



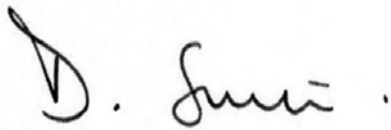
CIVIC CENTRE,  
SUNDERLAND  
17th September, 2010

**TO THE MEMBERS OF SUNDERLAND CITY COUNCIL**

**YOU ARE SUMMONED TO ATTEND A MEETING** of Sunderland City Council to be held in the Council Chamber, Civic Centre, Sunderland, on **WEDNESDAY, 29TH SEPTEMBER, 2010** at **6.00 p.m.**, at which it is proposed to consider and transact the following business, viz:-

1. **To read the Notice convening the meeting.**
2. **To approve the minutes of the:**
  - (i) **meeting of the Council held on 14th June 2010 (copy herewith),**
  - (ii) **extraordinary meeting of the Council held on 8th September 2010 (copy herewith), and**
  - (iii) **extraordinary meeting of the Council held on 10th September 2010 (copy herewith).**
3. **Receipt of Declarations of Interest (if any).**
4. **Announcements (if any) under Rule 2(iv).**
5. **Reception of Petitions.**
6. **Apologies.**
7. **Report of the Cabinet.**
8. **Report of the Audit and Governance Committee.**

9. **Written Questions (if any) under Rule 8.2.**
10. **To receive a report on action taken on petitions.**
11. **To consider the attached motions.**
12. **To consider the undermentioned reports: -**
  - (i) **Quarterly Report on Special Urgency Decisions - Report of the Leader of the Council (copy herewith), and**
  - (ii) **Appointments to Committees and Outside Bodies – The Port Board, the Children, Young People and Learning Scrutiny Committee, Northumbria Centre Sports Trust, Raich Carter Sports Centre Management Board and the Sunderland Sports Council - Report of the Chief Solicitor (copy herewith).**

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

**CHIEF EXECUTIVE**

# ***Minutes***



## Sunderland City Council

At a meeting of SUNDERLAND CITY COUNCIL held in the CIVIC CENTRE on MONDAY, 14<sup>TH</sup> JUNE, 2010 at 6.00 p.m.

**Present:** The Mayor (Councillor T Martin) in the Chair  
The Deputy Mayor (Councillor N. Wright)

Councillors	Allan	Fletcher	Morrissey	Tye
	Anderson	Foster	Old	Vardy
	Ball	Francis	Oliver	Wakefield
	Bell	E. Gibson	Padgett	Walker
	Blackburn	P. Gibson	D. Richardson	J. Walton
	Bonallie	Gofton	Rolph	L. Walton
	Chamberlin	A. Hall	Scaplehorn	P. Watson
	Charlton	G. Hall	Shattock	S. Watson
	Copeland	Heron	P. Smith	Williams
	Cuthbert	Howe	Snowdon	A. Wilson
	M. Dixon	Kelly	Speding	D. Wilson
	P. Dixon	McClennan	Stewart	Wood
	Emerson	Maddison	Tate	A. Wright
	Errington	L. Martin	Timmins	T. Wright
	Essl	Miller	D. Trueman	
	Fairs	Mordey	H. Trueman	

The Notice convening the meeting was read.

### Minutes

RESOLVED that the minutes of the Annual Meeting of the Council held on 19<sup>th</sup> May, 2010 (copy circulated) be confirmed as a correct record.

### Declarations of Interest

There were no declarations of interest.

### Mayor's Announcements

- (i) It was with sadness that the Mayor asked the Council to remember former Councillor Bryan Williams who had served on the Council between 1991 and 2007.

- (ii) The Mayor then advised Council of the recent death of Councillor Ethel Metcalf who had served on Hetton Town Council representing the people of Hetton le Hole Ward since 1979.

Members and Officers then joined the Mayor in observing a minute's silence as a mark of respect for former Councillor Bryan Williams and Councillor Ethel Metcalf.

- (iii) At the invitation of the Mayor, the Portfolio Holder for Resources, Councillor Allan, informed the meeting that the Council Tax section had won the 'BACS Direct Debit Award' in recognition of the number of Direct Debit transactions taken over the last twelve months.

The Mayor then formally accepted the award on behalf of the Council.

### **Reception of Petitions**

RESOLVED that the undermentioned petitions, submitted by the Councillors respectively named, be received and referred for consideration, in accordance with the Council's Petitions Scheme, to the Officers indicated below:-

- (i) Councillor E. Gibson – petition from local residents requesting the provision of a controlled pedestrian crossing on Mill Hill Road – Executive Director of City Services,
- (ii) Councillor Copeland – petition from local residents requesting traffic calming in the area around Leafields and Faber Road and expressing concern over the lack of consultation on the play park and the anti social behaviour caused by this play park – Executive Director of City Services, and
- (iii) Councillor P. Dixon – petition from local residents requesting the extension of parking restrictions in the Leazes – Executive Director of City Services.

### **Apologies for Absence**

Apologies for absence were submitted to the meeting on behalf of Councillors Ellis, D Forbes, M. Forbes, Kay, MacKnight, O'Connor, I. Richardson, J.B. Scott, J. Scott, D. Smith and Wake.

### **The Cabinet reported and recommended as follows:-**

#### **1. Community Leadership Programme: Review of Cabinet Portfolio Remits**

That they had given consideration to a joint report of the Chief Executive and the Chief Solicitor (copy circulated) on the Leader of the Council's allocation of Portfolio responsibilities.

Accordingly, the Cabinet had recommended Council to note the decision of the Leader on the allocation of Portfolio responsibilities as set out in this report.

## **2. Honorary Freedom of the City – The Rifles Regiment**

That they had given consideration to a joint report of the Chief Executive and the Chief Solicitor (copy circulated) recommending that the Council formally confer the Honorary Freedom of the City upon the Rifles Regiment. The proposal would formally seal the relationship between the Regiment and the City of Sunderland and would recognise the number of members of the Regiment who had been recruited from Wearside and mark the close past and present relationships between the Regiment and the people of Sunderland which had contributes to the community spirit of the City.

Accordingly, the Cabinet had recommended that Council:-

- (i) agree to the conferring, upon the Rifles Regiment, in accordance with the provisions of Section 249 of the Local Government Act 1972, the Honorary Freedom of the City and the right, privilege, honour and distinction of marching through the streets of Sunderland with full ceremonial regalia, and
- (ii) authorise the Chief Executive, in consultation with the Leader of the Council, to agree all appropriate arrangements for the formal ceremony at an extraordinary meeting of the Council to be held on Friday, 10<sup>th</sup> September, 2010 and for the Regiment to exercise its right to march through the City on that day.

## **3. The Council's Petition Scheme**

That they had given consideration to a report of the Chief Solicitor (copy circulated) on the requirements imposed on the Council by the Local Democracy, Economic Development and Construction Act 2009 and the duty to make and publicise a Petition Scheme.

They had also referred the report to the Management Scrutiny Committee for advice and consideration. The Committee had welcomed the report and had agreed that Council be recommended to approve the scheme subject to consideration of the following issues

- i) it be clarified in the scheme that petitions should only be considered from people who live, work or study in Sunderland (ie they need only meet one of the three criteria) and;
- ii) the current practice of reporting to Council on the action taken on petitions be continued in respect of those petitions submitted at full Council

Accordingly, the Cabinet, having given consideration to the draft Petition Scheme, had recommended the Council to approve the Scheme with the following provisions:-

- (a) the thresholds for signatures be as follows:-
  - “Ordinary” petitions 10 signatures.
  - “Petitions requiring debate” 7,000 signatures.
  - “Petitions to hold Council employees to account” 3,500 signatures,
- (b) it be agreed that petitions should only be considered from people who live, work or study in Sunderland,
- (c) it be agreed that the Chief Officers listed in the Scheme only be called to give evidence for petitions holding Chief Officers to account,
- (d) the Chief Solicitor, in consultation with the relevant Chief Officer, Portfolio Holder, or Chairman of a Committee, be granted delegated authority to reject petitions which are considered to be vexatious, abusive or otherwise inappropriate, and
- (e) the current practice of reporting to Council on the action taken on petitions in respect of those petitions submitted at full Council be continued.

#### **4. Food Law Enforcement Service Plan 2010/2011**

That they had given consideration to a report of the Executive Director of City Services (copy circulated) on the Food Law Enforcement Service Plan for 2010/2011 and to seek approval of the Plan.

The Cabinet had recommended the Council approve the Food Law Enforcement Service Plan.

They had also referred the report to the Health and Well-Being Scrutiny Committee for advice and consideration. The Committee had welcomed the report and had endorsed the Plan.

The Leader of the Council, duly seconded by Councillor Anderson, moved the report of the Cabinet and it was:-

RESOLVED that the report of the Cabinet and the views of the Scrutiny Committees, be approved and adopted.

#### **Scrutiny Committees – Annual Report 2009/2010**

The Chief Executive submitted the first combined Annual Scrutiny Report (copy circulated) which summarised the work of each of the undermentioned seven Scrutiny Committees during the year 2009/2010:-



- (i) Management Scrutiny Committee
- (ii) Children, Young People and Learning Scrutiny Committee
- (iii) Community and Safer City Scrutiny Committee
- (vi) Environment and Attractive City Scrutiny Committee
- (v) Health and Wellbeing Scrutiny Committee
- (vi) Prosperity and Economic Development Scrutiny Committee
- (vii) Sustainable Communities Scrutiny Committee

(For copy report – see original minutes).

Councillor Tate, duly seconded by Councillor T. Wright, moved the Annual Report of the Scrutiny Committees and it was:-

RESOLVED that the Annual Report be received and noted.

**THE STANDARDS COMMITTEE reported and recommended as follows:-**

**1. Annual Report on the Work of the Standards Committee 2009-2010**

That they had given consideration to a report by the Chief Solicitor (copy circulated), being the second Annual Report to Council and having been prepared on the work of the Standards Committee during 2009-2010.

Accordingly, the Committee had recommended Council to note the Annual Report on the Work of the Standards Committee 2009-2010.

Councillor Charlton, duly seconded by Councillor Tate, moved the report of the Standards Committee and it was:-

RESOLVED that the report be received and noted.

**Written Questions under Rule 8.2**

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

**Action Taken On Petitions**

The Council received the undermentioned report on action taken in relation to petition which had been presented to the Council:-

- (i) **Petition from 202 petitioners requesting Sunderland City Council to consider the installation of a canopy roof to cover SK8 City at Silksworth Ski Slope to allow users safe access to the facility during wet weather. Presented by Councillor Philip Tye on 31<sup>st</sup> March, 2010**

The Executive Director of City Services had proposed to consider the SK8 City canopy in the context of the development of the next wave of priorities

during the forthcoming update of the Play and Urban Games Strategy. Given the economic climate and the public sector investment to date in play, it had been considered that there were limited prospects of securing financial support for this project. In addition the Play and Urban Games Strategy had identified a primary priority of ensuring all children and young people had access to facilities within 1km of their home.

Whilst the Play Pathfinder programme had accelerated the delivery of the strategy by two years and at its conclusion 60% of children and young people would have access, work would need to continue to deliver improvements to ensure all children had access.

Councillor Tye and the Lead petitioner were to be notified

### **Quarterly Report on Special Urgency Decisions**

The Leader of the Council submitted a quarterly report (copy circulated) on executive decisions which had been taken under Rule 16 of the Local Authorities (Executive Arrangements) (Access to Information) (England) Regulations 2000.

(For copy report – see original minutes).

RESOLVED that the report be noted

### **Appointments to Committees and Outside Bodies – Corporate Parenting Board, Children Young People and Learning Scrutiny Committee, Tyne and Wear NHS Foundation Trust, North East Regional Arts Council, Sunderland Centre for Voluntary Services and the Sunnyside Partnership**

The Chief Solicitor submitted a report and an addendum report (copies circulated) requesting Council to consider the allocation of seats on the Corporate Parenting Board, the Children, Young People and Learning Scrutiny Committee, the Tyne and Wear NHS Foundation Trust, the North East Regional Arts Council, the Sunderland Centre for Voluntary Services and the Sunnyside Partnership.

(For copy reports – see original minutes).

Councillor P. Watson moved that the recommendations contained in the report be approved and it was:-

RESOLVED that approval be given to:

- (i) the request of the Leader of the Majority Group in Opposition that Councillor Francis be replaced on the Corporate Parenting Board by Councillor Ivan Richardson,
- (ii) the noting of the resignation of Mrs Pat Burn, the Co-opted representative of the Sunderland Community Matters on the Children, Young People and Learning Scrutiny Committee,

- (iii) the nomination of the portfolio holders for Healthy City and Safer City to replace Councillor N. Wright as the Council's representatives on the Tyne and Wear NHS Foundation Trust and the North East Regional Arts Council respectively,
- (iv) the nomination of Councillor F Anderson to replace Councillor McClennan on the Sunderland Centre for Voluntary Services, and
- (v) the nomination of the Deputy Chief Executive to replace the Executive Director of City Services as the Council's representative on the Sunnyside Partnership.

(Signed) T. MARTIN,  
Mayor.



## Sunderland City Council

At an EXTRAORDINARY MEETING of SUNDERLAND CITY COUNCIL held in the CIVIC CENTRE, SUNDERLAND on FRIDAY 10 SEPTEMBER 2010 at 10.30am

**Present:** The Mayor (Councillor T Martin) in the Chair  
The Deputy Mayor (Councillor N Wright)

Councillors	Anderson	Francis	Morrissey	H Trueman
	Ball	E Gibson	Old	Wake
	Blackburn	P Gibson	Padgett	Walker
	Bonallie	Gofton	D Richardson	J Walton
	Copeland	G Hall	J Scott	L Walton
	M Dixon	Heron	P Smith	P Watson
	Ellis	Howe	Snowdon	Williams
	Emerson	MacKnight	Speding	A Wilson
	Fletcher	McClennan	Tate	D Wilson
	M Forbes	Mordey	D Trueman	T Wright
	Foster			

The Notice convening the meeting was read.

Canon Stephen Taylor offered prayers on behalf of those present.

### Declarations of Interest

There were no declarations of interest.

### Apologies for Absence

Apologies for absence were submitted to the meeting on behalf of Councillors Allan, Bell, Chamberlin, Charlton, Cuthbert, P Dixon, Errington, A Hall, Kay, Kelly, Maddison, L Martin, Oliver, Scaplehorn, Shattock, D Smith, Timmins, Tye, Wood and A Wright.

### Freedom of the City – The Rifles

The Chief Executive submitted a report (copy circulated) inviting the Council to formally confer the Honorary Freedom of the City upon The Rifles.

The Mayor extended a warm welcome to all present at the meeting.

It was then moved by Councillor P Watson, and duly seconded by Councillor Anderson, that the Council formally confer the Honorary Freedom of the City upon The Rifles. Councillor G Hall also spoke to the motion. On being put to the meeting the motion was unanimously agreed and it was:-

RESOLVED that in pursuance of the provisions of Section 249(5) of the Local Government Act 1972, the Council do confer the Honorary Freedom of the City on The Rifles in recognition of the City's association with The Rifles and being mindful of the involvement of the Regiment in the Community Life of City and do thereby confer the right, honour, privilege and distinction of passing or marching through the streets of Sunderland with full ceremonial regalia on ceremonial or civic occasions.

General Evans then signed the Roll of Honorary Freemen of the City on behalf of The Rifles.

The Mayor then presented General Evans with a framed copy of the Council's Resolution. The Deputy Mayor also presented commemorative certificates to the remaining Sunderland Veterans of the 125 Anti Tank Regiment Royal Artillery in order to acknowledge their wartime experience and mark their link to The Rifles.

General Evans responded appropriately.

Following the conclusion of the meeting, Mayoral and Regimental presentations were held at the War Memorial and The Rifles exercised the Freedom of the City.

(Signed) T MARTIN  
Mayor

# ***Report of the Cabinet***





## **THE CABINET reports as follows:-**

### **1. Capital Programme Outturn 2009/2010 and First Capital Programme Review 2010/2011 (including Treasury Management)**

That they have given consideration to a report of the Director of Financial Resources which detailed:-

- the Capital Programme Outturn for 2009/2010,
- the outcome of the First Capital Review for 2010/2011 taking account of the Capital Programme Outturn 2009/2010,
- changes made to the Capital Programme 2010/2011 since its approval, and
- an update on progress in implementing the Treasury Management Borrowing and Investment Strategy for 2009/2010 and 2010/2011.

They also referred the report to the Management Scrutiny Committee for advice and consideration in the context of inclusion of additional schemes that have been added to the Capital Programme which are set out in the attached extract. The Scrutiny Committee agreed with the inclusion of the additional schemes and amendments in resourcing the Capital Programme since it was approved by Council in March 2010.

Accordingly the Cabinet recommends the Council to approve the inclusion of the additional schemes and amendments in resourcing the Capital Programme as set out in the attached extract.

### **2. Revenue Budget Outturn for 2009/2010 and First Revenue Budget Review for 2010/2011**

That they have given consideration to a report of the Director of Financial Resources which detailed the Revenue Budget Outturn for 2009/2010 and the First Revenue Review 2010/2011 and specifically the approval of the virement of funds.

They also referred the report to the Management Scrutiny Committee for advice and consideration in the context of the virement of funds in the attached extract relating to an earmarked reserve for pressures arising from the economic downturn and the Children's Placement Strategy Review together with transfers to the Strategic Investment Reserve to provide for capital programme priorities and the Improvement Programme. The Scrutiny Committee agreed with the issues of virement as set in the attached extract.

### **3. Final Approval of Sunderland's Economic Masterplan**

That they have given consideration to a report of the Deputy Chief Executive (copy attached) seeking approval of the Sunderland Economic Masterplan, to agree to its adoption as the Prosperous City Chapter of the Sunderland Sustainable Community Strategy and to approve the governance arrangements that needed to be put in place to deliver the Economic Masterplan.

The Cabinet recommends the Council to:-

- (i) approve the Sunderland Economic Masterplan,
- (ii) agree to the establishment of an Economic Leadership Board to be responsible for overseeing its delivery, and
- (iii) agree to the establishment of a set of Aim Delivery Groups to manage the day to day activity required.

They also referred the matter to the Prosperity and Economic Development Scrutiny Committee for advice and consideration. The comments of the Scrutiny Committee will be reported to the meeting.

**N.B. Members are advised that the Sunderland Economic Masterplan supporting documents can be viewed on-line at:-**

**<http://www.sunderland.gov.uk/committees/CmisWebPublic/Binary.ashx?Document=>**

### **4. Government Grant Reductions for 2010/2011 and the Emergency Budget**

That they have given consideration to a report of the Director of Financial Resources (copy attached) which provided details of the impact of Government grant reductions for 2010/2011 and subsequent amendments to the revenue budget and capital programme for 2010/2011 in the light of the reductions. The report also provided details of the Coalition Government's Emergency Budget and the emerging medium term financial position.

The Cabinet recommends the Council to approve the proposed actions set out in Section 3 of the report in respect of addressing the Government grant reductions for 2010/2011 and subsequent amendments to the revenue budget and capital programme for 2010/2011 to accommodate those reductions.

They also referred the matter to the Management Scrutiny Committee for advice and consideration. The comments of the Scrutiny Committee will be reported to the meeting.

## **5. Youth Justice Plan 2010/2011**

That they have given consideration to a report of the Acting Executive Director of Children's Services (copy attached) seeking approval to the publication and distribution of the Youth Justice Plan 2010/2011. The report outlines the background, purpose and intentions of the Plan and provides the Plan intended for publication.

They also referred the report to the Children, Young People and Learning Scrutiny Committee for further advice and consideration. The Scrutiny Committee considered and endorsed the Youth Justice Plan prior to its submission to the Youth Justice Board.

Accordingly the Cabinet recommends the Council to consider the contents of the report and approve the Youth Justice Plan 2010-2011 and agree to its publication and distribution.

## **6. Updating the Constitution**

That they have given consideration to a joint report of the Chief Executive and the Chief Solicitor (copy attached) which proposed further amendments to the Constitution.

Accordingly the Cabinet recommends the Council to note and endorse as appropriate:-

- (i) the amendments to the terms of reference of the Scrutiny Committees and the Audit and Governance Committee;
- (ii) that the Director of Human Resources and Organisational Development in consultation with the Director of Financial Resources, be granted delegated powers to consider and, where appropriate, approve all future requests for flexible retirement where it is considered to be in the employer's interest to approve the request, subject to such decision being reported to Personnel Committee for information and subject also to the right of appeal to the Personnel Committee against any such refusals being conferred upon the employee;
- (iii) to give notice of its intention to apply Schedule 3 of the Local Government (Miscellaneous Provisions) Act 1982 as amended by Section 27 of the Policing and Crime Act 2009 in its area and that it is intended such restrictions shall come into force on the date that is two months after the date on which the resolution is passed (to regulate further sex establishments); and that the delegated powers of the Executive Director of City Services be revised to reflect new legislative requirements as set out in the report to the Licensing Committee of 6 September 2010 appended hereto;

- (iv) the Protocol for Members in relation to licensing matters be amended as set out in the report to Licensing Committee of 6 September 2010 appended hereto;
- (v) the arrangements for the transfer of delegated powers and the position of Monitoring Officer set out in paragraph 4.5.1 of the report, to give effect to the Council's revised management structure.

## **7. Review of Members' Allowances Scheme**

That they have given consideration to a joint report of the Chief Executive, the Director of Financial Resources and the Chief Solicitor (copy attached) on proposals for a review of the current Members' Allowances Scheme and for the membership of the Independent Remuneration Panel which will make recommendations to the Council on the allowances to be paid to Members.

Accordingly the Cabinet recommends the Council to:-

- (i) agree that a review of the current Members' Allowances Scheme be undertaken; and
- (ii) agree that the Chief Executive, the Chief Finance Officer and the Monitoring Officer be given delegated powers to take all necessary action to facilitate the review including the appointment of the Independent Remuneration Panel.

## **8. South Tyne and Wear Waste Management Partnership – PFI Update**

That they have given consideration to a report of the Executive Director of City Services (copy attached) on the procurement process to date and financial costs in relation to arrangements for residual waste treatment services Private Finance Initiative (PFI) Project by the South Tyne and Wear Waste Management Partnership.

The Cabinet recommends the Council to:-

- (i) note and endorse the procurement process to date, and
- (ii) agree that the total financial costs over the lifetime of the project and the commitment to meeting the annualised cost, as set out in paragraph 5.1 in the body of the report; be approved as an amendment to the budget.

They also referred the matter to the Management Scrutiny Committee for advice and consideration. The comments of the Scrutiny Committee will be reported to the meeting.

