

**CABINET MEETING – 31 JANUARY 2024**  
**EXECUTIVE SUMMARY SHEET – PART I**

**Title of Report:**

MINUTES, PART I

**Author(s):**

Assistant Director of Law and Governance

**Purpose of Report:**

Presents the minutes of the meeting held on 18 January 2024, Part I.

**Action Required:**

To confirm the minutes as a correct record.



Meeting of the **CABINET** held in **CITY HALL (COUNCIL CHAMBER)** on **THURSDAY 18 JANUARY 2024** at **9.00am**

**Present: -**

Councillor Rowntree in the Chair

Councillors Johnston, Price, Stewart and Williams.

**Also present: -**

Councillors Scott and P Walker – Deputy Cabinet Members

Councillors Edgeworth and Haswell

**Part I**

**Minutes**

The minutes of the meeting of the Cabinet held on 7 December 2023, Part I (copy circulated) were submitted.

1. RESOLVED that the minutes of the Cabinet meeting held on 7 December 2023, Part I, be confirmed and signed as a correct record.

**Declarations of Interest**

There were no declarations of interest.

**Apologies for Absence**

Apologies for absence were received from Councillors Chequer, F Miller, G Miller and Smith.

**Response from the Scrutiny Coordinating Committee – 7 December 2023 – Capital Programme Planning 2024/2025 – 2027/2028**

The Assistant Director of Law and Governance submitted a report advising the Cabinet of the comments of the Scrutiny Coordinating Committee on the report of the Director of Finance on the Capital Programme Planning for 2024/25 to 2027/2028 which detailed the level of capital resources and commitments for the forthcoming financial year and additional capital new start project proposals for inclusion in the Capital Programme.

Councillor Stewart reported that the Scrutiny Coordinating Committee noted the report including the overall capital commitments for the coming financial year, as well as the additional capital new start projects.

With no further comments from the Scrutiny Coordinating Committee, it was: -

2. RESOLVED that the comments of the Scrutiny Coordinating Committee be received.

### **Response from the Scrutiny Coordinating Committee – 7 December 2023 – Budget Planning Framework and Medium Term Financial Plan 2024/2025 – 2027/2028**

The Assistant Director of Law and Governance submitted a report advising the Cabinet of the comments of the Scrutiny Coordinating Committee on the report of the Director of Finance on the Budget Planning Framework and Medium-Term Financial Strategy for 2024/2025 – 2027/2028.

Councillor Stewart reported that the Scrutiny Coordinating Committee accepted the report including the medium-term financial and budget planning framework and acknowledged the budget saving proposals as well as the remaining overall budget gap.

The Committee went on to recognise the difficult financial situation that the Council continued to operate within and remained focused on monitoring the budget position through updates provided at the Committee.

With no further comments from the Scrutiny Coordinating Committee, it was: -

3. RESOLVED that the comments of the Scrutiny Coordinating Committee be received.

### **Performance Report – Quarter 2 of 2023/2024**

The Chief Executive submitted a report providing performance information in relation to Quarter 2 of 2023/2024.

Councillor Stewart advised that the report set out the progress made by the Council in delivering the City Plan during the second quarter of 2023/24.

The report was set out under the three themes of the City Plan – Dynamic Smart City, Healthy Smart City and Vibrant Smart City and, as outlined when the Quarter 1 report was presented, progress was being reported against a City Plan now looking ahead to 2035 with a refreshed and comprehensive timeline of activities.

Performance in relation to a set of 'council' or 'organisational health' indicators was also monitored and again this was set out in the report.

Councillor Edgeworth referred to the Dynamic Smart City theme and the aim to have a stronger city centre in the light of the previous day's news about Marks and Spencer leaving the city. He commented that a large number of people only come into the city centre for Marks and Spencer and queried if there was anything that the Council could do to persuade the retailer to retain their presence in Sunderland.

In relation to the Healthy Smart City theme, Councillor Edgeworth highlighted that the report into the illness suffered by competitors in the World Triathlon Series had now been published and he asked what was being done to investigate the reasons for the water contamination which was the likely source of infection.

The Executive Director of City Development stated that the Council had been in discussions with Marks and Spencer for a number of years and the company had been offered alternative sites in the city but unfortunately these did not meet their current business model. A great deal of support had been offered and discussions would continue with Marks and Spencer and it was noted that all staff at the Sunderland store had been offered positions at the new Washington site.

The Chief Executive stated that he was confident that it was safe to swim off Sunderland's beaches and that people bathed in the water every day and did not get ill. It was known that some athletes took part in the Triathlon had been suffering with norovirus prior to the competition and the conclusions of the UKHSA report would be followed up.

