



THE CABINET

AGENDA






Meeting to be held in the Civic Centre (Committee Room No. 1) on
Wednesday 12 February 2014 at 2.00 p.m.

Part I

ITEM		PAGE
1.	Minutes of the Meeting of the Cabinet held on 15 January 2014 Part I (Copy herewith)	1
2.	Receipt of Declarations of Interest (if any)	
3.	Apologies for Absence	
4.	 Ombudsman's Annual Review 2012 - 2013 Joint report of the Chief Executive and the Head of Law and Governance (copy herewith).	11
5.	 Collection Fund 2013/2014 Report of the Head of Financial Resources (copy herewith).	17

Contact: Hazel Mackel, Governance Services Team Leader Tel: 561 1042
hazel.mackel@sunderland.gov.uk

Information contained in this agenda can be made available in other languages
and formats on request.




6.		(i)  Capital Programme 2014/2015 and Treasury Management Policy and Strategy 2014/2015, including Prudential Indicators for 2014/2015 to 2016/2017	23
		Joint report of the Chief Executive and the Head of Financial Resources (copy herewith).	
		(ii)  Revenue Budget and Proposed Council Tax for 2014/2015 and Medium Term Financial Strategy 2014/2015 to 2016/2017	119
		Joint report of the Chief Executive and the Head of Financial Resources (copy herewith).	
7.		Procurement of a Direct Payments Support Service	229
		Report of the Executive Director of People Services (copy herewith).	
8.		Procurement of Independent Adults Advocacy Services	243
		Report of the Executive Director of People Services (copy herewith).	

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

The reports contained in Part II of the Agenda are not for publication as the Cabinet is considered likely to exclude the public during consideration thereof as they contain information relating to the financial or business affairs of any particular person (including the authority). (Paragraph 3 of Part 1, Schedule 12A of the Local Government Act 1972). The public interest in maintaining this exemption outweighs the public interest in disclosing the information.

Part II

9.	Minutes of the Meeting of the Cabinet held on 15 January 2014 Part II	255
	(Copy herewith).	

- | | | | |
|-----|---|---|-----|
| 10. |  * | Building and Improvement Works to Units 9 and 13
Mercantile Road, Rainton Bridge Industrial Estate,
Houghton le Spring, Sunderland | 259 |
| | | Report of the Deputy Chief Executive (copy herewith). | |
| 11. |  * | Proposed Extension to Unit 11 Mercantile Road,
Rainton Bridge Industrial Estate, Houghton le Spring | 269 |
| | | Report of the Deputy Chief Executive (copy herewith). | |
| 12. |  * | A19 Ultra Low Carbon Vehicle Enterprise Zone-
Hillthorn Farm / Enterprise Zone Site 3 Infrastructure
/ Enabling Works | 277 |
| | | Report of the Deputy Chief Executive (copy herewith). | |

 **Denotes Key Decision.**

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

ELAINE WAUGH
Head of Law and Governance

Civic Centre
SUNDERLAND

4 February 2014

CABINET MEETING – 12 FEBRUARY 2014
EXECUTIVE SUMMARY SHEET – PART I

Title of Report:

MINUTES, PART I

Author(s):

Head of Law and Governance

Purpose of Report:

Presents the minutes of the last meeting held on 15 January 2014 Part I.

Action Required:

To confirm the minutes as a correct record.

At a meeting of the CABINET held in the CIVIC CENTRE (COMMITTEE ROOM NO. 1) on Wednesday 15 January 2014 at 2.00pm.

Present:-

Councillor P. Watson in the Chair

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

Also present:-

Councillor Oliver

Part I

Minutes

The minutes of the meeting of the Cabinet held on 19 December 2013 Part I (copy circulated) were submitted.

(For copy report - see original minutes).

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

Receipt of Declarations of Interest

There were no declarations of interest.

Apologies for Absence

An apology for absence was received from Councillor H. Trueman.

Sunderland City Council Events Programme 2014/15

The Director of Corporate Affairs submitted a report (copy circulated) to request approval of the Council's 2014/15 Events Programme, to be delivered on the Council's behalf by Sunderland Live Limited.

(For copy report - see original minutes).

Councillor Kelly was pleased to present the City Council's Events Programme for 2014/15 which would be delivered on the Council's behalf by Sunderland Live. He explained that the Programme included a wide range of high quality events which the Council considered most important to delivering its objectives under the 'See it Do it' events-based place-marketing campaign.

Councillor Kelly reported that the Council wanted to sponsor the right events which would attract more visitors to the City, strengthen the City's profile around the region and wider and which would make an important contribution to the local economy.

Cabinet Members were advised that the Council was not only maintaining, but actually strengthening the City's events 'offer' with events that people in Sunderland responded to in their hundreds of thousands. Feedback from the most recent events, the successful Roker Park Lights and Seafront Illuminations confirmed that, at a time when households were facing serious financial pressures, visitors very much welcomed the Council's commitment to affordable, accessible events, many of which had a whole-family appeal.

Councillor Kelly highlighted that in the coming year the Council would work with a range of partners, in particular the City Centre Business Improvement District, to provide an exciting events programme, including the City Centre Christmas Switch on and events programme to include celebration of New Year's Eve. He added that approval of the Council's events priorities for 2014/15 would provide the events management company, Sunderland Live, with a great opportunity to maximise commercial sponsorship and other income which was required in order to offset the impact of public spending reductions and to continue to provide a range and quality of events of which the City can justifiably be proud.

Cabinet Members commended the range of events which would showcase the City for residents and visitors.

In response to an enquiry in relation to the event planned for the New Year's Eve celebration, Councillor Kelly advised that the details of the event were still to be finalised.

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

2. RESOLVED that:-

- (i) the Events Programme for 2014/15 to be delivered by Sunderland Live be approved, and

- (ii) the payment of the funding contribution to Sunderland Live of £1,066,344 for delivery of this events programme be approved in accordance with the terms of the funding agreement between the Council and Sunderland Live.

Council Tax Base 2014/2015.

The Head of Financial Resources submitted a report (copy circulated) on the calculation of the Council Tax Base for 2014/2015 and to seek approval to recommend to Council the Council Tax Base for 2014/2015 in accordance with the Local Government Finance Act 1992 as amended by the Local Authorities (Calculation of Council Tax Base) (Amendment) (England) Regulations 2012.

(For copy report – see original minutes).

Councillor Speding highlighted that the report explained the Council Tax Base to be used in calculating the 2014/2015 Council Tax for the Council in accordance with relevant legislation. He advised that the Tax Base for the Council was to be set at £64,559 and that the Council must also calculate the Tax Base for any Parish Councils within their Council boundary. As such Hetton Town Parish Council would have a Tax Base for 2013/2014 of £3,230.

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

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

4. RESOLVED that it be recommended to Council that:-

- (i) the calculation of the Tax Bases for the City Council and Hetton Town Council for 2014/2015 be approved, and
- (ii) pursuant to the report and in accordance with the Local Authorities (Calculation of Tax Base) Regulations 1992, as amended by Local Authorities (Calculation of Council Tax Base) (Amendment) (England) Regulations 2012 the amount calculated by Sunderland City Council as its Council Tax Base for the year 2014/2015, shall be £64,559 and for the area of Hetton Town Council shall be £3,230.

Business Rates Income Forecast 2014/2015 and Projected Business Rates Income Outturn 2013/2014

The Head of Financial Resources submitted a report (copy circulated) to provide details of the arrangements for estimating:-

- the forecast outturn for business rates income for 2013/2014, and
- the business rates income for 2014/2015

to be included in the NNDR 1 return which must be submitted to Government by 31 January 2014 in accordance with the Non Domestic Rating (Rates Retention) Regulations 2013, following approval by Council.

(For copy report – see original minutes).

Councillor Speding explained the arrangements for estimating Business Rates income for 2014/2015 and the forecast outturn Business Rates Income for 2013/2014 which must be submitted to government no later than 31 January 2014 in accordance with the Non Domestic Rating Regulations.

Councillor Speding drew attention to the forecast outturn for 2013/2014 and reported that a deficit was currently anticipated on the Collection Fund as a result of the level of backdated rating valuation appeals over which the Council had no control. He explained that this would result in a reduced level of business rate income available to support the Council Budget in 2014/2015. He pointed out that however the impact of this on the Revenue Budget had been provided for within the Safety Net Reserve Budget Provision.

The attention of Cabinet Members was then drawn to the details of the forecast income set out in the draft NNDR 1 form circulated at the meeting. It was noted that there had been a significant delay in Government providing the form following changes announced in the Autumn Statement. A final form was not expected to be received until the 17 January. Verification work was continuing on the data included within the return and therefore Cabinet was asked to provide delegated authority to the Head of Financial Resources in consultation with the Leader of the Council and Cabinet Secretary to approve the final version of the NNDR1 Form to be submitted to Council for approval.

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

5. RESOLVED that it be recommended to Council to approve the NNDR1 form (circulated separately as Appendix A) for submission to government, and which sets out:-

- the forecast outturn for business rates income for 2013/2014, and
- total estimated business rates income before transitional arrangements for the year 2014/2015

in accordance with regulations, and which will form the basis of the necessary apportionment of the estimated total business rate income for 2014/2015 in the following proportions:-

- 50% to the Government
- 1% to the Tyne and Wear Fire and Rescue Authority
- 49% to the Council

Further that in the event that there is a delay in receiving the NNDR 1 form for completion from government, as a result of which the form is to be completed or amended after the date of the Cabinet meeting, that delegated authority be given to the Head of Financial Resources, in consultation with the Leader of the Council and Cabinet Secretary, to approve the version of the NNDR1 form to be submitted to Council for approval.