**CAPITAL PROGRAMME OUTTURN 2009/2010 AND FIRST CAPITAL PROGRAMME REVIEW 2010/2011 – EXTRACT OF REPORT**

	<b>£000</b>
<b>Additional Schemes 2009/2010 Capital Programme - Fully Funded</b>	
Purchase of Hay Street Industrial Units – in respect of the JVA with ONE, HCA and Sunderland arc at Stadium Village (funding from ONE)	496
Southwick Land Purchase – acquisition of land for Southwick Primary School development (temporary funding from SIR pending realisation of capital receipts)	2,269
21 CN Equipment Replacement – telecare equipment (mainly funded from HH&AS revenue)	477
Extra Care Housing (Houghton Racecourse Estate) – additional funding from PCT, which will improve community rehabilitation options	550
<b>Additional Schemes 2010/2011 Capital Programme – Fully Funded</b>	
Port Workshops – clearance of and alterations to existing buildings to facilitate business expansion (funded from Port General Reserve)	288
BSF Wave 2 Project Resources – programme delivery costs for implementation of BSF Wave 2 (funded from Children’s Services capital resources)	860
Public Transport Schemes	
Cost of schemes funded by Nexus – grant from Nexus to support various public transport schemes	456
Extra Care Housing (Houghton Racecourse Estate) - additional funding from PCT, which will improve community rehabilitation options	550



**REVENUE BUDGET OUTTURN FOR 2009/2010 AND FIRST REVENUE BUDGET  
REVIEW FOR 2010/2011 – EXTRACT OF REPORT**

**Cabinet Meeting – 24 June 2010  
Virement over £55,000 for the Final Quarter 2009/2010**

	<b>Transfer From £000</b>	<b>Transfer To £000</b>
<b>General Balances</b>	3,665	
Earmarked Reserve for pressures arising in respect of the economic downturn		600
Earmarked Reserve to support pressures in respect of the Children's Placement Strategy Review		900
Strategic Investment Reserve to support the Improvement Programme and Capital Programme priorities		2,165
<b>TOTAL</b>	<b>3,665</b>	<b>3,665</b>





## **CABINET – 21<sup>st</sup> July 2010**

### **FINAL APPROVAL OF SUNDERLAND'S ECONOMIC MASTERPLAN**

#### **Report of the Deputy Chief Executive**

#### **1.0 Purpose of the Report**

- 1.1 The purpose of this report is to ask Cabinet:
- to approve Sunderland's Economic Masterplan
  - to agree that the Economic Masterplan be recommended to full Council for adoption as the Prosperous City Chapter of the Sunderland Strategy (Community Strategy).
  - to approve the governance arrangements that need to be put in place to deliver the Economic Masterplan

#### **2.0 Description of Decision (Recommendations)**

- 2.1 Cabinet is asked to recommend Sunderland's Economic Masterplan to full Council for approval and to agree to the establishment of an Economic Leadership Board to be responsible for overseeing its delivery and set of Aim Delivery Groups to manage the day to day activity required.

#### **3.0 Background**

- 3.1 Cabinet agreed on 7<sup>th</sup> April 2009 to appoint a consortium of consultants, led by GENECON LLP and work began on Sunderland's Economic Masterplan in May 2009. Cabinet agreed a proposed vision and set of 5 Aims in December 2009. The Economic Masterplan is now complete.
- 3.2 A Steering Group, comprising senior representatives from the Council, Sunderland Arc, Sunderland University, ONE, HCA and other public and private sector organisations, has overseen the project.
- 3.3 The Economic Masterplan Core Document comprises:
- An economic and spatial analysis of challenges and opportunities;
  - The analysis of the policy context;
  - The proposed economic Vision and strategic Aims;
  - A delivery plan for each of the Aims 1-4;
  - A proposal for governance and leadership under Aim 5;
  - A description of how the component strategies will work and how performance will be managed;
  - A description of how Sunderland will improve as a result.

The Core Document is attached at Appendix 1.

- 3.4 The governance proposals have been shared with and endorsed by the Sunderland Partnership.
- 3.5 The full Sunderland Economic Masterplan has been developed from a suite of documents, each of which has been lodged on the Members' Library and are available as Background documents to this report:
- A Baseline position statement of the Sunderland economy, its prospects and potential
  - A Vision expressing the preferred direction for the economy and five strategic Aims describing how that vision will be achieved
  - A Delivery Plan for each Aim
  - A performance framework showing how success will be measured
  - A spatial framework linking the economic changes to the city's geography
  - A sustainability appraisal
- 3.6 Subject to Cabinet approval the Economic Masterplan will be put to full Council on 29th September for formal adoption as part of the Community Strategy (the Sunderland Strategy). It is intended to launch the plan to a wide audience in autumn 2010.

#### 4.0 Content of the Economic Masterplan

- 4.1 The Masterplan proposes that in order to become **fundamentally more prosperous**, Sunderland must focus on a small set of important sectors and on the city centre in order to transform its economy into one that is **driven by low carbon economic activity**. To achieve this, it must utilise its key assets even more effectively than in the past:
- (A) **Nissan** to exploit electric vehicle technology and become a world leader in their production;
  - (B) The **University** to redefine the city as a place where knowledge is integral to life;
  - (C) A small number of **important development sites** to create 1) **a new central business district** in the city centre 2) an **expansion of the retail offer** and 3) an **electric vehicle technopole hub**.
  - (D) The **Port** to enable the servicing of new offshore energy generation facilities;
- 4.2 The vision, aims, projects, programmes and high-level outcomes of the Economic Masterplan are summarised on the following page.

<b>Vision</b>	<b>‘An Entrepreneurial University City at the heart of a Low Carbon Regional Economy’</b>							
<b>AIMS</b>	<b>Aim 1: A new kind of university city</b>		<b>Aim 2: A national hub of the low carbon economy</b>		<b>Aim 3: A prosperous and well-connected waterfront city centre</b>		<b>Aim 4: An inclusive city economy – for all ages</b>	
<b>Principal Strategies</b>	<b>Enterprise &amp; Innovation Strategy</b>		<b>Inward Investment Marketing Strategy</b>		<b>Employment Land Strategy</b>		<b>Skills Strategy</b>	<b>Employment Strategy</b>
<b>PROGRAMMES</b>	<p><b>Promoting enterprise</b></p> <ul style="list-style-type: none"> <li>○ Framework of support for businesses at all levels</li> <li>○ Knowledge transfer, internships, innovation vouchers</li> <li>○ Research Collaboration to support economic growth</li> <li>○ Technopole, Software Centre &amp; Centre for Enterprise &amp; Innovation</li> </ul> <p><b>Improving the city’s reputation and influence</b></p> <ul style="list-style-type: none"> <li>○ Leadership programme, Communication plan &amp; City Champions</li> </ul> <p><b>Fostering cultural change</b></p> <ul style="list-style-type: none"> <li>○ Widening Participation &amp; Enterprise in Schools</li> <li>○ Sector Development Plan for Creative Industries</li> </ul>		<p><b>Low carbon businesses:</b></p> <ul style="list-style-type: none"> <li>○ Electric vehicles</li> <li>○ Offshore energy</li> <li>○ Software</li> </ul> <p><b>A low carbon place</b></p> <ul style="list-style-type: none"> <li>○ Ultra Low Carbon Vehicle City strategy (inc. charging points)</li> <li>○ Super Connectivity project</li> <li>○ Low Carbon City Campaign</li> <li>○ Low carbon commercial buildings and homes</li> </ul>		<p><b>Prosperity:</b></p> <ul style="list-style-type: none"> <li>○ Vaux/Farringdon Row - a new central business district</li> <li>○ Holmeside - high quality development</li> <li>○ Minster Quarter – new mixed use civic space</li> <li>○ Sunderland station – improved gateway</li> <li>○ Sunnyside – continue development of vibrant quarter</li> <li>○ Stadium Village – facilities of national repute</li> <li>○ St Peter’s/Bonnersfield – to link key assets</li> <li>○ Management &amp; maintenance</li> </ul> <p><b>Distinctiveness</b></p> <ul style="list-style-type: none"> <li>○ Connecting to the river</li> <li>○ Events and festivals</li> <li>○ Low carbon standards</li> </ul> <p><b>Connectivity</b></p> <ul style="list-style-type: none"> <li>○ Investment corridors</li> <li>○ Integrating city campus</li> <li>○ Low carbon transport and ICT connectivity</li> </ul>		<p><b>Engaging neighbourhoods:</b></p> <ul style="list-style-type: none"> <li>○ Low carbon city villages</li> <li>○ Employment strategy</li> <li>○ Health and well-being sector plan</li> </ul> <p><b>City enterprise</b></p> <ul style="list-style-type: none"> <li>○ Boosting Enterprise in Neighbourhoods</li> </ul> <p><b>Raising Skills:</b></p> <ul style="list-style-type: none"> <li>○ Skills needs of target sectors</li> <li>○ Skills needs from current employers</li> <li>○ Skills for enterprise</li> </ul> <p><b>Attracting and retaining young people</b></p> <ul style="list-style-type: none"> <li>○ Career opportunities and skills</li> <li>○ Housing offer</li> <li>○ City centre vibrancy</li> </ul>	
<b>High-level Outcomes</b>	More wealth creation (GVA per head)	More businesses making more money	Higher employment, particularly in target sectors	More jobs in the City Centre	More people with high-level qualifications	Higher earnings of residents of the city	Fewer people on out of work benefits	

## **5. Reasons for the Decision**

- 5.1 Sunderland needs a clear economic direction, both to support partners in the city to direct investment and effort effectively, and to provide confidence to the private sector, third sector and public sector investors and partners that they can be confident of Sunderland's future direction and ambition.
- 5.2 The Economic Masterplan provides a direction based on wide ranging analysis and consultation. Whilst it is impossible to fully predict the future, the Economic Masterplan sets a practical direction based on the best evidence available, with a variety of components that will deliver a more diverse, and therefore more resilient economy for the future.
- 5.3 It is vital that this strategy is agreed by the city, to provide confidence to people external to the city, and to ensure city partners are able to confidently put their resources and effort behind the plan. It is also important that this strategy be recommended to full Council for adoption as part of the Sunderland Strategy, as that will ensure the Economic Masterplan is considered in the development of other strategies across the city.
- 5.4 The Governance structures are required to ensure that the governance of the Economic Masterplan:
- places the economic vision at the heart of city level policy making;
  - is driven by strong political direction;
  - embraces the widest set of stakeholders from all sectors across the city and beyond;
  - gives an increased level of confidence to the private sector and reduces investment risks;
  - is led by strategic planning

## **6. Alternative Options**

- 6.1 One alternative would be not to have an Economic Masterplan. This would mean the city would not have one coherent, agreed vision for its economy to provide partners in the city and potential external investors, with the confidence to put resources into the city. As a consequence this is likely to mean that the city would not make progress in key areas of economic development requiring investment and collaboration, such as the development of the city centre, building the city's reputation in the low carbon economy and developing more home grown businesses to increase the city's economic resilience.
- 6.2 A further alternative would be to have an Economic Masterplan that is not adopted as part of the Sunderland Strategy. The nature of the Economic Masterplan means that it relies on other strategies, projects and activities right across the city to support its delivery. If the Economic Masterplan is not adopted as part of the Sunderland Strategy then it will not have the same commitment to

its delivery, nor the status to ensure it is considered in setting other strategies across the city.

- 6.3 A further alternative would be to have an Economic Masterplan that is delivered by existing structures without requiring governance structures to be revised. GENECON have recommended that clear leadership and partnership working will be vital to the delivery of Sunderland's Economic Masterplan. Current structures do not bring together people of significant seniority and responsibility within the city to focus sufficient resources specifically on economic development. Furthermore delivery activities contributing significantly to economic development are split over a range of organisations and teams. To make significant progress it is vital that we manage this activity in a more focused way than at present.

## 7. Relevant Considerations / Consultations

- (a) **Financial Implications:** Full funding requirements for the plan cannot be identified at this stage.
- (b) **Risk Analysis:** The delivery of each project and activity will have specific risks attached to it. However, there are risks that apply to the programme as a whole.
- i. In particular, the current economic and political climate poses a number of risks to this plan. Potential public sector job cuts could have significant impact on the employment rate within the city, with significantly more people needing support into new employment or enterprise.
  - ii. Reduction in public sector budgets will reduce the public sectors ability to support regeneration activity at a time when private sector investment is still likely to be relatively difficult to access.
  - iii. Actual or perceived lack of activity leads to a loss of investor, developer and public confidence.
  - iv. Lack of integration across the city and within the city centre may prevent effective prioritisation of capital investment.
  - v. Partners do not commit themselves to the governance arrangement required to deliver the Economic Masterplan.
- (c) **Employee Implications:** The development of the Aim Delivery Groups and any physical delivery body has implications for employees of Sunderland City Council. These implications will clear once the more detailed study into the nature of the physical delivery body is complete.
- (d) **Legal Implications:** This report proposes a significant change to a Policy document referred to in Article Four of the Council's Constitution. It also proposes a change to the structure of the Council's Local Strategic Partnership.

- (e) **Policy Implications:** This report proposes a significant change to the Sunderland Strategy, the Sunderland Partnership's key policy document.
- (f) **Implications for Other Services:** The delivery of Sunderland's Economic Masterplan involves all directorates across the Council. Heads of Service from across the Council have been involved in its development and the plan has been shared with directorates at briefing sessions.
- (g) **The Public**
- Representatives of Community Spirit (Sunderland's Citizens Panel)
  - Representatives of the Independent Advisory Groups (Citywide groups formed to provide an opportunity for marginalised or hard to reach people in the city to contribute their views on public services and policy development)
  - A variety of Business Forums (including the Sunnyside Business Forum and the North East BIC)
  - The Sunderland Branch of the NECC
  - Businesses based at the North East BIC
  - Sunderland Community Network
  - Sunderland Youth Parliament
  - Students at Sunderland University
- (h) **Reduction of Crime and Disorder – Community Cohesion / Social Inclusion:** Representatives from the Safer Sunderland Partnership have been involved in considering the implications of the Economic Masterplan and their input will continue as specific projects develop.
- (i) **Project Management Methodology:** The Economic Masterplan has been developed using PRINCE 2 Project Management methodology.
- (j) **Equalities:** An INRA will be completed for the Economic Masterplan.

## 8. Glossary

## 9. List of Appendices

Appendix 1: Sunderland Economic Masterplan Core Document

## 10. **Background Papers**

- GENECON: Sunderland Economic Masterplan, Setting a Direction: Position Statement, July 2009
- GENECON: Sunderland Economic Masterplan, Vision and Aims for the City Economy, September 2009
- Sunderland Economic Masterplan Spatial Plan, May 2010
- Sunderland Economic Masterplan Draft Sustainability Appraisal, June 2010
- Sunderland: Comparator Cities Analysis, Centre for Cities, November 2009
- Global Trends for the Next 20 Years, Centre for Cities, November 2009





## **Cabinet - 21st July 2010**

### **Government Grant Reductions for 2010/2011 and the Emergency Budget**

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

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

- 1.1 The report provides details of the impact of government grant reductions for 2010/2011 and subsequent amendments to the revenue budget and capital programme for 2010/2011 in the light of the reductions. The report also provides details of the Coalition Government's Emergency Budget and the emerging medium term financial position.

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

- 2.1 Cabinet is requested to recommend to Council the proposed actions set out in section 3 of the report in respect of addressing the government grant reductions for 2010/2011 and subsequent amendments to the revenue budget and capital programme for 2010/2011 to accommodate those reductions.

##### **3. The Impact of Government Grant Reductions**

###### **3.1 Background**

- 3.1.1 As reported to Cabinet on 24th June 2010, HM Treasury confirmed on 17th May that the Coalition Government would seek to achieve £6.243bn public expenditure savings in the current financial year 2010/2011 of which local government would make a contribution of £1.165bn through reductions to individual grants. However, local government is also impacted upon by reductions to other Government Departments, for which information continues to slowly emerge.
- 3.1.2 There is no reduction to the formula grant to local authorities, the main Government grant to local authorities, and similarly Dedicated Schools Grant is unaffected as this goes direct to schools. Grants to local government which are affected include:
- Area Based Grant;
  - Special revenue and capital grants;
  - Specific one off grants.
- 3.1.3 In addition, the Coalition Government has stated that it is undertaking a re-examination of all spending approvals made since 1st January 2010.
- 3.1.4 The Coalition Government has lifted restrictions on how local government spends its money by the removal of ring-fencing of a number of grants totalling over £1.7bn in 2010/2011, which it believes will give councils maximum flexibility to deliver efficiencies.

3.1.5 The Coalition Government will not be proceeding with additional free school meal pilots, or the extension of free school meals to some primary school children, pending the outcome of the Autumn Spending Review. This was a development area that was planned to be implemented in September 2010, but will not now go ahead.

3.1.6 In addition, the Coalition Government has referred to spending plans where funding was reliant on under spending through the Departmental End of Year Flexibility system or through additional funding from the Government Reserve. Following a review, four Government Departments have agreed to reductions in unfunded spending commitments totaling £1.5bn. The Government Departments are to manage these reductions by cancelling or re-prioritising spending plans. At this stage it is unclear how local government will be affected by this.

## 3.2 Financial Impact on Sunderland

3.2.1 Whilst details of grant reductions have been slow to be confirmed, the position appears to be becoming clearer, but announcements are still awaited in some areas.

3.2.2 The following table sets out the current confirmed government grant reductions:

Confirmed Grant Reductions	Sunderland Original Allocation £000	Sunderland Reduction £000
<b>Revenue</b>		
<b>Area Based Grants</b>		
DCSF	11,325	2,714
Working Neighbourhood Fund	11,024	1,084
Prevent	164	48
Cohesion	140	33
Young Persons Substance Misuse (Children's)	87	31
Community Call for Action	2	2
Supporting People Admin	142	142
Supporting People	11,263	0
Other ABG grants	5,764	0
<b>Total Area Based Grants</b>	<b>39,909</b>	<b>4,054</b>
<b>Other grants</b>		
Local Authority Business Growth Incentives Scheme	261	261
Housing Planning Delivery Grant*	230	230
Sure Start 0-7 Partnership (Children's)	388	291
Sure Start Buddying Pilot(Children's)	29	22
Free Swimming – Revenue	244	160
Play Pathfinder Revenue	146	73
<b>Total Revenue Reductions</b>	<b>41,207</b>	<b>5,091</b>
<b>Capital</b>		
Integrated Transport (LTP)	3,544	886
PRN Bridges (LTP)	304	61
Wheatsheaf and Stadium Way Junction Improvements Project	3,283	3,283
<b>Total Capital Reductions</b>	<b>7,131</b>	<b>4,230</b>
<b>Total Confirmed Reductions</b>	<b>48,338</b>	<b>9,321</b>

### **3.3 Main Service Implications of the Government Grant Reductions on Sunderland**

3.3.1 From the above table it can be seen that grant reductions of £9.321m have been confirmed. The total includes revenue grant reductions of £5.091m and capital grant reductions of £4.230m.

3.3.2 The revenue grant reductions are principally reductions to Area Based Grants (£4.054m). From 2008 onwards Area Based Grants (ABG) became non ringfenced replacing previous arrangements under which separate funding streams were paid to local authorities. Local authorities are free to use ABGs as they see fit to support the delivery of local, national and regional priorities, including Local Area Agreement (LAA) targets.

#### **Revenue Grant Funding Reductions**

3.3.3 The reductions to ABGs include:

##### **3.3.3.1 Connexions Service (£800,000)**

The grant reductions are anticipated to have a significant impact of the Connexions Service. The service has suffered a double blow as in addition to a grant reduction of £800,000 included in the ABGs grant cut, notification has also been received that the Activity Agreement pilot, managed by the Connexions Hub, is being terminated earlier than planned. A total of 41fte jobs have been identified in the Connexions Hub as being at risk. In addition, a detailed review is being undertaken on the impact of the 24% reduction to the grant to the Connexions Delivery Team, which will consequently require a fundamental restructure. Through redeployment within Children's Services, use of the internal jobs market and other measures, it is anticipated that the impact on jobs may be mitigated.

##### **3.3.3.2 Working Neighbourhoods Fund (£1,084,000)**

As a consequence of the grant reduction a number of measures have been taken, which will all have a negative impact on future employment prospects in the city. The grant cut will result in the deletion of 5 projects from the Visible Workspaces capital programme, which is designed to develop highly accessible workspaces in deprived neighbourhoods. In addition, the Boosting Enterprise work stream has been reduced, which is intended to identify potential entrepreneurs to enter the programme, who would set up businesses in 2011/2012. Two projects designed to identify new business opportunities have also been deleted. A project to support lone parents into employment has also been removed from the programme.

##### **3.3.3.3 School Development and Other Education Grants (£1,505,000)**

Although schools' main funding through Dedicated Schools Grant is unaffected by the notified grant reductions, there are a number of ABG allocations that have been reduced, which impact on the Education Service. A large part of this funding was to end in March 2011. Teachers due to leave in August will not be replaced and programmes have been scaled back to reflect resource availability. The Schools Forum are aware of the reductions and support the work of the local authority.

- 3.3.3.4 Prevention Grants (£440,000)  
ABG grant reductions also relate to a number of prevention measures including bullying, first time offending, positive activities for young people, teenage pregnancy, better parenting, and health and mental health measures. An update will be provided to the July meeting of the Children's Trust.
- 3.3.4 Other revenue grant reductions include:
- 3.3.4.1 Free Swimming (£161,025) – the anticipated grant of £244,270 has been reduced to £83,245. As a consequence, it is proposed to re-introduce charging from 1<sup>st</sup> August 2010.
- 3.3.4.2 Sure Start (£313,000) – this reduction relates to the 0-7 partnership pilot where funding ended at the end of June 2010 and reductions to the Buddying pilot. Planned activities have been scaled back to reflect the funding now available.

### **Capital Grant Funding Reductions**

- 3.3.5 In addition to the £4.230m of capital grant reductions notified in respect of the highways projects shown in the table above, clarification is still awaited on the **SSTC Phase 2 (New Wear Bridge)** project. The Council is in the final stages of highway and bridge design, and is completing the conditional approval business case. Expenditure has been incurred in good faith, on the basis that following conditional approval by the Department of Transport, the Council's costs would be re-imbursed. This is now at risk and sums of between £2.379m and £3.644m of anticipated funding from DfT may need to be found from the Council's own resources. The cost to the Council could increase further if anticipated contributions from One North East are withdrawn and there are also potential costs arising from property blight. The future of this planned £133m landmark regeneration project is now a major doubt.
- 3.3.6 On 5th July 2010, Education Secretary Michael Gove set out the Coalition Government's intention to bring to an end the **Building Schools for the Future** programme. In 58 authorities, including Sunderland, the programme is to be stopped with immediate effect. For Sunderland, this impacts upon 9 secondary schools, 4 secondary special schools and the Pupil Referral Unit, which are part of Sunderland's Wave 2 programme. It is estimated that the Council has incurred costs of around £476,000 to date on developing the proposals for Wave 2. The planned investment of £137m to complete the modernisation of the Council's secondary school estate will not now happen.

## **3.4 Proposals to Address Government Grant Reductions**

### **Revenue Grant Reductions**

- 3.4.1 Total revenue grant reductions amount to £5.091million of which £4.054m relates to Area Based Grants. Directors, in consultation with their Cabinet Portfolio Holders, have been considering actions to meet the total in-year grant reductions. The following principles have been followed when considering actions to meet the in year grant reductions:

- for each grant funding stream previously passported to services, the relevant Directors, in consultation with their Cabinet Portfolio Holders, will propose actions to meet the in year reductions within their relevant service areas. This includes ceasing activities on projects early, which would have been coming to an end; reviewing plans to reduce activity to reflect the reduced resources available; targeting of resources to highest priority areas; and redesigning services in the light of reduced, ongoing resources and changing priorities;
- consideration of how uncommitted resources from grants, which have been de-ringfenced, can be freed up and redirected to support the overall grant reduction position;
- consideration of all other budgets to seek to meet any shortfall in the delivery of the in year reductions and ongoing consequences into 2011/2012, including the extent to which savings can be achieved through the Council's Improvement Programme, which is looking at every aspect of the way that we work to maximise efficiencies and productivity of services;
- reviewing commitments against delegated budget surpluses to identify resources that can be freed up to support the overall in year grant reduction.

3.4.2 The following actions are proposed in respect of the revenue grant reductions specific to service areas:

### **Children and Learning City Portfolio**

Children's Grants are summarised below:

	£000
Area Based Grant - DFE	2,714
Home Office – Young Persons Substance Misuse	31
Surestart Pilot – Buddying and 0-7 Partnership	313
<b>Total Reduction</b>	<b>3,058</b>

Following the review of grants that the Acting Executive Director of Children's Services has undertaken with the Cabinet Portfolio Holder, it is proposed that the grant funded projects be revised to reflect the reduced funding, using the principles set out in paragraph 3.4.1 above. Two particular areas are drawn to Members attention:

- **Connexions Service Review**
- Since April 2008, the Connexions Service has been delivered by local authorities under Children's Trust arrangements. Sunderland has its own local delivery service and manages shared services through the Connexions Hub for the Tyne and Wear area. Included in the Area Based Grant reductions of £2.714m for the Department for Education, shown in the table above, is a sum of £800,000 in respect of the Connexions Service. In addition, it has been announced that the Activity Agreement pilot, which is managed by the Connexions Hub, will come to an end on 31st December 2010, three months earlier than planned.

