of State to establish a community school.

Maintained school governing bodies must consist of parent governors, an elected staff governor and the head teacher and a person appointed by the foundation if there is one. A person can be appointed by the local authority if that person meets the 'eligibility criteria' set by the governing body. The headteacher can resign from the governing body (Section 38).

Outstanding schools will be exempt from OfSTED inspections. Such schools can request an inspection but may have to pay for it (Section 40). School inspections will principally have to report on the achievement of pupils, the quality of teaching, the quality of leadership and management, and the behaviour and safety of pupils (Section 41).

The Secretary of State gets additional powers to close directly a school: all schools which are eligible for intervention can be closed directly except those which are eligible for intervention because of a Teachers' Pay and Conditions Warning Notice. The Secretary of State can override a local authority decision not to issue a Performance Standards and Safety Warning Notice and thus make a school eligible for intervention (and consequently eligible for an Academy Order) (Section 44).

The legislation allowing complaints to the Local Government Ombudsman about individual schools by parents and pupils is repealed. (Section 45)

The Secretary of State can direct changes to local authority schemes for financing schools (Section 46). Premature retirement and redundancy costs of school staff employed for community purposes must be met from school budgets provided that meeting these costs does not interfere with the provision of education to the school's pupils (Section 47). Schools will be able to charge parents for early years educational provision when the school provides educational provision outside the 'free entitlement' (Section 48).

Pupil referral units will have delegated budgets on the same basis as maintained schools (Section 50). The decision to rename Pupil Referral Units (PRUs) as Short Stay Schools is repealed (Section 51).

Part 6: Academies

Secondary academies will no longer need to have a specialism (Section 52). Two new types of academies are created: 16 to 19 Academies and Alternative provision Academies. Current Academies become known as Academy schools (Sections 53 and 54).

The influence of school trustees, associated foundations and, where one exists, "the appropriate religious body" is strengthened prior to the making of an Academy Order (Section 55). Consultation prior to conversion can be done by the potential Academy Trust where the Secretary of State uses the power to force an Academy Order where the maintained school is eligible for intervention (Section 56). An individual school in a federation is able to apply to become an academy (Section 57). The law is clarified on the transfer of staff contracts to Academies where an enforced transfer agreement is used (Section 59).

An Academy must consult on a proposal to increase its age range (Section 60). The law clarifying the rights of staff not to be required to comply with religious requirements in faith academies which were formerly voluntary controlled schools is clarified along with the rights of staff which were formerly reserved teachers in such schools and new staff appointed to such positions (Section 62). The law on Academies land is revised (Section 63). The Adjudicator can hear complaints against an Academy's admission arrangements (Section 64).

Part 7: Post-16 Education and Training

The Young Peoples Learning Agency (YPLA) is abolished and functions transferred to the Secretary of State including the funding of 16 to 19 education and Academies. (Sections 66 to 68).

The duty on the Skills Funding Agency (SFA) to find an apprenticeship place for all suitably qualified young people is repealed. The SFA must provide “proper facilities for apprenticeship training” for young people who have found an “apprenticeship opportunity” and who are aged 16 to 18 or are above that age but have previously been in care but are under 25 or are of a prescribed description (Section 69). The SFA must make reasonable efforts to secure the participation of employers in apprenticeship training (Section 70).

The scope of training that must be funded by the SFA (and free of charge to the student) is reduced for those over 19 years: entry level qualifications in literacy and numeracy will remain but it will not be possible to specify level 2 courses except for adults less than 24 years (previously 25 years). The ability to specify level 3 courses for this age range remains. The power to specify area-wide bodies to formulate skills policy is removed (Section 73).

The Secretary of State gains flexibility on the enforcement of the ‘duty to participate’ in education and training for 16 and 17 year olds including the possibility of a criminal offence for failure to participate. (Section 74)

Part 8: Direct Payments

The local authority gains a power to make direct payments for children with special educational needs instead of specifying (and meeting the costs) of the special educational provision. A similar power is given for young people with a learning difficulty assessment. The power must only be exercised in accordance with a Pilot Scheme made by the Secretary of State. The provision is repealed four years after the Act is passed (Section 75).

Part 9: Student Finance

3.42 The Secretary of State gets greater flexibility to set interest rates for student loans. (Section 76) A cap can be set on undergraduate part-time course fees. (Section 77)

Ref	Recommendation	Action	Owner	Due Date	Progress Commentary
(a)	That in further support to the one.education@sunderland project the local authority explores the development of a shared intelligence group with the aim of collating evidence based information from a number of key council sources who have direct contact with schools around 'soft' indicators that can chart and identify risks, key trends and areas of concern or intelligence about schools.	<ul style="list-style-type: none"> To reconstitute a Children's Services Shared Intelligence board to develop key trends and areas of concern or intelligence about schools and link this to the emerging school to school improvement models. Revisit the role of the one.education@sunderland Partnership Board 	A Parr B Scanlon	April 2013	
(b)	That in developing its middle tier role, the local authority looks to, in consultation with Members, Officers and headteachers, to develop a protocol that clearly outlines and establishes the council's role in terms of brokerage, support and intervention with schools and academies in relation to school improvement.	<ul style="list-style-type: none"> A clear position statement on the role and responsibilities of the local authority to be produced. Develop and implement a Communications Strategy for schools, partners, Members and the wider community of interest. Agree clear and concise service level expectations for the School Improvement Team 	A Parr B Scanlon A Parr	By September 2013	
(c)	That the local authority provides clear, current and concise information to parents, in suitable formats, around admission arrangements for all types of schools in Sunderland and continues to develop a brokerage role in supporting the admissions process through its middle tier position.	<ul style="list-style-type: none"> Ensure that the co-ordination scheme for admission arrangements is reviewed annually and is in line with the Admissions Code 2012. Review the role of the School Admissions Forum to ensure that the Forum becomes a champion for children, young people and families. Increase the number of online applications for school admissions. 	A Rowan	End July 2013	

<p>CABINET MEETING – 13th February 2013</p> <p>EXECUTIVE SUMMARY SHEET – PART I</p>	
<p>Title of Report: Transition of Public Health to the Council</p>	
<p>Author: Chief Executive</p>	
<p>Purpose of Report: Following on from the passage of the Health and Social Care Act 2012, this report seeks Cabinet’s agreement to the transition arrangements for those elements of the public health system which are transferring into the local authority’s responsibility at midnight on the 31st March 2013. It further seeks approval to delegate the final arrangements to the Assistant Chief Executive in consultation with the Leader and Portfolio Holder during the remainder of February and March 2013.</p>	
<p>Description of Decision: Cabinet is recommended to:</p> <ul style="list-style-type: none"> a) Agree to the transition arrangements for public health into the local authority b) To approve the delegation of final arrangements to the Assistant Chief Executive in consultation with the Leader and Portfolio Holder during the remainder of February and March 2013 	
<p>Is the decision consistent with the Budget/Policy Framework? *Yes</p>	
<p>If not, Council approval is required to change the Budget/Policy Framework</p>	
<p>Suggested reason(s) for Decision: To comply with the requirements of the Health and Social Care Act 2012 and subsequent statutory guidance. These include the establishment of formal Transfer Orders resulting from the reorganisation of the NHS, with wide ranging changes including the disestablishment of Primary Care Trusts(the “Sender” organisations) and transfer of functions to other statutory bodies (“Receiver” organisations) which include local authorities.</p>	
<p>Impacts considered and documented:</p> <p>Equality <input type="checkbox"/> Y Privacy <input type="checkbox"/> Y Sustainability <input type="checkbox"/> Y Crime and Disorder <input type="checkbox"/> N</p>	
<p>Is this a “Key Decision” as defined in the Constitution? Yes</p>	<p>Scrutiny Committee</p>
<p>Is it included in the 28 day Notice of Decisions? Yes</p>	

TRANSITION OF PUBLIC HEALTH TO THE COUNCIL**REPORT OF THE CHIEF EXECUTIVE, DIRECTOR OF PUBLIC HEALTH, ASSISTANT CHIEF EXECUTIVE, DIRECTOR OF HEALTH, HOUSING AND ADULTS AND DIRECTOR OF CHILDREN'S SERVICES****1.0 PURPOSE OF THE REPORT**

- 1.1 The report seeks Cabinet's agreement to the transition arrangements for public health into the local authority in order to comply with the statutory transfer date of 01 April 2013 and to delegate the final arrangements to the Assistant Chief Executive in consultation with the Leader and Portfolio Holder during the remainder of February and March 2013.

2.0 DESCRIPTION OF THE DECISION (RECOMMENDATIONS)

- 2.1 Cabinet is recommended to:
- a) Agree to the transition arrangements for public health into the local authority
 - b) To agree to the delegation of final arrangements to the Assistant Chief Executive in consultation with the Leader and Portfolio Holder during the remainder of February and March 2013.

3.0 BACKGROUND**3.1 National picture on health**

The Government believe the Health and Social Care Act 2012 has huge opportunities to improve health and wellbeing in England. People living in the poorest areas die on average seven years earlier than people living in richer areas; and have higher rates of mental illness; cancer, heart and lung disease and experience of disability. They also suffer largely preventable harm from smoking, excessive alcohol consumption and drugs, and increasing levels of obesity.

Locally a similar picture has been identified in the Joint Strategic Needs Assessment (JSNA). There is an equally stark gap of over 10 years difference in life expectancy between the most deprived and least deprived communities in our area. In Sunderland people:

- Feel that they have poorer health and well being than the rest of England;
- Are admitted to hospital more often;
- Die earlier than people elsewhere in England.

Cancer, heart and lung disease are the main killers and many of these avoidable deaths are caused by higher than average levels of smoking, harmful drinking and obesity.

3.2 The New Public Health System

The government's intention to radically reform the public health system was announced in November 2010 in *Healthy Lives, Healthy People*. The biggest changes in the reforms are:

- Clearly established priorities through a stronger focus on health outcomes, as defined in the Public Health Outcomes Framework
- New roles and responsibilities for local authorities around leadership of health improvement, protection and supporting commissioning of quality population healthcare alongside allocated ringfenced resources
- A new body, Public Health England (PHE), is being set-up from an amalgam of predecessor bodies such as the Health Protection Agency, cancer registries and public health observatories amongst others. PHE will have a very significant coordination and delivery role in terms of health protection.
- Some public health services will continue to be provided centrally, and there will be commissioning relationships and flows between national and local bodies. For example, the NHS Commissioning Board will commission screening and immunisation services from the NHS with input from Public Health England. It will also have responsibility for offender health and the public health of children under the age of 5 (although responsibility for the latter will transfer to local authorities in 2015).

The reforms simultaneously devolve more responsibility for public health to local authorities and bring some functions (those delivered by PHE) closer to ministers. All upper tier local authorities are also expected to have established a Health and Wellbeing Board (HWB) in shadow form by 1st April 2012 and the Boards should be fully operational by 1st April 2013 with their Joint Health and Wellbeing Strategies in place.

3.2 What do the new responsibilities for Sunderland City Council cover?

Local authorities will:

- become the employer of the Director of Public Health;
- have a new enhanced duty to promote the improved health of their population;
- be responsible for ensuring plans are in place to protect the health of the public from disease outbreaks and local health emergencies, working with Public Health England and its local centres;

- be responsible for commissioning of a range of health improvement services and for providing population public health advice to NHS commissioners.

While local authorities will be largely free to determine their own health improvement priorities and services to be commissioned based on the description of local need within the Joint Strategic Needs Assessment and the need to deliver on the Public Health Outcomes Framework, they will also be required to commission or otherwise ensure delivery of a number of mandatory services:

- Sexual health services (excluding termination services)
- NHS Health Checks- a cardiovascular disease check
- National Child Measurement Programme- around obesity in Year 1 and Year 6 children
- Providing population public health advice to NHS Commissioners, and
- Being assured that plans are in place across local partners to protect the health of the public

The following is a summary of current functions and responsibilities to be transferred to Sunderland City Council: With regards to health improvement commissioning it is worth noting that the range of interventions and services commissioned to support improvements in the health of the population may change over time based on an agreed set of commissioning intentions.

- Strategic Leadership and Co-ordination of the local public health agenda
- Health Improvement Commissioning
 - Public health services for children 0-5 (some post 2015)
 - Public health services for Children and young people 5-19
 - The National Child Measurement Programme
 - Interventions to tackle obesity (community lifestyle and weight management services)
 - Locally led nutrition initiatives
 - Increasing levels of physical activity in the local population
 - NHS Health Checks assessments
 - Public Mental Health Services
 - Dental public health services
 - Accidental injury prevention
 - Population level interventions to reduce birth defects
 - Behavioural and lifestyle campaigns to prevent cancer and long term conditions
 - Local initiatives on workplace health

- Supporting, reviewing and challenging delivery of key public health funded and NHS delivered services such as immunisations and screening
 - Comprehensive sexual health services including testing and treatment for sexually transmitted infections, contraception outside of the GP contract and sexual health promotion and disease prevention
 - Local initiatives to reduce excess deaths as a result of seasonal mortality
 - Local authority role in dealing with health protection incidents, outbreaks and emergencies,
 - Public health aspects of promotion of community safety, violence prevention and response
 - Public health aspects of local initiatives to tackle social exclusion
 - Local initiatives that reduce public health impacts of environmental risks
 - Wider determinants, education, housing, police, transport, planning
 - Tobacco Control and smoking cessation services
 - Alcohol and drug services
- Public Health Intelligence e.g. research & knowledge partnerships, input into JSNAs and other needs assessments, data collection and management, monitoring activity
 - Assurance of Emergency Planning Risk and Resilience arrangements
 - Marketing & communication
 - Public Health communication and campaigns
 - Community development and engagement
 - Performance
 - Public Health performance improvement/networks

The Public Health Outcomes Framework defines in 5 domains the health outcomes the new Public Health System will be expected to deliver- in large part the responsibility of local authorities. These are:

- Healthy life expectancy and preventable mortality-preventing people from dying prematurely and health inequalities
- Health protection and resilience-protect the population's health from major emergencies and remain resilient to harm
- Tackling wider determinants of health-tackling factors which affect health and wellbeing and health inequalities
- Health improvement-helping people to live healthy lifestyles, make healthy choices and reduce health inequalities

- Prevention of ill health-reducing the number of people living with preventable ill health and reduce inequalities

3.4 Interface with Sunderland NHS Clinical Commissioning Group, NHS Commissioning Board (NHSCB) and Local Area Team (LAT), North of England Commissioning Support Service

The NHS will continue to play an important role in delivering health improvement and addressing inequalities through the work of Sunderland NHS CCG and their role in assuring quality of provision of health services and ensuring fair access.

The Health and Social Care Act also introduces new duties on inequalities -

- on the NHS Commissioning Board and Clinical Commissioning Groups to “have regard to the need to reduce inequalities in access to, and the outcomes of, healthcare”;
- The Secretary of State will have a wider duty, to have regard to the need to reduce inequalities relating to the health service (including both NHS and public health);

The NHSCB will commission some services on behalf of Secretary of State:

- public health services for children aged 0-5, including health visiting and family nurse partnerships
- immunisation and screening programme
- public health services for those in prison or custody
- sexual assault referral services
- Child Health Information Systems (CHIS).

3.5 Sector organisation – sender and receiver organisations

This reorganisation has been described as the largest in the NHS’s history since 1948. Sunderland Teaching Primary Care Trust, one of three such organisations under the umbrella of NHS South of Tyne and Wear is defined as the ‘sender organisation’ from which staff, functions, budgets and other assets will be transferred to one of 6 receiver organisations, one of which is Sunderland City Council. The other organisations include Sunderland NHS Clinical Commissioning Group, Public Health England, the NHS Commissioning Board and its local arm, the Area Team; the North of England Commissioning Support Service, the NHS Property Company (Prop Co)

3.8 Local Transition Process

The Director of Public Health and Executive Directors’ of Health, Housing and Adult Services and Childrens Services along with the

Assistant Chief Executive have sponsored detailed work over the last year to ensure a smooth transition at the end of March 2013. Governance has been provided through a Sunderland PH Transition Board, The Health and Wellbeing Board and Cabinet as well as through the Strategic Health Authority and NHS SoTW /Local Authorities Transition Group

To further assist receiver organisations the Department of Health published a HR Framework which provided generic guidance covering the employment and HR processes throughout the transition, as well as setting out specific requirements for the individual receiver organisations. Sunderland City Council HR staff are in close liaison with NHS SoTW HR staff over the detailed processes involved in transfer of staff.

4.0 INTEGRATED PUBLIC HEALTH ARRANGEMENTS IN SUNDERLAND MOVING FORWARDS

4.1 Current provision and how it works

There are currently 24 whole time equivalent staff (alongside some existing staff vacancies) in the Sunderland Public Health Team who deliver strategic and commissioning functions around the three elements of the public health agenda (improvement, protection, quality). The majority of these staff are already working closely with directorate and service teams within the Council, e.g. Childrens, HHAS, and Democratic Services.

These are supported by additional staff in other parts of NHS SoTW (eg finance, procurement, HR, Business strategy, ICT, Information amongst others).

In order to maximise effectiveness and efficiency, in the past some strategic functions have been delivered on a strategic level across the three PCT /Council patches in the NHS South of Tyne and Wear area e.g. development of the NHDS Health Checks Programme, the approach to commissioning services around the alcohol agenda, commissioning of screening programmes (cancer and non cancer).

Other functions have been delivered purely on a Sunderland footprint, e.g. the development and implementation of the Sunderland Health Champions Programme. Delivery of the functions transferring to Sunderland City Council has been underpinned by a budget of approximately £19m with approximately £17.5m spent directly on service commissioning. There are approximately 311 contracts within the overall sum, although a number of these eg smoking, sexual health service are delivered through locally enhanced service arrangements with the GP or pharmacy practices- each LES then has 54 contracts (GPs), or 58 (Pharmacies) associated. The other two major contracts are with the Community Services arm of South Tyneside NHS

Foundation Trust who took on the PCT provider arm as part of Transforming Community Services during 2010 and a range of Sunderland City Council services e.g. the Wellness Service. A significant number of contracts are held with the voluntary and community and independent sector (eg around drugs and alcohol) with a very small number of private business contracts (eg weight watchers, slimming world, Rosemary Connolly)

4.2 Shared services (including non clinical assets such as software with Gateshead and Sunderland and also regionally shared services such as Balance and Fresh)

In addition to the staff resource identified above, which will be provided by the Sunderland Public Health Team, there are three services shared across Gateshead, South Tyneside and Sunderland Public Health teams. The PH Primary Care Support (21 staff, 1WTE) covers a number of functions including Public Health performance improvement/networks. The PH Improvement Resources Team (5WTE) provides a support mechanism through engaging the public through health communication and campaigns. A dedicated Information and Intelligence team (2WTE) supports the Public Health Intelligence function.

The FRESH and BALANCE contracts are currently commissioned by NHS Durham and Darlington and were established to provide a presence in the region to engage with the public on the dangers of alcohol and tobacco and the associated health risks.

The FRESH contract has been in place since 2005 and the BALANCE contract since 2007. As part of the Public Health transition this service is part of the contract portfolio that will be transferred from the PCT to Local Authority control on 01 April 2013. The lead organisation for the contracts will change from NHS Durham, to Durham County Council who will manage the contract on behalf of the 12 regional authorities.

As the contracts end on 31 March 2013 Durham County Council has issued a collaborative agreement for each of the twelve local authorities to opt into the service for a further year until 31 March 2014. This will allow a further consolidation period where local authorities can establish local needs and determine how they will commission the service in the future.

4.3 How will services be integrated – the functions, processes and ways of working moving forwards

The Shadow Health and Wellbeing Board has identified integrated service delivery as being fundamental to transforming health and wellbeing in the City. The Integrated Wellness Model that is currently being developed for the City is based on a model of community resilience, developing and maximising the potential of local assets. Rather than having multiple services operating in silos, focussing on

individual issues, the Integrated Wellness Model seeks to provide a holistic approach to an individual's health and wellbeing needs, addressing the causes of unhealthy lifestyle choices and with a core service available to all but more intensive support will be available as wrap around for those with greatest need.

Work is progressing between the Council and PH to further analyse existing PH spend which will be used to inform current commitments, which will be compared to actual funding allocations for 13/14 now final funding allocations have been made available from the DoH.

Proposed commissioning intentions have now been formulated and once finalised will provide a timetable for a review of all commissioned services over the next two years. This will incorporate work already underway such as the Integrated Wellness Model. Work is also underway to design appropriate arrangements for the governance of future commissioning for public health. This is running in parallel with work looking at commissioning support arrangements for Adult Social Care and Children's Services and also the interface with the Clinical Commissioning Group around jointly commissioned services.

Sunderland LA are in discussion with the PCT and LA insurers and brokers regarding the degree to which LA existing liability insurance needs to be extended to cover the additional duties and responsibilities. Medical and clinical risks are not insurable under the standard council policy, so additional medical malpractice insurance is being explored.

4.4 Delivering the mandatory functions

Robust arrangements are in place to ensure delivery of mandatory functions during transition. A Memorandum of Understanding between the CCG & LA has been developed which details the delivery of public health advice to commissioners. The public health structure has been developed to ensure that mandatory functions can transition seamlessly as part of the process. Consideration is being given to ensure sufficient capacity is available to support the function and this is being considered within the operating model.

4.5 Delivering emergency planning and resilience

Draft regulations associated with the Health and Social Care Act have been laid which give Local Authorities and the Director of Public Health a series of responsibilities in respect of health protection, on behalf of Public Health England. It is yet to be seen how the new structures can work seamlessly together to deliver a robust response.

4.6 Human Resource Issues

The position of the Public Health function within the overall operating structure of the authority is clear and well-understood across the organisation and by the public health staff transferring to the local authority.

The PH Function structure has been developed to align with Sunderland's Business Operating Model (BOM). The development of the structure has gone through a significant consultation period with senior managers in PH, LA and Politicians. This structure has now been agreed with the Chief Executive of Sunderland PCT and the Local Authority and this will now be shared with relevant staff. As part of the communication work stream plan there has been ongoing consultation with PH staff, via Managers Briefings and HWB updates.

A series of workshops detailed the operating model and explained how it functions in the LA and what this means for PH staff and functions transferring across. The communication plan also includes a schedule for consultation with transitioning staff; LA staff; politicians, and the HWBB, to ensure the operating structure is understood by all.

The processes to ensure the appropriate transfer of staff have progressed appropriately. The transfer process will be managed in accordance with the Statutory Order

Work is also commencing on an induction programme for the employees who are to transfer.

4.7 Information governance and ICT

A specific area of the public health function relates to the sharing of information and intelligence for health improvement- this is more significant than access to raw data but is about its conversion into meaningful and useful information.

5.0 TRANSFER AND IMPLEMENTATION ARRANGEMENTS

5.1 Assets and liabilities

As part of the transition and closedown process for the PCTs within NHS South of Tyne and Wear, a Transfer Scheme has been developed by the Department of Health to identify and confirm all assets and liabilities to be transferred to receiver organisations.

Receiver organisations are to hold a meeting to confirm their understanding of the transfer of assets and liabilities under the relevant legal documents which will have been prepared by the Department of Health on the basis of the PCTs' Transfer Instructions.

There are some very limited Assets transferring with PH staff (ie desk top computers for all 24 fte who will transfer to the Civic Centre. The Intelligence and Information support staff will be based with the North of England Commissioning Support Unit.

There are very limited financial liabilities (< 3k) principally relating to software licences for operating the Lodex database (relating to reported emotional health and wellbeing).

5.2 Quality transfer handover arrangements

The SoTW appointed a Transition Project Manager who has co-ordinated responsibility for legacy document & the quality handover document. The quality handover document is being reviewed by the monthly PH Transition Board in line with progress and the final document is planned for 2013.

Handover and legacy is an essential component of Public Health transition and important in ensuring quality and minimising risks. The Quality Handover Document provides details of the key quality issues for the attention of the receiver organisation (SCC) and covers all aspects of quality (safety, effectiveness and patient experience), including a risk profile based on analysis and triangulation of all available quantitative and qualitative data.

5.3 Transition arrangements during 2013

There are significant opportunities and challenges in the public health reforms, and the context in which they are happening of broader NHS and public service reform, tight public spending and a flat economy.

Significant issues that need to be considered include:

- How to demonstrate a truly “health in all policies” approach. Making the most of the potential of traditional local authority services such as planning, housing and transport and leisure so that they are actively designed to improve health and wellbeing, contribute to the local JHWBS and public health outcomes framework.
- Ensuring the coordination of public health roles and functions between the NHS and local authorities as responsibilities diverge. This is particularly so for local authority health improvement services which need to be coordinated with other services commissioned by the NHS Commissioning Board.
- Developing a stronger case for commissioning and developing services across traditional boundaries and pooling commissioning budgets between Health and Wellbeing Board members where appropriate.
- Moving beyond purely service-based public health commissioning. The need to be clearer about how actions and services lead to outputs and outcomes, including those in the JHWBS and the public health outcomes framework.
- Developing a shared time horizon for public health strategy and vision that looks beyond immediate financial planning cycles, to ensure that small, quick wins don’t always crowd out larger and more significant longer term ones.

- Evaluating success on how cost-effective and equitable different service options are as well as how effective they are.

6 Potential Risks

From April 2013, local government in England takes on new public health responsibilities and so Sunderland City Council (SCC) will take on responsibility for a large proportion of public health contracts currently held by the Primary Care Trust (PCT). In preparation for this transfer, there has been a national process to determine a new funding formula which will determine the public health budget allocations to local authorities. The new formula places a reduced emphasis on deprivation, and is therefore likely over time to lead to a significant decrease in funding to Sunderland. This means that it is no longer possible to sustain the number and value of contracts currently held, and a new approach to commissioning of services and other developments will be required.

Local authorities will have responsibility to deliver against the two overarching aims set out in *Healthy Lives, Healthy People*; to improve health and to reduce inequalities alongside a range of other supporting outcomes. Progress will be monitored against indicators in the Public Health Outcomes Framework and, through the Health Premium, public health funding to local authorities will be determined to some extent by their achievements against these indicators. A lack of sustained progress may lead to not receiving the health premium which in itself could be a further financial risk going forward.

6.0 FINANCIAL POSITION

6.1 Budget

The government had estimated about £5.2bn will be spent on public health in 2012-13, between local authorities, the NHS Commissioning Board and Public Health England and the Department of Health.

The Department of Health announced the first estimates for public health funding under the new NHS structure. The announcement, made on 8th January 2013 by health secretary Andrew Lansley, will see councils receive a total of £2.66bn for public health for 2013/4 and almost £2.8bn for the following financial year. Sunderland will receive £20.656m in 2013/14 and £21.234m in 2014/15. The funding allocations are intended to support the Government's vision of helping people live longer, healthier and more fulfilling lives and tackling inequalities in health.

6.2 Contract arrangements

Current contracts covering commissioning responsibilities that are coming to the Local Authority will be novated across via a statutory transfer order. The existing terms and conditions of those contracts will

continue to apply for the lifetime of the contract. This includes notice periods for contracts, payments terms and activity volumes.

A contract prioritisation audit has been undertaken which involved reviewing every public health contract that will transfer to the Local Authority in 2013. Each contract was measured across six domains.

- Mandated/non-mandated
- Widening Access and tackling inequality
- Value for money
- Evidence base
- Delivery on specified contractual measures
- Links to Public Health Outcome Framework

This has been used to inform the future commissioning priorities for public health.

7.0 REASON FOR THE DECISION

In view of the significant workstreams around transition which have been underway for over fifteen months, Sunderland City Council is well placed to deliver a transformational approach to its public health responsibilities moving forwards. There are a small number of outstanding issues (eg physical location of staff, consultation, etc) which have yet to be finally sorted and even with the work undertaken there are some areas which still must be considered to be of medium or high risk. However in these areas such action as can currently be taken to mitigate the risk has been taken. In some areas we need to see how arrangements work post 1st April before we consider what else might be needed moving forwards. The strategic direction is clearly established.

8.0 ALTERNATIVE OPTIONS

8.1 Do Nothing: As the Health and Social Care Act 2012 and its enabling legislation establish the legal framework for the transfer, the timetable is fixed in statute.

8.2 Refuse to delegate authority: Papers on the direction of travel have been received by Cabinet over the last year. There is no new or additional information expected beyond what is already available to the system. The work of the next six weeks will be about detailed management of the transfer and about transactional issues relating to assets rather than strategy.

9.0 IMPACT ANALYSIS

- Equalities** – In consultation with the Director of HR&OD the Council complied with its equalities duties in respect of employment by adhering to TUPE regulations for the transfer of staff.

- ii) The PH Transition Project was included in the Council's Corporate Equality Action Plan to ensure that equality and diversity impacts were analysed and considered through commissioning decisions. A joint PCT and LA process is being developed around commissioning/decommissioning services and equality analysis forms part of this process. Following the transfer of PH there will also be a review of the effectiveness of services responsibilities and an equality analysis will be carried out on any proposed changes.
- iii) **Privacy** – The project adhered to protecting the identity of the PCT staff transferring to the LA at the request of the PCT. The Data Protection Act was applied to prevent the processing of personal data to protect the privacy of those directly involved.
- iv) **Sustainability** – N/A

10.0 RELEVANT CONSIDERATIONS/CONSULTATIONS

- i) **Financial Implications / Sunderland Way of Working** - The Head of Financial Resources has been consulted on all reports with financial implications including this report and is also an active member of the Project Board overseeing progress.
- ii) **Risk Analysis** - A risk register has been produced for the project in conjunction with Council's Programme & Project Office and the Risk and Assurance Team. The Regional Risk Register is proportionate with the complexity of risks associated with the project and details the assurance to be provided to manage the risks to an acceptable level.
- iii) **Employee Implications** - The Director of HR&OD was consulted on reports with employee implications including the TUPE transfer of staff from the PCT to LA and ensuring the staff structure was compliant with the SWOW. The Director also facilitated Trade Union consultation as part of PCT staff consultation on the structure which was approved.
- iv) **Legal Implications** - The Assistant Head of Law and Governance is a member on a specific task group looking at all legal implications across the whole project, especially Information Governance and in relation to the transfer of insurance and liability from the PCT to LA including an option appraisal for clinical & non clinical indemnity.
- v) **Policy Implications** - N/A
- vi) **Health & Safety Considerations** - N/A
- vii) **Property Implications** - Location changes for PCT staff has implications on LA office accommodation. The Senior Building Surveyor, on behalf of the Deputy Chief Executive, has been consulted to ensure location implications are properly assessed in terms of the Asset Management plan.

- viii) **Implications for Other Services** – All services in the LA affected by the transition have been included within the Project and relevant updates have been provided to ensure members of the Executive Management Team and Heads of Service were appropriately consulted.
- ix) **The Public** – Key public messages are currently being developed by Communications to explain the changes/accountability from April.
- x) **Compatibility with European Convention on Human Rights** – N/A
- xi) **Project Management Methodology** - The Council standard project management methodology has been followed and will continue until April 2013.
- xii) **Children's Services** – N/A
- xiii) **Procurement** – Corporate Procurement have been involved in the Project in relation to contracts novating to the LA and re-procurement of Drug and Alcohol services.

11. Background Papers

11.1 The following background papers have informed the production of this report:

- Health and Social Care Act 2012
- Healthy Lives, Healthy People, 2010
- NHS SoTW Quality Handover action plan, 2012
- JSNA – Sunderland City Council
- SOTW Corporate Risk Register
- Transition & Change Programme Risk Register
- Memorandum of Understanding between the CCG & LA
- Sunderland's Business Operating Model (BOM)
- Announcement, on 8/1/13 by Health Secretary Andrew Lansley
- TUPE regulations

CABINET MEETING – 13 FEBRUARY 2013

EXECUTIVE SUMMARY SHEET – PART I

Title of Report:

North East Local Transport Body Assurance Framework

Author(s):

Deputy Chief Executive

Purpose of Report:

The Department for Transport (DfT) intends to devolve funding for Local Major Transport Schemes to Local Transport Bodies from 2015. As part of the devolution process DfT requires each Local Transport Body to produce and submit an Assurance Framework by 28th February 2013.

The report seeks Cabinet's agreement for the Council to become a member of the North East Local Transport Body ("NELTB") and to approve the Assurance Framework for the NELTB for submission to the DfT.

Description of Decision:

Cabinet is recommended to

- (a) agree that Sunderland City Council will be a member of the North East Local Transport Body ("NELTB");
- (b) approve, in principle, the draft Assurance Framework for the NELTB (a copy of the current version is appended) and to delegate authority to the Deputy Chief Executive, in consultation with the relevant Portfolio Holder, to agree the finalised Assurance Framework for the NELTB, so that it can then be submitted to the Department for Transport;
- (c) delegate authority to the Deputy Chief Executive and the Executive Director of Commercial and Corporate Services to conclude all documentation and enter into legal agreements with the NELTB and its accountable body to cover all requirements of the Assurance Framework;
- (d) authorise the Deputy Chief Executive, in consultation with the Leader and the Portfolio Holder, to agree and submit local transport scheme proposals to the NELTB pursuant to the new arrangements.

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:

In order for Local Authorities to be eligible to receive devolved Local Major Transport funding in future, the Department of Transport requires Local Transport Bodies to be formed (LTB).

The Council is being asked to agree to become a member of the North East Local Transport Body and approve the associated Assurance Framework for its operation.

Each LTB needs to submit an Assurance Framework, setting out the LTB’s governance and working arrangements, for approval by DfT. DfT have issued guidance on what the Framework should cover which sets out minimum requirements. DfT also require each constituent authority to agree the Assurance Framework documents and provide evidence of that agreement.

Alternative options to be considered and recommended to be rejected:

The alternative options would be for the Council to decide not to become a member of the Local Transport Body or to reject the Assurance Framework. Failure to become a member of the Local Transport Body would prevent the authority from accessing future Local Major Transport funding in light of the proposed devolution of this funding provision.

Impacts analysed;

Equality Privacy Sustainability Crime and Disorder

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

Is it included in the 28 day Notice of Decisions? No

Scrutiny Committee

CABINET – 13th FEBRUARY 2013

Report of the Deputy Chief Executive

1.0 Purpose of the Report

- 1.1 The Department for Transport (DfT) intends to devolve funding for Local Major Transport Schemes to Local Transport Bodies from 2015. As part of the devolution process DfT requires each Local Transport Body to produce and submit an Assurance Framework by 28th February 2013.
- 1.2 The report seeks Cabinet's agreement for the Council to become a member of the North East Local Transport Body ("NELTB") and to approve the Assurance Framework for the NELTB.

2.0 Description of Decision (Recommendations)

- 2.1 Cabinet is recommended to
 - (a) agree that Sunderland City Council will be a member of the North East Local Transport Body ("NELTB");
 - (b) approve, in principle, the draft Assurance Framework for the NELTB (a copy of the current version is appended) and to delegate authority to the Deputy Chief Executive, in consultation with the relevant Portfolio Holder, to agree the finalised Assurance Framework for the NELTB, so that it can then be submitted to the Department for Transport;
 - (c) delegate authority to the Deputy Chief Executive and the Executive Director of Commercial and Corporate Services to conclude all documentation and enter into legal agreements with the NELTB and its accountable body to cover all requirements of the Assurance Framework;
 - (d) authorise the Deputy Chief Executive, in consultation with the Leader and the Portfolio Holder, to agree and submit local transport scheme proposals to the NELTB pursuant to the new arrangements.

3.0 Introduction/Background

- 3.1 The Department for Transport has announced a firm intention to devolve funding for local major transport schemes to Local Transport Bodies (LTBs) from 2015. LTBs are to be voluntary partnerships between Local Transport Authorities (LTAs), Integrated Transport Authorities (ITAs) and Local Enterprise Partnerships (LEPs) within the LTB boundary.
- 3.2 LTB's primary role will be to decide which investments should be prioritised for this devolved local major scheme funding within their geographic area, to review and approve individual business cases for those investments, and to ensure effective delivery of the programme.

- 3.3 As part of the devolution proposals DfT requires that each Local Transport Body puts in place an Assurance Framework which will provide appropriate safeguards for the use of public funds, and that ensures the LTB is fit for purpose and has the necessary arrangements in place to ensure value for money and sound decision making.
- 3.4 DfT have issued guidance on Assurance Frameworks including minimum requirements for acceptance. LTBs are required to submit Assurance Frameworks to DfT by 28th February 2013. Assurance Frameworks will need to be signed off by DfT prior to any decisions being taken on scheme prioritisation.
- 3.5 Within the guidance the DfT note that it is important that the Assurance Framework documents are agreed by the organisations that are proposed as members of the LTB and that evidence of that agreement is provided.

4.0 Current Position

- 4.1 A draft Assurance Framework has now been prepared and is appended to this report. DfT have been consulted and asked to comment on draft documents as part of this process and their comments have been taken on board as the document has evolved. Each authority proposed as a member of NELTB is being asked to agree the assurance framework, following which it would be submitted to DfT by 28th February.
- 4.2 The Local Transport Body relevant to Sunderland is to have a boundary covering the administrative area of the North East Local Enterprise Partnership, comprising Durham and Northumberland counties, and the metropolitan area of Tyne and Wear.
- 4.3 The LTB is to be known as the North East Local Transport Body (NELTB) and will be an informal partnership. The draft Assurance Framework identifies the full members of the NELTB as Durham County Council, Gateshead Metropolitan Borough Council, Newcastle City Council, North Tyneside Council, Northumberland County Council, South Tyneside Council, Sunderland City Council and Tyne and Wear Integrated Transport Authority (TWITA). Full Members will participate in decision making and have voting rights.
- 4.4 It is proposed that the councils will be represented by their respective Leaders or Elected Mayors and at chair level for the ITA. Each member will also nominate a deputy.
- 4.5 Additional non voting members will have full access to meetings of the NELTB including access to papers and will be expected to fully participate in NELTB discussions. At this stage the non-voting membership will be held by North East Local Enterprise Partnership.
- 4.6 The Chair and Vice Chair of the NELTB will be appointed in accordance with the wider governance of the Seven North East Authority groups. The Chair will have the casting vote should there not be a majority. Under the framework NELTB members are to act in the wider interests of the NELTB as a whole and not according to sectoral or geographic interests of their particular authority.
- 4.7 Newcastle City Council will act as Accountable Body for NELTB on an interim basis and will be responsible for the legal and financial management of major scheme grant funding and the implementation of the decisions made at member level.

- 4.8 The NELTB is required to submit a list of prioritised local major transport schemes to DfT by July 2013. Schemes to be considered will need to have a minimum cost threshold of £2.5m, a Benefit Cost Ratio of 2:1 or more and a local funding contribution which would normally be at least 10% of scheme costs. Prioritisation will be carried out through an assessment of Policy Fit, Value for Money and Deliverability. A series of ten criteria have been developed to assess Policy Fit around the themes of economic growth and jobs, access to opportunity and quality of life. Initial scheme information will be provided by scheme promoters and this will be subject to independent third party assessment who will present findings to NELTB to aid their decision making.
- 4.9 Prioritised schemes will be required to produce full business cases in line with DfT's Transport Business Case methodology. NELTB will review and approve business cases at specified gateways to ensure schemes still provide value for money and are deliverable to agreed timescales.

5.0 Reasons for the Decision

- 5.1 In order for Local Authorities to be eligible to receive devolved Local Major Transport funding in future, the Department of Transport requires Local Transport Bodies to be formed and for each Local Transport Body to submit an Assurance Framework which is in accordance with DfT guidance.
- 5.2 For Sunderland the relevant Local Transport Body is the North East Local Transport Body and the Council needs to decide whether it wishes to take up membership of NELTB.
- 5.3 In accordance with DfT guidelines, before submission to DfT the Council also needs to approve the Assurance Framework for the operation of NELTB. The draft Assurance Framework is attached for consideration and Cabinet is asked to approve the key principles of the Framework. The draft may be subject to minor modification prior to finalisation and therefore in order to comply with the DfT's strict deadline it is recommended that Cabinet delegate authority to the Deputy Chief Executive, in consultation with the relevant Portfolio Holder, to agree the finalised Assurance Framework.
- 5.4 Delegation is also sought to officers to allow completion of any necessary documentation and legal agreements with the NELTB and its accountable body associated with the Assurance Framework.

6.0 Alternative Options

- 6.1 The alternative options would be for the Council to decide not to become a member of the Local Transport Body or to reject the Assurance Framework.
- 6.2 Failure to take up membership of the Local Transport Body would prevent the authority from accessing future Local Major Transport funding or influencing key transport decisions in the area in light of the proposed devolution of this funding provision.
- 6.3 DfT have indicated that failure to submit an Assurance Framework agreed by all member organisations could put at risk the ability of the Local Transport Body to have schemes ready from 2015 and therefore DfT may consider delaying the devolution of funding to these areas

7.0 Impact Analysis

Sustainability –Local Major Transport Schemes are intended to increase economic growth and sustainable employment, increase access to opportunities and improve quality of life. The prioritisation framework includes consideration of improvement to local environments, sustainable access solutions and reduction in carbon emissions.

8.0 Other Relevant Considerations / Consultations

New and improved access to employment sites is a key enabler for delivering the Economic Masterplan. It is important that the City engages through the NELTB in order to access funding for transport infrastructure to support this.

9. List of Appendices

North East Local Transport Body Draft Assurance Framework

11. Background Papers

Department for Transport - Local Frameworks For Funding Major Transport Schemes: Guidance For Local Transport Bodies

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/15176/guidance-local-transport-bodies.pdf

NORTH EAST LOCAL TRANSPORT BODY - DRAFT ASSURANCE FRAMEWORK

Version Control

Date	Initials	Comments
16/1/13	RF/MW/GG	Baseline Version 0.01
18/1/13	GG/MW/RF	Baseline Version 0.02 incorporating comments from HE (Newcastle), JF (Nexus), GM (South Tyneside) IP (Newcastle Audit), TS&HW (Newcastle Legal), AH (Gateshead), RB (Northumberland), EG (Newcastle Finance), BD (Sunderland), VM (Newcastle Democratic Services)
31/1/13	GG/MW/RF	Final Draft version 0.01 incorporating additional comments from MD&KM (DfT), TS&HW&NT (Newcastle Legal), AW (Durham), JC (North Tyneside), JP (Sunderland Legal), GH (North Tyneside)
4/2/13	GG/MW/RF	Final Draft version 0.02 incorporating comments and clarification following comments from DL (Sunderland)

PART ONE: PURPOSE, STRUCTURE AND OPERATING PRINCIPLES

1. Name

- 1.1 The Local Transport Body will be known as The North East Local Transport Body (“The North East LTB”) <working title>.

2. Geography

- 2.1 The North East LTB (hereafter the NELTB) will cover the administrative area of the North East Local Enterprise Partnership (NELEP), which comprises Durham and Northumberland counties, and the metropolitan area of Tyne and Wear (see Figure 1).

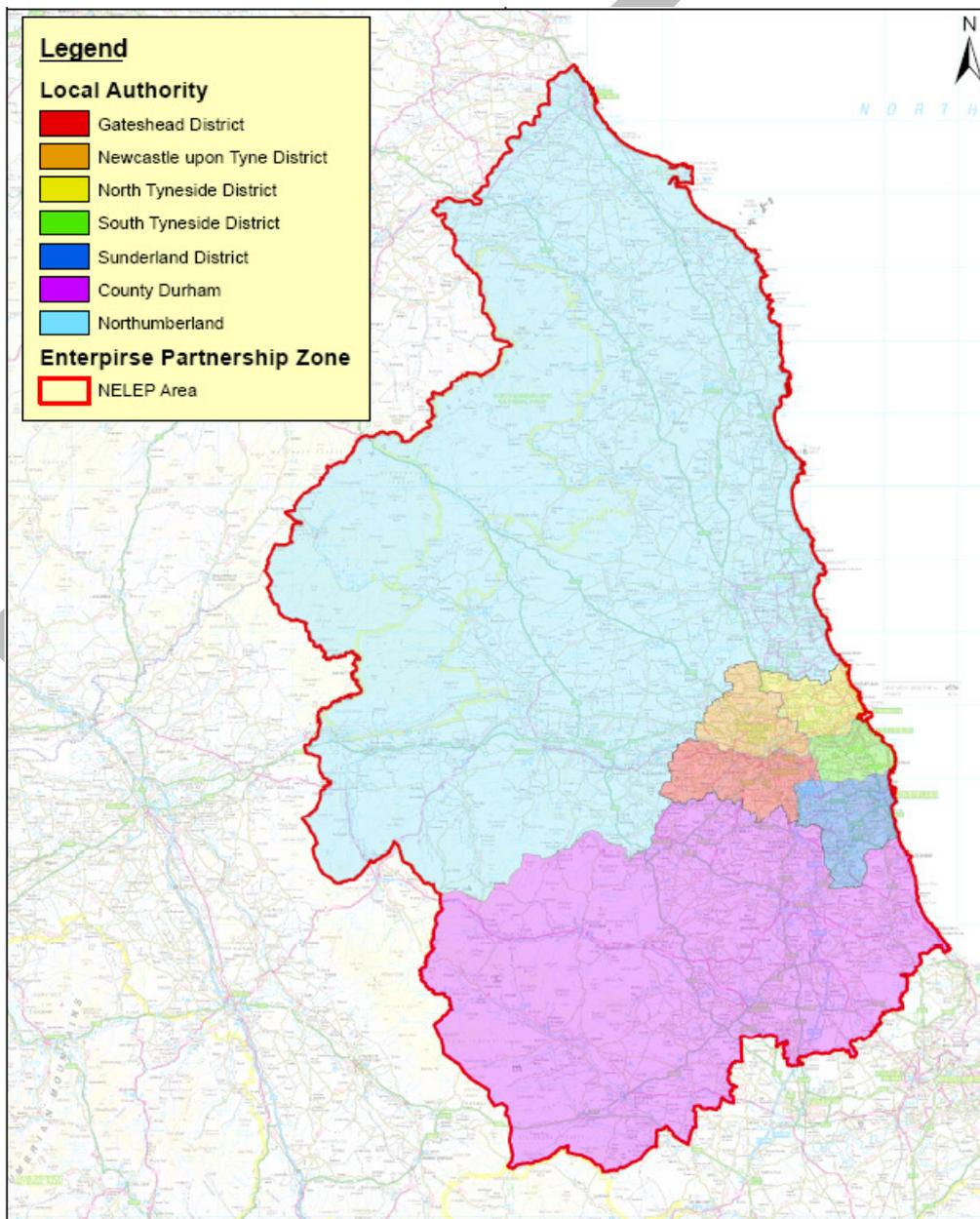


Figure 1 – area covered by the NELTB

2.2 Durham County Council covers an area of 223,260 hectares (2230 square kilometres/862 square miles) and is responsible for providing its 513,200 residents with a wide range of services. There are 12 major population centres in the county.

As a 'unitary' authority, the council provides the majority of local authority services in the county, including socially necessary bus services. The council is currently working towards its five priority themes: altogether wealthier, altogether better for children and young people, altogether healthier, altogether safer and altogether greener.

Durham County Council's website is: <http://www.durham.gov.uk/>

2.3 Also a 'unitary' authority, Northumberland County Council is responsible for providing local authority services, including socially necessary bus services, in the county. Northumberland is home to approximately 316,000 people and is largely rural.

Northumberland are currently working towards their three priorities: 'Connecting the County', 'Developing our People', and 'Growing Our Places'. Northumberland's Local Transport Plan 2011-2026 sets out the county's 15 year Transport Strategy. Northumberland County Council's website is <http://www.northumberland.gov.uk/>

2.4 The five local authorities in Tyne and Wear; Gateshead, Newcastle, North Tyneside, South Tyneside and Sunderland, are metropolitan authorities. Combined they have a population of 1,104,800. They are individually responsible for the maintenance and improvement of the local highway network in their area.

The websites for the five local authorities are as follows:

Gateshead <http://www.gateshead.gov.uk/>

Newcastle <http://www.newcastle.gov.uk/>

North Tyneside <http://www.northtyneside.gov.uk/>

South Tyneside <http://www.southtyneside.info/>

Sunderland <http://www.sunderland.gov.uk/>

2.5 The Tyne and Wear local authorities are not directly responsible for the Tyne and Wear Metro system, school travel or socially necessary bus services, the responsibility of which lies with the TWITA and its Passenger Transport Executive (which trades as Nexus).

The Tyne and Wear Passenger Transport Authority was established by the Local Government Act 1985. The Local Transport Act 2008 subsequently changed the name of Passenger Transport Authorities to Integrated Transport Authorities. Elected councillors from the five Tyne and Wear districts make up the Tyne and Wear Integrated Transport Authority ("TWITA"). As part of its role, the TWITA oversees and shapes the local transport network, across every mode, in Tyne and Wear through an agreed long term transport strategy for the region endorsed by the local authorities and Nexus, the ITA's Executive. The TWITA's vision for Tyne and Wear is of a fully integrated and sustainable transport network which allows everyone the opportunity to achieve their full potential and have a high quality of life. The ITA's website address is <http://www.twita.gov.uk/> and Nexus' website address is

<http://www.nexus.org.uk>

- 2.6 The North East Local Enterprise Partnership (“NELEP”) is responsible for promoting local economic growth in the north east region. LEPs are partnerships between local authorities and local businesses and therefore have a wide ranging remit for delivering economic growth. The remit of the NELEP includes promoting training and skills, marketing the region as an attractive place to do business and making the case for investment in key infrastructure projects. The NELEP’s vision is simple: to ‘create growth’. The NELEP’s website can be found at <http://www.nelep.co.uk/>

3. Membership

- 3.1 The NELTB will be an informal partnership initially made up of two distinct types of membership: full members and non-voting members.
- 3.2 Full members of the NELTB will be responsible for:
- Identifying a prioritised programme of major scheme investment within the available budget;
 - Ensuring value for money is achieved across the programme;
 - Making decisions on individual scheme approvals, investment decision making and release of funding, including scrutiny of business cases;
 - Monitoring progress of scheme delivery and spend; and
 - Actively managing the devolved budget and programme to respond to changed circumstances (scheme slippage, scheme alteration, cost increases etc).

In order to deliver these responsibilities full members will participate in decision making and have voting rights.

- 3.3 The NELTB covers the following seven local authority districts and Integrated Transport Authority area, each of which will have a representative as a full member:
- a. Durham County Council;
 - b. Gateshead Metropolitan Borough Council;
 - c. Newcastle City Council;
 - d. North Tyneside Council;
 - e. Northumberland County Council;
 - f. South Tyneside Council;
 - g. Sunderland City Council; and
 - h. Tyne and Wear Integrated Transport Authority.

- 3.4 Membership of the NELTB may be subject to a wider governance review of joint working arrangements across the NELEP area.
- 3.5 Those eight full members will be publically elected politicians at Leader or Elected Mayor level (Chair for TWITA). Each full member will nominate an appropriate deputy, (Deputy Leader / Deputy Mayor /or Portfolio Holder / Vice Chair, TWITA) who will attend if the named member cannot, and will be entitled to vote.
- 3.6 Non-voting members will have full access to meetings of the NELTB including access to papers and will be expected to fully participate in NELTB discussions. They may also be requested to provide information in advance of the meeting. However, non voting members will not have voting rights.
- 3.7 Non-voting membership will be held by the North East Local Enterprise Partnership (“NELEP”). The representative and deputy of the NELEP will be at Chair / Board level. As originally outlined as part of its official consultation response on the Devolution of Major Schemes (<https://www.gov.uk/government/consultations/devolving-local-major-transport-schemes-consultation>, 31st January 2012) the NELEP has confirmed that it will not, at this time, seek to take up full voting membership on the NELTB.
- 3.8 The Chair and Vice-Chair of the NELTB will be appointed in accordance with the wider governance of the Seven North East Authority groups. A feature of this governance structure is the annual rotation of the Chair of groups (this is outlined in Annex A), therefore accordingly the Chair and Vice Chair of the NELTB will rotate annually. The same feature is prevalent in the officer supporting groups identified in section 10.5. The Chair will have the casting vote should there not be a majority, should the Chair not be in attendance the nominated deputy to the Chair will have the casting vote. Standing orders for the management of meetings will be developed.
- 3.9 Due to its potential to reduce costs to businesses, encourage inward investment and stimulate job creation and retention, transport is of great interest to the NELEP. The NELEP representative will ensure that the NELTB are aware of issues / activities relevant to the business community when considering the local major schemes process, and will ensure knowledge of funds managed by the NELEP is shared with the NELTB to enable consideration of opportunities for alignment of funding streams.
- 3.10 The formal process for changing the named representative / deputy is for the Chief Officer of the member organisation to write to the Accountable Body (see para 6.2) at least two weeks in advance of a meeting of the NELTB to confirm a representative consistent with the approach outlined in paragraph 3.5 and 3.7.
- 3.11 The NELTB will only be able to make decisions in relation to the major scheme funding devolved by the DfT (whilst retaining the ability to make decisions to potential other, as yet unknown funding streams that may in the future be released by government specifically to LTBs nationally). The NELTB will not have decision making powers over other funding streams that remain the responsibility of the individual Seven North East Local Authorities or

TWITA.

- 3.12 In order for a NELTB meeting to be quorate, one member (or their deputy) from at least five of the eight voting authorities must be present. The Chair or their nominated deputy must be in attendance in case a casting vote is required. The NELTB decisions will be based on a majority vote. Only full members will have voting rights.
- 3.13 Membership and forms of membership of the NELTB will be reviewed on an annual basis. This review will include the potential to introduce / alter forms and designations of membership and increase the range of organisations that are able to become full members or non voting members (or obtain other forms of membership). Stakeholders and delivery partners such as the Highways Agency and Network Rail may be invited to meetings of the NELTB to provide input as and when required, but these bodies will not be invited to be formal voting / non-voting members at this time.

4. Conflicts of Interest

- 4.1 NELTB members will act in the interests of the NELTB area as a whole and not according to the sectoral or geographic interests of their particular local authority.
- 4.2 Each member of the NELTB agrees to abide by his/her own local authority's (or TWITA's in the case of the TWITA member) Code of Conduct for Members when conducting LTB business. The NELEP representatives will sign up to the Code of Conduct used by the Accountable Body. Any breach of the Code of Conduct by an NELTB member will be addressed using the procedure outlined in the Code of Conduct of their respective member organisation.
- The register of interests held by each council represented on the NELTB is available to the public.
- 4.3 Each member and deputy member of the NELTB (both full and non-voting) will register any additional interests which are outside their own authority's area but within the NELTB boundary ("LTB interests").
- 4.4 NB These LTB interests are an interest of either (a) the member, or (b) the member's spouse or civil partner, or (c) a person with whom the member is living as husband and wife, or (d) a person with whom the member is living as if they were civil partners (all of whom are referred to as "relevant persons").
- 4.5 The LTB interests are:
- 4.5.1 **Contracts** – Any contract which is made between the relevant person (or a body in which the relevant person has a beneficial interest) and one of the 7 councils represented on the NELTB -
- (a) under which goods or services are to be provided or works are to be executed; and

- (b) which has not been fully discharged.
- 4.5.2 **Land** –Any beneficial interest in land which is within the area of the NELTB.
- 4.5.3 **Licences** – Any licence (alone or jointly with others) to occupy land in the area of the NELTB for a month or longer.
- 4.5.4 **Corporate tenancies** – Any tenancy where (to the member’s knowledge) –
- (a) the landlord is one of the 7 councils represented on the NELTB; and
 - (b) the tenant is a body in which the relevant person has a beneficial interest.
- 4.5.5 **Securities** – Any beneficial interest in securities of a body where –
- (a) that body (to the member’s knowledge) has a place of business or land in the area of the NELTB; and
 - (b) either –
 - (i) the total nominal value of the securities exceeds £25,000 or one hundredth of the total issued share capital of that body; or
 - (ii) if the share capital of that body is of more than one class, the total nominal value of the shares of any one class in which the relevant person has a beneficial interest exceeds one hundredth of the total issued share capital of that class.
- 4.6 The register of a member’s LTB interests will be maintained on behalf of the NELTB by Newcastle City Council as the Accountable Body. The register will be available to the public.
- 4.7 Where a member thinks that disclosure of the details of any of his/her LTB interests could lead to him/her, or a person connected with him/her, being subject to violence or intimidation, the Monitoring Officer of Newcastle City Council may at his/her request make a note on the Register that he/she has an LTB interest, details of which are withheld.
- 4.8 When a member attends a meeting of the NELTB and is aware that the criteria set out in sub-paragraph 4.8.1 are satisfied in relation to any matter to be considered, or being considered at that meeting, the member must:
- a. Declare that fact to the meeting;
 - b. Not participate (or further participate) in any discussion of the matter at the meeting;
 - c. Not participate in any vote (or further vote) taken on the matter at the meeting; and
 - d. Leave the room whilst the matter is being discussed.
- 4.8.1 The criteria for the purposes of paragraph 4.8 are that:
- a. The member has an LTB interest in the matter which is such that a member of the public knowing the relevant facts would reasonably think it so significant that it is likely to prejudice his/her judgement of the public interest; **and**

- b. The matter will affect the financial position of the member or one of the persons or bodies referred to in any of his/her register entries.

4.9 **Predetermination**

Where members have interests which may be thought to be likely to influence their decision, the fact should be declared at the meeting.

A predetermination interest will arise:-

- a. where the member has closed their mind to the merits or otherwise of a matter in respect of which they need to make a decision; and / or
- b. where the interest is such that members of the public may feel that the member will not be able to approach the matter with an open mind.

A member is not to be taken to have had, or to have appeared to have had, a closed mind when making the decision because:

- a. the member had previously done anything that directly or indirectly indicated what view the member took, or would or might take, in relation to a matter; and
- b. the matter was relevant to the decision.

In respect of the above paragraph when the member makes a decision they must have an open mind and appear to have an open mind.

If a member has predetermined the matter they must declare the predetermination interest at the meeting and leave the room prior to the matter being discussed and the decision being taken.

Members should seek guidance from officers on whether they have a predetermination interest to declare.

“Members” for the purpose of this paragraph include voting and non voting members of the NELTB.

5. Gifts and Hospitality

- 5.1 Members who are offered gifts or hospitality must declare them by completing the Disclosure of Receipt of Gifts and Hospitality form provided and administered by the Accountable Body (outlined in section 6).
- 5.2 Members will be required to register the offer of Gifts and Hospitality (over £50). If a Member attends a meeting and is aware that the following criteria are satisfied, he/she will have to declare the interest, not participate, and withdraw from the meeting or element thereof:
 - a. the member has registered Gifts and Hospitality which is such that a member of the public knowing the relevant facts would reasonably think it so significant that it is likely to prejudice his/her judgement of the public interest; and

- b. the matter will affect the financial position of the member or 1 of the persons/bodies referred to in any of his/her register entries.

5.3 Members with concerns or questions must raise them with the NELTB secretariat (outlined in section 9).

6. Status and Role of Accountable Body

- 6.1 The NELTB will be an informal partnership made up of eight voting members (Durham County Council, Gateshead Council, Newcastle City Council, North Tyneside Council, Northumberland County Council, South Tyneside Council, Sunderland City Council and TWITA – as per para 3.3) and a non voting member (NELEP). The NELTB will be subject to a ‘back to back’ legal agreement (para 6.5), and standing orders for the management of meetings.
- 6.2 Newcastle City Council will act as the “Accountable Body” for the NELTB on an interim basis (subject to the outcomes of a wider governance review in the north east LTB area) and will be responsible for the legal and financial management of major scheme grant funding including holding devolved major scheme funding and making payments to delivery bodies. As the Accountable Body, Newcastle City Council will provide financial statements to the NELTB and will ensure that funds are only used in accordance with the criteria set for their use. The NELTB will be required to work closely with the Accountable Body.
- 6.3 The Accountable Body will ensure that major scheme funding is separately identifiable from the Accountable Body’s own funds. The Accountable Body will also produce financial statements when required. Any interest accrued will be administered by the NELTB in accordance with its programme of activities.
- 6.4 As the Accountable Body, Newcastle City Council will be responsible for the following:
 - Ensuring that the decision and activities of the NELTB conform with legal requirements and relevant legislation with regard to equalities, environmental, EU issues etc;
 - Ensuring that the funds are used appropriately and signed off by the Section 151 (S151) Officer;
 - Ensuring that the terms of this assurance framework are complied with;
 - Ensuring the assurance framework is kept up to date;
 - The resolution of complaints relating to the process of the NELTB;
 - Appointing an independent auditor on behalf of the NELTB (see paras 7.1 and 7.2);
 - Maintaining the official record of NELTB proceedings, holding all NELTB documents, and posting appropriate documents on the web page; and
 - Decisions of the NELTB in approving schemes.

- 6.5 The Accountable Body will develop a back to back agreement with prospective scheme promoters in order to ensure these responsibilities are discharged. As part of these arrangements a service level agreement will be specified to ensure an adequate level of officer support.

The Accountable Body will seek to establish the back to back agreement by the end of July 2013 to align with deadline for the prioritisation of schemes. In the absence of specific details relating to the grant conditions associated with the devolution of funding a more general Memorandum of Understanding will be developed between the members to cover the informal partnership membership and structure, and the principles to be upheld in relation to issues such as liability and indemnity, including clawback.

- 6.6 A coding structure will be set up to allow funds held to be separately identifiable within the General Ledger of the Accountable Body. This will enable a budget position to be provided at any point in time, as well as fulfilling the year end accounting requirements. Financial statements will be provided to the NELTB on a quarterly basis as standard, although interim updates will be provided if requested.
- 6.7 On receipt of the initial funding the S151 officer of the Accountable Body will confirm their acceptance of any grant conditions established by the DfT. In order to enable them to fulfil this requirement, S151 officers of the individual scheme promoters will also be asked to provide written confirmation of their acceptance of the grant conditions and their requirement to ensure that funds are used appropriately on behalf of the NELTB.
- 6.8 The S151 officer (or his/her representative) of the Accountable Body will approve release of funds, which will be based on defrayed expenditure and paid in arrears to individual scheme promoters on receipt of evidence that the funds have been used as intended, i.e. in line with the grant conditions under which they have been awarded. The S151 officer of the Accountable Body will ensure that funds are accounted for appropriately in the final accounts of this body, in line with proper accounting practices.

7. Audit and Scrutiny

- 7.1 It is an essential requirement that the work of the NELTB is scrutinised by an independent auditor. An independent local audit will be carried out in accordance with the specification in the guidance provided by DfT.
- 7.2 This audit (or series of audits) will include the business and work of the NELTB, and also provide an adequate mechanism for the detection of misuse of funds and recovery of funds by the NELTB.

8. Strategic Objectives and Purpose

8.1 The NELTB's primary role is to perform, as a minimum, the roles outlined in para 3.2. It is essential that devolved funding is invested in value for money major transport schemes that demonstrably contribute towards achieving the major scheme policy challenges (see Table One below). These challenges align with the objectives and criteria outlined in more detail in section 13 on prioritisation and are applicable for at least the first Comprehensive Spending Review Period associated with the Devolution of Major Scheme funding.

8.2 **Table One: Policy Challenges:**

- Supporting jobs;
- Supporting gateways and international and national trade;
- Contributes to skilled employment or training;
- Support the NELEP spatial strategies and economy;
- Attractiveness of the NELEP area as a place to do business;
- Improves connectivity from residential areas to employment opportunities;
- Improving the local environment;
- Achieving carbon reduction targets; and
- A healthy population.

8.3 The key purpose of the NELTB will be to:

- Invite the submission of schemes for prioritisation and programming;
- Identify a prioritised list of major transport schemes in the NELTB geographical area;
- Co-ordinate and scrutinise individual scheme business cases;
- Make decisions on individual scheme approvals;
- Make decisions on investment and release of funding;
- Monitor progress of scheme delivery and spend;
- Respond to changed circumstances, when necessary;
- Publish information on major scheme priorities and provide stakeholders and members of the public with the opportunity to comment;
- Liaise with DfT about the programme;
- Ensure value for money is achieved; and
- Ensure effective delivery of the programme.