Revenue Budget 2014/2015 Proposals and Provisional Revenue Support Settlement 2014/2015

The Chief Executive and Head of Financial Resources submitted a report (copy circulated) on the provisional budget proposals for 2014/2015 including the impact of the Provisional Revenue Support settlement, as a basis for the continuation of budget consultation, prior to the receipt of the final Local Government Finance Settlement 2014/2015.

(For copy report – see original minutes).

Councillor Speding in highlighting the report advised that the provisional settlement disappointingly continued to include the inherent anomalies in the way Government was allocating the cuts. He explained that areas such as Sunderland, who were more dependent on grant funding, were being hit the hardest. Independent organisations such as the National Audit Office were also alerting government to the disproportionate impact of the cuts.

Councillor Speding drew attention to some stark statistics in the report, including the real cut to needs based funding of almost 13% in 2014/2015 and a further 19% in 2015/2016 which amounted to a 22% cut over the next two years. He added that it would be this that the Council would be focussing on in its response to government. To demonstrate the unfair distribution of Revenue Support Settlement, Councillor Speding highlighted that in real terms the cuts facing Sunderland equated to a reduction of approximately £565 per dwelling which was higher than the national average compared to Wokingham which saw an increase in funding of 1% or approximately £7 per dwelling.

Cabinet Members were advised that the reductions in government funding for the fourth year running had a significant negative impact on the Council's position. Taking spending pressures into account there was a funding gap of £35.6m in 2014/2015 and the report set out a programme of proposals to fully address this gap.

Councillor Speding reported that whilst the Council had continued to address the cuts by maximising savings from non front line services, the compound impact of the reductions meant that front line service changes were unavoidable. He advised that the proposals therefore included recommissioning of services, reprioritising spend and greater collaboration and use of alternative delivery models, particularly going forward into 2015/2016.

Councillor Speding concluded by reporting that there were a number of outstanding uncertainties around the financial position which were still being confirmed. He explained that some final decisions remained to be taken, and, of course, the consultation which the Council would be undertaking between now and the February meeting was very important to inform those final decisions.

Cabinet Members agreed that the methodology for distributing the Revenue Support Settlement was disproportionate and unfair. Councils in Southern England were receiving more funding while Northern Councils faced cuts forcing alternative methods of service delivery to the point now that frontline services would be affected.

In highlighting changes to service delivery, Councillor Blackburn reported that the refuse collection services had been consolidated into a four day week which would deliver significant efficiencies. He added that the reductions in Responsive Local Services had been achieved through rationalisation and the use of the Environmental Apprenticeships Scheme.

In relation to Streetscene services, Councillor Blackburn reported that the Council was working with Aurora, the Asset Management Contractor for the Sunderland Street Lighting and Highway Signs PFI Project, to reduce energy costs by using lower energy lamps. In addition it was proposed to make Highway Maintenance services more responsive by authorising operatives to undertake minor repairs and also to introduce parking permits for city centre workers to be able to park in the Council Car Parks.

Cabinet Members having given consideration to the report, it was:-

6. RESOLVED that the provisional budget proposals be approved, as a basis for the continuation of budget consultation, prior to the receipt of the final Local Government Finance Settlement 2014/2015.

Revenue Budget Third Review 2013/2014

The Head of Financial Resources submitted a report (copy circulated) on details of the outcome of the Revenue Budget Third Review for 2013/2014.

(For copy report – see original minutes).

Councillor Speding highlighted that in overall terms there was very positive progress being made in terms of delivering the 2013/2014 savings requirement although there were budget pressures being experienced for which mitigating actions were being implemented.

Cabinet Members were advised that where delays in implementation of savings targets and budget pressures were identified Portfolio holders and Directors were progressing alternative actions to address the position. However given the continued demand pressures being experienced in relation to adult social care it was anticipated there would be a need to draw on some earmarked corporate funding at outturn in order to balance the position.

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

7. RESOLVED that the contingency transfers proposed at Appendix A and budget transfers set out in the report be approved.

Capital Programme - Third Capital Review 2013/2014, Provisional Resources 2014/2015 and Treasury Management Review 2013/2014

The Head of Financial Resources submitted a report (copy circulated) to detail the:-

- reprofiling of projects since the Second Capital Review for 2013/2014 was approved in October 2013;
- the inclusion of additional schemes and revisions to costs and resourcing for 2013/2014 since the Second Capital Review was reported;
- the allocation of capital resources for 2014/2015, as set out in Section 5, subject to any adjustment when final resource announcements are made; and
- the progress in implementing the Treasury Management Strategy for 2013/2014.

(For copy report – see original minutes).

Councillor Speding drew attention to the anticipated spend in 2013/2014 which had been reduced by £7.4million since the Second Capital Review was reported. He explained that the main reasons for this included expenditure that had been re-profiled into 2014/2015 either as a result of external factors outside of the Council's control or to maximise external grant funding.

Cabinet Members were advised that in relation to resources available for 2014/2015, the Council had not yet been notified of a number of its expected allocations specifically in respect of Other Education Grants. Those notifications received so far were set out at section 5 of the report. Councillor Speding reported that Cabinet Members would be considering new starts based on final notifications and other resources available and final proposals for new starts would be incorporated into the capital programme which would be presented to Cabinet in February.

Councillor Speding also highlighted the continued positive progress in implementing the treasury management strategy for 2013/2014.

The Chairman having observed that the Council was in remarkable position to be able to continue to invest in vital capital schemes particularly in the current financial climate, it was:-

8. RESOLVED that:-

- (i) in relation to the Capital Programme for 2013/2014, it be approved, and where necessary recommended to Council, the inclusion of additional schemes or variations to existing schemes for 2013/2014 detailed at Appendix A, as a variation to the Capital Programme;
- (ii) in relation to the Capital Programme for 2014/2015, it be noted that:-
 - (a) the allocation of resources as set out in Section 5 will be subject to final resource announcements;
 - (b) Cabinet Members will consider proposals for new starts based on resource allocations to be confirmed in due course in order to incorporate proposed new starts in the Capital Programme to be presented to Cabinet in February 2014.
- (iii) in relation to the Treasury Management Strategy and Prudential Indicators, the positive progress made in implementing the strategy for 2013/2014 be noted.

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

At the instance of the Chairman it was: -

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

(Signed) P. WATSON,
Chairman

Note:-

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

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

CABINET MEETING – 12 FEBRUARY 2014

EXECUTIVE SUMMARY SHEET – PART I

Title of Report:

Ombudsman's Annual Review 2012 - 2013

Author(s):

Joint report of the Chief Executive and the Head of Law and Governance

Purpose of Report:

To advise Members of the number and outcome of complaints considered by the Local Government Ombudsman during 2012 - 2013. To inform Members of the increase in transparency within the Ombudsman service.

Description of Decision:

Cabinet is asked to note the contents of the Ombudsman's annual review and in particular that there were no findings of maladministration against the council for the municipal year 2012 - 2013.

Is the decision consistent with the Budget/Policy Framework?

N/A

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

Suggested reason(s) for Decision:

It is relevant to note the findings in the context of the council's performance in dealing with complaints.

Alternative options to be considered and recommended to be rejected:

There are no alternative options submitted for consideration.

Impacts analysed;

Equality N/A

Privacy N/A

Sustainability N/A

Crime and Disorder N/A

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

No

**Is it included in the 28 Day Notice
of Decisions?**

No

Scrutiny Committee:

ANNUAL REVIEW AND COMPLAINTS TO OMBUDSMAN 2012 - 2013**Report of the Chief Executive and the Executive Director of Commercial & Corporate Services****1. Purpose of Report**

To advise Members of the number and outcome of complaints considered by the Local Government Ombudsman during 2012-13. To inform Members of the increased transparency within the Ombudsman service.

2. Description of Decision

Cabinet is asked to note the contents of the Ombudsman's annual review and in particular that there were no findings of maladministration against the council for the municipal year 2012-13.

3. Background

The Local Government Ombudsman has issued her tenth annual review to the council, see Appendix 1 attached. The Ombudsman's office made significant changes to their business processes for 2012 -13. In this review the Ombudsman has simply sent councils one figure – the number of complaints they have *received* during the year 2012 -13. This is not the same as the same as the number of complaints they have made decisions on or indeed complaints they have sent on to the council. Previous reviews have contained a detailed breakdown of statistics and analysis.

4. Current Position

4.1 The Ombudsman reports that 39 complaints were *received* by her for Sunderland. The average for Metropolitan councils is 49.

4.2 Last year the Ombudsman made decisions on 32 complaints. Of all the complaints considered, in only one did the Ombudsman recommend the council make an amendment. The complaint was a Children's Services statutory complaint and concerned the delay in carrying out a Core Assessment as part of a Child Protection enquiry. Whilst the council had upheld the complaint, the Ombudsman felt the compensation of £500 offered was too low and proposed this be increased to £2000.

In all other complaints the Ombudsman made no recommendations for alternative outcomes or compensation to that that the council had made during its in house consideration of the complaints.

5. Breakdown of Complaints by Directorate

City Services (Apr-Sept)	HH&AS	Children's Services	Commercial & Corp Services	OCX	Multi HH&AS & City Services	Total
2	6	11	4	8	1	32

6. Publishing of Decisions

From April 2013 to increase transparency and awareness of the complaints her office handles, the Ombudsman has published all final decisions on complaints. These are anonymised to protect the identities of complainants.

7. Background Papers

There are no background papers

16 July 2013

By email

Mr Dave Smith
Chief Executive
Sunderland City Council

Dear Mr Smith

Annual Review Letter

I am writing with our annual summary of statistics on the complaints made to the Local Government Ombudsman (LGO) about your authority for the year ended 31 March 2013. This year we have only presented the total number of complaints received and will not be providing the more detailed information that we have offered in previous years.

The reason for this is that we changed our business processes during the course of 2012/13 and therefore would not be able to provide you with a consistent set of data for the entire year.