Councillor Haswell welcomed that 15 empty properties had been brought back into use as part of the Dynamic Smart City theme but queried if there had been a missed opportunity to take an aggressive stance with absentee landlords and asked if there was anything that could be done to drive the numbers up.

The Assistant Director of Housing Services advised that in relation to empty properties there was a joint working arrangement with Environmental Health and enforcement was robust with every action possible being taken under the existing legal framework. The trend was positive but it was recognised that work needed to continue.

Councillor Stewart commented that part of the problem could be tracing and tracking down absent landlords as some were out of the country and it could take a considerable amount of time. He was confident that staff were doing everything they could in relation to empty properties.

4. RESOLVED that the performance information in relation to Quarter 2 of 2023/2024 be considered and accepted.

### **Capital Programme Third Review (including Treasury Management) 2023-2024**

The Director of Finance submitted a report setting out the outcome of the third review of the Capital Programme 2023/2024 and progress in implementing the Treasury Management Borrowing and Investment Strategy for 2023/2024.

Councillor Stewart reported that the anticipated spend this financial year had reduced by £31.2m since the second capital review was reported. The overall reduction included:

- the reprofiling of £35.3m expenditure into future years; and
- the addition of new schemes or variations to the value of schemes of £4.1m within the Capital Programme primarily due to additional external funding.

These variations were set out in Appendix A and the revised programme would still see investment of £193m in the city this year.

Turning to the Treasury Management aspects of the report, it was noted at paragraph 5.2 of the report that the Council remained fully compliant with the Treasury Management prudential indicators.

The Bank of England's Monetary Policy Committee in December voted to hold the Base Rate at its current level of 5.25% with PWLB borrowing rates remaining at elevated levels. Borrowing rates continued to be closely monitored along with cash flow requirements to see when the optimum time was to undertake further borrowing to fund the capital programme.

Aligned to this, there continued to be positive performance in investments with returns above the benchmark rate thereby making an additional contribution to support the revenue budget in the current year. These would be closely monitored to maximise potential returns whilst adhering to the prudent policy agreed by the Council.

Councillor Williams was pleased to see the Lombard Street Family Hub project was nearing completion and would soon be operational. This was the last of the family hubs which were greatly needed across the city.

Upon consideration of the report it was: -

5. RESOLVED that: -

- (i) the inclusion of additional schemes or variations to existing schemes for 2023/2024 as detailed at Appendix A be approved;
- (ii) the increased cost pressures on the Capital programme as detailed in paragraph 4.3 of the report be noted; and
- (iii) in relation to the Treasury Management Strategy, the progress in implementing the 2023/2024 Treasury Management Strategy and Prudential Indicators be noted.

## **Revenue Budget Third Review 2023-2024**

The Director of Finance submitted a report setting out the overall Revenue Budget position following the third review for 2023/24, including proposed contingency transfers.

Councillor Stewart directed Cabinet Members to section 3 of the report which summarised the significant financial pressures arising in a number of budget areas.

Significant financial strain was being experienced by residents and businesses due to the wider economic climate and the Council was facing the same issues. Adults' and children's social care continued to see significant demand and specific cost pressures including the costs of home to school transport and unfunded costs associated with supporting unaccompanied asylum seeker children. The additional cost of the agreed pay award had also impacted on the Council's budget position alongside ongoing high levels of inflation.

Councillor Stewart highlighted the table in paragraph 3.1.3 of the report that showed that in overall terms net revenue pressures of £0.368m were forecast at this stage in the financial year and this was largely driven by social care and forecast pay pressures offset by savings in other areas. This overspend would be met from the Energy and General Inflation reserve set aside as part of prior years' outturns. Full details by Portfolio were set out in Appendix 1 of the report.

This forecast overspend position was largely offset by savings arising from Treasury Management activity which was linked to capital programme expenditure reprofiling and increased investment returns, as noted at section 3.6 of the report, with savings from reducing energy prices also assisting with the position.

Councillor Stewart reminded Cabinet Members that the budget for the year was reliant on the delivery of £13.379m worth of savings initiatives. It was noted in paragraph 3.3.2 that, of these savings plans, 63% of the savings had been delivered, 20% were making good progress and at this stage 16% were experiencing delays and as such were factored into the forecast position.

The Council would continue to seek to mitigate the forecast overspend where possible during the remainder of the financial year. It was therefore: -

6. RESOLVED that: -
  - (i) the contents of the report be noted; and
  - (ii) the contingency transfers proposed at Section 3.4 be approved.