8.4 The role of the NELTB will be reviewed on an annual basis and a decision on whether it should assume other transport-related roles will be undertaken. A decision on whether the NELTB will extend its remit to provide its views to the Seven North East Local Authorities and

TWITA on transport issues that go beyond the immediate remit of major schemes will also be undertaken at the time of the annual review.

9. Support and Administration Arrangements

9.1 The NELTB will be supported by a core secretariat, which will consist of officers working on behalf of the Seven North East Local Authorities. These officers (a Policy Manager and a Policy Support Officer) are already in place on a full time basis within Newcastle City Council, and are jointly funded by the 7 local authorities in the NELTB area. Officers employed by Newcastle City Council Democratic Services will also assist in providing additional secretariat and administration resource to the LTB as and when required.

The development of a back to back agreement between the Accountable Body and the other members of the NELTB will identify a specified level of service for legal, financial, audit and programme management resources to be provided by the Accountable Body. These services can be drawn upon as required by the core secretariat.

9.2 As Newcastle City Council is the Accountable Body, the NELTB will be able to seek specialist advice from the Council's departments. A service level agreement/ back to back agreement will be developed by the Accountable Body in partnership with the Member organisations of the NELTB. This agreement will ensure that adequate officer resources are in place to underpin legal, financial, democratic services and audit arrangements.

9.3 The combined Secretariat will provide the NELTB with the following support:

- Day to day administrative functions such as the preparation of meeting papers – minutes, agendas, working papers, progress reports, information reports, decision reports etc;
- Responding to information requests;
- Giving notice of meetings and publishing information;
- Stakeholder engagement through regular update of the NELTB web page and organisation on specific consultation events as appropriate;
- Procurement of independent technical advice on business case material submitted by scheme promoters, which will be used to make decisions on scheme priorities and programming;
- Resource to assist in the programme management of the prioritised list of schemes;
- Updating this Assurance Framework based on the evolving role of the NELTB; and
- Advice to NELTB members on specific governance, transparency and probity issues, and updating guidance as necessary.

9.4 Independent scrutiny of business cases will be provided by a neutral third party with appropriate technical expertise. This expertise will be procured by the Accountable Body, Newcastle City Council, for the Senior Officers' Transport Advisory Group (SOTAG, see para

10.6 – Terms of Reference in Annex B) on behalf of the NELTB. Financial resource to allow procurement of this specialist advice has been identified and agreed and is included as part of the NELEP business plan.

10. Working Arrangements and Meeting Frequency

- 10.1 The NELTB will meet to prioritise schemes, make investment decisions and when otherwise necessary in the discharge of the functions outlined in para 3.2. The NELTB will meet in 'shadow' form in March 2013 to agree the prioritisation process. The NELTB will begin to prioritise major schemes at its first official meeting in April 2013 and will meet again in June 2013 to agree a final list of prioritised schemes – unless the deadline to do so is otherwise extended by the DfT.
- 10.2 The NELTB will then meet at key points in the business case and decision making process including those outlined in para 18.4, most likely quarterly, to discuss progress on delivering the programme.
- 10.3 Meeting dates will be published on an NELTB web page [*insert webpage address when established*] with a minimum of one month advance public notice (except in cases of an urgent / emergency meeting date being calendared – arrangements for urgent meetings will be outlined in the Standing Orders for meetings). NELTB meetings will be open to the public.
- 10.4 Timescales for the completion of business cases, as outlined in section 3, paragraph 18.4, will be agreed by the NELTB. Promoters will be expected to adhere to such timescales and will only be able to progress to the next stage once their business case has been approved by the NELTB. Extensions will only be granted in extreme circumstances and the NELTB must be notified at the earliest opportunity, should a potential scheme cost or timescale change.
- 10.5 Three groups: the Senior Officers Transport Advisory Group (SOTAG), LA7 Economic Directors and LA7 Chief Executives [Terms of Reference in Annex B], will advise the NELTB, enabling it to:
- Forward manage their Agenda;
 - Forward manage the development of a programme of local major scheme priorities for the LEP area;
 - Manage relationships with external bodies including (but not limited to) DfT, the Highways Agency and Network Rail;
 - Receive regular updates on progress towards targets and objectives;
 - Commission work as appropriate; and
 - Receive regular updates and advice on transport matters of strategic significance across the NELTB area.
- 10.6 As illustrated by Figure Two, SOTAG will report to the NELTB via the LA7 Economic Directors

and LA7 Chief Executives groups. The Chair of each group will rotate annually across the 7 local authorities in accordance with arrangements established as part of wider seven local authority working practices (attached at Annex A). The groups will meet regularly in advance of meetings of the NELTB.

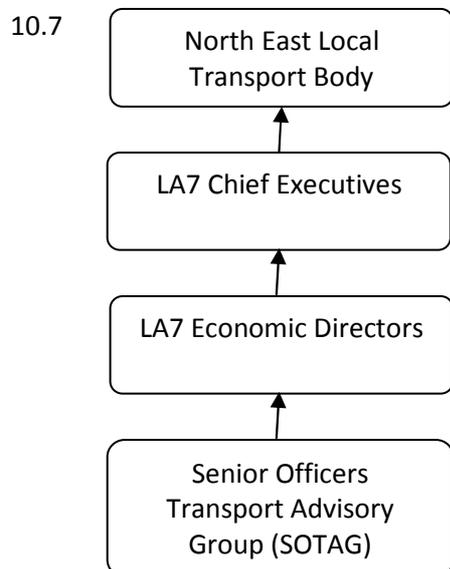


Figure Two: Governance and Reporting Structure

10.8 The information provided by scheme promoters to the NELTB will be verified by independent technical specialists commissioned and managed by SOTAG to ensure rigour and data quality. Both the information provided and its appraisal will be developed in accordance with the guidance published in WebTAG at the time the business case is submitted to the NELTB for approval. Central case assessments will be based on forecasts which are consistent with the definitive version of NTEM (DfT's planning dataset). This requirement will not preclude the use of alternative planning assumptions as sensitivity tests.

10.9 The appointed independent technical specialists will then provide advice to the NELTB indicating how well each submitted scheme performs in terms of policy fit, value for money and deliverability.

10.10 The NELTB will use the advice provided by the groups outlined in sections 10.5-10.7 to prioritise a programme of major schemes for the area.

11. Transparency and Local Engagement

11.1 The NELTB will ensure a high level of transparency and will adhere to the Local Government Code of Recommended Practice for Local Authorities on Data Transparency.

11.2 NELTB meetings will be open to the public and agendas and non confidential papers for each meeting will be published on an NELTB web page at least one week in advance of the

scheduled date. All meetings will be subject to a minimum notice period of one month (except in cases of urgent meetings – the arrangements for which will be outlined in Standing Orders).

- 11.3 The NELTB will publish background papers relating to decision making on the NELTB web page (excluding those items deemed to be confidential). The NELTB will also set out the expected outcomes from each scheme that receives funding.

Papers which will be published by the NELTB include:

- The Assurance Framework;
- Agendas and non confidential papers for meetings;
- Minutes of meetings;
- The eligibility criteria for major schemes;
- Prioritisation methodology;
- Scheme business cases and evaluation reports;
- Information on the major scheme programme;
- Funding decision letters with funding levels and conditions indicated;
- Regular programme updates on delivery and spend against the budget; and
- Value for Money Statements.

- 11.4 As the NELTB is a non-statutory body, it is not subject to the Freedom of Information Act 2000 or the Environmental Information Regulations 2004. Instead, statutory information requests, including FOI and EIR requests will be handled by the Accountable Body: Newcastle City Council. The NELTB will enable the public and stakeholders to have input pertaining to business cases before decisions are made and as per para 22.3, a summary of comments and representations will be circulated with the papers for meetings.

12. Complaints and Whistleblowing

- 12.1 Any individual or organisation is entitled to make a complaint if they feel that the work of the NELTB is not being undertaken in accordance with the standards outlined in this Assurance Framework. This complaint should be made to the Head of Democratic Services for the Accountable Body. The NELTB webpage will hold appropriate contact details.
- 12.2 Wherever possible, complaints will be resolved locally by the NELTB. However, complaints may be escalated to the Local Authority Ombudsman or the DfT should the complainant be unsatisfied with the initial response. The complaints procedure is outlined in Table Two.

12.3 **Table Two: NELTB Complaints Procedure**

- Receipt of complaint will be acknowledged within 5 working days;

- A decision on the complaint will be taken within 10 working days of receiving the complaint;
- If the complaint alleges criminal conduct, the Police and other regulatory agencies will be contacted if appropriate;
- In appropriate cases, measures will be taken to resolve any complaint informally; and
- A formal investigation will be conducted if required.

The Corporate Complaints Officer for the Accountable Body will carry out any required investigation.

PART TWO: PRIORITISATION

13. Introduction

- 13.1 The prioritisation process, through which preferred local transport investments will be identified, is an important element of this Assurance Framework. The process is robust and transparent, and intended to support decision making. The methodology will be available on the NELTB's webpage.
- 13.2 To enable the prioritisation, a transparent and robust methodology for prioritising local major transport schemes for delivery through the devolved process has been developed. The methodology is clearly linked to delivering the priority outcomes of the NELTB area and is designed to be relatively simple, transparent and evidence based. It is broadly based on three dimensions, namely:
- Policy fit (including environmental and social and distributional impacts);
 - Value for Money; and
 - Deliverability.
- 13.3 The methodology is an open framework, where all of the evidence inputs can be clearly seen by stakeholders and decision makers. There is also no attempt to imply an element of precision in evidence presented where there is none, nor is there any attempt within the methodology to combine the three dimensions (policy, value for money and deliverability) to give an overall score for a scheme or intervention. Data gaps are identified, not concealed.
- 13.4 Guidance has been issued to prospective scheme sponsors on the types of evidence which are likely to support the policy criteria adopted (section 15), and to guide scheme sponsors in providing evidence on value for money and deliverability (sections 16 and 17 respectively). This guidance identifies appropriate and acceptable sources of evidence and data, helping to support data quality and the rigour of the process.

- 13.5 All schemes submitted for consideration will be subject to independent assessment. For consistency the scheme assessment is to be undertaken by two separate assessors on each scheme. Following assessment of all schemes, a correlation exercise will be undertaken by the scheme assessors and an independent adjudicator to resolve any divergence in assessment scores. The promoter(s) of each scheme or proposal will be required to attend a clarification meeting. Each meeting will allow the independent assessors to verify scheme evidence and data, and to cross examine scheme sponsors to clarify any issues which are unclear within the evidence presented, and to enable the scheme assessors to gain a clear understanding of the scheme and what it is trying to achieve.
- 13.6 Policy criteria have been developed based upon the three key themes agreed by the partner organisations, namely:
- Economic growth and jobs
 - Access to Opportunity
 - Quality of Life
- 13.7 These themes have been broken down into 9 policy challenges (see Table 1 at para 8.2) and 10 defined criteria in order to develop fully the component parts of the key themes and ensure that the policy criteria fully reflect the themes they represent across the North East (section 15). For each proposal or scheme assessed, each component criterion is to be independently scored using quantitative and qualitative evidence provided by the scheme sponsors, against a numeric scale, with the lowest score of zero representing no positive impact. The graduated scoring scale for each criterion will reflect the range of impacts likely from the transport schemes under consideration. Detailed scoring notes, based on North East area policies and plans, including local documents from the North East's constituent bodies, have been developed to guide the independent assessment of proposals.
- 13.8 Independent assessment of value for money (VfM) will be based upon any 'value for money assessments' and 'value for money statements' presented as evidence by scheme sponsors. This assessment of value for money will reflect guidance on the DfT's Transport Business Case and from WebTAG. It is expected that scheme sponsors will reference appropriate and proportionate use of the DfT's guidelines in presenting value for money evidence.
- The independent assessment will establish an initial value for money category from DfT Guidance (available from <http://assets.dft.gov.uk/publications/value-for-money-assessments-guidance/vfmguidance.pdf>), based upon the [estimated] Benefit Cost Ratio (BCR) of the scheme. These categories are:
- Poor VfM if the BCR is less than 1.0;
 - Low VfM if the BCR is between 1.0 and 1.5;
 - Medium VfM if the BCR is between 1.5 and 2.0;
 - High VfM if the BCR is between 2.0 and 4.0; and
 - Very high VfM if the BCR is greater than 4.0.

Value for money assessments will also account for quantitative and qualitative evidence presented that has not been monetised and included within the estimated BCR.

- 13.9 Deliverability is a key element of the methodology. Potential schemes will be assessed in relation to the level of risk associated with their deliverability. Assessments of deliverability based around three areas will be used, with each of these areas broken down into a number of components to ensure that all critical aspects of deliverability are examined:
- Risk to programme;
 - Risk to cost; and
 - Risk to acceptability.
- 13.10 For each of the key deliverability components a Red-Amber-Green (RAG) assessment will be undertaken based on the level of risk associated with that component. Red will indicate a key deliverability issue indicating that it is unlikely that the proposed scheme could be delivered within the indicative time period.
- 13.11 As such, the prioritisation framework is evidence based and scheme promoters are required to provide detailed evidence to demonstrate the contribution their proposal will make towards achieving the objectives of the NELTB. In order to enable this to be assessed, promoters must illustrate that their scheme is deliverable, that it constitutes value for money and they must explain its contribution towards the delivery of the set of policy criteria (see para 15.4) which have been formulated to address the policy challenges outlined in para 8.2.
- 13.12 The NELTB will ensure that the Highways Agency and Network Rail are invited to comment on any strategic road or rail schemes that are to be considered for major scheme funding. This will allow for their views on deliverability and impact on the wider network to be taken into account during the prioritisation process.
- 13.13 The NELTB will submit a prioritised list of schemes to the DfT by July 2013 (or any other dates in the future when the DfT requires a prioritised list of schemes to be submitted). This list of schemes will also be published on the NELTB web page.
- 13.14 Scheme promoters are expected to maintain any asset that is created and this should be done in accordance with their Asset Management Plan or, in the case of a Passenger Transport Executive or other potential transport delivery agent, an equivalent document.

14. Scheme Eligibility

- 14.1 Candidate schemes for consideration are identified by the respective scheme promoters: (the seven local authorities in the NELTB area and Nexus) via the Senior Officers' Transport Advisory Group ("SOTAG"). This initial 'long list' of candidate schemes will be developed taking in to account the 3 Local Transport Plans in the NELTB area, development plans across the 7 local authorities and previous work on local major schemes development such as the

DaSTS 'Access to Tyne and Wear City-Region' study.

- 14.2 This initial list will be considered by SOTAG, and refined by the scheme promoters to contain those schemes most likely to address a set of policy, deliverability and value for money criteria (as outlined in sections 15-17).
- 14.3 Following these processes, a shorter list of candidate schemes will provide detailed evidence of their suitability across these criteria. This evidence will be scrutinised thoroughly by an independent third party appointed by SOTAG because of their neutrality and technical expertise. As outlined in para 10.9, this third party will then provide the results of their findings to the NELTB to aid their decision making.
- 14.4 Table 3 below outlines the major scheme criteria. More detail follows in sections specifically on policy and deliverability criteria.

14.5 **Table 3: Major Scheme Eligibility Criteria**

Purpose of Scheme

Schemes are required to make a significant contribution towards achieving the objectives of the NELTB as defined by the *Guidance on Evidence* document (Annex C). Proposals should be transport schemes. Funding will only be considered for specified major transport schemes.

Cost Threshold

In order to be eligible, schemes must have a total net cost to the NELTB of at least £2.5m. This will prevent funding from being spread too thinly to be effective. Funding can only be used for capital expenditure.

Strategic Impact

Promoters are required to demonstrate how their scheme will have a positive impact on the transport challenges within the NELTB area (Table 1, para 8.2). It is desirable that schemes will have an impact on a wide area however this does not preclude localised issues being addressed, given the knock-on effect of improvements to the local economy improving the sub-regional / regional economy.

Policy Criteria

Schemes need to demonstrate how they contribute to the specified policy criteria. Given the government's strong emphasis on economic growth and development, the schemes should contribute towards local and economic development.

Value for Money

Schemes are required to provide an estimate of the Value for Money (VfM) a scheme is expected to provide. For the prioritisation process, promoters will be required to estimate Benefit Cost Ratio (BCR) for their scheme(s). Regular VfM statements will be required in order to adjust the BCR as part of the move towards full scheme approval by the NELTB.

Deliverability

Proposed schemes need to have a reasonable degree of public and stakeholder support and

must be deliverable within a clearly defined timescale. An assessment of deliverability must be undertaken in order to identify any potential “under spend”.

Local Contribution

Scheme promoters are encouraged to provide a local contribution which would normally be at least 10% per scheme.

15. Policy Criteria

- 15.1 The policy criteria build upon the objectives of the three Local Transport Plans in the NELTB area and are based upon three key themes:
- Economic growth and job creation;
 - Access to opportunity; and
 - Quality of life.
- 15.2 These key themes are broken up in to ten discrete policy criteria. These criteria allow scheme promoters to provide both quantitative and qualitative information to describe the policy contribution of their scheme.
- 15.3 The overall assessment framework is an open framework, with the intention that decision makers on the NELTB and supporting officers should see exactly how and where each proposed scheme contributes to the delivery of the North East’s agreed policy outcomes and its strategic objectives – outlined in 15.4. This is one of the key features of the approach, and is designed to ensure maximum transparency both to stakeholders and the NELTB. Where a scheme will deliver positively against a number of these key outcomes, it will be clear that it does so, and a scheme will be credited accordingly. There is scope within the process for the NELTB to be made aware of where such benefits are complementary.

15.4	Theme	Challenge	Criteria
	Economic Growth and Job Creation	Supporting jobs	Will the scheme contribute to the creation of new jobs and retention of existing jobs in the North East LEP area?
		Supporting gateways and national and international trade	Will the scheme support the North East LEP area gateways?
		Contributes to skilled employment or training	Will the scheme encourage the development or retention of skilled jobs (NVQ Level 4 and above) and support sites that deliver the training for such skills?

	Support the NELEP spatial strategies and economy	Will the scheme provide sustainable access solutions to existing and growing development corridors, centres and sectors or support housing growth?
	Attractiveness of the North East LEP area as a place to do business	Will the scheme ensure capacity and speed of transport links to and within the North East LEP area are maintained and enhanced in order to increase the attractiveness of the North East LEP area as a place to do business, boosting inward investment and improving competitiveness of indigenous firms?
Access to Opportunities	Improves connectivity from residential areas to employment opportunities	Will the scheme deliver improved accessibility from residential areas to areas that have employment, education or other opportunities?
		Will the scheme contribute to an improvement in the overall quality of journeys, particularly those providing links to employment and health or education opportunities?
Quality of Life	Improving the local environment	Will the scheme contribute to an overall improvement in the local environment including improving local air quality or reducing the noise impact of transport corridors?
	Achieving carbon reduction targets	Will the scheme contribute to an overall reduction in carbon emissions relative to the existing situation?
	A healthy population	Will the scheme provide the opportunity to improve health, reduce levels of obesity among the population or improve road safety within the area?

15.5 A detailed set of guidance has been produced for scheme promoters that ensures as far as possible a consistent level of information is available to inform the prioritisation process. This guidance is contained within Annex C and provides advice on Policy Criteria (for example, environmental and social and distributional impacts), Value for Money and Deliverability. A pro-forma for use by scheme promoters has been developed to accompany

the guidance and is contained within Annex D.

16. Value for Money

- 16.1 As part of the prioritisation process it will be necessary to provide an estimate of the Value for Money (VfM) that a scheme is likely to provide. At the first stage in the scheme development process not all schemes will have a fully worked up business case that will include all aspects of the Benefit to Cost Ratio (BCR). The guidance note contained within Annex C provides advice on how VfM should be assessed in this instance.
- 16.2 For schemes that have not yet been fully assessed the required approach will be to examine the evidence from other previous schemes. This approach is consistent with the DfT's Early Assessment and Sifting Tool (EAST) Guidance.
- 16.3 A local contribution to the scheme may contribute to its Value for Money (if the local contribution comes from the private sector it is more likely to improve the BCR of the scheme). It is expected that the local contribution should normally be at least 10% of the total scheme cost. This contribution may, for example, include money from section 106 planning agreements or the Community Infrastructure Levy.

17. Deliverability

- 17.1 Deliverability is a key element of the methodology and great importance is placed on a robust deliverability assessment.
- 17.2 A number of key-deliverability criteria have been developed in order to assess the potential for scheme delivery in the 2014-19 period. These are outlined in Annex C of this Assurance Framework. Schemes which perform well against the deliverability criteria will have:
- Recently calculated outturn costs in a WebTAG compliant way;
 - Established key milestones for delivery;
 - Established a process for reaching detailed design;
 - Established realistic timescales for obtaining statutory consents, carrying out / illustrating public consultation and acceptance and procuring contractors;
 - A robust risk assessment; and
 - A detailed governance and project management structure.

18. Scheme Assessment and Approval

- 18.1 There is a clear distinction between scheme promoters and the NELTB. The identification of schemes, development of scheme proposals and completion of business cases is the responsibility of scheme promoters. The NELTB will act as the decision maker. The NELTB will assess business cases and the findings will help inform decisions on whether to provide funding for a scheme. An approval regime will be in place through the establishment of formal back to back agreements that protect the financial interests of the NELTB and the Accountable Body and enables the NELTB to fulfil its responsibility to deliver value for money while setting out respective responsibilities including reporting and audit requirements.
- 18.2 An assessment of all major scheme business cases will be carried out by an independent third party with the relevant technical expertise, and this expertise will be procured by Newcastle City Council via SOTAG. The independence of each review will be signed off by an appropriate senior member of the independent organisation undertaking the review.
- 18.3 Scheme promoters will be required to use DfT's Transport Business Case Methodology when developing their business case.
- The process for the NELTB assessment and approval of a major scheme will comprise of three 'gateway' stages and full scheme approval will require a robust business case.
- 18.4 The methodology outlined in sections 13-17 will assist the NELTB in prioritising schemes. Those prioritised schemes will then proceed through the summarised process outlined below in order to progress a scheme to Full Approval. This approach is consistent with DfT's 'The Transport Business Case' guidance:

Proposal prioritised (Gateway 1)

- Promoter prepares Outline Business Case and submits to the NELTB.
- Outline Business Case undergoes independent assessment.
- Value for Money Statement prepared by Scheme Promoter and signed off independently.

Conditional Approval Granted (Gateway 2)

- Promoter undertakes detailed design, acquires statutory approvals, undertakes procurement and identifies preferred supplier.
- Final Business Case submitted to LTB.
- Final Business Case undergoes independent assessment.
- Value for Money Statement prepared by Scheme Promoter and signed off independently.

Full Approval Granted and offer letter issued (Gateway 3)

- 18.5 At each of the gateways 1 to 3 the promoter will be required to provide evidence that the scheme is still value for money and deliverable (and therefore should remain in the prioritised programme). The NELTB will publish a Value for Money Statement (VFMS) for the scheme at each of these stages. These VFMS will be produced by the Scheme Promoter in line with the DfT guidance found at <http://assets.dft.gov.uk/publications/value-for-money-assessmentsguidance/vfmguidance.pdf>. As per the outline of independent local audits in section 7, audits will be carried out at each gateway stage of the process – including an independent review of the VFMS.
- 18.6 The NELTB will need to approve the promoter’s business case submissions at each stage of the process before the next stage of work can be commenced. The NELTB can decide to withdraw a scheme from the programme if the business case does not provide the required assurance of value for money. The scheme promoter is responsible for all business case costs – including if the scheme is withdrawn by the NELTB at any point in the process.
- 18.7 The NELTB assessment and approval decisions will be based on advice provided by SOTAG and independent technical specialists appointed to advise the NELTB. The appointed independent technical specialists will work directly with SOTAG and report to the NELTB (governance arrangements are outlined in Figure Two).
- 18.8 Scheme promoters are responsible for informing the NELTB of any changes to the scope of a scheme, its costs and implementation timescales. The NELTB will be responsible for assessing the impact of any changes on the overall scheme programme and working with the promoter to address any specific issues.
- 18.9 The NELTB will not meet any scheme cost increases either in full or part and these will be the responsibility of the scheme promoter. Design and development costs for schemes that receive Full Approval will be eligible as a local contribution.
- 18.10 Delays to a scheme may mean that it is not possible to allocate funding within the period up to March 2019. In this case, the NELTB reserves the right to re-prioritise the programme and bring forward another scheme that is deliverable within the timescales.
- 18.11 As part of Full Approval, the NELTB will clearly set out the conditions under which the devolved funding will be spent – specifically to deliver a capital asset based on an approved scheme design which has a contractor’s price and spending profile. As the Accountable Body, Newcastle City Council will be responsible for ensuring any such conditions are adhered to.

19. The Transport Business Case

- 19.1 All schemes submitted by promoters are required to follow the DfT’s Transport Business Case guidance, which is available at <http://www.dft.gov.uk/publications/transport-business-case/>.

- 19.2 The Business Case guidance sets out the minimum requirements of the development of a major scheme and use of the guidance will ensure that the information and assessment of a scheme is set out according to five cases:
- The strategic case;
 - The economic case;
 - The commercial case;
 - The financial case; and
 - The management case.
- 19.3 Business cases will include a statement of objectives and specific outcomes the scheme is expected to achieve. This will assist with scheme evaluation.

20. Value for Money (2)

- 20.1 Value for Money is the core of the Economic Case.
- 20.2 The use of the WebTAG toolkit will be mandatory and must be used to conduct appraisals and value for money assessments. The toolkit can be accessed at www.dft.gov.uk/webtag.
- 20.3 Value for money is where the "economic" benefits of the scheme exceed the costs of investment and future maintenance / operation. The greater the monetised Benefit to Cost Ratio (BCR) of a scheme, the higher the value for money a scheme is likely to be. However, scheme promoters will have to be mindful that if there are significant environmental costs these can affect the adjusted BCR and therefore the value for money and where these potential situations arise the NELTB will be advised through the independent assessment process. Scheme benefits potentially encompass a wide range of economic impacts including:
- Journey time savings for individuals.
 - Reduction in costs to businesses, transport operators and passengers.
 - Increasing access to education and jobs.
 - Increasing inward economic investment.
 - Keeping roads open to traffic (especially freight).
 - Reducing accidents / improving safety and security.
- 20.4 Value for money assessments will, at the Gateway 1 stage, be based on available quantitative and qualitative criteria. On the quantitative side, schemes which affect busier / congested parts of the highway network or larger areas of population may receive a higher value for money score. Any existing scheme-specific economic / financial modelling can also be used to assess benefits. Qualitative information may point to benefits for certain target areas or populations; and could also use evidence of the success of similar schemes

elsewhere. The important issue is that key assumptions will be made explicit and subject to robust challenge.

- 20.5 High value for money schemes with an adjusted BCR of greater than or equal to 2:1 will be eligible for funding.
- 20.6 Central case assessments will be based on forecasts that are consistent with the definitive version of NTEM (DfT's planning dataset). The NELTB reserves the right to use alternative planning assumptions as sensitivity tests and considering the results of these when coming to a decision about whether to approve a scheme.
- 20.7 An independent assessment of appraisal and modelling assumptions contained within business cases will be carried out by an independent third party with the relevant technical expertise, and this expertise will be procured via SOTAG. The independence of each review will be signed off by a named officer of the NELTB with relevant skills and expertise.
- 20.8 A value for money statement (VFMS) in line with published DfT WebTAG guidance will be produced and presented to the NELTB for consideration at each gateway stage of the approval process. These statements will be checked by an independent source and adjusted if necessary. This assessment will be signed off by a named officer within the NELTB with requisite skills and experience.

21. Monitoring and Evaluation

- 21.1 Scheme promoters will be required to put in place mechanisms to ensure that schemes are monitored and evaluated in line with DfT guidance on the evaluation of local major schemes. This will be enforced as part of the gateway process, and schemes that do not have a robust monitoring and evaluation strategy as part of their business case will not receive Full Approval.
- 21.2 Results of the monitoring and evaluation of schemes will be published on the web site of the relevant scheme promoter. The relevant scheme promoter will be required to ensure an independent review of the monitoring and evaluation of their scheme, and this will be ensured as part of the grant award process.

22. External Views on Business Cases

- 22.1 The NELTB will welcome external views on business cases, which do not contain commercially sensitive information. In order to ensure external comment is possible, promoters will be required to publish their business case on their website. The publication of business cases must take place prior to funding approval decisions being made. The publication of business cases will also be publicised by the relevant scheme promoter and on the NELTB web page.

- 22.2 Stakeholders and members of the public will be given a minimum of three months to comment on business cases. Any comments made by stakeholders and members of the public on business cases will be made available to the NELTB prior to relevant meetings taking place by way of a summary in the papers for the meeting.

23. Release of Funding, Cost Control and Approval Conditions

- 23.1 No funding will be allocated to a scheme promoter by the Accountable Body until a Business case has received Full Approval from the NELTB. The approval will contain:
- General conditions of approval (such as the condition that monies may only be used for capital expenditure);
 - Scheme specific approval conditions (such as those relating to scheme design, matched or third party contributions);
 - The agreed allocation for the scheme;
 - An agreed funding profile to ensure delivery in the 2015-19 period; and
 - Provision for 'clawback' and recovery of non delivery or money not spent for purposes intended.
- 23.2 Before any funding is released, the scheme promoter will need to 'accept' the funding (and the conditions for its use) through confirmation by the appropriate finance officer that the money will be spent on the agreed purpose.
- 23.3 The Accountable Body will develop a 'back to back' agreement with the eligible scheme promoters to underpin this arrangement. This agreement will also address the issue of 'clawback'. It will ensure an approval regime is in place that protects the financial interests of the NELTB and the Accountable Body and enables it to fulfil its responsibility to deliver value for money while setting out respective responsibilities including reporting and audit requirements.
- 23.4 Funds will be released to scheme promoters quarterly in arrears. Release of funds will be based on defrayed expenditure and made upon receipt of grant claim forms and evidence of eligibility of expenditure and delivery progress (which may include invoices, valuations of capital works etc). Scheme promoters will be required to retain evidence for audit purposes.
- 23.5 Finance reports will be provided to the NELTB on a quarterly basis (or more frequently if required) in line with payment of claims to scheme promoters. There will be a named finance officer at an appropriate grade who will also act as a point of contact for ad hoc finance-related queries from the NELTB or scheme promoters and to attend meetings as required.

24. Programme and Risk Management

-
- 24.1 The major scheme programme will initially run from April 2015 to March 2019. A realistic programme is essential as a means of understanding when schemes are likely to spend.
- 24.2 Scheme promoters will be required to provide an initial project programme for each scheme given 'Preliminary Prioritisation' status by the NELTB. The project programme should include estimated timescales for the following:
- Production of business cases
 - Completion of associated technical work
 - Progress of outline and detailed design
 - Statutory orders
 - Public consultation
 - Procurement
 - Construction of scheme
- 24.3 Potential risks to the delivery of the scheme programme, such as overspend and delays to timescales, must be highlighted. Promoters should also produce and maintain risk registers for their schemes and set out how they will manage potential risks.

DRAFT

Chairing arrangements across the 7 local authorities

1. Governance arrangements across the seven local authorities are designed to provide a robust and clear structure for future joint working.
2. The single lead authority model is used for all, seven local authority groups. This model involves the rotation for chairing of both the LA7 Leadership Board (Comprised of the 6 Leaders and the Elected Mayor) and the Chief Executives’ meeting, starting in alphabetical order with Durham.
3. Both groups also have two vice chairs, the outgoing chair from the previous year and the incoming chair for the following year.
4. The Economic Directors’ Group and the Senior Officers Transport Advisory Group’s (SOTAG) Chairing arrangements follow the same arrangement.

Group	10/11	11/12	12/13	13/14	14/15	15/16	16/17	17/18
7 Leaders / Elected Mayor	ST	D	G	N	NT	N’land	ST	S
7 Chief Executives	S	D	G	N	NT	N’land	ST	S

4. Each chair serves a one-year term, rotating annually.
5. The chair rotation takes place in November.
6. The NELTB will follow the single lead authority model used by the Seven North East Authority Groups.

SENIOR OFFICERS' TRANSPORT ADVISORY GROUP (SOTAG)

ROLE AND REMIT

Purpose of the group

- To establish a forum for discussion of strategic transport issues that includes representation from all seven local authorities and the ITA/PTE in the Local Enterprise Partnership area.
- To provide effective advice to the *Local Transport Body (LTB)* on establishing a programme of local major scheme priorities for delivery beyond 2015;
- To provide guidance to the LTB on the most effective governance and assurance framework to deliver such a programme of local major transport schemes; and

The group will enable the Local Transport Body to:

- Forward manage their Agenda;
- Forward manage the development of a programme of local major scheme priorities for the LEP area;
- Manage relationships with external bodies including (but not limited to) Department for Transport, the Highways Agency and Network Rail;
- Receive regular updates on progress towards targets and objectives;
- Commission work as appropriate; and
- Receive regular updates and advice on transport matters of strategic significance across the LEP area.

Membership

Gateshead Council (Chair)

Durham Council

Newcastle City Council

Nexus

North East LEP

North Tyneside Council

Northumberland Council

South Tyneside Council

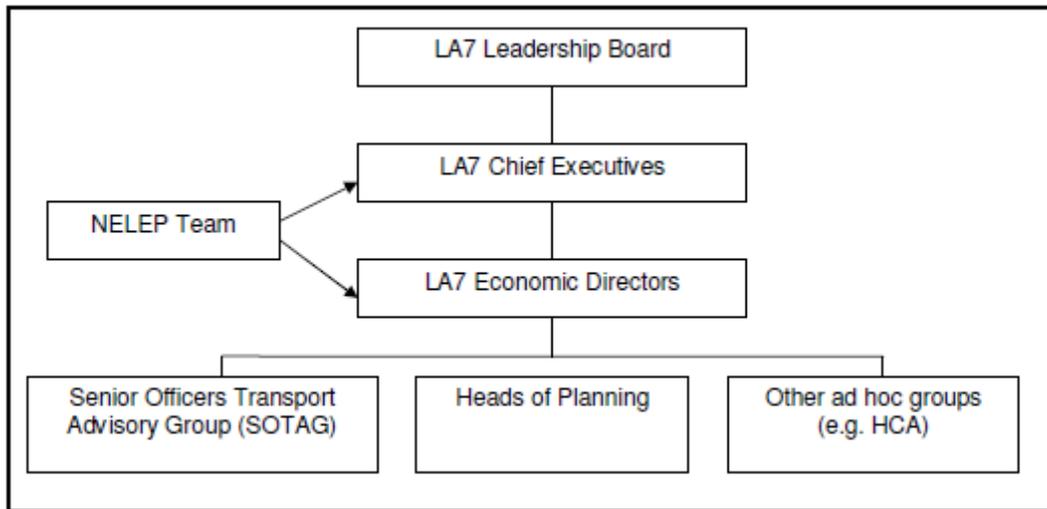
Sunderland City Council

Tyne and Wear ITA

Attendance

The SOTAG will meet regularly in advance of meetings of the Local Transport Body. Members of the group are requested to attend as many of the meetings as possible. If members of the group are unable to attend a meeting, it is requested that any Deputy should be agreed in advance with the Chair of the group.

Governance and Reporting



The Chair of the group will rotate annually in accordance with the arrangements established as part of wider seven local authority working practices. The group will report to the LA7 Leadership Board (The LTB) via the LA7 Economic Directors and LA7 Chief Executives groups.

Support and Organisation

The SOTAG is likely to require support from technical officer groupings in each of the three Local Transport Plan areas. These groups may be requested to progress tasks associated with the development of a programme of local major schemes. The agenda, minutes and relevant papers for the group will be sent out in advance by the NELEP Transport Advisor. Minutes of meetings and an actions log will be maintained.

Meetings

The group will meet on a monthly basis.

Review

This role and remit will be reviewed annually.

Economic Directors Group – Draft terms of reference

Purpose

1. The Economic Directors group involves the senior officers with responsibility for economic policy and development across the local authority areas of Durham, Gateshead, Newcastle, North Tyneside, Northumberland, South Tyneside and Sunderland. The group has been established at the request of Chief Executives to help ensure that the seven local authorities work together strategically on the key economic issues affecting the North East and to coordinate input into the North Eastern LEP.

Key Activities

2. The role of the 7 LA Economic Directors is to:
 - Advise the seven Chief Executives and Leaders/Elected Mayor on all aspects of the LEP's work;
 - Advise the seven Chief Executives and Leaders/Elected Mayor on broader economic issues across the area covered by the seven local authorities; and
 - Undertake work requested by the seven Chief Executives or Leaders and Elected Mayor's groups in support of their work programmes.

Membership

3. The members of the 7 LA Economic Directors are:

current membership is one representative from each local authority, one representative from the HCA, one from the LEP and the LEP Transport Advisor

Chairing Arrangements

4. The Chair will rotate around each of the seven local authorities in alphabetical order, following the Chairs of the Chief Executives and Leaders and Elected Mayors groups. The Chair will change in November of each year. The current Chair is Sheila Johnston, (Gateshead). The group will meet on average every six weeks, or more often depending on urgent business.

ANNEX C

LOCAL MAJOR SCHEMES DEVOLUTION PROCESS

GUIDANCE ON EVIDENCE REQUIREMENTS

Report

22 January 2013





LOCAL MAJOR SCHEMES DEVOLUTION PROCESS

GUIDANCE ON EVIDENCE REQUIREMENTS

REPORT

14 December 2012

Job No	NEA6094
Report No	
Prepared By	Amy Sykes & James Jackson
Verified By	Martin Revill
Approved By	Martin Revill
Status	Final
Issue No	2
Date	22 January 2013

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1 Introduction

This document provides guidance on the evidence requirements for policy criteria to be used as part of the prioritisation of Local Major Transport Schemes in the North East Local Transport Body (LTB) area.

When considering the evidence base, scheme promoters should give regard to the date the scheme will be delivered and consider as far as practically possible if the evidence will still be of relevance at that time.

Clearly some schemes will address some policy criteria more strongly than others, however the criteria have been designed in such a way that all types of scheme could contribute to all criteria. The approach to the policy assessment within the prioritisation process is designed to allow the contribution of proposed investments to be clearly identified, and for credit to be given appropriately where a proposed scheme will contribute to achieving key outcomes in the North East. In this way the Local Transport Body will be able to see clearly what each intervention will contribute, and will accordingly be in a position to make informed decisions.

This document provides a guide to the types of evidence which are likely to support the policy

criteria. Scheme promoters are advised wherever possible to provide evidence in line with the guidance outlined below. This will ensure consistency of assessment between schemes and help to ensure that proposals are credited appropriately where they contribute to the achievement of key policy outcomes. However scheme promoters may provide additional evidence outside of these guidelines if relevant and appropriate and credit will be given where possible and appropriate.

Given the need to demonstrate how the scheme supports the broader outcomes of the LTB area, scheme promoters are recommended to liaise with their counterparts in their Forward Planning, Development Control and Economic Development teams in the compilation of a comprehensive evidence base.

Scheme promoters are reminded to use their professional judgement in the development of evidence and to concentrate on providing focused and concise evidence on the contribution of schemes to delivering the broader policy outcomes. Scores are allocated on the strength of the case provided by the evidence not by the quantity of the evidence.

A number of the criteria reference specific spatial influences and geographic locations identified from policy. These references illustrate specific priorities or issues that are addressed in policy, and act as examples of where transport schemes may positively influence policy in specific locations. While providing guidelines to key locations it is understood that there are proposed interventions that will deliver improvements that will support important locations not listed. These lists are therefore not intended to be exhaustive, and scheme sponsors can provide evidence with respect to other spatial priorities or geographic locations where that evidence demonstrates that the scheme or intervention will help contribute to the achievement of policy outcomes in the North East. Transport improvements that make a contribution or improve access to and from geographical locations not listed may therefore be given appropriate credit within the policy assessment.

In such cases where scheme sponsors can identify that a scheme will deliver such spatially specific benefits, they are encouraged to provide evidence of how their proposal or scheme contributes to the achievement of key

policy outcomes for the North East; details of these locations, businesses, facilities and other issues resolved; and justification for the inclusion of evidence relating to a specific geographic location including references to any policy documents that support the evidence.

A number of the criteria highlight the importance of reference to local policy documentation. In the scheme assessment weight will be given to evidence from emerging plans according to the stage of preparation. Similarly evidence from policy prepared under previous national, regional and local context will be given credit based on their continued relevance and consistency with new and emerging policy.

2 Criterion 1 - Will the scheme contribute to the creation of new jobs and retention of existing jobs in the North East LEP area?

Creation of new jobs

There are a number of sources of information that may provide evidence that a scheme will contribute towards the creation of jobs within the North East LEP area economy. The following are likely to be the main sources of information on the number and likelihood of jobs being created. If other forms of evidence not described here are available they may also be submitted.

If a Local Plan or Local Development Framework (LDF) has identified employment sites within an allocations document then these may be presented as evidence that the major scheme will contribute to the development of these sites, assuming that it can be shown that the major scheme is of relevance to access and connectivity to these sites.

If a site of relevance to a scheme has a national or local designation associated with it that would contribute to the creation of jobs, for example an Enterprise Zone or a Local Development Order (LDO) site, this could be included, however scheme promoters should consider the designations anticipated and the extent to which the jobs created at this location

are supported by the scheme under consideration.

Scheme promoters should be mindful of maximising contributions from third parties into the funding pot, alongside consideration of the extent to which the scheme is affordable by a developer or which a developer could be reasonably expected to provide under the terms of a planning condition. It is therefore important to exercise professional judgement regarding the inclusion of evidence relating to live planning applications or planning permissions, and distinguish between evidence supporting infrastructure that will support future job creation and that being provided to support existing proposals.

Evidence for this criterion should, where possible, include an assessment of the number of jobs likely to be created and if transport issues have been identified as a barrier to development. For employment sites that do not have a total number of jobs associated with them it is possible to estimate this using work by English Partnerships on employment densities:

http://www.eastherts.gov.uk/media/pdf/a/8/SM_Employment_Densities.pdf

Retention of existing jobs

Evidence that the scheme will help with the retention of jobs can be shown based on the impact that the scheme will have on access to existing significant centres of employment. Proximity of the scheme alone to a significant employer is not sufficient. It is important to consider the relationship of the scheme to the location and employer. Evidence for this could be presented as follows:

- Scheme improves access to a locally significant employer, for example employers referenced in the North East Top 200 Businesses or other sources of evidence illustrating the importance of employment at that location;
- Scheme maintains current accessibility to a significant regional or local employer while increasing overall capacity.

Locally significant employers have been highlighted as these employers will be likely to have a local supply chain and significant multiplier effects within the local economy. Scheme promoters should state which significant employers will be affected by the scheme and where possible provide an

estimate of the transport benefit that the employer will receive.

3 Criterion 2 - Will the scheme support the North East LEP area gateways?

If a scheme improves surface access to a gateway, evidence needs to be provided to demonstrate this to be the case. It should be noted that proximity to a gateway alone is not deemed to be sufficient evidence of a positive contribution to improving access.

The area's primary international gateways are identified within the Draft North East LEP Transport Strategy as:

- Port of Tyne; and
- Newcastle International Airport.

The ports of Berwick, Blyth, Seaham and Sunderland are also highlighted as providing international connectivity.

Gateways on the fringe of the NELEP area, in particular Teesport and Durham Tees Valley Airport, are highlighted within the Draft North East LEP Transport Strategy as enhancing the international competitiveness of the area and are important for export led industries and those requiring links to a wide range of international markets and firms.

Suggested evidence includes:

- Amount/proportion of gateway trips impacted by improvement;
- Amount/proportion of freight impacted by improvement (tonnage and value);
- Time savings for gateway trips or freight;
- Improvement in reliability; and
- Changes in the balance of modes used to access the gateway.

If it can be shown from evidence based policy document that the proposed scheme would support the development of the gateway or that the future or planned growth of the gateway will be constrained by issues that the proposed scheme could resolve this may be included as evidence. Examples of sources of this evidence may be through Economic Development Strategies, Local Transport Plans, Local Plans or documentation produced by the operator of the gateway itself. Such evidence could either identify the general constraint that the scheme will contribute to resolving or the scheme itself.

4 Criterion 3 - Will the scheme encourage the development or retention of skilled jobs (NVQ level 4 and above) and support sites that deliver the training for such skills?

A range of evidence is available to fulfil this criterion. In general, evidence may relate to both assisting the development of skilled jobs and sites for training as well as improving access to existing sites that provides these skills.

There is an emphasis across the North East LEP area on providing higher level training. It is therefore suggested that where the scheme supports employment sites offering Level 4 or above training, evidence is presented in support of this criterion.

In addition to employment sites that offer this level of skills training, education sites can also be included if the scheme provides improved accessibility to them.

Map 1: Universities, Centres for Excellence, Clusters and Innovation Connectors



Source:

<http://www.investnortheastengland.co.uk/investment-guide/north-east-england-map.html>

As a starting point the list below presents the main institutions in the LTB area which provide higher education opportunities:

- University of Durham
- University of Newcastle
- University of Northumbria
- University of Sunderland
- East Durham College
- Gateshead College
- New College Durham
- Northumberland College
- South Tyneside College
- Sunderland College
- Tyne Metropolitan College
- Bishop Auckland College
- Newcastle College

A number of 'Innovation Connectors' have been established within the sub area. These Connectors have the dual aims of stimulating innovation in their respective fields and catalysing regeneration in their surrounding areas. They are also:

- promoting and supporting their respective fields, including links to key industry bodies;
- driving R&D, including links to universities and colleges;
- supporting business incubation, start-up and growth;
- catalysing inward investment;
- maximising physical and economic impact on the local community and creating employment opportunities; and
- acting as a network to serve the wider region.

Information on the Connectors is provided below:

- Newcastle Science City is working to stimulate the development and commercialisation of science, particularly in the areas of ageing, stem cells and regenerative medicine, energy and molecular engineering. The core of Science City is in the western area of Newcastle at the former Newcastle Brewery Site, Newcastle General Hospital and the areas around the Centre for Life.
- The National Renewable Energy Centre (NaREC), based in Blyth, is at the forefront of the North East's leading position on renewable energy, and is helping the region rapidly develop a reputation for international excellence in the sector.

- Sunderland Software City (SSC) is building on the region's university strengths – particularly the University of Sunderland – to develop the North East's software industry and attract new companies to the region.
- NETPark is helping science and technology companies lead the way in developing world-class technologies. The focus is on physical sciences, particularly plastic electronics, microelectronics, photonics, nanotechnology, and their application in the fields of energy, defence, and medical-related technologies. It builds on the strengths of the Universities of Durham and Newcastle, process industry businesses located primarily in Tees Valley and electronics and electrical engineering businesses.
- The Northern Design Centre will be a focal point for creating design solutions, with a remit that cuts across all industries. It will stimulate investment in the region's design industry, promoting innovative and productive design companies, while at the same time helping businesses across all sectors use design to improve their own productivity. The Centre will be based in the new Baltic Business Quarter, which is already having an impact on companies in the region.

Scheme promoters can suggest other institutions if it can be shown that they provide

the relevant level of skills development and training.

The following paragraphs provide guidance on assessing existing and new sites with respect to skills and improvements in accessibility:

Existing Sites

For locations where skilled employment already exists or skills training is provided it is important to demonstrate that the proposed scheme will improve the accessibility to such sites. This could be shown in one of two ways, the first being through an improvement in connectivity for business travel to and from the site which will help an existing business develop and contribute to the retention of existing jobs. The second aspect relates to improvements in connectivity from residential areas to either skilled employment or training. It is important to demonstrate the nature of the areas connected, with any step changes in accessibility being particularly important.

New Sites

New employment sites can be included in the assessment if it can be shown that occupiers will be providing higher skilled employment (NVQ level 4 and above), or that employers will be providing apprenticeship schemes to train employees. Equally if a centre for training such as a college is planned this could also be included in the scheme assessment if the major scheme will have an impact on accessibility to the site.

5 Criterion 4 - Will the scheme provide sustainable access solutions to existing and growing development corridors, centres and sectors, or support housing growth?

Existing and growing sectors

The scheme promoter should identify if the scheme addresses the development of key business sectors which have been identified by the North East LEP. These sectors are:

- Automotive
- Off shore renewable
- Creative and digital
- Life sciences
- Printable electronics
- Business professional and financial services

Source: <http://www.nelep.co.uk/key-sectors/>

Addressing the development of key business sectors refers to improving accessibility to the sites where these sectors are developing or improving the capacity to these sites. Evidence should be provided on the scale of the capacity change or scale of improvement in accessibility.

Existing and growing development corridors and centres

In addition to these sectors for development, any existing and growing business corridors that are likely to benefit from the scheme

should be identified. These might include corridors or locations identified within a Local Plan/Local Development Framework or a Local Transport Plan, for economic growth.

The following employment zones are identified as Strategic Employment Areas, Key Employment Areas or Economic Growth Corridors within the emerging and adopted Local Plans within the sub area:

- Blyth Estuary Renewables Energy Zone Strategic Employment Area (Northumberland Core Strategy Issues and Options)
- Aykley Heads (Durham Local Plan Preferred Options)
- Team Valley (NewcastleGateshead One Core Strategy)
- Follingsby (NewcastleGateshead One Core Strategy)
- Newcastle Airport (NewcastleGateshead One Core Strategy)
- Walker Riverside (NewcastleGateshead One Core Strategy)
- North of Nissan (Sunderland Core Strategy Alternative Approaches)

- Farringdon Row (Sunderland Core Strategy Alternative Approaches)
- Stadium Village (Sunderland Core Strategy Alternative Approaches)
- Vaux (Sunderland Core Strategy Alternative Approaches)
- Holmeside (Sunderland Core Strategy Alternative Approaches)
- The Port (Sunderland Core Strategy Alternative Approaches)
- South Ryhope (Sunderland Core Strategy Alternative Approaches)
- A19 Economic Growth Corridor (South Tyneside Adopted Core Strategy)
- Tyne Tunnel Trading Estate (North Tyneside Preferred Options)
- West Chirton Industrial Estate (North Tyneside Preferred Options)
- Balliol Business Park East (North Tyneside Preferred Options)
- North Bank Area (North Tyneside Preferred Options)
- Esso (North Tyneside Preferred Options)
- Gosforth Business Park and Balliol West (North Tyneside Preferred Options)

- Weetslade (North Tyneside Preferred Options)
- Proctor and Gamble (North Tyneside Preferred Options)

Alternatively it may include key centres for business such as sub regional centres and main town locations.

The sub regional centres and main towns as identified within the latest version of the Local Plan documents are:

Sub regional centres

- Durham City
- Gateshead
- Newcastle
- Sunderland

Main Towns

- Barnard Castle
- Bishop Auckland
- Chester-le-Street
- Consett
- Crook
- Peterlee
- Seaham
- Shildon
- Spennymoor
- Stanley
- Newton Aycliffe

- South Shields
- Jarrow
- Hebburn
- Washington
- Houghton le Spring
- Berwick upon Tweed
- Alnwick
- Amble
- Ashington
- Blyth
- Wallsend
- North Shields
- Whitley Bay
- Cramlington
- Haltwhistle
- Hexham
- Morpeth
- Portelard
- Prudhoe

Supporting housing growth

Any existing and growing strategic housing areas that are likely to benefit from the scheme should be identified. The following are identified at strategic housing sites, strategic growth areas or potential strategic allocations within the emerging and adopted local plan documents:

- Groves (Sunderland Core Strategy Alternative Approaches)
- Farringdon Row (Sunderland Core Strategy Alternative Approaches)
- Stadium Village (Sunderland Core Strategy Alternative Approaches)
- Urban core (NewcastleGateshead One Core Strategy)
- Callerton Park (NewcastleGateshead One Core Strategy)
- MetroGreen (NewcastleGateshead One Core Strategy)
- Wallsend AAP (North Tyneside Preferred Options)
- North Shields AAP (North Tyneside Preferred Options)
- Coastal AAP (North Tyneside Preferred Options)

When assessing the effect on corridors or key centres the scheme promoter should be clear about the effect on accessibility and capacity of the transport system for accessing these locations.

6 Criterion 5 - Will the scheme ensure capacity and speed of transport links to and within the North East LEP area are maintained and enhanced in order to increase the attractiveness of the North East LEP area as a place to do business, boosting inward investment and improving competitiveness of indigenous firms?

The evidence for this criterion will relate to the scheme's contribution to the strategic operation of the transport network. It should be demonstrated that the scheme will contribute, directly or indirectly, to mitigating existing capacity or reliability issues on the transport network. This could include capacity constraints on or affecting any mode. This contribution may be direct (physical relief of junction which is at capacity or increase in overall capacity of the transport system) or alternatively an indirect contribution (transfer of trips, which presently occupy an at capacity junction, to another route or mode).

Evidence should be provided regarding the capacity or reliability issue. This evidence may be taken from Local Transport Plans, or from information provided by other Agencies, for example Route Utilisation Studies (RUS) produced by Network Rail.

The following locations on the highways network are identified within local policy documents as suffering from congestion or being over capacity:

- A197 Telford Bridge (Northumberland LTP3 evidence base)
 - A1061 South Newsham Roundabout to Laverock Hall Roundabout (Northumberland LTP3 evidence base)
 - A193 Cowpen Road (Northumberland LTP3 evidence base)
 - Central River Wear crossing at Millburngate Bridge (County Durham Plan Summary of Transport Evidence Base)
 - A181 Gillesgate on its approach to the junction with the A690 (County Durham Plan Summary of Transport Evidence Base)
 - Western and northern approaches to Durham city centre (Sutton Street and Framwellgate Peth), and Finchale Road, outbound at Framwellgate Moor (County Durham Plan Summary of Transport Evidence Base)
 - A1 Western Bypass (Tyne and Wear LTP3)
 - A19 Tyne Tunnel (Tyne and Wear LTP3)
 - Junctions on the A19 trunk road (Tyne and Wear LTP3)
 - Central bridges across the River Tyne (Tyne and Wear LTP3)
 - River Wear bridges in Sunderland (Tyne and Wear LTP3)
- In addition the following elements of the rail network are experiencing overcrowding:
- Between Northumberland and Newcastle in the AM peak (Northumberland LTP3 evidence base)
 - Capacity issues between County Durham and Tyne and Wear (Durham Core Strategy Issues Paper)
- Examples of the type of evidence that might be present can be found in, for example, the Northumberland Local Transport Plan Evidence Base, which presents link flows and capacities for roads across the Northumberland area as a means of assessing

congestion. Clearly if other evidence has also been collected as part of the scheme specification, for example traffic counts or passenger counts, this could also be presented as evidence, subject to an indication of what level of capacity is currently being used.

As well as demonstrating an improvement to part of the network it is also necessary to define the importance of the section of network improved, for example if the link or public transport service is of regional, district level or local importance.

7 Criterion 6 - Will the scheme deliver improved accessibility from residential areas to areas that have employment, education or other opportunities?

The scheme promoter should identify which residential areas will benefit most from the proposed scheme, and also identify the employment, education or other opportunities, to which accessibility will be improved. The following provides an indication of the types of opportunities to which accessibility might be improved:

Employment

Access to skilled jobs or jobs identified as being one of the key sectors for the region, although clearly if the present levels of unemployment in the area were extremely high, access to all types of job would be of relevance. The sites should be identified and an estimate of the scale of the benefit arising given.

Education

The emphasis should be on access to post compulsory secondary education. This might include sixth form colleges, further education colleges or universities, or any other locations where academic or vocational skills training would take place. The sites should be identified and an estimate of the scale of the benefit arising given.

Other Opportunities

Other types of opportunity to which access would be improved by the scheme might include access to hospitals, health centres and clinics. This would be of particular relevance if the residential area can be shown to have wider health problems, for example with issues of obesity, or long term sickness. Other examples might include access to retail or leisure facilities, for example if access to grocery retailers was improved for an area which presently only has limited access to retail facilities. Improvements to access to leisure facilities might particularly include sports facilities and swimming pools.

Having identified these areas information relating to the residential area that would benefit from the major scheme should also be presented. This should include the following:

Unemployment

Information on unemployment should be taken from the Nomis website (<http://www.nomisweb.co.uk/default.asp>) and utilise the latest available JSA Claimant Count figures for the appropriate wards affected by

the Major Scheme. The figure for the North East region and UK as a whole should also be presented.

Skills

The level of skills and unemployment in the area can be found at the neighbourhood statistics website. The rank of education, skills and training should be presented, from the Indices of Deprivation for Super Output Areas, by entering the postcode for the residential area of interest. The link is as follows: <http://www.neighbourhood.statistics.gov.uk/dissemination/>

Health

Information should be present on the level of health inequalities in the area that would benefit from the scheme. This should use the Rank of Health of Deprivation and Disability score from the Index of Multiple Deprivation 2007 for the appropriate output area in which the residential area affected lies. This can be found by entering postcode for the residential area and selecting lower super output area at the following link:

<http://www.neighbourhood.statistics.gov.uk/dissemination/>

Levels of Deprivation

Information on the level of deprivation should be provided using the rank assigned to relevant Lower Super Output Areas using the 2007 Index of Multiple Deprivation. This information can be found at the following link on the neighbourhood statistics website by entering the postcode(s) for the residential area(s) under study:

<http://www.neighbourhood.statistics.gov.uk/dis-semination/>

Information should also be provided on the existing level of accessibility to opportunities based on car and public transport journey times, and the likely level of improvement that the major scheme would provide. Accessibility mapping may be a useful way of illustrating this improvement. Alternatively journey time savings or increase in service frequencies could also be used.

Scheme promoters are asked to make clear the relevance of the transport improvement to the communities, neighbourhoods and localities affected, for example, an improvement in highway accessibility to/from an area with low car ownership may be of less value than an equivalent public transport improvement.

8 Criterion 7 - Will the scheme contribute to an improvement in the overall quality of journeys, particularly those providing links to employment and health or education opportunities?

The scheme promoter should identify improvements in the quality of journeys. This might relate to the condition of interchanges, issues around journey time reliability, the quality of vehicles being used for a service or information systems provided to users. The evidence for this might be presented as follows:

- For road schemes an assessment of the effect on journey time reliability should be presented. For example, will the scheme make journey times more consistent across the whole day, or reduce the instance of occasional variations in delay caused by congestion? Equally if substantial development is forecast around the scheme, will the major scheme prevent a further deterioration in reliability?
- For public transport schemes, will journey reliability be improved (for example through bus priority measures) or delays reduced (for example replacement of obsolete and unreliable equipment or improvement in capacity allowing a more robust service plan)? Will the quality of interchanges be improved to make

integration within or between modes more efficient or more comfortable?

- For all modes, will the scheme deliver improved information systems?
- Scheme promoters should state if the scheme is likely to have an impact on personal security issues in the area surrounding it. This assessment could be presented as a simple positive, neutral or negative. Examples of improvements to personal security might relate to improvements to lighting or provision of CCTV cameras.

Clearly not all schemes will be able to address all of the issues set out above. Promoters should provide as much detail as possible about the extent of any improvements in journey quality that the scheme will bring.

9 Criterion 8 - Will the scheme contribute to an overall improvement in the local environment including improving local air quality or reducing the noise impact of transport corridors?

The scheme promoter should establish if the scheme is likely to have an effect on any existing local environmental issues. Scheme promoters should consider if the scheme is going to have both positive and negative effects on local environmental issues.

The issues to be considered under this criterion are:

- Noise
- Air Quality
- Areas of environmental or cultural significance

Whilst some of these issues could be assessed in a quantitative manner it is accepted at this point that a more qualitative approach may be appropriate. The following approach is recommended for each of the issues:

Noise

An assessment should be provided of the estimated number of dwellings likely to be affected by changes in noise levels. This is likely to be based around the size and extent of the scheme. For example, if a scheme is

very localised then the effect is likely to be localised, whereas a route based scheme may have an impact at a number of locations. The assessment should also highlight Noise Action Plan Priority Locations affected by the scheme.

Air Quality

An estimate of the effect (positive or negative) on any Air Quality Management Areas (AQMA) should be presented.

The following are identified AQMAs within the sub area:

- Blyth Town Centre (recommended to be undeclared)
- Blue House Roundabout (Newcastle)
- Jesmond Road (Newcastle)
- Newcastle City Centre
- Gateshead town centre and Dryden Road/Durham Road junction (Gateshead)
- Boldon Lane (South Tyneside)
- Leam Lane (South Tyneside)
- Newcastle Quayside
- Durham city incorporating Highgate, Milburngate and Gilesgate areas

The estimated effect will in most cases be highly localised, although it should be noted that a scheme that involves rerouting traffic may have an effect on an AQMA through the abstraction of traffic from the AQMA area. Other sites of concern relating to air quality, but which are not classified as an AQMA may also be assessed within this process.

Areas of Environmental or Cultural Significance

Scheme promoters should provide description of the significance of the site and magnitude of positive or negative impact anticipated from the scheme. The extent to which the identified significance will be either compromised or enhanced should be made clear, including the mitigating effects of any amelioration incorporated formally into the proposals or allowed for as standard good practice.

Areas of environmental significance may include:

- Areas of Outstanding Natural Beauty
- National Parks
- Heritage Coast
- Ramsar sites
- Special Areas of Conservation

➤ Sites of Special Scientific Interest

Areas of cultural significance may include:

- World Heritage Sites
- Listed Buildings and conservation areas
- Scheduled Ancient Monuments

Guidance on the magnitude of the impact particularly on culturally significant sites can be found in Table 1 of the following WebTAG units:

➤ Townscape

<http://www.dft.gov.uk/webtag/documents/expert/unit3.3.8.php>

➤ Heritage of Historic Resources

<http://www.dft.gov.uk/webtag/documents/expert/unit3.3.9.php>

10 Criterion 9 - Will the scheme contribute to an overall reduction in carbon emissions relative to the existing situation?

Scheme promoters should provide evidence as to the overall effect of the scheme on carbon emissions. This should include an assessment of the net change in emissions, for example if the operation of a public transport scheme contributes to emissions through operation of vehicles this may be offset by a reduction in emissions from cars. Clearly at this point the assessment need not be fully worked up; however it should be possible to provide an indication of the likely effect on carbon emissions based on the scheme objectives and background information known about the area the scheme will affect.

In considering the likely impact on carbon emissions scheme promoters should consider the impact of the scheme in terms of the following areas:

- The shift to lower carbon transport modes;
- Changes in average speed; and
- The shift to new technologies and cleaner fuels.

Scheme promoters are encouraged to quantify the likely level of impact through the use of a suitable comparator scheme.

It is not necessary to consider the impact of embedded carbon from construction within this prioritisation process, unless this is considered to be a significant issue. Equally if a scheme is only likely to have a very insignificant impact on embedded carbon this should be stated. It has been assumed within this guidance that the majority of schemes, by their nature, will have a similar impact in terms of embedded carbon impact on a pound for pound basis.

This criterion does not include consideration of how the scheme may support the low carbon economy or renewable sector. The impact of that is considered within earlier criteria. This criterion is concerned with the direct reduction in emissions from transport moving towards a low carbon transport system within the area.

11 Criterion 10 - Will the scheme provide the opportunity to improve health, reduce levels of obesity among the population or improve road safety within the area?

It is recognised that the impact of transport on health has two elements:

- Beneficial to health; and
- Detrimental to health.

Improve health and reduce the levels of obesity among the population

The scheme promoter should provide evidence that a scheme will provide some contribution to improvements in health. This could be through the encouragement of mode shift to active travel modes either directly, for example through the provision infrastructure for cyclists and pedestrians; or indirectly, for example through the development of public transport services which would involve use of active travel to access the service.

Evidence for this criterion should include information on levels of obesity or poor health in the area that the scheme will affect. The link below provides information on obesity levels by local authority and may be appropriate if more localised information is not available:

<http://www.ic.nhs.uk/statistics-and-data-collections/population-and-geography/neighbourhood-statistics/neighbourhood-statistics:-model->

[based-estimates-of-healthy-lifestyles-behaviours-at-la-level-2003-05](#)

Severance

The scheme may also address issues of severance which would contribute to improvements in health and a reduction in road safety issues. Scheme promoters should give consideration to issues of severance as it affects those using non-motorised modes especially pedestrians.