In 2012/13 we received 39 complaints about your local authority. This compares to the following average number (recognising considerable population variations between authorities of a similar type):

District/Borough Councils-	10 complaints
Unitary Authorities-	36 complaints
Metropolitan Councils-	49 complaints
County Councils-	54 complaints
London Boroughs-	79 complaints

Future development of annual review letters

We remain committed to sharing information about your council's performance and will be providing more detailed information in next year's letters. We want to ensure that the data we provide is relevant and helps local authorities to continuously improve the way they handle complaints from the public and have today launched a consultation on the future format of our annual letters.

I encourage you to respond and highlight how you think our data can best support local accountability and service improvements. The consultation can be found by going to www.surveymonkey.com/s/annualletters

LGO governance arrangements

As part of the work to prepare LGO for the challenges of the future we have refreshed our governance arrangements and have a new executive team structure made up of Heather Lees, the Commission Operating Officer, and our two Executive Directors Nigel Ellis and Michael King. The Executive team are responsible for the day to day management of LGO.

The Oaks No 2
Westwood Way
Westwood Business Park
Coventry
CV4 8JB

T: 024 7682 0000
F: 024 7682 0001
W: www.lgo.org.uk

Helpline: 0300 061 0614

Since November 2012 Anne Seex, my fellow Local Government Ombudsman, has been on sick leave. We have quickly adapted to working with a single Ombudsman and we have formally taken the view that this is the appropriate structure with which to operate in the future. Our sponsor department is conducting a review to enable us to develop our future governance arrangements. Our delegations have been amended so that investigators are able to make decisions on my behalf on all local authority and adult social care complaints in England.

Publishing decisions

Last year we wrote to explain that we would be publishing the final decision on all complaints on our website. We consider this to be an important step in increasing our transparency and accountability and we are the first public sector ombudsman to do this. Publication will apply to all complaints received after the 1 April 2013 with the first decisions appearing on our website over the coming weeks. I hope that your authority will also find this development to be useful and use the decisions on complaints about all local authorities as a tool to identify potential improvement to your own service.

Assessment Code

Earlier in the year we introduced an assessment code that helps us to determine the circumstances where we will investigate a complaint. We apply this code during our initial assessment of all new complaints. Details of the code can be found at:

www.lgo.org.uk/making-a-complaint/how-we-will-deal-with-your-complaint/assessment-code

Annual Report and Accounts

Today we have also published *Raising the Standards*, our Annual Report and Accounts for 2012/13. It details what we have done over the last 12 months to improve our own performance, to drive up standards in the complaints system and to improve the performance of public services. The report can be found on our website at www.lgo.org.uk

Yours sincerely

A handwritten signature in black ink that reads "Jane Martin". The signature is written in a cursive style with a long horizontal flourish at the end.

Dr Jane Martin
Local Government Ombudsman
Chair, Commission for Local Administration in England

CABINET MEETING – 12 FEBRUARY 2014

EXECUTIVE SUMMARY SHEET- PART 1

Title of Report:

Collection Fund 2013/2014

Author(s):

Head of Financial Resources

Purpose of Report:

This report advises Cabinet of the estimated balance on the Collection Fund in respect of Council Tax, for 2013/2014 and the amounts available to the Council and its major precepting authorities for use in setting Council Tax levels for 2014/2015.

Description of Decision:

Members are requested to note the overall positive position in relation to the Council Tax element of the Collection Fund for 2013/2014, and the surplus of £500,000 which will be taken into account when setting the Council Tax level for the Council for 2014/2015.

Is the decision consistent with the Budget/Policy Framework? No, the decision forms part of the budget setting process for 2013/2014.

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

Suggested reason(s) for Decision:

Estimating the Collection Fund balance in respect of Council tax, available at the end of 2013/2014 for use in setting the Council Tax for 2014/2015 is a legal requirement, which the Council must fulfil, based on information available to it as at 15th January, each year.

The Council also has an obligation to notify its major precepting authorities of the estimated surplus or deficit on the Collection Fund in respect of Council Tax, within 7 working days of when this calculation has been made.

Alternative options to be considered and recommended to be rejected:

Not applicable as the report is for information only.

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

Yes

Is it included in the 28 Day Notice of Decisions?

Yes

Scrutiny Committee

Cabinet Meeting – 12th February 2014

Collection Fund 2013/2014

Report of the Head of Financial Resources

1. Purpose of Report

- 1.1 This report advises Cabinet of the estimated balance on the Collection Fund, in respect of Council Tax, for 2013/2014 and the amounts available to the Council and its major precepting authorities for use in setting Council Tax levels for 2014/2015.

2. Description of Decision (Recommendation)

- 2.1 Members are requested to note the position in relation to the Council Tax element of the Collection Fund for 2013/2014 and the surplus of £500,000 which will be taken into account when setting the Council Tax level for the Council for 2014/2015.

3. Background Information

- 3.1 Following the introduction of the Retained Business Rates mechanism for funding local government from April 2013, the Collection Fund comprises two elements - Council Tax element and Business Rates element.
- 3.2 Council Tax
 - 3.2.1 The Local Authorities (Funds) (England) Regulations 1992 made under Section 99 of the Local Government Act 1988, require that billing authorities inform their relevant major precepting authorities of the amount of any estimated surplus or deficit on the Council tax element of their Collection Fund at 31st March.
 - 3.2.2 The estimate is to be made on 15th January or if that is not a working day, the next such day, in accordance with prescribed rules.
 - 3.2.3 Major precepting authorities are to be notified of the estimated surplus or deficit within 7 working days of the estimate being made.
 - 3.2.4 The amount of any surplus or deficit, which the billing authority estimates on its Collection Fund in respect of Council Tax, as at 31st March is shared by the billing authority and the major precepting authorities in proportion to their respective demands upon the Collection Fund. The amount which is estimated will be taken into account by those authorities in calculating their basic amounts of Council Tax for the following year. The estimated surplus or deficit at 31st March 2014 will therefore be taken into account in setting the Council Tax for 2014/2015.

3.2.5 The sums calculated in accordance with paragraphs 3.2.1 to 3.2.4 above are not to be taken into account by authorities in calculating their budget levels, but are to be taken into account when calculating the basic amounts of Council Tax for 2014/2015.

3.2.6 Details in respect of the forecast surplus on the Council Tax element of the collection fund are set out at section 4.1.

3.3 Business Rates

3.3.1 The Non Domestic Rating (Rates Retention) Regulations 2013, requires the estimated surplus or deficit in respect to the Business Rates element of the Collection Fund to be calculated and submitted to Government by the 31st January each year. This calculation, and the allocation of respective shares to central government, the Council and the Tyne and Wear Fire and Rescue Authority forms part of the NNDR1 form which was submitted to Government on 31st January 2014 in accordance with the regulations.

3.3.2 The final NNDR1 form is included within the Revenue Budget and Proposed Council Tax for 2014/2015 report set out elsewhere on this agenda.

4. Collection Fund 2013/2014 - Council Tax Element

4.1 The surplus on the Council Tax element of the Collection Fund as at 31st March 2013, reported as part of the Statement of Accounts for 2012/2013, was £2.339m.

4.2 It was agreed, in a report to Cabinet on the 13th February 2013, that the Council would use some of the projected surplus on the Council Tax element of the Collection Fund at 31st March 2013 as follows:

	£
Council Tax	
Sunderland City Council	500,000
Police and Crime Commissioner for Northumbria (PCCN)	35,280
Tyne and Wear Fire and Rescue Authority	<u>30,844</u>
	<u>566,124</u>

These sums were consequently taken into account when setting the Council Tax for 2013/2014 by the Council and its precepting authorities.

4.3 On the basis of current collection rates and the recovery of Council Tax arrears, it is estimated that the surplus on the Collection Fund, in respect of Council Tax, as at 31st March 2014 will be £2.120m. The sum of £567,359 is therefore proposed to be used in 2014/2015 as a prudent measure with any remaining actual surplus to be used in future years. The amount of £567,359 is to be shared as follows:

Sunderland City Council, (Billing Authority)	£ 500,000
Precepting Authorities:	
Police and Crime Commissioner for Northumbria (PCCN)	36,515
Tyne and Wear Fire and Rescue Authority	<u>30,844</u>
	<u>567,359</u>

The major precepting authorities have been informed of the position.

- 4.4 The sum of £500,000 has been taken into consideration in resourcing the Council's Revenue Budget for 2014/2015.
- 4.5 This positive position reflects the continued strong focus on Council Tax collection, continuous improvement in systems and processes and wider proactive initiatives to address Welfare Reform challenges.

5. Reasons for Decision

- 5.1 Estimating the Collection Fund balance, in respect of Council tax, available in 2013/2014 for use in setting the Council Tax for 2014/2015 is a legal requirement, which the Council must carry out, based on information available to it as at 15th January of each year.
- 5.2 The Council also has an obligation to notify its major precepting authorities of the estimated surplus or deficit on the Collection Fund, in respect of Council tax, within 7 working days of when this calculation has been made.

6. Alternative options to be considered and recommended to be rejected

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

7. Background Papers

Council Report 29th January 2014 – Business Rates Income Forecast 2014/2015 and Projected Business Rates Income Outturn 2013/2014.

CABINET MEETING – 12 FEBRUARY 2014

EXECUTIVE SUMMARY SHEET – PART I

Title of Report:

Capital Programme 2014/2015 and Treasury Management Policy and Strategy 2014/2015, including Prudential Indicators for 2014/2015 to 2016/2017.

Author:

Chief Executive and Head of Financial Resources

Purpose of Report:

To update Cabinet on the level of capital resources and commitments for the forthcoming financial year and seek a recommendation to Council to the overall Capital Programme 2014/2015 and the Treasury Management Policy and Strategy (including both borrowing and investment strategies) for 2014/2015 and to approve the Prudential Indicators for 2014/2015 to 2016/2017.