## **Council Tax Base 2024/2025**

The Director of Finance submitted a report detailing the calculation of the Council Tax Base for 2024/2025 and seeking approval to recommend to Council the Council Tax Base for 2024/2025 on accordance with the Local Government Finance Act

1992 as amended by the Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012.

Councillor Stewart explained that the report advised Cabinet of the Council Tax Base to be used in calculating the 2024/2025 Council Tax for the Council and for Hetton Town Council.

The calculations detailed in the report followed strict government regulation which specified the factors and formula to be applied and that the calculations had to be based on all information available to the Council as at 30th November of each year.

The tax base for the Council was proposed to be set at 74,484. This was an increase of 865 Band D equivalents from the 2023/2024 base. As noted at paragraph 3.4 of the report, the increase was primarily due to an anticipated reduced uptake of the Local Council Tax Support Scheme during 2024/2025 compared with that assumed within the Council Tax Base for the current year and increases in house building across the City.

The Council must also calculate the Tax Base for Hetton Town Council which was to be set at 4,267 for 2024/2025, an increase of 82.

7. RESOLVED that the Cabinet recommended to Council that: -
- (i) the report for the calculation of the of the Tax Bases for the City Council and Hetton Town Council for 2024/2025 be approved; and
  - (ii) pursuant to the report and in accordance with the Local Authorities (Calculation of Tax Base) Regulations 1992, as amended by the Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012 the amount calculated by Sunderland City Council as its Council Tax Base for the year 2024.2025, shall be 74,484 and for the area of Hetton Town Council shall be 4,267.

### **Local Council Tax Support Scheme**

The Director of Finance submitted a report setting out the proposed Local Council Tax Support Scheme for 2024/25. The proposed scheme was unaltered from the scheme currently in place.

Councillor Stewart advised that, under the scheme, working age claimants would continue to have their council tax support entitlement calculated and reduced by 8.5%, while pensioners, as legislation required, would remain protected and could still qualify for 100% support in relation to their annual charge.

The scheme looked to balance the financial position of the Council with the ability of the individual to pay while everyone of working age would pay something. During 2024/2025 further work would be undertaken with regard to developing potential models for a banded scheme as part of considering a scheme for 2025/2026.



Accordingly it was: -

8. RESOLVED that the Cabinet recommended to Council that: -
- (i) no changes were made to the current Local Council Tax Support Scheme, the main features of which were set out at Appendix A, for the City of Sunderland, except as was required to incorporate any regulations laid down by the Department for Levelling Up, Housing and Communities; and
  - (ii) the approved Local Council Tax Support Scheme for the financial year 2024/2025 be published on the Council's website and in any additional manner determined by the Director of Finance in consultation with the Cabinet Secretary.

### **Revenue Budget 2024/2025 to 2027/2028 – Update and Provisional Local Government Finance Settlement**

The Director of Finance submitted a report providing an update on the Council's budget position for 2024/2025 to 2027/2028 and the Provisional Local Government Finance Settlement for next financial year.

Councillor Stewart reported that the content of the provisional settlement was largely in keeping with the headlines which had emerged from the Government's Autumn Statement in November. Using the Government's Core Spending Power calculation, the Council would see a 6.7% increase in available funding for 2024/25 compared to a 6.5% increase nationally. Whilst this increase in spending power was welcome, this was not all government funding – the Government's Core Spending Power calculation assumed that local authorities would increase Council Tax by the maximum allowable within the referendum limit, which for 2024/2025 was set at a 5% increase. This included 2% in relation to the Adult Social Care precept.

Councillor Stewart highlighted that this meant that the Government was indicating that the Council should be increasing Council Tax by 5% for next year.

Councils continued to be drip fed one-year settlements in late December each year – which made it very difficult to plan. Although the previously announced grant increases confirmed in the settlement for 2024/2025 were positive, the provisional settlement provided no further funding for local government and reaffirmed the likelihood of inadequate increases in funding from the Government in the medium term. The Council would continue to lobby the Government to provide the long term, sustainable funding that all councils required to deliver services for their residents.

Section 4 of the report detailed the changes to grants contained within Core Spending Power and the Settlement Funding Assessment. The main changes to grant assumptions which had not been included in the last report to Cabinet in December were the continuation of New Homes Bonus for a further year into 2024/2025 and a significant reduction to the Services Grant. In 2022/2023 the Government had introduced a one-off Services Grant in recognition of council's

service delivery cost pressures totalling £822 million. Whilst this grant was reduced in 2023/2024 to £483 million it had been further reduced in 2024/2025 to £77m. This level of reduction had not been anticipated and had not been communicated to councils ahead of the Settlement. For Sunderland, the Services Grant had been reduced by circa 84% representing a reduction of £2.926 million.