The Connexions Hub is provided through a three year shared services agreement (2008 to 2011) and is part funded by the five Tyne and Wear authorities to deliver agreed core functions, including curriculum support, training, e-access, vacancies and opportunities management, management information and marketing. In addition, the Hub also undertakes contractual work for Work Experience, the Activity Agreement, the Careers Advice Service for Adults and the NVQ Centre.

Following the transfer of services to the local authority in 2008, a review has been conducted to establish how current service provision can be delivered effectively and efficiently in all of the settings working with young people. The announcement of a 24% reduction to the Area Based Grant from which Connexions is funded, clearly focuses the need to realign the service in line with key priorities. It is proposed that the restructured service will focus on universal Information, Advice and Guidance (IAG) services to young people and on continuing to prioritise the support of young people not in employment, education or training (NEET). This will include the provision of support to prevent young people becoming NEET and re-engaging with those who fall into this category. Efficiencies will also be identified through the release of accommodation through the Locality Based Working project and implementing options for alternative delivery in conjunction with the 14 - 19 Team, Sunderland Futures and schools.

- Substance Misuse £31,000 Grant Reduction  
As this is a high priority area, other alternative budget reductions have been made to offset the in year reduction and on an ongoing basis at this stage.

Should the review of the Connexions Service lead to a shortfall in the achievement of the grant reduction in 2010/2011, the shortfall will be addressed through proposals as set out in 3.4.1.

### **Prosperous City Portfolio**

Working Neighbourhoods Fund - £1,084,000 Grant Reduction

Following the review of the Working Neighbourhood's Fund Activity Programme undertaken by the Deputy Chief Executive and Cabinet Portfolio Holder, it is proposed that the required £1,084,000 reduction is achieved by reducing the uncommitted programme revenue spending to a minimum. The programme level targets of 2,150 people into jobs and 350 people into business will not be affected. However, the ability of the programme to maintain momentum into 2011/2012 will be impaired by the reduction.

As a consequence of the grant reduction a number of measures have been taken, which will all have a negative impact on future employment prospects in the city. The grant cut will result in the deletion of 5 projects from the Visible Workspaces capital programme, which is designed to develop highly accessible workspaces in deprived neighbourhoods. In addition, the Boosting Enterprise work stream has been reduced, which is intended to identify potential entrepreneurs to enter the programme, who would set up businesses in 2011/2012. Two projects designed to identify new business opportunities have also been deleted. A project to support lone parents into employment has also been removed from the programme.

### Local Authority Business Growth - £261,000 Grant Reduction

The original allocation of Local Authority Business Growth Grant of £261,000 was unconfirmed at the time the 2010/2011 budget was finalised and was therefore not taken into account within the current year's capital spending plans. The withdrawal of government funding therefore reduces available resources for future capital projects.

### Housing Planning Delivery Grant - £230,000 Grant Reduction

The receipt of Housing Planning Delivery Grant has been the subject of reduction by government in recent years, with any shortfall in grant income being met from general contingency provisions. The 2010/2011 reduction in grant income of £230,000 will therefore be accommodated from the existing contingency provision.

### **Sustainable Communities Portfolio**

Prevent (£48,000) and Cohesion (£33,000) - Grant Reduction

The Diversity and Inclusion Team had originally intended to spread over three years some of the one-off grant received this year in order to ensure that all actions and projects were sustainable. In order to do this the team had a planned underspend, which covers the combined amount of the government cuts of £81,000. This means that plans for this year can go ahead, with some revision and re-working, but will result in the loss of anticipated grant funding over the coming two years.

### Community Call for Action - £2,000 Grant Reduction

The Community Call for Action Grant funding of £2,000 has yet to be allocated and therefore the reduction can be accommodated.

### **Healthy City Portfolio**

Supporting People Administration - £142,486 Grant Reduction

The Supporting People Administration grant has been reduced by £142,486. The Executive Director of Health Housing and Adult Services has indicated that in the interim, resources will be drawn from the Supporting People delegated budget surplus balance. In the longer term, it is planned to integrate 5 permanent staff into other areas of the Performance Commissioning and Change service area and deliver the Supporting People administration support through a combination of other existing resources.

### **Attractive and Inclusive City Portfolio**

Free Swimming - £161,025 Grant Reduction

The DCMS announced the withdrawal of funding for the Free Swimming Scheme from 31st July 2010. The Council was anticipating a grant for 2010/2011 of £244,270, this has been reduced to £83,245. It is proposed that charging is reintroduced from 1<sup>st</sup> August 2010. However, those charges will be in accordance with the current policies on charging, which enable different levels of payment

depending on circumstances and reflect the importance placed on providing swimming facilities within the city. The retained grant funding, together with other earmarked sums, should accommodate the reduction in 2010/2011.

Play Pathfinder - £73,000 Grant Reduction.

The Council was anticipating a grant of £146,000. The scheme has £128,000 commitments against the reduced grant funding of £73,000. The balance of funding was intended to support commissioning activity, via the Voluntary Community Sector for the delivery of play programmes at the play pathfinder sites – this work will not now proceed. The scheme will not continue in 2011/2012, the remaining commitments of £55,000 in 2010/2011 will be met from other one off funding savings.

### **Resources Freed up from De-Ringfencing of Grants**

- 3.5 Directors in conjunction with Portfolio Holders have reviewed de-ringfenced grant allocations to consider how they can assist with meeting the grant reductions.

#### **Children and Learning City Portfolio**

In identifying proposals to meet their grant reductions, Children's Services have sought to maximise flexibility by utilising the Government de-ringfencing of the Think Family grant and the Youth Opportunity Fund grant.

#### **Healthy City Portfolio**

The Executive Director of Health Housing and Adults has identified £245,496 grant funding that can be freed up from de-ringfenced grants, as outcomes can be delivered in another way.

#### **Sustainable Communities Portfolio**

It is proposed that the remaining de-ringfenced grant amounting to £80,000 in respect of City Services Flood and Coastal Erosion should be redirected to support reductions in other government grants. Proposed works will need to be deferred.

#### **Other Proposals**

- 3.6 Directors and Cabinet Portfolio Holders have identified a number of other proposals to date, which will enable the freeing up of £185,000 resources in 2010/2011, with an ongoing estimated saving of £479,000 into 2011/2012 over and above actions identified in paragraph 3.4.2 above. Work is ongoing in a variety of areas to continue to seek additional ongoing savings, which will support the position in this financial year and future years.



- Review of Delegated Budget Surpluses and Specific Reserves**
- 3.7 As reported to Cabinet on 24<sup>th</sup> June 2010, a review of commitments against delegated budget surpluses is being undertaken to assist with both the in year position and ongoing position. The following are proposed and will be used both to support the in year position and ongoing budget position for 2011/2012:

	<b>Health Housing and Adult Services</b>	<b>City Services</b>	<b>Central</b>	<b>Total</b>
	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
Delegated Surpluses	513	472		985
Earmarked Reserves	109	156		265
Contingencies			329	329
<b>Total</b>	<b>622</b>	<b>628</b>	<b>329</b>	<b>1,579</b>

### **Capital Grant Reductions**

- Confirmed Reductions to Grants**
- 3.8 As referred to in the report to Cabinet on 24<sup>th</sup> June a reduction was notified to Department for Transport (DfT) funding for Sunderland in 2010/2011 from £3.848 million to £2.901million, a reduction of £0.947million.

Cabinet will also recall that DfT has also confirmed for small schemes of £5m or less, which were previously identified as priorities for funding, that only upon completion of the spending review in the autumn, will it be in a position to identify those schemes that can be supported. For Sunderland, this includes the Wheatsheaf and Stadium Way Junction improvements project, which was scheduled to receive £3.283m grant in 2010/2011.

In addition, DfT has also confirmed it will only be in a position to identify those major schemes that can be supported, upon completion of the spending review in the autumn. For Sunderland this includes the SSTC Phase 2 (New Wear Bridge) and Central Route projects.

- Actions to Address Capital Grant Reductions**
- 3.9 Directors in consultation with Cabinet Portfolio Holders are currently considering the impact of the funding reductions and actions necessary, including:
- in the first instance reviewing the level of commitments and ensuring that no further unnecessary commitments are entered into in relation to the affected schemes;
  - reviewing projects within the overall programme and reconsider priorities in light of reduced available funding.

It is important to note that the Council is still awaiting details of grant reductions relating to the Regional Development Agency, ONE North East, for which a number of key capital projects are dependant for sources of funding, including Single Programme.

## **Major Projects Announcements**

### **3.10 Building Schools For the Future**

- Sunderland's Wave 1 Building Schools for the Future programme generated in excess of £120million capital investment in eight secondary schools and 'Sunderland Model' Academies. The Council's investment from its own resources for the Wave 1 programme exceeds £12 million. New and remodelled state of the art facilities, including ICT, are currently transforming the learning experience of half of the city's young people. The programme will complete in September 2010 with the opening of St Robert of Newminster RC Secondary School. The programme has been delivered successfully and efficiently, on time and to budget, procured through national framework arrangements.
- On 5th July 2010, Education Secretary Michael Gove set out the Coalition Government's intention to bring to an end the Building Schools for the Future programme. In 58 authorities, including Sunderland, the programme is to be stopped with immediate effect, affecting over 700 schools. In 44 authorities, where schemes have reached financial close, these will go ahead, with a further 14 close to financial close going ahead, subject to individual review. All current academy projects in development, which have not reached financial close, will also be reviewed.
- For Sunderland, this impacts upon 9 secondary schools, 4 secondary special schools and the Pupil Referral Unit, which are part of Sunderland's Wave 2 programme. At the current time this programme is some 12 months away from financial close. Having submitted the Strategy for Change Business Case in February 2010, development of the Outline Business Case was underway, but has now been stopped. It is estimated that the Council has incurred costs of around £476,000 to date on developing the proposals for Wave 2.
- Given the current economic position, the disappointing news on the demise of BSF was not unexpected and in recent months a cautious and prudent approach has been adopted in progressing the programme. Plans to undertake site investigations during the summer term for example, reported to Cabinet on 24th June, will no longer go ahead. All work in relation to Wave 2 design and transformational issues have also been stopped.
- A comprehensive review of all capital investment in schools, early years settings, colleges and sixth form will now be conducted over the summer, reporting in late September in order to inform the Coalition Government's October Spending Review. A forward plan of investment will be produced by the end of December 2010. The review will be led by Sebastian James, Group Operations Director of DSG International PLC and will focus on how best to meet parental demand, achieve value for money in terms of design and procurement, and allocate capital funding to schools and other settings.

- It is proposed to play as full a part as possible in the review and to ensure that the Council's highly successful, cost effective procurement and delivery approach taken in Wave 1 of the programme, is shared through this process, as appropriate. The careful scrutiny that will now take place in relation to internal project management resources established for BSF will take account of the need to respond, if and when capital investment becomes available, towards the end of the year.

### **Other Major Capital Schemes**

- 3.11 In addition to the above, the Department for Transport (DfT) has confirmed that only upon completion of the autumn spending review will it be in a position to identify those major schemes that can be supported. This will include schemes that were previously granted conditional approval or programme entry. For Sunderland, this will include both the SSTC Phase 2 (New Wear Bridge) and Central Route projects. The guidance advised that all spend by local authorities that have not yet reached full approval is at local authorities' own risk.

### **SSTC Phase 2 – New Wear Bridge**

In June 2010, DfT suspended the local authority Major Scheme Business Case (MSBC) process, whilst the Coalition Government's Comprehensive Spending Review (CSR) is underway. Over 60 projects nationwide are affected by the suspension of the MSBC process, of which 39 projects are at a similar stage to the SSTC Phase 2 project.

The Council was in the final stages of design and completion of the conditional approval business case, which was due to be submitted to DfT in October 2010. A Public Inquiry had also been scheduled for September 2010, into plans to acquire the land necessary for construction.

The immediate impact of the suspension of the Major Scheme Business Case is that a planned £3.644m contribution by DfT to the development costs of the project is now uncertain, and is subject to the outcome of the spending review. If the Council chooses to progress the Project, expenditure of £2.8m will be incurred that was to be funded by DfT, which may need to be funded from the Council's own resources.

Alternatively, expenditure of approximately £0.75m will be required to terminate the Project, which will result in intellectual property rights (IPR) to the landmark design not being transferred to the Council.

In addition, by terminating the project, this would impact on the overall timetable, in the event that the Project retains DfT's support, adding additional further cost, for example, inflation indexation, that would be applied to expenditure delayed to future years beyond the current timetable.

It is recommended, therefore, that Cabinet agrees to continue to finalise core elements of the Project, which would take the project to an appropriate and defensible stage of development. This work is scheduled to complete in the autumn of 2010, and coincide with the outcome of the Coalition Government's spending review.

This approach, which requires further expenditure of £1.8m i.e. approximately £1m more than that to terminate the project, would finalise the already extensively completed design. This would provide the Council with the IPR to the landmark bridge design, whilst maintaining sufficient progress against the existing timetable to minimise future cost increases to the project. This work could be funded from Council resources earmarked to support the project.

### **Central Route**

Design is complete and the next steps include submission of the conditional approval business case. As a result of DfT's suspension of the MSBC process, the Project has been suspended until the outcome of the spending review is known.

### **3.12 Homes and Communities Agency Funded Projects**

There have been grant reductions to the HCA's budget, which will have implications for both existing programmes and potential house building schemes in the City. These are summarised as follows;

- **Kickstart Round 2**  
Funding will be provided for those schemes approved before 6 April 2010. This means that Castletown Phase 2 is not secured at this stage, although discussions are being held with the HCA at a local level on the details. Castletown Phase 1 has secured Kickstart Round 1 funding and the development is well underway. The Council has a Joint Venture Agreement with the HCA and Gentoo for Castletown and it is felt that not securing Round 2 funding will jeopardise the regeneration aspirations for the area.

The proposed scheme for Pennywell submitted under Round 2 has not been approved.

- **National Affordable Housing Programme (NAHP)**  
Over the past 2 years there has been a system of Continuous Market Engagement (CME) with the HCA, whereby Registered Social Landlords (RSL's), with the support of the Council, could bid to the HCA on an ongoing basis. This will not now be the case and access to NAHP funding will be limited. Discussions with the HCA are being held on the availability of funding and the process to be employed. The city has benefited greatly from NAHP funding in recent years and reductions in funding will mean less affordable housing being built in the city.

### **3.13 Other Department for Education Announcements**

Confirmation of announcements previously reported has been received, reiterating that reductions could be expected in respect of Extended Services capital grants. However, the Council has still to receive notification of any reduction to funding. If the 2010/2011 grant was to be reduced proportionately it would reduce by £139,000 to £116,758. Children's Services are considering the potential impact and would propose use of Modernisation funding to support any reduction in Extended Services grant.

In addition to the above notification, Officers have become informally aware of potential reduction in the Harnessing Technology Grant of £1,042,000 in 2010/2011, which supports broadband access in schools and Building Schools for

Future ICT investment. Officers are currently investigating the potential implications of reductions in this grant.

#### **4. Emergency Budget Announcement of 22<sup>nd</sup> June 2010**

##### **Spending Review**

- 4.1 The outcome of the Coalition Government's Spending Review is to be announced on 20<sup>th</sup> October 2010 and will set out in detail Departmental Spending plans and the extent of cuts in grants to local government and other agencies.

The timing of the announcement is not helpful. The detailed information in the Spending Review is required to inform the Council's financial planning processes. It may be necessary therefore, to reconsider the Council's budget setting timetable so that the late announcement can be fed into the Council's Budget Planning Framework for 2011/2012 and the Medium Term Financial Strategy.

##### **Level of Reductions**

- 4.2 In total £61 billion of Departmental budget reductions over the next 4 years (2011/012 to 2014/2015) have been announced. This is an extra £30billion of budget reductions compared to previous government announcements as part of the March 2010 Budget. Health and Overseas Aid budgets are to be ring fenced and schools partly protected. This means that other Departmental Expenditure Limit figures will be cut by at least 25%, in real terms, over the next 4 years, with potential for 33% reductions because of the impact of protection.

Initial broad assessments based on a 25% - 33% cut in grants would mean a reduction of £54m to £71m over the next four years (£13m to £18m per annum) for Sunderland. However, there is significant uncertainty with these initial assessments and the true position will not be known until the Spending Review is announced in the autumn.

##### **Sunderland Way of Working and Business Transformation Programme**

- 4.3 The Council has been preparing for the significant cuts in public spending that the Emergency Budget announcement has now heralded. Plans have been under development through the Sunderland Way of Working project for over 12 months, in anticipation of what are forecast to be the most stringent public spending cuts faced by local government for generations.

The Business Transformation Programme is examining every aspect of the way we work. Coupled with actions being developed through the Community Leadership Programme, Economic Regeneration Programme and Directorate based Service Improvement and Modernisation Programmes, the Council is transforming the way we work to become both more efficient and more effective in how we deliver front line services.

The Council's main priorities are safeguarding public services and jobs, continuing to support the most vulnerable residents in the city and continuing to attract new businesses to invest in the city.

## **Capital Spending**

- 4.4 No further cuts in capital spending totals were indicated in the Emergency Budget beyond those announced at the end of May 2010 as part of the £6.2 billion in year reductions for 2010/2011. However, major projects such as SSTC Phase 2 are still under consideration and the outcome of the James Review of capital expenditure for schools will be reported in late September.
- 4.5 The Coalition Government has indicated that it will monitor lending from the Public Works Loans Board more closely and will consider the approach taken in Scotland to increase transparency around borrowing undertaken more than two years in advance of expenditure.

It is hoped that the Coalition Government does not seek to limit any of the current freedoms for the Council to make its own borrowing decisions.

## **Pay Freeze**

- 4.6 A two year pay freeze for public sector workers (2011/2012 and 2012/2013) was announced, except for those workers earning less than £21,000 a year, who will receive an increase of £250 per year. Local government pay remains a matter for free collective bargaining between the national employers and trade unions through the National Joint Council. The Coalition Government has confirmed that its assumptions about pay awards in local government for the next two years will be fed into the forthcoming spending review.

Subsequent to the Emergency Budget the Secretary of State for Education confirmed the Coalition Government remains committed to honouring in full the three-year pay award recommended by the School Teachers' Review Body, confirming that the teachers' pay uplift for this year will be implemented from September 2010, marking the last instalment of their three-year pay award.

## **Pensions**

- 4.7 There will be an independent commission chaired by John Hutton to undertake a fundamental, structural review of public service pension provision in time for the Budget 2011. Consideration will be given to the case for short-term savings in the Spending Review period, by September 2010. Further details will be required to understand any budget implications to the Council.

## **Council Tax Freeze**

- 4.8 The Coalition Government has stated that they will work in partnership with local authorities to freeze Council Tax for 2011/2012 and will offer some limited grant incentive for low spending councils to achieve this impact on the budget for next.

If grant funding is provided the difficulty will be the replacement of the one off resource once the grant funding ends, leading to a shortfall in funding for the longer term.

## **VAT Increase**

- 4.9 VAT at the standard rate is to increase from 17.5% to 20% from 4<sup>th</sup> January 2011.

Although the Council can recover its VAT inputs, suppliers of some services to the Council, such as the care sector, will have increased costs of their own supplies. This in turn may result in them increasing their charges to the Council.

Consideration will need to be given to the Council's fees and charges policies to reflect the new VAT rate.

## **Regional Development Agencies Abolished and Budgets Cut for 2010/2011 and 2011/2012**

- 4.10 All Regional Development Agencies (RDA) are to be abolished through the Public Bodies Bill. One North East is, therefore, to be wound up by the end of 2011/12. The Agency has had a budget cut of over £32m over the next two years. The Coalition Government has invited local authorities to come together with businesses to consider the replacement of RDAs by Local Economic Partnerships (LEP). It is envisaged that LEPs should reflect natural economic areas and have a role in tackling issues such as planning and housing, local transport and infrastructure priorities, employment and enterprise and the transition to the low carbon economy. Proposals are invited by 6<sup>th</sup> September 2010. A forthcoming White Paper on sub-national economic growth will set out the Coalition Government's approach in more detail.

## **Regional Growth Fund**

- 4.11 A Regional Growth Fund amounting to £1bn was launched by the Deputy Prime Minister. The fund, which will operate in 2011/2012 and 2012/2013, is aimed at areas most dependant on public sector employment. The Coalition Government will publish a White Paper later in the summer.

## **Housing Benefit**

- 4.12 A new maximum limit of £400 a week will be applied to Housing Benefit and there will be a range of Welfare Benefit and tax credit changes. This will impact directly on Housing and Council Tax Benefit systems and administration. The impact will be evaluated when further details are known.

## **Business**

- 4.13 Changes to Business Rates – a temporary increase in the threshold for small business rate relief is to be honoured and legislation will be introduced to cancel backdated business rates bills that mainly affect ports.

- 4.14 To support private sector enterprise and investment in regions particularly reliant on the public sector, the Coalition Government will introduce a three year scheme to exempt new businesses from up to £5,000 of class 1 National Insurance Contributions for each of their first 10 employees, hired in their first year of business.

### **Landfill Tax**

- 4.15 The Coalition Government confirmed previous announcements that the standard rate of landfill tax will increase by £8 per tonne each year from 1 April 2011 until at least 2014.

## **5. Reasons for Decision**

- 5.1 Paragraph 4 of the Budget and Policy Framework Procedure Rules refers to the need to seek the approval of Council where the extent of virement or proposed in-year changes to the policy framework exceed the extent which may be undertaken by Cabinet. Approval of this report will enable the Council to take necessary actions to meet the impact of the government grant reductions in 2010/2011.

The Coalition Government's announcements have a direct impact on the Council's Strategic Priorities and Corporate Improvement Objectives and the Budget and Policy Framework

## **6. Alternative Options**

- 6.1 No alternative options are proposed.

### **Background Papers:**

Correspondence and website publications by the Treasury and various other Government Departments and agencies.



**CABINET**

**21 JULY 2010**

**YOUTH JUSTICE PLAN 2010-2011**

**REPORT OF ACTING EXECUTIVE DIRECTOR OF CHILDREN'S SERVICES**

**1. Purpose of the Report**

- 1.1 The Youth Justice Plan is an Article 4 plan which requires full Council approval.
- 1.2. The report informs Cabinet of the background, purpose and intentions of the plan and seeks approval of Cabinet to forward the plan for full Council approval prior to final submission to the Youth Justice Board for England and Wales (YJB), publication and distribution.

**2. Description of Decision (Recommendations)**

- 2.1 Cabinet is recommended to consider the contents of the report and the Youth Justice Plan 2010 – 2011 (attached) and agree that the plan be send for full Council approval.

**3. Introduction/Background**

- 3.1 The Crime and Disorder Act 1998 required the Chief Executive of each local authority area to set up a multi-agency Youth Offending Team / Service (YOT / YOS) governed by a multi-agency Management Board. The act required that each Team / Service produce an annual Youth Justice Plan.
- 3.2 The Youth Justice Board (YJB) oversees the youth justice system in England and Wales. The YJB is required to monitor performance of the youth justice system and report to the Home Secretary. The YJB does this through the collection of performance data and annual Youth Justice Plans.
- 3.3. Each year the YJB issues guidance on the required content for the annual Youth Justice Plan.
- 3.4. The guidance for the Youth Justice Plan 2010 – 2011 stated *“Unlike previous youth justice planning arrangements, YOT partnerships may now produce their strategic plan in line with their own local business planning processes. There are no YJB prescribed templates or time scales. This responds to YOT partnership requests for greater flexibility in this area and directly contributes to the local government ‘reducing the burden’ agenda. The Youth Justice Plan should, however, address the following four key areas: resourcing and value for money, structure and governance, partnership arrangements and risks to future delivery.”* There was also a requirement for the Youth Justice Plan to be underpinned by a comprehensive *Capacity and Capability Assessment*, validated by the YJB.