Severance may be classified according to the following four broad levels.

- None - Little or no hindrance to pedestrian movement.
- Slight - All people wishing to make pedestrian movements will be able to do so, but there will probably be some hindrance to movement.
- Moderate - Some people, particularly children and old people, are likely to be dissuaded from making journeys on foot. For others, pedestrian journeys will be longer or less attractive.
- Severe - People are likely to be deterred from making pedestrian journeys to an extent sufficient to induce a reorganisation

of their activities. In some cases, this could lead to a change in the location of centres of activity or to a permanent loss of access to certain facilities for a particular community. Those who do make journeys on foot will experience considerable hindrance.

The following steps are required to enable the assessment of the impact of projects on severance:

- estimate the level of severance for the do-minimum case;
- estimate the level of severance for the do-something;
- by comparison of the level of severance for the do-minimum and do something cases, estimate the change in severance (reductions and increases); and
- estimate the numbers of people likely to be affected by changes in severance.

Assessment of change in severance

□	Do something - severance □			
Do minimum - severance □	None □	Slight □	Moderate □	Severe □
None □	None □	Slight - negative □	Moderate - negative □	Large - negative □
Slight □	Slight - positive □	None □	Slight - negative □	Moderate - negative □
Moderate □	Moderate - positive □	Slight - positive □	None □	Slight - negative □
Severe □	Large - positive □	Moderate - positive □	Slight - positive □	None □

Source:

<http://www.dft.gov.uk/webtag/documents/archi ve/1104/unit3.6.2.pdf>

The assessment of severance may also refer to the provision of Disability Discrimination Act compliant facilities on a public transport system.

Improve Road Safety

The scheme promoter should provide evidence where a scheme will provide some contribution to improvements in road safety issues.

Evidence for this criterion should include information the local authority holds on accident clusters in the area the scheme effects. In terms of accident information, this could focus on number of people Killed and Seriously Injured in accidents (KSIs), and the number of such accidents taking place, or where appropriate issues relating specifically to pedestrians or children.

Scheme promoters should provide an indication of the likely scale of reduction in road accidents and casualties if available.

12 Value for Money

As part of the prioritisation process it will be necessary to provide an estimate of the Value for Money (VfM) that the scheme is likely to provide. Clearly at this stage in the scheme development process not all schemes will have a fully worked up business case that will include all aspects of the Benefit Cost Ratio (BCR). This note sets out some guidance on how VfM might be assessed in this instance.

For schemes that have not yet been fully assessed the most appropriate approach would be to examine the evidence from other previous schemes. Indeed the DfT's Early Assessment and Sifting Tool (EAST) Guidance notes that "In many cases, only high level information will be available at the early stage of assessing options: respondents are expected to form a view based on the best evidence available."

While there are various attributes that will count towards VfM, which are summarised in the Appraisal Summary Table (AST), the main focus of VfM for the prioritisation process relates to the estimation of the BCR.

Evidence could be taken from previous major scheme business cases, the most appropriate being those that were funded as part of the

Best and Final Funding Bid (BAFFB) process in Autumn 2011. These were the most recent schemes to pass through the Major Scheme Process and between them provide a good mixture of the types of schemes that are likely to be put forward as part of this prioritisation process.

Scheme promoters can find a list of schemes and information about the schemes at the following link:

<http://assets.dft.gov.uk/publications/interoperability/final-funding-bids.pdf>.

Other guidance could also be included where it is felt, for example, that the schemes in the BAFFB are not representative of the scheme being entered into the prioritisation process. This may particularly apply to public transport schemes or package measures where the number of potential comparators is limited. Existing feasibility studies might also be used, although this would be subject to the inclusion of any caveats that surround them, and it may also be appropriate to cite comparators where possible.

When comparing a proposed scheme with the fully worked up schemes there are a number of issues to consider:

1. The objective that the comparator scheme sets out to address – are these comparable with the scheme being promoted?
2. Assessments of VfM should give consideration to both the size of the benefits and the cost of the scheme.
3. What is the nature of the comparator scheme, for example, for road schemes is it a link length scheme or a junction scheme?
4. Are the cost characteristics comparable; does either the scheme or the comparator have very high or low costs for a particular reason, which would in turn impact on VfM?
5. Are there any ongoing operating costs associated with the scheme and the comparator and what is the likely impact on VfM? Operating costs will be discounted over the life of the scheme in the same way that ongoing benefits would be.
6. Can it be shown that the nature of any journey time benefits of the comparator would be similar to the scheme being promoted, for

example would journey time benefits tend to be in the 0-2 minutes per vehicle category or 2-5 minute category?

7. Does the comparator scheme have a similar mix of business; commuter and other users as the values held by these groups are distinct and strongly influence the BCR?

8. Have other quantifiable benefits (such as carbon emissions) formed a substantial part of the comparator schemes benefits, and is this appropriate to the scheme being promoted?

Scheme promoters should provide a narrative to justify their choice of comparator(s) and to explain why the conclusions they have drawn are valid. It is important that the sources of benefits for both the scheme being assessed and the comparator scheme are presented, for example to ensure that the types of journey time saving produced are comparable. This is important to ensure that the comparator scheme used is appropriate for comparison against the scheme being assessed.

It maybe that it is appropriate to compare the scheme being promoted with more than one comparator scheme if the mixture of characteristics does not lend itself to comparison with a single scheme. BCRs should be presented as being in one of the following categories:

➤ Low value for money (BCR 1.0-1.5)

➤ Medium value for money (BCR 1.5-2.0)

➤ High value for money (BCR 2.0 and above)

A factor to consider when examining the evidence for schemes is the diversity of BCRs that exist, based on different scheme categories. For example road schemes and maintenance schemes tend to have larger BCRs while public transport or package schemes tend to have lower BCRs. This is an artefact of the appraisal system and does not mean that BCRs are unrealistic.

Local Contribution

A further issue when considering VfM is the need to consider the scale of any local contribution made as this influences the scale of VfM to the Local Transport Body rather than the BCR to the scheme promoter. Examination of the results for previous schemes show that this has been an important aspect within the decision making process in the past. This is also of importance to the LTB in terms of being able to maximise the overall value to the LTB area of the funding available.

13 Deliverability

Risk to Cost

What is the latest estimated cost of the scheme?

The cost should include construction costs, land and property, compensation, preparation and administration and on site supervision and testing *see WebTAG Unit 3.5.9 (August 2012) para 2.2.1 – 2.2.3 and table 1 for more detail.*

When were the costs of the scheme last updated?

Have costs been independently checked?

Scheme costs should include an adjustment for risk.

DfT require a Quantified Risk Assessment (QRA) for projects with a cost greater than £5m. For schemes under £5m a QRA is encouraged alternatively there may be scope for using generalised risk allowances for each cost element. *For detailed guidance on risk see WebTAG Unit 3.5.9 (August 2012) para 3.2.3 – 3.4.1.*

Please highlight what % of the total cost is risk allowance.

Please specify what price base the original cost was developed in and what inflation assumptions have been made to the present day and for the forecasting of future years.

Guidance on Inflation assumptions is detailed in WebTAG Unit 3.5.9 (August 2012) para 2.1.2 – 2.1.6.

Guidance on outturn cost calculation is provided in WebTAG unit 3.9.2 para 6.3.9 and table 1.

Please provide the total outturn cost and a breakdown of the outturn cost by forecast future years.

What is the level of funding you are requesting from the LTB?

Please provide total and breakdown by forecast future year.

What is the funding gap between the latest outturn cost and the cost to the LTB?

Please provide total and breakdown by forecast future year.

Local Authority contribution

What is the potential for Local Authority contributions?

Please provide total and breakdown by forecast future year.

Developer contributions (Third party contributions)

What is the potential for developer contributions?

Please provide total and breakdown by forecast future year.

Other funding bids and budgets

What is the potential for funding from other funding pots and budgets?

Please specify bid or budget details?

Please provide total and breakdown by forecast future year.

Operating costs

What are the likely operating costs of the scheme?

This should include all running costs to keep the scheme in operation.

This should include subsidy costs.

Level of design

What work to date has been undertaken on the scheme design?

- Options testing;
- Preliminary design/outline design; or
- Detailed design.

Please provide latest design drawings.

Funding compliance

Is funding compliant with 'Managing Public Money' and other central government guidance?

Affordability

Is the option affordable in the context of the available budget and relevant spending review period(s)?

What risks have been identified with regard to this option?

All projects are expected to have a risk management plan proportionate to their scale.

How probable are the risks? **Include examples of problems and risks experienced in similar schemes.**

How will identified risks be actively managed?

Provide a risk rating of 1 (low risk) to 5 (high risk). **Supporting evidence should be provided where possible and this might include examples of what similar schemes have cost in the past, how these costs have differed from original estimates or extrapolations drawn from pilot schemes.**

Risk to Programme

Programme/ Implementation timetable

Provide a plan with key milestones and progress including critical path.

What is the estimated start and completion date of the scheme?

Practical

Has the option been tested and proven to be practical and effective?

Technology

If technology is involved is this proven, prototype or still in development?

Legal powers - How certain are you of the legal feasibility of the option?

Have the required statutory powers been granted?

If no what additional statutory powers are required?

Are there planning implications? Please provide details.

Is all the land within scheme promoter ownership?

Quality of supporting evidence for the scheme

Provide detail of what level of work has been undertaken on the scheme for example feasibility study or full Business Case.

If it is based on evidence from where similar options have been implemented, how transferable are the impacts likely to be?

How well developed is the supporting evidence at this stage (model availability/validated)?

GRIP Stage

Provide details of GRIP stage if appropriate.

Resource availability/governance, organisational structure and roles

Has a governance structure for the scheme management been established?

Summarise the overall approach for project management at this stage of the project.

Describe the key roles, lines of accountability and how they are resourced.

Risk to Acceptability

Stakeholders and Public Acceptability

Who are the relevant stakeholders?

What consultation has taken place with relevant stakeholders?

Provide an assessment of whether there are likely to be any issues around stakeholder acceptability.

Letters of support may be useful

Provide an assessment of whether there are likely to be any issues around public acceptability.

Has any public consultation taken place?

What public consultation is likely to be required?

Statutory Consultees (HA, Env Agency, Natural England)

What consultation has taken place with Statutory Consultees?

Letters of support may be useful

Value for money

Have you calculated the BCR (benefit cost ratio)?

If you have calculated the BCR:

What is it?

Provide the following information relating to the appraisal investment cost:

What is the investment appraisal cost of the scheme? (**WebTAG Unit 3.9.2 para 6.3.10 and table 2**)

The price base year should be the Department's standard base year of 2010 (WebTAG Unit 3.5.4 August 2012, Para 4.1.6.)

It is important that scheme costs are as robust as possible and include a proper allowance for risk and optimism bias is crucial.

What level of optimism bias has been included?

Detailed guidance on the application of optimism bias can be found in WebTAG Unit 3.5.9 (August 2012) para 3.6.1 to 3.7.11. At this stage it is anticipated that the majority of schemes will be in Stage 1 and the relevant level of optimism bias should be applied based on the type of project (Road, Rail, IT project) for further guidance see table 9 of WebTAG Unit 3.5.9.

If you have not yet calculated the BCR, is there evidence of the BCR and/or value for money of similar options that may be relevant, explaining why similar results might be expected? (see Chapter 12)

Evaluation

Summarise outline arrangements for monitoring and evaluating the intervention.

Is there a programme for measuring/evaluating desired outcomes and wider impacts?

Is there a clear logic model for how outcomes will be achieved?

Contents Amendments Record

This document has been issued and amended as follows:

Status/Revision	Revision description	Issue Number	Approved By	Date
Draft	Initial draft	1	MJR	11/12/2012
Draft	All methodology elements	2	MJR	14/12/2012

ANNEX D

North East Major Schemes Prioritisation Pro forma

This pro forma should be used to provide evidence in support of specific proposals in relation to the prioritisation of major schemes in the North East LEP area. The pro forma allows for the provision of evidence covering the policy, value for money and deliverability criteria, as well as an opportunity to describe the scheme and its context.

Scheme promoters are asked to provide evidence in support of their scheme, including a narrative, and any quantitative and qualitative evidence that demonstrates:

- how the scheme delivers or contributes to the achievement of the North East's policy objectives;
- how the scheme represents value for money; and,
- the deliverability of the scheme.

Guidance on the evidence required to complete the pro forma is provided in the document *Guidance on Evidence Requirements* and the pro forma should be read and completed with reference to that guidance.

In addition to the space provided for the presentation of the full evidence on the contribution any scheme makes to each of the policy criteria, the pro forma includes a number of summary boxes at the end of each criterion. These summary boxes are intended to highlight the key contributions that the proposal makes to delivering policy outcomes in the North East. An assessment will be made based on the full evidence submitted including any narrative, not solely on the information in the summary boxes.

These boxes should however assist promoters in providing appropriate quantitative data and will assist the independent assessment team in undertaking the scheme assessment. Scheme promoters should therefore complete these summaries where possible in addition to providing the appropriate evidence under each criterion. It is not necessary to complete all the policy sections and boxes, just the ones where evidence is available that is relevant to the scheme under assessment and the criterion in question. Evidence must be presented on value for money and deliverability.

Please use this pro forma to highlight the significance of any designations or sites included within the evidence, including reference to where designations feature in national, sub regional or local policy.

Graphs, tables, hyperlinks and maps should be included if appropriate.

Please use more than one page per criterion if required.

Scheme Background and Description:

Scheme name

Scheme Description:

This section should clearly state the scope of the scheme and describe all of its key components. Scheme promoters should also set out the rationale for the scheme including the primary objectives of the scheme.

Scheme promoters should provide a location plan of the scheme.

Policy Criteria:

For each policy criterion set out below promoters should provide an appropriate description of how the scheme will address the criterion, based on the guidance provided separately, and where possible address the specific evidence requirement for each criterion.

Criterion 1: Will the scheme contribute to the creation of new jobs and retention of existing jobs in the North East LEP area?

Category	Site name or reference	No. of Jobs Scheme will Support	
Local Plan			
Other Designated Site (s)			
Locally Significant Employers			
Employer name	Evidence of significance	No. of Employees	Benefit of Scheme

Criterion 2: Will the scheme support the North East LEP area gateways?

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Gateway(s) affected by scheme:	
Amount/proportion of gateway trips impacted by improvement	
Amount/proportion of freight impacted by improvement (tonnage and value)	
Time savings for gateway trips or freight	

Criterion 3: Will the scheme encourage the development or retention of skilled jobs (NVQ level 4 and above) and support sites that deliver the training for such skills?

Name of employment sites or training centre	Nature and level of training provided	Benefit of the scheme

Criterion 4: Will the scheme provide sustainable access solutions to existing and growing development corridors, centres and sectors, or support housing growth?

Empty space for providing evidence and analysis for Criterion 4.

Sectors/Business Corridors/Key Centres	Evidence of significance	Benefit of the scheme

Criterion 5: Will the scheme ensure capacity and speed of transport links to and within the North East LEP area are maintained and enhanced in order to increase the attractiveness of the North East LEP area as a place to do business, boosting inward investment and improving competitiveness of indigenous firms?

Provide evidence on the nature of the existing issues on the transport network in question.

Quantify the issues where possible.

Identify where the transport network in question has national or local significance, and identify any specific designations of the networks affected.

Outline how the scheme will address any issues.

Criterion 6: Will the scheme deliver improved accessibility from residential areas to areas that have employment, education or other opportunities?

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Residential area name	
Unemployment Rate	
Skills levels	
IMD (2007) Health Ranking	
IMD (2007) Overall Ranking	
Description of access to opportunity (employment/education/other opportunity)	
Benefit of the scheme	

Criterion 7: Will the scheme contribute to an improvement in the overall quality of journeys, particularly those providing links to employment and health or education opportunities?

Criterion 8: Will the scheme contribute to an overall improvement in the local environment including improving local air quality or reducing the noise impact of transport corridors?

Noise – nature and quantification of change or impact	
No. Dwellings affected by noise:	
Air quality – nature and quantification of change or impact	
AQMAs or sites of concern affected:	
Environmental or cultural significance – nature of change or impact	
Area of environmental or cultural significance (name and designation)	
Magnitude of impact on area of environmental and cultural significance	

Criterion 9: Will the scheme contribute to an overall reduction in carbon emissions relative to the existing situation?

If a comparator scheme is being used provide details within the narrative.

	Promoted Scheme	Comparator Scheme: (name)
Potential mode shift		
Potential change in average speed		

Criterion 10: Will the scheme provide the opportunity to improve health, reduce levels of obesity among the population or improve road safety within the area?

Active travel	
Potential mode shift	
IMD health ranking or obesity levels	
Severance	
Location of severance	
Level of severance now	
Estimated level of severance post scheme implementation	
Number of people affected by severance	
Road safety	
Location of accident cluster	
Number of KSIs	
Potential reduction in KSIs	

Value for Money Criteria

Using the value for money section of the *Guidance on Evidence*, scheme promoters should present below an estimate of the Benefit Cost Ratio (BCR) of the scheme being promoted. This should include a narrative giving a description of how the estimated BCR has been calculated or derived and why it is judged to be appropriate. Information should be provided on the nature of any comparator scheme used or alternatively any other case study information used. Any information used to inform the estimation of BCR should be referenced, or if the information is not available online, it should be appended with the submission of this pro forma.

Value for Money Assessment:		
	Promoted scheme	Comparator scheme
Scheme Name		
BCR		
Brief scheme overview		
Objectives of the scheme		
Scheme cost		
Monetised benefits		
Non monetised benefits		
Operating costs		
Profile of journey time savings		
Less than – 5 minutes		
-5 to -2 minutes		
-2 to 0 minutes		
0 to 2 minutes		
2 to 5 minutes		
Greater than 5 minutes		
Split between:		
Business users and transport providers		
Commuting and other users		
Local Contribution		

Deliverability Criteria

Using the guidance scheme promoters should complete the tables below to provide evidence on deliverability.

Costs

What is the latest estimated cost of the scheme?				
Please provide the <u>total</u> outturn cost and a <u>breakdown</u> of the outturn cost by forecast future years.				
2015/16	2016/17	2017/18	2018/19	Total
When were the costs of the scheme last updated?				
Have costs been independently checked?				
Have scheme costs included an adjustment for risk?				
What price base was the original cost was developed in?				
What inflation assumptions have been made to the present day and for the forecasting of future years?				

What is the level of funding you are requesting from the LTB?				
2015/16	2016/17	2017/18	2018/19	Total

What is the funding gap between the latest outturn cost and the cost to the LTB?				
2015/16	2016/17	2017/18	2018/19	Total

What is the potential for Local Authority contributions?				
2015/16	2016/17	2017/18	2018/19	Total

What is the potential for developer contributions?				
<i>Provide a brief narrative on the source of these contributions.</i>				
2015/16	2016/17	2017/18	2018/19	Total

What is the potential for funding from other funding pots and budgets?

Please specify bid or budget details.

2015/16	2016/17	2017/18	2018/19	Total

Operating costs

What are the likely operating costs of the scheme?

--

Level of design

Include a narrative on what work to date has been undertaken on the scheme design

Please tick as appropriate

<i>Options testing</i>		<i>Preliminary/outline design</i>		<i>Detailed design</i>	
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Funding compliance

--

What risks have been identified with regard to this option?

Risk	Risk rating <i>1 (low risk) to 5 (high risk)</i>	How will this risk be managed or mitigated?

Programme/Implementation timetable

Provide a plan with key milestones and progress including critical path.

<i>Milestone</i>	<i>Expected completion date</i>

Practical

--

Technology

--

Legal powers
How certain are you of the legal feasibility of the option?

Include a narrative on the legal feasibility of the option including any issues around statutory powers, planning permissions and land ownership

Have the required statutory powers been granted?	Yes/No
Are there planning implications?	Yes/No
Is all the land within scheme promoter ownership?	Yes/No

Quality of supporting evidence for the scheme

GRIP Stage (if appropriate)

Resource availability/governance, organisational structure and roles

*Summarise the overall approach for project management at this stage of the project.
 Describe the key roles, lines of accountability and how they are resourced.*

Stakeholders and Public Acceptability

Include a narrative on public and stakeholder acceptability including discussion of any consultation that has taken place to date, issues around stakeholder acceptability, issues around public acceptability and what further public consultation is likely to be required.

Statutory Consultees (HA, Env Agency, Natural England)

Include a narrative on specific engagement or discussions with statutory consultees, identifying any issues noted around acceptability and what further consultation is likely to be required with the statutory consultees.

Value for money

BCR	

Evaluation

Summarise outline arrangements for monitoring and evaluating the intervention

CABINET MEETING – 13 FEBRUARY 2013
EXECUTIVE SUMMARY SHEET – PART I

Title of Report:

Sunderland Business Improvement District (BID)

Author(s):

Deputy Chief Executive

Purpose of Report:

To update Cabinet of progress of the proposed Sunderland Business Improvement District (BID) and to seek agreement on an allocation of funding to enable the further development of the proposal.

Description of Decision:

Cabinet is requested to:

- (i) approve a grant of £40,000 funding to support the development of the proposed Sunderland BID to be met from existing economic development budgets
- (ii) approve estimated costs of £20,000 in respect of the ballot to be met from the Council's general contingency fund and
- iii) agree to receive a further report in due course in respect of the detailed proposals for the Sunderland BID.

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

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

Suggested reason(s) for Decision:

The development of a private sector led BID for Sunderland is a welcome initiative. Their scoping work is now reaching a critical stage and it is now necessary to formally approve the remainder of the funding to ensure that the private sector team can take this up to ballot stage.

The BID has the potential to make a real and significant difference to the city centre, would be a demonstrable sign of confidence but more importantly it is the private sector working together under a common goal to help revitalise the city centre. It is considered vital that the Council continues to support the private sector efforts.

Alternative options to be considered and recommended to be rejected:

Not to approve the funding. The BID will not be delivered if the requested funding is not made available. This is not recommended.

Impacts analysed;

Equality Yes **Privacy** Yes **Sustainability** Yes **Crime and Disorder** Yes

Is this a “Key Decision” as defined in the Constitution? No

Is it included in the 28 day Notice of Decisions? No

Scrutiny Committee

CABINET – 13TH FEBRUARY 2013

SUNDERLAND BUSINESS IMPROVEMENT DISTRICT (BID)

Deputy Chief Executive

1.0 Purpose of Report

- 1.1 To update Cabinet of progress of the proposed Sunderland Business Improvement District (BID) and to seek agreement on an allocation of funding to enable the further development of the proposal.

2.0 Description of Decision

- 2.1 Cabinet is requested to:

- (iii) approve a grant of £40,000 funding to support the development of the proposed Sunderland BID to be met from existing economic development budgets
- (iv) approve estimated costs of £20,000 in respect of the ballot to be met from the Council's general contingency fund and
- iv) agree to receive a further report in due course in respect of the detailed proposals for the Sunderland BID.

3.0 Introduction / Background

- 3.1 A Business Improvement District (BID) is a defined area within which businesses pay an additional tax or fee to fund improvements within the BID boundary. Typically these measures can include improvements to public safety, events and marketing, cleaning and maintenance, and access and signage.
- 3.2 Over 200 BID proposals have been developed in towns and cities throughout the UK. In the North East BIDs have been approved in Newcastle (which has been running for 4 years) and Durham which have recently established a BID.
- 3.3 A Business Improvement District normally requires a Company to be established which is run by the local business community to address priorities set by the business community and to invest in specific projects and additional services over and above those already provided by the Local Authority and other public sector organisations.
- 3.4 The process by which a BID is developed is outlined in the Business Improvement District Regulations (England) 2004. A vote is held amongst all business rate payers within the proposed BID area, if the vote is positive (i.e. a majority in favour of the BID in the number of those voting, and a majority in favour of the BID by rateable value of those voting is required), the BID will be established for an initial 5 year period to deliver the agreed programme.

3.5 The Sunderland Business Group is working up proposals to establish a Business Improvement District in Sunderland City Centre.

4.0 Sunderland BID / Sunderland Business Group

4.1 Sunderland Business Group is a newly formed group made up of 30 influential Sunderland based businesses with a passion for the City (inc. Nissan, SAFC, Leighton Group, Sunderland University, Sunderland City Centre Traders Association). The group believe that the establishment of a BID Company will enhance and supplement the Council's economic and city centre regeneration efforts.

4.2 In August 2012 the group concluded from initial business engagement that there was an appetite for a BID in Sunderland City Centre and identified a need for funding of £70,000 to enable them to further develop the proposal from concept stage to final ballot stage.

4.3 They approached the City Council with a 3 stage funding request for a total of £70,000 measured against key deliverables. Phase 1 requiring support of £30,000 was approved by the Deputy Chief Executive via delegated powers in October 2011 and funding set against costs such as legal, marketing, business engagement, brand creation and specialist professional support. In addition to the above, it should be noted that it is estimated that in excess of £100,000 has been contributed in kind by Sunderland Business Group in exploring the feasibility of a BID for Sunderland.

4.4 The group then formed the company, Sunderland Business Ltd, and recruited Sunderland based Ashmore Consulting Ltd to develop the BID proposal working with all stakeholders. The development of a BID is a complicated project and generally takes between 2 and 2.5 years to deliver. However, the ambition of the private sector BID team is for Sunderland to deliver the project within 10 months. Whilst this is an extremely challenging timescale for all involved great progress has been made to date.

4.5 Whilst the project is a private sector led initiative, the BID team are working very closely with the City Council on all aspects and the Director of Business Investment sits on the BID Steering Board. Support from the City Council is being co-ordinated by the Business Investment Team and a number of Directorates are involved. Sunderland Business Ltd has received no other public aid. As a consequence, the grant to the company for the BID scoping work can be delivered under de minimus State Aid Regulations.

5.0 Sunderland's BID – The next steps

5.1 Sunderland BID will focus on the City Centre. Appendix 1 shows a map of all the potential areas which have been considered for inclusion within the BID boundary. Extensive consultation has been carried out and the recommendation to the business community will be to focus the BID boundary on the area R1-R2 inclusive.

- 5.2 The percentage of the levy payable by the businesses within the BID area can be anything between 1% and 3% of a business' rateable value. Again, extensive consultation has been carried out with the business community and the recommendation is likely to be to set the levy at 1.5%. Exclusions can be imposed and it is likely that all businesses with a rateable value of less than £6,500 will be exempt from contributing financially but will still see the benefits of a BID.
- 5.3 The BID is anticipated to self generate between £500,000 and £600,000 per annum over a 5 year term. It will also be in a position to bid for funding from external sources such as Arts Council England.
- 5.4 Initial discussions with the BID team have also covered the prospect of the City Council potentially providing additional funding in order to enable more city centre activities to take place. This will be considered further at the appropriate time if the BID is successful.
- 5.5 Sunderland's BID will focus on 5 key themes of which all businesses included in the levy will see tangible benefits:
- Safety and Security
 - Events and Marketing
 - Evening Economy
 - Cleaning and Maintenance
 - Access and Signage
- 5.6 In order to continue with the development of the BID, the remaining allocation of funding requires formal approval. That is Phase 2 of £25,000 and Phase 3 of £15,000 which will be met from existing economic development budgets. This will be used to support associated costs such as marketing, business consultation and engagement, brand development, business plan production, taster events, workshops and professional support.
- 5.7 Should Cabinet approve the request for the additional funding the BID team will begin the formal regulatory process of notifying the Secretary of State, Office of the Deputy Prime Minister, of the intention of putting the BID proposal to a ballot of Sunderland businesses. This will trigger a 12 week period during which a timeline of activity will need to be adhered to. Ballot papers will be issued in June with an announcement 28 days later. It is proposed that the additional costs of the ballot which are estimated to be £20,000 will be met from the Council's general contingency fund.
- 5.8 Communication by the BID team to the wider business community will begin on at the end of February with a launch event at Sunderland Minster. A press, radio and advertising campaign will then commence and Ambassadors for the BID will visit each business within the area to promote and explain the merits of the BID, what it could do for Sunderland City Centre and the potential economic benefits for individual business owners.

- 5.9 From launch to ballot extensive consultation will be carried out with all stakeholders and the business community to determine the detail of what the business plan will deliver.
- 5.10 If the ballot is successful the BID team are hopeful of establishing the BID Company and beginning delivery within 2 months.
- 5.11 A further report will be submitted to Cabinet in due course once the detailed proposals for the BID have been developed.

6.0 Reasons for Decision

- 6.1 The development of a private sector led BID for Sunderland is a welcome initiative. Their scoping work is now reaching a critical stage and it is now necessary to formally approve the remainder of the funding to ensure that the private sector BID team can take this through to ballot stage.
- 6.2 The BID has the potential to make a real and significant difference to the city centre, will be a demonstrable sign of confidence but more importantly it is the private sector working together under a common goal to help revitalise the city centre. It is considered vital that the City Council continues to support the private sector efforts.

7.0 Alternative Options

- 7.1 The alternative option is not to provide funding. If this was the case, the BID will not be delivered and the private sector will not progress with the project unless they can continue with the current momentum.

8.0 Impact Analysis

- 8.1 Cabinet is asked to approve a further grant of £40,000 to the private sector BID team to further develop the BID for Sunderland city centre. Until the BID process is complete, the detailed proposals are developed and a ballot result announced it is difficult to assess the full impact of a potential BID for Sunderland City Centre.

Sustainability

- 8.2 In general terms, because the BID is primarily focused on enhancing the vitality and viability of the City Centre, it will contribute to the creation of a Prosperous City which is a strategic priority of the Sunderland Strategy.

Privacy

- 8.3 There are no privacy implications.

Equalities

- 8.4 An initial equalities Impact Assessment has been completed and consideration of the broad scope of the BID (at this stage) indicates that there is likely to be a neutral impact on individuals or communities of interest in the city centre.

Crime and Disorder

- 8.5 Enhanced public protection and security measures have been introduced in other BID areas and if these are subsequently proposed in the Sunderland BID, e.g. increased CCTV coverage or the introduction of street wardens, the impacts in enhancing the safety of the city centre will be monitored but should be positive.

9.0 Other Relevant Considerations / Consultations

Financial Implications

- 9.1 The Executive Director of Commercial and Corporate Services has been consulted on the project and his comments are reflected in this report.

Legal Implications

- 9.2 The Executive Director of Commercial and Corporate Services has been consulted on the project and has advised on the legal requirements which the City Council has to fulfil as part of the BID process, including:
- provision of the ratings data to calculate the business rate levy
 - preparation and commitment of the baseline services agreement
 - organisation of the formal BID ballot
 - collection and enforcement of the BID levy via a ring-fenced revenue account
 - approval of the BID proposal

These requirements are being co-ordinated by the Business Investment Team working with Officers across Commercial and Corporate Services.

Human Resource Implications

- 9.3 There are no human resource implications

Procurement and Risk Management Implications

- 9.4 Procurement has been consulted on the project and there are no procurement implications

Area and Ward Implications

- 9.5 A Business Improvement District for Sunderland City Centre would impact directly on 3 Wards, Hendon, Millfield and St Michaels but will deliver wider benefits across the whole of Sunderland based on the positive impacts it can bring to the city centre.

The proposals have been presented to East Area Place Board and Local Multi Agency Partnership for the East. All in attendance were very supportive of the proposals.

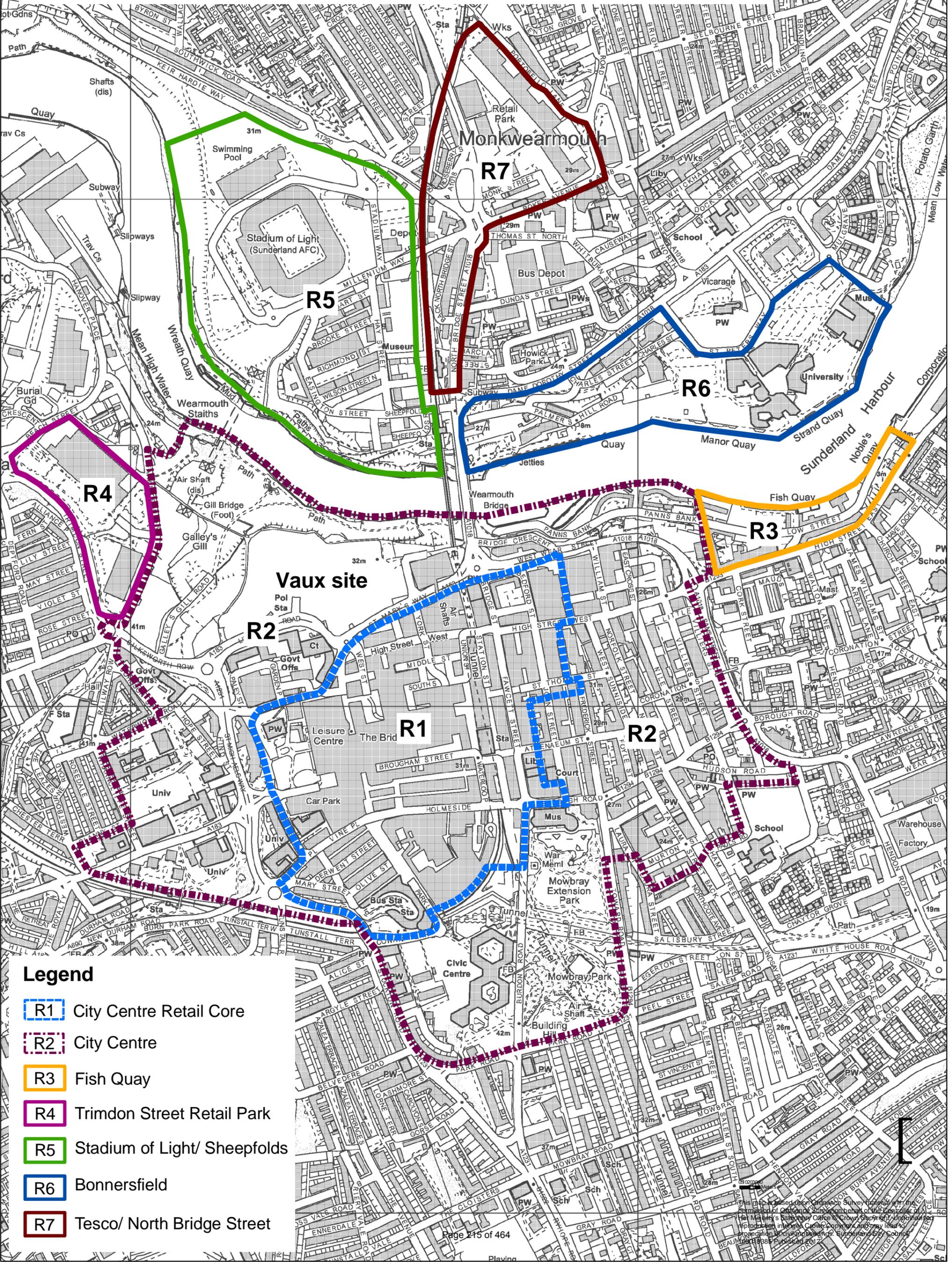
10.0 List of Appendices

Appendix One – map of areas for proposed BID Boundary

11.0 Background Papers

None

Potential Business Improvement District (BID)



Legend

- R1 City Centre Retail Core
- R2 City Centre
- R3 Fish Quay
- R4 Trimdon Street Retail Park
- R5 Stadium of Light/ Sheepfolds
- R6 Bonnersfield
- R7 Tesco/ North Bridge Street

<p>CABINET MEETING – 13th February 2013</p> <p>EXECUTIVE SUMMARY SHEET- PART 1</p>	
<p>Title of Report: Collection Fund 2012/2013</p>	
<p>Author(s): Executive Director of Commercial and Corporate Services</p>	
<p>Purpose of Report: This report advises Cabinet of the estimated balance on the Collection Fund for 2012/2013 and the amounts available to the Council and its major precepting authorities for use in setting Council Tax levels for 2013/2014.</p>	
<p>Description of Decision: Members are requested to note the overall positive position in relation to the Collection Fund for 2012/2013, and the surplus of £500,000 which will be taken into account when setting the Council Tax level for the Council for 2013/2014.</p>	
<p>Is the decision consistent with the Budget/Policy Framework? No, the decision forms part of the budget setting process for 2013/2014.</p>	
<p>If not, Council approval is required to change the Budget/Policy Framework</p>	
<p>Suggested reason(s) for Decision: Estimating the Collection Fund balance available at the end of 2012/2013 for use in setting the Council Tax for 2013/2014 is a legal requirement, which the Council must fulfil, based on information available to it as at 15th January, each year.</p> <p>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.</p>	
<p>Alternative options to be considered and recommended to be rejected: Not applicable as the report is for information only.</p>	
<p>Is this a “Key Decision” as defined in the Constitution? Yes</p>	<p>Scrutiny Committee</p>
<p>Is it included in the 28 day Notice of Decisions? Yes</p>	

Cabinet Meeting – 13th February 2013

Collection Fund 2012/2013

Report of the Executive Director of Commercial and Corporate Services

1. Purpose of Report

- 1.1 This report advises Cabinet of the estimated balance on the Collection Fund for 2012/2013 and the amounts available to the Council and its major precepting authorities for use in setting Council Tax levels for 2013/2014.

2. Description of Decision (Recommendation)

- 2.1 Members are requested to note the position in relation to the Collection Fund for 2012/2013 and the surplus of £500,000 which will be taken into account when setting the Council Tax level for the Council for 2013/2014.

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 2013 will therefore be taken into account in setting the Council Tax for 2013/2014.
- 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 2013/2014.

5. Collection Fund 2012/2013

- 5.1 The surplus on the Collection Fund as at 31st March 2012, reported as part of the Statement of Accounts for 2011/2012, was £2,052,954.
- 5.2 It was estimated, in a report to Cabinet on the 15th February 2012, that the Council would use some of the projected surplus on the Collection Fund at 31st March 2012 as follows:

	£
Council Tax	
Sunderland City Council	500,000
Northumbria Police Authority (now the PCCN)	35,280
Tyne and Wear Fire and Rescue Authority	<u>30,844</u>
	<u>566,124</u>

These sums were consequently taken into account when setting the Council Tax for 2012/2013 by the Council and its precepting authorities.

- 5.3 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 2013 will be £1,728,000. The sum of £566,124 is therefore proposed to be used in 2013/14 as a prudent measure with any remaining actual surplus to be used in future years. The amount of £566,124 is to be shared as follows:

	£
Sunderland City Council, (Billing Authority)	500,000
Precepting Authorities:	
Police and Crime Commissioner for Northumbria (PCCN)	35,280
Tyne and Wear Fire and Rescue Authority	<u>30,844</u>
	<u>566,124</u>

The major precepting authorities have been informed of the position.

- 5.45 The sum of £500,000 has been taken into consideration in resourcing the Council's Revenue Budget for 2013/2014.
- 5.5 This positive position reflects the continued strong focus on Council Tax collection, continuous improvement in systems and processes and wider proactive initiatives to address Welfare Reform challenges.

6. Reasons for Decision

- 6.1 Estimating the Collection Fund balance available in 2012/2013 for use in setting the Council Tax for 2013/2014 is a legal requirement, which the Council must carry out, based on information available to it as at 15th 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.

CABINET MEETING – 13 February 2013
EXECUTIVE SUMMARY SHEET – PART I

Title of Report:

Capital Programme 2013/2014 and Treasury Management Policy and Strategy 2013/2014, including Prudential Indicators for 2013/2014 to 2015/2016.

Author:

Executive Director of Commercial and Corporate Services

Purpose of Report:

To update Cabinet on the level of capital resources and commitments for the forthcoming financial year and seek a recommendation to Council to the overall Capital Programme 2013/2014 and the Treasury Management Policy and Strategy (including both borrowing and investment strategies) for 2013/2014 and to approve the Prudential Indicators for 2013/2014 to 2015/2016.

Description of Decision:

Cabinet is requested to recommend to Council approval of:

- the proposed Capital Programme for 2013/2014
- the Treasury Management Policy and Strategy for 2013/2014 (including specifically the Annual Borrowing and Investment Strategies)
- the Prudential Indicators for 2013/2014 to 2015/2016
- the Minimum Revenue Provision Statement for 2013/2014.

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

Suggested reason(s) for Decision:

To comply with statutory requirements.

Alternative options to be considered and recommended to be rejected:

No alternatives are submitted for Cabinet consideration.

Impacts analysed:

Equality Privacy Sustainability Crime and Disorder

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

Is it included in the 28 day Notice of Decisions? Yes

Scrutiny Committee

Cabinet - 13th February 2013

Capital Programme 2013/2014 and Treasury Management Policy and Strategy 2013/2014, including Prudential Indicators for 2013/2014 to 2015/2016.

Report of the Executive Director of Commercial and Corporate Services

1. Purpose of the Report

- 1.1 To update Cabinet on the level of capital resources and commitments for the forthcoming financial year and seek a recommendation to Council to the overall Capital Programme 2013/2014 and the Treasury Management Policy and Strategy for 2013/2014 (including both borrowing and investment strategies) and to set the Prudential Indicators for 2013/2014 to 2015/2016.

2. Description of Decision

- 2.1 Cabinet is requested to recommend to Council approval of:
- the proposed Capital Programme for 2013/2014
 - the Treasury Management Policy and Strategy for 2014/2015 (including specifically the Annual Borrowing and Investment Strategies)
 - the Prudential Indicators for 2013/2014 to 2015/2016
 - the Minimum Revenue Provision Statement for 2013/2014.

3. Capital Programme 2013/2014

General

- 3.1 The proposed Capital Programme for 2013/2014 is again strong and positive and reflects both the drive to deliver on the aims and priorities set out in the Economic Master Plan as well as the Council's increasingly commercial approach to secure capital investment in the City in order to secure growth and jobs. The total programme proposed amounts to £110.913m as set out below:

	Capital Programme 2013/2014
	£m
Children's Services	7.566
Transport	41.270
Health, Housing and Adult Services	6.211
Other Services	55.866
Total	110.913

- 3.2 Members will be aware that the Council has committed resources towards a substantial capital programme spanning a five year period. Therefore the 2013/14 programme reflects ongoing capital scheme commitments from previous years of £85.108m and new starts of £25.805m. The major elements of ongoing capital commitments anticipated to be spent in 2013/2014 are outlined in the table below.

	Capital Commitments into 2013/2014
	£m
Children's Services	6.313
SSTC/New Wear Bridge	35.282
Other Transport Schemes	0.927
Washington Managed Workspace	4.940
St Mary's Boulevard & Magistrates Square	5.974
City Centre Developments	2.000
Strategic Land Acquisitions	1.350
Seafront Developments	1.220
Roker Pier and Lighthouse	0.814
Area Renewal Schemes	2.388
Washington Leisure Centre	3.000
Football Investment Strategy	1.214
Property Planned Capital Maintenance	1.200
Old Sunderland Townscape Heritage Initiative	0.996
Provision for Economic Development	0.800
Other Capital Schemes	6.890
Capital Contingencies	9.800
Total	85.108

The details of the full Capital Programme for 2013/2014 are included as Appendix 2 and the proposed new starts are set out in Appendix 1. The rest of this section of the report covers proposals for new starts in more detail.

Resources Available for new Starts

Resources - Grants

- 3.3 As reported to Cabinet in January 2013 resources have been allocated for the main programme areas of Children's Services, Adult Services, Highways, and Housing on the basis of their specific government funding approvals and other service specific resources.

The table below details Government Grants announced for 2012/2013 onwards with provisional settlements announced beyond 2013/2014.

	2012-13 £000s	2013-14 £000s	2014-15 £000s
Highways Capital Maintenance *	2,919	3,397	3,052
Highways Integrated Transport	2,141	2,141	3,011
Local Sustainable Transport Fund	236		
Better Bus Fund	420		
Nexus - Public Transport	188	187	
Total Transport	5,904	5,725	6,063
Education Capital Maintenance	3,177		
Education Basic Need	1,635		
Schools Devolved Funding	726		
Two Year Old Offer**		553	
Total Education***	5,538	553	
Department of Health	845	843	860
CLG – Disabled Facilities Grant****	1,782	1,417	
Total Government Grants	14,069	8,538	6,923

* The Highways Capital Maintenance Grant includes additional one off funding of £0.804m (£0.520m in 2013/2014 and £0.238m in 2014/2015) allocated in the Chancellor's Autumn Statement on 5th December 2012, for which the Council must publish a short statement on its website at the end of each financial year setting out what and where this additional funding has been spent and how it has complemented planned highways capital expenditure.

** The Government awarded the Council a 'Two Year Old Offer' grant in late 2012 in order that early years providers can adapt their premises to create additional age-appropriate accommodation. Expenditure will take place in 2013/2014.

*** In addition the Department for Education had announced funding of £1.221m in 2012/2013 for which Voluntary Aided schools will have direct responsibility.

**** The 2013/2014 Disabled Facilities Grant has been estimated based on the initial allocation for the 2012/2013.

Resources – Capital Receipts

- 3.4 There has been a significant drop in value and market interest since the economic downturn. To mitigate this impact the Council has adopted an incremental (but prudent) approach of undertaking more prudential borrowing to fund capital schemes where ongoing costs are affordable and sustainable.

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. At this stage no receipts are estimated to be taken into account to support the programme.

Resources – Revenue

- 3.5 To support the Other Services Block new starts an assessment has been made of the capital programme and a range of potential sources of funding including:

- Revenue budget and potential savings;
- Reallocation of existing reserves.

When assessing resources available for the capital programme in 2012/2013 the Council allocated £3.570m in 2012/2013 and £2.570m for each of the following 4 years. After reviewing the above and taking into account capital commitments and resources earmarked for specific purposes there are no additional revenue resources available to support new starts in 2013/2014 at this stage.

Resources – Borrowing

- 3.6 In addition to the above the Council has some flexibility in funding its capital programme through the use of prudential borrowing.

The budget includes prudent provision for capital financing charges that may arise from an additional £17.481m of prudential borrowing in 2013/2014 and £25.781m over the four year period to 2016/2017. However, it is important to note that much of this investment is anticipated to be recouped through commercial arrangements over time and some investments are linked to the generation of savings to support the revenue budget. In addition some areas of funding will be subject to grant funding and funding bids which are being developed. This position will therefore continue to be prudent, affordable, and sustainable into future years and within overall limits whilst still retaining flexibility.

Detailed Proposals for New Starts and Capital Programme 2013/2014

- 3.7 Since the January 2013 Cabinet meeting, consultation with the appropriate Cabinet Portfolio Holders has been undertaken on priorities for new starts taking into consideration available resources. The table below sets out a summary position for 2013/2014 in respect of new starts and continuing commitments. Full details of all proposed new capital projects to be included in the Council's 2013/2014 capital programme are detailed in Appendix 1. Education capital funding for 2013/2014 onwards has not yet been allocated by Government and therefore actual grant awarded will be added to the capital programme and reported to Cabinet once details become known.

In drawing up the Other Services capital programme new starts for 2013/2014 account was taken of the investment priorities to support meeting Economic Masterplan aims which support regeneration, service and community priorities whilst harnessing commercial opportunities. The following major schemes are proposed as new starts in respect of the capital programme for 2013/14 with further details set out in Appendix 1.

Project	Total Capital Programme £m	Spend 2013/2014 £m
Economic Masterplan Stimulus	5.000	0.500
Community Infrastructure Improvements	2.500	2.500
Property Rationalisation Works including Community Equipment Store relocation	1.000	1.000
Old North Pier Technical Investigation	0.150	0.150
Flood & Extreme Weather Mitigation Works	1.630	0.630
Crematorium Improvements	0.140	0.140
Herrington Park Infrastructure	0.150	0.150
Houghton Cut Safety Works	0.030	0.030
Waste Transfer Station	5.651	5.651
Port Infrastructure & Invest to save works	6.730	4.230
Children's Services Initiatives	0.700	0.700
Libraries Redesign	0.500	0.500
Parks Improvement Programme	3.000	0.000
Transport Schemes	14.142	4.021
Housing and Adults Schemes	10.361	3.150
Children's Services Two Year Old Offer	0.553	0.553
Capital Contingencies	1.900	1.900
	54.137	25.805

The recommended Capital Programme is included in full as Appendix 2 to this report.

Further Reports

- 3.8 In accordance with the Council's Constitution, prior to commencement of projects, details of all new schemes must be subject to a full capital investment appraisal. Those schemes with an estimated cost in excess of £250,000 must be reported for approval to Cabinet whilst for those schemes below £250,000 consultation must take place with the relevant Cabinet Portfolio Holder in advance of delegated decisions being taken to implement these schemes.

4. Prudential Framework and Code

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

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 are free to invest as long as their capital spending plans are affordable, sustainable and prudent. This allows the Council the freedom to manage and control its capital programme and how it is financed. The key elements of control and management of capital finance are through:

- capital expenditure plans – the Council's Capital Programme;
- external debt - how the Council proposes to fund its Capital Programme;
- 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.

4.3 All authorities must follow the latest prudential code published by CIPFA. This involves setting various prudential limits and indicators that must be approved by the Council before the start of the relevant financial year as part of their budget setting process. The prudential and treasury management indicators have been prepared for the financial year 2013/2014, taking into account all matters specified in the code. Regular monitoring will take place during the year and reports made to Cabinet to show the council's performance and compliance with these indicators as part of the quarterly capital review reports as appropriate.

4.4 All of the indicators together with background information to these indicators and what they are seeking to assess, are detailed in Appendix 3 in full compliance with the code.

4.5 In addition regulations came into force on 31st March 2008 revoking secondary legislation to make a Minimum Revenue Provision (MRP) charge to the revenue account for the repayment of debt associated with expenditure incurred on capital assets. The legislation was replaced with a new duty for local authorities to set, each year, an amount of MRP it considers prudent. It also recommends that an annual statement of its policy on making a MRP in respect of the following financial year is submitted to full Council for approval.

4.6 The recommended Minimum Revenue Provision Statement for 2013/2014 for the Council is set out in Section 1.10 a) to d) of Appendix 4.

5. **Treasury Management**

5.1 **General**

Treasury management is defined as “the management of the local authority'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.”

5.2 Statutory requirements

The Local Government Act 2003 (the Act) requires the Council to adopt a Treasury Management Policy Statement (detailed in Appendix 5) and to set out its Treasury Management Strategy comprising the Council's strategy for borrowing and the Council's policies for managing its investments, and giving priority to the security and liquidity of those investments (set out in Appendix 6).

The Department of Communities and Local Government issued revised investment guidance which came into effect from 1 April 2010 and the Chartered Institute of Public Finance and Accountancy (CIPFA) updated its Treasury Management in the Public Services Code of Practice in November 2011. The Council has adopted and follows all of the recommendations contained in the CIPFA Code of Practice.

5.3 CIPFA Code of Practice requirements

The CIPFA Code of Practice on Treasury Management has been fully adopted by the Council.

The primary requirements of the Code are as follows:

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.

The content of the policy statement is detailed in Appendix 5 and the TMP's follow the recommendations contained in Sections 6 and 7 of the Code, subject only to amendment where necessary to reflect the particular circumstances of the Council. Such amendments which are minor in nature do not result in the Council 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 ahead, 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 Executive Director of Commercial and Corporate Services, who acts in accordance with the organisation's Policy Statement, TMP's and CIPFA's Standard of Professional Practice on Treasury Management.
4. The Council's Audit and Governance Committee is responsible for ensuring effective scrutiny of the treasury management strategy and policies.

5.4 Treasury Management Strategy for 2013/2014

- 5.4.1 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.
- 5.4.2 There are no major changes being proposed to the overall Treasury Management Strategy in 2013/2014 which maintains the careful and prudent approach adopted by the Council in previous years. Particular areas that inform the strategy include the extent of potential borrowing included in the Council's capital programme, the availability of borrowing, and the current and forecast global and UK economic position, in particular forecasts relating to interest rates and security of investments.
- 5.4.3 The proposed Treasury Management Strategy Statement for 2013/2014 is set out in Appendix 6 and is based upon the views of the Executive Director of Commercial and Corporate Services, supplemented with money market data, market information and leading market forecasts and views provided by the Council's treasury adviser, Sector Treasury Services.
- 5.4.4 The strategy is subject to regular review to ensure compliance to the agreed treasury management strategy and that the strategy adapts to changing financial markets as appropriate. The Council's current average rate of borrowing at 3.51% is low in comparison with other local authorities whilst the current rate earned on investments at 1.89% is higher than the benchmark rate. Market conditions are also under constant review so that the Council can take a view on the optimum time to carry out further borrowing or debt rescheduling.

6. Reasons for Decision

- 6.1 To comply with statutory requirements.

7. Alternative Options

- 7.1 No alternative options are proposed.

8. Impact Analysis

- 8.1 Impact assessments will be undertaken by Directorates to ensure programmes are delivered within budget.

9. List of Appendices

- 9.1 Appendix 1 - Capital Programme 2013/2014 New Starts
Appendix 2 – Capital Programme 2012/2013 to 2016/2017
Appendix 3 – Prudential and Treasury indicators 2013/2014 to 2015/2016
Appendix 4 – Minimum Revenue Provision Policy Statement 2013/2014
Appendix 5 - Treasury Management Policy Statement
Appendix 6 – Treasury Management Strategy Statement for 2013/2014

Capital Programme 2013/2014 – New Starts

1.0 Children’s Services Capital Proposals 2013/2014

- 1.1 The Council has not been informed of 2013/2014 capital allocations for Education Services. These are anticipated to be released in late January 2013.

Details of the grant allocations for Sunderland in 2012/2013 are set out in the table below for information.

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

1.2 Proposals for Children’s Services Capital Programme New Starts 2013/2014

- 1.2.1 The funding allocation for 2013/2014 had not been announced at the time this report was written. Details below show proposals that will be finalised once 2013/2014 grant awards are known. The voluntary-aided sector is allocated a share of grant funding based on pupil numbers, and reflecting the governors’ 10 per cent contribution and eligibility for VAT for Capital Maintenance. Funding is held back centrally for academies which means that there is no call on the capital maintenance funds allocated to Local Authority schools.

Priority Schools Building Programme - £750,000 projected

- 1.2.2 In October 2011 the Council submitted bids for five schools (2 secondary and 3 primary schools) to the Priority Schools Build Programme (PSBP). Cabinet approved the submission on 5th October 2011. Schools in the programme can be funded in one of two ways. Either through Direct Grant or through a Private Finance Initiative (PFI) with the schools split in to ‘Batches’ to reflect the funding stream they are to access. Sunderland has one school (Usworth Grange Primary School) to be funded through the Direct Grant with the remaining four schools (Shiney Row Primary School, Hylton Castle Primary School, Hetton School and St Anthony’s RC VA School) funded through PFI. These schools have been

identified as in the worst condition and in greatest need of capital redevelopment. All schools will be new builds.

- 1.2.3 For those schools in the PFI 'Batch', there is a requirement that Schools must accept being part of a long-term (approximately 27 year) private finance arrangement including Hard / Soft Facilities Management (FM). This includes a requirement for schools to make a contribution to the annual revenue payment. The cost per square metre is to be determined but it is currently estimated that the increased facilities management requirement involved in the programme is likely to cost an additional £200,000 per annum for a secondary school and for an average sized primary school £60,000 revenue spend per annum (there will be no additional contractual FM requirement made of Usworth Grange Primary School). As it would be extremely difficult for individual schools to meet this additional cost pressure an alternative way of funding the shortfall for the schools involved would be an increased allocation from the overall Dedicated Schools Grant (DSG). This would be an additional call on the DSG which would be effectively 'top-sliced' before schools receive their individual allocations. The Schools Forum agreed this proposal in principle at its 15th September 2011 meeting. However proposed changes to the schools funding formula means that the mechanism to do this must be revisited, although the principle is still in place.
- 1.2.4 It is proposed that 'setting up allowances' for furniture and ICT infrastructure are provided to the maintained schools in the programme through the Children's Services Capital Programme. These are not covered through PFI funding and will be funded by Capital Maintenance and/or Basic Need grants. The amount proposed is £300,000 for Hetton School and £150,000 for each of the three primary schools within the programme.
- 1.2.5 The DFE had anticipated the procurement process for the PFI batch of schools would commence in Spring 2013. However, this will now be subject to some delay with the eventual procurement process, once commenced, running for an estimated 15 months. The DFE have informed the Council that this delay does not apply to Usworth Grange Primary School for whom procurement should run to schedule. The PFI Batch delay may lead to further unplanned repairs being required on the existing school sites. However it is not anticipated that these sites will be subject to any major capital works in advance of the schools moving to their new buildings.

Basic Need

- 1.2.6 Sunderland City Council remains the responsible body for the city's Basic Need funding. This funding is for all publicly funded schools in the city (including Academies and VA schools). Basic Need funding, although not ring fenced, is intended to ensure additional school places are can be provided where needed.
- 1.2.7 The Council, working with partners has identified the following works as priority for the 2012/2013 – 2013/2014 funding cycle

Hylton Red House Primary School/ Hylton Red House Nursery - £570,200 in 2013/14

- 1.2.8 The proposed merger between Hylton Red House Primary School and Bishop Harland CE VA Primary School (subject to School Organisation Committee of Cabinet approval in January 2013) will lead to approximately 180 additional pupils accessing the Hylton Red House school site and a further 26 pupils requiring places at the nursery. There will be a capital requirement in order to accommodate the new pupils. The site will house a new Church of England Voluntary Aided School from September 2013 (based within the existing Hylton Red House Primary School Building).
- 1.2.9 Council conditioning survey's (November 2012) identified that the work required on the main school site to service areas such as structure and fabric, electrical, technical, heating and mechanical and suitability and sufficiency would cost an estimated £330,200 of capital works. This would address the immediate priority areas in the school pre-reorganisation. In addition to this a further £30,000 – £40,000 has been identified to adapt the site entrance to segregate children from vehicles, increase on site safety and to cater for the increased anticipated footfall.
- 1.2.10 A further estimated £200,000 has been projected in order to increase the accommodation at Hylton Red House Nursery so as to accommodate the children who will transfer for the existing Bishop Harland CE VA Primary School nursery provision.
- 1.2.11 This funding is to be further complimented by £450,000, committed by the Durham Diocesan Board of Finance and the Governors at Bishop Harland CE VA and Hylton Red House Primary School. This would provide approximately £820,200 for development of the new school and £200,000 for development of the Nursery

Barbara Priestman Special School - £650,000 in 2013/14

- 1.2.12 Barbara Priestman Special School has been identified as having significant capacity issues. The Council has evaluated the capacity required by the school to house the current number of pupils on roll (120) against both the PSBP floor space ratio and the previous net capacity evaluation tools used under BSF. On both occasions the class space available has been identified as insufficient to meet the current needs of the school.
- 1.2.13 To increase the school footprint to meet current space standards the existing school footprint will need to undergo both extension and alteration. The Council is proposing that this occurs in three phases. Phase 1 involves the creation of a new teaching block for pupils aged 16-19. Phase 2 and 3 would involve a series of internal alterations and adaptations to the existing estate in order to provide additional class bases and greater teaching space for up to 80 pupils aged 11 – 16.

1.2.14 The estimated value for the full scale of works at Barbara Priestman is £1,800,000. Given the impact that this would have on the wider Basic Need budget it is proposed that Phase 1 is completed during 2013/2014 through Basic Need funding with further discussions with the Ascent Academies Trust identifying the funding relationship and process for any additional phases of the programme. The value of Phase 1 is estimated at £650,000

Pupil Planning

1.2.15 In addition to the proposed works at Hylton Red House and Barbara Priestman School the Council is assessing those localities where pupil projections have indicated potential capacity problems. Particular focus is being given to primary places in parts of the Coalfields, Washington and West Sunderland as well as voluntary aided RC primary places. There is currently no identified need for further secondary investment using Basic Need.

Asset Management - £2,750,000 Projected in 2013/14

12..16 The Council is committed to carrying out an ongoing set of improvements across the maintained educational estate in the City. Academies and Voluntary Aided Schools are not eligible for Asset Management and Essential Conditioning funding held by the Council.

1.2.17 The priority for Children's Services is health and safety, keeping buildings wind and watertight, and thereby avoiding school closures. A contingency sum is therefore also required to address the numerous ad-hoc situations that arise in schools year on year. To achieve this an ongoing refurbishment programme is place focusing on the following areas:

- Window replacement
- Fire detection systems
- Boiler/ heating replacement
- Roofing works
- Asbestos removal
- Lighting renewals

1.2.18 In lieu of receipt of The Council's Capital Allocation for 2013-14 the assumption has been made for planning purposes that the allocation will remain relatively static. To that end it has been estimated that a minimum of £2,750,000 will be delegated against the ongoing improvement to the Sunderland's capital estate.

Nursery Place – Free Nursery Provision for Disadvantaged 2 Year Olds

1.2.19 Sunderland City Council has been provided a capital allocation of £552,914 in order to enable the expansion of existing local nursery sites in order to deliver the offer of 15 hours per week free Nursery provision to disadvantaged 2 year olds. Children's Services are in the process of identifying the scale of works required in order to deliver the 2 year old offer.

1.2.20 For a number of years Children's Services has relied upon temporary borrowing in lieu of capital receipts to support investment in new school builds. This is not sustainable moving forward and £1.000 million has been repaid from 2011/2012 funding allocations with £0.250 million allocated on an ongoing basis until repayments have been made (pending further government announcements concerning future capital allocations).

1.2.21 Devolved Formula Capital to schools which reduced by 75% in 2011/2012 is expected to remain at this level in 2013/2014.

2.0 Highways Capital Proposals 2013/2014

2.1 The Department for Transport (DfT) announced LTP allocations on 29th March 2012 for 2013/2014 and 2014/2015 which are set out below. The DfT also announced on 18th December 2012 additional allocations for Highways Maintenance for 2013/2014 and 2014/2015 which are included in the table below. In addition the Council receives a contribution from Nexus Allocation towards public transport initiatives.

	2012-13 £000s	2013-14 £000s	2014-15 £000s
Government Grants			
Highways Capital Maintenance	2,919	3,397	3,052
Highways Integrated Transport	2,141	2,141	3,011
Nexus Allocation	188	187	
Other Funding	1,000	1,000	1,000
Total Transport	6,248	6,725	7,063

Proposals for Highways Capital Programme New Starts 2013/2014

2.2.1 Both the Highways Capital Maintenance and Integrated Transport funding blocks are calculated through a needs-based formula and in Metropolitan Areas is allocated to the Integrated Transport Authority (ITA) in that area. It is up to the ITA to distribute funds to constituent authorities in their area and, in consultation with Districts they have agreed the allocations included in the table above.

2.2.2 The proposed capital programme for 2013/2014 and future years, excluding funding of the central transport team for Tyne and Wear and for ongoing commitments in relation to land costs associated with Southern Radial Route and New Wear Crossing, will leave £4.820m to support the following priorities

- the structural maintenance of highways and bridges – £2.761m.
- economic development and regeneration by managing congestion; support safe and sustainable communities by improving Road Safety and, improving access; address climate change by promoting sustainable travel - £1.872m
- public transport initiatives - £0.187m

3.0 **Health, Housing and Adult Services Capital Proposals 2013/2014**

3.1 The Council now receive a single Department of Health (DoH) capital grant on the basis of social care Relative Needs Formula. The allocation to Sunderland was £0.848 million in 2012/2013 and will be £0.843 million in 2013/2014 and £0.860m in 2014/2015. The grant is not ring fenced but is expected to be used to support three key areas which comprise of personalisation, reform and efficiency.

3.2 The amount of Disabled Facilities Grant for 2013/2014 is not anticipated to be announced until mid-February 2013 however CLG have confirmed that they will protect the overall level of DFG available nationally and it is anticipated the Council will receive a similar level to the initial £1.417m received in 2012/2013. The DFG grant is not ring fenced but is expected to be used to support individuals being able to remain in their own properties for as long as possible in a safe and secure environment.

The Council has an ongoing Area Renewal programme that will continue to be funded from Homes and Communities Agency grant received in advance.