Description of Decision:

Cabinet is requested to recommend to Council approval of:

- the proposed Capital Programme for 2014/2015
- the Treasury Management Policy and Strategy for 2014/2015 (including specifically the Annual Borrowing and Investment Strategies)
- the Prudential Indicators for 2014/2015 to 2016/2017
- the Minimum Revenue Provision Statement for 2014/2015.

Is the decision consistent with the Budget/Policy Framework?

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

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

Suggested reason(s) for Decision:

To comply with statutory requirements.

Alternative options to be considered and recommended to be rejected:

No alternatives are submitted for Cabinet consideration.

Impacts analysed:

Equality Privacy Sustainability Crime and Disorder

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

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

Scrutiny Committee

Cabinet - 12th February 2014

Capital Programme 2014/2015 and Treasury Management Policy and Strategy 2014/2015, including Prudential Indicators for 2014/2015 to 2016/2017.

Report of the Chief Executive and Head of Financial Resources

1. Purpose of the Report

- 1.1 To update Cabinet on the level of capital resources and commitments for the forthcoming financial year and seek a recommendation to Council to the overall Capital Programme 2014/2015 and the Treasury Management Policy and Strategy for 2014/2015 (including both borrowing and investment strategies) and to set the Prudential Indicators for 2014/2015 to 2016/2017.

2. Description of Decision

- 2.1 Cabinet is requested to recommend to Council approval of:
- the proposed Capital Programme for 2014/2015
 - the Treasury Management Policy and Strategy for 2014/2015 (including specifically the Annual Borrowing and Investment Strategies)
 - the Prudential Indicators for 2014/2015 to 2016/2017
 - the Minimum Revenue Provision Statement for 2014/2015.

3. Capital Programme 2014/2015

General

- 3.1 The proposed Capital Programme for 2014/2015 reflects both the drive to deliver on the aims and priorities set out in the Economic Master Plan as well as the Council's increasingly commercial approach to secure capital investment in the City in order to secure growth and jobs. The total programme proposed amounts to £80.722m as set out below:

	Capital Programme 2014/2015
	£m
Children's Services	6.287
Transport	22.943
Health, Housing and Adult Services (HHA)	6.257
Other Services	45.235
Total	80.722

- 3.2 Members will be aware that the Council has committed resources towards a substantial capital programme spanning a five year period. Therefore the 2014/2015 programme reflects ongoing capital scheme commitments from previous years of £63.011m as set out in Appendix 1 and new starts of £17.711m.

The details of the full Capital Programme for 2014/2015 are included as Appendix 3 and the proposed new starts are set out in Appendix 2. The rest of this section of the report covers proposals for new starts in more detail.

3.3 Local Asset Backed Vehicle

In addition to the above directly funded capital schemes the Council has also approved the creation of a Local Asset Backed Vehicle and has recently approved the preferred bidder for the Sunderland Delivery Vehicle (SDV) partner. This will utilise the Council's asset base, the partner's equity funding, capacity and expertise plus proposed third party finance, and is a substantial long term financial commitment by the Council, to deliver major economic and regeneration benefits to the City in accordance with the key objectives of the Economic Masterplan.

Resources Available for new Starts

Resources - Grants

- 3.4 As reported to Cabinet in January 2014 resources have been allocated regarding Education, Transport, Communities and Local Government, and Health Government Grants on the basis of their specific government funding approvals and other service specific resources.

The table below details Government Grants announced for 2013/2014 onwards.

	2013-14 £000s	2014-15 £000s	2015-16 £000s
Highways Capital Maintenance *	3,397	3,052	
Highways Integrated Transport	2,141	3,011	
Local Pinch Point		1,169	
Regional Growth Fund		5,440	1,700
Nexus - Public Transport	187	450	
Total Transport	5,725	13,122	1,700
Education Capital Maintenance	2,541	2,225	
Education Basic Need	805	805	508
Schools Devolved Funding	597	504	
Two Year Old Offer	553		
Universal Infant Free School Meals		443	
Total Education**	4,496	3,977	508
Department of Health***	843	860	873
CLG – Disabled Facilities Grant***	1,422	1,467	1,787
Total Government Grants	12,486	19,426	4,868

* The Highways Capital Maintenance Grant includes additional one off funding of £0.804m (£0.520m in 2013/2014 and £0.284m in 2014/2015) allocated in the Chancellor's Autumn Statement on 5th December 2012, for which the Council must publish a short statement on its website at the end of each financial year setting out what and where this additional funding has been spent and how it has complemented planned highways capital expenditure.

** In addition the Department for Education had announced funding of £0.797m in 2013/2014 for which Voluntary Aided schools will have direct responsibility.

*** From 2015/2016 Department of Health Grant and Disabled Facilities Grant will be part of the Better Care Fund following transfer of responsibilities from the NHS to local authorities .

Resources – Capital Receipts and Reserves

- 3.5 There has been a significant drop in value and market interest since the economic downturn. To mitigate this impact the Council has adopted an incremental (but prudent) approach of undertaking more prudential borrowing to fund capital schemes where ongoing costs are affordable and sustainable.

As part of its property rationalisation programme the Council is marketing sites when it is felt to be the appropriate time in order to achieve best value to and help support operational efficiencies. Following a review of capital receipts and existing reserves at this stage it is proposed that £0.580m capital receipts and £3.580m reserves are used to support the capital programme (£2.190m in 2014/2015 and £1.970m in future years).

Any further capital receipts from asset sales will be used to support the Council's capital programme in future years as appropriate.

Resources – Revenue Budget

- 3.6 Revenue resources available to support new starts in 2015/2016 amount to £0.570m which will be used to support the Council's Disabled Facilities Grants programme.

Resources – Borrowing

- 3.7 In addition to the above the Council has some flexibility in funding its capital programme through the use of prudential borrowing.

The budget includes prudent provision for capital financing charges that may arise from an additional £4.770m of prudential borrowing (£1.270m in 2014/2015 and £3.500m from 2015/2016) and a further provision is made within capital financing charges for further schemes that may progress subject to development of a detailed business case. However, it is important to note that much of this investment is anticipated to be recouped through commercial arrangements over time and some investments are linked to the generation of savings to support the revenue budget.

Detailed Proposals for New Starts and Capital Programme 2014/2015

- 3.8 Since the January 2014 Cabinet meeting, consultation with the appropriate Cabinet Portfolio Holders has been undertaken on priorities for new starts taking into consideration available resources. The table below sets out a summary position for 2014/2015 in respect of new starts, and continuing commitments are detailed in Appendix 1. Full details of all proposed new capital projects to be included in the Council's 2014/2015 capital programme are detailed in Appendix 2. Part of Education capital funding for 2014/2015 onwards has not yet been allocated by Government and therefore actual grant awarded will be added to the capital programme and reported to Cabinet once details become known.

In drawing up the Other Services capital programme new starts for 2014/2015 account was taken of the investment priorities to support meeting Economic Masterplan aims which support regeneration, service and community priorities whilst harnessing commercial opportunities. The following major schemes are proposed as new starts in respect of the capital programme for 2014/2015 with further details set out in Appendix 2.

Project	Total Capital Programme £m	Spend 2014/2015 £m
Children's Services Schemes	5.018	0.750
Transport Schemes	12.322	10.622
Health, Housing & Adults Schemes	5.856	2.496
Strategic Land Acquisitions	2.000	1.000
Community Infrastructure Improvements	2.500	0.000
Port Dock Gates	0.270	0.270
IT Developments	1.000	1.000
Flood & Extreme Weather Mitigation Works	0.500	0.500
Fleet Replacement	1.560	0.490
Replacement of Cremators	0.900	0.000
Safety Fencing Replacement	0.200	0.200
Play Schemes	0.383	0.383
Total New Starts	32.509	17.711

It is important to note that some capital schemes included in the table above will be subject to funding bids which are being developed. Planned funding sources for individual capital schemes may be altered but funding will be allocated to projects in order to achieve best value to the Council and the capital programme will continue to be prudent, affordable, and sustainable into future years and within overall borrowing limits whilst still retaining flexibility.

The recommended Capital Programme is included in full as Appendix 3 to this report.

Further Reports

- 3.9 In accordance with the Council's Constitution, prior to commencement of projects, details of all new schemes must be subject to a full capital investment appraisal. Those schemes with an estimated cost in excess of £0.250m must be reported for approval to Cabinet whilst for those schemes below £0.250m consultation must take place with the relevant Cabinet Portfolio Holder in advance of delegated decisions being taken to implement these schemes.

4. Prudential Framework and Code

- 4.1 One of the principal features of the Local Government Act 2003 is to provide the primary legislative framework to introduce a prudential regime for the control of Local Authority capital expenditure. The regime relies upon both secondary legislation in the form of regulations, and a prudential code issued

and maintained by the Chartered Institute of Public Finance and Accountancy (CIPFA). The Prudential Code was reported to Council in March 2004.

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

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

4.3 All authorities must follow the latest prudential code published by CIPFA. This involves setting various prudential limits and indicators that must be approved by the Council before the start of the relevant financial year as part of their budget setting process. The prudential and treasury management indicators have been prepared for the financial year 2014/2015, taking into account all matters specified in the code. Regular monitoring will take place during the year and reports made to Cabinet to show the council's performance and compliance with these indicators as part of the quarterly capital review reports as appropriate.

4.4 All of the indicators together with background information to these indicators and what they are seeking to assess, are detailed in Appendix 4 in full compliance with the code.