3.5. The Sunderland YOS Capacity and Capability Assessment was validated by the YJB on 10<sup>th</sup> June 2010.

#### **4. Current Position – Youth Justice Plan 2010 - 2011**

4.1 The Youth Justice Plan 2010 – 2011 sets out the principal aim of the Sunderland Youth offending Service to prevent offending and re-offending by children and young people'. It also sets out the key priorities for the multi-agency YOS Management Board and the operational Youth Offending Service for 2010 – 2011.

4.2 Both the YOS Management Board priorities and service development priorities reflect the focus for 2010 – 2011 on effective case management to deliver against the service Inspection Improvement Plan following the Core Case Inspection of Youth Offending Work in Sunderland published in January 2010. With scores for all three inspection outcome areas (Safeguarding, Public Protection and Reducing Re-offending) above average for the region the multi-agency YOS Management Board believes it has the right foundations upon which to achieve it's plans for 2010 – 2011.

4.3. As required by the YJB the Sunderland Youth Justice Plan 2010 – 2011 addresses the following key areas of strategic planning:

- *Resourcing and Value for Money* – this section of the plan sets out how the partnership has ensured sufficient resources to deliver youth justice services in Sunderland and how it has developed an understanding of the costs of delivery to deliver outcomes more efficiently.
- *Structure and Governance* – this section of the plan outlines the governance arrangements, identifies the YOS Board as a 'significant partnership and sets down the priorities of the YOS Management Board.
- *Partnership arrangements* – this section of the plan sets out the links with other key partnerships, specifically the Children's Trust and the Safer Sunderland Partnership.
- *Risks to future delivery* – the partnership assessment of risk to future delivery has been developed based on information from a range of assessments including the YOS Board significant partnership risk assessment, the capacity and capability assessment, the independent inspection of youth offending work in Sunderland and statutory performance submissions to the YJB.

4.4 Sunderland YOS has sustained the outstanding performance reported in previous Youth Justice Plans. The Youth Justice Plan 2010-2011 reports:

- Achievement of the highest possible performance rating from the YJB of "*performing excellently*".
- Achievement of the highest possible YJB judgement for the Capacity and Capability Assessment of "*excellent capacity and capability to sustain and improve performance*".

- Exceeding by far the national target set for the national indicator of reducing re-offending (sustaining the achievements of Sunderland as a former Beacon authority for reducing re-offending).
- Exceeding by far the national target set for Sunderland as a Youth Crime Action Plan area against the national indicator 111 for first time entrants to the youth justice system.
- Achieving a high performance (when compared to family averages) for the supporting national indicators of Use of Custody (NI 43) and ETE (NI 45) and the former national indicator 46 for Accommodation.

## **5. Reasons for the Decision**

- 5.1 The Youth Justice Plan is an Article 4 plan under the Constitution of the Council and is the primary document for YOT partnerships to set out how they will deliver against the Youth Justice Board (YJB) performance management framework for Youth Offending Teams (YOT's) and is a key source for local planning.
- 5.2 A draft copy of the Sunderland Youth Justice Plan 2010-2011 has been submitted to the Youth Justice Board (YJB) with a final version to be submitted following ratification by full Council.

## **6. Alternative Options**

- 6.1 The alternative option is not to submit the Youth Justice Plan to full council and for the plan not to be approved. This would result in an approved copy of the Youth Justice Plan 2010 – 2011 not being submitted to the Youth Justice Board thereby contravening YJB requirements for the submission of the annual Youth Justice Plan.

## **7. Relevant Considerations / Consultations**

- 7.1 The relevant statutory partners as well as local partners have been consulted on the plan through the YOS Management Board.
- 7.2 Employees from across the Youth Offending Service have been involved in the development of the plan through the underpinning capacity and capability assessment.
- 7.3 The capacity and capability assessment also includes consideration of the use of service user feedback to inform service planning and delivery. The Youth Justice Plan 2010 – 2011 has set a priority to further improve on this.

## **8. Glossary**

NI	National Indicator
YJB	Youth Justice Board
YOS	Youth Offending Service
YOT	Youth Offending Team

**9. List of Appendices**

Appendix 1 – Draft Sunderland Youth Justice Plan 2010 – 2011.

**10. Background Papers**

Youth Justice Board Performance Improvement Framework (England): YOT partnership Youth Justice Strategic Plan guidance, and Capacity and Capability Self-Assessment guidance and template. YJB 2010.

**SUNDERLAND  
YOUTH JUSTICE PLAN  
2010 – 2011**

**(DRAFT)**

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## Forward

As the new chair of the Sunderland Youth Offending Service Board (YOS), I am pleased to introduce the Youth Justice Plan 2010 / 2011 on behalf of the Chief Executive of Sunderland City Council and the multi-agency YOS partnership. The plan sets out the strategic aims of the YOS partnership to meet our principal aim of preventing offending and re-offending by children and young people.



Reducing Re-offending is being given the highest priority by the YOS Board as one of our key themes for the forthcoming year. It is also being given the highest priority within the council under the Chief Executive through the local area agreement (LAA). We are proud of our track record of reducing youth offending having been a Beacon authority for reducing re-offending in 2008/9. We are pleased that the latest performance figures show that we are on track for further reductions and likely to exceed national targets. The latest performance figures also show increased success in preventing children and young people from entering the criminal justice system in the first place and we will continue to work together as a partnership over the forthcoming year to reduce first time entrants.

As a partnership it is our aim to continue to deliver high quality services for children and young people who offend their families, victims and the wider public. We recognise as a partnership that to promote public confidence we must do this efficiently, ensuring value for money in the youth justice services we provide. It is our ambition to do 'better for less' and prevent the costs of crime through early intervention, thereby maximising public spending on youth justice services in Sunderland. This will be a key area of governance for the YOS Board in 2010-2011.

The external scrutiny by the national inspection team of the Core Case Inspection of Youth Offending Work in Sunderland (published January 2010) provided the partnership with an opportunity to benchmark practice against core service outcomes for safeguarding children, protecting the public and reducing re-offending by children and young people. The YOS partnership achieved a good result on all three of the outcome areas with performance above the average achieved by YOT's within the North East. We believe therefore that we have the right foundations on which to deliver our plans for the forthcoming year.

Keith Moore  
Chair of the Sunderland Youth Offending Service Board  
Acting Executive Director of Children's Services

## 1. Introduction

Welcome to the Sunderland Youth Justice Plan 2010 – 2011.

The purpose of this plan is to set out the strategic aims and objectives of Sunderland Youth Offending Services and its governing partnership Youth Offending Service Management Board (YOS Board).

Sunderland Youth Offending Service is a multi-agency partnership comprising the core statutory agencies of Probation, Police, Health and the Local Authority as well as other local partners. The purpose of the service is to deliver the youth justice provisions as set out in the Crime and Disorder Act 1998 (including the statutory annual Youth Justice Plan).

The plan sets out the strategic arrangements for the service including:-

- **Strategic priorities and risks to future delivery**
- **Resourcing and value for money**
- **Structures and governance**
- **Partnership arrangements**

Underpinning this strategic plan is a capacity and capability assessment. The assessment is a comprehensive audit of the capacity and capability of the service to deliver against the critical activity areas for youth justice.

The plan sets out priorities for services across both prevention of offending and reducing re-offending. This covers statutory services for children and young people aged 10-17 (inclusive) who because of alleged or actual offending have become involved in the criminal justice system. It also includes services for children and young people aged 5 – 17 (inclusive) who are identified as particularly at risk of offending.

The YOS Management Board priorities and service development priorities set out in this plan reflect the focus for 2010 – 2011 on effective case management to deliver against the service Inspection Improvement Plan following the Core Case Inspection of Youth Offending Work in Sunderland published in January 2010. The emphasis is on continuous improvement in the delivery of front line services, improving practice to ensure quality youth justice provision and effectiveness in reducing offending and re-offending.

At the heart of this plan is the achievement of outcomes for children and young people through a reduction in first time entrants to the youth justice system and a reduction in re-offending by children and young people. Sunderland Youth Offending Service continues to be in a strong position to achieve these outcomes with continued outstanding performance including:-

- Achievement of the highest possible performance rating from the YJB of *“performing excellently”*.
- Achievement of the highest possible YJB judgement for the Capacity and Capability Assessment of *“excellent capacity and capability to sustain and improve performance”*.
- Exceeding by far the national target set for the national indicator of reducing re-offending (sustaining the achievements of Sunderland as a former Beacon authority for reducing re-offending).



- Exceeding by far the national target set for Sunderland as a Youth Crime Action Plan area against the national indicator 111 for first time entrants to the youth justice system.
- Achieving a high performance (when compared to family averages) for the supporting national indicators of Use of Custody (NI 43) and ETE (NI 45) and the former national indicator 46 for Accommodation.

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## 2. Priorities 2010-2011

### 2.1 Strategic Priorities 2010 – 2011

The principal aim of Sunderland Youth Offending Service and the YOS multi-agency partnership Board is to:-

***“Prevent offending and re-offending by children and young people”***

Success is measured through the key outcome targets of numbers of children and young people entering the criminal justice system (First Time Entrants) and numbers of children and young people re-offending.

The targets to be achieved are:-

- To reduce first time entrants year on year by 1.9% by 2011
- To reduce re-offending by children and young people by 10% by 2011.

The aim of reducing re-offend (proven rate of re-offending) for young offenders has been prioritised within the Sunderland Local Area Agreement (LAA). The first time entrants (national indicator 111) and reducing re-offending (national indicator 19) performance indicators are included in the national performance indicator set for local authorities.

There are a further four national key outcome areas for youth justice including: Use of Custody (National Indicator 43), Diversity (National Indicator 44), Education, Training and Employment (National Indicator 45) and Accommodation (former National Indicator 46). Performance against these priorities is set out in section 2.5.

### 2.2 Service Priorities 2010-2011

The service priorities for the operational Youth Offending Service have been developed based on a capacity and capability assessment and from the recommendations arising from the recent independent core case inspection of youth offending work in Sunderland. The Service priorities for 2010 – 2011 are:-

1. Case Management – to ensure effective case planning, intervention and supervision for young people who offend through quality assurance and appropriate management oversight.
2. Consultation and Participation – to enable service users to have a voice in the development and delivery of services.
3. Training and Development – to support staff to meet the principal aim of preventing offending
4. Assessment – to ensure quality assessment as the foundation for effective intervention
5. Capacity and Capability – to implement required improvement actions identified through the service capacity and capability assessment.

The actions to be taken to achieve each of the service priorities and the outcome targets are set out at Appendix 2.

## 2.3 Capacity and Capability Assessment

The capacity and capability assessment underpinning this strategic plan assesses the ability of the Sunderland Youth Offending Service multi-agency partnership to deliver against the critical activity areas of:-

- Assessment, planning, interventions and supervision (APIS)
- Resourcing and workforce development
- Access to universal and specialist services
- Reductions in first-time entrants to the youth justice system
- Reducing reoffending
- Use of custody
- Risk of serious harm
- Safeguarding
- Victim and public confidence

The Capacity and Capability assessment scoring table at Appendix 3 shows that Sunderland YOS is in a strong position to deliver against the critical activity areas for youth justice services with an overall average of 2.5 against a maximum score of 3. Critical activity areas of strength were resourcing and workforce development, custody, access to universal and specialist services and victims and public confidence. An area identified for improvement was the increased use of analysis of ASSET assessment analysis to improve service planning and delivery (capacity and capability assessment criteria 2.1: how the YOT has evaluated the effectiveness of interventions delivered and how this has informed service delivery).

From the YJB validation of the Capacity and Capability Assessment Sunderland received the highest judgement rating of ***“excellent capacity and capability to sustain and improve performance”***.

Accompanying the capacity and capability judgement is a performance rating for which Sunderland also received the highest possible rating of ***“performing excellently against national indicators”***.

The YJB validation of the Capacity and Capability Assessment identified a number of areas of ‘notable practice’. These were:-

- Quality of reporting at the governing YOS Management Board
- Partnership working to provide practical support to young people to re-engage them in ETE
- Partnership work with the local Crime Reduction Partnership (Safer Sunderland Partnership) to promote public confidence in the criminal justice system
- Analysis of data to inform service planning, particularly in relation to Geographical Information Systems (GIS) mapping analysis (ward / area based analysis).

The improvement plan arising from the capacity and capability assessment forms the operational delivery plan for Sunderland Youth Offending Service and incorporates the improvement plan for the recommendations of the independent Core Case Inspection of Youth Offending Work undertaken within Sunderland Youth Offending Service by the national joint inspection team in 2009.

## 2.4 Core Case Inspection of Youth Offending Work in Sunderland

The current inspection programme for the inspection of youth offending work commenced in April 2009, with all YOT's being inspected over a three year cycle. The inspection programme comprises two tiers:-

- Core Case Inspections of every YOT that focus on *practice*.
- Thematic inspections that focus on national issues such as youth group crime (gangs), prevention and court work.

An independent inspection of the work of Sunderland Youth Offending Service was undertaken by the national joint inspection team in 2009 (published January 2010). The inspection assessed the YOS in relation to

- Safeguarding (vulnerability)
- Public Protection (risk of harm to others) and,
- Reducing Re-offending.

This was considered across the three key stages of youth justice interventions assessment and sentence planning, delivery and review of interventions and outcomes. The core case inspection of Sunderland identified a number of areas of good practice as well as 5 key recommendations for practice development. The five recommendations were:-

1. A good quality assessment, using Asset, is completed when the case starts
2. A good quality assessment of the individual's Risk of Harm to others is completed at the start, which includes an analysis of all harm-related behaviour rather than a description
3. Risk management plans and vulnerability plans are completed on time and are good quality. They clarify the roles and responsibilities of staff, and include planned responses to changes in the Risk of Harm or vulnerability of the child or young person.
4. The plan of work with the case is regularly reviewed and correctly recorded in Asset with a frequency consistent with national standards for youth offending services, and the interventions undertaken with each individual are sequenced appropriately
5. There is evidence in the file of regular quality assurance by management, as appropriate to the specific case, with discussions and actions agreed at the High Risk Strategy Meetings being recorded in the relevant child or young person's file.

Overall the inspectorate concluded an encouraging set of findings with good prospects for the future.

**"We think that Sunderland YOS has good prospects for the future, on the basis that the staff team are committed and competent, and have the full support of enthusiastic and capable managers who are constantly striving to improve performance".**

*Independent Inspection of Youth Offending Work 2010*

## 2.5 Performance

This section of the Youth Justice Plan sets out performance figures and commentary for the six national indicators of: First time entrants (FTE's), proven rate of re-offending, use of custody, engagement in education, training and employment and accommodation.

For Sunderland performance against the proven rate of re-offending has been prioritised within the city's Local Area Agreement.

### First-time entrants (FTEs) to the youth justice system aged 10–17 (National Indicator 111)

	Sunderland	Family
2007/08 First Time Entrant rate per 100,000 of 10–17 population	3,177	2,217
2008/09 First Time Entrant rate per 100,000 of 10–17 population	2,651	1,694
<b>Percentage Reduction (baseline v 2008/09 out-turn)</b>	-16.6%	-23.6%
<b>Percentage Reduction 2009/10 (projected rate based on YOT proxy data)</b>	1,943	1,276

Historically targets for reducing the number of FTE's have presented a challenge for Sunderland YOS. However, performance for 2008/9 against the baseline period of 2007/8 shows a reduction of 16.6%, well above the target reduction of 1.9% year on year by 2011. Sunderland YOS aims to prevent children and young people from entering the criminal justice system by identifying the most at risk young people and engaging them and their families in needs led intervention through the Wear Kids programme. Towards the latter part of 2008/9 Department of Children Schools and Families (DCSF) funding enabled a wider provision of prevention services to be available. The Challenge and Support programme is targeted at families of young people involved in anti-social behaviour where previous voluntary intervention has been refused. The Youth Crime Family Intervention Programme is aimed at families where there is entrenched offending, including families where there are children who have not yet offended but the entrenched nature of offending in the family puts them at significant risk.

It is projected that Sunderland will continue to have a good performance against FTE's due to the introduction of Community Resolutions in the summer of 2009. Since August 2009 203 young people have received a community resolution of which 117 (58%) would have been FTE's. The introduction of triage working with young people in police custody suites is also expected to reduce the number of FTE's.

**Reducing Re-offending – Rate of proven reoffending by young offenders (National Indicator 19)**

	<b>Sunderland</b>	<b>Family</b>
2005 12-month rate	1.18	1.34
2008 12-month rate	0.96	1.12
<b>Percentage change</b>	-18.3%	-16.1%
2005 6-month rate	0.71	0.78
2009 6-month rate	0.50	0.62
<b>Percentage change</b>	-29.9%	-20%

Reductions in re-offending are shown in relation to both the 12 month re-offending rate from 2005 to 2008 and the 6 month rate from 2005-2009. These compare favourably to the family average and far exceed the target for Sunderland of 3.1%.

Sunderland Youth Offending Service was identified as a Beacon for Reducing Re-offending by the IDEA Beacon scheme with Beacon status until June 2009. Through 2009/10 Sunderland YOS has continued to deliver the flagship projects and programmes that led to the Beacon award. These include a nationally recognised approach to offending behaviour interventions, extensive partnerships to enable direct and indirect restorative approaches and creative solutions to re-engaging children and young people in education, training and employment. In 2008 Sunderland undertook a recidivism assessment, aimed at identifying, tracking and prioritising interventions that demonstrated effectiveness in reducing re-offending. The subsequent recidivism action plan that was developed is aimed at ensuring the work of the YOS is outcome focused in relation to reducing re-offending for children and young people.

**Use of Custody – Young people within the youth justice system receiving a conviction in court who are sentenced to custody (National Indicator 43)**

	<b>Sunderland</b>	<b>Family</b>
April – December 2009	3.0%	5.9%
2006/07 baseline	2.8%	5.5%
<b>Percentage Change</b>	10.2%	7.3%

Sunderland continues to have a low custody rate compared to the family average and has made a 2.6% reduction in the period April to September 2009 compared to the baseline. Sunderland has a good relationship with the local courts and offers Intensive Supervision and Surveillance as an effective alternative to custody which is evidenced in re-offending analysis. For the ISS cohort (formerly ISSP) of 2008 tracked for re-offending during 2009 64% reduced the frequency of their offending and 73% reduced the seriousness of their offending. In 2009 Sunderland commenced a custody panel pilot to ensure scrutiny of every individual case of use of custody.

**Education, Training and Employment (ETE) – Young offenders’ engagement in education, training and employment (National Indicator 45)**

	<b>Sunderland</b>	<b>Family</b>
April-December 2009	90.9%	76.7%
2006/07 baseline	85.4%	65.8%
<b>Percentage Change</b>	6.4%	16.5%

In the last year Sunderland YOS has maintained an excellent performance on the number of young people engaged in ETE with performance above the family average. This has been achieved through early identification systems for young people ‘Not in Education, Employment or Training’ (NEET). For those identified as NEET rigorous tracking is undertaken by two full-time Attendance Development Officers and one part-time seconded Connexions PA to ensure access to appropriate ETE by the end of the YOS intervention.

The two YOS-based Attendance Officers maintain strong links with schools (including Pupil Referral Units) and represent the YOS at the Children Missing from Education (CME) meeting.

For the ‘critical few’ school-age children who present additional challenges and difficulties, the YOS has in place a YOS/Education Support (YES) partnership meeting to address issues on a case by case basis. For those over school age, the YOS, in partnership with Springboard (E2E provider) and the LSC, has established a unique ‘E2E Placement Panel’ to address the issues for those assessed as likely to pose exceptional problems or risks in terms of either accessing or sustaining E2E provision enabling an individualised risk management and support plan to be put in place. In 2010 Sunderland YOS has become an ETE provider to enable those young people most disengaged from ETE to develop the skills they need to access mainstream ETE provision.

The YOS has a range of direct provision to support young people to engage with ETE such as ‘The Bunker’, a community interest company that provides accredited music, I.T. and arts-based activities and KECO an outdoor-activity organisation that provides a varied selection of constructive activities around an awards framework. The YOS has a Keeping Young People Engaged (KYPE) project which provides ETE mentors to support engagement and whilst not specifically ETE-related, the YOS has systems in place to provide intensive, individualised mentor-style support for complex cases through schemes such as Integrated Resettlement Support (IRS) and Intensive Supervision and Surveillance (ISS).

Performance projections are that Sunderland YOS will continue to perform well above the family average for ETE.

**Accommodation – Young offenders’ access to suitable accommodation (formerly National Indicator 46)**

	<b>Sunderland</b>	<b>Family</b>
April-December 2009	99.8%	97.8%
2006/07 baseline	98.8%	97.6%
<b>Percentage Change</b>	0.9%	0.2%

The performance for Sunderland against the indicator for Accommodation was 99.8% for the period April to December 2009, above the family average and up from the baseline of 98.8%. Sunderland has enjoyed an excellent partnership arrangement with the Directorate of Health, Housing and Adult Services. The secondment of a full time Accommodation Officer has ensured full and early assessment of accommodation needs for young offenders, close working with the city's Housing Options Team to enable appropriate placements and contingency planning for young people with a track record of problematic behaviour in placements.

Although Sunderland has historically performed well against this performance area, previous Youth Justice Plans and other strategic assessments have highlighted the challenges faced by the service in ensuring appropriate accommodation for the small minority of the 1% of young offenders who are extremely difficult to place. In December 2008 the accumulation of much partnership working through the Sunderland YOS Board saw the opening of a new direct access hostel in Sunderland with allocated places for young people who offend, including those released from custody. With this provision operating alongside the 'emergency bed', that Sunderland YOS continues to maintain with a local provider even the most difficult to place young people who offend are able to access suitable accommodation.

#### Ethnicity – Ethnic composition of offenders on youth justice system disposals (NI 44)

	% of youth justice pop. in 2009/10	% of general pop. in 2009/10	% of youth justice pop. in 2008/09	% of general pop. in 2008/09
<b>White</b>	n/a	n/a	97.5%	96.4%
<b>Mixed</b>	n/a	n/a	0.4%	0.9%
<b>Asian</b>	n/a	n/a	1.5%	1.9%
<b>Black</b>	n/a	n/a	0.7%	0.3%
<b>Chinese</b>	n/a	n/a	0.00%	0.5%

The population of Sunderland is predominantly white British (98.1%) and this is reflected in the small numbers of ethnic minority young people in the local youth justice system. Performance monitoring indicates there is no evidence of over representation of any minority ethnic group in the local youth justice system. There are no issues in Sunderland of gang or group offending in Sunderland based on ethnic groupings.