3.3 **Proposals for Health, Housing and Adult Services Capital Programme New Starts 2013/2014**

A summary of the proposals proposed for inclusion in the 2013/2014 capital programme :

	£'000
Disabled Facilities Grant	2,346
Improvements to Care and Support	150
Document Management System	25
Reablement Services	629
Total Expenditure	3,150

Further detail is set out below;

3.3.1 **Housing**

Disabled Facilities Grant

It is proposed that the Disabled Facilities Grants budget for 2013/2014 remains at £2.346m, the same level as 2012/2013. This can be funded through a specific government grant of £1.417m (indicative allocation), a Council contribution of £0.570m, a Directorate revenue contribution of £0.190m, a contribution from Registered Social Landlords of £0.130m and DoH funding of £0.039m.

3.3.2 Adult Services

Refurbishment Works

Annually the Directorate reviews all establishments including those occupied by clients and a schedule of works that are required is drawn up to ensure that these establishments are maintained at an acceptable level. Directorate establishments refurbishment needs amounting to £0.150m have been identified to maintain standards of provision for residential and day care and enhancing service delivery.

IT Schemes

Continuous development of the Document Management System (Road Map) will ensure current systems support the modernisation agenda. A budget of £0.025m for each year 2013/2014 and 2014/2015 is proposed which can be met from the DoH grant.

Reablement Services

It is proposed to use the remaining £0.629m DoH grant to accelerate the expansion of reablement services in the City with Health Partners. This includes capital investment for Time to Think schemes, increased use of assistive technology to maintain people at home.

4.0 Other Services Capital New Start Proposals 2013/2014

Resources to support other services proposals for capital projects are set out in Section 3 of the main report. The following projects are proposed for inclusion in the 2013/2014 capital programme:

4.1 Smarter Working £1.000m in 2013/2014

Additional funding of £1.000m is needed for Phase 2 of this project to include relocation of the Community Equipment Store (CES) at Leechmere and dilapidations needed for the existing CES site (funded through contributions from the PCT), building demolitions, rationalisation of the Council's fuel storage facilities, and further depot and building schemes. Works proposed to be carried out supports rationalisation of the Council's operational building portfolio and will lead to ongoing revenue efficiencies.

4.2 Economic Masterplan Stimulus £5.000m (£0.500m in 2013/2014 and £1.500m pa in 2014/2015, 2015/2016 and 2016/2017)

Sunderland and the North East Local Enterprise Partnership are currently in the process of putting together a proposal for a City Deal. If accepted this Deal will provide the basis on which Government will allow the city and the wider north east new freedoms and flexibilities to deliver economic growth.

If the Council's Expression of Interest in City Deal is accepted, negotiation with Government will continue. However initial development work may need to be undertaken to stimulate proposals for development and therefore provision has been included although early stage and indicative at this stage.

4.3 Community Infrastructure Improvements £2.500m in 2013/2014

It is recommended that a provision of £2.5m is established to allow smaller infrastructure works to be completed within local communities. This provision will also support the continued development and delivery of the Community Leadership model within the Council.

4.4 Old North Pier Technical Investigation £0.150m in 2013/2014

This work covers the cost of specialist investigation work by external consultants to consider repairs necessary to the Old North Pier.

4.5 Flood and Extreme Weather Mitigation – Physical Works and Equipment £1.630m (£0.630 in 2013/2014, £0.500m in 2014/2015 and £0.500m in 2015/2016)

Capital investment is required for flooding works on council land. Experience from extreme weather conditions in 2012 has highlighted that the current nature of land is contributing to flooding incidents..

To avoid ongoing additional costs the following works are proposed; installation of new drainage systems, the repair of highways drainage networks and consolidation of unstable land, and creating physical barriers for surface run off from land. These are liabilities which fall outside of the remit of the Environment Agency and Northumbrian Water Ltd. The Council is still formulating detailed requirements and the value of £0.500m pa over 3 years is indicative at this stage. Equipment costs of £0.130m in 2013/2014 relate to procuring 6 high volume water pumps (one for each area response team).

4.6 Improvements to the Crematorium £0.140m in 2013/2014

Construction of a canopy on crematorium exits is proposed. This will improve appearance of the crematorium and lead to an increase in customer satisfaction with the service provided by the Council.

4.7 Herrington Park Infrastructure £0.150m in 2013/2014

Capital investment is proposed to replace roads and footpaths in the events area with a durable metalled surface. Three events have been cancelled in 2012/2013 due to existing infrastructure being unable to cope with the scale and frequency of events. The works proposed will also reduce revenue pressure on the Council's events programme and improve commercial income generation.

4.8 Houghton Cut Safety Works £0.030m in 2013/2014

Essential maintenance of netting and other consolidation works on the east side of Houghton cut.

4.9 Parks Improvement Programme £3.000m (£1.000m pa from 2014/2015 to 2016/2017)

A scheme in principle has been agreed at Rectory Park and other potential schemes include Bishopwearmouth Cemetery Chapel restoration. Heritage Lottery Fund (HLF) will fund 90% of capital improvement scheme works with the bid subject to a two stage bidding process. If successful, works will start on site in October 2014, however funding must be agreed in advance as the Council must provide HLF with written confirmation that the match funding is approved, secured and in place for the submission of the stage 1 funding bid in August 2013.

4.10 Waste Transfer Station £5.561m in 2013/2014

Gateshead, South Tyneside and Sunderland Council's formed the South Tyne and Wear Waste Management Partnership in 2006 with the authorities developing a 20 year Joint Municipal Waste Management Strategy. Part of the action required in the strategy is to create a new Waste Transfer Station on industrial land at Jack Crawford House, at Campdown in Wrekenton (including a visitor centre) and to improve the existing waste transfer station at Middlefields in South Shields. The Council has previously allocated £5.561m to fund its share of the anticipated capital costs.

4.11 Port of Sunderland

The Port has benefited in recent years from new capital investment which has facilitated the development and expansion of the commercial opportunities within the Port and a significantly improved trading position. Further capital investment detailed below, primarily on an invest to save basis, is proposed that will continue this development and enhance facilities available at the Port.

Port Infrastructure - £5.680m (£3.180m in 2013/2014 and £2.500m in 2014/2015) - Investment in the Port's Infrastructure will be undertaken to enable access to other commercial opportunities including increasing the range of cargos currently handled at the Port. Improvements and expansion of the Port's estate will provide more capacity to maximise commercial opportunities and reduce external costs.

Dock Gate Repairs - £0.600m in 2013/2014 – Initial investigation and preparatory works on No 1 gates has identified further essential capital maintenance works.

Road Repairs & Lighting – £0.100m in 2013/2014 - On-going capital maintenance is required to ensure the Port's road and lighting is fit-for-purpose.

Plant and Equipment Purchase - £0.350m in 2013/2014 – The Port have identified plant and equipment requirements that are necessary to assist with the operations of the Port.

4.12 Children's Services Initiatives - £0.700m in 2013/2014

In order to meet government requirements for the provision of looked after children further capital investment is required. This will help the Council with its strategy to mitigate the cost of expensive external out of area placements.

4.13 Library Redesign £0.500m in 2013/2014

Over the past few years the occupancy of the City Library and Arts Centre has changed in support of priorities in council service delivery and efficiency savings. In order to meet the terms of the lease capital maintenance is required to update public areas and capital works are required to improve space within the Sound and Vision service and to improve the service provided by the Local Studies Library. Purchase of self operated microfiche reader / printers and replacement of map cabinets in the Local Studies Library will lead to further revenue efficiencies.

Costs are indicative at this stage but refurbishment of the main library and arts centre is estimated to be £0.360m and minor works in other library buildings £0.140m.

4.14 Capital Contingencies

Resources are currently provisionally allocated as capital contingencies to a number of outline schemes which it is intended will be brought forward subject to the consideration of the individual business case. These schemes support the Council's key priorities in terms of regeneration plans and strategic priorities and include

- 'invest to save' schemes in partnership with the private sector to support investment in the City and enable future strategic developments to take place
- other major regeneration capital works or site acquisitions within the City that will provide efficiencies and support the five Aims of the Sunderland Economic Masterplan

CAPITAL PROGRAMME

Summary of Programme
2012/13 to 2016/17

Expenditure by Portfolio	Gross Cost £'000	Expend to 31.3.12 £'000	Estimated Payments				
			2012/13 £'000	2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000
Leader	92,701	12,380	24,628	20,134	16,033	11,026	8,500
Deputy Leader	13,440	9,789	1,865	1,786			
Cabinet Secretary	28,042	4,836	6,746	9,610	5,250	800	800
Children's Services	35,998	18,516	9,674	7,566	242		
Health, Housing and Adult Services	29,511	9,722	6,367	6,211	2,977	2,117	2,117
Public Health, Wellness and Culture	17,895	2,618	1,887	5,550	7,840		
City Services	206,850	56,561	13,658	48,256	53,498	28,598	6,279
Responsive Services and Customer Care	400	130	170	100			
Contingencies	26,530		2,782	11,700	11,862	186	
TOTAL CAPITAL EXPENDITURE	451,367	114,552	67,777	110,913	97,702	42,727	17,696

CAPITAL PROGRAMME

Source of Finance	Estimated Payments				
	2012/13 £'000	2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000
From External Sources					
Loans					
- Supported Borrowing	5,396				
- Unsupported Borrowing	31,682	47,336	43,133	14,002	6,200
Government Grants					
- Disabled Facilities	1,471	1,417	1,417	1,417	1,417
- Department for Communities and Local Government	330	330			
- Department of Health	1,550	843	860		
- Department for Education - Capital Maintenance	1,538	2,271			
- Department for Education - Basic Needs	1,074	2,748			
- Department for Education - Devolved Formula Grant	1,971	1,144	242		
- Department for Education - Two Year Old Offer		553			
- Department for Education - Other	54	150			
- Department for Transport - Transport Grant	5,916	6,096	6,063	5,779	5,779
- Department for Transport - S31 Transport Grant		28,073	36,867	17,623	
- Department for Transport - Local Sustainability	83	153			
- Department for Culture, Media and Sport	12				
- Coast Protection	351	137	132	283	700
- Single Housing Investment Pot	264	94			
- New Homes Bonus	1,213	336			
- Cluster of Empty Homes Grant	135	337			
- Better Bus Fund	410	10			
Heritage Lottery Fund	163	2,417	2,900	900	900
European Grants	1,079	3,699	548	23	
Grants from Other Public Bodies					
- Homes and Communities Agency	2,306	2,336			
- Football Foundation	61	245			
- Sport England		275			
- Nexus	215	187			
- School Governors Contribution	5				
Other External Funding	318	730	130	130	130
Total External Sources	57,597	101,917	92,292	40,157	15,126
From Internal Sources					
Revenue Contributions					
- General Fund	1,115	2,790	2,570	2,570	2,570
- Children's Services	20				
- Office Of the Chief Executive	150				
- Health Housing and Adult Services	1	190			
- City Services	24	19			
- Strategic Initiatives Budget	167	36			
Capital Receipts	720	679			
Reserves					
- Strategic Investment Reserve	3,388	811			
- Strategic Investment Plan	660	814	40		
- Unutilised RCCO Reserve	1,386	242			
- Port Reserve	124				
- Working Neighbourhoods Reserves	1,651	1,940			
- Business Transformation Reserve	61				
- Modernisation Reserve		1,000			
- Sunderland Railway Station Reserve		200	2,800		
- Other Capital Reserves	713	275			
Total Internal Sources	10,180	8,996	5,410	2,570	2,570
TOTAL CAPITAL FINANCING	67,777	110,913	97,702	42,727	17,696

LEADER CAPITAL PROGRAMME

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

The Leader capital programme will contribute towards meeting the five Aims of the Sunderland Economic Masterplan:

- A new kind of university city
- A national hub of the low-carbon economy
- A prosperous and well-connected waterfront city centre
- An inclusive city economy for all ages
- A one city approach to economic leadership

OUTCOMES FROM COMPLETED CAPITAL SCHEMES

- Purchase of strategic assets within the City that will enable further regeneration within the City to take place.
- Software City workspace has been completed and opened with the aim of providing world class telecommunications infrastructure and business premises.

KEY MEDIUM TERM PRIORITIES

- To provide leadership to the council on all matters and particularly all major strategic, corporate and cross-cutting and commercially sensitive issues.

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.
- 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 AHEAD

Ongoing Commitments

- Interim works to the former Vaux Site has progressed comprising of grass seeding and the provision of temporary footpaths and parking facilities. Remedial works are required to reinstate walls and footpath lost due to landslip.
- The Washington Managed Workspace scheme will provide a high quality managed workspace that will encourage the start-up of new, small and medium enterprises and support their early growth by providing a purpose-built business centre.
- Smarter Working has resulted in 17 building closures to date and the delivery of revenue savings, enabled by capital investment.
- Enterprise Zone Infrastructure - Works are planned to complete feasibility and master planning study in relation to Council-owned land within the Enterprise Zone to determine infrastructure requirements, costs and delivery timescales. Also identification of potential off-site highway improvements required to deliver the objectives of Sunderland's Enterprise Zone.
- Sunderland Railway Station Contribution - work with Network Rail will continue with the objective of securing commitment towards the redevelopment of the above ground concourse to Sunderland Station.
- St Mary's Boulevard & Magistrates Square - Commence construction of infrastructure works to deliver improved access to city centre, a major new civic space, and facilitate development in accordance with the Council's ambitions for the city centre.
- Investment Corridors - This programme will deliver physical improvements to the city centre helping to increase footfall and improve the attractiveness of the city centre as place in which to live and work by providing excellent public realm and supporting the development of new retail and leisure facilities.

New Starts

- Works carried out as part of the smarter working programme will support rationalisation of the Council's operational building portfolio and lead to ongoing efficiencies. Works proposed include demolition of properties, relocation of the Community Equipment Store and rationalisation of the Council's fuel storage facilities.
- Initial development work to provide stimulus to the Council's Economic Masterplan if new freedoms and flexibilities to deliver economic growth are supported by government.
- A provision will be established to allow smaller infrastructure works to be completed within local communities.

**LEADER
CAPITAL PROGRAMME**

SUMMARY

Project Description	Gross Cost £'000	Expend to 31.3.12 £'000	Estimated Payments				
			2012/13 £'000	2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000
MAIN BLOCK							
Continuing Projects	24,337	12,380	6,190	5,767			
Projects Commencing 2012/2013	59,864		18,438	10,367	14,533	9,526	7,000
Projects Commencing 2013/2014	8,500			4,000	1,500	1,500	1,500
Projects Commencing 2014/2015							
Projects Commencing 2015/2016							
Projects Commencing 2016/2017							
TOTAL CAPITAL EXPENDITURE	92,701	12,380	24,628	20,134	16,033	11,026	8,500

METHOD OF FINANCING ESTIMATED CAPITAL EXPENDITURE

Source of Finance	Estimated Resources				
	2012/13 £'000	2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000
FROM EXTERNAL SOURCES					
Loans - Unsupported Borrowing	19,586	13,134	12,485	9,803	7,300
European Grants	1,079	3,699	548	23	
Other External Funding - PCT		600			
Total External Sources	20,665	17,433	13,033	9,826	7,300
FROM INTERNAL SOURCES					
Revenue Contributions					
- General Fund	50		200	1,200	1,200
Reserves					
- Strategic Investment Reserve	1,672	561			
- Unutilised RCCO Reserve	250				
- Working Neighbourhoods Reserves	1,651	1,940			
- Sunderland Railway Station Reserve		200	2,800		
- Strategic Investment Plan	340				
Total Internal Sources	3,963	2,701	3,000	1,200	1,200
TOTAL FINANCING	24,628	20,134	16,033	11,026	8,500

**LEADER
CAPITAL PROGRAMME**

Project Ref	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.12 £'000	Estimated Payments				
					2012/13 £'000	2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000
Continuing Projects									
Strategic Economic Development									
CP0126	Ex Vaux Site Advance Site Works	C Clark	2,000	389	1,050	561			
CP0127	Strategic Land Acquisition Provision	C Clark	1,750	389	1,361				
CP0128	St Mary's Way Preliminary design works	L Clark	100	78	22				
Business Investment									
CP0129	Washington Managed Workspace	I Williams	6,050		1,110	4,940			
CP0130	Software Centre	I Williams	8,882	7,447	1,435				
CP0131	Software City Ph2 (Evolve)	I Williams	16	16					
Strategic Improvement Programmes									
CP0132	Smarter Working Phase 1	C Clark	1,727	861	600	266			
City Centre									
CP0133	Sunniside Public Realm	C Clark	2,222	2,200	22				
CP0134	Market Square	C Clark	1,127	700	427				
CP0135	City Centre Improvements	L Clark	463	300	163				
TOTAL CONTINUING PROJECTS			24,337	12,380	6,190	5,767			
Projects Commencing 2012/13									
Strategic Economic Development									
CP0136	Enterprise Zone Infrastructure	I Williams	21,000			328	5,873	7,799	7,000
CP0127	Strategic Land Acquisition Provision	C Clark	3,000		1,650	1,350			
CP0137	Sunderland Railway Station Contribution	C Clark	3,000			200	2,800		
CP0138	St Mary's Boulevard & Magistrates Square	I Williams	11,864		1,778	5,974	3,935	177	
CP0139	Investment Corridors	C Clark	4,000		10	515	1,925	1,550	
CP0140	City Centre Hotel Contribution	C Clark	2,000			2,000			
CP0141	Newcastle Airport Refinancing	M Page	15,000		15,000				
TOTAL PROJECTS COMMENCING 2012/13			59,864		18,438	10,367	14,533	9,526	7,000
Projects Commencing 2013/14									
CP0132	Smarter Working Phase 2	C Clark	1,000			1,000			
CP0142	Economic Masterplan Stimulus	I Williams	5,000			500	1,500	1,500	1,500
CP0143	Community Infrastructure Improvements	L Clark	2,500			2,500			
TOTAL PROJECTS COMMENCING 2013/14			8,500			4,000	1,500	1,500	1,500
TOTAL CAPITAL PROGRAMME			92,701	12,380	24,628	20,134	16,033	11,026	8,500

DEPUTY LEADER CAPITAL PROGRAMME

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

The Deputy Leader capital programme will contribute towards meeting the five Aims of the Sunderland Economic Masterplan:

- A new kind of university city
- A national hub of the low-carbon economy
- A prosperous and well-connected waterfront city centre
- An inclusive city economy for all ages
- A one city approach to economic leadership

OUTCOMES FROM COMPLETED CAPITAL SCHEMES

- Power Supply to Data Centre - an upgrade of the power supply to the data centre has enabled further income to be generated from external hosting arrangements.
- Corporate Computer Model - The first phase of the CCM project is completed and all server based applications have been moved on to the new virtual infrastructure reducing the quantity of infrastructure used and releasing further hosting space within the data centre.
- Network and Telephony upgrades - the unsupported Cisco telephony system has been replaced bringing all telephony onto the Avaya VoIP system. This will eliminate the external call costs previously associated to calls between the two telephony systems.

KEY MEDIUM TERM PRIORITIES

- ICT medium term priorities include assisting the Council to meet its Smarter City objectives through the roll out of the Corporate Desktop which will provide a flexible, agile approach to computing resources.
- To facilitate efficiencies and improvements to IT systems and working practices within the Council.

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:

- The investment in Employee Self Service will facilitate improved process and cost reductions through improved work flow and a reduction in paper based processes underpinning the HR and Payroll services.
- The investment in Electronic Document Management will improve document and information flow across the council, reducing the cost of document handling.
- The Cloud Computing Model is expected to reduce the Councils operational costs by £1.4m annually over the next five years, in the delivery of IT services through a reduction in hardware, software, maintenance and improved IT management.

CAPITAL INVESTMENTS FOR THE YEAR AHEAD

Ongoing Commitments

- Modernisation Improvements - Employee Self Service involves the automation of the process that underpin the HR and Payroll services through the use of interactive forms. This will reduce the volume of paper documentation that currently exists within the Shared Services area and will improve the quality of data within the HR system.
- Modernisation Improvements - Electronic Document Management, Automated Court Bundling and SAP archiving involves the introduction of work flow, version control, storage and classification of documents and records. This will reduce the reliance on paper documentation, improve the ability for employees to work from any location and improve Information Governance through the correct classification and control of documentation.
- Digital Challenge will continue to improve digital skills across the city, in particular supporting the take up of services as they move to a self-service model delivered by the Internet.
- 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.
- Flexible Working Solutions will include the authentication of employees and the adoption of Smart Card technology to improve security when accessing council ICT systems.
- Complaints and Freedom of Information Act will involve the development of work flow within the Dynamics system, improving the efficiency of processes and reporting for Complaints and FOIs.

**DEPUTY LEADER
CAPITAL PROGRAMME**

SUMMARY

Project Description	Gross Cost £'000	Expend to 31.3.12 £'000	Estimated Payments				
			2012/13 £'000	2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000
MAIN BLOCK							
Continuing Projects	12,190	9,786	1,618	786			
Projects Commencing 2012/2013	1,250	3	247	1,000			
Projects Commencing 2013/2014							
Projects Commencing 2014/2015							
Projects Commencing 2015/2016							
Projects Commencing 2016/2017							
TOTAL CAPITAL EXPENDITURE	13,440	9,789	1,865	1,786			

METHOD OF FINANCING ESTIMATED CAPITAL EXPENDITURE

Source of Finance	Estimated Resources				
	2012/13 £'000	2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000
FROM EXTERNAL SOURCES					
Loans -					
Loans - Supported Borrowing	150				
Government Grants					
- Department for Communities and Local Government	330	330			
Total External Sources	480	330			
FROM INTERNAL SOURCES					
Revenue Contributions					
- Office of the Chief Executive	150				
- Health Housing and Adult Services	1				
Reserves					
- Strategic Investment Reserve	861				
- Strategic Investment Plan	20	214			
- Unutilised RCCO Reserve	241	242			
- Modernisation Reserve		1,000			
- Other Reserve	112				
Total Internal Sources	1,385	1,456			
TOTAL FINANCING	1,865	1,786			

**DEPUTY LEADER
CAPITAL PROGRAMME**

Project Ref	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.12 £'000	Estimated Payments				
					2012/13 £'000	2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000
	Continuing Projects								
	ICT								
CP0112	Telephony Upgrade	D Downey	1,917	1,717	200				
CP0113	Complaints and Freedom of Information Act	E Waugh	110	62		48			
CP0114	Flexible Working Solutions	D Downey	100	41		59			
CP0115	Digital Challenge	D Downey	3,391	2,731	330	330			
CP0116	SAP Infrastructure	D Downey	100	73	27				
CP0117	Revenue and Benefits system Phase 2	F Brown	400	166	20	214			
CP0116	SAP Archiving	D Downey	105			105			
CP0118	Call Manager Replacement	D Downey	387	237	150				
CP0119	Automated Court Bundle	E Waugh	30			30			
CP0120	Corporate Computing Model	D Downey	5,620	4,759	861				
CP0121	Network Upgrade	D Downey	30		30				
TOTAL CONTINUING PROJECTS			12,190	9,786	1,618	786			
	Projects Commencing 2012/13								
	ICT								
CP0122	Employee Self Service	D Downey	500			500			
CP0123	Electronic Document Management	D Downey	500			500			
CP0124	SAP Development	S Tognarelli	100	3	97				
CP0125	Software Licences	D Downey	150		150				
TOTAL PROJECTS COMMENCING 2012/13			1,250	3	247	1,000			
TOTAL CAPITAL PROGRAMME			13,440	9,789	1,865	1,786			

CABINET SECRETARY CAPITAL PROGRAMME

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

The Cabinet Secretary capital programme will contribute towards meeting the five Aims of the Sunderland Economic Masterplan:

- A new kind of university city
- A national hub of the low-carbon economy
- A prosperous and well-connected waterfront city centre
- An inclusive city economy for all ages
- A one city approach to economic leadership

OUTCOMES FROM COMPLETED CAPITAL SCHEMES

- Port Workshops Relocation has rationalised the Port estate, thereby providing additional land for potential new business development and to facilitate potential inward investment opportunities.
- Port Infrastructure Improvements to facilitate efficiencies in the provision of both marine and shore side services.
- The acquisition of a Tug Boat for the Port will facilitate the efficient operation of the Port's marine services.
- Provisions for Economic Development funding offers financial assistance in the form of grants for business to start up and grow their business through supporting investment in premises and equipment, linked to job creation. Statistics for the last full year of the programme have demonstrated that support was offered to 61 companies which created 1,036 full time equivalent jobs. This in turn contributes to sustaining the local economy.
- Seafront Toilet Refurbishments - the comprehensive refurbishment of the toilet block at the cat and dog steps was completed in summer 2012.
- The Planned Property Capital Maintenance programme has seen an investment in more major building improvements including mechanical repairs, which together with property rationalisation is part of the longer term strategy to reduce the maintenance backlog.
- Approximately 200kW of solar PV has been installed at 8 sites. This is estimated to save £20,000 per annum in reduced electricity consumption as well as generating income in excess of £50,000 per annum for the Council via the Feed In Tariff mechanism.
- Improving energy management via the installation of 33 Building Management Systems controlling the heating in operational properties and a boiler replacement at Fulwell Resource Centre.

KEY MEDIUM TERM PRIORITIES

- It is proposed to continue to invest in the Seafront public realm so as to improve its appearance and maintain its attractiveness both for continuing use by residents and visitors, and to ensure a high quality environment that will act as a catalyst for new investment in the area.
- Property Planned Capital Maintenance will allow ongoing investment in major capital works required to maintain a fit for purpose operational and administrative property portfolio. Coupled with a strategy to rationalise and dispose of property by smarter working and more efficient use of space, this ongoing capital investment stems the degradation of the retained portfolio and enables the disposal of surplus and unsustainable elements of the portfolio.
- The Port Board's Improvement Plan and the capital investment programme will enable the development of the Port, allowing further expansion of trading activity, commercial and strategic development, and improved capacity to maximise the market potential including inward investment opportunities on the Port Estate.

HOW THE PROGRAMME CONTRIBUTES TO VALUE FOR MONEY AND EFFICIENCY

- The rationalisation of the property portfolio has resulted in the closure of 17 buildings to date and the projected delivery of £3.018m revenue efficiencies by the end of March 2014.
- The investment in energy efficiency will save approximately £100,000 per annum through reduced consumption and income from the Feed-In Tariff scheme.
- The energy efficiency investment also helps to lower maintenance costs and also reduce the Council's carbon footprint by 260 tonnes per annum.
- As part of continuing efforts to sustain the improvement of the trading position of the Port of Sunderland, investment in infrastructure and equipment will safeguard existing operational standards, reduce equipment hire costs and provide the necessary resources to enable the Port to better respond to market opportunities and spot trade which invariably come at short notice.

CAPITAL INVESTMENTS FOR THE YEAR AHEAD

Ongoing Commitments

- Seafront - Marine Walk Masterplan Phase 2 continues to deliver the Seafront Regeneration Strategy by continuation of physical improvements to the Seafront with the aim of generating and supporting private sector investment in line with the approved Seaburn and Marine Walk Masterplans.
- Property Planned Capital Maintenance will maintain the approach to building improvement and will over the medium to long term, enable the delivery of a fit for purpose operational property portfolio.
- Accelerated Low Water Corrosion is affecting riverside and coastal structures supporting footpaths and other infrastructure. The programme of assessment and repair will prevent these structures from deteriorating and failing.
- As part of the Seafront Regeneration Strategy restoration work to the Grade II listed Roker Pier and Lighthouse will commence in 2013.
- The Old Sunderland Townscape Heritage Initiative includes the renovation of The Orphanage (Grade II Listed building) and development of an extra care scheme in the grounds. This scheme will provide 38 apartments for people with a dementia diagnosis and new accommodation for the Community Association.
- Various works to the Port of Sunderland including the acquisition of a new heavy lift crane that will assist the Port to protect its current market share, facilitate the continued commercial development of the Port and provide capacity to take advantage of inward investment opportunities.

New Starts

- A specialist investigation to determine the best long-term option for stabilising the Old North Pier.
- Investment in Port Infrastructure to enable access to other commercial opportunities and allow expansion and more productive utilisation of the Port Estate.
- Repairs are required to No 1 Dock Gates to ensure vessels can continue to safely navigate and berth vessels within the Port's enclosed Hudson & Hendon Docks.
- Further capital schemes within the Port to purchase plant and other equipment and to carry out planned capital maintenance that will provide medium term efficiencies and help prevent the ongoing degradation of the asset portfolio.

**CABINET SECRETARY
CAPITAL PROGRAMME**

SUMMARY

Project Description	Gross Cost £'000	Expend to 31.3.12 £'000	Estimated Payments				
			2012/13 £'000	2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000
MAIN BLOCK							
Continuing Projects	7,458	4,836	1,626	996			
Projects Commencing 2012/2013	13,704		5,120	4,234	2,750	800	800
Projects Commencing 2013/2014	6,880			4,380	2,500		
Projects Commencing 2014/2015							
Projects Commencing 2015/2016							
Projects Commencing 2016/2017							
TOTAL CAPITAL EXPENDITURE	28,042	4,836	6,746	9,610	5,250	800	800

METHOD OF FINANCING ESTIMATED CAPITAL EXPENDITURE

Source of Finance	Estimated Resources				
	2012/13 £'000	2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000
FROM EXTERNAL SOURCES					
Loans - Unsupported Borrowing	3,554	6,144	3,450		
Government Grants					
- New Homes Bonus	500				
Heritage Lottery Fund	163	417			
Grants from Other Public Bodies					
- Homes and Communities Agency	37				
Other External Funding	160				
Total External Sources	4,414	6,561	3,450		
FROM INTERNAL SOURCES					
Revenue Contributions					
- General Fund	880	2,220	1,800	800	800
Reserves					
- Port Reserve	124				
- Strategic Investment Reserve	800	250			
- Strategic Investment Plan	64				
- Strategic Initiatives Budget	19				
- Unutilised RCCO Reserve	321				
- Other Capital Reserves - Highways Reserve	117				
Capital Receipts	7	579			
Total Internal Sources	2,332	3,049	1,800	800	800
TOTAL FINANCING	6,746	9,610	5,250	800	800

**CABINET SECRETARY
CAPITAL PROGRAMME**

Project Ref	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.12 £'000	Estimated Payments				
					2012/13 £'000	2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000
Continuing Projects									
Port									
CP0093	Port Workshops Relocation	M Hunt	362	230	132				
CP0094	Port Equipment	M Hunt	248	236	12				
CP0095	Port Entrance	M Hunt	300	46	254				
Planning and Land Use									
CP0096	Old Sunderland Townscape Heritage Initiative	C Clark	2,327	668	663	996			
Carbon Management									
CP0097	Solar PV Panels	C Clark	722	712	10				
C90098	Improving Energy Management of Buildings	C Clark	150	106	44				
Seafront									
CP0099	Seafront Regeneration Strategy	C Clark	60	59	1				
CP0100	Seafront - Marine Walk Masterplan Ph1	C Clark	1,500	1,341	159				
CP0101	Seafront - Seaburn Public Realm Improvements	C Clark	237	231	6				
CP0102	Seafront - Toilets refurbishment	C Clark	141	5	136				
Economic Development Grants									
CP0103	Provision for Economic Development	I Williams	589	427	162				
Management of Council Land and Buildings									
CP0104	West Area Shopping Improvements (SIP)	C Clark	30	20	10				
CP0105	Sheepfolds Acquisitions	C Clark	792	755	37				
TOTAL CONTINUING PROJECTS			7,458	4,836	1,626	996			
Projects Commencing 2012/13									
Management of Council Land and Buildings									
CP0106	Property Planned Capital Maintenance	C Clark	3,000		800	1,200	1,000		
CP0107	Low Water Corrosion / Riverside Repairs	C Clark	200			200			
Economic Development Grants									
CP0103	Provision for Economic Development	I Williams	3,950		750	800	800	800	800
Port									
CP0108	Dock Gate Capital Repairs	M Hunt	80		80				
CP0109	Tug Boat	M Hunt	150		150				
CP0110	Equipment	M Hunt	124		124				
CP0152	Harbour Mobile Crane	M Hunt	3,000		3,000				
Seafront									
CP0111	Roker Pier and Lighthouse	C Clark	1,350		86	814	450		
CP0100	Seafront - Marine Walk Masterplan Ph2	C Clark	1,850		130	1,220	500		
TOTAL PROJECTS COMMENCING 2012/13			13,704		5,120	4,234	2,750	800	800

**CABINET SECRETARY
CAPITAL PROGRAMME**

Project Ref	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.12 £'000	Estimated Payments				
					2012/13 £'000	2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000
	Projects Commencing 2013/14								
CP0144	Old North Pier Technical Investigation	L Clark	150			150			
	Port								
CP0145	Infrastructure	M Hunt	5,680			3,180	2,500		
CP0146	Dock Repairs	M Hunt	600			600			
CP0147	Road Repairs and Lighting	M Hunt	100			100			
CP0148	Miscellaneous Capital Plant and Equipment	M Hunt	350			350			
TOTAL PROJECTS COMMENCING 2013/14			6,880			4,380	2,500		
TOTAL CAPITAL PROGRAMME			28,042	4,836	6,746	9,610	5,250	800	800

CHILDREN'S SERVICES CAPITAL PROGRAMME

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

Children's Services Capital Programme will contribute towards meeting the five Aims of the Sunderland Economic Masterplan:

- A new kind of university city
- A national hub of the low-carbon economy
- A prosperous and well-connected waterfront city centre
- An inclusive city economy for all ages
- A one city approach to economic leadership

The Children and Young People's Plan priorities are:

- Achieving their education.
- Enjoy sport, leisure and play.

National and local outcomes and indicators of which the most relevant to capital investment are:

- Achievement at all the key stages of educational attainment including the Early Years Foundation Stage (EYFS), Key Stage 2 (year 6 pupils), Key Stage 4 (year 11 pupils) and Key Stage 5 (year 13 pupils). In 2012 Sunderland schools made significant improvements in each key measure.
- Percentage of schools providing access to extended services for children, families and communities.
- Narrowing the gap between the lowest achieving 20% of pupils and the rest.
- The Children's Services Asset Management Plan (AMP), which contains updated information about the condition, suitability and sufficiency priorities for all school buildings.
- The Government's Priority Schools Building Programme (PSBP).
- The current position with both primary and secondary school places to identify future priorities for capital investment, taking into account the current pupil roll and projected future school rolls.
- Schools being allocated devolved capital funding. The LA provides support to schools in assisting them in planning this expenditure to achieve school development priorities.
- Partnership working which is key to making right investment choices and to supporting the wider regeneration agenda in Sunderland.
- Providing children in care with appropriate residential accommodation and supporting young people leaving care to independent living.

OUTCOMES FROM COMPLETED CAPITAL SCHEMES

- Two primary schools (St Joseph's RC Primary School and Maplewood Special School) have been replaced under the previous Governments Primary Strategy for Change and were opened during 2012.
- Capital works to reconfigure accommodation at Wessington Primary School were completed in 2012.
- Two all weather pitches were reconfigured and resurfaced at Farrington and Biddick Schools.
- Capital works to provide window replacements, heating improvements, roofing works and fire safety works, to meet with asset management priorities, at a number of primary, secondary and special schools were completed as part of an ongoing programme to address urgent maintenance priorities.

KEY MEDIUM TERM PRIORITIES

- To continue to address the most urgent condition priorities, health and safety work and major capitalised repairs in the secondary, primary and nursery sector as identified from Children's Services AMP data.
- To address pressure on primary school places in particular areas of the City to ensure there are sufficient school places to meet demand for reception places.
- To support schools in using the reduced level of devolved formula capital allocations to address the priorities identified in their asset management plans.
- Extend supported accommodation for vulnerable young people
- 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 fulfill the requirements of the council as Corporate Parents.

HOW THE PROGRAMME CONTRIBUTES TO AN EFFICIENT AND EFFECTIVE COUNCIL

- Children's Services is participating in a corporate wide review of accommodation with a view to rationalising property. The first stage of this had involved moving towards integrated working in each of the five localities in 2011/12. The second phase of this will look to further integration in the functions of council buildings and accommodation used by the public, including Children's Services buildings e.g. children's centres. Schools are also being asked to consider how their buildings can be used for community purposes.

CHILDREN'S SERVICES CAPITAL PROGRAMME

CAPITAL INVESTMENTS FOR THE YEAR

Ongoing Commitments

- The Priority Schools Building Programme (PSBP), a national Private Finance Initiative (PFI) was announced in July 2011. The Council submitted a bid on behalf of Hetton Secondary School and on behalf of Shiney Row, Hylton Castle and Usworth Grange Primary Schools. St Anthony's Girls RC Academy also submitted a bid. These were successful - Usworth Grange Primary School will be the first to be built with grant funding, other schools will follow with the programme anticipated to complete in 2016. The Council will support its schools through the process and will provide capital funding in relation to furniture and fittings to equip the new schools.
- Continuation of capital works to meet asset management priorities that commenced in schools during 2012/2013.

New Starts

- Investment that will meet government requirements for the provision of looked after children and help the Council with its strategy to mitigate the cost of expensive external out of area placements.
- 2013/2014 schools capital allocations to be announced in January 2013. Priorities for new starts in 2013/2014 are proposed to include:
 - Capital works to provide window replacements, heating improvements, roofing works and urgent health and safety works, to meet with asset management priorities, at a number of primary, secondary and special schools will completed as part of an ongoing programme to address urgent maintenance priorities;
 - Programme of works to be developed to address potential shortfall in places in particular areas of the city where there is an ongoing rise in pupil numbers e.g. Washington, Coalfields, Sunderland West.
- Capital works in relation to the government's 'Two Year Old Offer' in order that early years providers, including nurseries, can adapt their premises to create additional age-appropriate accommodation.

**CHILDREN'S SERVICES
CAPITAL PROGRAMME**

SUMMARY

Project Description	Gross Cost £'000	Expend to 31.3.12 £'000	Estimated Payments				
			2012/13 £'000	2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000
MAIN BLOCK							
Continuing Projects	28,907	18,516	8,874	1,517			
Projects Commencing 2012/2013	5,838		800	4,796	242		
Projects Commencing 2013/2014	1,253			1,253			
Projects Commencing 2014/2015							
Projects Commencing 2015/2016							
Projects Commencing 2016/2017							
TOTAL CAPITAL EXPENDITURE	35,998	18,516	9,674	7,566	242		

METHOD OF FINANCING ESTIMATED CAPITAL EXPENDITURE

Source of Finance	Estimated Resources				
	2012/13 £'000	2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000
FROM EXTERNAL SOURCES					
Loans					
- Supported Borrowing	5,246				
- Unsupported Borrowing		700			
Government Grants					
- Department for Education - Capital Maintenance	1,538	2,271			
- Department for Education - Basic Needs	1,074	2,748			
- Department for Education - Other - Standards Fund	20	100			
- Department for Education - Devolved Formula Grant	1,971	1,144	242		
- Department for Education - Other - Short Breaks	34	50			
- Department for Education - Other - Two Year Old Offer		553			
- School Governors Contribution	5				
- Football Foundation	6				
Other External Funding	10				
Total External Sources	9,904	7,566	242		
FROM INTERNAL SOURCES					
Revenue Contributions					
- Children's Services	20				
Reserves					
- Strategic Investment Reserve	(250)				
Total Internal Sources	(230)				
TOTAL FINANCING	9,674	7,566	242		

**CHILDREN'S SERVICES
CAPITAL PROGRAMME**

Project Ref	Project Description	Project Sponsor	Gross Cost £'000	Expend To 31.3.12 £'000	Estimated Payments				
					2012/13 £'000	2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000
Continuing Projects									
CP0085	Schools Devolved Capital 2009/2010 to 2011/2012	B Scanlon	7,120	4,994	1,714	412			
CP0086	St Josephs RC Primary	B Scanlon	6,000	5,103	897				
CP0087	Maplewood School	B Scanlon	5,330	3,841	1,489				
CP0088	Farringdon School - upgrade of all weather pitch	D Thornton	532	526	6				
CP0089	Capita One V4 Upgrade	C Ross	185	165	20				
CP0090	St Benets - TCF Kitchen & Dining	B Scanlon	191	186	5				
CP0091	Biddick school - upgrade of all weather pitch	B Scanlon	367	357	10				
CP0155	Barbara Priestman School - Specialist Status	C Barker	100			100			
CP0085	Schools Devolved Capital	B Scanlon	505		257	248			
CP0088	Primary School Asset Management	B Scanlon	3,320	1,491	1,829				
CP0088	Secondary School Asset Management	B Scanlon	5,157	1,837	2,613	707			
CP0092	Short Breaks Provision for Disabled Children	B Scanlon	100	16	34	50			
TOTAL CONTINUING PROJECTS			28,907	18,516	8,874	1,517			
Projects Commencing 2012/13									
CP0085	Schools Devolved Capital 2012/2013	B Scanlon	726			484	242		
CP0088	Secondary School Asset Management	B Scanlon	226			226			
CP0088	Primary School Asset Management	B Scanlon	830			830			
CP0088	Nursery School Asset Management	B Scanlon	200			200			
CP0088	Special School Asset Management	B Scanlon	1,000			1,000			
CP0088	EAW - School Asset Management	B Scanlon	90			90			
CP0088	School Asset Management Programmes - unallocated	B Scanlon	2,466		500	1,966			
CP0088	Sunningdale School Hydrotherapy	B Scanlon	200		200				
CP0088	Derwent Hill	B Scanlon	100		100				
TOTAL PROJECTS COMMENCING 2012/13			5,838		800	4,796	242		
Projects Commencing 2013/14									
CP0153	Children's Services Initiatives	B Scanlon	700			700			
CP0154	Two Year Old Offer	B Scanlon	553			553			
TOTAL PROJECTS COMMENCING 2013/14			1,253			1,253			
TOTAL CAPITAL PROGRAMME			35,998	18,516	9,674	7,566	242		

HEALTH, HOUSING AND ADULT SERVICES CAPITAL PROGRAMME

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

The Health, Housing and Adults Services capital programme will contribute towards meeting the five Aims of the Sunderland Economic Masterplan:

- A new kind of university city
- A national hub of the low-carbon economy
- A prosperous and well-connected waterfront city centre
- An inclusive city economy for all ages
- A one city approach to economic leadership

It aims to do this by:

- Delivering long term housing solutions as required by the Enabling Independence Strategy which enables the development of supported accommodation to meet the needs of older people and other vulnerable client groups within our communities, with a further choice of care to be tailored to the needs of the household to enable them to live independently for as long as possible.
- More Core and Cluster facilities for people with disabilities.
- Developing the Housing Related Support in-reach services
- Modernising Adult Services ICT systems to improve departmental and council communications.
- 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 fulfill ambitions in the private rented sector by improving the living conditions and its management.
- Continue the delivery of Disabled Facilities Grants.
- Researching and sourcing funding for the development of leisure facilities and services in partnership with other service providers.

OUTCOMES FROM COMPLETED CAPITAL SCHEMES

- Modernisation of ICT systems (AIS, Telecare System, Telehealth equipment) allows easier transfer of information between staff and helps deliver both planned and unplanned care more effectively.
- Area Renewal programme has contributed towards a sustainable community and neighbourhood through an increase in housing choice with the development of 65 new housing units in Phase 1 in Castletown which will be completed by March 2013. There have been an additional 3 acquisitions of homes at Hetton Downs through SHIP and Homes and Communities Agency (HCA) funding. These have contributed to assign sites for new housing.
- Private Sector Renewal Grants - £250,000 was agreed by Cabinet for empty property refurbishment work. 1 equity loan has been granted to refurbish an empty property and bring it back into use. A further 15 equity loans have been committed and are awaiting the outcome of the financial assessment. The whole fund has now been committed.
- Empty Properties Fund - £327,000 has been awarded to Back on the Map to acquire and refurbish 5 empty properties.
- Expansion of Farmborough Court to support hospital discharge and establishment of 'hub' for all reablement services.
- 640 Disabled Facilities Grants have been awarded allowing much needed adaptations to be carried out to properties.
- 9 decent homes loans have been awarded allowing people to bring their homes up to the decent homes standard.
- Extra Care Schemes – Acquisition of 3 apartments to provide reablement from within an extra care housing environment.

KEY MEDIUM TERM PRIORITIES

- To enable the provision of housing solutions including improving the delivery of home improvement, minor alterations and adaptations for people with a care and support need as outlined within the Enabling Independence Strategy for households including older people; people with a mental health; learning disabilities and physical disabilities.
- Review the use of our buildings based services and move to more community based services. This will include the use of technology such as Telecare and Telehealth to allow people to live in their own homes for longer.
- To ensure that assets where people live as their home are updated and fit for purpose.
- To concentrate the Care and Support service onto one main site
- Identify opportunities within the Governments reform of Health Services to improve health of residents in the homes they live in and the services provided to them.

HEALTH, HOUSING AND ADULT SERVICES CAPITAL PROGRAMME

- Explore opportunities of further energy efficiency measures being extended into the private rented sector.
- Continue to upgrade ICT systems internally and with partners to improve management information, deliver e-government, support the delivery of personalisation and promote the integration agenda and increase the opportunity for customers to self serve.
- Continue with the development and implementation of Sunderland's Housing Priorities Plan linked to the delivery of the Economic Masterplan and the on-going development of the Core Strategy / Local Development Framework.
- Developing long-term housing solutions for households with a support need through the delivery of the Enabling Independence Strategy, which will help to enable delivery of Extra Care housing, in partnership with both the Homes and Communities Agency and Providers.
- Improving the quality and choice of affordable accommodation, with emphasis being placed upon Council Renewal Areas.
- Continue to improve the housing stock in terms of decency and fitness for habitation in the private housing sector particularly targeting standards in the private rented sector.
- Encourage more private landlords to become accredited and raise housing conditions and standards in the private sector.
- Bring empty properties back into use.

HOW THE PROGRAMME CONTRIBUTES TO VALUE FOR MONEY AND EFFICIENCY

- The Directorate aims to reduce placements into residential care provision and increase the use of assistive technology, alongside reducing costs associated with care and support services and operation of buildings used for supported housing provision. Enabling the development and provision of supported housing solutions with alternative providers to secure efficiencies for the Council while providing a choice of effective housing and care solutions in a safe environment, while supporting sustainable communities.
- The directorate is also looking to use capital to develop low level solutions as alternatives to traditional services such as home care and day care.
- The reablement at home service has shown that for new clients going through the service the long term care costs for individuals is reduced significantly.
- Adult Services is part of the Smarter Working initiative. Work is currently underway to consolidate the Care and Support service on the Leechmere site which will allow for a relocation of the Community Equipment Service and closure of other satellite buildings.
- The development of Joint Ventures and Funding Agreements such as in Castletown and Hetton Downs creates the environment for the council to work with funding and development partners to attract resources into developing and creating sustainable communities.
- Identify areas of low housing demand and develop action plans to assist in reversing trends.
- Continue to encourage and develop investment opportunities in the housing market.

CAPITAL INVESTMENTS FOR THE YEAR AHEAD

Ongoing Commitments

- Area Renewal continues with the acquisition of properties at Maudlin Street, the Springboard property and Gentoo sites at Hetton Downs.
- Empty Homes Clusters Scheme - £472,105 New Homes Bonus funding and £472,105 HCA funding has been awarded to refurbish 80 properties by March 2014. To date 6 applications have been made for the loan/grant.
- A traveller's stop-over site will assist in dealing with unauthorised encampments more efficiently and effectively. The provision will ensure that our obligations are met and that we conform to the requirements around our Core Strategy.
- Decent homes assistance linked to the Financial Assistance Policy.

New Starts

- It is proposed to accelerate the expansion of reablement services in the City with Health Partners. This includes capital investment for Time to Think schemes, increased use of assistive technology to maintain people at home.
- Disabled Facilities Grants carry out adaptations to disabled person's properties helps to ensure that people can remain in their own properties for as long as possible in a safe and secure environment.

**HEALTH, HOUSING AND ADULT SERVICES
CAPITAL PROGRAMME**

SUMMARY

Project Description	Gross Cost £'000	Expend to 31.3.12 £'000	Estimated Payments				
			2012/13 £'000	2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000
MAIN BLOCK							
Continuing Projects	15,585	9,722	3,475	2,388			
Projects Commencing 2012/2013	3,565		2,892	673			
Projects Commencing 2013/2014	3,150			3,150			
Projects Commencing 2014/2015	2,977				2,977		
Projects Commencing 2015/2016	2,117					2,117	
Projects Commencing 2016/2017	2,117						2,117
TOTAL CAPITAL EXPENDITURE	29,511	9,722	6,367	6,211	2,977	2,117	2,117

METHOD OF FINANCING ESTIMATED CAPITAL EXPENDITURE

Source of Finance	Estimated Resources				
	2012/13 £'000	2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000
FROM EXTERNAL SOURCES					
Government Grants					
- Department of Health - IT Grant	201				
- Department of Health	1,349	843	860		
- Single Housing Investment Pot	264	94			
- Disabled Facilities	1,471	1,417	1,417	1,417	1,417
- New Homes Bonus	713	336			
- Cluster of Empty Homes Grant	135	337			
Grants from Other Public Bodies					
- Homes and Communities Agency	1,769	2,294			
Other External Funding	130	130	130	130	130
Total External Sources	6,032	5,451	2,407	1,547	1,547
FROM INTERNAL SOURCES					
Revenue Contributions					
- General Fund	185	570	570	570	570
- Health Housing and Adult Services		190			
Reserves					
- Other Capital Reserves - Energy Fund Reserve	50				
Capital Receipts	100				
Total Internal Sources	335	760	570	570	570
TOTAL FINANCING	6,367	6,211	2,977	2,117	2,117

**HEALTH, HOUSING AND ADULT SERVICES
CAPITAL PROGRAMME**

Project Ref	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.12 £'000	Estimated Payments				
					2012/13 £'000	2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000
Continuing Projects									
Adult Services									
CP0060	Swift Enhancements	G King	820	756	64				
CP0061	Managing Income	G King	22	12	10				
CP0062	Telecare	G King	100		100				
CP0063	Adults Information System	G King	50	8	42				
CP0064	Document Management System (Road Map)	G King	75	66	9				
CP0065	Private Sector Renewal Grants	A Caddick	300	283	17				
CP0066	Mobile Portal	G King	200	182	18				
CP0067	Regional Loans Scheme	A Caddick	483	339	144				
CP0069	Sunderland Energy Efficiency Program (SEEP)	A Caddick	86	12	74				
CP0070	Extra Care Schemes	P Corner	446	114	332				
Housing Services									
CP0071	Eppleton (SHIP)	A Caddick	1,070	817	159	94			
CP0072	Hetton Downs (HCA)	A Caddick	8,038	3,975	1,769	2,294			
CP0073	Castletown Block Improvements	A Caddick	611	551	60				
CP0074	Extra Care Housing	P Corner	2,607	2,607					
CP0075	Travellers Site	A Caddick	100		100				
CP0077	Empty Property Action Plan	A Caddick	577		577				
TOTAL CONTINUING PROJECTS			15,585	9,722	3,475	2,388			
Projects Commencing 2012/13									
Adult Services									
CP0078	Minor Works (Improvements to Care and Support)	P Foster	150		150				
CP0079	Document Management System (Road Map)	G King	25		25				
CP0080	Disabled Facilities Grants 2012/13	A Caddick	2,346		2,346				
CP0081	Regional Loans Scheme	A Caddick	100		100				
Housing Services									
CP0083	Cluster of Empty Homes	A Caddick	944		271	673			
TOTAL PROJECTS COMMENCING 2012/13			3,565		2,892	673			
Projects Commencing 2013/14									
Adult Services									
CP0078	Minor Works (Improvements to Care and Support)	P Foster	150			150			
CP0079	Document Management System (Road Map)	G King	25			25			
CP0080	Disabled Facilities Grants 2013/14	A Caddick	2,346			2,346			
CP0157	Reablement Services	A Caddick	629			629			
TOTAL PROJECTS COMMENCING 2013/14			3,150			3,150			

**HEALTH, HOUSING AND ADULT SERVICES
CAPITAL PROGRAMME**

Project Ref	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.12 £'000	Estimated Payments				
					2012/13 £'000	2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000
Projects Commencing 2014/15									
	Adult Services								
CP0078	Minor Works (Improvements to Care and Support)	P Foster	150				150		
CP0079	Document Management System (Road Map)	G King	25				25		
CP0080	Disabled Facilities Grants 2014/15	A Caddick	2,117				2,117		
CP0157	Housing and Adult Schemes	A Caddick	685				685		
TOTAL PROJECTS COMMENCING 2014/15			2,977				2,977		
Projects Commencing 2015/16									
	Adult Services								
SS96013	Minor Works (Improvements to Care and Support)	P Foster							
SS97008	Disabled Facilities Grants 2015/16	A Caddick	2,117					2,117	
TOTAL PROJECTS COMMENCING 2015/16			2,117					2,117	
Projects Commencing 2016/17									
	Adult Services								
CP0080	Disabled Facilities Grants 2016/17	A Caddick	2,117						2,117
TOTAL PROJECTS COMMENCING 2016/17			2,117						2,117
TOTAL CAPITAL PROGRAMME			29,511	9,722	6,367	6,211	2,977	2,117	2,117

PUBLIC HEALTH, WELLNESS AND CULTURE CAPITAL PROGRAMME

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

The Public Health, Wellness and Culture capital programme will contribute towards meeting the five Aims of the Sunderland Economic Masterplan:

- A new kind of university city
- A national hub of the low-carbon economy
- A prosperous and well-connected waterfront city centre
- An inclusive city economy for all ages
- A one city approach to economic leadership

It aims to do this by:

- Sourcing funding and establishing key partnerships to further develop the Council's sporting and cultural offer to residents.

OUTCOMES FROM COMPLETED CAPITAL SCHEMES

- The capital investment in the Library Materials Fund has supported access to reading, information and learning, as well as supporting heritage and local studies. In addition the investment has provided programming opportunities for learning, social inclusion and improved residents health and wellbeing.
- Pilot illumination project of Roker Park from September to November 2012 resulted in over 30,000 visitors over a 6 week period.

KEY MEDIUM TERM PRIORITIES

- To ensure that the Council's sporting and cultural assets are fit for purpose.
- To provide sporting and cultural facilities that increase uptake and provide opportunities for participation.
- Review of sporting and cultural facilities that will meet the needs of the residents and visitors to Sunderland.

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.
- 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 AHEAD

Ongoing Commitments

- Continue to deliver the city's Football Investment Strategy new changing pavilions will be developed at the Billy Hardy Sports Complex and at Northern Area Playing Field, Washington. Depending on funding allocations from the Football Foundation, the final development within the current Football Investment Strategy will see facility improvements at either Plains Farm Primary School or Ryhope Recreation.
- Provision of a new leisure centre within Washington containing a sports hall, a 25m swimming pool, learner pool, Wellness Centre, steam/sauna and outdoor football facilities. This will replace existing leisure facilities that are contained in buildings requiring a high level of maintenance and will provide long term efficiency savings.
- World Heritage Status site for St Peter's Church - the project will deliver the Landscape Vision for St Peter's Riverside, with improvements focusing on the grounds of St Peter's church and the immediate surrounds.
- Ongoing commitment to support the Bowes Railway Museum's wagonshop repairs.

New Starts

- Various works are to be undertaken within the City Library and Arts Centre to update public areas. This includes optimising space within the Sound and Vision service area and improving the self operated service provided within the Local Studies Library.

**PUBLIC HEALTH, WELLNESS AND CULTURE
CAPITAL PROGRAMME**

SUMMARY

Project Description	Gross Cost £'000	Expend to 31.3.12 £'000	Estimated Payments				
			2012/13 £'000	2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000
MAIN BLOCK							
Continuing Projects	5,790	2,618	1,082	2,050	40		
Projects Commencing 2012/2013	11,605		805	3,000	7,800		
Projects Commencing 2013/2014	500			500			
Projects Commencing 2014/2015							
Projects Commencing 2015/2016							
Projects Commencing 2016/2017							
TOTAL CAPITAL EXPENDITURE	17,895	2,618	1,887	5,550	7,840		

METHOD OF FINANCING ESTIMATED CAPITAL EXPENDITURE

Source of Finance	Estimated Resources				
	2012/13 £'000	2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000
FROM EXTERNAL SOURCES					
Loans - Unsupported Borrowing	1,323	4,260	7,800		
Government Grants					
- Department for Culture, Media and Sport	12				
Grants from Other Public Bodies					
- Football Foundation	55	245			
- Sport England		275			
Total External Sources	1,390	4,780	7,800		
FROM INTERNAL SOURCES					
Revenue Contributions					
- City Services	1	19			
- Strategic Initiatives Budget		1			
Reserves					
- Strategic Investment Plan	41	600	40		
- Section 106 Reserve		150			
- Unutilised RCCO Reserve	150				
- Strategic Investment Reserve	305				
Total Internal Sources	497	770	40		
TOTAL FINANCING	1,887	5,550	7,840		

**PUBLIC HEALTH, WELLNESS AND CULTURE
CAPITAL PROGRAMME**

Project Ref	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.12 £'000	Estimated Payments				
					2012/13 £'000	2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000
Continuing Projects									
Sports Facilities									
CP0043	Washington Leisure Centre	J Gray	132	120	12				
CP0044	Football Investment Strategy	J Gray	1,368	59	55	1,214	40		
CP0045	Houghton Primary Care Centre	M Poulter	2,400	2,324	76				
CP0046	Football Pavilion Improvements Ford Quarry	J Gray	19	13		6			
CP0047	Football Pavilion Improvements Silksworth Park	J Gray	23	21		2			
CP0048	Football Pavilion Imps Ryhope Colliery Welfare	J Gray	42	41	1				
CP0049	Football Pavilion Improvements Leyburn Grove	J Gray	70	2		68			
Culture and Tourism									
CP0050	Restore Memorial Fountain - Roker Park	C Clark	1	1					
CP0051	World Heritage Site Public Realm - Wearmouth Jarrow	C Clark	1,700	37	903	760			
CP0052	Bowes Railway Museum Wagonshop Repairs	C Alexander	35		35				
TOTAL CONTINUING PROJECTS			5,790	2,618	1,082	2,050	40		
Projects Commencing 2012/13									
Sports Facilities									
CP0053	Washington Leisure Centre	J Gray	11,300		500	3,000	7,800		
Culture and Tourism									
CP0055	Illuminations	C Alexander	75		75				
CP0056	Library Books	C Alexander	230		230				
TOTAL PROJECTS COMMENCING 2012/13			11,605		805	3,000	7,800		
Projects Commencing 2013/14									
CP0158	Library Redesign	C Alexander	500			500			
TOTAL PROJECTS COMMENCING 2013/14			500			500			
TOTAL CAPITAL PROGRAMME			17,895	2,618	1,887	5,550	7,840		

CITY SERVICES CAPITAL PROGRAMME

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

The City Services capital programme will contribute towards meeting the five Aims of the Sunderland Economic Masterplan:

- A new kind of university city
- A national hub of the low-carbon economy
- A prosperous and well-connected waterfront city centre
- An inclusive city economy for all ages
- A one city approach to economic leadership

It aims to do this by:

- Maintaining the existing highway including its bridges and structures in a safe and serviceable condition.
- Securing the safe and efficient movement and appropriate access for goods and people using the city's highways.
- Securing improvements to existing highways and the construction of new highways.
- Maintaining and enhancing coastal and seafront structures.
- Sourcing funding and establishing key partnerships to further develop the Council's play and urban games facilities for children and young people.

OUTCOMES FROM COMPLETED CAPITAL SCHEMES

Transport:

- Completion of the Highway Maintenance Programme which included over 80 road strengthening and footway reconstruction schemes.
- Improvement and development of cycling routes with the completion of schemes at Newport (Silksworth) and Southwick.
- Design and implementation of Local Safety Schemes including Castle Road and Barmston; 20 mph zones at Silksworth, the roads surrounding Barnes Junior and Infants Schools; new traffic signals at the former Wheatsheaf gyratory, Blue Bell junction, Stockton Road/Belvedere Road junction and Penshaw Bridge; improved pedestrian crossing facilities at Barnes Park Road, improved traffic management on the A690 Houghton Cut.
- Installation of further electric vehicle charging points across the city.

Play Provision:

- The Play Pathfinder programme is now completed with 28 new or significantly refurbished play areas. The Play and Urban Games Strategy (updated in 2007), indicated that just 19% of children & young people had access to high quality play 1km from their door. By the end of March 2012, this had increased to 70%.
- Significant play area updates have also been completed at Hylton Castle, Billy Hardy Sports Complex and also the South Hylton Environmental Project.

KEY MEDIUM TERM PRIORITIES

- Structural highway maintenance works on classified roads.
- Continue to support plans for the regeneration of the City Centre, River Corridor and Enterprise Zone.
- Coast Protection Works to protect coastal assets.
- Development of the Sunderland Strategic Transport Corridor (SSTC) which will contribute to reducing congestion, improving quality of the environment, economic success and reducing social exclusion. The transport corridor will extend from West Wear Street at the south side of the Wearmouth Bridge to the A19/A1231 including a new Wear Bridge crossing.
- Deliver the Local Sustainable Transport Fund project to support economic growth and reduce carbon emissions, delivering cleaner environments and improved air quality, enhanced safety and reduced congestion.
- Development of a programme of flood defence and drainage measures in response to increased flooding incidents.
- Improve cycling provision across the city.

HOW THE PROGRAMME CONTRIBUTES TO VALUE FOR MONEY AND EFFICIENCY

- 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.
- Highway and bridge maintenance schemes ensure that the asset is maintained to a good condition to ensure the network can be used safely and conveniently by all users.

CITY SERVICES CAPITAL PROGRAMME

CAPITAL INVESTMENTS FOR THE YEAR AHEAD

Ongoing Commitments

- Continue the programme of investment in schemes to improve the safety of highway users.
- Improvements to pedestrian and cycling facilities through the Local Sustainable Transport Fund.
- Commence the construction of the first phase of the Sunderland Strategic Transport Corridor (New Wear Bridge).
- Continue the programme of investment in schemes to improve conditions for cyclists.
- Continue the programme of investment in schemes to improve the condition of highways and their structures.
- Development of Route Action Plans for network management enhancements on Whitburn Road, Ryhope Road, Chester Road and Durham Road.
- Better Bus improvement scheme to optimize accessibility to the city centre along Borough Road.
- Implementation of a programme of Vehicle actuated speed signs throughout the city.
- Completion of Penshaw Bridge refurbishment scheme.
- Construction of Hendon Burn Culvert access shaft to allow ongoing maintenance of significant length of underground culverted waterways.
- Coast protection works at South Bents to Seaburn that will provide a rear flood protection wall to the promenade, affording protection to the A183 highway and adjacent residential and business properties.
- Coast protection works to prevent coastal erosion and flooding that may adversely impact on business at the Port of Sunderland.
- Continue a programme of play and urban games investment in schemes to improve facilities at Kirklee Playing Field. In addition, a new wheeled sports park will be developed in Downhill at the Community North Sports Complex. Priority play area developments will also be identified as part of a refresh to the existing Play and Urban Games Strategy Addendum 2010-2012.

New Starts

- Purchase of high volume water pumps and works that will mitigate the effect of extreme weather conditions such as the installation of new drainage systems, repair highways drainage networks, consolidation of unstable land and creating physical barriers for surface water to run off land.
- Works to improve the physical appearance of Sunderland Crematorium.
- Replacement of roads and footpaths in the events area at Herrington Country Park with a durable metalled surface to enable planned events to proceed causing whilst minimising damage to structures within the park.
- Installation of netting and other consolidation works at Houghton Cut to reduce potential accident risks.
- Improvement works to refurbish various historic parks to be carried out subject to successful Heritage Lottery Fund grant applications.
- A contribution to South Tyne and Wear Waste Management Partnership as part of the agreed strategy to create a new Waste Transfer Station on industrial land at Jack Crawford House, at Campdown in Wrekenton (including a visitor centre) and to improve the existing waste transfer station at Middlefields in South Shields.
- Continue the programme of investment in schemes to improve the safety of highway users.
- Continue the programme of investment in schemes to improve conditions for cyclists.
- Continue the programme of investment in schemes to improve the condition of highways and their structures.