The Final Local Government Settlement was expected in the coming weeks. Any updates to the funding position would be included within the Budget report to Cabinet on 31 January 2024.

Government had also confirmed the allocations of funding for schools which was based on October 2023 data. The Sunderland Schools' Forum had met and developed a set of principles to be implemented for the 2024/2025 Sunderland local funding formula which were set out in paragraph 5.7, alongside also agreeing to transfer funding from the Schools Block to the High Needs Block in line with the permitted flexibility.

Section 7 of the report outlined the need to direct additional significant resources in to both adults and children's social care – protecting services for the most vulnerable - as inflation, provider costs and demand continued to rise. The Council was also seeing a significant increase in service demand by those that were homeless or at risk of homelessness. This increased demand was placing financial pressure on the temporary and supported accommodation budget.

Councillor Stewart stated that the budget for 2024/2025 continued to rely on the planned use of £9m of reserves to achieve a balanced position. This use of the previously accrued reserves was in line with the approach agreed in prior budget planning reports.

Looking forward, there remained significant uncertainty with regards to local authority funding and also the Government's plans for the delayed elements of their Social Care Reform package. The development, consultation and implementation of the long-awaited fair funding review was still yet to take place and at present the financial planning assumption was that the impact of any changes on the Council would be neutral.

Councillor Stewart advised Cabinet Members that there remained a significant forecast budget shortfall in the medium term and reserves could only temporarily support the Council's position. Without significant additional funding being made available by the Government, reductions and changes to services would be required in the coming years.

Councillor Haswell commented that he felt that there were some further opportunities to reduce spending in areas such as communications and special responsibility allowances, however he was shocked to see that the Services Grant had been unexpectedly slashed and was being diverted to district and county councils in the South of the country. He added that the Liberal Democrat group despaired of the latest financial settlement from the Conservative Government.

Councillor Williams agreed that the settlement was dire and she noted that at the Schools' Forum the issue had been that there was not enough money to effectively provide for children and young people with SEND. The Government had accepted that the system was broken but offered no solution. There were children struggling in mainstream schools who needed more suitable provision to meet their needs but there were not enough places. Every part of local government was struggling and services needed to be funded properly.

Councillor Stewart commented that the Government had walked away from its responsibilities; the issues around adult social care and children's services were a national problem but local people were expected to pay for these national matters.

Having considered the report it was: -

9. RESOLVED that: -

- (i) the update to the Government funding position, including the outcome of the provisional Local Government Finance Settlement set out at section 4 of the report be noted;
- (ii) the update on the 2024/2025 to 2027/2028 budget planning as set out at sections 5 to 11 of the report be noted; and
- (iii) in relation to the Sunderland Schools' local funding formula, the Sunderland Schools' Forum recommended Cabinet be requested to approve the following in principle, subject to modelling and verifying affordability, to be implemented for the 2024/2025 Sunderland local funding formula:
  - The National Funding Formula (NFF) made up of fifteen different funding elements, to be implemented with the following local adjustments: -
    - The Minimum Funding Guarantee applied at 0.5% in line with the NFF value;
    - A transfer of 0.5% (c. £1m) to the High Needs Block in recognition of ongoing pressures; and
    - Reduction in the Basic Entitlement Factors (Average Weighted Pupil Unit) to allow for the transfer above.

### **Council Housing Rent 2024/2025**

The Executive Director of Health, Housing and Communities submitted a report seeking approval for the proposed Council housing rent increase for 2024/2025

Councillor Johnston reported that the Council currently had 138 tenants who all paid rent set at Affordable Rent levels in accordance with Government guidance.

The Government's Policy Statement on Rents for Social Housing 2019 provided its guidance on rent increases across the social housing sector and also informed the

Regulator of Social Housing and its published Rent Standard 2020. The policy position was that the rent of an existing tenant may not be increased by more than CPI +1% in any year. CPI in September 2023 was 6.7% meaning that the maximum rent increase would be 7.7%.

The options for rent increases had been considered for 2024/2025 and to ensure that an appropriate rent increase was in place to respond to the Council's landlord responsibilities including things such as repairs and maintenance, capital programme sinking fund provision, housing operations and customer service needs whilst also taking account of the current financial pressures faced by residents, a rent increase of CPI only was proposed. For 2024/2025 this would be a 6.7% rent increase.