4.5 Regulations came into force on 31st March 2008 revoking secondary legislation to make a Minimum Revenue Provision (MRP) charge to the revenue account for the repayment of debt associated with expenditure incurred on capital assets. The legislation was replaced with a new duty for local authorities to set, each year, an amount of MRP it considers prudent. It also recommends that an annual statement of its policy on making a MRP in respect of the following financial year is submitted to full Council for approval.

4.6 The recommended Minimum Revenue Provision Statement for 2014/2015 for the Council is set out in Section 1.9 a) to d) of Appendix 5.

5. **Treasury Management**

5.1 **General**

Treasury Management is defined as “the management of the local authority's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.”

5.2 Statutory requirements

The Local Government Act 2003 (the Act) requires the Council to adopt a Treasury Management Policy Statement (detailed in Appendix 6) and to set out its Treasury Management Strategy comprising the Council's strategy for borrowing and the Council's policies for managing its investments, and giving priority to the security and liquidity of those investments (set out in Appendix 7).

The Department of Communities and Local Government issued revised investment guidance which came into effect from 1 April 2010 and the Chartered Institute of Public Finance and Accountancy (CIPFA) updated its Treasury Management in the Public Services Code of Practice in November 2011.

5.3 CIPFA Code of Practice requirements

The Council continues to fully adopt and to re-affirm annually its adherence to the updated CIPFA Code of Practice on Treasury Management..

The primary requirements of the Code include:

1. The Council will create and maintain, as the cornerstones for effective treasury management:
 - a treasury management policy statement, stating the policies, objectives and approach to risk management of its treasury management activities;
 - suitable treasury management practices (TMP's), setting out the manner in which the organisation will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.

The content of the policy statement is detailed in Appendix 6 and the TMP's follow the recommendations contained in Sections 6 and 7 of the Code, subject only to minor variations where necessary to reflect the particular circumstances of the Council and these do not result in the Council deviating from the Code's key principles.
2. The Council will receive reports on treasury management policies, practices and activities, including, as a minimum, an annual strategy and plan in advance of the year ahead, a mid-year review and an annual report after its close, in the form prescribed in its TMP's.
3. The Council delegates responsibility for the implementation and regular monitoring of its treasury management policies and practices to Cabinet, and for the execution and administration of treasury management decisions to the Head of Financial Resources, who acts in accordance with the organisation's Policy Statement, TMP's and CIPFA's Standard of Professional Practice on Treasury Management.
4. The Council's Audit and Governance Committee is responsible for ensuring effective scrutiny of the treasury management strategy and policies.

5.4 Treasury Management Strategy Statement for 2014/2015

- 5.4.1 The Treasury Management Strategy Statement comprises a Borrowing and an Investment Strategy. These set out the Council's policies for managing its borrowing and investments in 2014/2015.
- 5.4.2 There are however no major changes being proposed to the overall Treasury Management Strategy in 2014/2015 which maintains the careful and prudent approach adopted by the Council in previous years. Particular areas that inform the strategy include the extent of potential borrowing included in the Council's capital programme, the availability of borrowing, and the current and forecast global and UK economic positions, in particular forecasts relating to interest rates and security of investments.
- 5.4.3 The proposed Treasury Management Strategy Statement for 2014/2015 is set out in Appendix 7 and is based upon the views of the Head of Financial Resources, supplemented with money market data, market information and leading market forecasts and views provided by the Council's treasury adviser, Capita Asset Services.
- 5.4.4 The strategy is subject to regular review to ensure compliance to the agreed treasury management strategy and that the strategy adapts to changing financial markets as appropriate. The Council's performance for 2013/2014 using the prudent treasury management strategy adopted shows that the current average rate of borrowing at 3.48% is low in comparison with other local authorities whilst the current rate earned on investments at 1.05% is higher than the benchmark rate of 0.36%. Market conditions are also under constant review so that the Council can take a view on the optimum time to carry out further borrowing or debt rescheduling.

6. Reasons for Decision

- 6.1 To comply with statutory requirements.

7. Alternative Options

- 7.1 No alternative options are proposed.

8. Impact Analysis

- 8.1 Impact assessments will be undertaken by Directorates to ensure programmes are delivered within budget.

9. List of Appendices

- 9.1 Appendix 1 – Capital Commitments into 2014/2015
- Appendix 2 - Capital Programme 2014/2015 New Starts
- Appendix 3 – Capital Programme 2013/2014 to 2017/2018
- Appendix 4 – Prudential and Treasury indicators 2014/2015 to 2016/2017
- Appendix 5 – Minimum Revenue Provision Policy Statement 2014/2015
- Appendix 6 - Treasury Management Policy Statement
- Appendix 7 – Treasury Management Strategy Statement for 2014/2015

Appendix 1

	Capital Commitments into 2014/2015
	£m
Children's Services Schemes	5.537
Transport Schemes	12.321
Health, Housing & Adults Schemes	3.761
St Mary's Boulevard & City Square	3.935
Seafront Developments	1.880
Roker Pier and Lighthouse	0.938
Washington Leisure Centre	8.052
Port Infrastructure & Invest to save works	1.513
Parks Improvement Programme	0.925
St Peter's Public Realm	1.218
Enterprise Zone Infrastructure	5.873
Investment Corridors	2.442
Property Planned Capital Maintenance	1.400
Provision for Economic Development	0.690
Flood & Extreme Weather Mitigation Works	0.530
Community Infrastructure Improvements	2.500
Sunderland Railway Station Contribution	3.000
Other Schemes	6.496
Total	63.011

Capital Programme 2014/2015 – New Starts

1.0 Children’s Services Capital Proposals 2014/2015

1.1

The table below details the Children’s Services Government Grants announced for 2013/2014 onwards.

	2013-14 £'000	2014-15 £'000	2015-16 £'000	2016-17 £'000
Education Capital Maintenance	2,541	2,225		
Education Basic Need	805	805	508	533
Schools Devolved Funding	603	504		
Two Year Old Offer	553			
Universal Infant Free School Meals		443		
Total Children’s Services	4,502	3,977	508	533

1.2 Proposals for Children’s Services Capital Programme New Starts 2014/2015

1.2.1 There is projected to be £9.003m Education Capital grants funding (Capital Maintenance and Basic Needs) that will be available from 2014/2015 for School Asset Management Priorities. This consists of £5.973m from allocations projected to be brought-forward from 2013/2014, and £3.030m new 2014/2015 allocations. In addition, there is Basic Needs allocations confirmed for 2015/2016 and 2016/2017 totalling £1.041m. The voluntary-aided sector is allocated a share of grant funding based on pupil numbers, and reflecting the governors’ 10 per cent contribution and eligibility for VAT for Capital Maintenance. Funding is held back centrally for academies which mean that there is no call on the capital maintenance funds allocated to Local Authority schools. Details below show current proposals from the new grant allocations as well as the projected grant allocation brought forward from previous years, but excluding the Schools Devolved Capital grant from which schools will determine their own priorities from their allocations. Further proposals may arise during the year as other essential works emerge to meet key priorities.

Priority Schools Building Programme (PSBP) - £0.850m

1.2.2 In October 2011 the Council submitted bids for five schools (2 secondary and 3 primary schools) to the Priority Schools Build Programme (PSBP). Cabinet approved the submission on 5th October 2011. Schools in the programme can be funded in one of two ways. Either through Direct Grant or through a Private Finance Initiative (PFI) with the schools split into ‘Batches’ to reflect the funding stream they are to access. Sunderland has two schools (Usworth Grange Primary School and St Anthony’s RC VA Academy) to be funded through the Direct Grant with the remaining three schools (Shiney Row Primary School, Hylton Castle Primary School and Hetton School) funded through PFI. These schools have been identified as in the worst condition and in greatest need of capital redevelopment. All schools will be new builds.

- 1.2.3 For those schools in the PFI 'Batch', there is a requirement that Schools must accept being part of a long-term (approximately 27 year) private finance arrangement including Hard / Soft Facilities Management (FM). This includes a requirement for schools to make a contribution to the annual revenue payment. The cost per square metre is to be determined but it is currently estimated that the increased facilities management requirement involved in the programme is likely to cost an additional £0.2m per annum for a secondary school and for an average sized primary school £0.060m revenue spend per annum (there will be no additional contractual FM requirement made of Usworth Grange Primary School). As it would be extremely difficult for individual schools to meet this additional cost pressure an alternative way of funding the shortfall for the schools involved would be an increased allocation from the overall Dedicated Schools Grant (DSG). This would be an additional call on the DSG which would be effectively 'top-sliced' before schools receive their individual allocations. The Schools Forum agreed this proposal in principle at its 15th September 2011 meeting. Proposed changes to the schools funding formula means that the mechanism to do this must be revisited, although the principle is still in place.
- 1.2.4 It is proposed that 'setting up allowances' for furniture and ICT infrastructure are provided to the maintained schools in the programme through the Children's Services Capital Programme. These are not covered through PFI funding and will be funded by Capital Maintenance and/or Basic Need grants. The amount proposed is £0.325m for Hetton School and £0.175m for each of the three primary schools within the programme, or £0.850m in total.
- 1.2.5 This represents an overall increase of £0.1m in the amount approved in 2013/2014. It is in response to unforeseen costs involved with the overall build of the school, such as at Usworth Grange Primary where the school has been required to fund elements of the build that were considered desirable by the school to facilitate management and delivery of the curriculum but considered out of scope by the DFE.
- 1.2.6 Development of the PSBP schools is progressing following a period of delay. The build at Usworth Grange has now commenced, with SRM the appointed contractor, while Hetton School has been selected as a 'First School' and will lead the development of the schools in the PFI batch. Three firms are currently under consideration for the city's PFI batch of schools.