### 3. Resourcing and Value for Money

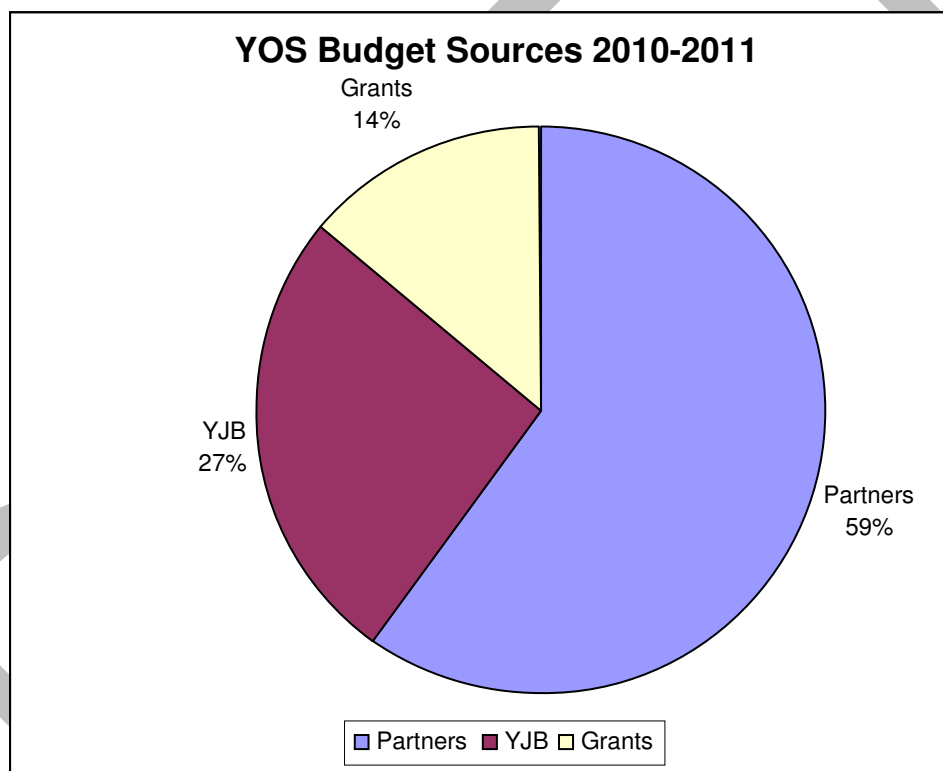
This section of the strategic plan sets out: how the Sunderland YOS partnership:-

- has ensured that the YOS has sufficient **resources** and an infrastructure that are appropriately deployed to deliver youth justice services in the Sunderland area in line with the requirements of the National Standards for Youth Justice.
- Has developed an understanding of the costs of delivery and plan to deliver outcomes more efficiently (**value for money**).

#### 3.1 Resourcing

The YOS has a complex budget structure made up of significant Council core funding, core government funding from the YJB, partner agency funding and in-kind contributions and a range of time-limited grant funding.

Sources of funding are set out in the pie chart below:-



There are no significant changes to the overall budget amount or partner contributions for 2010 – 2011. Over a number of years Sunderland YOS has been successful in attracting significant funds to the service through grant applications for specific initiatives. Grants from the YJB and other sources for 2010 – 2011 are:-

#### YJB

- YJB Core Grant
- YJB Prevention Grant
- Intensive Supervision and Surveillance (ISS)
- Keeping Young People Engaged (KYPE)
- Integrated Resettlement Support (IRS)

#### Other Grants

- Think Family
- Youth Crime Action Plan (YCAP)
- Challenge and Support Scheme

Through the relevant partnership contributions and the additional funding the service has been able to attract Sunderland YOS is able to deliver in full the statutory youth justice requirements as set out in the Crime and Disorder Act 1998 as well as a range of specialist and targeted programmes. All the multi-agency staff as required by the Crime and Disorder Act 1998 are in place including the previously vacant position of Health Worker.

The capacity and capability assessment indicates that effective resource management arrangements are in place to ensure maximum effectiveness from available resources with a high self assessment score for the two resource criteria of:-

- How the YOT partnership ensures the YOT has sufficient financial resources to deliver effective Youth Justice Services.
- How the YOT partnership ensures that the YOT workforce is sufficient in capacity to deliver effective youth justice services.

### 3.2 Value for Money

For Sunderland YOS to achieve value for money in the services provided there needs to be an understanding of the 'value' of services provided. This is both in relation to the 'value' in terms of outcomes as well as the 'value' in terms of savings through prevention and investment to save. Sunderland YOS has a strong performance management culture and effective performance management arrangements to ensure the value of services is measured. An example of measuring investment to save is through the implementation of the 'Think Family' negative costings toolkit, which enables the YOS to identify the savings to the criminal justice system and in relation to other public spend by investing in families through the Family Intervention Project (FIP).

Sunderland YOS aims to ensure services are delivered efficiently by reducing costs whilst maintaining outcomes. This will be achieved by maintaining front line services whilst streamlining other costs where appropriate. An example of how this has been achieved in 2009 -2010 is the dissolving of the three authority Intensive Supervision and Surveillance (ISS) programme to allow local delivery resulting in management, administration and performance management cost savings.

Over the forthcoming year Sunderland YOS will continue to ensure value for money and the effective use of resources through:-

- Use of commissioning to ensure best possible service at the best possible price
- Alignment of funding streams as appropriate to increase capacity, and
- Analysis of outcome data to ensure return on costs

The governance of the use of resources is a key priority for the YOS Management Board for 2010-2011.

## 4. Structures and Governance

### 4.1 Governance and Leadership

The multi-agency Youth Offending Service Management Board, chaired by the Executive Director of Children's Services provides the strategic oversight and governance of youth justice services in Sunderland. As an identified 'significant partnership' for Sunderland it also provides the strategic linkages with other significant partnerships across Children's Services, criminal justice and community safety.

The YOT Management Board is directly responsible for:

- delivering the principal aim of reducing offending and reoffending
- strategic performance oversight
- ensuring the effective delivery of justice services for children and young people.
- accountability and representation of youth justice issues within the local authority
- ensuring that children and young people involved in the youth justice system have access to universal and specialist services delivered by partners and other key agencies for
- ensuring local authorities discharge their duties under the Children Act 1989, in particular those in Schedule 2, paragraph 7, to:
  - discourage children and young people within their area from committing offences
  - take reasonable steps designed to reduce the need to bring criminal proceedings against children and young people in their area
  - avoid the need for children within their area to be placed in secure accommodation.

### 4.2 YOS Board Priorities 2010-2011

As a significant partnership for the city the YOS Board has undertaken a partnership risk assessment (July 2009). A key area of risk identified was that the service structure may not be the most appropriate structure to:-

- enable the best deployment of staff in relation to changing workloads, roles and responsibilities in relation to the introduction of new national legislation and guidance in the form of the Youth Rehabilitation Order and the scaled approach to youth justice.
- Achieve efficiencies and the best use of available resources.

Much has been achieved in 2009 – 2010 with the alignment of managerial responsibilities to ensure strong leadership. In 2010 – 2011 a key area of development will be the alignment of frontline practitioner roles to increase the flexibility of the workforce. In January 2010 the YOS Board undertook a challenge session around the Youth Justice Plan Capacity and Capability activity areas to identify priorities for the year ahead.

For 2010 – 2011 the YOS Board has identified 4 key priorities for their work in governing the multi-agency Youth Offending Service. These priorities are:-

- Case Management and Management Oversight

- Resourcing
- Preventing offending and Reducing Re-offending.
- Victims and Public Confidence

The YOS Board priorities are underpinned by a clear work plan driven forward and monitored through bi-monthly YOS Board meetings.

**Case Management and Management Oversight** – under this programme of work the YOS Board will take a governing role in ensuring that appropriate management oversight and quality assurance arrangements are in place. The Board will also under take a specific piece of work to look at transitions from YOS to Probation. The YOS Board will ensure that the recommendations of the core case file inspection are implemented to drive practice improvements and ensure outcomes for children and young people, their families, victims and the wider public. In particular the YOS Board will monitor arrangements and outcomes for Safeguarding children and ensuring Public Protection.

**Resourcing** – under this programme of work the YOS Board will ensure governance over the YOS Budget. The Board will ensure effective commissioning, alignment of resources and pooling as appropriate to ensure maximum impact from available resources. Through regular budget analysis combined with robust performance reporting the YOS Board will ensure that the cost effectiveness of services is understood to ensure an emphasis on what works.

**Preventing offending and Reducing Re-offending** – under this programme of work the YOS Board will consider analysis of first time entrants and re-offending cohorts to target services effectively. With a strong track record in partnership working and innovation the YOS Board will ensure that services are customer focused and needs led. Key to this is governance of consultation and participation arrangements to ensure service planning and delivery is informed by service user feedback.

**Victims and Public Confidence** – over the forthcoming year the YOS Board will build on the positive and pro-active relations with the local media and will work with the Safer Sunderland Partnership to reduce fear of crime and promote public confidence in youth justice services. The Board will support the YOS in further developing consultation and participation arrangements with a particular emphasis on ensuring victims views can be heard.

## 5. Partnership Arrangements

The multi-agency YOS Management Board is identified as a 'significant partnership' for Sunderland and it also provides the strategic links with other significant partnerships, and their associated strategic plans, across children's services, criminal justice and community safety.

### 5.1 Links with criminal justice services

The YOS Management Board functions as one of the key delivery theme groups of the Safer Sunderland Partnership (local Crime and Disorder Reduction Partnership). It feeds in through the Safer Sunderland Partnership Business Support Group to the Safer Sunderland Partnership Board and up to the Sunderland Partnership (LSP). Sunderland YOS shares the aspirations of the Safer Sunderland Strategy 2008 – 2023 to ensure that *'everyone in Sunderland will be and feel safe and secure'*.

### 5.2 Links with children's services

The YOS Board is aligned with the Children's Trust and its vision to work together to improve the life chances and aspirations for each child / young person in Sunderland.

The Youth Justice Plan supports the wider planning context for children and young people of the fifteen year Children and Young People's Plan 2010 – 2025. The Youth Justice Plan priority of reducing re-offending sits within the Making a Positive Contribution and Economic Wellbeing priority of the Children and Young People's Plan. The annual Youth Justice Plan supports the three year delivery plan for the Children and Young People's Plan 2010 – 2025.

### 5.3 Access to Universal and Specialist Services

Sunderland YOS has a strong partnership approach to delivering effective services evidenced in a committed and effective partnership management Board. Service level agreements are in place for all statutory services and Sunderland YOS has in place a range of additional specialist (and award winning) services. These include prevention initiatives such as 'Tackle IT' in partnership with Sunderland SAFC foundation, targeted offending behaviour interventions such as the knife crime prevention programme and interventions that support families including specialist parenting programmes in partnership with Barnardos voluntary sector organisation and the youth crime Family Intervention Programme funded under the national Youth Crime Action Plan.

## 6. Risks to Future Delivery

The Youth Justice Board for England and Wales requires that each YOT partnership undertakes a risk assessment as part of the development of the strategic youth justice plan to identify future risks to delivery.

The Sunderland YOS partnership assessment of the risks to future delivery has been developed based on information from a range of assessments including the YOS Board risk assessment, the capacity and capability assessment, performance analysis and the independent inspection of youth offending work in Sunderland. A gap in information to inform the analysis of risk to future delivery has been identified in relation to service user consultation / feedback and this is therefore identified as a key priority for the year ahead. The below table sets out the risks to future delivery, the aligned service priority, partnership plans and actions to address risks identified and outcome targets.

DRAFT

## 7. Appendices

### YOS partnership sign-off

Name	Agency	Signature	Date
Keith Moore (Chair)	Sunderland City Council (Children's Services)		
Jane Hedley (Deputy Chair)	Sunderland City Council (Corporate Services)		
Alan Caddick	Sunderland City Council (Health, Housing and Adult Services)		
Andrew Carton	Connexions		
C/Insp 7249 Carol Parkes	Northumbria Police		
Judith Hay	Sunderland City Council (Children's Services)		
Karen Embleton	HM Courts		
Kevin Robinson	National Probation Services		
Lynda Brown	Sunderland City Council (Children's Services)		
Marc Hopkinson	Sunderland Teaching PCT		
Meg Boustead	Sunderland City Council (Children's Services)		
Stuart Douglass	Sunderland City Council (Safer Communities Team)		

Risk to Future Delivery	Service Priorities	Action to be undertaken	Outcome Targets
<p>There is a risk that management oversight is not fully evidenced to ensure that all reasonable action has been taken to protect the public and prevent offending and re-offending by children and young people.</p>	<p><b>Service Priority 1 – Case Management</b>                      To ensure effective case planning, intervention and supervision for young people who offend through quality assurance of case management.</p> <p>To ensure effective management oversight of case management.</p>	<ol style="list-style-type: none"> <li>1. Monitor the quality of effective case planning, intervention and supervision of young people who offend through a management case file audit tool and address any improvement areas identified.</li> <li>2. Develop an evidencing management oversight procedure.</li> <li>3. Report the findings of the case file audit to the governing YOS Management Board.</li> </ol>	<p>75% of case recording judged as satisfactory or above via the management case file audit.</p>
<p>There is a risk that services provided by Sunderland Youth Offending Service are not sensitive to the needs of children and young people, families and their victims and other key stakeholders.</p>	<p><b>Service Priority 2 – Consultation and Participation</b>                      To implement appropriate consultation and participation arrangements to secure the involvement of service users and other stakeholders and ensure the outcome informs service planning and delivery.</p>	<ol style="list-style-type: none"> <li>1. Implement the Hear by Rights consultation programme.</li> <li>2. Improve the use of the Viewpoint consultation tool with children and young people.</li> <li>3. Consider through the YOS Board (half yearly report) the implications of service consultation and participation.</li> </ol>	<p>Achievement of Hear by Rights Level 2</p> <p>75% of young people concluding orders have been consulted using the Viewpoint tool.</p> <p>Consultation and participation outcomes are available to inform the Youth Justice Plan 2011 – 2012.</p>
<p>There is a risk that staff are not appropriately supported and developed to meet the priorities set out in this Youth Justice Plan.</p>	<p><b>Service Priority 3 – Training and Development</b>                      To support all staff in meeting their principal aim of preventing offending and re-offending by children and young people.</p>	<ol style="list-style-type: none"> <li>1. Implement and embed revised Children’s Services guidance on effective supervision and appraisal</li> <li>2. Revise common core competencies for YOS specific staff</li> </ol>	<p>100% of relevant staff are supervised monthly.</p> <p>75% of staff are trained in line with core competencies</p>
<p>There is a risk that assessments of young people who offend or who are at risk of offending are not of high enough quality on which to base effective intervention planning and delivery to achieve desired outcomes.</p>	<p><b>Service Priority 4 - Assessment</b>                      To ensure high quality assessments as the foundation for all intervention.</p>	<ol style="list-style-type: none"> <li>1. Embed good practice guidance for staff in relation to asset and onset practice.</li> <li>2. Monitor the quality of Asset assessment through a management case file audit tool and address any improvement areas identified.</li> </ol>	<p>100% of Asset assessments rated as satisfactory or above in the external regional Asset audit.</p> <p>50% or more of Asset assessments rated as ‘good’ in the external regional Asset audit.</p>
<p>There is a risk that Sunderland YOS does not have the maximum capacity and capability to deliver key youth justice services.</p>	<p><b>Service Priority 5 – Capacity and Capability</b>                      To ensure Sunderland YOS has the capacity and capability to prevent offending and re-offending by children and young people.</p>	<ol style="list-style-type: none"> <li>1. Implement the improvement plan arising from the YOS capacity and capability assessment (incorporating the recommendations of the YOS core case inspection)</li> </ol>	<p>Capacity and capability improvement plan is implemented in full.</p> <p>Inspection improvement plan is implemented in full.</p>



SUNDERLAND YOS - CAPACITY AND CAPABILITY SELF ASSESSMENT 2010/11

CRITERIA NO.	YJB ACTIVITY CRITERIA	YJB VALIDATED SCORE
<b>1. ASSESSMENT, PLANNING INTERVENTIONS AND SUPERVISION (APIS)</b>		
1.1	The quality of APIS in the YOT, how the YOT works to continuously improve APIS quality and the areas for improvement identified.	2
1.2	The quality assurance processes undertaken in the YOT and how this informs YOT planning & development.	2
1.3	How the YOT has evaluated the effectiveness of interventions delivered and how this has informed service delivery.	1
1.4	The extent to which APIS including assessment of likelihood of reoffending, risk of harm to others, safeguarding, planning and supervising interventions is supported by workforce training.	2
<b>2. RESOURCING AND WORKFORCE DEVELOPMENT</b>		
2.1	How the YOT Partnership ensures the YOT has sufficient financial resources to deliver effective youth just services locally	3
2.2	How the YOT partnership ensures that the YOT workforce is sufficient in capacity to deliver effective youth justice services locally	3
2.3	The YOT partnership's workforce development strategy including supervision procedures, training plans and steps to ensure that the YOT workforce, as part of the wider Children's Workforce, are Common core compliant	3
2.4	The extent to which staff have received diversity training and understand issues of disproportionality in the youth justice system	2
<b>3. ACCESS TO UNIVERSAL AND SPECIALIST SERVICES</b>		
3.1	How the YOT partnership has developed effective strategic relationships to ensure the delivery of universal and specialist services to young people in the youth justice system	3
3.2	How the YOT partnership ensures assessment, screening and referral is in place to identify and meet the universal and specialist needs of young people in the youth justice system	2
3.3	How the partnership ensures that the YOT has the capacity to enable young people in the youth justice system to access the universal and specialist services they need	3
<b>4. FIRST TIME ENTRANTS</b>		
4.1	How a partnership approach is taken to targeting those most at risk of becoming a first time entrant.	3
4.2	How a partnership approach is taken to the delivery of youth crime prevention services.	2
4.3	The prevention services delivered by the YOT partnership and how these services have been informed by analysis of the first time entrant population and referrals to prevention programmes.	3
<b>5. REDUCING REOFFENDING</b>		
5.1	How the YOT has analysed the reoffending cohorts and rates to inform the YOT partnerships reducing reoffending strategy/plan.	3
5.2	The range and type of interventions available including alternatives to custody and how these have been developed to meet identified needs.	2
5.3	How the YOT works to enable children and young people to comply with the requirements of their orders and ensures robust enforcement and timely breach processes where necessary	2

<b>6. CUSTODY</b>		
6.1	The work undertaken to build and maintain a strong relationship and communication with courts and sentencers	3
6.2	The arrangements in place to reduce the use of custody and remands to custody.	3
6.3	How the YOT management board maintains oversight of use of custodial remands and sentencing	2
6.4	How the YOT partnership works with the full range of universal and specialist services to help deliver effective resettlement for children and young people released from custody.	3
<b>7. RISK OF SERIOUS HARM TO OTHERS</b>		
7.1	The procedures in place to identify and manage risk of serious harm to others	2
7.2	The procedures for the ongoing management of young people under the local MAPPA arrangements	3
7.3	How these ROSH and MAPPA procedures are overseen by the YOT management Team and Board to ensure quality and continuous improvement in services	2
<b>8. SAFEGUARDING</b>		
8.1	The safeguarding procedures in place to ensure the comprehensive accurate and timely identification, assessment and management of safeguarding needs	2
8.2	How the implementation of these safeguarding procedures is overseen by the YOT management team and board to ensure quality and continuous improvement in services	2
8.3	How the YOT works with children's services to ensure that children and young people at risk of entering or in the youth justice system are kept safe from harm	3
<b>9. VICTIMS AND PUBLIC CONFIDENCE</b>		
9.1	How the YOT seeks feedback from service users about the quality of services it delivers and this feedback has informed service development.	3
9.2	The victim and restorative justice services delivered by the YOT partnership and how the YOT has reviewed these services to inform its victim/restorative justice strategy	2
9.3	How the YOT partnership engages with the community to improve public confidence in the criminal justice system.	3

**CABINET REPORT**

**8 SEPTEMBER 2010**

**UPDATING THE CONSTITUTION**

**Report of the Chief Executive and Chief Solicitor**

**1. PURPOSE OF THE REPORT**

1.1 To propose further amendments to the Constitution.

**2. DESCRIPTION OF THE DECISION**

2.1 That Council be recommended to note and endorse as appropriate:-

- (a) the amendments to the terms of reference of the Scrutiny Committees and the Audit and Governance Committee;
- (b) that the Director of Human Resources and Organisational Development in consultation with the Director of Financial Resources, be granted delegated powers to consider and, where appropriate, approve all future requests for flexible retirement where it is considered to be in the employer's interest to approve the request, subject to such decision being reported to Personnel Committee for information and subject also to the right of appeal to the Personnel Committee against any such refusals being conferred upon the employee;
- (c) to give notice of its intention to apply Schedule 3 of the Local Government (Miscellaneous Provisions) Act 1982 as amended by Section 27 of the Policing and Crime Act 2009 in its area and that it is intended such restrictions shall come into force on the date that is two months after the date on which the resolution is passed (to regulate further sex establishments); and that the delegated powers of the Executive Director of City Services be revised to reflect new legislative requirements as set out in the report to the Licensing Committee of 6 September 2010 appended hereto;
- (d) the Protocol for Members in relation to licensing matters be amended as set out in the report to Licensing Committee of 6 September 2010 appended hereto;
- (e) the arrangements for the transfer of delegated powers and the position of Monitoring Officer set out in paragraph 4.5.1 of the report, to give effect to the Council's revised management structure.

### 3. INTRODUCTION AND BACKGROUND

- 3.1 It is necessary to amend the Council’s Constitution from time to time in order to ensure that the document remains up to date and reflects new legislative requirements and current practice within the Council.
- 3.2 This report deals with changes in the terms of reference of the Scrutiny Committees, changes in relation to flexible retirements, (a Council function exercised by Personnel Committee) and other amendments required to reflect the new establishment structure, licensing and other miscellaneous issues.

### 4. CURRENT POSITION

#### 4.1 Amendments to the terms of reference of Scrutiny Committees (Article 6 of the Constitution)

##### Proposals

- 4.1.1 In light of the completion of a successful year using the new arrangements and being strategically aligned to priorities, it is proposed to further strengthen the additional Scrutiny Committee by repositioning the Sustainable Communities Scrutiny Committee to have a much more themed and outward focused approach.
- 4.1.2 The proposed remit includes the topic areas covered within the original remit, and has a particular regard to the sustainability of these initiatives in the future but goes further in enabling the Scrutiny Committee to take wide, and outward facing approach to specific, tangible issues.
- 4.1.3 The Sustainable Communities Scrutiny Committee’s proposed new remit is as follows:

General Scope	Remit
Creating Community	Building Partnerships, Civic Engagement, Justice & Equity, Mediation, Culture, Heritage
Protecting Natural Resources	Water, Energy, Air & Climate, Biodiversity, Land and Ecosystems
Governing Sustainability	Public/Private Partnerships, Community Relations
Living Sustainably	Lifestyles, Recreation, Sport, Play, Responsible Buying and Consumption, Healthy Homes & Property

Sustainable Communities	<u>Add</u> Leisure Facilities	Currently not specifically included and would be covered by the new broad remit.
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Sustainable Communities	<u>Add</u> Community Development & Compact	Currently not included and would contribute to more than one of the new overarching themes
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4.1.4 In addition to the suggested improvement and strengthening of the Sustainable Communities Scrutiny Committee, a small number of additions are required to the existing remits as follows:-

<b>Scrutiny Committee</b>	<b>Amendment</b>	<b>Comment</b>
Prosperity and Economic Development	<u>Add</u> Port (Operational and Non-Operational)	Currently not included in remits.
Community & Safer City	Food Law Enforcement	This Article 4 Plan relates to ensuring that the local authority enforcement activity and monitoring of food businesses is carried out correctly and is currently within the remit of Health and Wellbeing Committee
Environmental and Attractive City	<u>Add</u> Flood risk	Accords with Pitt review recommendations

4.1.5 The Scrutiny Committees' approach was broadened to address wider city issues and to meet the commitments of the Council and its partners to achieving improvement. The thematic approach has assisted the Committees' focus on detailed scrutiny, LAA priorities and the Sunderland Strategy. In this way scrutiny is beginning to play a much more active role in scrutinising the contribution of the Council, external organisations and partners to service delivery and shared objectives.