Councillor Johnston noted that it was understood that this would affect tenants at a difficult time with the cost-of-living crisis and the Housing Operations Team would be available to support and provide advice to any Council tenant that needed it. There was also a wide range of financial wellbeing information on the Council's website.

Having confirmed that the proposed rent increase was in line with Government Policy, it was: -

10. RESOLVED that an increase in Council housing rents by 6.7% with effect from 1 April 2024 be approved.

### **Special Education Needs Provision – School Organisation Proposals and Procurement of Capital Works**

The Director of Children's Services submitted a report in relation to a proposal to commence the required statutory processes to establish a Special Educational Needs (SEN) provision at Mill Hill Primary School and to procure capital works to facilitate the proposal.

Councillor Williams advised that Mill Hill Primary School was a local authority maintained primary school in the Doxford Ward and was located in an area where there had been significant housing development in recent years leading to increased requirements for school places from both mainstream pupils and pupils with Education, Health and Care Plans (EHCP) requiring additional support to participate in education. Further developments associated with the South Sunderland Growth Area were anticipated to lead to further pressures on the local education infrastructure.

The increased complexity of needs of children in mainstream school settings, particularly those with an autism diagnosis had also led to greater numbers of pupils seeking places in special school provisions. However, it was considered that a number of those children's needs could be accommodated within the mainstream sector if specialist provision was incorporated into that mainstream curriculum. These units enabled pupils with EHCPs to receive a greater level of support while still attending a mainstream setting and accessing in part, lessons with the core year group as well as being able to access specific support within a unit in the school. The

development of these units had also made it possible to deliver SEN provision locally instead of children being required to travel to a main citywide provision.

Councillor Williams said that, given the increased number of pupils with requirement for such a provision and the success of creating such local provision in the Washington area, the Council was now proposing to establish a new 16 place autism unit for children in the South Sunderland area at Mill Hill Primary School.

Councillor Edgeworth offered thanks on behalf of the local ward members who had been briefed on the proposals prior to the report coming to Cabinet.

Councillor Scott said he was delighted such much-needed provision coming to the fore and Councillor Williams highlighted that local provision was the most important aspect of the proposal.

11. RESOLVED that: -

- (i) the commencement of the necessary statutory process required to establish a resourced Autism Spectrum Disorder (ASD) Unit at Mill Hill Primary School be authorised; and
- (ii) subject to the outcomes of the required School Organisation processes and subject to consultation with the Children, Learning and Skills Portfolio Holder, the Director of Children's Services be authorised to procure capital works and award contracts to facilitate the creation of a resourced ASD provision at Mill Hill Primary School.

### **Procurement of a Framework Agreement for Funeral and Coronial Services**

The Director of Smart Cities and Director of Adult Services submitted a joint report seeking approval to procure and award a framework agreement for Public Health funeral and coronial Services.

Councillor Stewart advised that the Public Health (Control of Disease) Act 1984 placed a statutory duty on local authorities to pay for and arrange for a burial or cremation where no suitable alternative arrangements were being made.

Public Health Funerals were provided by local authorities for people who had passed away and had no next of kin, or whose next of kin, relatives or friends were unable or unwilling to make the necessary arrangements for a funeral. They were designed to protect public health and were important in ensuring that all individuals were treated with dignity and respect, regardless of their circumstances. Where possible, the Council would recoup monies, whether in full or partially, from the deceased's estate to repay any costs incurred.

His Majesty's Coroner had a statutory duty to investigate any death that may be of an unexpected or unnatural nature within his district. This would include the removal of a body from the place of death to a designated hospital where it would be decided

by the coroner if a postmortem was required to ascertain a cause of death. The Council were responsible for the costs relating to this service.

Councillor Stewart reported that the anticipated value of the contract would be £820,200 which exceeded the £500,000 threshold requiring Cabinet approval prior to the advertisement for procurement in accordance with the Council's Procurement Procedure Rules. As the Council had a requirement to arrange the removal of bodies and arrange funeral services along with the coroner's removal process it was therefore advised that a four-year Framework Agreement be procured and awarded to deliver funeral and coronial services across Sunderland.

On consideration of the report, it was: -

12. RESOLVED that the Director of Smart Cities and Enabling Services and the Director of Adult Services be authorised, in consultation with the Cabinet Secretary and the Healthy City Portfolio Holder, to procure and award a framework agreement for a duration of four years for the delivery of funeral and coronial services.

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

At the instance of the Chair, it was: -

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

(Signed) C ROWNTREE  
In the Chair

Note: -

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

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