**CITY SERVICES
CAPITAL PROGRAMME**

SUMMARY

Project Description	Gross Cost £'000	Expend to 31.3.12 £'000	Estimated Payments					
			2012/13 £'000	2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000	
MAIN BLOCK								
Continuing Projects	167,498	56,561	6,682	35,771	46,335	22,149		
Projects Commencing 2012/2013	10,609		6,976	863	1,100	670		1,000
Projects Commencing 2013/2014	15,622			11,622	1,500	1,500		1,000
Projects Commencing 2014/2015	4,563				4,563			
Projects Commencing 2015/2016	4,279					4,279		
Projects Commencing 2016/2017	4,279							4,279
TOTAL CAPITAL EXPENDITURE	206,850	56,561	13,658	48,256	53,498	28,598		6,279

METHOD OF FINANCING ESTIMATED CAPITAL EXPENDITURE

Source of Finance	Estimated Resources				
	2012/13 £'000	2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000
FROM EXTERNAL SOURCES					
Loans - Unsupported Borrowing	4,437	13,398	9,536	4,013	(1,100)
Government Grants					
- LTP Transport Grant	5,916	6,096	6,063	5,779	5,779
- LTP Section 31 Transport Grant		28,073	36,867	17,623	
- Local Sustainability Transport Fund	83	153			
- Coast Protection	351	137	132	283	700
- Better Bus Fund	410	10			
Other Contributions	18				
Heritage Lottery Fund			900	900	900
Grants from Other Public Bodies					
- Homes and Communities Agency	500	42			
Nexus	215	187			
Total External Sources	11,930	48,096	53,498	28,598	6,279
FROM INTERNAL SOURCES					
Revenue Contributions					
- City Services	23				
- Strategic Initiatives Budget	148	35			
Reserves					
- Strategic Investment Plan	195				
- Other Capital Reserve	175				
- Other Capital Reserve - Section 38	60				
- Other Capital Reserve - Section 106	199	125			
- Unutilised RCCO Reserve	324				
Capital Receipts	604				
Total Internal Sources	1,728	160			
TOTAL FINANCING	13,658	48,256	53,498	28,598	6,279

**CITY SERVICES
CAPITAL PROGRAMME**

Project Ref	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.12 £'000	Estimated Payments				
					2012/13 £'000	2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000
Continuing Projects									
CP0001	Southern Radial Route	L Clark	40,861	40,115	542	204			
CP0002	Central Route - Scheme Development & Land Costs	L Clark	2,215	1,793	422				
CP0003	SSTC Ph2 (New Wear Bridge)	J Johnson	117,642	9,751	4,125	35,282	46,335	22,149	
Local Transport Plan									
CP0004	Penshaw Bridge	L Clark	561	155	406				
CP0005	Integrated Transport - Electric Vehicle Charging Points	L Clark	163	123	40				
CP0006	Public Transport Schemes	L Clark	247	225	22				
CP0007	Local Safety Schemes (SIB/SIP)	L Clark	182	143	39				
CP0008	Washington Road Safety Measures	L Clark	541	527	14				
Street Scene									
CP0009	Private Streetworks	L Clark	50		50				
CP0010	Ryhope Beach Access	L Clark	325	315	10				
CP0011	Central Car Park Demolition	L Clark	2,751	2,487	264				
CP0012	Recycling Bring Sites	L Clark	118	116	2				
CP0013	Sunderland Crematorium	L Clark	750	571	179				
Coast Protection									
CP0014	Coastal Strategy Review Ph2	L Clark	105	90	15				
CP0015	Deptford Culvert Flood Risk Assessment	L Clark	24	1	23				
CP0016	Hendon Burn Culvert Safety Works	L Clark	364	39	200	125			
CP0017	Hendon Burn Culvert Flood Risk Assessment	L Clark	21	1	20				
CP0018	Hydrographic Survey	L Clark	53	7	46				
Play Provision									
CP0019	Oxclose Play Area (SIB/SIP) Play and Urban Games Strategy :	J Gray	45	36	9				
CP0020	South Hylton Environmental Project	J Gray	200	66	134				
CP0021	Hylton Castle play upgrade	J Gray	100		100				
CP0022	Kirklee Field	J Gray	100		20	80			
CP0023	North Area Skate Park	J Gray	80			80			
TOTAL CONTINUING PROJECTS			167,498	56,561	6,682	35,771	46,335	22,149	

**CITY SERVICES
CAPITAL PROGRAMME**

Project Ref	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.12 £'000	Estimated Payments				
					2012/13 £'000	2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000
Projects Commencing 2012/13									
Local Transport Plan									
CP0024	Highway Maintenance	L Clark	2,326		2,326				
CP0025	Bridge Maintenance	L Clark	745		745				
CP0026	Integrated Transport - Economy	L Clark	842		690	152			
CP0027	Integrated Transport - Place	L Clark	864		647	217			
CP0028	Integrated Transport - People	L Clark	753		564	189			
CP0029	Public Transport Schemes	L Clark	65		65				
CP0030	Local Sustainable Transport Fund - Safer School Routes	L Clark	236		83	153			
CP0031	Cycleways	L Clark	55		55				
CP0032	Upgrade of C2C Cycleway (HCA)	L Clark	542		500	42			
CP0033	Coalfields Cycle Route	L Clark	60		60				
CP0034	Better Bus Areas Fund :- - Borough Road	L Clark	595		585	10			
CP0035	- Intelligent Transport Systems	L Clark	50		50				
CP0036	Additional Transport priorities	L Clark							
Parks									
CP0037	Thompson Park - Former Park Keepers House	C Clark	49		49				
Coast Protection									
CP0038	South Bents to Seaburn (SF1)	L Clark	920		20	100	800		
CP0039	Port Area - Phase 1	L Clark	1,020		50	300	670		
CP0159	Port - Phase 2 indicative	L Clark	1,000						1,000
Street Scene									
CP0040	Waste Containers	L Clark	175		175				
CP0041	Tractors and Mowers	L Clark	312		312				
TOTAL PROJECTS COMMENCING 2012/13			10,609		6,976	863	1,100	670	1,000
Projects Commencing 2013/14									
Local Transport Plan									
CP0024	Highway Maintenance	L Clark	2,261			2,261			
CP0025	Bridge Maintenance	L Clark	500			500			
CP0026	Integrated Transport - Economy	L Clark	863			863			
CP0027	Integrated Transport - Place	L Clark	485			485			
CP0028	Integrated Transport - People	L Clark	725			725			
CP0006	Public Transport Schemes	L Clark	187			187			
CP0163	Houghton Cut Safety Works	L Clark	30			30			
Flood & Coast Risk Management									
CP0160	Flood and Extreme Weather Mitigation	L Clark	1,630			630	500	500	
Street Scene									
CP0165	Waste Transfer Station	L Clark	5,651			5,651			
CP0161	Improvements to the Crematorium	L Clark	140			140			
Parks									
CP0162	Herrington Park Infrastructure	L Clark	150			150			
CP0164	Parks Improvement	L Clark	3,000				1,000	1,000	1,000
TOTAL PROJECTS COMMENCING 2013/14			15,622			11,622	1,500	1,500	1,000

**CITY SERVICES
CAPITAL PROGRAMME**

Project Ref	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.12 £'000	Estimated Payments				
					2012/13 £'000	2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000
Projects Commencing 2014/15									
Local Transport Plan									
CP0024	Highway Maintenance	L Clark	2,175				2,175		
CP0025	Bridge Maintenance	L Clark	350				350		
CP0026	Integrated Transport - Economy	L Clark	774				774		
CP0027	Integrated Transport - Place	L Clark	494				494		
CP0028	Integrated Transport - People	L Clark	770				770		
TOTAL PROJECTS COMMENCING 2014/15			4,563				4,563		
Projects Commencing 2015/16									
Local Transport Plan									
CP0024	Highway Maintenance	L Clark	1,891					1,891	
CP0025	Bridge Maintenance	L Clark	350					350	
CP0026	Integrated Transport - Economy	L Clark	774					774	
CP0027	Integrated Transport - Place	L Clark	494					494	
CP0028	Integrated Transport - People	L Clark	770					770	
TOTAL PROJECTS COMMENCING 2015/16			4,279					4,279	
Projects Commencing 2016/17									
Local Transport Plan									
CP0024	Highway Maintenance	L Clark	1,891						1,891
CP0025	Bridge Maintenance	L Clark	350						350
CP0026	Integrated Transport - Economy	L Clark	774						774
CP0027	Integrated Transport - Place	L Clark	494						494
CP0028	Integrated Transport - People	L Clark	770						770
TOTAL PROJECTS COMMENCING 2016/17			4,279						4,279
TOTAL CAPITAL PROGRAMME			206,850	56,561	13,658	48,256	53,498	28,598	6,279

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 Services and Customer Care capital programme will contribute towards meeting the five Aims of the Sunderland Economic Masterplan:

- A new kind of university city.
- A national hub of the low-carbon economy.
- A prosperous and well-connected waterfront city centre.
- An inclusive city economy for all ages.
- A one city approach to economic leadership.

It aims to do this by:

- Developing the infrastructure that supports the delivery of the Council's improvement priorities.
- Providing a seamless customer interface across all channels of access that resolves demand at the earliest possible opportunity and at the lowest cost to the Council providing accessible, consistent, responsive and high quality services.

KEY MEDIUM TERM PRIORITIES

- Implementation of the Customer Service and Access Strategy action plan key principles.
- Delivery of the Customer Services Work programme.

HOW THE PROGRAMME CONTRIBUTES TO VALUE FOR MONEY AND EFFICIENCY

- The delivery of integrated customer services supports value for money by increasing first point of contact resolution, leading to less dual handling and increased efficiency.
- The implementation of the integrated technology platform will enable the wide-scale development of web self serve and the associated benefits of channel shift.

CAPITAL INVESTMENTS FOR THE YEAR AHEAD

Ongoing Commitments

- Provision of a customer services technology platform to improve the quality and accessibility of services.

**RESPONSIVE SERVICES AND CUSTOMER CARE
CAPITAL PROGRAMME**

SUMMARY

Project Description	Gross Cost £'000	Expend to 31.3.12 £'000	Estimated Payments				
			2012/13 £'000	2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000
MAIN BLOCK							
Continuing Projects	400	130	170	100			
Projects Commencing 2012/2013							
Projects Commencing 2013/2014							
Projects Commencing 2014/2015							
Projects Commencing 2015/2016							
Projects Commencing 2016/2017							
TOTAL CAPITAL EXPENDITURE	400	130	170	100			

METHOD OF FINANCING ESTIMATED CAPITAL EXPENDITURE

Source of Finance	Estimated Resources				
	2012/13 £'000	2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000
FROM EXTERNAL SOURCES					
Total External Sources					
FROM INTERNAL SOURCES					
Reserves					
- Business Transformation Reserve	61				
- Unutilised RCCO Reserve	100				
Capital Receipts	9	100			
Total Internal Sources	170	100			
TOTAL FINANCING	170	100			

**RESPONSIVE SERVICES AND CUSTOMER CARE
CAPITAL PROGRAMME**

Project Ref	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.12 £'000	Estimated Payments				
					2012/13 £'000	2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000
CP0057	Continuing Projects								
	Customer Care Customer Service Network Platform	L St Louis	400	130	170	100			
TOTAL CONTINUING PROJECTS			400	130	170	100			
TOTAL CAPITAL PROGRAMME			400	130	170	100			

Appendix 3

Prudential and Treasury Indicators 2013/2014 to 2015/2016

It should be noted that all of the prudential indicators continue to fully reflect the requirements of International Financial Reporting Standards (IFRS) which were introduced from 1st April 2010. Should any of the Council's prudential indicators be exceeded during the year then they will be reported to Cabinet and where appropriate full Council at the next appropriate meeting following the change.

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

- P1 Actual capital expenditure incurred in 2011/2012 was £56.847 million and the estimates of capital expenditure to be incurred for the current and future years that are recommended for approval are:

	2012/13	2013/14	2014/15	2015/16
	£'000	£'000	£'000	£'000
Estimated Capital Expenditure	67,777	110,913	97,702	42,727

An estimate has been made of future spend on the basis of indicative grants approved for 2013/2014 onwards. 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 2011/2012 are:

Ratio of financing costs to net revenue stream				
2011/2012	2012/2013	2013/2014	2014/2015	2015/2016
Actual	Estimate	Estimate	Estimate	Estimate
6.93%	7.13%	8.77%	10.43%	12.05%

The estimates of financing costs include current commitments and the proposals in the revenue budget and capital programme reports. The forecasts provide an indication of the impact of the capital investment plans on the Council's overall finances. They show an increase in anticipated ratios of financing costs to net revenue stream in future years as a result of forecast reductions in future years Government Funding allocations but also additional prudential borrowing proposed in the capital programme for strategic priorities.

The indicators also show an increase reflecting the fact that significant amounts of expenditure are planned to be financed from earmarked reserves which will lead to investment levels reducing over time.

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

- 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 2012 are:

Capital Financing Requirement				
31/03/12	31/03/13	31/03/14	31/03/15	31/03/16
£000	£000	£000	£000	£000
Actual	Estimate	Estimate	Estimate	Estimate
239,073	262,374	306,802	348,932	363,470

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 fully 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 increase in the Capital Financing Requirement reflects the underlying borrowing need in respect of funding proposals in the capital programme reports.

Following accounting changes the Capital Financing Requirement includes other long term liabilities (e.g. PFI schemes and finance leases) brought onto the balance sheet. Whilst this increases the Capital Financing Requirement, and therefore the Council's borrowing requirement, these types of scheme include a borrowing facility and so the Council is not required to separately borrow for these schemes. The Council had £33.560 million of such schemes included in its Capital Financing Requirement at 31st March 2012.

- P4 CIPFA's Prudential Code for Capital Finance in Local Authorities includes the following comparator between gross debt and the capital financing requirement as a key indicator of prudence (indicator revised in 2012):

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

The Authority had no difficulty meeting this requirement in 2011/2012, 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 2013/2014.

- 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 PFI schemes and finance leases. The Council is asked to approve these limits and to delegate authority to the Executive Director of Commercial and Corporate Services, 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 Cabinet and the Council at the next meetings following the change.

	Authorised Limit for External Debt			
	2012/2013	2013/2014	2014/2015	2015/2016
	£000	£000	£000	£000
Borrowing	342,396	366,139	406,525	417,700
Other long term liabilities	34,928	32,463	31,893	30,294
Total	377,324	398,602	438,418	447,994

The Executive Director of Commercial and Corporate Services 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 Executive Director of Commercial and Corporate Services also 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 2013/2014, the Council is asked to note that the authorised limit determined for 2013/2014, (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 and agrees the continuation of the previously agreed limit for the current year since no change to this is necessary. 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 Executive Director of Commercial and Corporate Services, within the total operational boundary for any individual year, to effect movement between the separately agreed figures for borrowing and other long term liabilities, similar to the authorised limit set out above.

The operational boundary limit will be closely monitored and a report will be made to Cabinet 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.

	Operational Boundary for External Debt			
	2012/2013	2013/2014	2014/2015	2015/2016
	£000	£000	£000	£000
Borrowing	304,083	322,863	363,852	375,606
Other long term liabilities	34,928	32,463	31,893	30,294
Total	339,011	355,326	395,745	405,900

P7 The Council's actual external debt at 31st March 2012 was £251.142 million and was made up of actual borrowing of £217.582 million and actual other long term liabilities of £33.560 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:

<u>For Band D Council Tax</u>		
2013/2014	2014/2015	2015/2016
£5.54	£23.03	£29.76

The estimates show the net revenue effect of all capital expenditure from all schemes commencing in 2012/2013 and the following two financial years.

These forward estimates that the Council is not committed to. They are based on the 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 £31.65 in 2016/2017. 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. The revised Code was adopted on 3rd March 2010 by full council.

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 2012/2013 to 2014/2015

- P10 It is recommended that the Council sets an upper limit on its fixed interest rate exposures of £235 million in 2013/2014, £295 million in 2014/2015 and £300 million in 2015/2016.

- P11 It is further recommended that the Council sets an upper limit on its variable interest rate exposures of £50 million in 2013/2014, £60 million in 2014/2015 and £60 million in 2015/2016.
- 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:

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

- P13 A maximum maturity limit of £75 million is set for each financial year (2013/2014, 2014/2015 and 2015/2016) 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. Type of investments to be allowed are detailed in the Annual Investment Strategy (Appendix 6).

At present the Council has £16.787 million of long-term investments. This is £16.767 million for the value of share capital held in NIAL Holdings PLC. This equates to a 9.62% share in Newcastle International Airport. The Council also holds £0.020 million in government securities, other shares and unit trusts.

Minimum Revenue Provision Policy Statement 2013/2014

The Department for Communities and Local Government (DCLG) has provided statutory guidance on the methodology to use, which local authorities 'must have regard to' when assessing an appropriate Minimum Revenue Provision (MRP). The guidance recommends that authorities must submit to full Council an annual statement of its policy on making a MRP in respect of the following financial year and highlight which of the various options set out in their guidance will be followed.

- 1.1 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 Grant, reasonably commensurate with the period implicit in the determination of that grant. The major proportion of the MRP for 2013/14 will relate to the supported historic debt liability.
- 1.2 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.
- 1.3 Estimated life periods will be determined under delegated powers. As some types of capital expenditure incurred by the Council are not capable of being related to an individual asset, such as IT infrastructure, asset lives will be assessed on a basis which most reasonably reflects the anticipated period of benefit that arises from the expenditure. Also, whatever type of expenditure is involved, it will be grouped together in a manner which reflects the nature of the main component of expenditure and will only be divided up in cases where there are two or more major components with substantially different useful economic lives. The Council also reserves the right to determine useful life periods and prudent MRP in exceptional circumstances where the recommendations of the guidance would not be appropriate.

- 1.4 For 2013/2014, 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 (using 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.

- 1.5 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 existing 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.

- 1.6 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 (this requirement is relaxed where unsupported borrowing is taken out on behalf of trading services and areas which are subject to market pressures, to ensure that these services would not be put at an unfair disadvantage in comparison to any potential competitors);
- 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, deposits or loans made for capital purposes that have been given in earlier years and any new grants, deposits or loans that may be made for which borrowing is taken out. MRP is based on the actual principal repayment schedule relating to the grant, deposit or loan provided. This option is used for spend such as existing loans provided to Wearside College, mortgages provided in earlier years to householders under Right to Buy regulations, and capital spend in relation to loans, deposits and other grants made to support economic regeneration:

In other cases where unsupported borrowing is used to finance capital schemes then the option 3 asset life method of determining MRP is used with MRP charge commencing in the financial year following the one in which the asset comes into service.

- 1.7 Given budget pressures, it is proposed that opportunities for utilising the prudential framework be restricted to a level where provision has been made within the revenue budget and where the expenditure will either be used to support the Council's key priorities in terms of regeneration plans and strategic priorities, to fund invest to save schemes, or to support asset

purchases where option appraisal of funding through borrowing instead of leasing is appropriate. The revenue budget is framed to enable such levels to be affordable and sustainable into future years.

- 1.8 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 also recommended to continue existing practice for making MRP repayments using the criteria detailed in 6.6 above.
- 1.9 In addition, revised accounting guidelines to comply with IFRS were introduced for the financial year 2010/2011. The new standards had the effect of reclassifying operational leases, finance leases and PFI contracts and required these assets to be brought onto the Council's balance sheet. MRP policy used by the Council will ensure that there will be no impact on council taxpayers from revisions to accounting standards and that 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 i.e. the annual MRP charge will be an amount equal to the amount that has been taken to the balance sheet to reduce the liability for that asset.
- 1.10 In summary, it is recommended that the Council approves the following Minimum Revenue Provision Statement 2013/2014:
 - a) For all government supported borrowing the Council will adopt Option 1 as set out in the government 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 Executive Director of Commercial and Corporate Services in consultation with appropriate officers.
 - c) For MRP payments in relation to finance leases and PFI contracts, the amount of MRP to be made will be set to ensure that the finance charge and MRP for 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.
 - d) The Council will vary MRP payments to that indicated by the adoption of Option 3, with reference to the Council's framework detailed in 1.6 above. Any requirement to make additional voluntary MRP payments may be relaxed by the Executive Director of Commercial and Corporate Services where appropriate, in particular for any unsupported borrowing taken out on behalf of trading services, which are subject to market pressures.

Treasury Management Policy Statement

In line with CIPFA recommendations, on the 3rd March 2010 the Council adopted the following Treasury Management Policy Statement, which defines the policies and objectives of its treasury management activities:

- The Council defines its treasury management activities as: “The management of the Council’s 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, and any financial instruments entered into to manage these risks.
- The Council acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable comprehensive performance measurement techniques, within the context of effective risk management.

The Council has an agreed Borrowing and Investment Strategy, the high level policies of which are as follows:

The basis of the agreed Borrowing Strategy is to:

- continuously monitor prevailing interest rates and forecasts;
- secure long-term funds to meet the Council’s future borrowing requirement when market conditions are favourable;
- use a benchmark financing rate of 4.50% for long term borrowing (i.e. all borrowing for a period of one year or more);
- take advantage of debt rescheduling opportunities, as appropriate.

The general policy objective for the Council in considering potential investments is the prudent investment of its treasury balances.

- the Council’s investment priorities in order of importance are:
 - 1) The security of capital
 - 2) The liquidity of its investments and then
 - 3) The Council aims to achieve the optimum yield on its investments but this is commensurate with the proper levels of security and liquidity
- the Council has a detailed Lending List and criteria must be observed when placing funds – these are determined using expert TM advice, view of money market conditions and using detailed rating agency information as well as using our own market intelligence.

Appendix 5

- Limits are also placed on the amounts that can be invested with individual and grouped financial institutions based on the Lending List and detailed criteria

The Council also re-affirms its commitment to the Treasury Management Policy and Strategy Statement each year.

Treasury Management Strategy Statement for 2013/2014

1. Introduction

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

The suggested strategy for 2013/2014 is set out below and is based upon the Executive Director of Commercial and Corporate Services 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.

- 1.2 The treasury management strategy covers:

A. Borrowing Policy and Strategy

- treasury limits for 2013/2014 to 2015/2016
- current treasury management position
- the borrowing requirement 2013/2014
- prudential and treasury management Indicators for 2013/14 to 2015/16
- prospects for interest rates
- the borrowing strategy
- policy on borrowing in advance of need
- debt rescheduling

B. Annual Investment Policy and Strategy

- Investment policy and objectives
- the investment strategy
- investment types
- investments defined as capital expenditure
- investment limits
- provision for credit related losses
- creditworthiness policy
- monitoring of credit ratings
- past performance and current position
- outlook and proposed investment strategy
- external fund managers
- policy on use of external service providers

2. Borrowing Policy and Strategy

2.1 Treasury Limits for 2013/14 to 2015/16

It is a statutory duty under Section 3 of the Local Government Act 2003 and supporting regulations, for the Council to determine and keep under review how much it can afford to borrow. The amount so determined is termed the "Affordable Borrowing Limit". In England and Wales the Authorised Limit represents the legislative limit specified in the Act.

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

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 Authorised Limit is set, on a rolling basis, for the forthcoming financial year and two successive financial years and details can be found in Appendix 3 of this report. The Council is asked to approve these limits and to delegate authority to the Executive Director of Commercial and Corporate Services, within the total limit for any individual year, to action movement between the separately agreed limits for borrowing and other long term liabilities where this would be appropriate. Any such changes made will be reported to Cabinet and the Council at their next meetings following the change.

Also, the Council is asked to approve the Operational Boundary Limits which are included in the Prudential Indicators (Appendix 3). This operational boundary represents a key management tool for in year monitoring. Within the operational boundary, figures for borrowing and other long-term liabilities are separately identified and the Council is also asked to delegate authority to the Executive Director of Commercial and Corporate Services, within the total operational boundary for any individual year, to action movement between the separately agreed figures for borrowing and other long-term liabilities, in a similar fashion to the authorised limit.

2.2 Current Treasury Management Position

2.2.1 Interest Rates 2012/2013

The Bank of England Base Rate has remained at 0.50% since 5th March 2009 and Economists are united in their forecasts for the Bank Base Rate, with no change to the current 0.5% predicted until after the December 2014 quarter at the earliest. PWLB rates and bond yields remain extremely unpredictable and there are still exceptional levels of volatility which are highly correlated to the sovereign debt crisis and to political developments in the Eurozone. This uncertainty is expected to continue into the medium term.

The government announced in the March 2012 budget plans to introduce a 0.20% discount on PWLB loans under the prudential borrowing regime for those authorities that provided 'improved information and transparency on their locally determined long-term borrowing and associated capital spending plans' and who successfully applied and were eligible for the lower rate. The Council successfully applied to access loans at the lower PWLB certainty rate, which came into effect on 1st November 2012 and eligibility lasts until 31st October 2013 when authorities must reapply to access the PWLB certainty rate for the following 12 months.

Loan Type	31st March 2012 %	31st December 2012* %	Difference %
7 Day Notice	0.46	0.36	(0.10)
1 Month	0.57	0.37	(0.20)
PWLB – 1 Year	1.28	1.03	(0.25)
5 Years	2.05	1.70	(0.35)
10 Years	3.21	2.64	(0.57)
25 Years	4.32	3.87	(0.45)
50 Years	4.36	4.03	(0.33)

*Rates at 31/12/12 take into account a 0.2% discount to PWLB rates available to eligible authorities that came into effect on 1st November 2012.

2.2.2 Long Term Borrowing 2012/2013

The Council's strategy for 2012/2013 is to adopt a pragmatic approach in identifying the low points in the interest rate cycle at which to borrow and to respond to any changing circumstances to seek to secure benefit for the Council. A benchmark financing rate of 4.50% for long-term borrowing was set in the Treasury Management Policy and Strategy Statement for 2012/2013. Due to high levels of volatility in the financial markets, with borrowing rates still forecast to remain low over the short term, no new borrowing has been undertaken in the current financial year up to 16th January 2013, and no debt rescheduling has been undertaken as rates have not been considered sufficiently favourable.

The Council has nine market Lender's Option / Borrower's Option (LOBO) loans totalling £39.5 million. The lender has the option to alter the rate on these loans at set intervals and the Council can either accept the new rate or repay the loan without penalty. The following table shows the LOBO's that were subject to a potential rollover this financial year. No changes have been received and none are expected for the outstanding 2 roll over period LOBO's with Dexia.

<u>Roll Over Dates</u>	Lender	Amount £m	Rate %	Roll Over Periods
21/04/2012 and 21/10/2012	Barclays	5.0	4.50	Every 6 months
29/09/2012	Dexia	5.0	4.32	every 3 years
03/02/2013	Dexia	5.0	4.37	every 3 years
22/02/2013	Dexia	5.0	4.38	every 3 years
Total		20.0		

2.2.3 Current Portfolio Position

The Council's treasury portfolio position at 31st December 2012 comprised:

		Principal (£m)	Total (£m)	Average Rate (%)
Borrowing				
Fixed Rate Funding	PWLB	142.9		
	Market (LOBO's)	24.5		
	Other	0.3	167.7	3.90
Variable Rate Funding	PWLB	0.0		
	Market (LOBO's)	15.0		
	Temporary / Other	29.2	44.2	2.01
Total Borrowing			211.9	3.51
Total Investments				
	In House—short term*		238.9	1.89
	long term		14.9	8.60
	Total Investments		253.8	
Net Position			41.9	

* The total investments figure includes monies invested on behalf of the North Eastern Local Enterprise Partnership for whom Sunderland City Council is the accountable body.

The Council currently has an excess of £41.9 million representing the difference between gross debt and total investments. However this position is expected to change over the next few years as the Council has to manage its finances with significantly less government funding. This could impact in the form of increased borrowing and reductions to reserves, with the result that the net borrowing position of the Council will increase.

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 at less of a risk should money markets become restricted or borrowing less generally available, this mitigates against liquidity risk;
- interest is received on investments which helps 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.

Appendix 6

Risks associated with holding a high level of investments are;

- the Counterparty risk – institutions cannot 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 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.

2.3 Borrowing Requirement 2013/2014

The Council's borrowing requirement is as follows:

		2013/14 £m	2014/15 £m	2015/16 £m
1.	Capital Borrowing (potential)	44.4	42.2	14.6
2.	Replacement borrowing (PWLB)	5.0	10.0	0.0
3.	Replacement borrowing (Market)	0.0	0.0	0.0
4.	Market LOBO replacement (potential)	10.0	19.5	20.0
TOTAL – KNOWN (2+3)		5.0	10.0	0.0
TOTAL – POTENTIAL (1+4)		54.4	61.7	34.6

2.4 Prudential and Treasury Management Indicators for 2013/2014 – 2015/2016

Prudential and Treasury Indicators (as set out in Appendix 3) are a requirement of the CIPFA Prudential Code and are relevant for the purposes of setting an integrated treasury management strategy and to ensure that treasury management decisions are taken in accordance with good professional practice.

The Council is also required to indicate if it has adopted the CIPFA Code of Practice on Treasury Management. The original 2001 Code was adopted on 20th November 2002 and the revised 2009 Code was adopted by the full Council on 3rd March 2010. The Code has been revised in November 2011 and the Council re-affirms its full adherence to the code annually (as set out in Appendix 5).

2.5 Prospects for Interest Rates

The Council's treasury advisors are Sector Treasury Services and part of their service is to assist the Council to formulate a view on interest rates. A number of current City forecasts for short term (Bank Rate) and longer fixed interest rates are set out in Annex A. The following gives the Sector Treasury Services Bank Rate forecast for the next 4 financial years.

- 2012/2013 0.50%
- 2013/2014 0.50%
- 2014/2015 0.50% - 0.75%
- 2015/2016 0.75% - 1.75%

There are downside risks to these forecasts (increase in Bank Rate is delayed further) if economic growth remains weaker for longer than expected. However, should the pace of growth pick up more sharply than expected there could be upside risk, particularly if Bank of England inflation forecasts for two years ahead exceed the Bank of England's 2% target rate. A detailed view of the current economic background is contained within Annex B to this report. The position will be closely monitored to ensure the Council takes appropriate action as necessary under either scenario.

2.6 Borrowing Strategy

2.6.1 Borrowing rates

The Sector forecast in respect of interest rates for loans charged by the PWLB is as follows: -

Annual Average %	Bank Rate	PWLB Borrowing Rates (including certainty rate adjustment)		
		5 year	25 year	50 year
March 2013	0.50	1.50	3.80	4.00
June 2013	0.50	1.50	3.80	4.00
Sept 2013	0.50	1.60	3.80	4.00
Dec 2013	0.50	1.60	3.80	4.00
March 2014	0.50	1.70	3.90	4.10
June 2014	0.50	1.70	3.90	4.10
Sept 2014	0.50	1.80	4.00	4.20
Dec 2014	0.50	2.00	4.10	4.30
March 2015	0.75	2.20	4.30	4.50
June 2015	1.00	2.30	4.40	4.60
Sept 2015	1.25	2.50	4.60	4.80
Dec 2015	1.50	2.70	4.80	5.00
March 2016	1.75	2.90	5.00	5.20

A more detailed forecast from Sector is included in Annex A.

The main sensitivities of the forecast are likely to be;

- if it were felt that there was a significant risk of a much sharper rise in long and short term rates than that currently forecast, perhaps arising from a greater than expected increase in world economic activity or a sudden increase in inflation risks, then the portfolio position will be re-appraised with the likely action that fixed rate borrowing will be undertaken whilst interest rates are still relatively cheap.
- if it were felt that there was a significant risk of a sharp fall in long and short term rates, e.g. due to a marked increase of risks around a relapse into recession or, a risk of deflation, then long term borrowings will be postponed, and potential rescheduling from fixed rate funding into short term borrowing will be considered.

Council officers, in conjunction with the Council's treasury advisers, monitor both the prevailing interest rates and the market forecasts. With long-term interest rate forecasts set to remain around their current levels the Executive Director of Commercial and Corporate Services, taking into account the advice of the Council's treasury adviser considers a benchmark financing rate of 4.50% for any further long-term borrowing for 2013/2014 to be appropriate.

Consideration will be given to various options, including utilising some investment balances to fund the borrowing requirement in 2013/2014. The need to adapt to changing circumstances and revisions to profiling of capital expenditure is required, and flexibility needs to be retained to adapt to any changes that may occur.

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

2.7 **Policy on borrowing in advance of need**

The Council will not borrow more than or in advance of its needs purely to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be assessed within the relevant Capital Financing Requirement calculations / estimates, and will be considered carefully to ensure value for money can be demonstrated and that the Council can ensure the security of such funds.

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

2.8 **Debt Rescheduling**

The reasons for any rescheduling of debt will include:

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

In previous years, debt rescheduling has achieved significant savings in interest charges and discounts and these interest savings have been secured for many years to come. For example, since November 2008 the Council has rescheduled debt worth £59.5 million with an ongoing reduction in interest costs of just under £1.0 million per annum. The introduction by the PWLB in 2007 of a spread between the rates applied to new borrowing and repayment of debt, which has now been compounded since 20 October 2010 by a considerable further widening of the difference between new borrowing and repayment rates, has meant that PWLB debt restructuring is much less attractive than it was before both of these measures were introduced. Consideration will also be given to other options where interest savings may be achievable by using LOBO (Lenders Option Borrowers Option) loans, and / or other market loans, in rescheduling exercises rather than solely using PWLB borrowing as the source of replacement financing but this would only be the case where this would represent best value to the Council.

The latest interest rate projections for 2013/2014 show short term borrowing rates will be considerably cheaper than longer term rates and as such there may be potential for some 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 the current treasury position and the size of the cost of debt repayment (premiums incurred), 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.

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

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

3. Annual Investment Policy and Strategy

3.1 Investment Policy and Objectives

When considering its investment policy and objectives, the Council has taken regard to the Department of Communities and Local Government's (CLG) Guidance on Local Government Investments ("the Guidance") and the CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes ("the CIPFA TM Code").

The Council's investment objectives are: -

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

The Council also aims to achieve the optimum return on its investments but commensurate with proper levels of security and liquidity. The risk appetite of the Council is regarded as low in order to give priority to security of its investments.

The borrowing of monies purely to invest or on-lend and make a return is unlawful and the Council will not engage in such activity.

3.2 Investment Strategy

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. an investment which the Council may require to be repaid or redeemed within 12 months of making the investment).

3.3 Investment Types

The Council is allowed to invest in two types of investment, namely Specified Investments and Non-specified Investments.

Specified Investments are those investments that are for a period of less than one year, are not classed as capital expenditure, and are placed with high credit rated counterparties. Within these bodies and in accordance with the Code, the Council has set additional criteria to set the time and amount of monies that will be invested with these bodies.

Non-specified Investments are any investments which are not classified as specified investments. As the Council only uses high credit rated counterparties this means in effect that any investments placed with those counterparties for a period of one year or more will be classed as Non-specified Investments. Any investment by the Council in this type of investment whether classed as capital expenditure (see 3.4 below) or as a simple revenue investment will be subject to a full appraisal and reported to Cabinet for approval.

The type of investments to be used by the in-house team will be limited to term deposits, interest bearing accounts, Money Market Funds, treasury bills and gilt edged securities and will follow the criteria as set out in Annex C.

3.4 Investments Defined as Capital Expenditure

The acquisition of share 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'.

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. Only the latter will be governed by the framework set by the Council for 'specified' and 'non-specified' investments.

3.5 Investment Limits

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

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

A maximum limit of £75 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 Executive Director of Commercial and Corporate Services will monitor long-term investment rates and identify any investment opportunities if market conditions change.

3.6 Provisions for Credit Related Losses

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

3.7 Creditworthiness policy

The creditworthiness policy adopted by this 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, available market data and intelligence such as Credit Default Swap levels and share prices, the level of government support to financial institutions and advice from its Treasury Management advisors.

Set out in Annex D 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.

3.8 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.

Appendix 6

- 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).

Should fund managers be 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.

The ratings agencies have reaffirmed the UK's AAA sovereign rating. They have, though, warned that this could be reviewed if Government policy were to change, or was seen to be failing to achieve its desired outcome. Should the UK Government AAA sovereign rating be withdrawn the Council's Investment Strategy and Lending List criteria will be reviewed and any changes necessary will be reported to Cabinet.

3.9 Past Performance and Current Position

During 2012/2013 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 relevant benchmarks and performance from the previous year:

	2011/12	2011/12	To date	To date
	Return	Benchmark	2012/13	2012/13
	%	%	Return	Benchmark
	%	%	%	%
Council	1.62	0.49	1.89	0.41

During 2013/2014 the Council will continue to review the optimum arrangements for the investment of its funds whilst fully observing the investment strategy in place. The Council uses the 7 day London Interbank Bid (LIBID) rate as a benchmark for its investments. The performance of the Council compared well with other local authorities and is in the top quartile.

3.10 Outlook and Proposed Investment Strategy

Based on its cash flow forecasts, the Council anticipates its fund balances in 2013/2014 are likely to range between £100 million and £250 million. This represents a cautious approach and provides for funding being received in excess of the level budgeted for, and also for unexpected and unplanned levels of capital underspending in the year or reprofiling of spend into future years. In 2013/2014, with short-term interest rates forecast to be 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.

The Council is not committed to any investments, which are due to commence in 2013/2014, (i.e. it has not agreed any forward deals).

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

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

The Executive Director of Commercial and Corporate Services, 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.

It is proposed that delegated authority continues for the Executive Director of Commercial and Corporate Services, 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.

3.11 External fund managers

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

Should the Council appoint any external fund managers in the future, they will have to agree to strict investment limits and investment criteria. These 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 Annex D);
- 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%. It is proposed to only recommend the use of fixed term deposits up to a maximum of 2 years.

3.12 Policy on the use of external service providers

The Council uses Sector as its external treasury management advisers. The Council recognises that responsibility for treasury management decisions remain with the Council at all times and will ensure that undue reliance is not placed upon our external service providers.

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

4. Scheme of delegation

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

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

Appendix 6

Area of Responsibility	Council/ Committee/ Officer	Frequency
Treasury Management Policy Statement (revised)	Full Council	Reaffirmed annually and updated as appropriate
Treasury Management Strategy / Annual Investment Strategy	Full Council	Annually before the start of the year
Treasury Management Strategy / Annual Investment Strategy – 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	Executive Director of Commercial and Corporate Services	Monthly
Treasury Management Practices	Executive Director of Commercial and Corporate Services	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

5. The Treasury Management Role of the Section 151 Officer

- 5.1 The Executive Director of Commercial and Corporate Services is the Council's Section 151 Officer and has specific delegated responsibility in the Council's Constitution to manage the borrowing, financing, and investment requirements of the Council in accordance with the Treasury Management Policy agreed by the Council. This includes;
- recommending clauses, treasury management policy/practices for approval, reviewing the same regularly, and monitoring compliance
 - submitting regular treasury management policy reports
 - submitting budgets and budget variations
 - receiving and reviewing management information reports
 - reviewing the performance of the treasury management function
 - ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function
 - ensuring the adequacy of internal audit, and liaising with external audit
 - recommending the appointment of external service providers.

Interest Rate Forecasts

The data set out overleaf shows a variety of forecasts published by Sector Treasury Services, Capital Economics (an independent forecasting consultancy) and UBS (which represents summarised figures drawn from the population of all major City banks and academic institutions).

The forecast within this strategy statement has been drawn from these diverse sources and officers' own views.

1. Interest Rate Forecasts

Sector's Interest Rate View															
	Now	Dec-12	Mar-13	Jun-13	Sep-13	Dec-13	Mar-14	Jun-14	Sep-14	Dec-14	Mar-15	Jun-15	Sep-15	Dec-15	Mar-16
Sector's Bank Rate View	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.75%	1.00%	1.25%	1.50%	1.75%
3 M onth LIBID	0.40%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.60%	0.60%	0.70%	0.80%	1.10%	1.40%	1.70%	1.90%
6 M onth LIBID	0.56%	0.70%	0.70%	0.70%	0.70%	0.70%	0.70%	0.80%	0.90%	1.00%	1.10%	1.30%	1.60%	1.90%	2.20%
12 M onth LIBID	0.92%	1.00%	1.00%	1.00%	1.00%	1.00%	1.10%	1.10%	1.20%	1.30%	1.30%	1.50%	1.80%	2.10%	2.40%
5yr PW LB Rate	1.66%	1.50%	1.50%	1.50%	1.60%	1.60%	1.70%	1.70%	1.80%	2.00%	2.20%	2.30%	2.50%	2.70%	2.90%
10yr PW LB Rate	2.64%	2.50%	2.50%	2.50%	2.60%	2.60%	2.70%	2.70%	2.80%	3.00%	3.20%	3.30%	3.50%	3.70%	3.90%
25yr PW LB Rate	3.88%	3.70%	3.80%	3.80%	3.80%	3.80%	3.90%	3.90%	4.00%	4.10%	4.30%	4.40%	4.60%	4.80%	5.00%
50yr PW LB Rate	4.04%	3.90%	4.00%	4.00%	4.00%	4.00%	4.10%	4.10%	4.20%	4.30%	4.50%	4.60%	4.80%	5.00%	5.20%
Bank Rate															
Sector's View	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.75%	1.00%	1.25%	1.50%	1.75%
UBS	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	-	-	-	-	-
Capital Economics	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	-	-	-	-	-
5yr PW LB Rate															
Sector's View	1.66%	1.50%	1.50%	1.50%	1.60%	1.60%	1.70%	1.70%	1.80%	2.00%	2.20%	2.30%	2.50%	2.70%	2.90%
UBS	1.66%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital Economics	1.66%	1.30%	1.30%	1.30%	1.30%	1.30%	1.30%	1.30%	1.50%	1.60%	-	-	-	-	-
10yr PW LB Rate															
Sector's View	2.64%	2.50%	2.50%	2.50%	2.60%	2.60%	2.70%	2.70%	2.80%	3.00%	3.20%	3.30%	3.50%	3.70%	3.90%
UBS	2.64%	2.80%	3.00%	3.10%	3.20%	3.40%	3.50%	3.60%	3.70%	3.80%	-	-	-	-	-
Capital Economics	2.64%	2.30%	2.30%	2.30%	2.30%	2.30%	2.30%	2.30%	2.30%	2.30%	-	-	-	-	-
25yr PW LB Rate															
Sector's View	3.88%	3.70%	3.80%	3.80%	3.80%	3.80%	3.90%	3.90%	4.00%	4.10%	4.30%	4.40%	4.60%	4.80%	5.00%
UBS	3.88%	4.00%	4.20%	4.30%	4.40%	4.50%	4.50%	4.50%	4.50%	4.50%	-	-	-	-	-
Capital Economics	3.88%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	-	-	-	-	-
50yr PW LB Rate															
Sector's View	4.04%	3.90%	4.00%	4.00%	4.00%	4.00%	4.10%	4.10%	4.20%	4.30%	4.50%	4.60%	4.80%	5.00%	5.20%
UBS	4.04%	4.10%	4.30%	4.40%	4.50%	4.60%	4.60%	4.60%	4.60%	4.60%	-	-	-	-	-
Capital Economics	4.04%	3.80%	3.80%	3.80%	3.80%	3.80%	3.80%	3.80%	3.80%	3.80%	-	-	-	-	-

ANNEX A

2. Survey of Economic Forecasts

HM Treasury January 2013

The current Q4 2012 and 2013 base rate forecasts are based from samples of both City and non-City forecasters included in the HM Treasury December 2012 report.

BANK RATE FORECASTS	quarter ended		annual average Bank Rate		
	Q4 2012	Q4 2013	ave. 2014	ave. 2015	ave. 2016
Median	0.49%	0.53%	0.74%	1.44%	2.04%
Highest	0.50%	1.50%	1.60%	4.02%	3.60%
Lowest	0.25%	0.25%	0.25%	0.50%	0.50%

Economic Background

1.1 Global economy

The Eurozone debt crisis has continued to depress growth in most countries within the World. This has impacted on the UK economy which is unlikely to grow significantly in 2012 and is creating problems that may hamper recovery in 2013. Quarter 2 of 2012 was the third quarter of contraction in the UK economy and this recession is the worst and slowest recovery of any of the five recessions experienced since 1930. A return to growth of around 1% in quarter 3 is unlikely to prove anything more than a temporary improvement before a return to weak, or negative, growth in quarter 4.

Eurozone

The Eurozone sovereign debt crisis has abated following the European Central Bank's (ECB) pledge to buy unlimited amounts of bonds of countries which require a bailout. The immediate target for this action was Spain which continues to prevaricate on making such a request (for a national bailout) and so surrendering its national sovereignty to IMF supervision. However, the situation in Greece is heading towards a critical point as the Eurozone faces up to having to relax the time frame for Greece reducing its total debt level below 120% of GDP and providing yet more financial support to enable it to do that. Many experts still view a Greek exit from the Euro as inevitable as total debt now looks likely to reach 190% of GDP i.e. unsustainably high, unless the Eurozone were to accept a major write down of Greek debt. The possibility of a write down has now been raised by the German Chancellor, but not until 2014-15, and provided the Greek annual budget is in balance.

Sentiment in financial markets has improved considerably since this ECB action and the recent Eurozone renewed commitment to support Greece and to keep the Eurozone intact. However, the foundations to this solution to the Eurozone debt crisis are still weak and events could easily conspire to put this into reverse.

United States

The US economy has only been able to manage weak growth in 2012 despite huge efforts by the Federal Reserve to stimulate the economy with large amounts of quantitative easing (QE) combined with a commitment to a continuation of very low interest rates into 2015. Unemployment levels have been slowly reducing but against a background of a fall in the numbers of those available for work. The fiscal cliff facing the President at the start of 2013 has been a major dampener to economic growth discouraging business from spending on investment and increasing employment more significantly in case there is a sharp contraction in the economy if not resolved. However, the housing market does look as if it has reached the bottom and house prices are now on the up.

Emerging Markets

Hopes for a broad based recovery have, therefore, focused on the emerging markets. However, there are increasing concerns over

warning signs in various parts of the Chinese economy that indicate it could be in risk of heading for a hard landing rather than a gradual slow down.

1.2 UK economy

The Government's austerity measures, aimed at getting the public sector deficit into order, have now had to be extended (in the autumn statement) over a longer period than the original four years now into 2017/18. Achieving this new extended time frame will still be dependent on the UK economy returning to a reasonable pace of growth towards the end of this period. It was important for the Government to carry out these measures to retain investor confidence in the UK.

Currently, the UK is enjoying a major financial benefit from some of the lowest sovereign borrowing costs in the world as the UK is seen as a safe haven from Eurozone debt. There is little evidence that consumer confidence levels are recovering nor that the manufacturing sector is picking up. On the positive side, growth in the services sector rebounded in Q3 and banks have made huge progress since 2008 in shrinking their balance sheets to more manageable levels and also in reducing their dependency on wholesale funding. However, availability of credit remains tight in the economy and the Funding for Lending scheme, which started in August 2012, has not yet had time to make a significant impact. Finally, the housing market remains weak and the outlook is for house prices to be little changed for a prolonged period.

Economic Growth

Economic growth has remained flat since the election of 2010 and, worryingly, the economic forecasts for 2012 and beyond were revised substantially lower in the Bank of England Inflation quarterly report for August 2012 and were then further lowered in the November Report. Quantitative Easing (QE) was increased again by £50bn in July 2012 to a total of £375bn. Many forecasters are expecting the MPC to vote for a further round of QE to stimulate economic activity regardless of any short-term optimism. The announcement in November 2012 that £35bn will be transferred from the Bank of England's Asset Purchase Facility to the Treasury (representing coupon payments to the Bank by the Treasury on gilts held by the Bank) is also effectively a further addition of QE.

Unemployment

The Government's austerity strategy has resulted in a substantial reduction in employment in the public sector. Despite this, total employment has increased to the highest level for four years as over one million jobs have been created in the private sector in the last two years.

Inflation and Bank Rate

Inflation has fallen sharply during 2012 from a peak of 5.2% in September 2011 to 2.2% in September 2012. However, inflation increased back to 2.7% in October though it is expected to fall back to reach the 2% target level within the two year horizon.

AAA rating

The UK continues to enjoy an AAA sovereign rating. However, the credit rating agencies will be carefully monitoring the rate of growth in the economy as a disappointing performance in that area could lead to a major derailment of the plans to contain the growth in the total amount of Government debt over the next few years.

1.3 Economic Forecast

Economic forecasting remains difficult with so many external influences weighing on the UK. There does, however, appear to be consensus among analysts that the economy remains relatively fragile and whilst there is still a broad range of views as to potential performance, expectations have all been downgraded during 2012. Key areas of uncertainty include:

- the potential for the Eurozone to withdraw support for Greece at some point if the Greek government was unable to eliminate the annual budget deficit and the costs of further support were to be viewed as being prohibitive, so causing a worsening of the Eurozone debt crisis and heightened risk of the breakdown of the bloc or even of the currency itself;
- inter government agreement on how to deal with the overall Eurozone debt crisis could fragment; the impact of the Eurozone crisis on financial markets and the banking sector;
- the impact of the Government's austerity plan on confidence and growth and the need to rebalance the economy from services to manufactured goods;
- the under-performance of the UK economy which could undermine the Government's policies that have been based upon levels of growth that are unlikely to be achieved;
- the risk of the UK's main trading partners, in particular the EU and US, falling into recession ;
- stimulus packages failing to stimulate growth;
- elections due in Germany in 2013;
- potential for protectionism i.e. an escalation of the currency war / trade dispute between the US and China.
- the potential for action to curtail the Iranian nuclear programme
- the situation in Syria deteriorating and impacting other countries in the Middle East

The focus of so many consumers, corporates and banks on reducing their borrowings, rather than spending, will continue to act as a major headwind to a return to robust growth in western economies.

Given the weak outlook for economic growth, The Councils Treasury Advisers, Sector, sees the prospects for any changes in Bank Rate before 2015 as very limited. There is potential for the start of Bank Rate increases to be even further delayed if growth disappoints.

Sector believes that the longer run trend is for gilt yields and PWLB rates to rise due to the high volume of gilt issuance in the UK, and the high volume of debt issuance in other major western countries. The interest rate forecast in this report represents a balance of downside and upside risks. The downside risks have already been commented on. However, there are specific identifiable upside risks as follows to PWLB rates and gilt yields, and especially to longer term rates and yields: -

- UK inflation being significantly higher than in the wider EU and US causing an increase in the inflation premium in gilt yields
- Reversal of QE; this could initially be allowing gilts held by the Bank to mature without reinvesting in new purchases, followed later by outright sale of gilts currently held
- Reversal of Sterling's safe haven status on an improvement in financial stresses in the Eurozone
- Investors reverse de-risking by moving money from government bonds into shares in anticipation of a return to worldwide economic growth
- The possibility of a UK credit rating downgrade (Moody's has stated that it will review the UK's Aaa rating at the start of 2013).

Lending List Criteria

ANNEX C

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.

Fitch / S&P's Long Term Rating	Fitch Short Term Rating	S&P's Short Term Rating	Moody's Long Term Rating	Moody's Short Term Rating	<u>Maximum Deposit</u> £m	<u>Maximum Duration</u>
AAA	F1+	A1+	Aaa	P-1	90	2 Years
AA+	F1+	A1+	Aa1	P-1	50	2 Years
AA	F1+	A1+	Aa2	P-1	40	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	2 years
UK Government (including debt management office, gilts and treasury bills)					90	2 years
Money Market Funds Maximum amount to be invested in Money Market Funds is £80 million with a maximum of £40 million in any one fund.					80	Liquid Deposits
Local Authority controlled companies (# duration limited to 20 years in accordance with Capital Regulations)					20	# 20 years

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 for a maximum period of 2 years.

Where any banks / building societies have been a part of the UK Government's Credit Guarantee scheme (marked with * in the Approved Lending List), these counterparties will have an AA rating applied to them thus giving them a credit limit of £40 million for a maximum period of 364 days

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:

ANNEX C

Country Limit

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 total limit of £40 million which can be invested in other countries provided they meet the above criteria. A separate limit of £350 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.

Country	Limit £m
UK	350
Non UK	40

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:

Sector	Limit £m
Central Government	350
Local Government	350
UK Banks	350
UK Building Societies	150
Money Market Funds	80
Foreign Banks	40

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.

Proposed group limits are set out in Annex D

Appendix 6

Approved Lending List

ANNEX D

	Fitch				Moody's			Standard & Poor's		Limit £m	Max Deposit Period
	L Term	S Term	Individual	Support	L Term	S Term	Fin Strength	L Term	S Term		
UK	AAA				Aaa			AAA		350	2 years
Lloyds Banking Group (see Note 1)										Group Limit 90	
Lloyds Banking Group plc	A	F1	bbb	1	A3	-	-	A-	A-2	90	2 years
Lloyds TSB Bank Plc	A	F1	bbb	1	A2	P-1	C-	A	A-1	90	2 years
Bank of Scotland Plc	A	F1	-	1	A2	P-1	D+	A	A-1	90	2 years
Royal Bank of Scotland Group (See Note 1)										Group Limit 90	
Royal Bank of Scotland Group plc	A	F1	bbb	1	Baa1	P-2	-	A-	A-2	90	2 years
The Royal Bank of Scotland Plc	A	F1	bbb	1	A3	P-2	D+	A	A-1	90	2 years
National Westminster Bank Plc	A	F1	-	1	A3	P-2	D+	A	A-1	90	2 years
Ulster Bank Ltd	A-	F1	ccc	1	Baa2	P-2	D-	BBB+	A-2	90	2 years
Santander Group *										Group Limit 40	
Santander UK plc	A	F1	a	1	A2	P-1	C-	A	A-1	40	364 days
Cater Allen	-	-	-	-	-	-	-	-	-	40	364 days
Barclays Bank plc *	A	F1	a	1	A2	P-1	C-	A+	A-1	40	364 days
HSBC Bank plc *	AA-	F1+	a+	1	Aa3	P-1	C	AA-	A-1+	40	364 days

Appendix 6

ANNEX D (continued)											
	Fitch				Moody's			Standard & Poor's		Limit £m	Max Deposit Period
	L Term	S Term	Individual	Support	L Term	S Term	Fin Strength	L Term	S Term		
Nationwide BS *	A+	F1	a+	1	A2	P-1	C	A+	A-1	40	364 days
Standard Chartered Bank *	AA-	F1+	aa-	1	A1	P-1	B-	AA-	A-1+	40	364 days
Clydesdale Bank / Yorkshire Bank **/**	A	F1	bbb	1	A2	P-1	C-	BBB+	A-2	0	
Co-Operative Bank Plc	BBB+	F2	bbb+	3	A3	P-2	C-	-	-	0	
Virgin Money ***	BBB	F3	bbb	5	-	-	-	BBB+	A-2	0	
Top Building Societies (by asset value)											
Nationwide BS (see above)											
Yorkshire BS ***	BBB+	F2	bbb+	5	Baa2	P-2	C-	A-	A-2	0	
Coventry BS	A	F1	a	5	A3	P-2	C	-	-	5	6 Months
Skipton BS ***	BBB-	F3	bbb-	5	Ba1	NP	D+	-	-	0	
Leeds BS	A-	F2	a-	5	A3	P-2	C	-	-	5	6 Months
West Bromwich BS ***	-	-	-	-	B2	NP	E+	-	-	0	
Principality BS ***	BBB+	F2	bbb+	5	Ba1	NP	D+	-	-	0	
Newcastle BS ***	BB+	B	bb+	5	-	-	-	-	-	0	
Nottingham BS ***	-	-	-	-	Baa2	P-2	C-	-	-	0	
Foreign Banks have a combined total limit of £40m											
Australia	AAA	-	-	-	Aaa	-	-	AAA		40	364 Days
National Australia Bank	AA-	F1+	aa-	1	Aa2	P-1	B-	AA-	A-1+	20	364 Days
Australia and New Zealand Banking Group Ltd	AA-	F1+	aa-	1	Aa2	P-1	B-	AA-	A-1+	20	364 Days
Commonwealth Bank of Australia	AA-	F1+	aa-	1	Aa2	P-1	B-	AA-	A-1+	20	364 Days
Westpac Banking Corporation	AA-	F1+	aa-	1	Aa2	P-1	B-	AA-	A-1+	20	364 Days

Appendix 6

ANNEX D (continued)											
	Fitch				Moody's			Standard & Poor's		Limit £m	Max Deposit Period
	L Term	S Term	Individual	Support	L Term	S Term	Fin Strength	L Term	S Term		
Canada	AAA				Aaa			AAA		40	364 Days
Bank of Nova Scotia	AA-	F1+	aa-	1	Aa2	P-1	B-	A+	A-1	20	364 Days
Royal Bank of Canada	AA	F1+	aa	1	Aa3	P-1	C+	AA-	A-1+	20	364 Days
Toronto Dominion Bank	AA-	F1+	aa-	1	Aa1	P-1	B	AA-	A-1+	20	364 Days
Money Market Funds										80	Liquid
Prime Rate Stirling Liquidity	AAA							AAA		40	Liquid
Insight Liquidity Fund					AAA			AAA		40	Liquid
Ignis Sterling Liquidity	AAA							AAA		40	Liquid

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 £90 million

* Banks / Building Societies which are part of the UK Government's Credit Guarantee scheme. The counterparties in this section will have an AA rating applied to them thus giving them a credit limit of £40 million

** 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 – 13 FEBRUARY 2013

EXECUTIVE SUMMARY SHEET – PART I

Title of Report:

Revenue Budget and Proposed Council Tax for 2013/2014 and Medium Term Financial Strategy 2013/2014 to 2015/2016

Authors:

Chief Executive and Executive Director of Commercial and Corporate Services

Purpose of Report:

To report:

- the overall revenue budget position for 2013/2014;
- the projected balances position as at 31st March, 2013 and 31st March, 2014 and advise on their level;
- a risk analysis of the Revenue Budget 2013/2014;
- a summary of the emerging medium term financial position facing the Council from 2014/2015 to 2015/2016;
- 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 2013/2014 set out at Appendix I;
- note the Medium Term Financial Strategy 2013/2014 to 2015/2016 as set out in Appendix E
- recommend to Council the proposed Council Tax for 2013/2014 at Appendix D (paper to be tabled);
- note the views, if any, expressed by the North East Chamber of Commerce and Trade Unions at Appendix C (paper to be tabled).

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

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.

<p>Is this a “Key Decision” as defined in the Constitution? Yes</p> <p>Is it included in the Forward Plan? Yes</p>	<p>Scrutiny Committee:</p>
--	-----------------------------------

Revenue Budget and Proposed Council Tax for 2013/2014 and Medium Term Financial Strategy 2013/2013 to 2015/2016**Report of the Chief Executive and Executive Director of Commercial and Corporate Services****1. Purpose of Report**

- 1.1 To report:
- the overall revenue budget position for 2013/2014;
 - the projected balances position as at 31st March, 2013 and 31st March, 2014 and advise on their level;
 - a risk analysis of the Revenue Budget 2013/2014;
 - a summary of the emerging medium term financial position facing the Council from 2014/2015 to 2015/2016;
 - 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 2013/2014 set out at Appendix I;
 - note the medium term financial strategy 2012/2013 to 2015/2016 as set out in Appendix E
 - recommend to Council the proposed Council Tax for 2013/2014 at Appendix D (paper to be tabled);
 - note the views, expressed by the North East Chamber of Commerce and Trade Unions at Appendix C (paper to be tabled).

3. Introduction

- 3.1 Cabinet will be aware that it approved budget proposals for the purposes of ongoing budget consultation at its January 2013 meeting. At that stage there were a number of uncertainties still to be resolved primarily;
- transitional costs in relation to the implementation of savings proposals;
 - the outcome of the final Local Government Revenue Support Grant Settlement for 2013/2014 and related grant announcements;
 - the forecast Income from Business Rates
 - the final Collection Fund position.

3.2 In presenting the Revenue Budget 2013/2014 this report covers the following areas

- Current Overall Position 2013/2014 to 2015/2016;
- Adjustments/Final position February 2013;
- Proposals To Meet Funding Reductions;
- Overall Position;
- Outcome of Budget Consultation;
- Summary Budget.
- Medium Term Financial Position;
- Balances and Reserves;
- Presentation of the Detailed Revenue Budget;

3.3 Taking account of the above, Cabinet is asked to consider the final budget proposals and detailed revenue budget as set out in Appendix I, including the proposed use of balances and the position in relation to major reserves, for recommendation to Council.

4. Current Overall Position 2013/2014 to 2015/2016

4.1 The January Cabinet report set out the provisional settlement for the Authority and confirmed that when cost pressures were taken into account reductions to budgets amounting to £37.0 million in 2013/2014 and 31.7m in 2014/15 were required. The report also referred to progress at that stage in relation to proposals to address the position.

4.2A detailed technical analysis of the data from the provisional settlement has now been undertaken and confirmed via receipt of the final Local Government Settlement on 4 February. The table below sets out variations in individual elements of funding compared to 2012/13 to reflect the actual changes in resource levels between the years:

Summary of Government Funding Changes from 2012/2013 to 2013/2014

	£m	£m
Government Grant Reductions		
Reduction in Start Up Funding notified by government	5.3	
Other Relevant Changes to Funding		
Impact of Council Tax Freeze Grant Transferred into start up funding -not included in 2012/13 government figures	2.7	8.0
Reduction in Early Intervention Grant transferred to DSG		3.0
Reduction in grant as a result of LACSEG Topslice		1.1
Reduction in Council Tax Benefit Support Grant		2.4
Council Tax Support Transitional Relief (one off)		-0.6
Adjusted Net Reduction in Grant		13.9
Cost Pressures		23.1
Total Impact of Funding Changes and Cost Pressures		37.0

When all relevant variations to funding are taken into account the funding gap remains at £37m for 2013/2014 with reductions of circa £98.1m estimated required over the three years to 2015/2016. Paragraph 5 below sets out further information about the grant changes and explains where changes to grants reflect increased responsibilities.

5. Adjustments /Final Position February 2013

Collection Fund

- 5.1 The Collection Fund position is reported elsewhere on this agenda. The Collection Fund position remains positive despite the challenging fiscal climate and the surplus available to the Council to be taken into account in the budget and council tax calculations has been estimated at £500,000.

Council Tax Base

- 5.2 The Council, at its meeting on 30th January, 2013, approved the Council Tax Base for the area covered by Hetton Town Council (£3,122) and the City Council area (£64,094).

Retained Business Rates

- 5.3 The Council, at its meeting on 30th January, 2013, approved the Business Rate income forecast for 2013/14 and the amount to be retained by the Council is forecast to be £40.886m.

Local Government Finance Settlement

- 5.4 The final position on the Local Government Finance Settlement for 2013/2014 was announced on 4th February 2013. The Government have made some presentational changes to the Revenue Spending Power calculation, and included an indicative additional amount for New Homes Bonus of £0.636m..

- 5.5 The key issues affecting Sunderland are set out below:

- The Councils final Start up Funding assessment level is £187.771m representing a reduction of £5.613m compared to 2012/13;
- The final settlement has confirmed Revenue Support Grant (RSG) of £112.757m in 2013/2014;
- Sunderland's final baseline funding level is therefore £75.014m and within this the Government have assessed the level of Retained Business Rates income which the Council will collect and retain as £40.414m;
- The Council will therefore receive Government Top Up Grant of £34.600m;

- The Safety Net Threshold, set by Government at 92.5% of a Council's baseline funding level, equates to £69.388m for Sunderland;
- An updated position in respect of changes to other Government funding is set out at section 5.7;
- The position in respect of schools funding is set out at section 5.10.

Council Tax

- 5.6 In accordance with the Localism Act the public have the right to approve or veto excessive council tax rises, thereby making this a local decision rather than being dealt with through 'capping'. As part of the settlement Government proposed that a 2% percent referendum principle will apply to all principal local authorities, Police and Crime Commissioner and Fire and Rescue Authorities. This means any increase above this level will require a referendum to give the local electorate the opportunity to approve or veto the increase.

Changes to Grants from 2012/2013

- 5.7 The table below sets out the impact of changes to Council Revenue Spending Power Calculation which includes Revenue Support Grant and Core Grants compared to 2012/2013 following the final settlement. This shows the final reduction to available spending power before Public Health Grant of £4.090m (-1.5%) and start up funding reduction of £5.613m (-2.9%).