4.1.6 The new remits established at the beginning of the municipal year 200/10 have worked well and allowed scrutiny to meet the challenges facing it in a way that would raise overview and scrutiny in Sunderland to best practice levels.

4.1.7 The improvements proposed in this report are intended to strengthen further the operation of scrutiny and to keep scrutiny at the forefront of innovative practice generally and to support initiatives around creating sustainable communities.

4.1.8 These proposed amendments have been considered at an informal meeting of Scrutiny Chairs and Vice-Chairs and will be reported to Management Scrutiny Committee on 23 September for formal endorsement.

4.1.9 In addition it is proposed that the Audit and Governance Committee will undertake a monitoring role of the Council's activities under the Regulations of Investigatory Powers Act 2000 (RIPA) as set out in detail in another report on this agenda.

#### 4.2 **Flexible Retirement Policy**

4.2.1 In November 2009, Members considered a report in order to establish a Council policy in respect of Flexible Retirement. The approved policy is outlined below:-

Stage 1 – Establishment of a Business Case taking account of the following:

- A minimum reduction in salary or hours of the individual employee of 25% is required and changes to contract terms and conditions will be a permanent change.
- Employees must have 26 weeks continuous service with Sunderland City Council.
- Applications will only be considered where the full release of pension benefits is being requested.
- Any waiving of actuarial reductions in pension benefits will be considered on an individual basis, and only approved where it is in the Council's interest to do so, taking into account the overall business case.

Stage 2 – Consideration by Personnel Committee

- Applications will only be approved where it is in the Council's interests to do so.

4.2.2 It is proposed that this policy be amended in relation to Stage 2 only. The proposed amendment is outlined below:-

Stage 2 – Consideration by the Director of HR & OD in consultation with the Director of Financial Resources

- Applications will only be approved where it is in the Council's interests to do so.

4.2.3 It is proposed to amend the policy in relation to Stage 2 due to the anticipated increase in the number of applications for flexible retirement, as a consequence of the current need to generate efficiency savings in response to reductions in public sector funding. By delegating the approval of all future requests, where it can be established it is in the Council's interest to approve the request, the Council can start to realise efficiencies more quickly, as requests can be considered as and when they are submitted. Currently if an application is received after the deadline for a Personnel Committee agenda the request cannot be considered until the next meeting of Personnel Committee. During this period the Council could have considered the request and if appropriate to approve, could have realised efficiencies following the request much sooner. This is also beneficial for the employee as they can start their new working pattern earlier and achieve better work life balance earlier. Indeed, many of the requests received to date have indicated that employees wish to start their new working arrangements as quickly as possible.

4.2.4 The Personnel Committee recommended that the Director of Human Resources and Organisational Development in consultation with the Director of Financial Resources, be granted delegated powers to consider and, where appropriate, approve all future requests for flexible retirement where it is considered to be in the employer's interest to approve the request, subject to such decision being reported to Personnel Committee for information and subject also to the right of appeal to the Personnel Committee against any such refusals being conferred upon the employee.

#### 4.3 **Revision of the delegated powers of the Executive Director of City Services**

4.3.1 The delegations are necessary to reflect changes to the Licensing Act 2003 and to extend the powers available to environmental protection enforcement officers under the Town and Country Planning Act 1990 and the Environment Act 1995.

#### 4.4 **Amendment of the Protocol for Members in relation to licensing matters**

This amendment relates to change of status of Ward Members to that of an "interested party" for the purposes of the Licensing Act 2003.

#### 4.5 **Transfer of delegated powers of the Chief Solicitor**

4.5.1 It is necessary to transfer powers currently delegated to the Chief Solicitor under the Constitution and all other ad hoc delegations in relation to specific matters which remain extant, to the Head of Law and Governance with effect from 1 October 2010 to reflect the Council's revised establishment structure. The Head of Law and Governance is also designated as Monitoring Officer for the purposes of Article 12 of the Constitution.



4.5.2 It will be also necessary to transfer the relevant powers currently delegated to the Director of Financial Resources under the Constitution to the new Executive Director of Commercial and Corporate Services to take effect when the new appointee takes up that position. This will be the subject of a further report.

## **5. REASONS FOR DECISION**

5.1 It is necessary to revise and update the Constitution for the detailed reasons set out in the report.

## **6. ALTERNATIVE OPTIONS**

6.1 Accordingly no alternative options are submitted for consideration.

## **7. BACKGROUND PAPERS**

Sunderland City Council Constitution.

LICENSING COMMITTEE  
2010

6TH SEPTEMBER

**LICENSING – AMENDMENTS TO CONSTITUTION – DELEGATIONS OF FUNCTIONS**

**Report of Chief Solicitor and Executive Director of City Services**

**1. Purpose of Report**

- 1.1 To update and amend the Delegation Scheme and Protocol to take account of recent changes made to the Licensing Act 2003 and adopt the new powers inserted into the Local Government (Miscellaneous Provisions) Act 1982 and to extend the powers available to Environmental Protection Enforcement Officers under the Town and Country Planning Act 1990 and Environment Act 1995.
- 1.2 These proposals are also contained in an overarching report on amendments to the Constitution to be considered by Cabinet on 8th September and Council on 29th September, 2010.

**2. Description of Decision (Recommendations)**

That the Council be recommended to resolve to:-

- Give notice of its intention to apply Schedule 3 to the Local Government (Miscellaneous Provisions) Act 1982 (as amended by Section 27 of the Policing and Crime Act 2009) in its area and that it is intended such restrictions shall come into force on the date that is two months after the date on which this resolution is passed.
- That the delegations to the Executive Director of City Services be amended to reflect the recent changes made to the Licensing Act 2003 and to extend the powers available to Environmental Protection Enforcement Officers under the Town and Country Planning Act 1990 and Environment Act 1995. (Appendix 1)
- Amend the Protocol for Members in relation to Licensing and Gambling matters to reflect the change of status of Ward Members to one of an "interested party" for the purposes of Licensing Act 2003 applications. (Appendix 2)

### **3. Introduction/Background**

#### Sex Establishments

- 3.1 The law has changed in respect of lap dancing and local authorities now have discretion to include such activities under the category of "sex establishments" under Schedule 3 of the Local Government (Miscellaneous Provisions) Act 1982. A new category of sex establishment is introduced – namely a "sexual entertainment venue" – to include venues where entertainment such as lap dancing and pole dancing, is provided. In areas where these new provisions are adopted, existing establishments have until 6th April 2011 to apply for a new Sex Establishment Licence to be able to continue to operate lawfully. The change will allow local people for the first time to oppose an application for such a club on the basis it would be inappropriate for their area. In order to acquire these new licensing powers, the Council need to adopt Schedule 3 of the 1982 Act (as amended). If the Council does not pass a resolution to adopt the new powers before 6th April 2011, it is required to consult local people as soon as practicable thereafter about whether it should make such a condition.

#### Licensing Act 2003 and extensions of powers to Environmental Protection Officers

- 3.2 Changes have been made to the Licensing Act 2003 by the introduction of a simplified process for minor variations to premises licences and club premises and the removal of the requirement for a Designated Premises Supervisor and Personal Licence Holder at community premises. The intention behind the changes is to speed up and simplify the licensing process. Small variations that will not impact adversely on the licensing objectives will no longer be required to be advertised or served on responsible authorities. Applicants will, however, still have to display a notice at the premises. Similarly, there has been a relaxation of the rules relating to the supply of alcohol at community premises like church or village halls.

The changes requested to the Delegation Scheme reflect the changes and the necessity to delegate non-contentious licensing functions to officers to enable them to be dealt with in a timely manner. All contentious matters will still remain exclusively within the remit of Members to decide. The existing delegations to the Executive Director of City Services under paragraph 8.6 have been consolidated and re-organised incorporating the new changes in paragraphs 8.6 to 8.37. Gambling and licensable activities under the Licensing Act 2003 have been added to the enforcement areas included in the former paragraphs 8.7 and 8.38.

The delegations requested under the Town and Country Planning Act 1990 and the Environment Act 1995 are to enable Environmental Protection Officers to issue notices, request information, enter land and action offences committed in particular regarding fly tipping. (See paragraph 8.36 (s) and (ccc)).

## Protocol in relation to Licensing and Gambling matters

- 3.3 Members were advised by the Chief Solicitor on 28th January, 2010 that a Commencement Order had been made to bring into force on 28th January, 2010 provisions including making all Councillors 'interested parties' and able to make representations about any licensing applications under the 2003 Act. It does not limit Members to just making representations within their own wards, they can do so generally. The amendments to the Protocol for Members in Relation to Licensing and Gambling matters to reflect these changes are contained in paragraphs 5.52 and 9.2 set out in Appendix 2. The remainder of the Protocol remains unchanged.

### **4 Reasons for the Decision**

- 4.1 The Council, by making the decisions recommended, will enable local residents to have the opportunity to object to lap-dancing clubs on the basis such establishments would be inappropriate for their area. The other decisions will ensure that appropriate delegations are in place to enable the administration and approval of non-contentious licensing applications to be dealt with in a speedy and efficient manner. Finally, the changes to the Protocol will ensure that Members are aware of their change in status and the increased opportunity it gives them to make representations about licensing applications they believe will impact upon their constituents.

### **5 Alternative Options**

- 5.1 No alternative options are submitted for consideration as the proposals are considered to be the optimum course of action for the Council.

### **6 Relevant Consultations**

- 6.1 The Council must consider representations made in response before passing the resolution under the 1982 Act. Any representations will be considered by Licensing Committee and by full Council in November 2010.

### **7 Background Papers**

The Guidance issued under Section 182 of the Licensing Act 2003 published 28th January, 2010.

The Policing and Crime Act 2009 (Commencement No. 3) Order 2010. SI 2010 No. 125 – re members as interested parties.

The Policing and Crime Act 2009 (Commencement No. 4) Order 2010. SI 2010 No. 507 – re lap dancing as sex establishments.

The Legislative Reform (Minor Variations to Premises Licences and Club Premises Certificates) Order 2009 SI 2009 No. 1772.

The Licensing Act 2003 (Premises Licences and Club Premises Certificates (Miscellaneous Amendments)) Regulations 2009 SI 2009 1809.

## APPENDIX 2

Consolidated and re-organised changes to the delegated powers of the Executive Director of City Services incorporating the new statutory provisions in respect of licensing and gambling.

Paragraphs 8.1 to 8.5 remain the same.

### **Licensing Act 2003 – delegations**

- 8.6 To reject representations from interested parties if they are frivolous or vexatious.
- 8.7 Subject to consultation with appropriate officers or authorities, where no representations have been received or they have been withdrawn:-
  - (a) to grant a Premises Licence (s18);
  - (b) to grant a Provisional Statement (s31);
  - (c) to grant a variation of a Premises Licence (s34);
  - (d) to grant a Club Premises Certificate (s72);
  - (e) to grant a variation of a Club Premises Certificate (s85).
- 8.8 To issue a copy of a Premises Licence, Club Premises Certificate or Personal Licence and to certify it as a true copy (ss25, 79, 110 & 126).
- 8.9 Where no notice under s37(5) has been received or it has been withdrawn, to grant a variation of a Premises Licence to specify an individual as Premises Supervisor (s39).
- 8.10 Subject to consultation with appropriate officers or authorities to grant or reject an application for a minor variation of a Premises Licence (s41B).
- 8.11 Where no notice under s42(6) has been received or it has been withdrawn, to grant a transfer of a Premises Licence (s44).
- 8.12 To update a Premises Licence, Club Premises Certificate or Personal Licence (ss53, 93 & 134).
- 8.13 Subject to consultation with appropriate officers or authorities to grant or reject an application for a minor variation of a Club Premises Certificate (s85B).
- 8.14 To acknowledge receipt of a Temporary Event Notice (s102).
- 8.15 To issue a Counter Notice where the permitted limits for a Temporary Event Notice are exceeded (s107).

8.16 Where no Objection Notice has been received, to grant or renew a Personal Licence (ss120, 121).

### **Gambling Act 2005**

8.17 To reject representations from interested parties if they are frivolous or vexatious.

8.18 Subject to consultation with appropriate officers or authorities, where no representations have been received or they have been withdrawn:-

- (a) to grant a Premises Licence;
- (b) to grant a Variation of a Premises Licence;
- (c) to grant a transfer of a Premises Licence;
- (d) to grant a Provisional Statement.

8.19 To update a Premises Licence (s186).

8.20 To issue a copy of a Premises Licence and certify it as a true copy (s190).

8.21 To revoke a Premises Licence upon non-payment of the annual fee (s193).

8.22 To apply for the review of a Premises Licence (s197) (in Executive Director of City Services' capacity as responsible for pollution and health).

8.23 To initiate a review of a Premises Licence (s200) (in Executive Director of City Services' capacity as responsible for licensing authority).

8.24 To set fees under Part 8 of the Gambling Act 2005 (s212).

8.25 To acknowledge a Temporary Use Notice (s220).

8.26 To propose modification of a Temporary Use Notice (s223).

8.27 To endorse a Temporary Use Notice (s227).

8.28 To grant or renew applications for Family Entertainment Centre Gaming Machine Permits under Schedule 10 of the Gambling Act 2005 (s247).

8.29 To register small society lotteries under Schedule 11 of the Gambling Act 2005 (s258).

8.30 To grant or renew applications for Club Gaming Permits and Club Machine Permits under Section 12 of the Gambling Act 2005 (s274).

- 8.31 To grant or renew applications for Licensed Premises Gaming Machine Permits in respect of premises licensed for the sale of alcohol for consumption on the premises under Schedule 13 of the Gambling Act 2005 (s283).
- 8.32 To grant or renew applications for Prize Gaming Permits under Schedule 14 of the Gambling Act 2005 (s289).
- 8.33 To authorise officers of the Council under s304 of the Gambling Act 2005.

### **Miscellaneous**

- 8.34 Subject to consultation with appropriate officers and authorities, where no representations have been received or they have been withdrawn:-
- (a) to grant applications for consent for the holding of displays of hypnotism;
  - (b) to grant renewal and transfers of sex establishment licences under Part II of Schedule 3 of the Local Government (Miscellaneous Provisions) Act 1982;
  - (c) to grant street trading consents for traders who wish to trade for a period of up to one calendar month under Part III and Schedule 4 of the Local Government (Miscellaneous Provisions) Act 1982;
  - (d) to renew street trading consents under Part III and Schedule 4 of the Local Government (Miscellaneous Provisions) Act 1982;
  - (e) to authorise street collections taking place on any day of the week and location within the authority's area, under the Police, Factories etc (Miscellaneous Provisions) Act 1916, subject to there being no objections received from Northumbria Police or the Deputy Chief Executive;
  - (f) to authorise House to House Collections under the House to House Collections Act 1939;
- 8.35 To licence and renew hackney carriage and private hire vehicle licences where the vehicle is suitable in type, size, design, age and is mechanically safe and comfortable.
- 8.36 Current paragraph 8.7 to be re-numbered as paragraph 8.36 with the following additions after the word "Tattooists":
- Gambling.
  - Licensable activities under the Licensing Act 2003.



and after the words “(v)(v) Zoo Licensing Act 1981:

(w)(w) Environmental Protection Act 1995 (Sections 108 to 110)

(x)(x) Town and Country Planning Act 1990 (Sections 215 to 219).

Thereafter the current delegated powers contained in paragraphs 8.8 to 8.52 are unamended but will be re-numbered accordingly.

Changes to Protocol.

5.52A (e) a Member of the relevant licensing authority.

In respect of all Licensing Act 2003 applications, Councillors are interested parties and able to make representations. Members are able to make representations on any application.

9.2 Under the Licensing Act 2003 and the Gambling Act 2005, Ward Members are "interested parties" and can make representations as such.

**CABINET**

**8 SEPTEMBER 2010**

**REVIEW OF MEMBERS' ALLOWANCES SCHEME**

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

**1. Purpose of Report**

- 1.1 This report considers proposals for a review of the current Members' Allowances Scheme and for the membership of the Independent Remuneration Panel which will make recommendations to the Council on the allowances to be paid to Members.

**2. Description of Decision**

- 2.1 Members are asked to:

2.1.1 Agree that a review of the current Members' Allowances Scheme be undertaken.

2.1.2 Agree that the Chief Executive, the Chief Finance Officer and the Monitoring Officer be given delegated powers to take all necessary action to facilitate the review including the appointment of the Independent Remuneration Panel.

**3. Background**

3.1 The Council approved the current Members' Allowances Scheme in January 2007 having considered the report of the Independent Remuneration Panel.

3.2 The functions of the Panel have been extended considerably under the Local Authorities (Members Allowances) (England) Regulations 2003 and now include responsibility for making recommendations on pensions eligibility, travel and subsistence, and co-optees allowances as well as recommendations on Basic and Special Responsibility Allowances. The functions of the Panel are described in the Appendix to this report. Local Authorities must have regard to the advice of the Panel when deciding on their Members Allowances Scheme and the amounts to be paid there under.

3.3 The relevant Regulations provides that an independent remuneration panel shall consist of at least three members none of whom:-

- (a) is also a member of an authority in respect of which it makes recommendations or is a member of a committee or sub-committee of such an authority; or

(b) is disqualified from being or becoming a member of an authority.

3.4 The last panel comprised:

John Anderson (former Chairman of the Local Strategic Partnership and currently Chair of Sunderland Arc)  
Ian Todd (ex Principal, Sunderland College)  
Karen Straughair (Chief Executive of Sunderland TCPT)

3.5 Ian Todd has indicated he does not wish to serve again. Karen Straughair has indicated she is willing to serve if required. John Anderson has expressed an interest in serving again and his experience would be helpful. It is suggested that an advertisement is placed and that the relevant officers are granted delegated powers to make additional appointments having regard to the statutory guidance.

4. **Current Position**

4.1 When the Scheme was last approved Council agreed to accept the Panel's recommendation that annual adjustments for Basic Allowances and Special Responsibility Allowances (SRAs) should be made using the Retail Price Index (excluding mortgage interest payments). The Panel recommended that the provision for annual adjustments should run for three years before the next formal review of the allowances scheme was undertaken.

It was agreed that the first annual adjustment should be undertaken in April 2008 and following the third and final annual adjustment in April of this year Members generally agreed to forego this index linked increase. However, as the third and final adjustment has been made this year another formal review of the Allowances Scheme is now required.

4.2 Other issues have arisen which prompt the need for a formal review including:-

- the change to the new form of executive arrangements
- changes to roles and responsibilities
- the increased work-load of Members in respect of the community leadership programme
- the appointment of co-optees to the Port Board
- the need to review the amounts payable in respect of those ward surgeries held in premises not owned by the Council to reflect the frequency of such surgeries
- the need to review the Foreign Travel Policy.

5. **Reasons for the Decision**

- 5.1 In view of the passage of time since the Council approved the current Scheme it is considered that a formal review of the Scheme is appropriate to take account of changes in circumstances and the current economic climate.

6. **Alternative Options**

- 6.1 None submitted for consideration as the Allowances Scheme is now due for a formal review.

7. **Background Papers**

The Local Authorities (Members Allowances) (England) Regulations 2003

New Council Constitutions – Guidance on Consolidated Regulations for Local Authority Allowances

### **The work of the Panel**

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

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

**CABINET**

**15 SEPTEMBER 2010**

**JOINT REPORT OF THE EXECUTIVE DIRECTOR OF CITY SERVICES,  
DIRECTOR OF FINANCIAL RESOURCES AND CHIEF SOLICITOR**

**SOUTH TYNE AND WEAR WASTE MANAGEMENT PARTNERSHIP -  
PFI UPDATE**

**1 PURPOSE OF THE REPORT**

- 1.1 To note and endorse the procurement process to date, including the proposal to appoint a Preferred Bidder; to note the impact on the budget and approve the recommendation to Council to amend the budget to include the financial costs of the project.

**2 RECOMMENDATIONS**

- 2.1 Cabinet is asked to:-
- (i) Note and endorse the procurement process to date.
  - (ii) Recommend Council to agree that the total financial costs over the lifetime of the project and the commitment to meeting the annualised cost, as set out in paragraph 5.1 in the body of the report; be approved as an amendment to the budget.

**3 BACKGROUND**

- 3.1 Cabinet on 5 December 2007 approved the recommendation to Council that the PFI Outline Business Case (OBC) in relation to the procurement of residual waste treatment services for the South Tyne and Wear Waste Management Partnership (STWWMP) be submitted to Department for the Environment, Food and Rural Affairs (DEFRA) as the basis for seeking PFI credit support for the future procurement of arrangements to deal with the residual waste fraction of municipal waste; and for that purpose only:
- (i) Agree the illustrative affordability range for the partnership authorities based on a PFI supported procurement and set out in the OBC and the appendices to the report; and
  - (ii) Confirm its commitment to address the illustrative affordability gap for the Council as set out at paragraph 5.1 of the body of the report and the OBC, and any subsequent revision thereof, resulting from a reapportionment of costs between the Partnership authorities that continues to offer financial benefit over the "do minimum" option.

- 3.2 At its meeting on 27 February 2008 Council resolved that the report of the Cabinet together with the views of the Review Committees be approved and adopted.
- 3.3 Cabinet on 30 July 2008 approved the commencement of the procurement and authorised the Joint Executive Committee to approve the relevant procurement documentation and to determine the detailed evaluation methodology.

#### **4 CURRENT POSITION**

- 4.1 The principal procurement has progressed as set out in Appendix 1 using the Competitive Dialogue procedure as required by DEFRA as a condition of PFI funding.
- 4.2 The evaluation of the Final Tenders received on the 11 August 2010 means that the Partnership Project Team is in a position to make a recommendation on the preferred bidder, which is the subject of a separate report elsewhere on the agenda.
- 4.3 It is proposed that Cabinet recommends to Council to agree that the financial costs of the project over the lifetime of the contract up to the upper level set out in 5.1.(a) below be approved as an amendment to the budget.

#### **5 RELEVANT CONSIDERATIONS/ CONSULTATIONS**

##### **5.1 (a) Financial Implications**

Cabinet at its meeting on 5<sup>th</sup> December 2007 approved the estimated financial implications of the project included within the report approving the submission of the OBC. The financial implications were set out within paragraph 5.1 of that report and stated that the potential affordability envelope was estimated to be between £234m to £353m over the 28 year life of the project. The Council's potential affordability envelope equated to an additional ongoing revenue cost of £5.2m to £7.0m per annum. The cost of the solutions proposed by both of the bidders are below the upper level of this affordability envelope.

In accordance with the policy of gradually building up provision within the Council's base budget to fund the eventual affordability gap, additional resources have been provided through the Council's budget to date and further resources will continue to be provided in accordance with the medium term plan for the annual increases in landfill tax until the commencement of the operation of the Waste Disposal Strategic Solution. Such provisions will enable the the affordability gap to be met fully prior to the solution becoming operational. It will also be necessary to provide for ongoing inflationary increases in future years' budgets over the period of the contract.



(b) Risk Analysis

A full risk analysis is being undertaken in relation to the contract and will be detailed in a subsequent report to Cabinet

(c) Legal Implications

The Chief Solicitor has been consulted and his comments have been incorporated within body of the report.

(d) Consultation

The Joint Municipal Waste Management Strategy has been subject to wide public consultation, including Members Seminars and Community Spirit groups.

Other relevant implications have been considered and taken into account in tender documentation, the dialogue process and the requirements for bidders' submissions.

## **6 REASONS FOR THE DECISION**

### 6.1 For the following reasons:

- i) To achieve the long-term objectives of the Joint Municipal Waste Management Strategy (JMWMS).
- ii) To enable the procurement to be progressed in a timely fashion.

## **7. ALTERNATIVE OPTIONS**

7.1 The individual authorities could procure separately but this would be inconsistent with the stated aim within the Joint Municipal Waste Management Strategy that the authorities procure under the auspices of the Partnership.