Basic Need

- 1.2.7 Sunderland City Council remains the responsible body for the city's Basic Need funding. This funding is for all publicly funded schools in the city (including Academies and VA schools). Basic Need funding, although not ring fenced, is intended to ensure additional school places can be provided where needed.
- 1.2.8 Cabinet has already agreed proposed works at Easington Lane Primary School of £0.650m and Biddick Primary School of £0.450m that respond to the need for additional primary school places in Hetton and Washington. These works will be completed in 2013/2014. The Council, working with partners, has identified the following additional works as priority for the 2013/2014 – 2014/2015 funding cycle.

Lambton Primary School - £0.350m in 2013/2014 -2014/2015

- 1.2.9 The increase in primary aged pupil numbers in Washington has required the local authority, working with local schools in the planning area, to seek a number of additional places in order to ensure there are sufficient school places to meet demand in coming years.
- 1.2.10 In March 2013, following a temporary PAN increase at Biddick Primary School, the PAN at the school for reception aged children was raised permanently from 30 to 45. This came in to place in September 2013. This increase has mitigated the undersupply of places in Washington and forms part of the local authority's strategy to ensure there are sufficient school places in the area.
- 1.2.11 Long term projections identify further increase in the demand for places in Washington. It is anticipated that as many as 50 additional places could be required to accommodate demand for the 2014/2015 reception cohort. This will be further exacerbated as the housing developments at Teal Farm and Emerson House mature. For this reason the local authority, following consultation with Washington Schools, has proposed a PAN increase at Lambton Primary School for 2014/2015 from 30 to 60 reception places. Additional sufficiency review is ongoing as the 2014/2015 primary preference period for primary school places continues.
- 1.2.12 As a result of the agreed pupil admission number increase it will be necessary to increase the current school capacity to 420. Work has already been successfully completed to increase the capacity of the Key Stage 1 accommodation. A further phase of development is now needed to increase the accommodation requirements in Key Stage 2 and be completed by September 2014.
- 1.2.13 The required works are estimated to cost in the region of £0.350m. Costs will be met from Children's Services Basic Need allocation provided by the Department for Education to the local authority to address its need for additional school places.

Barbara Priestman Special School - £0.850m in 2013/2014 – 2014/2015

- 1.2.14 Barbara Priestman Special School has been identified as having significant capacity issues. The Council has evaluated the capacity required by the school to house the current number of pupils on roll (120) against both the PSBP floor space ratio and the previous net capacity evaluation tools used under BSF. On both occasions the class space available has been identified as insufficient to meet the current needs of the school.
- 1.2.15 To increase the school footprint to meet current space standards the existing school footprint will need to undergo both extension and alteration. The Council is proposing that this occurs in three phases. Phase 1 involves the creation of a new teaching block for pupils aged 16-19. Phase 2 and 3 would involve a series of internal alterations and adaptations to the existing estate in order to provide

additional class bases and greater teaching space for up to 80 pupils aged 11 – 16.

- 1.2.16 The estimated value for the full scale of works at Barbara Priestman is £1.8m – £1.95m. Given the impact that this would have on the wider Basic Need budget it was agreed in 2012/2013 that Phase 1 was to be completed during 2013/2014 through Basic Need funding with further discussions with the Ascent Academies Trust identifying the funding relationship and process for any additional phases of the programme. The value of Phase 1 is estimated at £0.65m
- 1.2.17 Procurement has now commenced on the Phase 1 development. Following discussions between the academy trust and local authority officers the Academy has agreed to submit a bid of £1m to the DfE's Academy Capital Maintenance Fund. This allows for Academies to submit bids of up to £4m for capital to resolve identified priorities relating to condition and overcrowding. Any development would need to be completed by 2014/2015. Given that the additional floor space from the development would contribute to the potential to increase the overall capacity of the Academy, and that the assessment criteria published by the DfE gives priority to bids demonstrating the ability to draw on alternative funding, it is proposed that the local authority contribute a further £0.2m to this project, with the Academy Trust contributing £0.1m with total funding at £1.3m for the remaining phases of the project. It is recognised that the £0.2m provided by the council is dependent on the Academy Trust securing the remaining £1.1m from the DfE or an alternative source.

SEN Provision - Columbia Grange School – £0.150m - £0.300m

- 1.2.18 Pressure on primary school places for young people with ASD for whom a mainstream school placement is deemed unsuitable has increased across Sunderland. In recent years the local authority, working with local primary and secondary schools, has increased the range of provision available to pupils with special educational needs through the development of resourced provision at Farrington Academy, Biddick Sports Academy and Oxclose Village Primary School but there is still demand for additional resource within the specialist primary sector.
- 1.2.19 The creation of additional capacity at Columbia Grange Primary School would mitigate the undersupply of specialist ASD places in the primary sector. Discussions with the school and governing body are at an initial stage but a proposal is under development for cabinet consideration that would see between 10 – 20 primary places created across all age ranges at the school. Previous works indicate that an estimated £0.150m - £0.300m will be required to carry out the required works. This will be funded through Basic Need Funding.
- 1.2.20 Smaller works have also been planned at Farrington Academy (£0.120m for ASD commissioned places) and Usworth Colliery (£0.010m-£0.015m to refresh existing teaching space for ASD delivery).

Pupil Planning

1.2.21 In addition to the proposed works the Council is assessing those localities where pupil projections have indicated potential capacity problems. Particular focus remains on primary places in parts of the Coalfields and Washington areas. There is currently no identified need for further secondary investment using Basic Need funding.

Capital Maintenance

1.2.22 The Council is committed to carrying out an ongoing set of improvements across the maintained educational estate in the City. Academies and Voluntary Aided Schools are not eligible for Capital Maintenance funding held by the Council.

1.2.23 The priority for Children's Services is health and safety, keeping buildings wind and watertight, and thereby avoiding school closures. A contingency sum is therefore also required to address the numerous ad-hoc situations that arise in schools year on year. To achieve this an ongoing refurbishment programme is in place focusing on the following areas:

- Window replacement
- Fire detection systems
- Boiler/ heating replacement
- Roofing works
- Asbestos removal
- Lighting renewals

1.2.24 The Council's Capital Allocation for 2014/2015 has decreased as a consequence of the number of the city's secondary schools who have now converted to academy status. To that end it has been estimated that a minimum of £1m will be allocated against the ongoing improvement to the Sunderland's maintained sector capital estate.

Pupil Referral Centre – Move to Pallion Skills Centre - £0.170m

1.2.25 The PRU currently occupy premises at Cheadle Centre and Tudor Grove. Due to restrictions on space and ability to develop further teaching space at the Cheadle Centre, as well as the opportunity to utilise the existing academic and vocational facilities at the Pallion Skills Centre, the PRU will move a proportion of their delivery from the Cheadle Centre to the Pallion Centre. Sandhill View School, who own a proportion of the capital assets at the Pallion Skills Centre, have agreed that assets required to facilitate vocational delivery at Pallion can remain for use for the PRU's use.

1.2.26 However, further capital investment will be required to modify the internal teaching space. This has been estimated at £0.170m and will be funded through Capital Maintenance. Work includes the development of classrooms, modification of transition areas in the school and remedial work required before occupation. Work is anticipated to be complete by October 2014.

Universal Infant Free School Meals £0.750m

- 1.2.27 In December 2013 the Secretary of State announced capital funding grants for a Universal Free School Meals Capital Grant aimed at improving facilities in school kitchens and dining rooms for reception, year one and year two pupils. Of this grant Sunderland has been allocated £0.443m for maintained schools with a further £0.120m allocated the Sunderland's maintained VA schools.
- 1.2.28 Local investment is yet to be finalised with options including the replacement of equipment across the city or the development of production kitchens in the 3 maintained schools that do not produce meals onsite. The maintained schools with either no kitchen facility on site or schools where the existing kitchen facilities are insufficient in size to meet the needs of the cohort. Schools without kitchen facilities are JFK Primary School, Bernard Gilpin Primary School and Grindon Infant School. The three schools identified currently have meals prepared at other kitchens and then delivered to the sites. By giving the above schools the facility to prepare and serve meals on site the schools will be able to make long term cost efficiencies and increase the range of meals available to young pupils (encouraging more people to take up school meals). Once completed all maintained schools in Sunderland will have onsite kitchen facilities.
- 1.2.29 The local authority, working with Up North has identified outline costs to provide kitchen facilities in JFK, Bernard Gilpin Primary and Grindon Infant Schools. At £0.750m this exceeds the £0.443m allocated to Sunderland Council by the DfE. It is proposed that the shortfall in funding of £0.307m is met through the local authority's capital maintenance budget.
- 1.2.30 Further to the above Capital proposals, the School Meals Consortium has agreed a minimum of £0.150m to be drawn from the Consortium's trading surplus. This will be allocated to the remaining schools who continue to make up the local authorities school meals consortium to purchase heavy equipment for those members in order to increase the quality of existing facilities providing school meals to reception, year one and year two students.

2.0 Highways Capital Funding 2014/2015

- 2.1 The Department for Transport (DfT) announced LTP allocations on 29th March 2012 for 2013/2014 and 2014/2015 which are set out below. The DfT also announced on 18th December 2012 additional allocations for Highways Maintenance for 2013/2014 and 2014/2015 which are also included in the table below. In addition the Council receives a contribution from Nexus Allocation towards public transport initiatives. On 28th August 2013 DfT confirmed funding of £1.169m Local Pinch Point funding; the Department for Business, Innovation and Skills also confirmed on 20th December 2013 £7.140m Regional Growth Funding; both of these are for Low Carbon Enterprise Zone Transport Infrastructure schemes.
- 2.2 The table below details the Highways Capital Funding announced for 2013/2014 onwards.