	2012/13	2013/14		Change	Change
	Adjusted	Final		£m	%
	£m	£m	£m	£m	%
Council Tax excl Parish Precepts	96.302		96.302	0.000	0.0%
Less Council tax Support	-21.313		-20.981	0.332	-1.6%
Top Up Grant			34.600		
Assumed business rates based on proportionate shares			40.414		
Revenue Support Grant			112.757		
Start Up Funding Assessment	193.384		187.771	-5.613	-2.9%
Council Tax Freeze Grant 12/13	2.408		0.000	-2.408	-100.0%
Council Tax Freeze Grant 13/14	0.000		0.967	0.967	100.0%
Inshore Fisheries Conservation	0.014		0.014	0.000	0.0%
Lead Local Flood Authorities	0.037		0.037	0.000	0.0%
Social Fund Admin Grant	0.273		0.254	-0.019	-7.0%
Community Right To Challenge	0.009		0.009	0.000	0.0%
Community Right to Bid	0.005		0.008	0.003	60.0%
New Homes Bonus	1.152		1.704	0.552	47.9%
New Homes Bonus Adjustment (estimated)	0.000		0.636	0.636	100.0%
Local Reform and Community Voices DH	0.272		0.275	0.003	1.1%
NHS Funding to Support Social Care and Benefit Health	4.154		5.611	1.457	35.1%
Revenue Spending Power Excluding Public Health Grant	276.697		272.607	-4.090	-1.5%
Public Health Grant	20.093		20.656	0.563	2.8%
Revenue Spending Power Including Public Health Grant	296.790		293.263	-3.527	-1.2%

5.8 In addition to changes in grants included in the Revenue Spending Power set out above, notification has also been received in relation to the following Specific Grants outside of the Revenue Spending Power Calculation.

	2012/13	2013/14
	£'m	£'m
Housing and Council Tax Support Administration Grant	3.162	2.882
New Burdens - Council Tax Support Scheme	0.000	0.216
Community Safety	0.157	0.000
Extended Rights to Free Travel	0.191	TBC
Weekly Collection Support Grant	1.010	2.231
Education Services Grant	0.000	TBC
Social Fund Set Up grant	0.012	0.000
Social Fund - programme	0.000	1.202
	4.532	6.531

Notification is outstanding in relation to the Education Services Grant (replacing LACSEG) the PFI core grant and the Extended Rights to Free Travel Grant.

Impact of Changes to Specific and Core Grant

5.9 In accordance with the budget planning framework and as reported to Cabinet in January, changes in specific and core grants have been addressed as follows:

- The Council Tax Freeze grant for 2013/2014 has only been offered to compensate those Authorities who decide not to increase their Council tax in that year. As the funding is not of a permanent nature any use of the grant to support on going revenue expenditure will require alternative funding to be identified in the following years should the Council decide to access and accept the grant.
- Local Reform and Community Voices funding has been passported to Health Housing and Adult services to support responsibilities transferring from the NHS including Independent Mental Health Advocacy and Complaints Advocacy Services.
- New Homes Bonus Grant of £1.704m is being used to support the overall budget position in 2013/14 in accordance with the Budget Planning framework with appropriate housing related investment factored into both revenue budget and capital programme proposals. The additional indicative amount of £0.636m estimated by Government for 2013/14 as part of the final settlement will be used to meet transitional costs once the amount is confirmed.
- Additional NHS funding to support Social Care and Benefit Health Grant of £1.457m has been built into planning assumptions.
- Public Health Funding of £20.656m in 2013/14 and £21.234m in 2014/15 has been confirmed. Funding will be used to fund new Public Health responsibilities transferring from PCT's from April 2013 including commissioning services associated with anti-smoking campaigns, interventions to tackle obesity, NHS health check assessments, alcohol and drug misuse services and comprehensive sexual health services.
- A reduction in Housing and Council Tax Benefit Administration grant of £0.280m has been built into the planning assumptions.
- New Burdens funding for the Local Council Tax Support Scheme of £0.216m has been taken into account in assessing the impact of Welfare Reform.
- Weekly Collection Support grant to retain weekly refuse collection arrangements of £2.231m in 2013/2014 was taken into account in budget planning assumptions for waste collection.

- Social Fund Grant of £1.202m in respect of DWP Care and Crisis Loans activities (former Social Fund) and the related administration grant of £0.254m was taken into account in assessing the impact of the Governments Welfare Reform agenda as part of the budget planning assumptions.

Schools Funding

5.10 As a result of the additional resources through pupil premium, the continued operation of protection to the funding of schools with falling rolls and some additional funding in respect 15 hours free nursery education to a greater number of 2 year old children, the overall quantum of schools funding will increase in 2013/2014. Details are set out below:

5.10.1 Schools Funding Formula

The Government is to continue to apply a national protection arrangement for schools whereby no school will see a per pupil reduction compared to its 2012/2013 budget (excluding sixth form funding) of more than 1.5 per cent before the pupil premium is applied.

5.10.2 Dedicated Schools Grant

The October 2012 census data shows that pupil numbers have decreased by 330 and consequently school block funding has reduced by £1.495m.

In 2013/2014 the expansion of the offer of 15 hours free nursery education to a greater number of 2 year old children who meet criteria for deprivation will be implemented. Sunderland's Early Years DSG will be increased by £3.142m. Part of this funding is movement of funding from the Early Intervention Grant into the Dedicated Schools Grant.

5.10.3 Pupil Premium Funding

The Pupil Premium level of funding for 2013/2014 for Sunderland Schools and Academies is estimated to be £11.346m, based on January 2012 pupil numbers representing an increase of £3.488m compared to 2012/2013.

5.10.4 Education Services Grant

Following consultation during the summer, the Department for Education has announced that a new grant, the Education Services Grant is to replace the Local Authority Central Spend Equivalent Grant (LACSEG) from September 2013. This is not additional funding.

Provisional local authority Education Services Grant allocations are still to be announced. Current planning assumes funding of £3.0m will be received.

6. Spending Pressures and Commitments 2013/2016

The following table summarises the estimated position concerning spending pressures and commitments over the period:

	2013/14	2014/15	2015/16
	£m	£m	£m
Total Pay Price and other pressures	6.76	7.55	4.95
Welfare Reform	1.34	-0.27	0.02
Financing Charges	2.50	0.50	3.00
Replacement of prior year one off savings & end to end review savings	4.40	4.52	2.00
HHA demand pressures	5.37	1.59	2.69
Childrens demand pressures	1.68	0.23	-
Waste Disposal	1.05	0.99	-
Total Pressures	23.10	15.11	12.66

6.1 Cabinet Secretary

Pay ,Prices and Other Inflationary Cost Pressures

Pay and Prices

Beyond 2012/2013 the Government has indicated a limit on public sector pay of a 1.0% pay increase. For planning purposes a prudent provision has been built into the MTFS from 2013/2014.

Pensions

The results of the Actuarial review of the Local Government Pension Scheme 2010, was implemented in 2011/2012 covering three years to 2013/2014. There is an increase of 5.3% for 2013/2014.

Other Pressures

Other inflationary impacts have been provided for including those relating to payments to independent providers of adult and social care and utilities costs .

6.1.1 Welfare Reform

Provision of £1.34m is included for Welfare Reform changes, the majority of which impact in April and October 2013. These include the implementation of new responsibilities resulting from the transfer of former Social Fund responsibilities to Local Authorities, measures that seek to mitigate against the significant adverse impacts anticipated across the city and changes to internal administration and support arrangements.

6.1.2 Capital Financing

Provision of £2.5m has been included to enable potential borrowing under the prudential framework for known investments and to enable strategic priorities of the Council to be addressed.

6.1.3 Replacement of One off Resources and Planned savings

Provision is included for the replacement of £2.26m one off resources utilised in setting the 2012/2013 budget and the need to replace planned £2.14m savings from end to end service reviews with alternative savings in 2013/2014.

6.2 Adults Health and Housing

6.2.1 Adult Services Demand / Demographic Issues

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

A sum of £5.37m for cost pressures have been factored into the 2013/2014 budget with contingencies being provided to reflect timing of the delivery of the three year improvement plan.

6.3 Children and Learning City

6.3.1 Safeguarding – External Placements

There continues to be increasing demand pressures in relation to safeguarding and specifically external placements and an additional £1.68m is included in 2013/2014 for this purpose.

6.4 City Services

6.4.1 Waste Disposal

The impact of cost variations in relation to waste disposal have been factored into the Medium Term Financial Strategy including landfill tax, volume of waste, recycling implications, and the impact of implementing the Waste Disposal Strategic Solution. A sum of £1.05m is included for 2013/2014.

7. Proposals to meet the funding gap 2013/2014

7.1 The overall estimated position is set out below taking into account Government funding changes and cost pressures ;

	2012/13	2013/14	2014/15	2015/16
	£m	£m	£m	£m
Government Funding Changes and Spending Pressures	28.1	37.0	31.7	29.4

7.2 As part of the Budget Planning Framework for 2013/2014 Cabinet agreed in October 2012 to progress the approach to meeting the funding gap by:

- Progressing the existing improvement programme of savings which aims to meet needs and achieve savings while protecting as far as possible frontline services and maximising non frontline savings. Throughout the programme Strategic and Shared Services are being refocused and reduced by an average 50%.
- Continuing to protect so far as possible front line services which are being reshaped and refocused to:
 - Ensure services are responsive to local needs
 - Protect core services particularly those most vulnerable
 - Target resources rather than universal service provision.

7.3 The proposals to meet the funding gap reflect measures being implemented through the refreshed improvement framework focussing on the Community Leadership role of the Council which seeks to understand and meet most important community needs through:

- Demand Management - Developing the strategies and actions that enable the Council to manage demand and deliver services in a different and more agile way within communities;
- Cost of Supply and Customer Services Network (CSN) development - Increased focus on the CSN as the gateway and connector of demand and supply for services with the aim of targeting resources to areas of greatest need alongside continued delivery of efficiencies within Council services;
- Development of Alternative Service Delivery Models for services – continuing to look at the most effective and efficient models of provision for services over the short to medium term and increased collaboration with partners;
- Strategic Services and Fixed Assets – further and continual review to meet the future needs of the Council and its communities, maximise use of assets and deliver significant savings.

7.4 The settlement has confirmed the need to make ongoing reductions of £37.0m to meet the funding gap for 2013/2014. Proposed reductions are summarised in the following table together with an indication of plans for future years.

	2012/13 £'m	2013/14 £'m	2014/15 £'m
Corporate and Cross Cutting			
Strategic and Shared Services	7.49	7.19	0.53
People Based Commissioning Reviews		1.00	3.00
Voluntary and Community Sector Review		0.49	
Integration of Public Health		2.00	
Corporate Resources (ITA /NHB / corporate)	2.70	2.70	0.50
SWITCH Resource Repatriated		5.10	3.20
	10.19	18.48	7.23
Improvement Plans			
Place and Economy	4.78	5.12	0.41
People - Children's Services	2.14	3.76	1.25
People - Health Housing and Adult Services	8.68	5.12	2.45
	15.60	14.00	4.11
Use of One off savings			
Capitalisation of Highways and Repairs spend		1.00	1.00
Temporary Use of balances and potential grant	2.27	3.52	1.00
	2.27	4.52	2.00
Total Ongoing Programmed Savings	28.06	37.00	13.34

Further work is continuing to develop a full suite of proposals to meet the 2014/2015 Funding Gap as well as the further savings forecast to be required in 2015/16 and beyond.

Further updates will be provided to Cabinet in due course and the MTFs 2013-16 will be refined and updated in parallel as this work progresses.

7.5 Ongoing Programmed Savings

7.5.1 Corporate and Cross Cutting (£18.476m)

- **Strategic and Shared Services (£7.190m)**

A further reconfiguration of support services to meet the future requirements of the Council and deliver efficiencies involving continued refinement and implementation of new ways of delivering support services by redesigning processes and using ICT to maximise efficiencies.

- **People Based Commissioning Reviews (£1.0m)**
Efficiencies through re-commissioning and integrated working with children's, families adults and health services will deliver savings estimated at £1million in 2013/2014.
- **Review of Voluntary and Community Sector (£0.486m)**
Savings will be achieved through reviewing commissioning arrangements with the voluntary sector on a strategic basis.
- **Integration of Public Health (£2.0m)**
Efficiency savings will be achieved through integration of public health arrangements. The proposed savings are based on unallocated spending within the current budget and also forecast savings on overheads when the service transfers from the PCT to the Council.
- **Corporate Resources Savings (£2.7m)**
Given the Government have top sliced formula grant to support the New Homes Bonus it is proposed that the allocation for New Homes Bonus anticipated in 2013/2014 is used to support the budget. In addition savings arising from the ITA levy can also be taken into account to support the budget.
- **SWITCH Resource Repatriated (£5.1m)**
Following the implementation of the Severance Scheme and the cessation of SWITCH an updated approach to workforce planning will be implemented alongside the 2013/2014 budget proposals. Budget resources of £5.1m can therefore be released to support the budget for 2013/2014.

7.5.2 Place and Economy (£5.113m)

- **Smarter Working (Utilisation of premises) (£0.905m)**
The review of smarter working has already identified savings in premises costs (utilities, repairs and renewals etc.) through the planned closure of administrative buildings and this programme will continue as well as the review focussing on delivering savings from operational buildings as well as opportunities for collaborative service working and co-location.
- **Income Generation and Cost Reduction across Office of the Chief Executive (£0.467m)**
Planning and Property Services have identified a number of initiatives aimed at increasing income and reducing costs including in relation to additional income from nationally-set planning fees, income delivered by the Control Room, Cash in Transit and Property Services as well as through rent reviews of the Council's property portfolio.

- **Establish New Events Company (£0.115m)**
 Through establishing a new Events Company, appropriate partnership arrangements will be entered into which will generate additional commercial opportunities and income.
- **Review of Transport and Fleet (£0.866m)**
 Savings are being realised through better utilisation of vehicles, removing vehicles in line with changes in service in the council, more efficient hire and maintenance arrangements and alternative service delivery of the fleet stores function.
- **Waste Collection (weekly collection and demand management (£0.998m))**
 Savings will be achieved following the successful bid for Government funding to retain weekly waste collection arrangements. In addition, measures are proposed to better manage customer demand in two services currently provided free of charge in respect of bulky items collection and wheelie bin replacements. Savings will be achieved through reduced waste disposal costs, fee income and lower staff and vehicle costs.
- **Review of Highways and Network Management (including maintenance) (£0.409m)**
 Savings will be achieved by maximising income earning opportunities, better prioritisation of activity with a focus on fee earning activity, and the evaluation of alternative Service Delivery Models. Additional savings will be delivered from the highways maintenance programme through developing more streamlined processes to carry out repairs, and utilisation of more cost effective materials.
- **Income Generation (Bereavement Services and Car Parking) (£0.288m)**
 A review of Bereavement Services charges has identified efficiency savings in relation to the simplification of charges and a requirement to offset the cost of installing and operating mercury abatement technology required to meet new legislative requirements. Opportunities to increase car parking income through increasing usage will also be considered.
- **Responsive Local Services (RLS) and Parks Phase II (£0.468m)**
 Savings will be achieved following the further integration of the Parks function.
- **Management Restructure (£0.270m)**
 This saving arises from senior management restructuring.

- **Other Streetscene Reviews, including regulatory Services (£0.327m)**

A review of regulatory activities is ongoing and the shape of services is currently being re-examined in light of the new corporate structure. A number of other reviews are being delivered in Streetscene including in relation to a restructure of the Commissioning and Change Management function following the disestablishment of City Services, better procurement of Pathology and Laboratory Services for the Coroner's Service, a restructure of the Registrar's Service and the introduction of a permit system for vans and trailers using the household waste recycling site to reduce incidents of illegal use of the site by traders.

7.5.3 Children's Services Reviews (£3.764m)

- **Full Year Impact of previous year's decisions (£1.059m)**

This is the full year impact of previous year's agreed savings decisions, all of which have been implemented in the current financial year.

- **Review of Children's Services Structures (£0.756m)**

Review of management structures.

- **Children Looked after Strategy (Ongoing) (£0.817m)**

The Council has invested significantly over the past 3 years in foster care recruitment. This strategy is now paying dividends through the gradual reduction in the number of children in Independent Fostering Agency placements.

- **Safeguarding structures (Ongoing) (£0.494m)**

This is linked to the review of management structures that was implemented in 2012/2013 and the flexibilities afforded through the improved stability of the Social Work workforce.

- **Cessation of Childcare sufficiency funding (£0.120m)**

Nationally plans are in place to extend the offer of 15 hours free nursery education to a greater number of 2 year old children who meet criteria for deprivation. This will significantly increase demand for places in 2013/2014 and further in 2014/2015, providing £2m of additional funding in 2013/2014 to fund places in appropriate settings. This should allow all settings to be sustainable and therefore financial support is proposed to be withdrawn.

- **Review of Commissioning & Family, Adult and Community Learning Teams (£0.200m)**

The Family, Adult and Community Learning and Children's Services commissioning functions review will amalgamate teams and produce efficiencies.

- **Review of Home to School Transport (£0.318m)**
A careful and full review of Home to School Transport to include the consideration of non-statutory 'discretionary' transport costs and a detailed review of how the current statutory home to school transport policy is applied.

7.5.4 Health Housing and Adult Services Reviews (£5.122m)

- **Future Models of Care and Support (£0.374m)**
Continuing review of existing Care and Support services for Adult Social Care with the aim of developing alternative models of care to meet customer need. The review will look to provide more community based activity and will look to maximise the usage of existing building based facilities.
- **Expansion of Reablement Model on new customers (£0.115m)**
The on-going development of the Adult Social Care Re-ablement services to ensure more people maintain their independence within their own homes. Expansion of this service will reduce reliance upon, and the cost of on-going services such as home care and ultimately prevent admissions to residential and nursing care.
- **Further Implementation of Personalisation (£0.836m)**
The further implementation of personalisation will allow individuals to have choice and control in respect of the care and support they receive to meet their assessed need and prevent admissions to residential and nursing care.
- **Managing the Provider Market (£0.640m) and Demand Management in Social Care (£2.000m)**
This review will continue to work with the Adult Social Care provider market and partners to develop cost effective solutions to meet peoples care and support needs. This will include reaching agreements with the independent provider market and other partners for services for all client groups that incentivises quality but contains costs.
- **Culture, Sport and Leisure - review of Libraries, Heritage, Arts, Sport, Leisure and Wellness services (£1.052m)**
A commercial model is being developed for Sport and Leisure services to ensure that the current level of subsidisation for services is reduced through a combination of increasing income, shifting and maximising demand from peak times and through reducing costs. The model will also identify opportunities for alternative service delivery.

In relation to the Libraries service, the focus will be on re-provisioning services with a greater community focus for reading, learning and giving access to information. With regard to Heritage and Museums, new arrangements will involve the Council in leading the delivery of the museums service and include the opportunity for extended working with other partners.

- **Culture, Sport and Leisure – other savings proposals (£0.105m)**
This will include a focus on developing a relationship with schools and other organisations whereby they commission sports and wellness related services, reviewing operations at F Pit and Fulwell Mill and looking at the potential from invest to save initiatives to enhance income streams.

7.6 Use of One Off Resources

After taking account of total ongoing programmed savings for 2013/2014 of £32.5m, there remains a funding gap of £4.5m. It is proposed to utilise one off funding in terms of £1.0m through capitalisation of Highways expenditure and using £3.5m of transitional funding held in balances on a temporary basis pending achievement of additional savings in 2014/2015.

7.7 Projects Supporting Savings Plans 2013/2014 and 2015/2016

A range of cross cutting projects are being progressed through the Council's Improvement Programme to support the delivery of savings into the medium term including

- Community development - to work within communities and the voluntary sector to help build resilient and sustainable communities
- Customer Insight – to understand community views and needs to form the basis of service transformation
- Website and Intranet Development – to refresh content and on line facilities for advice, guidance and payment services
- Workforce Development – In order to ensure timely delivery of savings proposals a refreshed approach to workforce planning
- Integrated Commissioning – to enable a cross cutting approach to future commissioning of People and place based services

In addition an intensive Customer Service and Demand Management Programme is being developed to transform the customer experience displacing demand where appropriate and resolving demand at the earliest opportunity and at the lowest cost to the council to provide consistent responsive high quality services.

In conjunction with the above, all services are considering alternative delivery models in order to attempt to sustain as many services as possible through the most cost effective route.

8. Overall Position

- 8.1 The overall position after taking account of the issues set out in sections 5 to 7 above is set out in the table below which shows a balanced budget position for 2013/2014:

	2012/13	2013/14	2014/15	2015/16
	£m	£m	£m	£m
Government Funding Changes and Spending Pressures	28.1	37.0	31.7	29.4
Total Savings Proposals	-25.9	-32.5	-11.3	
Net Funding Gap	2.2	4.5	20.4	29.4
One off Capitalisation of Highways		-1.0	-1.0	
Temporary Use of Balances	-2.2	-3.5	-1.0	
NET POSITION	0.0	0.0	18.4	29.4

9.0 Outcome of Budget Consultation

- 9.1 The Budget and Policy Framework procedure rules contained within the Constitution of the Council requires consultation on budget proposals to take place. In October 2012 Cabinet approved proposals regarding the consultation strategy and framework for the budget for 2013/2014 and proposed briefings to the following stakeholders:
- Trade Unions;
 - North East Chamber of Commerce / Representatives of Business Ratepayers;
 - Voluntary Sector;
 - Youth Parliament;
 - Schools Forum, Head Teachers and Governors.
- 9.2 In addition to the above stakeholder consultation, a survey was undertaken to gain an understanding of views on the overall approaches to meeting the budget challenge.
- 9.3 To supplement the survey, workshops were held, with Community Spirit panel members and representatives from the voluntary and community sector, in different locations throughout the city.
- 9.4 Budget consultation with these groups has concentrated on the overall approaches to meeting the budget challenge to gain views. Further detailed consultation in relation to each of the proposals will be undertaken as each proposal is developed.
- 9.5 At each stage in the budget preparation process Scrutiny Committee is being consulted.
- 9.6 The findings from consultation undertaken indicate that the budget proposals in this report are consistent with the summary findings. More details of the findings of the consultation are included in Appendix B.

9.7 All of the feedback from the various consultations has been considered. The budget proposals in this report, including the necessary proposals for reductions in spending, fully recognise the identified need to prioritise resource allocation accordingly.

9.8 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 C.

10. Equality and the Budget Proposals

10.1 In accordance with the approach followed in previous years the Council continues to fully consider the impact of its plans by following a robust approach to equalities analysis.

10.2 Actions arising from the equality analysis carried out to date will be taken forward by directorates.

11. Detailed Budget 2013/14

11.1 As set out above 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.

11.2 The Net Budget Requirement to be approved by the Council is funded through:

- Revenue Support Grant
- Retained Business Rates
- Top Up Grant
- any projected surplus on the Collection Fund and
- Council Tax.

11.3 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 13th February, 2013.

11.4 The formal decisions of the major precepting bodies are awaited regarding their precept proposals for 2013/2014. Consequently, the Proposed Council Tax for 2013/2014 will be tabled as Appendix D to this report at the Cabinet meeting on 13th February 2013.

12. **Medium Term Financial Position**

12.1 In considering the Revenue Budget for 2013/2014 the latest information regarding reductions to public spending, and estimated pressures over the medium term were taken into account and summarised in this report. This position is subject to ongoing update as information emerges. The latest updated Medium Term Financial Strategy 2013/2014 to 2015/2016 is set out at Appendix E. This will be refined in parallel with ongoing work regarding savings proposals for 2014/15 and future years.

13. **General Fund Balances and Position in Relation to Major Reserves**

13.1 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.

13.2 The estimated level of general balances as at 31st March, 2013 and 31st March, 2014 is set out at Appendix F (to be tabled). This takes into account estimated savings arising in 2012/2013 in relation to Interest on Balances and Debt Charges and planned contingency savings previously reported.

13.3 As agreed previously these will be transferred to the Strategic Investment Reserve to fund the one off spending pressures in respect of transitional costs associated with the Improvement Programme. Any further savings arising from contingency underspendings and other measures will also be earmarked for this purpose and reported to Cabinet as part of revenue budget monitoring reporting as appropriate.

13.4 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 G.

13.5 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 H.

13.6 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.

13.7 Based upon the information used in determining this Revenue Budget 2013/2014 report, including specifically:

- the Medium Term Financial Position;
- the outcome of budget consultation set out at Appendix B;
- the Statement of General Balances set out in Appendix F (to be tabled);
- the Risk Analysis set out in Appendix G;
- the Major Reserves set out in Appendix H;

The Revenue Budget is considered robust and the level of reserves considered to be adequate for 2013/2014 after an assessment of the financial risks and future plans of the Council have been taken into account. The underlying level of General Fund Balances at £7.570m to the end of 2013/2014 are in accordance with the existing policy and are considered prudent and robust given the overall level of reserves.

14. Presentation of the Revenue Budget

General

14.1 Appendix I sets out the detailed Revenue Budget 2013/2014 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.

Service Reporting Code of Practice

14.2 The presentation of the budget reflects the requirements of the Service Reporting Code of Practice (SerCOP), 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 defines 'best 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.

14.3 It should be noted that variations between the budget for 2012/2013 and 2013/2014 have arisen as a result of:

- the implementation of the budget reductions referred to in the report;
- the implementation of the new business operating model and the associated realignment of budgets to the new service providers;
- a review of charging for central support services, necessary as the new operating model has embedded to reflect the new ways of working and changes to services provided. While having no overall impact on the Council budget position, charges to individual services have been realigned;
- technical adjustments in relation to IAS19 pensions accounting and the impact of revaluation of assets.

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 during this period of transition to the new Business Operating model.

Revised Estimates

14.4 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, the revised approach to central support costs referred to above and a number of technical adjustments e.g. contingency transfers

15. Suggested Reason for Decision

15.1 To comply with statutory requirements.

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

16.1 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.

Background Papers

Cabinet Reports 16th January 2013

- Provisional Revenue Support Grant Settlement for 2013/2014 and Indicative Settlement 2014/2015
- Revenue Budget 2013/2014
- Council Tax Base 2013/2014
- Business Rate Income Forecast 2013/14

Final Settlement 2013/2014

Impact for Sunderland

The position for Sunderland is largely unchanged as a result of the final settlement:

- There are no changes to the key funding elements for 2013/14. The amounts previously notified set out below:
 - Start up Funding Assessment, £187.771m
 - Revenue Support Grant £112.757m
 - Baseline Funding Level £75.014m
 - Retained Business Rates Income £40.414m
 - Top up Grant £34.600m
 - Safety Net Threshold £69.388m

There are no changes to the indicative amounts previously notified for 2014/15 for the above key funding elements.

- Changes by Government to the methodology for calculating Revenue Spending Power have resulted in a net decrease in revenue spending power before Public Health Grant of £4.090m (-1.5%) compared to 2012/2013 or £3.527m (-1.2%) after Public Health Grant. (previously £4.757m or -1.6%).
- The final position for 2013/14 includes for an estimated additional allocation of New Homes Bonus for Sunderland of £0.636m. The indicative settlement for 2014/15 includes for a further additional estimated amount of £0.495m (total additional £1.131m).

Budget Consultation Results

1. Introduction

The Budget Consultation for 2013/2014 was undertaken within the context of the need to significantly reduce spending for a third year in light of the Government funding reductions. The Budget Consultation process has therefore had the following objectives:

- To improve people's knowledge and understanding of the budget position and council's approach to budget setting
- To gain peoples views on meeting the budget challenge overall
- To explore views on what we are doing/planning to do, what else we can do to meet the budget challenge and areas for improvement.

2. Background

The annual budget consultation commenced during October / November 2012 comprising a survey and workshops.

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 October 2012, 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;

In addition to the presentations, members of Sunderland's citizens' panel, and voluntary and community sector were invited to take part in a self completion survey to ascertain residents' views on the issues set out at 1 above. The survey was also available online for completion by the general public.

3. The survey

A total of 611 respondents completed the survey including 589 Community Spirit panellists. The remaining 22 respondents largely comprised residents, and representatives of VCS organisations.

4. Workshops

Workshops were held across Sunderland with Community Spirit panel members and representatives from the voluntary and community sector (VCS) during November 2012. The workshops comprised:

- A presentation about the budget context followed by an opportunity to ask questions.

- An opportunity for participants to discuss with council officers their views on what we are doing/planning to do, what else we can do to meet the budget challenge and areas for improvement in relation to:
 - Children's Services
 - Street Scene Services
 - Culture, Sport and Leisure
 - Adult Social Care

Four workshops were held with Community Spirit panellists and a total of 62 panellists attended. One workshop was held with representatives from the VCS. A total of 15 small groups participated in the group discussions across the five workshops.

With regard to the workshops, participant feedback was positive. Of the 54 respondents who expressed an opinion, 98% were very/fairly satisfied overall

5. The findings

Findings of the survey and discussions at the workshops are summarised in sections 6 to 11 below. In summary, the findings demonstrate general support amongst respondents for the councils overall approach to making savings.

6. The councils overall approach to meeting the budget challenge

The survey findings:

Overall Approach	Extent of agreement %		
	Agree	Disagree	Don't Know
Supporting Business and encouraging investment in Sunderland to support job creation and employment	96	3	1
Reorganising the way we deliver services so that we have local teams who are able to deliver a wider range of services	90	6	4
Placing services together in one location instead of having dedicated standalone buildings	87	10	3
Focussing Resources on those families and individuals who are most in need	79	19	3
Making further savings in all back office and support services	69	23	8
Encouraging customers to access services using the internet rather than by telephone or in person	56	42	2
Introducing and / or increasing charges for some free or subsidised council services	48	46	6

The table above shows the majority of respondents are in agreement with each of the overall approaches to meeting the budget challenge.

7. Further use of approaches to providing council services in the future

The survey findings:

Further use of Approaches	Extent of agreement %		
	Agree	Disagree	Don't Know
Encouraging communities to do more for themselves such as keeping their areas clean and tidy	83	13	4
The use of volunteers, where possible and appropriate, to help deliver services alongside trained staff	69	24	7
Charities, voluntary and community sector organisations and other providers delivering some services on behalf of the council	62	27	11

The table above shows the majority of respondents are in agreement with the three approaches

8. Importance of maintaining quality of services

The survey findings:

Mean score where 5 is critically important and 1 is not important at all

	Average score of importance
Social Care Services for Children and disabled and vulnerable adults	4.68
Refuse Collection	4.48
Maintenance of Roads, pavements and cycleways	4.39
Street Cleaning	4.32
Street Lighting	4.22
Recycling Services	4.18
Environmental Protection Services	4.02
Homelessness and Housing advice	4.02
Facilities and activities for Children	3.74
Parks and open spaces	3.66
Sport and Leisure Centres	3.66
Libraries	3.65
Facilities and activities for young people	3.52
Car Parks	3.51
Tourism and events across the city	3.47
Museums and Heritage	3.44

As can be noted, social care services for children and disabled and vulnerable adults is perceived to be the most important service to maintain quality followed by refuse collection and a number of street scene services.

9. Acceptability of options for meeting the budget challenge in service areas

Survey respondents were asked which, if any, of three different options might be acceptable to help meet the budget challenge for a range of services. The options are:

- Focus the service on those most in need/where most needed
- Provide the service less frequently
- Introduce/increase charges.

They were also asked for any additional comments or further suggestions to help meet the budget challenge. In addition participants at the workshops were asked for their views on what we are doing and suggestions as to what else we can do to meet the budget challenge. The sections below provide feedback in respect of these questions.

9.1 Services for adults, families and children

9.1.1 Children's services and Adult Social Care

The acceptability of different options in respect of children's and adult's services is shown below. The option of focusing the service on those most in need is the most commonly selected option for these services. The option to provide the service less frequently is acceptable to around one-fifth of respondents for all services except social care services (5%). Introducing/increasing charges is only acceptable to a minority in terms of social care services and homelessness and housing advice services but a greater proportion of respondents in terms facilities and activities for young people (26%) and children (16%).

	Focus on those most in need	Provide less frequently	Introduce / increase charges	None are acceptable
Social care services for children and disabled and vulnerable adults	79%	5%	9%	12%
Homelessness and housing advice services	65%	20%	5%	9%
Facilities and activities for children	48%	21%	16%	15%
Facilities and activities for young people	42%	20%	26%	14%

- In terms of feedback from the workshops and qualitative survey comments, in overall terms the importance of children's and adults social care and need to protect/focus on the young, old and vulnerable/most in need was recognised and there was support for the Council approach of affording children's and adults social care high priority.

How are we responding?

The feedback suggests we are on the right track in terms of early intervention as an approach, better targeting of services and extending the use of services where possible.

It was generally agreed that facilities should be used for wider community benefit and so we will progress this work.

9.1.2 Sport, leisure and cultural services

The acceptability of different options in respect of sport, leisure and cultural services is more evenly divided as shown below. Introducing / increasing charges tends to be more acceptable for these services than others and is most acceptable for sport and leisure centres. Whereas the option of providing services less frequently is less acceptable for sport/leisure centres.

	Focus on those most in need	Provide less frequently	Introduce / increase charges	None are acceptable
Sport and leisure centres	33%	14%	41%	13%
Libraries	35%	23%	24%	19%
Museums and heritage	27%	23%	33%	18%
Tourism and events across the city	28%	24%	35%	14%

In terms of feedback from the workshops and qualitative survey comments, the most popular aspects arising relate to:

- A range of suggestions about how best to provide sport and leisure services in a sustainable way including aspects such as making greater use of them, the need for accessible leisure activities, pricing and promotion, partnership working and private investment.
- A range of suggestions about how best to provide library services in a sustainable way including aspects such as co-location, making greater use of them, private investment, support from volunteers, opening hours and the importance of accessibility.
- Positive comments about tourism and events and support in the main for the need to do more to encourage visitors to the city and generate income
- The need for more/better information about activities, facilities and events.

How are we responding?

The feedback suggests that the Council is on the right track as far as looking at a range of options:

Sport, leisure and wellness services

With regard to the provision of more leisure activities within facilities the new Centre at Washington is being designed to provide a modern, fun, affordable, leisure destination. This will include leisure features within the swimming pool - including hydro slides. In addition to swimming and learner pools, a sports hall, sauna and steam facility, squash courts and soft play are included within the development brief along with external football pitches. The intention is that the new facility will provide an accessible leisure destination for the whole family.

Pricing, marketing and communications

In response to queries surrounding the price of activities and the programming of facilities, new arrangements are under development and will be introduced in 2013/14. These new arrangements will take account of the feedback in relation to charging and the view that services should be focused on those who would most benefit. As such we will continue to promote affordable access for all and have regard to the times of the day the different sectors of our community wish to participate. Having regard to the prevailing economic environment we will additionally be taking a more commercial approach to promoting the service and incentivising participation through marketing activity and special offers.

Provision for children and young people

We are updating our Play and Urban Games Strategy and will continue to develop and improve local play areas where there is evidence of need and we are able to secure investment.

Libraries

We are developing proposals for Sunderlands' Future Library Services. It is intended that the new service model will promote access for all to high quality reading materials and learning environments, that will embrace modern technological and e-based service developments and incorporate these within the overall service offer. We are also proposing to take services into local communities, to engender reading and learning. A variety of locations such as schools, children's centres, community centres, and other neighbourhood venues that local people have affinity with and that are accessible to them will be used to deliver these services. This approach has the potential to increase the overall number of locations where the Library services are accessible. Our residents and partners will be fully engaged in developing these proposals so that we can ensure that needs are met – in particular for those who would most benefit from the service.

Tourism and events

The planned establishment of a Local Authority Trading Company will help us to continue to increase the number of events within the city, attract more visitors and maximise opportunities to attract commercial partners.

The council has also recently introduced a Visitor Information Service (VIS) to expand the information provided throughout Sunderland and make it easier for visitors and residents across the city to obtain information about events and attractions in the city. The new VIS is available in the ten main Customer Service outlets. The new service reflects the growing trend for people to access information through digital media, such as websites and mobile applications. With this in mind Sunderland's on-line offer is being refreshed and improved for visitors, as are core materials. How Sunderland promotes itself to attract visitors is also being refreshed and the outcome of this work will be seen over the coming months.

9.2 Street scene services

The acceptability of different options in respect of street scene services is shown below. The option of focusing resources on those most in need is the most commonly selected option for all street scene services, and is most popular for maintenance of roads, pavements and cycleways (70%) and street lighting (61%). Introducing / increasing charges is virtually unacceptable for all services except car parks (27%) and environmental protection services (15%). The acceptability of providing the service less frequently is lowest for the maintenance of roads, pavements and cycleways (9%) and environmental protection services (12%) and highest for recycling services (30%) and refuse collection (26%). These two services are also the two to have the greatest proportion of respondents thinking that none of the options are acceptable (refuse collection - 32% and recycling services - 28%).

	Focus on those most in need	Provide less frequently	Introduce / increase charges	None are acceptable
Environmental protection services	58%	12%	15%	17%
Car parks	38%	17%	27%	17%
Maintenance of roads, pavements and cycleways	70%	9%	2%	20%
Street cleaning	58%	21%	2%	22%
Street lighting	61%	16%	1%	23%
Parks and open spaces	43%	24%	4%	24%
Recycling services	39%	30%	4%	28%
Refuse collection	40%	26%	2%	32%

In terms of feedback from the workshops and qualitative survey comments, the most popular aspects arising relate to:

- The opportunity for less frequent refuse collections although there were also some concerns about the potential impact on large families, and fly-tipping
- Positive comments about progress on recycling, suggestions about increasing recycling, minimising costs and maximising income
- The importance of/need for improvements to clean streets including aspects around dog fouling and litter and also some positive comments about services
- The potential to dim or switch off street lights to make savings whilst ensuring safety aspects are addressed
- The importance of road and footpath maintenance
- Suggestions around the need for cheaper or free parking to encourage visitors and also some parking issues

How are we responding?

Refuse collection arrangements

The Council was successful in securing £4.7m grant from DCLG to retain weekly refuse collection, which will continue for at least the next four financial years under the terms of the grant. The grant offsets the financial burden on the Council keeping weekly collections.

Recycling and handling waste

In respect of improving recycling - all residents will get an information pack on the increased range of items that can go in the blue bin included cartons and yogurt pots from December 2012.

Litter and dog fouling

In terms of dog bins / enforcement, these issues are discussed regularly at Place Boards and targeted actions undertaken where issues in localities are identified.

Road and footpath maintenance

In respect of maintaining roads and footpaths we will try and minimise the impact of inefficiencies by working smarter and getting better value from our procurement of supplies.

Customer service and communications

In respect of increasing public awareness and education around litter and other environmental issues, this is clearly in line with our "Love Where You Live" campaign engaging communities in taking greater responsibility for their local environment.

Street lighting

In respect of Street Lighting we are currently in discussion with our PFI provider on how the energy bill can be reduced through better controls and introducing new technology.

Positive comments about the service

Positive comments in the respect of general service provision is further vindication that the Responsive Local Service approach is working

Medium Term Financial Strategy 2012/2013 – 2015/2016**Report of the Executive Director of Commercial and Corporate Services****1. Purpose of the MTFS**

1.1 The MTFS is a key part of the Council's Budget Policy framework which aims to ensure that significantly reduced resources are aligned to ensure that the residents of Sunderland are offered the best possible public services in future through the development of the Community Leadership approach which looks at opportunities to deliver services in new ways. The MTFS sets out the strategic financial position and financial direction of the Council over the next four years taking into account council policy objectives, government funding levels, other resources and service pressures. It is regularly updated to reflect the dynamic changes in local government finance. The key objectives of the strategy are:

- Continued strong financial resilience of the authority
- To identify and draw together strands of activity that will meet the savings requirement
- Continue to facilitate investment in alternative forms of service delivery and key priorities.

This summary draws out the current financial position and underpinning strategies and actions being followed to address the budget challenge.

2. National Funding Position**2.1 Deficit Reduction Plan**

The Government confirmed in the December 2012 Autumn Statement that it intends to continue to address the deficit by following its deficit reduction plan. The latest position shows overall reductions of 3.9% in 2013/2014 and 10.7% in 2014/2015 with public sector funding reductions envisaged until at least 2017/2018.

2.2 Local Government Resource Review

As part of the 2011/2012 settlement, the government confirmed there were to be changes to the local government finance system from 2013/14 arising from its Local Government Resource Review (LGRR). The key funding elements to support the Council revenue budget from 2013/14 comprise:

2.2.1 Start Up Funding

- Retained Business Rates – the Business Rates Retention system replaces formula grant funding from 2013/14. Key features are:
 - 50% of Business rates will form part of the national 'central' share retained by Central Government to be redistributed; 50% will be retained locally.
 - A safety net arrangement is included with the intention of protecting Authorities from significant falls in their Business Rates income which has been set at 92.5% of their base line funding limit.

- Revenue Support Grant - From 2013/14 a number of Core revenue grant funding allocations have been incorporated into the new Business Rates Retention system including Formula Grant, Early Years Intervention, Learning Disabilities, Council Tax Support and Preventing Homelessness.
- Top up Grant - 'Top up' councils such as Sunderland will have their allocations fixed but will be index linked to RPI each year.

2.2.2 Other Core Grant and Revenue Funding

The significant core and revenue grants which remain separate to Revenue Support Grant include New Homes Bonus, Social Fund Grant, Public Health Grant; NHS funding to support Social Care and Benefit Health Grant; Education Support Services Grant.

2.2.3 Council Tax

- From 2013/14 the government has also implemented the Localisation of Council Tax support which means those who might have benefited from the previous Council tax benefit support scheme may need to pay towards Council tax from April 2013.
- As part of the settlement government proposed that a two percent referendum principle will apply to all principal local authorities. This means any increase above this level will require a referendum to give the local electorate the opportunity to approve or veto the increase.

3.0 Local Funding Position

Government Funding

3.1 The overall position in terms of grant income changes for Sunderland are set out below

	2013/14	2014/15	2015/16	Total
	£m	£m	£m	£m
Government Funding Changes	13.9	16.6	16.7	47.2

Spending Pressures and Commitments

- 3.2 A summary of the financial implications of spending pressures and commitments is set out below

	2013/14	2014/15	2015/16
	£m	£m	£m
Total Pay Price and other pressures	6.76	7.55	4.95
Welfare Reform	1.34	-0.27	0.02
Financing Charges	2.50	0.50	3.00
Replacement of prior year one off savings & end to end review savings	4.40	4.52	2.00
HHA demand pressures	5.37	1.59	2.69
Children's demand pressures	1.68	0.23	-
Waste Disposal	1.05	0.99	-
Total Pressures	23.10	15.11	12.66

The detail relating to spending pressures for 2013/14 are included in the Cabinet Report attached

3.3 Overall Local Position 2013/2014 to 2015/2016

The final Local Government Finance settlement for 2013/2014 confirmed a savings requirement of £37m for 2013/2014 and £29.4m for 2014/2015 and three year savings requirement for 2013/14 to 2015/16 is likely to be in the region of £98million. However, this position may change as the government provide further updated information as part of the next spending review.

The settlement covered the two year period 2013/14 and 2014/15 and estimates have been made for 2015/2016 based on high level data provided.

	2013/14	2014/15	2015/16	Total
	£m	£m	£m	£m
Government Funding Changes	13.9	16.6	16.7	47.2
Spending Pressures	23.1	15.1	12.7	50.9
Overall position / Funding Gap	37.0	31.7	29.4	98.1

4.0 Strategy for meeting the Funding Gap

4.1 As part of the Budget Planning Framework for 2013/2014 reported in October 2012, Cabinet agreed to progress the approach to meeting the funding gap for 2013/14 and the medium term by:

- Progressing the existing improvement programme of savings which aims to meet needs and achieve savings while protecting as far as possible frontline services and maximising non frontline savings. Throughout the programme Strategic and Shared Services are being refocused and reduced by an average 50%.
- Continuing to protect so far as possible front line services which are being reshaped and refocused to:
 - Ensure services are responsive to local needs
 - Protect core services particularly those most vulnerable
 - Target resources rather than universal service provision.

4.2 Proposed reductions are summarised in the following table together with an indication of plans for future years.

	2012/13 £'m	2013/14 £'m	2014/15 £'m
Corporate and Cross Cutting			
Strategic and Shared Services	7.49	7.19	0.53
People Based Commissioning Reviews		1.00	3.00
Voluntary and Community Sector Review		0.49	
Integration of Public Health		2.00	
Corporate Resources (ITA /NHB / corporate)	2.70	2.70	0.50
SWITCH Resource Repatriated		5.10	3.20
	10.19	18.48	7.23
Improvement Plans			
Place and Economy	4.78	5.12	0.41
People - Children's Services	2.14	3.76	1.25
People - Health Housing and Adult Services	8.68	5.12	2.45
	15.60	14.00	4.11
Use of One off savings			
Capitalisation of Highways and Repairs spend		1.00	1.00
Temporary Use of balances and/ or grant	2.27	3.52	1.00
	2.27	4.52	2.00
Total Ongoing Programmed Savings	28.06	37.00	13.34

4.3 The proposals reflect measures being implemented through the new improvement programme framework including through:

- CSN development and Demand Management - The objective of the programme is to manage demand and cut the cost of the supply chain and in doing so deliver high quality and consistent customer service, gathering valuable

customer intelligence to shape future delivery arrangement, meet need and improve outcomes. The programme will look for opportunities to:

- Migrate or deepen customer contact and assess and decide activity split between services that are currently delivered within the Customer Service Network and those which are, at present delivered within the host directorate – This involves enabling decision making at the earliest point in the customer interaction. It relies on all channels of access being managed consistently and via generic processes such as; making an appointment, assessing need / eligibility etc.
- Cut the cost of the supply chain – This involves removing all non-value adding activity from the customer journey by ensuring as much contact is resolved at the first contact with any interactions that require specialist support being issued directly to the service delivery agent without the need for re-work, re-checking, re-assessing etc. This involves removing where possible, any administrative layers and leveraging the use of mobile technologies. It also includes enhancing community and alternative provision so customers can be signposted away from the Council as appropriate.
- Enhancing e-enablement / automation – This includes improving web content, developing 'request it', 'report it', 'apply for it' type services and where appropriate, enabling customers to access personal data and transact via service systems directly i.e. Libraries system, Planning portal. This area of work will also include pursuing automated telephony options.
- Development of Alternative Service Delivery Models for services – continuing to look at the most effective and efficient models of provision for services over the short to medium term as the Council is clear that to ensure the residents of Sunderland are offered the best possible public services in future that the development of ASDMs draws together our public sector ethos with opportunities to deliver services in new ways, whilst putting elected members and customers (and their insight) at the centre of decision-making. All this has to be done within the continuing budget reductions which in the period 2009-15 will be in the region of £200m. To support the development of ASDM, a dedicated team of staff that are working with and supporting Directors and Heads of Service on the development of a programme pipeline including individual project areas to focus over the next 36 months. The team will bring excellence in transformation activity, project management and business planning together with the experience and expertise in other parts of the council to ensure all ASDM are supported to deliver sustainable, high quality services in the future.
- Strategic Services and Fixed Assets – further and continual review to meet the future needs of the Council and its communities, maximise use of assets and deliver significant savings.

The framework has led to a range of cross cutting projects which are being progressed through the Council's Improvement Programme to support the delivery of savings into the medium term including:

- Community development - to work within communities and the voluntary sector to help build resilient and sustainable communities that can also support the delivery of services in the future
- Customer Insight and Intelligence – to support greater understanding of demand and trend analysis alongside understanding community views and needs to form the basis of service transformation
- Website and Intranet Development – to refresh content and grow the demand for low cost, on-line facilities for advice, guidance and a range of transactional services such as making a payment
- Workforce Development – In order to ensure timely delivery of savings proposals a refreshed approach to workforce planning
- Integrated Commissioning – to enable a cross cutting approach to future commissioning of People and Place based services to ensure the council commission services that meets changing needs whilst reducing the overall cost of the function

5.0 Strategy for Maximising Income Levels

In addition to pursuing strategies to meet the budget requirement focus needs to be made on maximising income levels given the significant risks inherent in the new system of funding for local government.

5.1 Retained Business Rates

Business Rates and Local Council Tax Support Scheme

- 5.1.1 Under the new local government funding arrangements, the Government makes assumptions about the level of Business Rates which will be achieved and retained by a Local Authority in determining its Start Up Funding Assessment. However the Council must determine for itself the anticipated level of Business Rate Income collection. The Council, at its meeting on 30th January, 2013, approved the Business Rate income forecast for 2013/14 and the amount to be retained by the Council is forecast to be £40.886m. This compares to a £40.414m government assessed level .
- 5.1.2 The Government will only fund losses on business rate collection after a certain level of loss has been incurred through the Safety Net mechanism. Based on our assumptions on business rate income collection, income retained by the Council could fall by up to £6.1m before the Government will provide 100% safety net funding. This means that business rates collected would have to fall by £12.4m circa 15% before the threshold is triggered and the Council receives any safety net funding.
- 5.1.3 An increased focus on monitoring and management of the various strands that impact on levels of income collection will require strong performance management in order to ensure that income levels are maximised . This will involve collaboration across the Council to gain intelligence about potential growth or reduction in the

business rate base, performance and trends in terms of collection as well as gaining external intelligence from the Valuation office and Genuis. New processes and procedures are being introduced to ensure that the position can be understood and action taken as appropriate. A reserve will be established in 2013/2014 to reflect the uncertainty of income levels in this first year of the new system.

5.2 Other Core Grant and Revenue Funding

Grant funding will be considered in the context of overall funding position and additional responsibilities.

5.3 Council Tax Levels

The Council Tax Freeze grant for 2013/14 (and 2014/15) has only been offered to compensate those Authorities who decide not to increase their Council tax in 2013/14. As the funding is not of a permanent nature any use of the grant to support on going revenue expenditure will require alternative funding to be identified in the following years should the Council decide to access and accept the grant.

5.4 Fees and Charges

In 2013/14, the Council is budgeting for in excess of £54m from sales, fees and charges. Benchmarking studies have identified the Council to be in the highest quartile compared to single tier local authorities outside of London. In addition compared to other ANEC authorities, the Council generated the second highest level of sales, fees and charges income. A review of all fees and charges takes place on an annual basis to ensure that opportunities to maximise resources are followed through. Areas where comparative data suggests lower charges compared to others will continue to be reviewed to consider potential opportunities for increased or additional charges.

Opportunities for new charges continue to be actively pursued by Directors as part of the improvement planning process.

5.5 Other External Funding

The availability of external funding for public authorities to undertake economic regeneration has reduced significantly within the government's public expenditure framework. The government's emphasis is to involve the private sector directly in stimulating economic recovery, through mechanisms such as the Regional Growth Fund and the creation of Local Enterprise Partnership's which are being allocated additional resources such as through the Growing Places Fund. These avenues will continue to be pursued and factored into medium term planning assumptions.

5.6 Other Options for Future Funding

The reduction in both revenue and capital funding requires the Council to focus on new and existing opportunities for funding for example:

- Capital Funding - Bonds, TIF, asset backed partnerships, European support
- Trading opportunities
- Alternatives to revenue funding

This will be used as a checklist for the Council and services to maximise opportunities for funding priority spending.

Some avenues are already being explored and will be proactively developed as part of improvement planning activity.

6.0 Community Budgets

6.1 Community Budgets were announced as part of the Spending Review 2010 and the first 16 Community Budgets were launched in April 2011. On 21st December 2011 14 Community Budget areas were announced, 4 Whole-Place and 10 Neighbourhood-Level Community Budget Pilots.

6.2 In December 2012 the LGA reported that in their view 'the work of the pilots indicates that community budgets offer a way of living within smaller budgets that will not only make savings and protect public services but make outcomes better'.

6.3 The Secretary of State for Communities and Local Government, the Minister for Health, and the Head of the Civil Service have stated publicly that they are persuaded that the pilots' proposals were worth pursuing and committed themselves to support a move to implement community budgets. In addition the Autumn Statement identified community budgets as an important factor in enabling the local public sector to live within its available funding.

6.4 The impact of Community budgets will be factored into plans as the initiative develops.

7.0 Capital and Prudential Borrowing

7.1 The revenue implications of the Council's Capital Programme are considered as part of the process for setting the Capital Programme. The revenue impact of the Capital Programme is reflected in the MTFs, in particular the costs associated with the level of prudential borrowing required to deliver the Capital Programme.

7.2 The four year Capital Programme for 2013/14 to 2016/17 was set to take account of the reductions in available external funding and the increased pressure on the Council's resources.

- 7.3 A number of proposed capital schemes are currently being considered to ensure that the Council continues to achieve and promote economic regeneration and other key priorities. The borrowing strategy sets out parameters to ensure VFM considerations are safeguarded.

8.0 Reserves and Balances

The Local Government Finance Act 1992 requires local authorities to have regard to the level of reserves needed for meeting estimated future expenditure when calculating the budget requirement.

In establishing reserves, the Council must comply with the Code of Practice on Local Authority Accounting in the United Kingdom. The Executive Director of Commercial and Corporate Services is required, as part of the budget setting process, to provide a statement on the adequacy of reserves.

8.1 Reserves Policy

The Council's policy on reserves is as follows:

- The Council will maintain its general reserve at a minimum of £7m to cover any major unforeseen expenditure. The Council will aim to balance its revenue budget over the period of the MTFS without reliance on the use of the general reserve.
- The Council will maintain earmarked reserves for specific purposes which are consistent with achieving its key priorities. The use of earmarked reserves will be in line with the principles set out in the MTFS and reviewed annually.

All reserves are earmarked for specific purposes.

A general reserve of £7.6m is held to provide a level of contingency and meet any unforeseen expenditure and support the budget as planned as set out in Annex 1. A full analysis of reserves is included annually in the Statement of Accounts.

9.0 Budget Consultation and Equalities Impact

- 9.1 The annual budget consultation commenced during October / November 2012 comprising a survey and workshops. In summary, the findings demonstrate general support amongst respondents for the councils overall approach to making savings.
- 9.2 In accordance with the approach followed in previous years the Council continues to fully consider the impact of its plans by following a robust approach to equalities analysis. The Council continues to seek to meet its obligations in relation to equality and diversity and has procedures in place at both a general and budget specific level to incorporate equality and diversity issues into decision making processes and the assessment of proposals.

10.0 Risk Assessment

A comprehensive financial risk assessment is undertaken for the Revenue and Capital Budget setting process to ensure that all risks and uncertainties affecting the Council's financial position are identified. These are reviewed each year as part of the refresh of the MTFS. The key strategic financial risks to be considered in developing the MTFS are as set out at Annex 1.

11.0 Conclusion

- 11.1 The Government has announced funding levels for 2013/2014. Indicative funding levels for 2014/15 are £6m worse than previously anticipated. However if the reductions demonstrated in the 2014/15 indicative settlement feed through into 2015/2016 then at this stage the three year savings requirement for 2013/14 to 2015/16 is likely to be in the region of £98million. This is in addition to the £100m savings already achieved in the period 2010/11 to 2012/13.
- 11.2 The Government's intention to eliminate the public sector spending deficit by 2017/18 results in extremely challenging funding cuts for the Council.
- 11.3 The new local government funding arrangements from April 2013 under the Business Rates Retention Scheme and the Local Council Tax Support scheme also have the effect of transferring significant risk to the Council. The combined effect presents a real challenge to ensure delivery of priorities as set out in the Sunderland Strategy and to protect frontline services.
- 11.4 Government and regional support for capital investment will also be much tighter over the life of the MTFS. If the Council wants to continue to invest in capital projects to deliver priorities it will need to be even more self sufficient and raise income or reduce service costs to support borrowing. There will be an increased focus on use of alternative funding models to support priorities and future service provision.
- 11.5 A combination of spending pressures, funding cuts, increased risk transfer and the need to support capital investment means that difficult choices will need to be made to ensure that the Council's current sound financial position is sustainable.
- 11.6 In the short term, all funding options, including budget savings and council tax levels, will be considered to allow a balanced and sustainable budget to be considered by Council on 6 March 2013.

MTFS 2012/2013 to 2015/2016 Risk Assessment

Risk	Likelihood	Impact	Risk Management
1. Future available resources less than notified. For 2014/15 the settlement is indicative and no form information is available for 2015/16. This is likely to be impacted upon by the SR13	Likely	High	Annual review of reserves and reserves policy to identify future resources. Settlement confirms funding for 2013/14 and indicative information for 2014/15. Assumptions beyond 2014/15 based on best information available and will be updated regularly for government announcements.
2. Pay Awards and price inflation higher than assumed.	Possible	Low	Central contingency budget for pay and price increases set on the basis of the best available evidence.
3. Future spending plans underestimated.	Possible	Medium	Service planning process identifies future budget pressures. Operational Reviews modelling delivery linked to Council priorities.
4. Anticipated savings/efficiencies not achieved.	Possible	High	Regular monitoring and reporting take place but the size of the funding cuts increase the likelihood of this risk into the future. None achievement of savings would require compensating reductions in planned spending within services. Enhanced monitoring arrangements using project management and assurance resources will tighten further accountability and early intervention to mitigate the position. Principles to maintain General Reserve at £7.5m. Availability of Transitional Funding enables phasing of savings if appropriate.

Risk	Likelihood	Impact	Risk Management
5. Revenue implications of capital programmes not fully anticipated.	Unlikely	Low	Capital bid approval identifies revenue implications and links to Council priorities. Full analysis of revenue implications assessed and considered in scenario planning.
6. Income Targets for Business Rates and Council Tax not achieved	Possible	High	A prudent approach has been taken in setting the forecast income levels. The establishment of enhanced monitoring processes to identify any shortfall and remedial action will be taken. Provision exists to meet any shortfall in business rates business rate income above the safety net threshold.
7. Other Miscellaneous Income targets not achieved	Possible	Medium	Current economic climate likely to impact, mitigated by planned short term use of reserves. Regular monitoring and reporting and full review of fees and charges undertaken.
8. Budget monitoring not effective	Unlikely	High	Regular monitoring and reporting in line with corporate framework. Action plans developed to address problem areas.
9. Exit strategies for external funding ceasing/tapering not met.	Possible	Medium	Regular monitoring and reporting. Government policy to remove ring fencing provides greater flexibility. External Funding Strategy in place.
10. Loss of principal deposit.	Unlikely	Medium	Limited by the controls in the Treasury Management Strategy which focus on security of deposit rather than returns. Impact limited due to the strategy of a diverse portfolio and top rated institutions and greater use of low risk, government Debt Management Office.

Risk	Likelihood	Impact	Risk Management
11. Interest rates lower than expected.	Unlikely	Low	Regular review, monitoring and reporting on interest rates. Prudent assumptions on likely interest rates for 2012/13 onwards have been incorporated into the MTFS.
12. Changes to Government and/or policy.	Likely	High	Source alternative funding options including short term use of reserves. Pressures factored into MTFS.
13. All MTFS risks not adequately identified.	Unlikely	Low	Council's Risk Management Profile ensures all operational and strategic risks are identified as part of the annual service planning process.

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:

- the Government has indicated a limit on public sector pay of a 1.0% pay increase from 2013/2014 onwards;
- The CPI at December 2012 was 2.7% and the inflation outlook (CPI) for 2013 is the government target of 2.0% will be reached in early 2013;
- Appropriate provision for price increases has been included in the budget including a prudent provision for increases in contract prices and additional provision for fees for independent providers of care services;
- 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 provision has been made to enable potential borrowing under the prudential framework with some limited headroom for unplanned borrowing;
- the market consensus regarding the economic outlook for the year ahead is that base rates will remain at 0.5% throughout 2013/2014;
- 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 2013/2014;
- the total contingency provision is deemed sufficient in the context of the net revenue budget;

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 have been subject to external assessment and found to be robust and 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;

Revenue Budget - Budgetary Control

Risk is that the budget will be overspent in the year.

Whilst the scale of changes in the budget and levels of savings are significant compared to previous years, enhanced monitoring arrangements were established for 2011/2012 to deal with the increased risks associated with this to support the normal arrangements in place for financial management set out below including;

- monthly budget monitoring is in place in all Directorates;
- 6 weekly exception reporting to the Executive Management Team and corrective action agreed or set in train;
- 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 Revenue Budget and Capital Programme.

- Arrangements are being further enhanced through integrated working with the Transformation Projects and Programme Support team and the Integrated Assurance Team.

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 reductions to the Revenue Budget will not occur or are unachievable.

This is unlikely to occur due to:

- 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.

Income from Business Rates and Council Tax

Risk is that forecast levels of income from Business Rates and Council Tax are not achieved

This is unlikely to occur due to:

- a prudent approach taken in setting the forecast income levels;
- the establishment of enhanced monitoring processes to identify any shortfall and remedial action will be taken;
- provision exists to meet any shortfall in business rates business rate income above the safety net threshold.

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 in 2013/2014.

Appendix H

Major Earmarked Reserves - Position Statement

Title and Purpose of Earmarked Reserve	Opening Balance 1/4/2012 £'000	Movement during 2012/2013 £'000	Closing Balance 31/3/2013 £'000
<p>Strategic Investment Reserve A reserve established to address some of the Council's key developments, strategic priorities and address other major liabilities</p>	68,578	(26,980)	41,598
<p>Council Directorates - Delegated Budget Surpluses 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.</p>	5,410	(3,923)	1,487
<p>Schools Delegated Budget Surpluses These are the financial reserves held by schools under the Local Management of Schools/Fair Funding arrangements.</p>	10,641	(2,641)	8,000
<p>Insurance Reserve This reserve has been established to provide for potential claims associated with the housing stock transfer, future claims increases, the Port and risk management funds. The Reserve is also intended to cover the excess element of any significant claims in relation to Fire Insurance and Official and Professional Indemnity liability claims should they arise in future</p>	3,685	0	3,685
<p>Street Lighting PFI Smoothing Reserve 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 were 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>	6,682	(390)	6,292
<p>Unutilised RCCO Reserve This reserve consists of unutilised direct revenue financing and is fully earmarked to fund capital projects previously approved.</p>	3,176	(1,299)	1,877
<p>Strategic Investment Plan Reserve A reserve to fund the Council's contribution to its Strategic Investment Plan approved by Council in April, 2008.</p>	8,049	(1,073)	6,976



REVENUE BUDGET 2013/2014

**REVENUE BUDGET 2013/2014
LEADER**

ROLES AND RESPONSIBILITIES

The Leader Portfolio provides Executive Leadership to the council on all matters and particularly all major strategic, corporate and cross-cutting, reputational 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 is responsible in ensuring that the council's approach to economic, social and physical regeneration of the city is integrated, enabling and effective.

The Portfolio has specific responsibility for the following activities and functions:

- Strategic and policy overview
- Communications, Reputation and Influencing
- Strategic economic development and Inward Investment
- Strategic partnerships
- Sunderland Way of Working and strategic improvement programmes
- International Strategy and Programmes
- Regional and sub-regional governance
- Housing Strategy
- Environmental Policy
- Carbon Management
- Seafront Strategy

Theme: Place
Corporate Outcome: An attractive, modern city where people choose to invest, live, work and spend their leisure time.
Activity:
We will continue to adopt an ambitious, developer/investor friendly Core Strategy (Land Use Plan) that will guide high quality future physical development that is synonymous with a modern, vibrant, aspirational city.
We will work with partners to enable new housing developments and improvements to existing properties.
We will continue to pursue the regeneration of the Roker and Seaburn seafront. Key activity will include the commencement of the second phase of works to the promenade with a view to their completion during the summer. These works will improve the environment of the promenade and support new and existing businesses. In addition we will commence the phased restoration of Roker Pier and Lighthouse. This funding will support key infrastructure works, which will facilitate comprehensive redevelopment of Seaburn Ocean Park by a private sector developer. The project will include: <ul style="list-style-type: none"> ▪ Realignment of Lowry Road to improve access and increase capacity for development; and narrowing of the carriageway at Whitburn Road to the east of Ocean Park to deliver improved pedestrian public realm and a permanent new area of open space capable of hosting outdoor events ▪ Improvements to green infrastructure around Cut Throat Dene and feasibility work towards the implementation of a comprehensive approach to sustainable drainage of the site.
Through the Government's City Deal programme, we will seek to establish a new financial mechanism that will connect Sunderland's successful and growing manufacturing base to its city centre. This will involve an expansion of manufacturing in Sunderland, by bringing more land into productive use and will further incentivise development on the Vaux site, bringing jobs and prosperity to the city centre.
Theme: Economy
Corporate Outcome: A new kind of university city.
Activity
We will continue to market the Software Centre as an innovation and technology hub for the city, attracting inward investment and encouraging business start-ups. We will use the Software Centre to promote the technology sector, with its range of different career opportunities (including non-technical jobs such as marketing, finance, administration) to young people.
We will continue to work with the University of Sunderland to support its leadership role in developing the local economy. In particular we will place a focus on business growth in those sectors that present the greatest opportunity for growth including: automotive and advanced manufacturing, offshore renewables, sub-sea engineering and software. We will also continue to develop international links that promote the greatest economic, educational and cultural benefit.
We will work with the University of Sunderland and other business support organisations to implement the City Enterprise and Innovation Strategy. This promotes practical ways for businesses to collaborate and develop in the city. It also contributes to a wider skills strategy through a focus on the low carbon sector and its higher-level skills needs.