7.2 The individual authorities could decide not to proceed with the PFI project but they would lose access to PFI credits worth approximately £5.4m per annum in Revenue Support Grant.

## **8 BACKGROUND PAPERS**

Background papers used in the preparation of this report include:

- i) Report of the Director of Community and Cultural Services – Waste Management – Development of Partnership Arrangements; Cabinet 14 February 2007
- ii) Report of the Director of Community and Cultural Services- STWWMP Governance Arrangements; Cabinet 10 October 2007

- iii) Report of the Director of Community and Cultural Services  
Joint Municipal Waste Management Strategy; Cabinet 10  
October 2007
- iv) Joint Report Of Director Of Community And Cultural Services,  
City Treasurer And City Solicitor- South Tyne And Wear Waste  
Management Partnership - Outline Business Case; Cabinet 5  
December 2007
- v) Report Of Director Of Community And Cultural Services-Waste  
Management Partnership Arrangements; Cabinet 26 June 2008
- vi) Report Of Director Of Community And Cultural Services- South  
Tyne And Wear Waste Management Partnership- Evaluation  
Methodology And PFI Update; Cabinet 30 July 2008
- iv) South Tyne and Wear Waste Management Partnership Joint  
Municipal Waste Strategy 2007-2027 October 2007

**Policy Context**

1. The proposals are consistent with the South Tyne and Wear Waste Management Partnership's Joint Municipal Waste Management Strategy, and the Council's Corporate Improvement Plan with regard to sustainable waste management arrangements that reduce reliance on landfill and achieve landfill avoidance (LATS) targets, meet known and future legislative requirements, and recover value from waste. The proposals will also limit increases in the treatment costs of wastes over the longer term enabling the delivery of efficient, value for money services.

**Developments since Commencement of the Procurement**

2. The principal PFI procurement for a residual waste facility has been undertaken using the Competitive Dialogue process and in accordance with the evaluation criteria approved by Cabinet and Joint Executive Committee in July 2008.

The procurement has involved four evaluation stages, namely

- (i) Pre-Qualification (12 candidates to 8 bidders),
  - (ii) Outline solutions (8 bidders to 3), and
  - (iii) Detailed solutions (3 bidders to 2).
  - (iv) Final Tenders (2 bidders to Preferred Bidder)
3. The procurement process commenced with a Pre Qualification Questionnaire (PQQ) stage following the issue of a Prior Information Notice and a Contract Notice in the Official Journal of the European Union (OJEU). The PQQ stage is a capacity and capability check of potential bidders to ensure their suitability to enter into the Competitive Dialogue.
  4. Bidders which passed this initial check (8) were invited to submit Outline Solutions for the project that were evaluated using the Competitive Dialogue evaluation methodology agreed prior to the issue of the OJEU notice.
  5. The three Bidders that were successful at Outline Solutions stage (3) were invited to submit Detailed Solutions which were then evaluated, and one Bidder was de-selected at that time.
  6. Since January 2010 the Partnership Project Team have undertaken further dialogue with the two shortlisted Bidders leading to Close of Dialogue and Call for Final Tenders on 21 July 2010. Final Tenders were submitted by both Bidders on 11 August 2010.

7. Evaluation of Final Tenders has been undertaken by the Partnership Project Team and the recommendation of Preferred Bidder will be presented to the Cabinet meeting by way of separate report on the agenda.
8. At each stage in the Competitive Dialogue Procedure, the Bidders' submissions have been evaluated using a comprehensive evaluation methodology. The Bidders have been supplied with a copy of the evaluation methodology and with a comprehensive suite of documentation to ensure Bidders are aware of precisely what responses they were required to submit for evaluation.
9. The shortlisted Bidders were informed that the Final Tenders would be evaluated in line with the previously notified criteria which required responses in four distinct areas:
  - Technical (including Planning, and Communications);
  - Financial
  - Legal
  - Overall Integrity

The weightings to be applied for each area at this Final Tender stage are:

- Technical 60%
- Financial 20%
- Legal 15%
- Overall Integrity 5%

Bidders were required to pass a minimum quality threshold for each area. Bidders that passed the minimum quality threshold were then assessed against the economic cost to the Partnership of their solution in order to determine the Preferred Bidder.

10. The criteria and weightings were as follows :-
  - i. TECHNICAL  
The evaluation, comprising 60% of the overall score with a minimum quality score of 75%, assessed the following elements:-
    - Facilities design and development proposals
    - Approach to sites, planning and regulatory issues
    - Suitability of proposed technology and operating performance
    - Environmental impacts and sustainability
    - Suitability of service and interface proposals
    - Facilities, contract management and handback arrangements

ii. FINANCIAL

The qualitative financial evaluation, which comprises 20% of the overall score, was undertaken in relation to the following:

- Financial model integrity (5%) Minimum Quality Score 75%;
- Payment mechanism (5%) Minimum Quality Score 80%;  
and
- Deliverability and security of funding (10%) Minimum Quality Score 65%.

iii. LEGAL

The key aspects of the legal evaluation, comprising 15% of the overall score and with a minimum quality score of 80%, were:-

- Contract Terms
- Contract Structures and Guarantees

iv. OVERALL INTEGRITY

The elements assessed, to a minimum quality score of 80% and comprising 5% of the overall score, were:-

- Completeness and Consistency of the Submission
- Cohesiveness of the Project Team
- Partnership Working

11. The overall aim of the evaluation process was to select the Final Tender that is the most economically advantageous to the Partnership which meets the Partnership's quality requirements.



# ***Report of the Audit and Governance Committee***





**THE AUDIT AND GOVERNANCE COMMITTEE** reports and recommends as follows:

**1. Annual Report on the work of the Audit and Governance Committee 2009/2010**

That they have given consideration to a report by the Director of Financial Resources and Chief Solicitor (copy attached) on the work of the Audit and Governance Committee during 2009/2010, this being their first Annual Report to Council.

Accordingly, the Committee recommends Council to note the Annual Report on the Work of the Audit and Governance Committee 2009/2010.

**2. Treasury Management Review of Performance 2009/2010**

That they have given consideration to a report by the Director of Financial Resources (copy attached) on 29 June 2010 on the annual borrowing and investment performance for the financial year 2009/2010, produced in accordance with the requirements of the Treasury Management Policy and Strategy, agreed by Council, and reported to Council to comply with the requirements of the new CIPFA Treasury Management Code of Practice.

The report was also noted by at the Cabinet meeting held on 21 July 2010.

Accordingly, the Committee recommends Council to note the Treasury Management Review of Performance 2009/2010.



**AUDIT AND GOVERNANCE COMMITTEE**

**29<sup>th</sup> June 2010**

**ANNUAL REPORT ON THE WORK OF THE AUDIT AND GOVERNANCE  
COMMITTEE - 2009/2010**

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

**1. Purpose of Report**

- 1.1 This report provides a summary of the work undertaken by the Audit and Governance Committee during 2009/2010 and the outcome of this work. The purpose of this report is to demonstrate how the Committee has fulfilled its role. This is the first annual report on the work of the Committee and the report will also be presented to Council.

**2. Background**

- 2.1 The Audit Commission's review of the Effectiveness of Internal Audit in May 2009 identified that the Audit and Governance Committee had not reviewed its remit and effectiveness since its inception in April 2006. It was agreed at the Committee meeting on 22<sup>nd</sup> May 2009 that a workshop would be held to carry out the review, which took place on 20<sup>th</sup> July 2009. One of the agreed actions which resulted from the review was that an annual report would be prepared on the work of the Committee.

**3. Role of the Committee**

- 3.1 The Audit and Governance Committee is a key component in the Council's Corporate Governance Arrangements. Its role is to:
- to approve the Authority's Statement of Accounts, income and expenditure, and balance sheet or record of receipts and payments (as the case may be).
  - consider the effectiveness of the authority's corporate governance arrangements, risk management arrangements, the control environment and associated anti-fraud and anticorruption arrangements and seek assurance that action is being taken on risk-related issues identified by auditors and inspectors;

- be satisfied that the authority's assurance statements, including the Annual Governance Statement, properly reflect the risk environment and any actions required to improve it.

3.2 To enable the Committee to fulfil its role effectively awareness / update sessions have been held to provide members of the Committee with information on relevant issues. Sessions provided include the following:

- The Sunderland Strategy and the Council's Corporate Improvement Plan.
- Statement of Accounts.
- Treasury Management.
- Comprehensive Area Assessment and Use of Resources.

#### **4. Review of the Remit and Effectiveness of the Committee**

4.1 During the year the Committee undertook a review of its remit and effectiveness. This was undertaken through a workshop which considered an assessment of the Terms of Reference for the Committee against guidance issued by the Chartered Institute of Public Finance and Accountancy (CIPFA), '*Audit Committees: Practical Guidance for Local Authorities*'. A self assessment, based on the CIPFA guidance, was completed during the workshop following detailed discussion by committee members in relation to each area of the operation of the Committee. The self assessment was supported by a list of all of the previous reports which had been presented to the Committee, detailing the purpose of each report and its impact. The External Auditor was also present at the workshop and provided advice and commentary as appropriate.

4.2 The results of the review concluded that, in the main, the current arrangements compare favourably to the CIPFA guidance. However, a number of recommendations were agreed where it was considered that the current arrangements could be improved or enhanced. All but one of the recommendations have been implemented, the remaining recommendation is not yet due for implementation.

#### **5. Matters Considered**

5.1 The Committee has met six times during the course of the year to consider a range of issues. Appropriate officers of the Council have been in attendance at the meetings to present reports and provide additional information in order to clarify issues and respond to questions from members of the Committee. Regular attendees at the meetings are the Council's Monitoring Officer (Chief Solicitor), the Director of Financial Resources, the Head of Audit, Risk and Procurement and the Council's External Auditors.

5.2 To enable the Committee to fulfil its role as set out in paragraph 3.1, a range of reports are considered to enable the appropriate decisions to be taken. Appendix 1 shows the list of reports which were considered at each meeting. A summary of the issues considered is as follows:

- a) The committee endorsed the Internal Audit Strategy and Operational Plan, which sets out the arrangements for providing internal audit services within the Council and to associated bodies, the plan of audit work for the year and the performance indicators that Internal Audit Services will be measured against. The Committee was also given the opportunity to identify any areas of concern to be considered for the Internal Audit Plan for 2010/2011.
- b) An interim progress and Annual Report from Internal Audit were presented to provide details of Internal Audit's performance in relation to the agreed performance indicators and to provide members of the Committee with an opinion on the overall internal control environment within the Council. Specific key issues are also highlighted within the reports for members to consider further, for example, ICT disaster recovery.
- c) An annual review of the effectiveness of Internal Audit is carried out and the results of this review were reported to members to provide assurance that the arrangements in place are sound.
- d) External Auditors provided reports detailing their Annual Audit and Inspection Plan, their fees, the Annual Audit Letter, and results of the Comprehensive Area Assessment and Use of Resources judgement. Further reports on specific pieces of work carried out within the Council were also presented to provide members with a view of the arrangements in place, for example, the Council's Asset Management arrangements.
- e) Reports were presented in relation to the Corporate Risk Profile and the risk management arrangements within the Council, to provide assurance to members that key risks are being effectively managed.
- f) The results of the Annual Governance Review were presented, which summarises the overall governance arrangements in place within the Council. This review sets out all of the sources of evidence (including the reports mentioned above) that are used to prepare the draft statement in relation to the Council's overall control environment. This statement, the Annual Governance Statement, was approved by the Committee and included within the Council's Statement of Accounts.
- g) The annual Statement of Accounts (subject to audit) was presented for members to challenge and approve before they were made available for public inspection and to the external auditors. Once the external auditor had completed the audit, any amendments were submitted back to the Committee

for approval. In addition, the Committee received information regarding the implications of the International Financial Reporting Standards, which the Council will have to comply with in the coming years.

- h) The Committee received reports in relation to the Council's Treasury Management arrangements to receive assurance that they are appropriate and in line with recently issued good practice.
- i) During the year, the Chairman of the Audit and Governance Committee attended the North East Public Service Audit Committee Chairs' Forum, which considers and compares the activity of the various audit committees across the public sector in the North East. The Chairman had reported that there were clear differences in how Authorities approached the operation of their Audit Committees. It was noted that the Audit and Governance Committee had identified areas for development during the Review of the Remit and Effectiveness of the committee. It was agreed that the Committee would benefit from receiving the results of the Comprehensive Area Assessment and any other cross Council audit or inspection reports in future.

5.3 From the reports presented the Committee has been proactively monitoring performance in a number of areas and requesting improvement. These are as follows:

- *ICT Disaster Recovery arrangements* - In the Internal Audit Annual Report for 2008/2009, the position regarding business continuity / contingency planning for ICT was reported as being satisfactory in three of four areas, with the unsatisfactory opinion being in relation to the recovery of key applications. Since this time the Committee has requested regular updates regarding progress in addressing the situation relating to the recovery of key applications. The arrangements improved significantly during 2009/2010 resulting in a satisfactory opinion being issued in the Internal Audit Annual Report for the year. The Committee is continuing to receive information regarding improvements in this area.
- *Strategic Asset Management* – The Audit Commission presented a report in relation to the arrangements for Strategic Asset Management within the Council in May 2009. The report concluded that although good progress had been made to develop the arrangements there was more to be done in some areas, specifically in relation to developing a strategic approach to managing and acquiring assets within the city. The Committee requested a further report detailing progress in implementing the recommendations. A report regarding progress was provided in March 2010, with further progress reports requested.

- *Implementation of Agreed Internal Audit Recommendations* – In the Internal Audit Annual Report for 2008/2009 it was reported that the rate of implementation of agreed medium risk recommendations stood at 84% against a target of 90%. A breakdown of performance by directorate was provided. The Committee noted that there was low performance in some areas of the Council and asked for this to be monitored through the Committee. Whilst the Internal Audit Annual Report for 2009/2010 has reported that the overall implementation rate has remained the same (at 84%) the performance during the latter part of the year shows an improvement. Performance in this area will continue to be monitored by the Committee.

5.4 It can be seen that the work of the committee is wide ranging with members monitoring performance more closely in those areas where it is deemed improvements are required.

## **6. Recommendations**

6.1 The Committee is asked to consider the report and provide any comments for inclusion prior to the report being presented to Council.

## **Background Papers**

Reports submitted to the Audit and Governance Committee during 2009/2010





## Reports presented to the Audit and Governance Committee 2009/2010

Date	Report of	Title	Purpose	Impact
22 May 2009	City Treasurer and City Solicitor	Annual Review of Effectiveness of Internal Audit 2008/2009	Receive assurance	Members asked specific questions regarding areas of the self assessment leading to improvements in areas discussed.
	City Treasurer	Treasury management in Local Authorities	Receive assurance. Agree to receive reports and monitor compliance with the Treasury Management policy in the future	Additional member review of treasury management practices.
	Audit Commission	Review of Asset Management	Receive information on a specific area of the council	Discussion of the Audit Commission report and a request for further progress reports regarding the implementation of the recommendations.
30 June 2009	Director of Financial Resources	Internal Audit Services Annual Report 2008/2009	Provide an opinion on the performance of internal audit, and the overall internal control environment raising any significant issues	Request for action to improve recommendation implementation rates, including further reports on this issue.
	Director of Financial Resources	Risk Management Annual Report 2008/2009	Provide an opinion on the adequacy of the risk management arrangements in place	Assurance provided.
	Director of Financial Resources and Chief Solicitor	Annual Governance Review	Approval of the Statement Reporting reviews on Internal Control and Internal Financial Control	Specific questions raised on the action plan focusing officer's attention.
	Audit Commission	Audit Fees 2009/2010	For information	
	Director of Financial Resources	Statement of Accounts 2008/2009 (subject to Audit)	Approve the statement of accounts subject to audit	Specific questions raised by members on the accounts. Explanations received.
29 September 2009	Chief Executive and Director of Financial Resources	Summary of the Sunderland Strategy and the Council's Corporate Improvement Plan	For information	

<b>Date</b>	<b>Report of</b>	<b>Title</b>	<b>Purpose</b>	<b>Impact</b>
	Director of Financial Resources	International Financial Reporting Standards	For information	
	Director of Financial Resources	Audited Statement of Accounts	Approval of the amended statement of accounts	Statement of Accounts approved.
	Director of Financial Resources	Assessment of the Remit and Effectiveness of the Audit and Governance Committee	Provide a summary of the assessment and approve the recommended improvements	Assessment was agreed and improvements to the working of the Committee were agreed.
27 November 2009	Director of Financial Resources	New Corporate Risk Profile	Receive assurance	Members asked specific questions regarding the entries in the profile and requested that the Head of Strategic Economic Development be invited to a future meeting to outline the Economic Master Plan.
	Director of Financial Resources	Internal Audit Plan Consultation 2010/2011	Provide Members of the Committee the opportunity to contribute to the development of the Internal Audit Plan for 2010/2011	Members discussed areas for consideration in formulating the Internal Audit Plan.
	Director of Financial Resources	Internal Audit Progress Report 2009/2010	Receive assurance	Specific queries were raised regarding the work undertaken.
	Director of Financial Resources	Treasury Management – Review of 2008/2009 and mid year review 2009/2010	Receive assurance	
15 February 2010	Director of Financial Resources	Capital Programme – Third Review 2009/2010, Provisional Resources and Treasury Management Review	Receive assurance and provide comments as required	Assurance received, arrangements were commended.
	Director of Financial Resources	Capital Programme 2010/2011, including Prudential Indicators and Treasury Management Strategy and Policy	Receive assurance and provide comments as required	Various questions were asked by members and explanations received.

<b>Date</b>	<b>Report of</b>	<b>Title</b>	<b>Purpose</b>	<b>Impact</b>
	The Chairman	North East Public Service Audit Committee Chair's Forum	Discuss the issues raised at the Forum and consider any areas for further development	It was agreed that the Committee would benefit from receiving the results of the Comprehensive Area Assessment and any other cross Council audit or inspection reports in future.
26 March 2010	Director of Financial Resources	Internal Audit Strategy and Operational Plan 2010/2011	Endorsement of the updated Internal Audit Strategy and Operational Plan	Specific questions regarding areas included within the Operational Plan were raised. The Operational Plan was endorsed.
	Director of Financial Resources	Corporate Risk Profile – Update	Receive assurance	Comments were made regarding the report. It was agreed that in future it would be more appropriate for members to receive a summary of the key areas of activity and updates presented.
	Deputy Chief Executive	Review of Strategic Asset Management	Review progress in implementing recommendations made by the Audit Commission	Progress was noted and further updates were requested by the Committee.
	Chief Executive	Comprehensive Area Assessment	Receive assurance in relation to the findings of the Comprehensive Area Assessment	Questions were asked in relation to specific issues highlighted in the report. Assurance was received regarding the actions being taken to improve some areas that had been 'red tagged' as part of the Assessment.
	Chief Executive and Director of Resources	Annual Audit Letter	Receive assurance from the Council's external auditors in relation to 2008/2009	Specific queries were raised on the report. The Chairman asked the District Auditor to press on with trying to resolve the objections to both the 2007/2008 and 2008/2009 accounts.
	Director of Financial Resources	Proposed Schedule of Reports 2010/2011	Approve the reports to be presented to the Committee	Reports approved. Chairman also asked for some issues from the Annual Audit Letter to be covered.
	Director of Financial Resources	International Financial Reporting Standards – Progress Report	Receive assurance regarding progress in complying with the standards	



**AUDIT AND GOVERNANCE COMMITTEE**

**29 June 2010**

**TREASURY MANAGEMENT – REVIEW OF PERFORMANCE 2009/2010**

**Report of the Director of Financial Resources**

**1 Purpose of the Report**

1.1 To report on the borrowing and investment performance for 2009/2010.

**2 Description of Decision**

2.1 The committee is requested to note the Treasury Management performance for 2009/2010.

**3 Introduction**

3.1 This report sets out the annual borrowing and investment performance for the financial year 2009/2010, in accordance with the requirements of the Treasury Management Policy and Strategy agreed by Council.

**4 Review of Performance 2009/2010**

**Borrowing Strategy and Performance – 2009/2010**

- 4.1 Cabinet agreed the Borrowing Strategy on 11th February 2009 and this was approved by Council on 4<sup>th</sup> March 2009. The basis of the strategy was to:
- continuously monitor prevailing interest rates and forecasts;
  - secure long-term funds when market conditions were favourable;
  - use a benchmark financing rate of 4.00% for long term borrowing (i.e. all borrowing for a period of one year or more);
  - take advantage of debt rescheduling opportunities, as appropriate.
- 4.2 The Borrowing Strategy was reviewed by this committee in November 2009 and February 2010 and was reaffirmed on both occasions. The Borrowing Strategy for 2009/2010 was based upon interest rate forecasts from a wide cross section of City institutions, advice from the Council's Treasury Management advisers and from other available information sources e.g. The Financial Times, Treasury and Government forecasts etc.

- 4.3 This report also incorporates the requirements of the revised Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management 2009, which was issued in December 2009 and was formally adopted by the Council on 3<sup>rd</sup> March 2010. The Council adopted most of the changes recommended in the revised Code earlier in the financial year, in response to a CIPFA consultation paper on Treasury Management and recommendations set out in the "Risk and Return" report issued by the Audit Commission, which was brought about by the Icelandic banking crisis. The actions proposed and adopted were reported to this Committee and to Cabinet in June 2009.
- 4.4 The view in February 2009, at the time the Treasury Management Policy and Strategy was formed, was that variable rate borrowing was expected to become cheaper as the Base Rate was forecast to fall to 0.50% by the end of March 2009. Thereafter variable rate borrowing was expected to remain at this level until Qtr 1 of 2010 before slowly rising to 4.0% over the following two years. The forecast for the long-term PWLB rates was for rates to fall in Q2 2009 (i.e. 25 year loans – 3.95% and 50 year loans between 3.85% and 3.90%) and would remain around those levels until Q1 2010 before slowly increasing to 5.05% for 25 year loans and to 5.00% for 50 year loans by the end of 2011/2012.

As expected, the Base Rate did fall to 0.50% in March 2009, where it has remained to the present day. However, as can be seen from the table below (showing the average borrowing rates for each quarter in 2009/2010) the longer term rates have been higher than the levels forecast:

Borrowing Period	Projected Rates	Actual Rates 2009 / 2010			
		Q1 %	Q2 %	Q3 %	Q4 %
7 day notice	0.5	0.46	0.38	0.31	0.30
1 year	-	0.97	0.93	0.83	0.87
5 year	2.18	2.80	2.97	2.83	2.99
10 year	2.60	3.72	3.88	3.91	4.22
25 year	3.95	4.57	4.43	4.35	4.64
50 year	3.85 to 3.90	4.66	4.45	4.36	4.62

During 2009/2010 the Bank of England's Monetary Policy Committee (MPC) was focused on helping the economy to recover from the deepest and longest recession the UK economy had experienced for many years. Despite keeping the Base Rate at an unprecedented historically low of 0.5% all year, the MPC also decided to increase the amount of liquidity (i.e. the quantity of money) in the economy by £200 billion. This process, known as 'quantitative easing', injects money into the economy, primarily by buying UK government bonds (known as gilts). As well as increasing liquidity, this also has the effect of boosting prices for gilts and corporate bonds, thereby bringing down yields, with the effect of reducing borrowing costs for both the business and the public sectors, particularly in the short to medium term borrowing periods.

- 4.5 The Council's borrowing requirement for 2009/2010 was assessed at around £35.0 million (as a result of 11.75% redeemable stock maturing in November 2008 and £30.0 million PWLB loans being prematurely repaid in January 2009). This borrowing was deferred from 2008/2009 as interest rates were forecast to fall. The aim was then to replace these loans in the short to medium term when either:
- the long term PWLB rate fell below 4.0%, or if this was unlikely to happen,;
  - spreading the debt maturity pattern over a shorter period to take advantage of lower interest rates in these shorter periods and also to provide more flexibility for debt rescheduling opportunities in the future.