	2013-14 £'000	2014-15 £'000	2015-16 £'000
Highways Capital Maintenance	3,397	3,052	
Highways Integrated Transport	2,141	3,011	
Nexus Allocation	187	450	
Local Pinch Point	0	1,169	
Regional Growth Fund (RGF)	0	5,440	1,700
Total Transport	5,725	13,122	1,700

There is also other funding from prudential borrowing. The Council has previously approved investment of £5m over 5 years into capital Transport schemes from 2012/2013 to 2016/2017 (£1m p.a.). The total confirmed funding for transport schemes from 2014/2015 from prudential borrowing and new grants is therefore £17.822m (£13.122 2014/15 grants, £1.7m 2015/16 grants, and £3m 2014/15 to 2016/17 p.a. prudential borrowing), or £14.822m from new grants only.

Proposals for Highways Capital Programme New Starts 2014/2015

- 2.2.1 Both the Highways Capital Maintenance and Integrated Transport funding blocks are calculated through a needs-based formula and in Metropolitan Areas is allocated to the Integrated Transport Authority (ITA) in that area. It is up to the ITA to distribute funds to constituent authorities in their area and, in consultation with Districts they have agreed the allocations included in the table above. Future years allocation of this funding may change if a Combined Authority for the north east region is created in 2014 and due to the allocation of some Integrated Transport funding to the new Local Growth Fund from 2015/2016. However, it has been recommended that for 2014/2015, that funding allocations are provided to local authorities on the same basis as allocated by the ITA.
- 2.2.2 The proposed capital programme for 2014/2015 and future years, excluding funding of the central transport team for Tyne and Wear and for ongoing commitments in relation to the New Wear Crossing, will leave £12.121m (£14.822m less £2.500m for the Crossing and £0.201m for the Central Transport team) to support the following priorities:
- The structural maintenance of highways and bridges – £1.750m.
 - Economic development and regeneration by managing congestion; support safe and sustainable communities by improving Road Safety and, improving access; address climate change by promoting sustainable travel - £1.612m (£0.501m of this allocation will provide match funding for Local Pinch Point Schemes).
 - As part of the Low Carbon Enterprise Zone Transport Infrastructure schemes, £1.169m Local Pinch Point funding will support schemes located on A19/A690 and A19/A183 junctions, and £7.140m Regional Growth Fund funding will support schemes including A19/A1290 junction signalisation, A1290 Nissan Access signal improvements, A1290/Cherry Blossom Way signalisation and associated pedestrian and cycleway improvements.

- Public transport initiatives - £0.450m.

3.0 Health, Housing and Adult Services Capital Proposals 2014/2015

- 3.1 The Council now receive a single Department of Health (DoH) capital grant on the basis of social care Relative Needs Formula. The allocation to Sunderland was £0.843m in 2013/2014 and will be £0.860m in 2014/2015. The grant is not ring fenced but is expected to be used to support three key areas which comprise of personalisation, reform and efficiency.
- 3.2 An allocation of £1.467m Disabled Facilities Grant has been confirmed for 2014/2015. The DFG grant is not ring fenced but is expected to be used to support individuals being able to remain in their own properties for as long as possible in a safe and secure environment.
- 3.3 From 2015/2016 Department of Health Grant and Disabled Facilities Grant will be part of the Better Care Fund following transfer of responsibilities from the NHS to Local Authorities. Provisional allocations for 2015/2016 have been announced and are £0.873m for Social Care Capital Grant and £1.787m for Disabled Facilities Grant.

The Council has an ongoing Area Renewal programme that will continue to be funded from Homes and Communities Agency grant received in advance.

3.3 Proposals for Health, Housing and Adult Services Capital Programme New Starts 2014/2015

The table below details the Health, Housing and Adult Services Capital Funding announced for 2013/2014 onwards.

	2013-14 £'000	2014-15 £'000	2015-16 Provisional £'000
Disabled Facilities Grant	1,417	1,467	1,787
Department of Health (DoH)Capital Grant	843	860	873
Total	2,260	2,327	2,660

The table below outlines the current proposals for 2014/2015 and future years from new announced grant allocations and other resources.

	2014-15 £'000	2015-16 £'000
Disabled Facilities Grant (DFG)	2,346	2,487
Improvements to Care and Support	150	150
Reablement Services	0	723
Total Expenditure	2,496	3,360

Further detail is set out below;

3.3.1 Housing

Disabled Facilities Grant

It is proposed that the Disabled Facilities Grants budget for 2014/2015 remains at £2.346m, the same level as 2013/2014. This can be funded through a specific government grant of £1.467m, a Council contribution of £0.039m, a contribution from Registered Social Landlords of £0.130m and DoH funding of £0.710m. For 2015/2016, it is proposed that the Disabled Facilities Grants budget is increased to £2.487m. This can be funded through a specific government grant of £1.787m (indicative allocation), a Council contribution of £0.570m and a contribution from Registered Social Landlords of £0.130m.

3.3.2 Adult Services

Refurbishment Works

Annually the Directorate reviews all establishments including those occupied by clients and a schedule of works that are required is drawn up to ensure that these establishments are maintained at an acceptable level. Directorate establishments refurbishment needs amounting to £0.150m have been identified to maintain standards of provision for residential and day care and enhancing service delivery.

Reablement Services

It is proposed to use the remaining £0.723m DoH grant in 2015/2016 to accelerate the expansion of reablement services in the city with Health partners.

4.0 Other Services Capital New Start Proposals 2014/2015

Resources to support other services proposals for capital projects are set out in Section 3 of the main report. The following projects are proposed for inclusion in the 2014/2015 capital programme:

4.1 Strategic Land Acquisitions £2.000m (£1.000m in 2014/2015 and £1.000m in 2015/2016)

It is proposed that funding is provided to acquire further land and buildings which are considered to be of strategic importance and would contribute towards the Council's physical regeneration aspirations for the City. Proposals will be brought forward in accordance with Council policy for acquisition of land and buildings.

4.2 Community Infrastructure Improvements £2.500m in 2015/2016

It is recommended that a provision of £2.500m established in 2013/2014 is continued into 2015/2016 to allow smaller infrastructure works to be completed within local communities. This provision will also support the continued development and delivery of the Community Leadership model within the Council.

4.3 Port Dock Gates £0.270m in 2014/2015

The Port has benefited in recent years from new capital investment which has facilitated the development and expansion of the commercial opportunities within the Port and a significantly improved trading position. Essential capital maintenance of No 1 gates has previously been identified and £0.600m allocated

towards these works. However detailed investigation has identified a further £0.270m is required to complete the necessary works.

4.4 IT Developments £1.000m in 2014/2015

Further IT developments are proposed that will enable efficiencies within the Council to take place and help services to meet necessary budget reductions and also provide for essential maintenance and business critical work, including for network, security and storage updates.

4.5 Flood and Extreme Weather Mitigation Works £0.500m in 2014/2015

Extreme weather caused flooding on Council land in 2012 and the Council allocated £1.500m over 3 years towards the physical installation of new drainage systems, repair of highways drainage networks and creating physical barriers for surface run off from land. Storms in 2013 have caused damage to walls at Seaburn and have required works and funding to be accelerated into 2013/2014. As a consequence it is proposed to replenish funding originally provided for 2014/2015 by making an additional allocation of £0.500m towards flood and extreme weather mitigation works.

4.6 Safety Fencing Replacement £0.200m in 2014/2015

A recent condition survey has identified the need to replace parts of the safety fencing on the city's road network. An allocation of £0.200m will allow safety fences at priority locations identified from the condition survey to be replaced and ensure that public safety is not compromised.

4.7 Fleet Replacement £1.560m (£0.490m in 2014/2015, £0.630m in 2015/2016 and £0.440m in 2016/2017)

It is proposed to allocate £1.560m over 3 years towards replacing 12 Gritters, 8 tandem vibration rollers, an excavator with trailer and a precinct paving scrubber. Allocation of resources now will ensure funds are available to continue the Councils existing service provision. An option appraisal will be carried out to ensure that purchase of these assets will provide better value to the Council than leasing.

4.8 Replacement of Cremators - £0.900m in 2015/2016

It is proposed to make provision for the replacement of the 3 cremators in 2015/2016. The existing cremators were installed 14 years ago and are now coming to the end of their useful lives, being 10-15 years. Most cremators are gas but the current ones are electric, with limited and costly external support for maintenance etc. and will be replaced with more modern and efficient versions.

4.9 Play Schemes - £0.383m in 2014/2015

A work programme is underway using Section 106 developer contributions to continue improving and upgrading play facilities across the city. Aligned with the Play and Urban Games Strategy the investment will contribute to maintaining the standard of the city's play areas. As part of the first phase it is proposed that work will commence at Seldom Seen, Herrington Country Park and a number of Washington parks.

4.10 Potential Invest to Save Schemes

It is proposed that the Capital Programme includes headroom over the medium term to support capital spending for 'invest to save' schemes. These are primarily in partnership with the private sector to support investment in the City and enable future strategic developments to take place and support the aims of the Sunderland Economic Masterplan. These schemes are still subject to negotiation and will only progress subject to development of a detailed business case, at which point they will be reported to Cabinet and added into the capital programme. It is important to note that much of this investment is anticipated to be recouped through commercial arrangements over time and some investments are linked to the generation of savings to support the revenue budget.