**REVENUE BUDGET 2013/2014
LEADER**

Corporate Outcome: A national hub of the low carbon economy.
Activity:
We will support the low carbon sector and the automotive/electric vehicle supply chain by delivering the North Eastern Local Enterprise Partnership's (NELEP) Low Carbon Enterprise Zone on the A19 corridor. This will support ultra low carbon vehicle development, the automotive supply chain and advanced engineering. We will also contribute to the NELEP aim of becoming Europe's premier location for low carbon, sustainable, knowledge based private sector growth and jobs.
We will deliver the Washington business incubator as part of your commitment to developing a 'Low Carbon Technopole Hub' where research and development facilities, education and knowledge development come together in single place.
We will focus activity on completing a feasibility and master plan study in relation to Council-owned land within the Enterprise Zone Site 3 to determine infrastructure requirements, costs and delivery timescales. Work will also be undertaken to identify potential off-site highway improvements required to deliver the objectives of the overall Sunderland Enterprise Zone. The results of these work streams will inform future funding strategies and the level of Council resources potentially required.
Corporate Outcome: A prosperous and well connected waterfront city centre.
Activity:
We will continue to develop our plans for a modern, vibrant city centre by focusing on key 'investment corridors' within which we will promote developments of appropriate scale with high quality building design and associated public realm works.
We will commence the delivery of advanced infrastructure and public realm improvements associated with the redevelopment of the Vaux site. Works to be undertaken will include improvements to St. Mary's Way/Livingstone Road designed to: accommodate additional traffic arising from the future redevelopment of Vaux; improve the connections between Vaux and the rest of the city; and create a new pedestrian link from the city centre to the site. These infrastructure works are necessary to meet the needs and aspirations of both potential developers and the city as whole.
We will continue to invest in the city centre and will be reviewing how the city centre's different physical assets, new and existing, can be best organised and connected. This will ensure the university's city campus is fully integrated into the city centre. We will develop innovative approaches which drive private sector investment and support fast-track regeneration and investment in city centre projects.
We will promote the city nationally and internationally as a place to invest through a new inward investment campaign. We will provide a seamless service for investors and developers through our integrated approach to regeneration and business investment.
Corporate Outcome: An inclusive city economy for all ages.
Activity:
We will provide governance and support to the Economic Leadership Board and Economic Masterplan Aim Groups.
We will build on our success of getting people into work by implementing the Employment Strategy for the city. The strategy sets the direction for our efforts to attract employment opportunities to the city, across a wide range of employment sectors and for all skills levels. Having more employment opportunities and at all levels will help address poverty and worklessness in the city and make our communities more resilient.
We will complete and commence implementation of a skills strategy to ensure that we have people with the right type of skills in the city to meet the requirements of the city's economy and the regional labour market in the future. The skills strategy will establish processes and interventions that, when delivered, will:
<ol style="list-style-type: none"> 1. Provide residents with the skills required to support growth and development of our industries 2. Include a focus on science, technology, engineering and maths (STEM) subjects in the city's learning institutions 3. Develop a curriculum that gives people the skills to make themselves employable, then supports them as they move on to higher-paid work 4. Promote career opportunities through introductions to the world of work and greater employer involvement in learning courses 5. Support all young people to be able to access further or higher education, employment or training.
Organisational Transformation
Through Sunderland Partnership Arrangements we will continue to co-ordinate services to meet the objectives of the Sunderland Strategy by bringing together local plans, partnerships and initiatives to allow effective joint working to meet local need.
We will support the completion of the Sunderland Strategy Refresh to provide a planning and performance management framework for the Sunderland Partnership.
We will ensure the delivery of efficiency savings through an effective and efficient Transformation Agenda, Performance Management and service delivery including strong relationships with key stakeholders.
We will continue the delivery and expansion of the Community Leadership Programme, including the increased use

**REVENUE BUDGET 2013/2014
LEADER**

of customer insight and intelligence to ensure elected members are at the centre of decision making.
We will change the nature of core services and the role of the council in a city where there will be a range of delivery models with a public service ethos and values.
We will continue the development and refinement of the Strategy, Policy and Performance Management service to meet future requirements and redesign processes using ICT to deliver efficiencies.
We will ensure that the Communications and Corporate Affairs efficiency targets are delivered in line with the planned reductions arising through the review of Strategic and Support Services, including developing further opportunities to reduce print costs following the successful implementation of the Design and Print review.

FINANCIAL

OBJECTIVE SUMMARY

Ref.	Head of Service Ref.	Original Estimate 2012/2013 £	Revised Estimate 2012/2013 £		Estimate 2013/2014 £
Office of the Chief Executive					
1	ACE	0	0	Corporate and Strategic Management	0
2	ACE	0	0	Local Strategic Partnership	0
3	BID	2,229,588	2,187,759	Business and Investment	2,347,080
4	BID	18,810	42,060	Employment Training Centres	16,267
5	DoCA&C	0	0	Corporate Affairs and Communications	0
6	DoCA&C	0	0	Communications - Design and Print	0
7	HoC&CM	0	0	Business Development	0
8	HoCLP	0	0	Community Leadership Programme	0
9	HoS&AA	1,004,259	962,181	Scrutiny and Area Arrangements	974,584
10	HoS&P	0	0	Strategy, Policy and Performance Management	0
		3,252,657	3,192,000	Total Office of the Chief Executive	3,337,931
Executive Director of Commercial and Corporate Services					
11	HoLG	4,049,141	4,264,185	Democratic Core	4,094,295
12	HoT	0	0	Transformation, Programmes and Project Service	0
		4,049,141	4,264,185	Total Executive Director of Commercial and Corporate Services	4,094,295
		7,301,798	7,456,185	TOTAL BUDGET	7,432,226

IMPROVEMENT AND EFFICIENCY

The Portfolio continues to build on the efficiencies generated in recent years in the area of support services reviews as part of the Review of Strategic and Support Services.

In 2013/2014 £0.930m savings are anticipated with plans being implemented in respect of Support and Shared Services. Further reconfiguration of support services continues to be carried out to meet the future requirements of the council. This includes continuing to refine and implement standardised ways of delivering support services by redesigning processes and using ICT to maximise efficiencies in areas such as Corporate Affairs and Communications, Strategy Policy and Performance Management and Transformation Programmes. Savings are masked by the impact of recharging the net costs of these support services to service areas.

A key focus of the Portfolio is the delivery of the priorities set out in the Sunderland Economic Master Plan (launched October 2010) which establishes the vision of creating "an entrepreneurial university city at the heart of a low-carbon economy".

**REVENUE BUDGET 2013/2014
LEADER**

The Portfolio plays an important role on the board of the North Eastern Local Enterprise Partnership (NELEP) covering Durham County, Northumberland and the five Tyne and Wear authority districts. Local Enterprise Partnerships (LEPs) are intended to bring together businesses and local authorities in order to set the strategy and vision of economic growth in an area. The NELEP has set out a vision for the LEP area to become Europe's premier location for low carbon, sustainable, knowledge-based private sector growth and jobs.

The NELEP, supported by Sunderland Council as host Authority is currently developing and delivering a number of major programmes which include; Enterprise Zone to develop low carbon industries and covers a number of sites close to the A19/A1231 within Sunderland, Growing Places Fund (£25m) which aims to provide loan support to assist with stalled capital projects in the region and a Strategic Infrastructure Fund financed by the Government's Regional Growth Fund (£30m).

PORTFOLIO GLOSSARY

ACE	Assistant Chief Executive
BID	Business Investment Director
DoCA&C	Director of Corporate Affairs and Communications
HoC&CM	Head of Commissioning and Change Management
HoCLP	Head of Community Leadership Programmes
HoLG	Head of Law and Governance
HoS&AA	Head of Scrutiny and Area Arrangements
HoS&P	Head of Strategy and Performance
HoT	Head of Transformation

**REVENUE BUDGET 2013/2014
DEPUTY LEADER**

ROLES AND RESPONSIBILITIES

The Deputy Leader deputises for the Leader and has lead responsibility for matters relating to the 'Place' theme within the council's outcome framework with specific strategic leadership responsibility for the following Portfolios:

- City Services
- Responsive Services and Customer Care

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

The Portfolio has specific responsibility for the following activities and functions:

- Corporate human resource matters
- Corporate apprenticeships
- Corporate ICT matters
- E-government Champion, Digital Challenge and e-inclusion
- Law and Governance services
- Transactional shared services
- Elections
- Equality and diversity
- Scrutiny liaison

Theme: Place
Corporate Outcome: A well connected city.
Activity:
We will continue to boost the economy and introduce innovative new technologies through a partnership with IBM to create the 'Sunderland Cloud' computing environment to provide a low cost, accessible and secure city network, with pay-as-you-go access to business software and processes. This will benefit homes and businesses and also enable the council to communicate more effectively with customers.
We will continue to develop our understanding of the views, needs and priorities of service users in order to achieve the successful channel shift of customer contacts to digital channels and service transformation – particularly for transactional services.
Ensure delivery of efficiencies in ICT, including the delivery of a cloud computing environment and maximising the development of the Moorside data centre facility. Also, ensure the roll out of the virtual Corporate Desktop, initiatives such as Bring Your Own Device computing models and the availability of super-fast broadband across the city.
Corporate Outcome: A prosperous and well connected waterfront city.
Activity:
We will review arrangements to maximise Council Tax and Business rates collection, through monitoring fraud and taking appropriate recovery action. Recovery procedures will be adopted to mitigate any negative impact of welfare reform and the localised Council Tax Support Scheme.
We will develop arrangements for forecasting and monitoring income from Business rates and Council Tax in the light of the new Business Rates Retention Scheme and Local Council Tax benefit changes.
We will put in place arrangements for the localisation of the social fund to deliver a fair and equitable scheme to residents of Sunderland.
Organisational Transformation
We will continue implementation of the council's strategic direction in respect of equalities and diversity and further embed equalities considerations in the council's corporate planning and decision making processes.
We will ensure delivery of efficiencies in Human Resource and Organisation Development.
We will ensure efficient and effective management of the Corporate Complaints System.
We will ensure efficient and effective delivery of Legal Services.
We will ensure that efficiency targets are delivered in respect of the Shared Service Centre, Administration and PA Support and Transactional Services.
We will explore the commercial potential of the Human Resources and Organisational Development Service (including Occupational Health and Health and Safety) by offering services to a wider range of customer and adopting different delivery approaches in parallel with the implementation of Manager Self Service within the council.

**REVENUE BUDGET 2013/2014
DEPUTY LEADER**

FINANCIAL

OBJECTIVE SUMMARY

Ref.	Head of Service Ref.	Original Estimate 2012/2013 £	Revised Estimate 2012/2013 £		Estimate 2013/2014 £
Office of the Chief Executive					
1	ACE	317,446	282,758	Equalities and Integration	236,808
2	DoHR&OD	0	0	Strategic and Operational HR	0
3	HoES	656,214	849,590	Electoral Services	662,219
		973,660	1,132,348	Total Office of the Chief Executive	899,027
Executive Director of Commercial and Corporate Services					
4	HoICT	0	0	ICT	0
5	HoLG	0	0	Governance Services	0
6	HoLG	70,325	63,162	Information Governance	59,581
7	HoLG	0	0	Legal Services	0
8	HoTS	0	0	Administration and PA Support	0
9	HoTS	678,355	358,944	Benefits Administration	276,644
10	HoTS	1,303,765	1,294,061	Benefits Payments	1,358,511
11	HoTS	2,402,609	2,167,152	Council Tax and Business Rates	1,840,333
12	HoTS	0	0	Shared Service Centre	0
13	HoTS	0	0	Transactional Finance	0
14	HoTS	0	0	Welfare Reform - Social Fund	0
		4,455,054	3,883,319	Total Executive Director of Commercial and Corporate Services	3,535,069
		5,428,714	5,015,667	TOTAL BUDGET	4,434,096

IMPROVEMENT AND EFFICIENCY

The Portfolio continues to build on the efficiencies generated in recent years in the area of support services reviews as part of the Transformation Agenda.

In 2013/2014 £3.806m savings are anticipated with plans being implemented in respect of Support and Shared Services. Further reconfiguration of support services continues to be carried out to meet the future requirements of the council. This also includes continuing to refine and implement standardised ways of delivering support services by redesigning processes and using ICT to maximise efficiencies in areas such as Strategic and Operational HR, Legal and Governance Services, Administration and PA Support and Transactional Services. Savings are masked by the impact of recharging the net costs of these support services to service areas.

The Portfolio will continue to build on the work already carried out to deliver a cloud computing environment and maximise the development of the Moorside data centre facility. The roll out of the virtual Corporate Desktop, initiatives such as Bring Your Own Device computing models and the availability of super-fast broadband across the city will deliver greater flexibility to employees, providing increased support for the delivery of front line services and smarter working. The Portfolio will also focus on improving the transactional capabilities of the council's Internet site supporting both efficiencies in service delivery and improved access to services for citizens.

The Portfolio will continue to put in place arrangements to reflect changes arising from Welfare reform, including the new Business Rates retention scheme and administration of the social fund. Measures that seek to mitigate against the significant adverse impacts anticipated across the city and changes to internal administration and support arrangements will also be progressed.

**REVENUE BUDGET 2013/2014
DEPUTY LEADER**

PORTFOLIO GLOSSARY

ACE	Assistant Chief Executive
DoHR&OD	Director of HR and OD
HoES	Head of Electoral Services
HoICT	Head of ICT
HoLG	Head of Law and Governance
HoTS	Head of Transactional Services

**REVENUE BUDGET 2013/2014
CABINET SECRETARY**

ROLES AND RESPONSIBILITIES

The Cabinet Secretary provides support and assistance to the Leader with responsibility for all matters relating to the 'People' theme within the council's outcomes framework and has specific strategic leadership responsibility for the following Portfolios:

- Children's Services
- Health, Housing and Adult Services
- Public Health, Wellness and Culture

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

The Portfolio has specific responsibility for the following activities and functions:

- Budgetary and financial affairs
- Strategic management of council land, buildings
- Port of Sunderland
- Strategic Procurement Champion
- Efficiency Champion
- Risk Management Champion
- Performance management
- Emergency Planning
- Strategic cultural developments

Theme: Economy
Corporate Outcome: A national hub of the low carbon economy.
Activity:
We will promote the Port as a key North Sea base to support the offshore renewable energy generation and sub-sea engineering support sectors.
Corporate Outcome: A prosperous and well connected waterfront city centre.
Activity:
We will continue to pursue the redevelopment of the Sunnyside Eastern Sector. Key activities will include the demolition of Liverpool House (subject to Conservation Area consent), landscaping of the cleared site and the creation of a temporary parking area. The Homes and Communities Agency's proposed property acquisitions programme (subject to funding) will seek to assemble a package of sites for housing led regeneration of this area (including some commercial/retail development).
We will progress the development of two retail/commercial sites on High Street West overlooking the proposed new public square, with a view to the first retail scheme being completed in early 2015/2016. Key activities will include disposal of the plots to the developer, securing planning permission and undertaking utility diversions. Works will also start to re-align St Mary's Way/Livingstone Road, upon which one of the development schemes depends.
We will continue to explore wider commercial opportunities for the council, including progressing with the procurement of a strategic investment partner to form a joint venture with the council for a local asset backed vehicle. The Portfolio will also continue to assist in developing opportunities for alternative service delivery across council services.
We will continue to review and seek further improvements to the arrangements for local business to complete for Council contracts.
We will provide financial advice to all major regeneration and development projects
We will maximise access to external and innovative funding opportunities for the City
We will continue to ensure the financial position of the council through proactive response to the implications of the Comprehensive Spending Review 2013, Welfare Reform, Schools and Academies funding changes
Theme: People
Corporate Outcome: A well connected city
Activity:
We will continue to pursue the re-development of the above ground element of Sunderland Railway Station to enhance its appearance as a main gateway into the city. This will be undertaken in partnership with Nexus and Network Rail, with a view to works commencing during 2015/2016. Key activity during 2013/2014 will include site investigation works and the procurement of the construction work.
Organisational Transformation
We will continue to review the council's operational property portfolio (both administrative and front-line) and rationalise the number of properties required to support strategic development opportunities and efficient service delivery.

**REVENUE BUDGET 2013/2014
CABINET SECRETARY**

We will deliver a number of planned improvements and efficiencies resulting in either additional income or reduction to budgets, including increased income arising from the Government driven increase in planning application fees, restructure of Planning and Property Services arising from take up of the severance offer, a review of rental income received from the property portfolio, and improved income arrangements in relation to Cash in Transit and Control Room.
We will secure the most appropriate provider to deliver goods and services whilst securing value for money and maximising local social and economic outcomes.
We will support the organisation / managers in identifying, assessing and managing risks through an integrated assurance framework whilst also identifying opportunities to deliver further efficiencies.
We will continue to provide efficient and effective financial advise to the Council, its improvement programme and commercial activities. We will support the development and implementation of improvement framework plans to assist the council in achieving its savings targets over the medium term
We will continue the review of Financial Management services to ensure the service meets the future needs of the Council and deliver savings through continued process review and reengineering including maximising the use of ICT, and identification of income earning opportunities to reduce the cost of service
We will continue the development and implementation of Alternative Service Delivery Models in line with the improvement framework principles
We will implement appropriate financial frameworks to manage the newly transferred Public Health funding, and the increased risks to Council Business Rate and Council Tax income arising from the implementation of the Business Rates Retention Scheme, and Local Council Tax Support Scheme.

FINANCIAL

OBJECTIVE SUMMARY

Ref.	Head of Service Ref.	Original Estimate 2012/2013 £	Revised Estimate 2012/2013 £		Estimate 2013/2014 £
Office of the Chief Executive					
1	HoS&P	891,440	569,099	Strategy, Policy and Performance Management – Planning Policy	528,398
2	HP&P	0	0	Asset Management	0
3	HP&P	277,558	243,563	Building Control	258,697
4	HP&P	253,521	283,084	Civil Contingencies	214,400
5	HP&P	613,998	432,323	Development Control	350,423
6	HP&P	(626,979)	(485,027)	Industrial Estates	(392,701)
7	HP&P	(201,881)	(323,742)	Miscellaneous Land and Property	(316,550)
8	HP&P	2,368,104	2,379,748	Planning Implementation	2,342,648
9	HP&P	0	0	Repairs and Renewals	0
10	HP&P	(195,088)	(197,567)	Retail Market	(195,462)
11	HP&P	178,518	197,209	Security Services	175,489
12	PD	0	0	Port of Sunderland	(250,000)
		3,559,191	3,098,690	Total Office of the Chief Executive	2,715,342
Executive Director of Commercial and Corporate Services					
13	HCAP	0	0	Audit, Risk and Assurance	0
14	HCAP	0	0	Procurement	0
15	HoFR	0	0	Financial Resources	0
16	HoFR	318,687	213,856	Strategic External Funding Unit	179,376
17	DoC&CS	4,249,998	4,542,796	Corporate Management	4,399,008
18	DoC&CS	448,993	417,533	Non Distributable Costs	583,867
		5,017,678	5,174,185	Total Executive Director of Commercial and Corporate Services	5,162,251
		8,576,869	8,272,875	TOTAL BUDGET	7,877,593

**REVENUE BUDGET 2013/2014
CABINET SECRETARY**

IMPROVEMENT AND EFFICIENCY

The Portfolio continues to build on the efficiencies generated in recent years in the area of support services reviews as part of the Business Improvement Programme.

In 2013/2014 £1.328m savings are anticipated with plans being implemented in respect of the following key strands of business;

Strategic and Shared Services

Further reconfiguration of support services to meet the future requirements of the council. This also involves continuing to refine and implement new standardised ways of delivering support services by redesigning processes and using ICT to maximise efficiencies in areas such as Financial Management, Strategy, Policy and Performance Management, Audit, Risk and Assurance and Procurement. Savings are masked by the impact of recharging the net costs of these support services to service users.

Property Rationalisation and Smarter Working

The review of smarter working has already identified savings in premises costs (utilities, repairs and renewals etc.) through the planned closure of administrative buildings. This programme will continue as well as the review focussing on delivering savings from operational buildings together with opportunities for collaborative service working and co-location.

Planning and Property Services have identified a number of initiatives aimed at increasing income and reducing costs including in relation to additional income from nationally-set planning fees, income delivered by the Control Room, Cash in Transit and Property Services as well as through rent reviews of the council's property portfolio.

In addition to the specific efficiencies being progressed, a key plan for the Portfolio is the further commercial development of the Port of Sunderland. The improvement in financial performance in 2011/2012 and 2012/13 is anticipated to continue in 2013/2014. In doing so the Port will develop and invest in its estate as necessary to meet the needs of its business and to take advantage of future commercial opportunities and, therefore, contribute to the economic prosperity of the city through job creation.

The Portfolio continues to explore wider commercial opportunities for the council that will assist with the economic regeneration and prosperity of the city including progressing with the procurement of a strategic investment partner to form a joint venture with the council for a local asset backed vehicle. This will leverage additional private sector finance and expertise to accelerate regeneration in the city. The Portfolio will also continue to assist in developing opportunities for alternative service delivery across council services.

The Government have implemented a number of significant changes to Local Government funding which are effective from April 2013. This includes

- Implementation of the Business Rate Retention scheme
- Implementation of a Local Council Tax Support Scheme
- Schools and Academy funding reform
- Welfare Reform including transfer of former Social Fund responsibilities from Department of Work and Pensions to Local Authorities
- Transfer of funding in relation to Public Health responsibilities.

These changes bring within them significant additional risks for local authorities from a budgeting and medium term planning perspective either in terms of ensuring income levels are sustained and improved upon, or as potential demand pressures which need to be managed.

While the Local Government Finance Settlement provides indicative funding levels to 2014/2015, funding into the medium term remains very uncertain. The Council is proactively seeking to understand, influence and plan for the impacts of the Governments Comprehensive Spending Review 2013, and further Welfare Reform changes. In addition the impact of Global and national economies are continually being monitored. The medium term financial strategy will be continually updated as detailed implications emerge and plans are developed.

**REVENUE BUDGET 2013/2014
CABINET SECRETARY**

PORTFOLIO GLOSSARY

DoC&CS	Executive Director of Commercial and Corporate Services
HCAP	Head of Corporate Assurance and Procurement
HoFR	Head of Financial Resources
HoS&P	Head of Strategy and Performance
HP&P	Head of Planning and Property
PD	Port Director

**REVENUE BUDGET 2013/2014
CHILDREN'S SERVICES**

ROLES AND RESPONSIBILITIES

The Children's Services 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, young people and families from harm
- Safeguarding and securing the well being of children, young people and families
- Promoting good health and health awareness in children and young people
- Reduction of child and family poverty
- School renewal and improvement programmes
- 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, young people and families to support and benefit from the city's continuing economic development.

Theme: People
Corporate Outcome: A city where everyone is as healthy as they can be and enjoys a good standard of wellbeing.
Activity:
We will continue the ongoing programme of training delivery for C-Card, Sexual Health / Risk and Resilience and You're Welcome to support the reduction of teenage conception rates on a yearly basis.
We will review arrangements for childhood obesity intervention programmes to support the reduction of childhood obesity rates.
Corporate Outcome: A city with high levels of skills, educational attainment and participation.
Activity:
We will secure education or training for 16-18 year olds in the city and support them to take this up.
We will continue to provide up to date and relevant lifelong learning opportunities in the city that reflect the local economy and how it is developing so that local people can keep their skills and knowledge current and remain highly employable.
We will implement in 2013/2014 and 2014/2015 the extension of the 2 year old offer of 15 hours free nursery education to a greater number of 2 year old children who meet criteria for deprivation.
We will continue to assist the Education Leadership Board to develop an education strategy for the city and will promote school to school partnerships to ensure robust school improvement strategies.
Corporate Outcome: A city which is, and feels, even more safe and secure.
Activity:
We will re-commission youth contracts and in addition to embed 8-12 years olds youth provision and extended holiday activities provision through revised commissioning arrangements.
We will re-negotiate contract extensions for children's centres.
Corporate Outcome: A city that ensures people are able to look after themselves wherever possible.
Activity:
We will implement the Children Looked after Strategy including: <ol style="list-style-type: none"> 1. Ongoing Investment to increase foster care recruitment 2. Reduction in use of Independent Foster Agency Placements due to increased in-house provision through the ongoing investment in foster care 3. Development of four Leaving Care Flats attached to two Children's Homes to extend range of after care provision and free up Children's Homes' beds to reduce reliance on external residential placements 4. Development of alternative specialised children's home to reduce number of distant placements 5. Review of Children's Home provision, including relocation of one home, to better meet the needs of Sunderland's looked after population.
We will review commissioning arrangements for Safeguarding and Services for Looked after Children to improve the effectiveness and efficiency of Sunderland's provision for looked after children by implementing the Looked After Children Placement/Commissioning Strategy.
We will undertake a review of the Safeguarding service including a further review of structures and revised management arrangements following previous restructure and workforce planning changes which were implemented during 2012. Flexibilities to be achieved through the improved stability of the Social Care workforce. Targeting intervention at an early stage leading to improved outcomes for children and families and a reduction in some levels of demand. However, this will be kept under close review particularly in terms of possible impact on welfare reform.

REVENUE BUDGET 2013/2014
CHILDREN'S SERVICES

Organisational Transformation

We will review Home to School Transport which will focus on reviewing the current policies for providing both statutory and non statutory home to school transport.

**REVENUE BUDGET 2013/2014
CHILDREN'S SERVICES**

FINANCIAL

OBJECTIVE SUMMARY

Ref.	Head of Service Ref.	Original Estimate 2012/2013 £	Revised Estimate 2012/2013 £		Estimate 2013/2014 £
Office of the Chief Executive					
1	ACE	0	0	Strengthening Families	0
		0	0	Total Office of the Chief Executive	0
Executive Director of Children's Services					
Schools and Learning					
2	HoSL	178,699,663	206,406,570	Individual Schools and Academies Budgets	204,697,590
3	HoSL	5,346,187	6,452,925	Retained Activity - Schools and Other	5,526,697
4	HoSL	(171,787,811)	(200,203,330)	School Grants - Education Funding Agency	(203,030,483)
5	HoSL	2,723,226	2,561,654	Special Educational Needs and Resource Provision	2,577,486
6	HoSL	2,423,868	2,411,640	Pupil Referral Unit	1,856,276
7	HoSL	865,414	1,527,197	School Support and Intervention	1,106,236
8	HoSL	220,744	295,036	Virtual School	273,299
9	HoSL	465,554	514,453	Derwent Hill Trading Operations	395,583
10	HoSL	173,654	191,568	Safeguarding Advisory Team	36,324
		19,130,499	20,157,713	Total Schools and Learning	13,439,008
Safeguarding					
11	HoS	9,675,892	8,980,938	Children's Social Work	8,038,331
12	HoS	13,665,829	14,627,245	Looked After and Disabled Children	14,964,898
13	HoS	618,398	586,439	Independent Reviews	574,003
14	HoS	2,171,161	2,633,269	External Placements	3,928,442
15	HoS	262,354	261,586	Material and Financial Assistance	259,322
16	HoS	168,805	165,716	Sunderland Safeguarding Children's Board	160,580
17	HoS	1,769,039	1,577,017	Youth Offending Service	1,666,752
		28,331,478	28,832,210	Total Safeguarding	29,592,328
18	HIL	(363,200)	(396,938)	Health and Wellbeing	(153,722)
Early Intervention and Locality Services					
19	HoEI&LS	2,082,915	1,135,282	Locality Based Working	17,220,424
20	HoEI&LS	82,220	86,180	Parent Partnership	84,023
		2,165,135	1,221,462	Total Early Intervention and Locality Services	17,304,447
Commissioning and Change					
21	HoC&C	704,688	902,305	Strategic Management	863,916
22	HoC&C	549,024	499,867	Commissioning	557,311
23	HoC&C	1,889,948	1,946,165	Special Education Needs Transport	1,832,035
24	HoC&C	1,312,141	1,310,211	Business Relationship and Governance	1,374,028
25	HoC&C	241,893	250,135	Hub Connexions - Trading Operations	223,487
		4,697,694	4,908,683	Total Commissioning and Change	4,850,777
		53,961,606	54,723,130	Total Executive Director of Children's Services	65,032,838
		53,961,606	54,723,130	TOTAL BUDGET	65,032,838

**REVENUE BUDGET 2013/2014
CHILDREN'S SERVICES**

IMPROVEMENT AND EFFICIENCY

Children's Services have developed a four year programme to respond to reductions in funding and deliver significant efficiencies. In previous years savings were front loaded to reflect the significant reduction to grant funding and establish the new structures required to support the directorate in future years. This has been achieved by a combination of service reviews, directorate budget reductions and specific grant reduction efficiencies. In 2013/2014 a further £4.042m efficiencies are planned as part of the third year of the four year programme.

The proposals for 2013/2014 are consistent with Children's Services three year priorities around; development of a new relationship with schools, further development of early intervention and locality based services, Strengthening Families and a whole community responsive local services approach; and an improving safeguarding story. Plans continue to be implemented in respect of the following key strands of business;

Safeguarding

A significant challenge is to ensure that all of the council's Looked after Children are provided for in placements which are right for the individual child and which are cost effective. The council has invested significantly over the past three years in foster care recruitment. This is now paying dividends through the gradual reduction in the number of children in Independent Fostering Agency placements. In addition, we continue to review our Children's Home provision to develop appropriate places in Sunderland to meet the needs of most young people, whilst acknowledging that some children will always need to be placed out of the area.

The Looked after Children Strategy is to develop four Leaving Care Flats attached to two Children's Homes to provide support to help move towards independent living, freeing up Children's Home places to reduce reliance on external residential placements. This means that a 17 year old in a children's home can move to an onsite supported flat, gaining the life skills required for independent living when they turn 18. In addition, the strategy is seeking to improve Children's Home options to better meet the needs of some of our more challenging looked after young people who are currently placed in out of authority placements.

The review of Safeguarding structures is linked to the review of management arrangements that was implemented in 2012 and flexibilities afforded through the improved stability of the Social Care Work workforce.

Review of Children's Services Structures

The review which achieved significant savings in the previous two years will also deliver further savings in 2013/2014 and is part of our strategy to minimise the impact of reductions on frontline services.

Review of Home to School Transport

A number of options are being considered in respect of both statutory and non statutory provision of home to school transport which will be subject to appropriate consultation.

Variations between 2012/2013 and 2013/2014 reflect the transfer of some specific grant funding streams into Revenue Support Grant e.g. Early Years Intervention grant

PORTFOLIO GLOSSARY

ACE	Assistant Chief Executive
HoC&C	Head of Commissioning and Change Management
HIL	Health Improvement Lead
HoEI&LS	Head of Early Intervention and Locality Services
HoS	Head of Safeguarding
HoSL	Head of Schools and Learning

**REVENUE BUDGET 2013/2014
HEALTH, HOUSING AND ADULT SERVICES**

ROLES AND RESPONSIBILITIES

The Health, Housing and Adult Services Portfolio provides leadership and support for the council and its partners in securing the social and health care of all adults. The Portfolio also provides leadership in ensuring that the council's strategic and statutory roles in relation to housing are met and deliver the homes that meet the current and future needs of the city.

The Portfolio has specific responsibility for the following activities and functions:

- Adult social care services
- Strategic partnership with the health community of Sunderland
- Mental health commissioning
- Supporting people including people with disabilities
- Supporting carers
- Promotion of Decent Homes and good housing standards in private sector housing
- Specialist housing support services and provision
- Housing renewal
- Strategic relationships with Registered Social Landlords and private sector housing providers
- Homelessness and Housing Advice.

Theme: People
Corporate Outcome: A city where everyone is as healthy as they can be and enjoys a good standard of wellbeing.
Activity:
We will implement the Council's contribution to the Clinical Commissioning Group's (CCG) main priorities, ensuring that they improve the health outcomes we want for Sunderland residents and that the city benefits from an effective, integrated approach to health and social care.
We will further develop Telehealth as an option for the management of long term condition in conjunction with our health partners.
We will expand the Reablement at Home Service and develop the single point of access to provide a greater focus on prevention, reablement, recovery and supporting people to live at home.
Engagement in the City Strategic Needs Assessment and the development of a Health and Wellbeing Strategy that drives intelligent commissioning, community resilience and partnership working.
Improved joint working between community health and social care services encouraging innovative delivery models.
Engagement via current and emerging programmes to develop seamless health and social care pathways.
Work to improve health outcomes for excluded groups such as Travellers and the settled community – including improving access to primary care and appropriate accommodation options.
Corporate Outcome: A city that ensures people are able to look after themselves wherever possible.
Activity:
Improve care support and daily living solutions to support people at home or in supported accommodation through the development of personalised services including, smarter working landlords, commissioned care providers, better support for carers and tailored accommodation solutions such as extra care.
We will safeguard our vulnerable adult residents, applying the principles of personalisation (empowerment, autonomy and independence). We will also work with our partners through the Sunderland Safeguarding Adults Board and Sunderland Safeguarding Children's Board to promote excellent practice in safeguarding and ensure learning is shared and prevention is maximised at the same time as developing our approach for an alternative service delivery models.
We will work with local communities, voluntary groups and partners, such as GPs, to make sure people know about the support outside the Council that's available to them and their families, and improve information, advice and signposting about this support.
We will work with private and voluntary sector providers to make sure a greater range of more flexible solutions to better meet people's needs is available across the city. This includes a greater number of Personal Assistants but also people benefiting from day and training opportunities.
Consider the transformation of Care and Support Services into an alternative delivery model in line with the Sunderland Way Of Working.
Ensure that all people have the information and advice needed to make care and support decisions which work for them, regardless of who is paying for that care.
Further develop Telehealth as an option for the management of long term conditions in conjunction with health partners.

**REVENUE BUDGET 2013/2014
HEALTH, HOUSING AND ADULT SERVICES**

Theme: Place
Corporate Outcome: An attractive, modern city where people choose to invest, live, work and spend their leisure time.
Activity:
We will continue our extra care housing programme for people over 55 with care and support needs, with a further five schemes progressing on site. The largest extra care scheme in the city is already being developed over three phases at Ford Estate. Further schemes due to start on site include the Old Orphanage in Hendon; Roker; Southwick and Doxford Park. Key activity will include site clearance; construction work and full completion of a number of schemes within this timeframe. These schemes will provide an additional 440 extra care properties offering a choice of accommodation to rent or buy.
We will continue the Empty Homes Cluster project in partnership with the Homes and Communities Agency to ultimately refurbish and bring back into use 65 vacant residential properties in the Hendon, Millfield, Sunderland North and Sulgrave areas. Key activity will include the identification of potential properties, liaison with property owners and the identification of necessary works for each property and the undertaking of those works. 65 families/tenants will also be identified mainly through the Access to Housing Team or the University and re-housed in the newly refurbished properties.
We will develop the Access to Housing service to provide better access to the advice, guidance and support people need to reduce their risk of homelessness in the short- and long-term and to help identify accommodation solutions where this is needed.
Organisational Transformation
Develop a 'workforce' that is strategically commissioned, skilled and trained to deliver new roles and responsibilities for the whole sector supported by a network of "champions", including volunteers and professionals.
Develop universal services and social care services so that all people have the information and advice needed to make decisions which work for them.
Develop comprehensive outcome based commissioning intentions through robust needs assessment, market development and management including new models of service to meet outcomes such as social enterprises.
Develop the skills and experience of our workforce to promote person centred outcome focused approaches.

FINANCIAL

OBJECTIVE SUMMARY

Ref.	Head of Service Ref.	Original Estimate 2012/2013 £	Revised Estimate 2012/2013 £		Estimate 2013/2014 £
Office of the Chief Executive					
1	HP&P	930,463	754,675	Housing Renewal	582,020
		930,463	754,675	Total Office of the Chief Executive	582,020
Executive Director of Health, Housing and Adults					
2	HOC&S	18,814,015	24,523,650	Care and Support	25,229,255
3	HOP	39,639,560	39,575,463	Personalisation	51,354,397
4	HOSC	486,519	486,519	Strategic Commissioning	486,519
5	HOSH	954,897	1,182,898	Access to Housing	1,116,858
6	HOSH	8,432,422	3,830,299	Housing Related Support	3,680,306
7	HOSH	110,960	87,726	Housing Strategy	88,978
		68,438,373	69,686,555	Total Executive Director of Health, Housing and Adults	81,956,313
		69,368,836	70,441,230	TOTAL BUDGET	82,538,333

REVENUE BUDGET 2013/2014 HEALTH, HOUSING AND ADULT SERVICES

IMPROVEMENT AND EFFICIENCY

2013/2014 will see a continuation of modernisation and improvement plans previously identified with an emphasis on increasing choice and control, supporting independent living, ensuring equal access to services, delivering overall improvement to people's health and well being and the development of alternative service delivery options. Continued investment within these plans will help deliver value for money and ensure efficiency savings are realised.

The need to ensure appropriate care and support across a range of care needs in addition to demographic changes continues to place pressure on Adult Social Services budgets. In addition, client expectations and increasing demand to support clients with complex needs, to maintain independence and to invest in reconfigured services all require additional investment, with additional provision included within the 2013/2014 budget.

Savings were achieved in 2012/2013 through following the portfolio's efficiency strategy with further efficiencies of £3.636m anticipated in 2013/2014. Plans are being implemented in respect of the following key strands of business;

Future Models of Care and Support

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

Expansion of Reablement on new customers

The on-going development of the Adult Social Care Re-ablement services to ensure more people maintain their independence within their own homes. Expansion of this service will reduce reliance upon, and cost of on-going services such as home care and ultimately prevent admissions to residential and nursing care. This will be achieved through the provision of initial intensive support and rehabilitation services for people.

Further Implementation of Personalisation

The implementation of personalisation will allow individuals to have choice and control in respect of the care and support they receive to meet their assessed need and prevent admissions to residential and nursing care. The council's strategy centres around this principle.

Managing the Provider Market and Demand Management in Social Care.

This review will continue to work with the Adult Social Care provider market and partners to develop cost effective solutions to meet people's care and support needs. This will include reaching agreements with the independent provider market and other partners for services for all client groups that incentivises quality but contain costs.

Voluntary Community Sector

Savings will be achieved through reviewing commissioning arrangements with the voluntary sector on a strategic basis.

Variations between 2012/2013 and 2013/2014 reflect the transfer of some specific grant funding streams into Revenue Support Grant e.g. Learning Disabilities grant (£14m)

PORTFOLIO GLOSSARY

HOC&S	Head of Care and Support
HOSC	Head of Strategic Commissioning
HOP	Head of Personalisation
HOSH	Head of Strategic Housing
HP&P	Head of Planning and Property

**REVENUE BUDGET 2013/2014
PUBLIC HEALTH, WELLNESS AND CULTURE**

ROLES AND RESPONSIBILITIES

The Public Health, Wellness and Culture Portfolio leads partners to achieve improvements in public health, health awareness and wellness in the city. The Portfolio has responsibility to develop and promote the cultural strategy and initiatives.

The Portfolio has specific responsibility for the following activities and functions:

- Promotion of Public Health and Wellness
- Effective transition of public health responsibilities to the City Council
- Transformational approach to the achievement of improved health and wellbeing outcomes
- WHO EuroHealthy City Network
- Health awareness
- Healthy lifestyles
- Healthy environment
- Sports and Wellness initiatives and facilities
- Tourism, Resorts and Events

Theme: People
Corporate Outcome: A city where everyone is as healthy as they can be and enjoys a good standard of wellbeing.
Activity:
We will assess current service provision aligned to customer need and use the findings to develop proposals that facilitate, support and enable other potential providers to get involved in improved service delivery in 2013/2014 and beyond.
We will integrate Public Health arrangements as part of their transference to the council.
We will pursue the development of a sport and leisure facility to be constructed on council land adjacent the existing Washington Leisure Centre, including procuring a contractor to design and build the centre with a view to construction being completed during 2015/2016.
We will improve our understanding of sports development, play and wellness provision in the city in order to fully understand what is available, where any gaps in provision exist and work with partners to address these gaps.
We will further engage with partners (including the voluntary and community sectors) to continue to deliver a legacy programme which builds upon the 2012 Olympic and Paralympic games to engage and inspire all residents to increase their participation levels in sport and physical activity.
Theme: Place
Corporate Outcome: A city where cultural identity and vibrancy act as a significant attraction.
Activity:
We will encourage partner/developer led investment at Stadium Village in line with the Stadium Village Development Framework.
We will continue to develop cultural and heritage activities in the city and to celebrate the city's unique heritage, to maximise the benefits for the city and its residents. This will include the 2012 Legacy, the development of a new leisure facility in Washington, and community and local heritage activity.
We will provide easier access to the library services people want and need, where they are.
Our new Events Company will use Sunderland's unique offer to develop the city as an events destination. Using our resources (people, physical assets, marketing resources and experience) we will keep visitor numbers to the city growing and support high quality events.
Organisational Transformation
We will continue the on-going integrated review of Libraries, Heritage (including museums), Arts, Sport, Leisure and Wellness services to respond to a changing environment
We will establish a new Events company which will operate on a more commercial basis and deliver a reduction in council support.

**REVENUE BUDGET 2013/2014
PUBLIC HEALTH, WELLNESS AND CULTURE**

FINANCIAL

OBJECTIVE SUMMARY

Ref.	Head of Service Ref.	Original Estimate 2012/2013 £	Revised Estimate 2012/2013 £		Estimate 2013/2014 £
Office of the Chief Executive					
1	HCLP	756,969	824,500	Events	732,618
2	DoCA&C	354,289	205,480	Tourism	148,198
		1,111,258	1,029,980	Total Office of the Chief Executive	880,816
Executive Director of Health, Housing and Adults					
3	HCS	817,568	790,076	Arts and Creative Development	699,589
4	HCS	1,019,324	1,259,431	Community Sports and Physical Activity Development	1,089,435
5	HCS	0	0	Culture and Tourism Support	0
6	HCS	87,018	87,003	Grants to Community Projects and Miscellaneous Contributions	68,115
7	HCS	226,917	208,971	Heritage (including Fulwell Mill)	185,705
8	HCS	4,692,477	4,645,057	Libraries	3,982,473
9	HCS	1,402,536	1,684,607	Museums and Archives Service	1,566,547
10	HCS	602,726	615,406	Resorts	493,525
11	HCS	6,620,280	7,712,518	Sport and Leisure Facilities	6,677,091
12	HCS	1,245,269	1,246,019	Theatre	1,254,855
13	HOPH	0	0	Public Health	0
		16,714,115	18,249,088	Total Executive Director of Health, Housing and Adults	16,017,335
		17,825,373	19,279,068	TOTAL BUDGET	16,898,151

IMPROVEMENT AND EFFICIENCY

The Portfolio continues to review services in order to deliver savings and also to provide services in the most effective way possible. In 2013/2014 £4.353m savings are anticipated with plans being implemented in respect of the following key strands of business;

Libraries, Heritage, Arts, Sport, Leisure and Wellness services

The review of libraries will support education and learning in the city, enhance resources within communities for reading, learning and giving access to information, target underachieving young people and families to encourage reading and learning, reduce the focus on lending books and focus on outcomes to be achieved, and contribute to community resilience.

Sport and Leisure

A commercial model is being developed to ensure the level of subsidisation for services reduces, through a combination of increasing income, reducing costs and maximising demand.

Heritage and Museums

New arrangements will have a much greater involvement for the Council in leading the delivery of the museums service. These arrangements will include the opportunity for extended working with other partners, so that they can contribute their expertise to what will be a more effective, integrated service.

Events

Through establishing a new Events Company, appropriate partnership arrangements will be entered into which will generate additional income by attracting sponsorship for key events, extend opportunities for hospitality at key events and potentially introducing new events where charges will be levied and a commercial return realised.

**REVENUE BUDGET 2013/2014
PUBLIC HEALTH, WELLNESS AND CULTURE**

Public Health

Efficiency savings will be achieved through the integration of public health arrangements. The proposed savings are based on unallocated spending within the current budget and also the saving on overheads when the service transfers from the Primary Care Trust to the council.

Other savings proposals

This will include a focus on developing a relationship with schools and other organisations whereby they commission sports and wellness related services, reviewing operations at F Pit and Fulwell Mill and looking at the potential from invest to save funds to enhance income streams.

PORTFOLIO GLOSSARY

DoCA&C	Director of Corporate Affairs and Communications
HCS	Head of Community Services
HCLP	Head of Community Leadership Programmes
HOPH	Head of Public Health

**REVENUE BUDGET 2013/2014
CITY SERVICES**

ROLES AND RESPONSIBILITIES

The City Services 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:

- Management of place
- Neighbourhood environmental services and street scene
- Highways, traffic and transportation
- Highways maintenance
- Strategic transport
- Parking and road safety
- Facilities management
- Registrars, cemeteries and crematoria
- Play Provision and urban games
- Grounds and building maintenance
- Waste Management including strategy, refuse collection and recycling
- Coastal Protection
- Seafront management
- Licensing, licensing regulation and Controlled Drinking Zones
- Trading Standards
- Public and environmental health

Theme: Place
Corporate Outcome: A responsible, well looked after city that is adaptable to change.
Activity:
We will implement the Responsive Local Services delivery model across a wider scope of services.
We will implement our phase II Responsive Local Services (RLS) project resulting in new combined RLS and Parks management and operational structures.
The council has successfully bid for £4.722m of government support to retain weekly refuse collection arrangements and, as well as delivering planned reductions, over the next five years the council will ensure sustainability by procuring 10 low emission refuse collection vehicles to replace half of the current aged fleet, deliver a replacement programme for 25,000 refuse wheelie bins, enhance community engagement and incentives to increase participation in recycling collections and the development of an interactive site for residents to 'self serve' information and advice.
We will review refuse and recycling collection services to make the workload more sustainable and reduce costs through new ways of flexible working which will result in less disruption to service following bank holidays.
We will review, develop and deliver a resident communications and education programme to encourage more recycling, reduce landfill and improve the local environment through reducing surplus rubbish presentation and fly tipping.
We will commence the new strategic waste contract in early 2014, delivered by SITA, which will comprise a new waste transfer station at Jack Crawford House for household residual waste to be transferred to a new Energy From Waste plant at Teesside which will recover energy and divert 95% of waste previously sent to landfill.
Corporate Outcome: A well connected city.
Activity:
We will review our highways maintenance arrangements and reprioritise our highways maintenance budget accordingly.
We will support the delivery of the Economic Masterplan by designing and securing funding for critical transportation infrastructure through greater influence with the Integrated Transport Authority, Local Enterprise Partnership and central government.
We will continue work on the New Wear Crossing to: <ol style="list-style-type: none"> 1. Improve links between the A19, Sunderland City Centre and Port, and the city's Southern Radial Route 2. Help reduce traffic congestion 3. Connect major development sites to generate new investment and jobs.
We will continue to develop our approach to get people and goods in, out and around Sunderland more efficiently, safely and sustainably (focusing on the city's road network); maximising all modes of transport to contribute to improved economic prosperity.

**REVENUE BUDGET 2013/2014
CITY SERVICES**

Organisational Transformation
We will develop and where possible deliver a Streetscene Transformation Programme focused on service improvement and cost reduction.
Through the review of Transport and Fleet Management, we will continue with the delivery of savings through better utilisation of vehicles, removing vehicles in line with changes in service in the council, more efficient hire and maintenance arrangements and alternative service delivery of the fleet stores function.
We will ensure delivery of savings following the successful bid to retain weekly waste collection arrangements.
We will manage demand for bulky item collections and wheelie bin replacement in line with neighbouring authorities in order to reduce the cost of waste disposal, staff and vehicles and to generate income.
We will re-examine requirements for Regulatory Services and deliver associated savings targets.
We will deliver a review of operating arrangements in Highways and Transportation and Network Management to maximise income earning opportunities, better prioritise activity and evaluate alternative service delivery models.
We will undertake a review of the Car Parking service to ensure a minimum breakeven operating budget.
We will deliver other planned reductions in the Streetscene service, including in relation to Registrars, Coroner service, Commissioning and Change and Household Waste recycling.
We will implement a revised charging structure within Bereavement services in relation to internment and cost recovery in respect of mercury abatement to comply with new legislation.

**REVENUE BUDGET 2013/2014
CITY SERVICES**

FINANCIAL

OBJECTIVE SUMMARY

Ref.	Head of Service Ref.	Original Estimate 2012/2013 £	Revised Estimate 2012/2013 £		Estimate 2013/2014 £
Office of the Chief Executive					
1	HCCM	0	0	Commissioning and Change Management	0
2	HP&P	(51,732)	(92,106)	Building Services	(220,176)
3	HSS	(384,465)	(383,486)	Bereavement	(646,746)
4	HSS	0	0	Contract and Compliance	0
5	HSS	699,976	698,589	Coroner's Court	667,039
6	HSS	0	0	Depots	0
7	HSS	0	0	Fleet	0
8	HSS	8,330,741	8,169,506	Highways and Transportation	7,252,626
9	HSS	5,112,809	6,232,301	Street Lighting	6,000,914
10	HSS	3,298,663	3,287,707	Network and Traffic Management	3,377,250
11	HSS	646,344	832,659	Parking Services	700,305
12	HSS	1,415,252	1,596,185	Public Protection and Regulatory Services	1,528,160
13	HSS	273,024	325,084	Registrars	278,534
14	HSS	11,516,764	11,620,327	Responsive Local Services	11,243,563
15	HSS	6,684,040	7,361,830	Waste Collection and Recycling	6,955,314
16	HSS	7,467,442	8,278,865	Waste Disposal	8,246,559
		45,008,858	47,927,461	Total Office of the Chief Executive	45,383,342
Executive Director of Commercial and Corporate Services					
17	HCAP	0	0	Building Cleaning	0
18	HCAP	57,195	98,452	Civic Catering	49,609
19	HCAP	0	0	Civic Centre Management	0
20	HCAP	0	0	Facilities Management	0
21	HCAP	282,638	280,723	Public Conveniences	270,803
22	HCAP	(428,754)	(217,926)	School Meals	(270,237)
		(88,921)	161,249	Total Executive Director of Commercial and Corporate Services	50,175
		44,919,937	48,088,710	TOTAL BUDGET	45,433,517

IMPROVEMENT AND EFFICIENCY

2013/2014 will see a continuation of modernisation and improvement plans previously developed, with further savings of £3.678m planned. Plans are being implemented in respect of the following key strands of business;

Under the overarching banner of the Streetscene Transformation Programme develop and where possible deliver a range of service improvement and cost reduction initiatives including:

Transport and Fleet Management Review

Savings are being realised through better utilisation of vehicles, removing vehicles in line with changes in service in the council, more efficient hire and maintenance arrangements and alternative service delivery of the fleet stores function.

REVENUE BUDGET 2013/2014 CITY SERVICES

Waste Collection (weekly collection and demand management)

Savings will be achieved following the successful bid for government funding to retain weekly waste collection arrangements. In addition, measures are proposed to manage customer demand in respect of bulky items collection and wheelie bin replacements. Savings will be achieved through reduced waste disposal costs, fee income and lower staff and vehicle costs.

Review of Highways and Network Management (including maintenance)

Savings will be achieved by maximising income earning opportunities, better prioritising activity with a focus on fee earning activity, and the evaluation of Alternative Service Delivery models. Additional savings will be delivered from the highways maintenance programme through developing more streamlined processes to carry out repairs, and utilisation of more cost effective materials and techniques.

Cost Recovery from Bereavement Services

A review of Bereavement Services charges has identified efficiency savings in relation to the simplification of burial charges and an increase in crematorium charges to offset the cost of installing and operating mercury abatement technology installed to meet new legislative requirements. This is in line with all regional councils.

Improve Car Parking Income

Consideration of opportunities to increase car parking income through, for example, the introduction of car park permit schemes for business in the city centre and increasing patronage of car parks.

Responsive Local Services (RLS) and Parks Phase II

Savings will be achieved following the integration of the Parks and Play Maintenance functions into Responsive Local Services and a further reduction in overtime.

Other Streetscene Reviews, including Regulatory Services

A review of regulatory activities is ongoing and the shape of services is currently being re-examined in light of the new corporate structure. A number of other reviews are being delivered in Street Scene including in relation to a restructure of the Commissioning and Change Management function, better procurement of Pathology and Laboratory Services for the Coroners Service, a restructure of the Registrars Service and the introduction of a permit system for vans and trailers using the household waste recycling site to reduce incidents of illegal use of the site by traders.

Building Cleaning, Civic Catering, Facilities Management, Public Conveniences

Significant savings have been secured in these areas over the past two years, and further reviews are ongoing in relation to securing further efficiencies including exploring alternative models of delivery.

School Meals

The successful consortium arrangements between primary, special and nursery schools continues to ensure a high quality school meals service is provided at low cost. The Council will work closely with the Consortium to address issues arising from changes to school funding and potential implications of the introduction of the Universal Credit on free school meals and meal uptake.

PORTFOLIO GLOSSARY

HCAP	Head of Corporate Assurance and Procurement
HCCM	Head of Commissioning and Change Management
HP&P	Head of Planning and Property
HSS	Head of Street Scene

**REVENUE BUDGET 2013/2014
RESPONSIVE SERVICES AND CUSTOMER CARE**

ROLES AND RESPONSIBILITIES

The Responsive Services and Customer Care Portfolio champions improvement in the responsiveness of services to local needs and customer feedback. The 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. The Portfolio is also responsible for developing the community's capacity to engage in the shaping, delivery and review of services and provides leadership for the council and its partners in order to make a safer city.

The Portfolio has specific responsibility for the following activities and functions:

- Responsive Local Service Area Committees
- Area Committees, Partnerships and Area Boards
- Local Area Plans
- Area Budgets including the Community Chest
- Customer care policy and practice
- Contact Centre and Customer Services Network including Customer Services Centres
- Community development
- Adult and community learning
- Section 17 responsibilities
- Safer Sunderland Partnership
- Anti-social behaviour
- Drugs awareness, prevention and treatment
- Local multi-Agency Problem Solving Groups (LMAPS)
- Community Resilience

Theme: People
Corporate Outcome: A city where everyone is as healthy as they can be and enjoys a good standard of wellbeing.
Activity:
Introduction of newly commissioned youth contracts signposting of organisations to alternative funding sources.
As part of the Public Health responsibilities transferring to the council on 1 April 2013 we will ensure that commissioned drug and alcohol services for adults continue to reduce drug and alcohol use, improve physical and psychological health, improve social functioning and reduce offending and criminal activity; as part of recovery pathways which help people achieve sustained recovery and community integration.
Corporate Outcome: A city which is, and feels, even more safe and secure.
Activity:
We will continue to implement the Safer Sunderland Partnership's delivery plan: tackling alcohol, drugs, domestic violence, violent crime, anti-social behaviour, safety and feelings of safety and re-offending.
Building on the strengths of our communities and developing our Strengthening Families approach we will support people out of offending through a focus on accommodation, employment and training and substance misuse.
Theme: Place
Corporate Outcome: A responsible, well looked after city that is adaptable to change.
Activity:
We will extend our Responsive Local Services by establishing Family Services local delivery teams before extending across an even wider range of services in 2014/2015.
We will further engage with partners to enable increased opportunities for all residents to take part in community development activities.
Organisational Transformation
We will become more customer centric, manage the customer relationship and reduce costs through the customer journey.
We will review and amalgamate the Children's Services Commissioning & Family, Adult and Community Learning (FACL) Teams to produce efficiencies. This will involve a restructuring and downsizing of the service.

**REVENUE BUDGET 2013/2014
RESPONSIVE SERVICES AND CUSTOMER CARE**

FINANCIAL

OBJECTIVE SUMMARY

Ref.	Head of Service Ref.	Original Estimate 2012/2013 £	Revised Estimate 2012/2013 £		Estimate 2013/2014 £
Office of the Chief Executive					
1	HoCSD	0	0	Customer Service Network	0
2	HoS&AA	1,587,781	1,454,762	Area Arrangements (includes Community Development)	1,340,789
3	HoS&AA	1,676,666	1,676,666	Strategic Initiative Budget / Community Chest Grant	1,676,666
4	HoS&P	404,393	373,200	Safer Communities	347,411
		3,668,840	3,504,628	Total Office of the Chief Executive	3,364,866
Executive Director of Commercial and Corporate Services					
5	HCAP	139,123	195,019	Area Facilities	196,841
		139,123	195,019	Total Executive Director of Commercial and Corporate Services	196,841
Executive Director of Children's Services					
6	HoSL	39,247	22,675	Family Adult and Community Learning	8,449
		39,247	22,675	Total Executive Director of Children's Services	8,449
Executive Director of Health, Housing and Adults					
7	HOP	201,045	170,946	Drug Awareness, Prevention and Treatment	161,133
8	HOSH	330,723	367,101	Anti Social Behaviour	414,857
		531,768	538,047	Total Executive Director of Health, Housing and Adults	575,990
		4,378,978	4,260,369	TOTAL BUDGET	4,146,146

IMPROVEMENT AND EFFICIENCY

The Portfolio continues to review its services with efficiencies anticipated through a review of voluntary community sector funding.

The Portfolio continues to build upon the customer service improvements and efficiencies generated in recent years in the area of end to end service reviews as part of the Transformation Agenda.

The future operating model for customer service consists of the radical and systematic transformation of the customer experience, displacing demand wherever appropriate and resolving the remaining demand at the earliest opportunity and the lowest cost to the Council to provide truly consistent, responsive and high quality services.

A detailed work programme has been developed for 2013/2014, consisting of all customer-facing services where opportunities exist for migrating contact to the Customer Service Network or deepening the customer offering to enable decision making at the earliest point in the interaction. This will involve cutting the cost of the supply chain by removing all non-value adding activity from the customer journey. The portfolio will continue to focus upon developing greater e-enablement and automation supporting both improved access to services and efficiencies in service delivery. The portfolio will also concentrate on gathering valuable customer intelligence to inform future delivery arrangements and to ensure need is being met and outcomes are being improved.

A review of the Children's Services Commissioning and Family, Adult and Community Learning (FACL) functions will involve restructuring of the amalgamated service and downsizing but with no impact on front line service delivery.

The Portfolio continues to embed as a way of working the Area Committees and Boards roles in influencing the design, delivery, review and commissioning of public services at a local level. Critical to this is the ongoing development of the communities' capacity to engage in the shaping, delivery, review and provision of public services through these newly introduced area arrangements.

**REVENUE BUDGET 2013/2014
RESPONSIVE SERVICES AND CUSTOMER CARE**

PORTFOLIO GLOSSARY

HCAP	Head of Corporate Assurance and Procurement
HoCSD	Head of Customer Service Development
HoS&AA	Head of Scrutiny and Area Arrangements
HoS&P	Head of Strategy and Performance
HOSH	Head of Strategic Housing
HoSL	Head of Schools and Learning
HOP	Head of Personalisation

CABINET MEETING – 13 FEBRUARY 2013

EXECUTIVE SUMMARY SHEET – PART I

Title of Report:

Local Welfare Provision – Crisis Support and Community Care Support

Author(s):

Executive Director of Commercial and Corporate Services

Purpose of Report:

To provide Cabinet with an overview of Government proposals to transfer funding for welfare provision to local authorities through the introduction of the Local Welfare Provision Scheme, to outline the proposed services to be provided by Sunderland City Council (Crisis Support and Community Care Support) and to seek approval for implementation of the scheme, that is to come into effect from 1 April 2013.

Description of Decision:

That Cabinet be recommended to:

- a) Consider feedback received during the consultation period from the public, including representatives/representative groups of, voluntary organisations and community groups.
- b) Approve the Local Welfare Provision Scheme, developed locally as two separate services called Crisis Support and Community Care Support, as outlined in the report.
- c) Authorise publication of the Scheme on the Council's website and in any additional manner determined by the Executive Director of Commercial and Corporate Services in consultation with the Leader of the Council and Cabinet Secretary.

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

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

Suggested reason(s) for Decision:

The Council must have a Local Welfare Provision Scheme in place by 1 April 2013.

Alternative options to be considered and recommended to be rejected:

There are no alternative options recommended.

Impacts analysed;

Equality Privacy Sustainability Crime and Disorder

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

Is it included in the 28 day Notice of Decisions? **Yes**

Scrutiny Committee

LOCALISATION OF WELFARE PROVISION

REPORT OF THE EXECUTIVE DIRECTOR OF COMMERCIAL AND CORPORATE SERVICES

1. Purpose of the Report

- 1.1 Under the Welfare Reform Act 2012 Government are localising some elements of Welfare provision through the introduction of the Local Welfare Provision Scheme. The purpose of this report is to seek Cabinet approval to the required proposed Scheme for Sunderland.
- 1.2 The report also sets out responses to the consultation exercise from the public.

2. Description of Decision

- 2.1 That Cabinet be recommended to:
 - a) Consider feedback received during the consultation period from the public, including representatives/representative groups of voluntary organisations and community groups.
 - b) Approve the Local Welfare Provision Scheme, developed locally as two separate services called Crisis Support and Community Care Support, as outlined in the report.
 - c) Authorise publication of the Scheme on the Council's website and in any additional manner determined by the Executive Director of Commercial and Corporate Services in consultation with the Leader of the Council and Cabinet Secretary.

3. Background

- 3.1 On 8 March 2012, the Welfare Reform Act received Royal Assent. The Act legislates for the biggest change to the welfare system in decades and includes the abolition of two elements of the Social Fund, which is currently administered by Department of Work and Pensions (DWP) and delivered by Jobcentre Plus (JCP). From 1 April 2013, funding for these two elements of the Social Fund (Crisis Loans and Community Care Grants) will be transferred, at a reduced rate, to local authorities. The remaining Social Fund elements will be retained by DWP, for example short term advance payments for customers awaiting their benefit being paid and budget loans.
- 3.2 Specifically the two DWP Schemes to be transferred are:

Crisis Loans

Provide for immediate help that is required as a result of a crisis, emergency or disaster. Loans are repaid via attachment of benefit.

Community Care Grants

Provide support for those moving into the community, to help people to stay within the community, to prevent serious deterioration of health within the home, and provide for families under extreme pressure. This support is a grant that is not repaid.

3.3 The main features of the transferred scheme are that:

- the design and delivery of the scheme is at the Council's discretion
- people do not have a statutory right to support from the scheme; and
- the total amount awarded from the scheme is cash limited, and any spend above the grant level will have to be found from the overall Council budget.

4. The new Crisis and Community Care Support Service Scheme – Overview and Eligibility

4.1 It is proposed that there should still be two forms of means tested support to be provided by the new Service, the Crisis Support Scheme (previously Crisis Loans), and Community Care Support Scheme (previously Community Care Grants). Appendix A sets out the details of the Schemes.