To date, £33.0 million of these loans have been replaced with new loans from the PWLB as detailed in the table below. All loans were below the 4.00% target rate set for long term borrowing and represent a lower cost of borrowing to the Council going forward.

<b>Date</b>	<b>Lender</b>	<b>Amount £m</b>	<b>Period (Years)</b>	<b>Rate %</b>	<b>Benchmark % Rate</b>	<b>Margin %</b>
18/06/09	PWLB	5.0	3.0	2.32	4.00	(1.68)
18/06/09	PWLB	5.0	4.0	2.73	4.00	(1.27)
22/06/09	PWLB	5.0	9.0	3.67	4.00	(0.33)
30/06/09	PWLB	5.0	10.0	3.71	4.00	(0.29)
30/06/09	PWLB	4.0	8.5	3.65	4.00	(0.35)
30/06/09	PWLB	4.0	11.5	3.99	4.00	(0.01)
13/10/09	PWLB	5.0	18.5	3.99	4.00	(0.01)
<b>Total</b>		<b>33.0</b>		<b>3.41</b>		

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

The Strategy also stated that because of the proactive approach taken by the Council in recent years, and because of the very low underlying rate of the Council's long term debt, it would be difficult to refinance long term loans at interest rates lower than those already in place.

In January 2010 however, advantage was taken of market conditions, which enabled a debt rescheduling exercise to be undertaken. As a result, £24.0 million of PWLB loans with an average rate of 4.20% (rates ranged from 4.15% to 4.30%) were prematurely repaid. The details of which are shown in the table below.

Date	Lender	Amount £m	Rate %	Premium / (Discount) £
12/01/10	PWLB	4.0	4.15	(46,699)
12/01/10	PWLB	4.0	4.15	(47,065)
12/01/10	PWLB	3.0	4.20	(5,908)
12/01/10	PWLB	3.0	4.20	0
12/01/10	PWLB	3.0	4.20	0
12/01/10	PWLB	3.0	4.30	60,144
12/01/10	PWLB	4.0	4.25	39,816
		<b>24.0</b>	<b>4.20</b>	<b>288</b>

It was considered prudent to repay these PWLB loans and use investments to temporarily finance the transaction. The consequent reduction in investments had a further benefit of reducing the counterparty risk as the Council had fewer funds to place by repaying this debt early. The cost of this rescheduling (£288) was almost cost neutral. However, the action taken will result in an annual net saving of interest of £817,000, until such time as the debt is replaced. As reported to the last meeting of this Committee, the debt has been part replaced as follows:

Date	Lender	Amount £m	Period Years	Rate %
21/05/10	PWLB	10.0	4	1.99*
21/05/10	PWLB	5.0	50	4.29*
		<b>15.0</b>		<b>2.76</b>

\* Benchmark borrowing rate 2010/2011 is 4.50%

- 4.7 The Council has nine market Lender's Option / Borrower's Option (LOBO) loans totalling £39.5 million, of which £34.5 million are now flat rate vanilla LOBO's which have three year roll-over periods. This essentially means that these loans have become flat rate loans which are reviewed every 3 years. The other loan of £5.0 million still has a six monthly roll-over period. Details are shown in the table below.



## Lender Option Borrower Option – Vanilla arrangements

\*\*This LOBO converted from its original front-end rate of 2.55% to 4.50% on 23<sup>rd</sup> April 2007, under the terms of the loan.

The Treasury Management team will continue to monitor this loan for an opportunity to renegotiate the loan on more favourable terms, but this is unlikely to happen in the current interest rate environment.

4.8 The Council's borrowing portfolio position at 31st March 2010 was:

Start Date	Lender	Amount £m	Period Years	Rate %	Initial Fixed Period	Roll Over Period	Next Roll Over Date
27/01/06	Dexia	5.0	60	4.32	27/01/09	3 Years	27/01/12
03/02/06	Dexia	5.0	60	4.37	03/02/10	3 Years	03/02/13
22/02/06	Dexia	5.0	60	4.38	22/02/10	3 Years	22/02/13
12/06/06	Barclays	9.5	60	4.37	12/12/08	3 Years	10/12/11
14/08/06	Barclays	5.0	60	4.45	14/08/07	3 Years	14/08/10
30/09/06	Dexia	5.0	60	4.32	29/09/09	3 Years	29/09/12
21/10/03	Barclays	5.0	40	4.50	23/04/07	6 Mths **	23/10/10
<b>Total</b>		<b>39.5</b>					

		Principal (£m)	Total (£m)	Average Rate (%)
<b>Fixed Rate Funding</b>				
	PWLB	107.5		
	Market	29.5		
	Other	0.4	137.4	3.96
<b>Variable Rate Funding</b>				
	PWLB	0.0		
	Market	10.0		
	Temporary/Other	30.9	40.9	1.37
<b>Total Borrowing</b>			<b>178.3</b>	<b>3.37</b>
<b>Total Investments</b>	In House		<b>172.0</b>	<b>1.91</b>
<b>Net Debt</b>			<b>6.3</b>	

## Prudential Indicators – 2009/2010

- 4.9 All external borrowing and investments undertaken in 2009/2010 have been subject to the monitoring requirements of the Prudential Code. Under the code, Authorities must set borrowing limits (Authorised Borrowing Limit for External Debt and Operational Boundary for External Debt) and must also report on the Council's performance for all of the other Prudential Indicators, please see 4.10 below for more details.

The statutory limit under section 3(1) of the Local Government Act 2003 (known as the Authorised Borrowing Limit for External Debt) was originally set by the Council for 2009/2010 in total as £333.322m which was detailed as follows:

	<b>£m</b>
Borrowing	331.759
Other Long Term Liabilities	<u>1.563</u>
<b>Total</b>	<b><u>333.322</u></b>

The above limit was reviewed but it was considered that the total limit could accommodate the increase arising from the inclusion of PFI schemes and finance leases being brought on to the Balance Sheet which only affected the amount to be shown as Other Long Term Liabilities. The structure of the Authorised Limit thus was revised to show that:

	<b>£m</b>
Borrowing	241.759
Other Long Term Liabilities	<u>91.563</u>
<b>Total</b>	<b><u>333.322</u></b>

The Operational Boundary for External Debt for 2009/2010 was initially set at £227.212m. This was increased by Council on 3<sup>rd</sup> March 2010 to include an element for long-term liabilities relating to PFI schemes and finance leases, which are to be brought on Balance Sheet in accordance with the SORP 2009 and thus needed to be amended and included in the calculation of the operational boundary for 2009/2010.

The revised operational boundary is set out below:

	<b>£m</b>
Borrowing	200.918
Other Long Term Liabilities	<u>91.563</u>
<b>Total</b>	<b><u>292.481</u></b>

The Council's maximum external debt in 2009/2010 was £259.569 million (which includes borrowing in respect of other organisations such as Tyne and Wear Fire and Rescue Authority), and is well within both of the above limits.

- 4.10 The table below shows that all other Treasury Management Prudential Indicators have been complied with during 2009/2010, and these are set out in the table overleaf

Prudential Indicators		2009/2010	
		Limit £'000	Actual £'000
<b>P10</b>	<b>Upper limit for fixed interest rate exposure</b> Net principal re fixed rate borrowing / investments	70,000	27,367
<b>P11</b>	<b>Upper limit for variable rate exposure</b> Net principal re variable rate borrowing / investments	30,000	26,867
<b>P12</b>	<b>Maturity Pattern</b> Under 12 months 12 months and within 24 months 24 months and within 5 years 5 years and within 10 years 10 years plus A lower limit of 0% for all periods	Upper Limit 40% 50% 50% 75% 100%	18.18% 0.01% 5.66% 7.90% 81.71%
<b>P13</b>	<b>Upper limit for total principal sums invested for over 364 days</b>	100,000	35,000

4.10 The impact on the borrowing costs of the Council in following its Borrowing Strategy has produced the following effect on the Council's "pool rate" of interest over the last five years as follows

2005/06	4.31%
2006/07	4.58%
2007/08	4.71%
2008/09	4.14%
2009/10	2.89%

The movement in the pool rate reflects long term fixed rate borrowing decisions and the movement in market rates. The Base Rate reduction to 0.5% together with the debt rescheduling carried out by the council and cheaper replacement PWLB loans acquired (see 4.5 above) has resulted in a decrease of 1.25% in the pool rate from 4.14% in 2008/2009 to 2.89% for 2009/2010.

## 5. Investment Strategy and Performance – 2009/2010

5.1 The Annual Investment Strategy basically sets out the type of investments the Council can use for the purpose of investments and makes specific reference to:

- the procedures for determining the use of each asset class, (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 asset class;
- the amount or percentage limit to be invested in each asset class;
- whether the investment instrument is to be used by the Council's in-house officers and/or by the Council's appointed external fund managers (if used); and, if non-specified investments are to be used in-house, whether prior professional advice is to be sought from the Council's treasury advisers;
- the minimum amount to be held in short-term investments (i.e. one which the Council may require to be repaid or redeemed within 12 months of making the Investment).

5.2 The Annual Investment Strategy has been fully complied with in 2009/2010 with the exception that for a short period of time there were a limited number of departures in respect of section 13.4 of the Annual Investment Strategy which states that "the minimum amount of overall investments that the Council will hold in short-term investments (less than one year) is £50m. As the Council has decided to restrict most of its investments to term deposits, it will maintain liquidity by having a minimum of 50% of these short-term investments maturing within 6 months".

This occurred because of the need to mitigate the risk of the fall in interest rates on investments, which meant more funds were temporarily placed for longer than 6 months in accordance with the approved Lending List and Criteria in order to maximise investment income with what are regarded as very safe and secure institutions which also have the government guarantee in place. This position had no impact upon the Prudential Indicators as reported and was actually beneficial to the council in higher returns on investments than would have been the case otherwise. Also the Annual Investment Strategy was amended to recognise the fact that the 50% limit in 2009/2010 was being unnecessarily restrictive and this was revised to 40% for 2010/2011.

5.3 At 31<sup>st</sup> March 2010 the Council had outstanding investments of £172.0 million. The table below shows the return made on the Council's total investments for 2009/2010 as compared with the 7 Day rate, which the Council has used historically to assess its performance.

	<b>2009/2010 Return</b>	<b>2009/2010 Benchmark</b>
	<b>%</b>	<b>%</b>
<b>In-house Managed Funds</b>	<b>1.91</b>	<b>0.36</b>

This return far exceeded the benchmark set for 2009/2010 and represents a very good achievement in a year that has seen a great deal of uncertainty and volatility in the financial markets.

5.4 All investments placed in 2009/2010 have been made in accordance with the approved Criteria and the Approved Lending List which was agreed in the 11<sup>th</sup> February 2009 Cabinet Report and approved by Council on 4<sup>th</sup> March 2009.

- 5.5 In view of the present economic climate and the current situation with the financial markets the Director of Financial Resources, in consultation with the Cabinet Portfolio holder for Resources, has the delegated authority to vary the Lending List Criteria and Lending List itself should circumstances dictate, on the basis that changes be reported to Cabinet and the Audit and Governance Committee retrospectively, in accordance with normal Treasury Management reporting procedures.
- 5.6 As members will be aware, the regular updating of the Council's Authorised Lending List and Criteria is required in the light of financial institution mergers and changes in institutions' credit ratings. These changes have already been reported to members in detail previously but for information the position as at 31<sup>st</sup> March 2010 is shown in the attached Appendices, which reflect the limited changes made during the year.
6. **Reasons for Decisions**
- 6.1 To note the performance for 2009/2010.
7. **Alternative Options**
- 7.1 *No alternatives are submitted for Cabinet consideration.*

### **Background Papers**

Sector CityWatch (Monthly) and weekly credit rating list  
Sector / Capital Economics / UBS Economic forecasts  
Local Government Act 2003  
Treasury Management in the Public Services Code of Practice  
The Prudential Code for Capital Finance  
Audit Commission Risk and Return Report (March 2009)  
CIPFA Treasury Management Code of Practice consultation on proposed changes  
Revised CIPFA Treasury Management Code of Practice (December 2009)  
The Financial Times

## LENDING LIST CRITERIA

### Counterparty Criteria

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

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

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

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

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

## Country Limit

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

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

Country	Limit £m
UK	250
Non UK	30

## Sector Limit

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

Sector	Limit £m
Central Government	250
Local Government	250
UK Banks	250
UK Building Societies	150
Foreign Banks	0

## Group Limit

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

This will apply provided that:

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

Current group limits are set out in Appendix 2.

**Approved Lending List**

**Appendix 2**

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



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

## Notes

### Note 1 Nationalised / Part Nationalised

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

\* Banks / Building Societies which are part of the UK Government's Credit Guarantee scheme

The counterparties in this section will have a AA rating applied to them thus giving them a credit limit of £30 million for a maximum period of 364 days

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

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

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



# ***Action on Petitions***



**ACTION TAKEN ON PETITIONS**

Members will recall that at its meeting in June the Council approved the Petitions Scheme and also agreed that the current practice of reporting to Council on the action taken in respect of those petitions submitted at full Council be continued. Accordingly, Members are asked to note the action taken in relation to the undermentioned petitions which were presented to Council:-

- (i) **Petition requesting that the Council takes action to deal with vehicles parked at the junction of Crow Lane and the A690 causing difficulty for drivers and pedestrians. Presented by Councillor Robert Oliver on 25<sup>th</sup> November 2009**

The former Development and Regeneration Directorate (D & R) received a request in relation to this matter from Councillor Robert Oliver on 8<sup>th</sup> February 2009. Records from the former D & R directorate indicate that following a meeting on site on the 10<sup>th</sup> February 2009 it was agreed with Councillor Oliver that a scheme to extend existing waiting restrictions on Durham Road for a distance of 10m into Crow Lane would be implemented, subject to satisfactory consultation regarding the proposed traffic regulation order. However the scheme as proposed was not progressed at that time.

Following receipt of the petition on 25 November 2009 the Executive Director of City Services, in consultation with local ward members and the portfolio holder for Attractive and Inclusive City, approved the petition request and instructed officers to take action to ensure that the scheme is delivered as part of this years (2010/11) Local Transport Plan (LTP) capital programme. It is anticipated that the scheme will be completed during the Autumn 2010.

Cllr Robert Oliver and the Lead Petitioner to be notified.

**(ii) Petition from residents of Lakeside Towers requesting the provision of additional parking for residents. Presented by Councillor Alan Wright on 31<sup>st</sup> March 2010**

The petition was signed by 291 residents.

The Executive Director of City Services considered the petition and following consultation with Councillor Blackburn, Portfolio Holder for Attractive and Inclusive City, determined that the petitioners' request should be declined on the grounds that the Council has no duty or funding available, to provide residential parking facilities. Instead, the petitioners should be advised to approach Gentoo, directly, about their request for additional parking

Councillor Wright and the lead petitioner have been notified of the Executive Director's decision.

**(iii) Petition requesting the provision of a pedestrian crossing on Silksworth Road in the vicinity of Oakfield Court. Presented by Councillor Alan Wright on 24<sup>th</sup> June 2009**

The Executive Director of City Services considered the petition and following consultation with Councillor Blackburn, Portfolio Holder for Attractive and Inclusive City, determined that the petitioners' request should be declined on the grounds that the location does not meet the required criteria in terms of pedestrian/vehicular conflict, the numbers of pedestrians wishing to cross and the accident history.

Councillor Wright and the Manager of Oakfield Court Retirement Housing have been notified of the Executive Director's decision.

**(iv) Petition requesting Urgent Action to be taken to make improvements to Hetton Cemetery, in respect of repairs to roads, pathways and fencing, better maintenance of landscape and inclusion of floral displays to make the cemetery a better resting place and attractive to visitors. Presented by Councillor Tate on 27 January 2010**

The petition contained 838 signatures.

Officers of the City Services Directorate inspected the cemetery and the action identified below was taken to make some immediate improvement:

- Footpaths were treated to limit growth of moss
- Railings received preparation work to enable paintwork to be carried out.
- The conifer hedge facing Houghton Road was reduced in height and trimmed.

In addition to this a technical survey of all pathways and roads in the cemetery is underway in order to identify necessary remedial works and funding implications.

Grounds maintenance standards will be monitored and grass cutting commenced in April 2010. The floral beds were replanted in early summer (May – June 2010) as part of the regular maintenance of the Cemetery and will continue to be maintained.

Further work on walls and footpaths will be progressed when resources become available.

Councillor Tate and the petitioners have been notified of the Executive Director's decision.

**(v) Petition from local residents requesting the provision of a controlled pedestrian crossing on Mill Hill Road. Presented by Councillor E. Gibson on 14 June 2010.**

Officers of the City Services Directorate have met with local Ward Councillors to discuss the petition and a possible solution to resolve the issues raised. It was agreed that traffic refuges would be constructed along Mill Hill Road along with hatching to narrow the road to both provide a variety of safer places to cross the road and also to slow traffic down along it. The works would be funded using a mixture of Area Committee and Local Transport Plan funding. Local residents have been consulted and work is about to start on site to construct the scheme.

**(vi) Petition from local residents requesting traffic calming in the area around Leafields and Faber Road and expressing concern over the lack of consultation on the play park and anti-social behaviour caused by this play park. Presented by Councillor R. Copeland on 14 June 2010.**

Officers of the City Services Directorate have completed investigations into the issues raised in the petition. The area is undergoing a major transformation and as part of this the road network is being modified to deal with these changes. The local Ward Councillors have been consulted. A formal decision is anticipated to be made in week commencing 11th October 2010

**(vii) Petition from local residents requesting the extension of parking restrictions in the Leazes. Presented by Councillor P. Dixon on 14 June 2010.**

Officers of the City Services Directorate have inspected the site to determine the extent of the parking issues. At the time of the inspection soon after the petition was received there were no issues observed that warranted acceding to the request. However officers were mindful that the parking problems were dominated by students at the University parking their cars in the locality and at the time there were few students attending the university. Therefore surveys will be organised to be undertaken in late September and early October when the University is fully in session and will then prepare a fully considered response to the petition.



# ***Notices of Motion***



**NOTICE OF MOTION**

Council Members are asked to consider the undermentioned Motion:-

**(i) Notice of Motion – Academic Achievements**

This Council wishes to congratulate all our students in the academic achievements they have reached this summer, culminating in the best set of GCSE results in the City's history. In doing so, we recognise that to achieve their best, students need high quality teachers and resources to ensure they have the opportunity to reach their full potential.

This Council therefore reaffirms its current commitment to education as a top priority, but recognises that ensuring all pupils reach their full potential requires equal commitment from central government. It therefore notes with regret and disappointment the recent actions of the new coalition government – such as the cancelling of BSF funding – have called into question their commitment. This Council therefore urges the coalition government in its autumn spending review to reverse these cuts and reaffirm their commitment to quality education for all.

Councillor P. Stewart  
Councillor R.A. Bell  
Councillor F. Anderson  
Councillor P. Smith  
Councillor G. Miller  
Councillor N.J. Padgett  
Councillor P. Watson  
Councillor D. Allan  
Councillor H. Trueman  
Councillor M. Speding  
Councillor B. Charlton



# ***Reports***



**COUNCIL**

**29<sup>TH</sup> SEPTEMBER, 2010**

**Quarterly Report on Special Urgency Decisions**

**Report of the Leader**

The Council's Constitution requires that a quarterly report be submitted to Council on executive decisions which have been taken under Rule 16 of the Local Authorities (Executive Arrangements) (Access to Information) (England) Regulations 2000.

This is the special urgency provision under which key decisions may be taken by the executive notwithstanding that the item was not contained in the Forward Plan and compliance with Regulation 15 (the general exception) was impracticable.

There have been no such instances since the last quarterly report.

**Recommendation**

That the Council notes the content of this report.





COUNCIL

14 JUNE 2010

**APPOINTMENTS TO COMMITTEES AND OUTSIDE BODIES – THE PORT BOARD, THE CHILDREN, YOUNG PEOPLE AND LEARNING SCRUTINY COMMITTEE, NORTHUMBRIA CENTRE SPORTS TRUST, RAICH CARTER SPORTS CENTRE MANAGEMENT BOARD AND THE SUNDERLAND SPORTS COUNCIL**

**Report of the Chief Solicitor**

**1.0 Introduction**

**1.1** The purpose of this report is to consider the allocation of seats on the Port Board, the Children, Young People and Learning Scrutiny Committee, Northumbria Centre Sports Trust, Raich Carter Sports Centre Management Board and the Sunderland Sports Council.

**2.0 The Port Board**

**2.1** At the Annual Meeting of the Council on 19<sup>th</sup> May 2010 the Council appointed members to the Port Board including one co-opted member. Council were advised that a further nomination in respect of the remaining co-opted vacancy on the Board would follow. The Council is, accordingly, invited to consider appointing Mr Keith Wilson to the remaining vacancy for a co-opted member on the Port Board.

**3.0 The Children, Young People and Learning Scrutiny Committee**

**3.1** The Council is asked to note the resignations from the Committee of the Co-opted representatives of the University of Sunderland, Professor G. Holmes, and the City of Sunderland College, Mr S. Laverick.

**3.2** The University of Sunderland has nominated its Head of Department of Social Sciences, Mr Kevin Morris, and the City of Sunderland College has nominated its Vice Principal, Ms Suzanne Duncan, to fill the respective resultant vacancies. The council is, accordingly, invited to consider the nominations.

#### **4.0 Co-Opted Member to the Health and Well-Being Scrutiny Committee**

**4.1** At its meeting held on 15<sup>th</sup> September 2010, the Health and Well-Being Scrutiny Committee agreed to ask the Council to consider the nomination of Mr. Alan Patchett, Director of Age UK as a co-opted member to the Scrutiny Committee for the year 2010/2011.

#### **5.0 Northumbria Centre Sports Trust, Raich Carter Sports Centre Management Board and the Sunderland Sports Council**

**5.1** In the light of recent changes to Cabinet Portfolio remits it is now considered appropriate for the Council to consider making consequential changes to its nominated Portfolio Holder representation on the Northumbria Centre Sports Trust, the Raich Carter Sports Centre Management Board and the Sunderland Sports Council. Council is accordingly invited to consider nominating the Portfolio Holder for Attractive and Inclusive City as the Council's representative on the above bodies in place of the Portfolio Holder for Safer City and Culture.

#### **6.0 Limestone Landscapes Partnership**

The Cabinet considered and accepted an invitation from Durham County Council to participate in the Limestone Landscapes Partnership and recommended to Council that the Portfolio Holder for Sustainable Communities and an officer from the Planning and Environment Service be appointed as the Council's representatives on the partnership board.

#### **7.0 Recommendations**

**7.1** The Council is now recommended to:

- (i) consider the appointment of Mr Keith Wilson to the remaining vacancy for a co-opted member on the Port Board as outlined in paragraph 2.1 above,
- (ii) note the resignations of Professor G. Holmes, and Mr S. Laverick from the Children, Young People and Learning Scrutiny Committee and consider the nominations of Mr Kevin Morris and Ms Suzanne Duncan as outlined in paragraph 3.2 above,
- (iii) appoint Mr. Alan Patchett, Director, Age UK as a co-opted member on the Health and Well-Being Scrutiny Committee for the year 2010/2011,

- (iv) consider nominating the Portfolio Holder for Attractive and Inclusive City as the Council's representative on the Northumbria Centre Sports Trust, the Raich Carter Sports Centre Management Board and the Sunderland Sports Council in place of the Portfolio Holder for Safer City and Culture, as outlined in paragraph 4.1 above, and
- (v) appoint the Portfolio Holder for Sustainable Communities and an officer from the Planning and Environment Service as the Council's representatives on the Limestone Landscapes Partnership board.