4.2 The aims of the current DWP Scheme have been carried forward to the local schemes and are shown below:

Crisis Support Scheme

- Will be available for applicants who are unable to meet their immediate short term needs either in:
- an emergency (a situation which causes the applicant to have a pressing need, or an unforeseen circumstance which requires immediate action or remedy, which the applicant could not have taken reasonable steps to avoid)
- as a consequence of a disaster (sudden calamitous event or misfortune causing loss of or damage to possessions or property – for example fire or flood resulting in a health and safety risk)

Crisis Support Scheme items

- For Crisis support the main items of support to be provided are:
A food parcel and/or prepaid energy top up cards for gas and/or electricity dependent upon the size of the household and the time of year
- Provision for emergency travel in exceptional circumstances
- If the applicant becomes homeless as a result of an emergency/disaster additional provision may be considered at the council's discretion
- Any essential item at the councils discretion

Community Care Support Scheme

- Will be available to help vulnerable people enter the community (for example young people leaving care), re-enter the community, or remain in the community (for example to prevent serious deterioration of health within the home), and families under exceptional pressure

Community Care Scheme items

- For Community Care support the main items of support to be provided are:
- Essential items of furniture/white goods/bedding as defined by the council and taking into account the size and needs of the household
- Any essential item at the councils discretion

4.3 Eligibility criteria is carried forward from the DWP Scheme and supplemented by Council eligibility criteria, for example, to prove residency in the city. The eligibility criteria is shown in the scheme details set out at Appendix A. The scheme will be kept under review, and the position of the scheme will be reviewed in the first quarter of 2013/2014 to ensure it remains fit for purpose.

4.4 The eligibility criteria in the Schemes are complex and require interpretation. Whilst there are different criteria for each, both crisis support and community care support have commonality with regard to secondary qualifying conditions. These conditions are based upon the current scheme but we will need to monitor and review this area closely to ensure we make awards for the most needy in our City, within the budget available. Where the two schemes do differ significantly is the front end of the process, for example whilst crisis support can be dealt with in a single triage/phone application, the community care support involves many agencies (e.g. Probation Service) and ongoing secondary contact evidence/dialogue. In addition, the community care support procedures are not yet unified and will need ongoing adaptation post go live to establish a fully embedded end to end process. It is therefore proposed that Customer Service Network (CSN) provide the end to end process for crisis support, the Benefits Service provide the community care support, with the processes reviewed and refined going forward.

5. Budget

5.1 There remain concerns regarding some of the budget/demand management information supplied by DWP on the schemes. This may mean there is a shortfall in the budget that will have to be dealt with by either additional funding, or limiting the range of assistance available, and also ensuring that administration of the scheme adheres strictly to eligibility criteria. At this stage it is proposed to build some headroom into the budget provision, closely monitor spend on the scheme, and apply strict eligibility criteria.

5.2 The council have received a grant of £1.2M for both schemes , which roughly equates to the 2005/2006 DWP Scheme budget to fund the scheme. DWP have stated that they expect local authorities to drive down the numbers of crisis loan awards to 2005/2006 levels in an attempt to reduce budgets. Appendix B shows year-on-year data of Crisis Loan and Community Care Grant awards. These figures highlight that in 2009/2010 and 2010/2011 the expenditure was in excess of £2.2m each year. Actual expenditure for 2011/2012 does approximate to the 2005/2006 level of expenditure, (albeit both years are at a total cost of over £1.4m), but such a dramatic reduction from the two years prior to 2011/2012 needs to be treat with caution.

5.3 A further dampening of demand available to DWP is that Crisis Loans are a loan that must be paid back via DWP attachment of benefit. This option is not available to the council and other councils have also chosen not to recover the loan.

- 5.4 The ongoing economic difficulties, other impacts due to the wider Welfare Reform agenda, and the likelihood that things will remain challenging for some time means that levels of demand are likely to prove challenging. It is therefore imperative that qualifying conditions for the new scheme must be fair but firm to not only provide support for those in most need, but also take due regard of the budget position. Clearly, this will be a severely pressurised budget, and whilst the Council has made arrangements for this to be recognised as an area of cost pressure, the intention is to manage demand within the overall envelope available.
- 5.5 In addition to the £1.2M from Government, the Welfare Reform Board is reviewing arrangements of similar provision and Housing Policy, to potentially bring more synergy to these areas.

6 Delivery Options

- 6.1 The following delivery options have been considered:

Option 1 – Create a new stand alone service
Option 2 – Align and combine the budget to an existing service
Option 3 – Contract with a new or existing external partner
Option 4 – Mixed provision

- 6.2 The mixed provision is the preferred option and takes the best elements of options 2 and 3 and provides for a locally based approach to delivery of the new service, which recognises the strengths that already exist in communities. Our approach to the impact of welfare reform has always been to identify a local solution to a local problem and by combining our local capacity and resources with that of partners, we can maximise delivery capability for example the use of city wide advocates to deliver assisted self serve for Benefit e- applications. This city wide approach also translates to general support, such as information, advice whereby a common triage system is used for enquiries, and so the scripts used by our own CSN advocates are also used by Gentoo advocates. By working together in tandem, enhancing and complimenting services already offered and not taking-over, duplicating or replacing, we are working towards a city wide support mechanism that has potential to capacity build and grow in terms of Community Resilience, mutual, and social enterprise. Involving partners in this approach from the beginning is proving successful and encourages the community to play a role in the success of the new Service. By assuming this model the Council will only provide the elements that could not be provided easily by anyone else, such as the provision of prepaid gas/electricity payment cards. A pragmatic approach will be taken with regard to the introduction of the service as elements of service delivery will need to developed over time to ensure our VCS partners can grow capacity, whilst we work together.
- 6.3 There are numerous items and products that customers can apply for with regard to the current Social Fund. Although our scheme includes fewer options, we will still require a range of items and delivery methods within our new Service to be able to provide a similar level. This will include:

- Food parcels, via a network of Food Parcel Providers
- Direct delivery by the council for items such as prepaid gas and electricity cards, exceptionally expenses for emergency travel
- Recycled goods, initially via organisations such as Sunderland Community Furniture, and to support these endeavours with potential for bulk pick ups. This requires some new infrastructure built around storage, removals etc. and will be an opportunity for growing Social Enterprise.
- Potential for assisted shopping by VCS to assist applicants with purchasing goods. In this instance, payments would be made to a VCS agent to help applicants to source goods/food using charity shops/food parcel providers etc.

6.4 Research undertaken shows that none of the regional local authorities are to offer cash payments to applicants as is currently offered by DWP as part of the Social Fund. Furthermore the majority of councils that have declared their intentions are not looking to recover any monies and are promoting their services as crisis support rather than crisis loans. Sunderland's Crisis and Community Care Support Service would seek to provide services that people need, without having to rely upon cash payments, with DWP still offer Budgeting Loans etc, which are intended to help long-term income-related benefit recipients cope with the cost of essential items.

6.5 The delivery of the new service is only one part of the wider impacts of the Government's Welfare Reform agenda. This wider change involves a major change in responsibilities in relation to administering benefits for those of working age, with councils losing responsibility for the current housing benefit system, but gaining responsibility for developing and implementing a localised Council Tax Support Scheme. In addition, from October 2013, the Government will be rolling out the Universal Credit system which replaces six current benefits and is to be applied for on-line; 'digital by default'.

6.6 With this in mind, part of the work of the Welfare Reform Board has been to ensure that we help people to help themselves with support from advocates across the City, for example Gentoo and other Registered Social Landlords, Private Landlords, GP's, Schools, and the Voluntary Sector. By using these city wide advocates, as well as Council resources to provide support and assisted self serve access to deliver our support tools, we will ensure that our services are future proofed and financially sustainable, as far as can be anticipated, in future years. Web based tools, already developed or soon to be rolled out include:

- Up to date web based advice and guidance, linking with other service providers that explains how benefits are changing and what organisations and residents of the City can do to help themselves.
- An on-line benefit application form, which is easily accessible, intelligent and simple to use, which currently delivers over 90% of applications on line.
- A Single financial assessment tool – helps to ensure all means tested benefits are maximised.
- 'Lets Help You' - a choice based letting tool which aims to keep the rental market moving and reduce levels of empty properties and evictions.

6.7 The new service will aim to help the neediest and will build on services already available to the public such as the Food Parcel Network support throughout the City. With the help of the Sunderland Partnership, the Council will work with the organisations supporting the food network. Where there are areas within the City that do not offer this service the council will look to develop a market consistent within the demands made.

7 Administrative Resource and 'back office' delivery functions

7.1 For crisis support it will be necessary to process applications, within, it is anticipated, 24 hours. Signposting of immediate help available will be given for both successful and unsuccessful applicants. As with the current DWP scheme there will be no out of hours provision, as this service is not designed for this type of support, and normal 24 hour emergency services (e.g. on call social workers) will continue. It is proposed that the Customer Service Network will be the front face of the scheme, with support from citywide advocates, who will also act as a conduit for these enquiries and signpost them.

7.2 For Crisis Support, the majority is food provision. Via the soft market testing in January, it has shown that there is capacity and appetite in the established Food Parcel Network to deliver some of the required provision. Details are still being worked through, however it is anticipated that it will be possible to deliver some of the service in this way for commencement on 1 April 2013. Capacity will need to grow in the Network and organisations are being supported in this regard.

7.3 Given the complex and currently varying processes used by agencies such as the Probation Service to access community care support it is recommended that the Benefits Service specialists within the Council deliver the processing elements of the community care support service. Most authorities are looking to deliver this new service through the existing Benefits Service as many of the processes are similar and could therefore be aligned seamlessly without any additional resources being required. Because of the successful e-enablement direction of the organisation it is recommended that new applications will be e-enabled and delivered in similar manner to the current Benefit process.

7.4 The Welfare Reform Board have been heavily involved in the design of the new technology system provided by Civica, who already provide the council's Housing Benefit and Council Tax systems. This also means we can avoid duplication and reduce potential fraud through using known applicant information already held within our system.

8 Consultation

8.1 Consultation has been carried out with the voluntary and community sector during January 2013.

8.2 The format of the consultation included presentation at Area VCS Network meetings across the city and a focus group meeting with the city's main advice providers, including organisations that help people to apply to the current DWP social fund. Regular discussions have also taken place with DWP representatives to gain insight into their experiences with regard to their current customers.

8.3 The results of the feedback and a summary of the comments are shown in Appendix C

- 8.4 Overall, the comments on the scheme have been largely positive, and there is support for a community based approach to the delivery of the overall Local Welfare Provision scheme, with the acknowledgement that the scheme's design will develop over time and the commitment to work in partnership to ensure the most effective model is designed.

9 Impact Analysis

- 9.1 A comprehensive Equality Impact Assessment has been undertaken, taking into account analysis of public consultation data and comments. Further work will be undertaken to understand the actual impact upon Sunderland's more vulnerable residents.
- 9.2 Work will continue, to assess the impact of this scheme alongside the related impacts of the significant number of welfare and benefit reforms either already introduced or still being planned by Government. Any unintended consequences of the new scheme will be closely monitored and considered during review of the scheme.

10. Other Tyne and Wear Authority Schemes

- 10.1 Our neighbouring authorities are also currently going through the consultation and decision making process on Local Welfare Provision. In the main most neighbouring authorities are offering branded new goods and on line shopping/food vouchers for local supermarkets, however, council's such as Darlington are now beginning to look to move into the third sector by developing their own Food Networks and creating a market for reusable furniture. Both Stockton and Northumberland were considering commissioning a third sector partner to deliver the full service but at the time of this report no final decision had been made.
- 10.2 It is clear up and down the country that no Local Authority is considering using cash payments. Regional LA's have also confirmed that due to the difficulty of collection, they will not seek to recover from customers.

11 Reasons for the Decision

- 11.1 The council must have a Local Welfare Provision Scheme approved by 31 March 2013 to enable the scheme to be ready for 1 April 2013.
- 11.2 The changes referred to in this report result from Government's reduction in funding and will affect the council and its citizens. Consultation confirmed that the majority of respondents are supportive of the proposals for Sunderland's new Local Welfare Provision Scheme, with the council and the voluntary sector working together to support the city's most vulnerable residents. Impacts will be closely monitored following the scheme's introduction.

12 Alternative Options

- 12.1 There are no alternative options recommended

13 Other Relevant Considerations

13.1 Legal Implications

13.2 This report has been written using information provided by Government to date

13.3 Employee Implications

13.4 To accommodate a local scheme, a new service is to be provided. Any changes will also need to take into account the significant future Housing and Welfare benefit changes resulting from the introduction of Universal Credit.

14. Background Papers

Welfare Reform Act 8 March 2012

Sunderland City Council
Local Welfare Provision
Crisis Support

2013/2014

www.sunderland.gov.uk

1. Introduction

- 1.1 In October 2010 the Government published the White Paper “Universal Credit: Welfare that Works”. This document detailed the government’s proposals for wide ranging welfare reform which have subsequently been included in the Welfare Reform Act 2012. Included within the proposals was reform of the Discretionary Social Fund which is currently administered by the Department for Work and Pensions (DWP).
- 1.2 From 1st April 2013 the DWP system will no longer exist for certain elements of the Social Fund and these will be replaced by a local scheme to be administered at the Council’s discretion.
- 1.3 The Government believes that this service is better delivered locally as Local Authorities will be empowered to better identify and meet the needs of the most vulnerable. It is also believed that by localising the service it may be possible to improve the quality of decision making and to integrate with locally designed programmes that can provide complimentary avenues of assistance.
- 1.4 The two elements of the DWP Social Fund that are to be abolished are:
 - Crisis Loans
 - Community Care Grants
- 1.5 These schemes will be replaced by two new schemes to be designed and operated by the Council, and which are:
 - Crisis Support
 - Community Care Support

Collectively the two schemes will form the Council’s Local Welfare Provision Scheme. Social Fund Budgeting loans, alignment payments and funeral expenses continue to be the responsibility of the DWP.

- 1.6 Crisis Support under this scheme is only available to vulnerable people who fit predetermined criteria and who have exhausted all other means of support including the DWP. This scheme is not available to asylum seekers or those with no recourse to public funds.
- 1.7 The Council retains its statutory responsibilities in relation to areas such as homelessness and safeguarding. All existing support schemes will continue to be operated by the Council. Local Welfare Provision is not a replacement or substitute for these separate support mechanisms.

2. Aims of the Local Welfare Provision Scheme – Crisis Support

- 2.1 The purpose of this policy is to specify how Sunderland City Council will operate the Local Welfare Provision scheme and to indicate some of the factors that will be considered when deciding if a Crisis Support award can be made. Each case will be treated strictly on its merits and all customers will be treated equally and fairly when the scheme is administered. The Council is committed to working with the local voluntary sector, social landlords and other interested parties in the city to maximise entitlement to all available state benefits and this will be reflected in the administration of the Local Welfare Provision scheme.

- 2.2 The Council will have the discretion to make a Crisis Support award to any applicant that meets the criteria set out in this policy. Every application will be considered on its own individual merits and circumstances.
- 2.3 The scheme is designed to assist the most vulnerable in meeting their immediate short term needs in the event of an emergency or disaster.
- 2.4 All decisions made on Crisis Support applications will be made following a consistent decision making model. Each claimant will be treated fairly and equitably and consideration will be given to individual circumstances. Where a Crisis Support award cannot be made, or where it may be more appropriate to do so, consideration will be given/signposting to available alternatives such as Discretionary housing Payments, Section 17 funding and Housing Funds as well as external support groups and agencies.
- 2.5 The Council's Local Welfare Provision Policy has been designed to
- Help those who are most in need that meet the qualifying criteria
 - Help families under exceptional pressure
 - Help those who help themselves
 - Support elderly and vulnerable people in the community
 - Help individuals and families in personal difficulty
 - Help those fleeing domestic violence
 - Assist young people leaving care
 - Support the chronic or terminally ill, or those with learning/ sensory/physical or mental health disabilities.
 - Be fair and consistent for all applicants, in accordance with Sunderland City Council's Equal Opportunities Policy.
- 2.6 The scheme is neither designed nor intended to replicate or assume responsibility of any statutory agency or any previous provisions made under the Social Fund Scheme operated by the Department for Work and Pensions. The policy is flexible and will be adapted as the needs of the scheme become more apparent.
- 2.7 This document will now set out the Sunderland City Council policy for administering the new Crisis Support scheme.

3. Crisis Support

3.1 General Description

- 3.1.1 The crisis support scheme is only for applicants who are unable to meet their immediate short term needs either in:
- an emergency
 - as a consequence of disaster

3.2 What is an emergency?

An emergency is a situation which causes the applicant to have a pressing need; or an unforeseen circumstance either of which requires immediate action or remedy.

- 3.2.1 The emergency should not be a consequence of an act or an omission for which the applicant or their partner is responsible and the applicant or their partner could not have taken reasonable steps to avoid. However, if the applicant has children or an adult who may otherwise qualify for support through Adult Social Care, the Council will provide support under the scheme regardless of the culpability of the applicant or their partner.

3.3 What is a disaster?

A disaster is a sudden calamitous event or great misfortune causing loss of or damage to possessions or property. Examples of a disaster include:

- *Flooding*
- *Gas Explosion/Leak*

- 3.3.1 Consideration will also be given to the needs of individuals who need help to alleviate the likely consequence of an imminent disaster. The consequences of the disaster should be serious damage or risk to the health or safety of the applicant or a member of their household.

- 3.3.2 Help under the Crisis Support scheme should be the only remaining means of avoiding this damage or risk. It is a condition of the scheme that applicants must have explored all other avenues of support first including their own resources, family, friends, landlord, employer, insurance and the DWP.

3.4 Application Information

- 3.4.1 Applications for Crisis Support can be made by telephone, by the applicant or a representative.
- 3.4.2 The Council will determine the level and type of support. There is no right of appeal, however there will be an internal review procedure in place to ensure clarity and consistency of decision (please refer to paragraph 3.8.3)
- 3.4.3 The scheme will be operated solely at the Council's discretion. There is no statutory role linked to the provision of the scheme and therefore applicants have no statutory right to support under the scheme.

3.5 Eligibility Criteria

- 3.5.1 The applicant or their partner must have applied for all available assistance, for example, budgeting loan/alignment payment/short term advances from the DWP if they are eligible to do so – and have been declined. Applicant must be able to provide their budgeting loan/alignment payment reference.

- 3.5.2 The applicant or their partner must be in receipt of or be in the process of applying for Housing Benefit, Council Tax Support or Universal Credits with the Housing Costs component. This means that they must be a resident of the City. Applications will also be considered from 1st tier advice/professional agencies for those not in receipt of benefit. In these cases the applicant must be able to prove residency in Sunderland. This scheme is not available to asylum seekers or those with no recourse to public funds.
- 3.5.3 The applicant or their partner must have no readily available savings, capital, investments or funds that could be used.
- 3.5.4 The household is limited to one award in every rolling 12 month period. However, by extreme exception further provision may be considered.
- 3.5.5 In addition to the above, the applicant or their partner must then satisfy at least one of the following criteria:
- a. have a serious physical health problem affecting day to day living, which they are receiving ongoing treatment for
 - b. Have dependent children who normally live with them
 - c. Are at risk of homelessness
 - d. They have a substance or alcohol misuse problem, which they are receiving treatment or support for
 - e. They are on probation or receiving support relating to their offending history
 - f. Are affected by or at risk of domestic abuse
 - g. They have a learning disability, physical or sensory impairment or mental health problem
 - h. Are a young person leaving care
 - i. Are an older person with support needs
 - j. Have caring responsibilities for someone who is unable to look after themselves

3.6 Specific Evidence of Emergency or Disaster

- 3.6.1 The applicant must provide detail of the emergency or disaster and the effect that it has had on the household and be willing for the situation to be assessed by the Council. The application will be approved or declined based upon the information given about the situation and the satisfaction of at least one of the eligibility criteria.

3.7 Level of Award

- 3.7.1 The applicant or their partner will be limited to a maximum of one food parcel and/or pre-paid energy top-up cards for gas and/or electricity dependent upon size of household and the time of year. However, by extreme exception further provision may be considered.
- 3.7.2 There will also be provision for emergency travel in exceptional circumstances (hospital visit-if this cannot be covered by the NHS ambulance/transport service/funeral). This will be in the form of a travel voucher or bus pass only. Only in the most extreme circumstances will travel costs be considered for locations outside of the city.
- 3.7.3 If the claimant becomes homeless as a result of an emergency or disaster additional provision may be considered at the council's discretion.

3.7.4 Other essential items may be considered at the discretion of the Council for cases of extreme need.

3.8 Delivery of Service

3.8.1 The food parcel and/or pre payment energy top up card will be delivered to the applicant in order to provide for, where possible, a safeguarding visit to ensure there is no additional cost to the claimant, and to prevent fraud and error.

3.8.2 The service is open Monday to Friday 8.30am to 5.15pm. The Council will continue to provide the existing out of hours services – for example, through the Homeless Unit.

3.8.3 The Council will endeavour to deliver food parcels and top up cards within 24 hours of the application being received. The time taken to process and consider applications will be dependent on information being provided by the applicant and DWP. If the claimant is unable to access items in the meantime they will be signposted to an appropriate agency for more immediate assistance. Signposting to appropriate agencies will also be given to unsuccessful applicants

3.8.4 Please note that cash payments or payments via BACS into a claimant or nominated persons bank account will NOT be made under the Crisis Support scheme.

3.9 Determining Factors in Assessing Eligibility

3.9.1 The following factors will be taken into account when assessing Crisis Support applications. This list is not exhaustive:

- a) All income will be taken into account, including those incomes which are normally disregarded for benefit purposes e.g. Disability Living Allowance, Child Maintenance, Child Benefit etc.
N.B. War Disablement Pension and Armed Forces Compensation Payments will remain disregarded in full.
- b) Any savings and/or investments held by the applicant/partner which could help to alleviate their financial situation.
- c) Whether any family members outside of the immediate household could help towards the applicant's financial situation.
- d) Whether expenditure on non-essential items could be reduced.
- e) Whether the applicant/partner could be eligible for other benefits which they are not claiming.
- f) The level of debt of the applicant/partner.
- g) Any other steps taken by the applicant/partner to help themselves.
- h) Any financial advice taken by the applicant/partner to alleviate their situation, e.g. Welfare Rights, Citizens Advice Bureau, Fiscus etc.

3.10 Decision Making and Disputes

3.10.1 Once a decision on a Crisis Support application has been made the applicant and/or representative will be notified in immediately if possible, and followed up in writing. The notification will include:

- a) The items to be awarded
- b) Where a Crisis Support payment will not be made, the reason(s) for this decision.
- c) Information on who can be contacted for further information and advice.
- d) Any other options available to the applicant should their Crisis Support application be unsuccessful
- e) The duty to notify the Council of any change in circumstances which may affect their entitlement to a Crisis Support award

3.10.2 The applicant or representative will have the right to request that the decision be reviewed in the event that they disagree with

- The award being refused
- Amount of award

The applicant may be requested to supply additional information/evidence in order to support their request for a review.

The review process will have two stages:

- Stage 1: All requests to review a decision from the applicant or representative will be considered and notified within agreed service levels.
- Stage 2: If the applicant is still not satisfied with the outcome of the review, they may request a further review within the timescales of being notified of the review outcome. The review will be conducted by a senior officer taking into account all the information and evidence included in the review and how reasonable the decision made is. The decision will be notified within a fixed timescale.

There is no right of appeal via the Independent Review Service, however, the applicant or representative may request an internal review of the decision and will retain the right to make a complaint to the Local Government Ombudsmen.

3.10.2 Annual funding is a limited resource so awards can only be made while there is funding available to do so. Crisis Support awards will therefore be made on the basis of available funds, which will be managed and reprioritised on an ongoing basis.

3.11 Monitoring Arrangements and Managing Local Welfare Provision

3.11.1 The Council will regularly monitor the number and value of Crisis Support awards, as well as the available Local Welfare Provision Budget.

3.11.2 In order to comply with quality and accuracy guidelines a sample of all applications will be audited to ensure that decisions are being made fairly with clarity and consistency, in line with Sunderland City Council's Equal Opportunities Policy and all other relevant legislation.

3.11.3 The Council will monitor all awards to ensure that they are meeting the needs of the claimant in line with the aims of the Local Welfare Provision scheme. All telephone contact will be recorded.

3.12 Counter Fraud

- 3.12.1 The Council is committed to preventing fraud. Any applicant who attempts to fraudulently claim or fraudulently claims a Local Welfare Provision award by falsely declaring their circumstances, making false statements or providing false evidence in support of their application may be treated as committing an offence under the Fraud Act 2006. Where it is alleged or suspected that fraud may have been committed, the matter will be passed for investigation and appropriate action taken in any cases where fraud is proven. This may include referral to the Police.
- 3.12.2 If an award under the scheme is found to have been based on a fraudulent application the award may be recovered through formal action and the applicant will be disqualified from the scheme for a period of two years from the date fraud is discovered.

3.13 Publicising Local Welfare Provision

- 3.13.1 Local Welfare Provision will be promoted to the relevant agencies, housing associations and voluntary sector organisations, which will also be made aware of the qualifying criteria and evidence required to support a Local Welfare Provision application. Information and application process will be available on the Sunderland City Council website.
- 3.13.2 Sunderland City Council is committed to providing training to all staff involved in the scheme to ensure their knowledge of the scheme is relevant and up to date.

Sunderland City Council
Local Welfare Provision
Community Care Support

2013/2014

www.sunderland.gov.uk

1. Introduction

1.8 In October 2010 the Government published the White Paper “Universal Credit: Welfare that Works”. This document detailed the government’s proposals for wide ranging welfare reform which have subsequently been included in the Welfare Reform Act 2012. Included within the proposals was reform of the Discretionary Social Fund which is currently administered by the Department for Work and Pensions (DWP).

1.9 From 1st April 2013 the DWP system will no longer exist for certain elements of the Social Fund and these will be replaced by a local scheme to be administered at the Council’s discretion.

1.10 The Government believes that this service is better delivered locally as Local Authorities will be empowered to better identify and meet the needs of the most vulnerable. It is also believed that by localising the service it may be possible to improve the quality of decision making and to integrate with locally designed programmes that can provide complimentary avenues of assistance.

1.11 The two elements of the DWP Social Fund that are to be abolished are:

- Crisis Loans
- Community Care Grants

1.12 These schemes will be replaced by two new schemes to be designed and operated by the Council, and which are:

- Crisis Support
- Community Care Support

Collectively the two schemes will form the Council’s Local Welfare Provision Scheme. Social Fund Budgeting loans, alignment payments and funeral expenses continue to be the responsibility of the DWP.

1.13 Crisis Support under this scheme is only available to vulnerable people who fit predetermined criteria and who have exhausted all other means of support including the DWP. This scheme is not available to asylum seekers or those with no recourse to public funds.

1.14 The Council retains its statutory responsibilities in relation to areas such as homelessness and safeguarding. All existing support schemes will continue to be operated by the Council. Local Welfare Provision is not a replacement or substitute for these separate support mechanisms.

2. Aims of the Local Welfare Provision Scheme – Community Care Support

- 2.1 The purpose of this policy is to specify how Sunderland City Council will operate the Local Welfare Assistance scheme and to indicate some of the factors that will be considered when deciding if a Community Care Support award can be made. Each case will be treated strictly on its merits and all customers will be treated equally and fairly when the scheme is administered. The Council is committed to working with the local voluntary sector, social landlords and other interested parties in the City to maximise entitlement to all available state benefits and this will be reflected in the administration of the Local Welfare Assistance scheme.
- 2.2 The Council will have the discretion to award Community Care Support to any applicant that meets the criteria set out in this policy. Every application will be considered on own individual merits and circumstances.
- 2.3 The scheme is designed to assist the most vulnerable in meeting their immediate short term needs and maintaining their independence in the community.
- 2.4 All decisions made on Community Care Support applications will be made following a consistent decision making model. Each claimant will be treated fairly and equitably and consideration will be given to individual circumstances. Where a Community Care Support award cannot be made, or where it may be more appropriate to do so, the applicant will be signposted to available alternatives.
- 2.5 The Council's Local Welfare Provision Policy has been designed to
- Help those who are most in need that meet the qualifying criteria
 - Help families under exceptional pressure
 - Help those who help themselves
 - Support elderly and vulnerable people in the community
 - Help individuals and families in personal difficulty
 - Help those fleeing domestic violence
 - Assist young people leaving care
 - Support the chronic or terminally ill, or those with learning/ sensory/physical or mental health disabilities.
 - Be fair and consistent for all applicants, in accordance with Sunderland City Council's Equal Opportunities Policy.
- 2.6 The scheme is neither designed nor intended to replicate or assume responsibility of any statutory agency or any previous provisions made under the Social Fund Scheme operated by the Department for Work and Pensions. The policy is flexible and will be adapted as the needs of the scheme become more apparent.
- 2.7 This document will now set out the Sunderland City Council policy for administering the new Community Care Support scheme.

3. Community Care Support

3.1 General Description

- 3.1.1 The Community Care Support scheme is intended to help vulnerable people to enter, re-enter or remain in the community and integrate with, and live independently within, that community.

3.2 Application Information

- 3.2.1 Applications for Community Care Support can be made by web based application form (online) made by applicant or representative.
- 3.2.2 The Council will determine the level and type of support. There is no right of appeal, however there will be an internal review procedure in place to ensure clarity and consistency of decision.
- 3.2.3 The scheme will be operated solely at the Council's discretion. There is no statutory role linked to the provision of the scheme and therefore applicants have no statutory right to support under the scheme.

3.3 Eligibility Criteria

- 3.3.1 The applicant or their partner must have applied for a budgeting loan/alignment payment from the DWP if they are eligible to do so – and have been declined. The applicant must be able to provide their budgeting loan/alignment payment reference.
- 3.3.2 The applicant or their partner must be in receipt of or be in the process of applying for Housing Benefit, Council Tax Support or Universal Credits with the Housing Costs component. This means that they must be a resident of the City or have firm plans to move to a home within the City. Applications will also be considered from 1st tier advice agencies that are supporting the in work poor who are not in receipt of Housing Benefit/Council Tax Support/Universal Credits with Housing Costs. Again, the applicant in these cases must also be able to provide evidence of their link to the City as described above. This scheme is not available to asylum seekers or those with no recourse to public funds
- 3.3.3 The applicant or partner must have no readily available savings, capital, investments or funds that could be used.
- 3.3.4 The household is limited to one award in every rolling 12 month period. However, by extreme exception further provision may be considered.
- 3.3.5 The applicant or their partner requires support for at least one of the following:
 - 1. Support to move back into the community after a stay in supported or temporary accommodation
 - 2. Support to stay in the home and prevent a move into residential care or hospital
 - 3. Support to prevent a serious deterioration of health within the home
- 3.3.6 In addition to the above, the applicant or their partner must then satisfy at least one of the following criteria:
 - a) They have a serious physical health problem affecting day to day living, which they are receiving ongoing hospital treatment for
 - b) Have dependent children who normally live with them
 - c) Area at risk of homelessness
 - d) They have a substance or alcohol misuse problem, which they are receiving treatment or support for
 - e) They are on probation or receiving support relating to their offending history
 - f) They are affected by or at risk of domestic abuse

- g) They have a learning disability, physical or sensory impairment or mental health problem
- h) They are a young person leaving care
- i) They are an older person with support needs
- j) They have caring responsibilities for someone who is unable to look after themselves

3.4 Specific Evidence

3.4.1 The applicant must provide details of their circumstances and the effect that it has had/will have on their household. The application will be approved or declined based upon the information given about their situation and the satisfaction of the eligibility criteria.

3.5 Level of Award

3.5.1 Support from the scheme is limited only to:

- Bed and bedding
- Essential white goods and furniture
- Any additional essential products the council sees fit to supply.

Second hand or refurbished goods may be supplied at the Council's discretion.

3.6 Delivery of Service

3.6.1 All goods will be delivered direct to applicant at their home address.

3.6.2 The service is open Monday to Friday 8.30am to 5.15pm. The Council will continue to provide the existing out of hours service – for example, through the homeless unit

3.6.3 Please note that cash payments or payments via BACS into a claimant or nominated persons bank account will NOT be made under the Community Care Support scheme.

3.6.4 It is expected that the majority of applications and subsequent awards of Community Care Support will be a result of signposting from an accredited advocate within Sunderland City Council, such as council employees, health and care practitioners, as well as other professionals such as Probation officers etc.

3.7 Determining Factors in Assessing Eligibility

3.7.1 The following factors will be taken into account when assessing Community Care Support applications. This list is not exhaustive:

- a) The income and essential expenditure of the applicant and/or partner.
- b) All income will be taken into account, including those incomes which are normally disregarded for benefit purposes e.g. Disability Living Allowance, Child Maintenance, Child Benefit etc.
N.B. War Disablement Pension and Armed Forces Compensation Payments will remain disregarded in full.

- c) When assessing expenditure, consideration will be given to whether expenditure is considered above basic living requirements (i.e. excessive). If expenditure is considered to be unreasonably high, enquiries will be made for clarification. In these circumstances Sunderland City Council reserve the right to substitute a sum for the expenditure, which they consider to be a reasonable amount.
- d) Any savings and/or investments held by the applicant/partner which could help to alleviate their financial situation.
- e) Whether any family members outside of the immediate household could help towards the applicant's financial situation.
- f) Whether expenditure on non-essential items could be reduced.
- g) Whether the applicant/partner could be eligible for other benefits which they are not claiming.
- h) The level of debt of the applicant/partner.
- i) Whether any long term action has been taken to help their problems meeting their living costs.
- j) Any other steps taken by the applicant/partner to help themselves.
- k) Any financial advice taken by the applicant/partner to alleviate their situation, e.g. Welfare Rights, Citizens Advice Bureau, Fiscus etc.

3.8 Decision Making and Disputes

3.8.1 Once a decision on a Community Care Support application has been made the applicant and/or representative will be notified in writing. The notification will include:

- a) The items to be awarded
- b) Where a Community Care Support award will not be made, the reason(s) for this decision.
- c) Information on who can be contacted for further information and advice.
- d) Any other options available to the applicant should their Community Care Support application be unsuccessful
- e) The duty to notify the Council of any change in circumstances which may affect their entitlement to a Community Care Support award.

3.8.2 The applicant or representative will have the right to request that the decision be reviewed in the event that they disagree with

- The award being refused
- Amount of award

The applicant may be requested to supply additional information/evidence in order to support their request for a review.

The review process will have two stages:

- Stage 1: All requests to review a decision from the applicant or representative will be considered and notified within agreed service levels.
- Stage 2: If the applicant is still not satisfied with the outcome of the review, they may request a further review within the timescales of being notified of the review outcome. The review will be conducted by a senior officer taking into account all the information and evidence included in the review and how reasonable the decision made is. The decision will be notified within a fixed timescale.

There is no right of appeal via the Independent Review Service, however, the applicant or representative may request an internal review of the decision and will retain the right to make a complaint to the Local Government Ombudsmen.

- 3.8.3 Annual funding is a limited resource so awards can only be made while there is funding available to do so. Community Care Support awards will therefore be made on the basis of available funds, which will be managed and reprioritised on an ongoing basis

3.9 Monitoring Arrangements and Managing Local Welfare Provision

- 3.9.1 The Council will regularly monitor the number and value of Community Care Support awards, as well as the available Local Welfare Provision Budget.
- 3.9.2 In order to comply with quality and accuracy guidelines a sample of all applications will be audited to ensure that decisions are being made fairly with clarity and consistency, in line with Sunderland City Council's Equal Opportunities Policy and all other relevant legislation.
- 3.9.3 The Council will monitor all awards to ensure that they are meeting the needs of the claimant in line with the aims of the Local Welfare Provision scheme. All telephone contact will be recorded.

3.10 Counter Fraud

- 3.10.1 The Council is committed to preventing fraud. Any applicant who attempts to fraudulently claim or fraudulently claims a Community Care Support award by falsely declaring their circumstances, making false statements or providing false evidence in support of their application may be treated as committing an offence under the Fraud Act 2006. Where it is alleged or suspected that fraud may have been committed, the matter will be passed for investigation and appropriate action taken in any case where fraud is proven. This may include referral to the police.
- 3.10.2 If an award under the scheme is found to have been based on a fraudulent application the award may be recovered through formal action and the applicant will be disqualified from the scheme for a period of two years from the date fraud is discovered.

3.11 Publicising Local Welfare Provision

- 3.11.1 Sunderland City Council has no plans to publicise the Local Welfare Provision in the mainstream media. Local Welfare Provision will be promoted to the relevant agencies, housing associations and voluntary sector organisations, which will also be made aware of the qualifying criteria and evidence required to support a Local Welfare Provision application. Information and application forms will be available on the Sunderland City Council website.
- 3.11.2 Sunderland City Council is committed to providing training to all staff involved in the scheme to ensure their knowledge of the scheme is relevant and up to date.

Social Fund expenditure via Jobcentre Plus

Year on Year DWP data for Crisis Loans and Community Care Grants.

The table below has been included to show the trend for expenditure over the last three financial years, with a further comparison with 2005/06, which is the year that the DWP has based the budget settlement upon for Crisis Loans.

Expenditure (£'000)

Financial Year	Crisis Loans			Community Care Grants	Totals Expenditure £000
	Items	Living Expenses	Total £000		
2005/06	431.5	149.3	580.8	876.7	1,457.5
2009/10	934.0	558.2	1,492.2	796.7	2,288.9
2010/11	882.4	535.5	1,417.9	796.2	2,214.1
2011/12	144.7	426.8	571.5	877.4	1,448.9

Consultation

- 1 Consultation has been carried out with the voluntary and community sector during January 2013.
- 2 The format of the consultation was presentation at Area VCS Network meetings across the city and a focus group meeting with the city's main advice providers, including organisations that help people to apply to the current DWP social fund. Regular discussions have also taken place with DWP representatives to gain insight into their experiences with regard to their current customers.
- 3 The results of the feedback have been mostly positive and a summary of the comments are shown below
 - There is support for a non cash based system as DWP crisis loans and community care grants are not always used for the purpose they were approved for.
 - There is also an understanding that all awards will be in form of a grant as the council cannot recover any monies via attachment to benefit, unlike DWP
 - There is concern for 'in-work' poor that may not be entitled to any means tested benefits. It is therefore recommended that accredited agencies/1st tier advice providers have discretion to recommend cases for support. As the Food Parcel Network partners will also be able to potentially exercise some discretion, above the provision provided by the council, this would also afford an opportunity to support this group.
 - There is general support for the use of second hand/reconditioned items and an awareness that those in need to use this market now to make their money go further.
 - There is support for the opportunity to grow local social enterprises across the city thus 'future proofing' the service.
 - There are concerns regarding the seemingly low level of awards under the current DWP scheme, compared with the number of applications. There is therefore support for the proposed Sunderland scheme in that we will be able to help more people, albeit with less (an essentials pack to be developed).
 - There is general agreement with the principle that all other already existing avenues of support should be accessed before application to the Local Welfare Provision Scheme.
 - There is also support for the opportunity afforded in delivering goods to applicants, which can be combined with a safeguarding/benefit maximisation check to help people to explore others way to improve their current situation.
 - There is support for disregarding War Pension income
 - A disability group has disagreed with the proposal that all income should be taken into account as this would include such items as Disability Living Allowance. However, it is understood that neighbouring authorities are taking all income into account, and all other organisations such as first tier advice providers have also supported this approach. As the assessment process will not exclude disability applicants should their income test show they are on low income, this impact is mitigated in any event as they are not being treated any less favourably.
 - Some carers have commented on the consultation process. Whilst they appreciate why the Area Network meeting were used they have requested a separate meeting. As this request was received the day before consultation

closed, a meeting has been arranged and any issues of significance that are raised will be fed back in a verbal report when Cabinet considers the report.

- Another organisation who supports families moving back into the community from a domestic violence situation has commented that there is a need to provide nappies and baby milk as part of the provision. They have also requested carpets, curtains, wallpaper and paint. Within the scheme there is discretion to allow for items that are deemed essential, so where these are required for example as part of a support plan they will be considered. Payments of bus fares for travel to hospital and court appearances have been requested and also payments to support bereavement such as flowers, an outfit for the funeral and a notice in a newspaper are requested. Whilst there is some provision for emergency travel in the proposed scheme, some of these additional items requested will not be available. However, as the scheme will be kept under review these is an opportunity to make amendments

- 4 Overall the comments on the scheme have been largely positive, and there is support for a community asset based approach to the delivery of the overall Local Welfare Provision scheme, with the acceptance that the scheme's design will develop over time and the commitment to work in partnership to ensure the most effective model is designed.

CABINET MEETING – 13 FEBRUARY 2013

EXECUTIVE SUMMARY SHEET – PART I

<p>Title of Report: Future Library Services</p>
<p>Author(s): Executive Director of Health, Housing and Adult Services</p>
<p>Purpose of Report: To provide an overview of library services in Sunderland and feedback from the recent engagement exercise.</p> <p>To outline the new Vision for Future Library Services based on the engagement and propose the approach for consultation to inform the future service offer</p>
<p>Description of Decision: Cabinet is recommended to:</p> <ul style="list-style-type: none"> (i) Note the information with regard to the current Library service (ii) Adopt the proposed new Vision and approach to develop a new and modern future Library service (iii) Agree to implement a two stage consultation approach with residents – including children and young people, users and non-users, staff, partners, voluntary and community groups and members to inform the future service design.
<p>Is the decision consistent with the Budget/Policy Framework? Yes</p>
<p>If not, Council approval is required to change the Budget/Policy Framework</p>
<p>Suggested reason(s) for Decision: This approach is being recommended to Cabinet as it allows the council the best chance to consult with significant numbers of stakeholders about the future of Library services. This in turn means we can use valuable using insight to specifically inform how the council can increase the use of library services whilst reducing costs.</p> <p>The council has decided to use evidence of recent trends in usage, survey results, good practice discussions with other local authorities and through initial engagement with staff and residents to form a draft Vision. This provides all stakeholders involved in the consultation a reference point for discussion, debate and ideas generation</p>

Alternative options to be considered and recommended to be rejected:

Use the same consultation process but with no reference point for future services. This approach was dismissed as it was considered this may be too vague and may not stimulate debate or bring focus to discussions.

A one stage approach has also been considered that uses all the evidence of recent trends in usage, survey results, good practice discussions with other local authorities and through initial engagement with staff and residents the council has gathered to date. This option was also dismissed given the limited stakeholder engagement arrangements.

Impacts analysed:

Equality Privacy Sustainability Crime and Disorder

As part of the consultation process the council will carry out a full equalities impact assessment.

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

Yes

Is it included in the 28 day Notice of Decisions?

Yes

Scrutiny Committee

FUTURE LIBRARY SERVICES**REPORT OF THE EXECUTIVE DIRECTOR OF HEALTH, HOUSING AND ADULT SERVICES****1. Purpose of Report**

- 1.1 To provide an overview of library services in Sunderland and feedback from the recent engagement exercise.
- 1.2 To outline the new Vision for Future Library Services based on the engagement and propose the approach for consultation to inform the future service offer

2. Description of Decision

- 2.1 Cabinet is recommended to:
 - (i) Note the information with regard to the current Library service
 - (ii) Adopt the proposed new Vision and approach to develop a new and modern future Library service
 - (iii) Agree to implement a two stage consultation approach with residents – including children and young people, users and non-users, staff, partners, voluntary and community groups and members to inform the future service design.

3.0 Background and Context

- 3.1 The Library Service is a statutory function of local government. The Public Libraries and Museums Act 1964 states:

“It shall be the duty of every library authority to provide a comprehensive and efficient library service for all persons desiring to make use thereof provided that although a library authority shall have power to make facilities for the borrowing of books and other materials available to any persons it shall not by virtue of this subsection be under a duty to make such facilities available to persons other than those whose residence or place of work is within the library area of the authority or who are undergoing full-time education within that area.”

The library service must:

- Serve both adults and children
- Be available to everyone and meet any special needs required by members of the local community
- Encourage participation and full use of the service

- Provide materials in sufficient number, range and quality to meet general and specific requirements of those in the community
 - Provide value for money, working in partnership with other Authorities and agencies
- 3.2 The Public Libraries and Museums Act 1964 does not state a minimum number of libraries nor does it have any guidance on geographical distribution or specific levels of access.
- 3.3 Due to recent strides in technology, changes in reading habits and the wide availability of affordable reading materials the number of active users and book lending has been reducing over a number of years both within Sunderland and nationally. The Library service however continues to offer the council and its partners opportunities to use the statutory nature of the service to further support reading, learning and access to information in the future, in particular, targeting resources towards our residents who need the most support.
- 3.4 In response to this declining demand and budget challenges many councils, nationally and regionally are reducing the number of Libraries and/or changing the way Libraries operate. This has manifested itself in a variety of outcomes including Library closures as well as new models of delivery.
- 3.5 Some of these decisions have seen the creation of new organisations to operate Libraries and there have also been a number of challenges to councils, particularly where Libraries have closed and the community has not been appropriately consulted or seen viable alternative provision.
- 3.6 In November 2012 a Commons Select Committee on Library Closures finalised its report having investigated:
- what constitutes a comprehensive and efficient library service for the 21st century
 - the extent to which planned library closures are compatible with the requirements of the Public Libraries and Museums Act 1961 and the Charteris Report
 - the impact library closures have on local communities
 - the effectiveness of the Secretary of State's powers of intervention under the Public Libraries and Museums Act 1964

Key findings included:

- Nationally in 2009 -10 there were 322 million visits to libraries and 309 million book loans. The number of visits exceeded book issues in each of the last seven years.
- Visitor numbers to libraries have fallen in each year between 1993/94 to 2011/12 from 391 million to 318 million. The total number of books issued has decreased steadily from around 650 million a year in the early 1980's to fewer than half this number.

- Many witnesses to the enquiry argued that data on footfall and issues were too crude a measure of the use the public makes of libraries, emphasising the importance of work with specific groups including children and vulnerable adults and highlighting the importance of the free access to the internet and information technology provided by libraries particularly for the unemployed and socially excluded.
- The report notes that 'Local authorities are having to take decisions now about the funding and shape of the library service but a number appear insufficiently aware of the available guidance on the definition of comprehensive and efficient'.

3.7 In April 2009 the Secretary of State for Culture, Media and Sport commissioned a local inquiry into a local authority's compliance with the duties imposed upon it by the Public Libraries and Museums Act 1964. The inquiry was asked to consider:

- whether the authority made a reasonable assessment of local needs in respect of library services, and in any event, what were those needs?, and
- on assessment of local needs, did the authority act reasonably in meeting these through their proposals in the context of available resources and their statutory obligations?

The inquiry found the decision to restructure the library service to be in breach of the statutory duties to provide a "comprehensive and efficient service". The primary reason given was that the authority failed to make an assessment of local needs and could therefore not have reasonably met such needs. The inquiry considered that a decision to close some libraries had been made in the absence of a strategic plan for or review of the library service and without a clear understanding of the extent and range of services being provided in libraries. The report noted that without an assessment of needs and a strategic library plan the council had displayed a lack of logic around why some facilities were recommended for closure and not others. Additionally a further key concern was the absence of an adequate plan for and commitment to a comprehensive outreach service, without which the service as a whole would not be compliant.

4.0 Financial Context

4.1 The council has made efficiency savings of approximately £100m over the last 3 years and now faces a similar, further amount in savings to be made over the next 3 years.

4.2 The council has achieved the savings whilst maintaining the quality of services, however, recognises that to continue to make the scale of efficiencies required further modernisation and transformation of services will be necessary. Within this period all council services will be reviewed to deliver further efficiencies whilst maintaining the quality of services wherever possible.

- 4.3 Over the past 3 years, like all council services, the libraries revenue budget has reduced, however, the council has continued over an extended period to invest in new and improved provision. Examples include refurbishment of libraries in Houghton, Hetton and Washington in addition to new developments at Ryhope and Silksworth.
- 4.4 The 2012/13 budget for libraries is £4.6m. In 2011/12 the Library Service released efficiencies of £553k and as part of the council's draft budget setting proposals there is a target of a further £850k to be achieved in 2013/14.

5.0 The Current Provision

- 5.1 There are currently 20 static libraries in Sunderland. These are distributed within the following localities:

East:

City Library and Arts Centre
Hendon Library and Customer Service Centre
Doxford Park Library and Customer Service Centre
Ryhope Library and Customer Service Centre

West:

Kayll Road Library
East Herrington Library
Silksworth Library and Customer Service Centre
Sandhill Centre Library and Customer Service Centre

North:

Bunny Hill Library and Customer Service Centre
Fulwell Library
Southwick Library
Monkwearmouth Library

Coalfields:

Easington Lane Library
Hetton Library and Customer Service Centre
Houghton Library and Customer Service Centre
Shiney Row Library and Customer Service Centre
Fence Houses Library

Washington:

Washington Green Library
Washington Town Centre Library and Customer Service Centre
Washington Millennium Centre

Ten of these facilities offer colocated services with partner organisations and were chosen to ensure local accessibility to services. These facilities were developed over the last 7 years and as a result Sunderland now benefits from a spine of library and multi service points across the main conurbations of the city.

5.2 Previously the library service was required to report to DCMS on Public Library Service Standards (this ceased in 2008) on 10 standards relating to access, services and stock. At the time of reporting, the service overachieved the standard relating to all residents being able to access a library service point within a two mile radius.

5.3 The table below details service points open 10 hours or more and includes both static and mobile provision.

Authority	No. of service points	Population per service point
Neighbour Authorities		
Sunderland	21	13,110
Newcastle-upon-Tyne	18	15,506
Gateshead	17	11,782
North Tyneside	15	13,413
South Tyneside	9	16,467
Comparator Authorities		
Sunderland	21	13,110
Plymouth	16	16,038
Bolton	11	25,209
Tameside	14	15,693
St Helens	13	13,492

5.4 The Library Service has five main areas of focus:-

- Transactional Services - eg membership, issues, returns and renewals, reservations along with some customer service functions such as support for customers with processing and verifying documentation.
- Access to Information - working with customers to understand their information needs and respond to this appropriately examples being - enquiries, Local Studies, information advice and guidance.
- Education and Outreach - is one of the core functions of the Library Service and consists of : Digital Services, Adult and Family Learning Development, Children and Young People Learning Development, Reading and Literacy activity and programme and Community Engagement. Collectively these services provide over 200,000 hours of customer contact and services with over 167,000 hours relating to digital and ICT services. This is a strong starting point to build upon for future services as many of these services could be provided at non traditional venues.

- Non Static Services – being the Patient Library Service, Mobile Library Service, Schools Library Service, Books on Wheels – currently delivered in partnership with the voluntary and community sector, LiaZe (Libraries and Information Access Zone). Some of these services offer further opportunities for expansion in the future, particularly for functions such as book reservation, delivery and collection.
- Support Services - consists of all the organisational processes which support the delivery of the other four service offers.

5.5 Current Usage and Customer Profile

The table below shows the active membership and visitor counts for all libraries for 2011/2012.

Library	Active Membership 2011/12 *	Visits 2011/12 **
Bunnyhill	1,822	48,698
City Library	16,380	597,259
Doxford Park	867	21,778
East Herrington	657	16,109
Easington Lane	308	9,487
Fence Houses	198	4,300
Fulwell	2,578	54,766
Hendon	762	24,557
Hetton	1,303	38,492
Houghton	3,130	82,368
Kayll Road	1,719	29,019
Monkwearmouth	342	26,355
Ryhope	1,142	31,035
Sandhill	1,116	26,936
Shiney Row	1,458	40,601
Silksworth	838	23,558
Southwick	844	25,389
Washington Green	259	9,515
Washington Millennium	975	37,781
Washington Town	6,391	129,051
Mobile	638	6,474
LIAZe		1,354
TOTALS	43,727	1,284,882
* Active usage is defined as a customer who has borrowed an item within the past year and is recorded against library of registration.		
** Visits counts are based on 4 sample weeks taken across the year and include all visitors accessing library services		
***Total loans for 2011/2012 were 1,121,707		

5.6 Current user statistics indicate the number of active users is reducing as is book lending. In relation to customer patterns, the most popular times to visit a library in Sunderland are between 10.00am and 12noon and between 14.00pm and 16.00pm by most age groups. Young people tend to use the library after school, from 16.00-18.00pm. The popular days of the week vary but Mondays are most consistent.

5.7 Based on research into current membership we know that the main users of Libraries by customer type are:

- Older people living on moderate incomes in better social housing estates or in areas of better quality, privately owned terrace housing. Many of these people are/were employed.
- Older people from areas of low quality social housing and limited income, with many residents are unable to afford charges which are typically levied for the use of Libraries.

5.8 Recent research with 989 residents included questions on Libraries and found that:

- 18% of respondents were frequent users and 57% users with 43% of respondents not having used a Library within the last year
- The most frequent users are residents age 75+ (33%), those with a disability and those who are retired (both at 26%), women (23%)
- Non-users are most likely to be men (50%) , residents aged 55 – 64 years (50%) and people without children in the household (48%)
- Resident satisfaction with libraries was 65% and user satisfaction was 73% which is in line with other North East authorities surveyed

6.0 Proposed New Vision, Service Model and Approach

6.1 Based on evidence of recent trends in usage, survey results, good practice, discussions with other local authorities and through initial engagement with staff and residents there are opportunities to increase the overall use of service particularly within communities who would most benefit and to reduce the overall cost of the service. The proposed vision of the new library service is:

“The Library Service will become a beacon of excellence in the community for reading, learning and information. Library Services will support the development of confident individuals and communities who can realise their full potential and contribute to the broader vision of the city”.

6.2 Realising this vision will include targeting families and children to enable them to access high quality learning environments through reading material, training and education opportunities. This approach is consistent with the Marmot Report – Fair Society – Healthy Lives (2010) which recommended the following:

- Ensure expenditure on early years development is focused progressively across the social gradient.
- Support families to achieve progressive improvements in early child development, including developing programmes for the transition to school.
- Provide good quality early years education and childcare proportionately across the gradient. This provision should be combined with outreach to increase the take-up by children from disadvantaged families

6.3 This proposed refocusing of resource would mean services would be taken to communities, in particular, those that need the most support to engender reading and learning. Locations such as schools, children's centres, community centres, and other neighbourhood venues that local people have affinity with and that are accessible to them will be used to deliver these services. This approach has the potential to increase the overall number of locations where the Library services are accessible.

6.4 The new service model will also promote access for all to high quality reading materials and learning environments, that will embrace modern technological and e-based service developments and incorporate these within the overall service offer .

6.5 It is consider that this can be achieved by:

- Working with current users, children's services, schools and other partners to target underachieving young people to encourage book lending, supported reading sessions and support to parents to increase confidence to read with children
- Establishing a volunteer base of confident readers to work with parents and children who need the most support
- Focussing on outreach and community based provision
- Providing wide access to reading materials and reading related activity and promotions in a much wider set of community venues
- Maintaining relationships with communities and partners to build and share information resources and to help ensure that those customers who are most in need have prioritised access to services
- Providing opportunities for social engagement and inclusion, particularly in our most deprived communities
- Maintaining a level of qualified librarian support and knowledgeable staff to work more in communities than in static provision
- Tailoring services to meet the needs of both customers and communities
- Investing to save by refurbishing key sites where necessary
- Seeking opportunities to engage with key partners who may consider developing and delivering a service offer

6.6 The service model would provide a reduced number of static libraries or "Library Hubs", some of which would provide a range of colocated services. These "Hubs" would support the community outreach programmes, other local service provision and provide an extended offer over the current arrangements with

- enhanced opening hours to reflect the local communities needs,
- a comprehensive range of reading materials in a variety of formats a
- access to high quality learning environments, support and materials
- Information and advice, customer service and digital services including ICT provision
- access to community space.

6.7 This new operating model will contribute to increased use of Library services across all sectors of the community and as a result a range of positive outcomes including:

- Supporting improvements in literacy levels
- Supporting improvements in digital and information literacy
- Improving social confidence and skills
- Supporting improvements in employability skills
- Encouraging informal/formal learning

7.0 Community Consultation and Engagement

7.1 It is important that the Council is able to get a clear view from a sample of all stakeholders about the types of neighbourhood and overall provision that best suit their needs. In this context, stakeholders refer to library users, non-users, residents, elected members, current library staff, other shared service providers and voluntary and community groups.

The consultation needs to take account of the need to increase the overall access and use of the service, particularly amongst those who would most benefit, and the requirement to reduce costs. It is proposed that areas for consultation include:

- Articulating and refining the overall Vision
- Identifying appropriate locations to increase access to services via a community outreach approach which incorporates activities delivered in non-traditional library settings across the city
- Determining the Library Hubs, overall offer and opening hours
- Making appropriate and adequate provision for those otherwise unable to access services in their community
- Advising on reader development activities for all ages and further learning opportunities and related programme
- Enhancing services to schools, for example to include increased structured class visits and library instruction
- Developing a network of volunteers to add value to the overall service offer

7.2 A full consultation plan has been drafted and will be completed upon Cabinet approval.

7.3 The key milestones within the two-stage consultation plan are:

Cabinet Report – 13.2.12

Consultation on Vision, service model and approach – 14.2.12 to 20.3.12

Feedback to Cabinet with outline proposals – 17.04.12

Further Consultation on proposals – 18.04.12 to 16.5.12

Cabinet Report on final proposals and implementation – June 2013

New service operational 1st July 2013

Arrangements will be in place to ensure engagement with the Scrutiny Committee at each stage of the consultation.

8.0 Reason for the decision

- 8.1 This approach is being recommended to Cabinet as it allows the council the best chance to consult with significant numbers of stakeholders about the future of Library services. The valuable insight gathered will inform how the council can improve access to and increase the use of library services, whilst reducing costs.

The council has decided to use evidence of recent trends in usage, survey results, good practice discussions with other local authorities and through initial engagement with staff and residents to form a draft Vision. This provides all stakeholders involved in the consultation with a reference point for discussion, debate and ideas generation.

9.0 Alternative Options

- 9.1 Use the same consultation process but with no reference point for future services. This approach was dismissed as it was considered this may be too vague and may not stimulate debate or bring focus to discussions.
- 9.2 A one stage approach has also been considered that uses all the evidence of recent trends in usage, survey results, good practice discussions with other local authorities and through initial engagement with staff and residents the council has gathered to date. This option was also dismissed given the limited stakeholder engagement arrangements.

10.0 Impact Assessments

- 10.1 As part of the consultation process the council will carry out a full equalities impact assessment.

11.0 Project management Methodology

- 11.1 The Future Library Service Review is being planned and implemented using the council's standard project methodology

12.0 Background Papers

- 12.1 A Local Inquiry into the Public Library Service provided by Wirral MBC, Led by Sue Charteris.

CABINET MEETING – 13 FEBRUARY 2013

EXECUTIVE SUMMARY SHEET – PART I

Title of Report:

Sunderland Home Improvement Agency (HIA) – Procurement of a Handypersons and Minor Alterations (HPMA) Service

Author(s):

Executive Director of Health, Housing and Adult Services

Purpose of Report:

The purpose of the report is to:

- I. To seek Cabinet's approval to procure a HPMA Service for a period of 36 months with an option to extend for a further period of 12 months, at the sole discretion of Sunderland City Council, at an estimated cost of £198,500 per annum. The Home Improvement Agency (HIA) will act as the 'hub' for the service and will directly manage the service provider.

Description of Decision:

Cabinet is asked to approve:

- 1) The procurement of a HMPA service for a period of 36 months with an option to extend for a further period of 12 months, at the sole discretion of Sunderland City Council.

In accordance with the Constitution, Cabinet approval is required in relation to procurements exceeding £250,000 in value.

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

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

Suggested reason(s) for Decision:

The provision of minor alterations is a mandatory requirement via provisions in The National Health Service and Community Care Act (1990) and The Chronically Sick and Disabled Persons Act (1970).

The HPMA service has been in place for the last four years with a locally based social enterprise called Sunderland Community Furniture Service (SCFS). The contract has proved very successful in terms of delivering a high quality service within timescales and to budget.

The contract for a HPMA Service will ensure that the Council is responding to the current policy context by externally commissioning a service that delivers excellent service standards for local people.

Alternative options to be considered and recommended to be considered

There are no alternative options for consideration

Impacts analysed:

Equality Privacy Sustainability Crime and Disorder

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

Yes

Is it included in the 28 day Notice of Decisions?

Yes

Scrutiny Committee:

REPORT OF EXECUTIVE DIRECTOR OF HEALTH, HOUSING AND ADULT SERVICES**Sunderland Home Improvement Agency (HIA) – Procurement of a Handypersons and Minor Alterations (HPMA) Service****1.0 Purpose of the Report**

- 1.1 To seek Cabinet's approval to procure a HPMA Service for a period of 36 months with an option to extend for a further period of 12 months, at the sole discretion of Sunderland City Council, at an estimated cost of £198,500 per annum. The Home Improvement Agency (HIA) will act as the 'hub' for the service and will directly manage the service provider.

2.0 Description of the Decision

- 2.1 Cabinet is asked to approve the procurement of a HMPA service for a period of 36 months with an option to extend for a further period of 12 months, at the sole discretion of Sunderland City Council.

3.0 Introduction/Background**3.1 Sunderland HIA**

Sunderland HIA was launched in October 2007 by bringing together existing services to provide a one-stop shop that has resulted in a more co-ordinated and customer focused approach to support people to live independently. The HIA offers a broad range of services to support this aim including repair works to achieve decent homes for vulnerable households living in the private sector, the delivery of minor and major adaptations using Disabled Facilities Grants (DFG), energy efficiency advice and measures, and the provision of a HPMA Service.

3.2 HPMA service

In November 2008 Cabinet gave permission for the HIA to integrate two services – the handypersons service that had previously been delivered by SCFS through a voluntary sector grant arrangement and the minor alterations service that had previously been delivered by the Community Equipment Service (CES) within the Council. The aim of joining the services was to create a more joined up, flexible approach to service delivery that resulted in an improved customer journey.

- 3.3 The contract commenced in March 2009 and has been delivered successfully for the last four years. Statutory timescales for the delivery of minor adaptations have been consistently achieved. The merging of the two services has allowed a degree of flexibility so that resources have been shifted to meet demand where appropriate. SCFS have also engaged in additional areas of the work as a by product of the contract such as winter warmth initiatives and falls prevention projects

4.0 Current Position

- 4.1 An informal evaluation of the current service has been carried out and concluded that combining the Handyman and Minor Alterations service has proved to be a great success. The service has been delivered in a cost effective and timely manner, a local social enterprise has been supported, the customer journey has been improved and added value has been achieved. Customer feedback from clients who have used the service confirms that the measures carried out have a positive impact on their health and well-being and support them to remain living independently in their own homes.
- 4.2 The current contract ends on 31st March 2013 and it is anticipated that the new contract can be in place by April 1st 2013.

5.0 Reasons for the Decision

- 5.1 The HPMA service has been in place for the last four years with a locally based social enterprise called Sunderland Community Furniture Service (SCFS). The contract has proved very successful in terms of delivering a high quality service within timescales and to budget.

The contract for a HPMA Service will ensure that the Council is responding to the current policy context by externally commissioning a service that delivers excellent service standards for local people.

There are significant benefits to the service being provided external to the council. SCFS have been able to apply for funding streams that would not have been available to the council

6.0 Alternative Options

- 6.1 The evaluation considered alternative options for delivering the service including bringing the service into the council or withdrawing the service altogether, however the preferred option was to re-procure the service from an external provider.

7.0 Relevant Considerations/Consultations

- 7.1 The views of the Commercial and Corporate Services and Corporate Procurement have been incorporated in this report.

Financial - The annual cost of this agreement is £198,500

Legal Implications – The provision of minor alterations is a mandatory requirement via provisions in The National Health Service and Community Care Act (1990) and The Chronically Sick and Disabled Persons Act (1970)

Equality – The impact on equality was analysed using an equality risk matrix and this has determined that this is a high risk area.

Sustainability – A sustainability impact assessment has been carried out and it has shown that this is a significant area which will be addressed in the procurement process.

Procurement - The Head of Corporate Procurement has been consulted in respect of the procurement procedure.

8.0 Background Papers

8.1 No background papers were relied upon in the preparation of this report.