CAPITAL PROGRAMME

Summary of Programme
2013/14 to 2017/18

Expenditure by Portfolio	Gross Cost £'000	Expend. to 31.3.13 £'000	Estimated Payments				
			2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000
Leader	80,183	15,622	20,927	20,608	14,526	8,500	
Deputy Leader	14,673	11,358	717	2,598			
Cabinet Secretary	30,598	5,337	11,100	6,891	5,090	1,090	1,090
Children's Services	31,323	14,247	4,994	6,287	3,334	2,461	
Health, Housing & Adult Services	21,418	7,315	4,486	6,257	3,360		
Public Health, Wellness & Culture	15,260	480	4,553	9,270	957		
City Services	210,351	59,095	16,486	26,311	41,647	56,402	10,410
Responsive Services & Customer Care	910	294	616				
Contingencies	12,155		4,320	2,500	5,335		
TOTAL CAPITAL EXPENDITURE	416,871	113,748	68,199	80,722	74,249	68,453	11,500

CAPITAL PROGRAMME

Source of Finance	Estimated Payments				
	2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000
From External Sources					
Loans					
- Unsupported Borrowing	35,748	40,653	23,576	15,356	11,500
- Growing Places Fund	1,299	3,841			
Government Grants					
- Department for Communities and Local Government - Disabled Facilities Grant	1,417	1,467	1,787		
- Department for Communities and Local Government - Other		463			
- Department of Health	677	951	873		
- Department for Education - Capital Maintenance	2,166	867	2,524	1,420	
- Department for Education - Basic Needs	1,034	3,886	306	1,041	
- Department for Education - Devolved Formula Grant	1,040	1,091	504		
- Department for Education - Two Year Old Offer	553				
- Department for Education - Universal Infant Free School Meals		443			
- Department for Education - Other	181				
- Department for Transport - Transport Grant	5,090	6,663			
- Department for Transport - S31 Transport Grant			33,967	48,596	
- Department for Transport - Local Sustainability Transport Fund	183				
- Department for Transport - Other	541	1,169			
- Coast Protection	334	182	283	700	
- Single Housing Investment Pot	117	161			
- Cluster of Empty Homes Grant	392				
- Better Bus Fund	119				
- Department of Business, Innovation and Skills -Regional Growth Fund		5,440	1,700		
Grants from Other Public Bodies					
- European Grants	4,281	3,107	3,214		
- Heritage Lottery Fund	639	2,426	3,285	900	
- BIG Coastal Communities Fund	1,956	44			
- Homes and Communities Agency	1,267	2,551			
- Football Foundation	200				
- Sport England	150				
- Nexus	327	450			
- Clinical Commissioning Group	600				
Other External Funding	222	190	130		
Total External Sources	60,533	76,045	72,149	68,013	11,500
From Internal Sources					
Revenue Contributions					
- General Fund	2,320		570		
- People Services	18				
- Strategic Initiatives Budget	216				
Capital Receipts	689	500			
Reserves					
- Strategic Investment Reserve	1,012	929			
- Strategic Investment Plan Reserve	870	609			
- Unutilised RCCO Reserve	1,169	319	630	142	
- Port Reserve	150				
- Working Neighbourhoods Reserve	224	39	900	298	
- Modernisation Reserve		1,000			
- New Homes Bonus Reserve	488	958			
- Section 106 Reserve	255	323			
- Other Capital Reserves	255				
Total Internal Sources	7,666	4,677	2,100	440	
TOTAL CAPITAL FINANCING	68,199	80,722	74,249	68,453	11,500

LEADER CAPITAL PROGRAMME

CAPITAL INVESTMENT PLANS AND LINKAGES TO SERVICE OBJECTIVE AND STRATEGIC PRIORITIES

The Leader capital programme will contribute towards meeting the five Aims of the Sunderland Economic Masterplan:

- A new kind of university city
- A national hub of the low-carbon economy
- A prosperous and well-connected waterfront city centre
- An inclusive city economy for all ages
- A one city approach to economic leadership

It aims to do this by:

- Continuing to deliver effectively ongoing commitments and identify feasible and realistic new starts that contribute strategically and operationally toward delivery of the five aims of the Sunderland Economic Masterplan.

OUTCOMES FROM COMPLETED CAPITAL SCHEMES

- Purchase of strategic assets within the City has enabled further regeneration within the City to take place. Main purchases in current year include land and buildings at Villiers and Nile Streets as part of a joint venture with the Homes Community Agency for the redevelopment of central Sunnyside, as well as 187-193 High St West, Liverpool House acquired with a view to demolition and clearance and in order to provide a comprehensive development site including this prominent frontage building.
- Smarter Working has resulted in 18 building closures to date, a new community equipment store has been created and revenue savings delivered, enabled by capital investment.

KEY MEDIUM TERM PRIORITIES

- To provide leadership to the council on all major strategic, corporate and cross-cutting and commercially sensitive issues.

HOW THE PROGRAMME CONTRIBUTES TO VALUE FOR MONEY AND EFFICIENCY

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

- The rationalisation of the property portfolio has resulted in the closure of 18 buildings and achieved £2.4m revenue efficiencies to date.
- Maximising external funding streams.
- Alternative funding and delivery methods (eg LABV).
- Efficiencies through improved procurement techniques and monitoring arrangements.

CAPITAL INVESTMENTS FOR THE YEAR AHEAD

Ongoing Commitments

- Demolition of Crowtree Leisure Centre is underway and works are scheduled for completion in 2014.
- Part of the former Vaux Site has been closed whilst St Mary's Boulevard is constructed. Remedial works are currently underway to divert live electrical cables. Works to grade back, make safe and reinstate walls and footpaths following the landslip will take place once the diversions are complete.
- St Mary's Boulevard & City Square - Works are progressing with the construction of the realigned highway and new city square, which are scheduled for completion in Autumn 2014.
- The Washington Business Centre scheme is almost complete and will provide a high quality managed workspace that will encourage the start-up of new, small and medium enterprises. The facility will offer support for their early growth by providing a purpose-built business centre.
- Smarter Working - the ongoing refurbishment of the Youth Offending Service building will enable the closure of Cassaton House in February 2014.
- Enterprise Zone Infrastructure - Feasibility and masterplanning works are now nearing completion and infrastructure requirements have now been established. It is anticipated that a planning application for a scheme of highway improvements to service the site will be submitted during 2014 with the development commencing on site in early 2015.
- Community Infrastructure Improvements project will allow small infrastructure works to be undertaken in the local communities.
- Investment Corridors programme will deliver physical improvements to the city centre helping to increase footfall and improve the attractiveness of the city centre as place in which to live and work by providing excellent public realm and supporting the development of new retail and leisure facilities.
- City Deal Development - Initial capital work will continue to be progressed in relation to the Councils bid for a City Deal. This allocation will be reviewed as plans for the city deal are progressed and finalised.

LEADER CAPITAL PROGRAMME

- Sunderland Railway Station Contribution - work with Network Rail will continue with the objective of securing commitment towards the redevelopment of the above ground concourse to Sunderland Station.

New Starts

- The acquisition of further land and buildings which are considered to be of strategic importance and would contribute towards the Council's physical regeneration aspirations for the City.
- Smaller infrastructure works to be completed within local communities which will also support the continued development and delivery of the Community Leadership model within the Council.

**LEADER
CAPITAL PROGRAMME**

SUMMARY

Project Description	Gross Cost £'000	Expend to 31.3.13 £'000	Estimated Payments				
			2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000
MAIN BLOCK							
Continuing Projects	66,957	15,622	19,527	15,282	9,526	7,000	
Projects Commencing 2013/14	8,726		1,400	4,326	1,500	1,500	
Projects Commencing 2014/15	2,000			1,000	1,000		
Projects Commencing 2015/16	2,500				2,500		
Projects Commencing 2016/17							
Projects Commencing 2017/18							
TOTAL CAPITAL EXPENDITURE	80,183	15,622	20,927	20,608	14,526	8,500	

METHOD OF FINANCING ESTIMATED CAPITAL EXPENDITURE

Source of Finance	Estimated Resources				
	2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000
FROM EXTERNAL SOURCES					
Loans					
- Unsupported Borrowing	13,963	13,628	11,312	8,500	
- Growing Places Fund	1,299	3,841			
European Grants	4,281	3,107	3,214		
Grants from Other Public Bodies - Clinical Commissioning Group	600				
Total External Sources	20,143	20,576	14,526	8,500	
FROM INTERNAL SOURCES					
Reserves					
- Strategic Investment Reserve	460	32			
- Unutilised RCCO Reserve	39				
- New Homes Bonus Reserve	59				
- Other Capital Reserves	226				
Total Internal Sources	784	32			
TOTAL FINANCING	20,927	20,608	14,526	8,500	

**LEADER
CAPITAL PROGRAMME**

Project Ref	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.13 £'000	Estimated Payments				
					2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000
Continuing Projects									
Strategic Economic Development									
CP0126	Ex Vaux Site Advance Site Works	F Serajian	1,466	1,054	380	32			
CP0136	Enterprise Zone Infrastructure	I Williams	21,000	15	313	5,873	7,799	7,000	
CP0127	Strategic Land Acquisition Provision	N Wood	3,059	1,425	1,634				
CP0137	Sunderland Railway Station Contribution	N Wood	3,000			3,000			
CP0138	St Mary's Boulevard & City Square	I Williams	11,864	1,580	6,172	3,935	177		
CP0139	Investment Corridors	F Serajian	4,000	6	2	2,442	1,550		
CP0140	City Centre Hotel Contribution	P Wilson	2,000		2,000				
CP0175	Demolition of Crowtree LC	F Serajian	2,968	22	2,946				
Business Investment									
CP0129	Washington Business Centre	I Williams	6,040	189	5,851				
CP0130	Software Centre	I Williams	8,703	8,593	110				
Strategic Improvement Programmes									
CP0132	Smarter Working	F Serajian	1,727	1,647	80				
City Centre									
CP0134	City Centre Improvements	F Serajian	1,130	1,091	39				
TOTAL CONTINUING PROJECTS			66,957	15,622	19,527	15,282	9,526	7,000	
Projects Commencing 2013/14									
Strategic Improvement Programmes									
CP0132	Smarter Working	F Serajian	1,226		1,226				
CP0143	Community Infrastructure Improvements	L Clark	2,500			2,500			
Strategic Economic Development									
CP0142	City Deal Development	V Taylor	5,000		174	1,826	1,500	1,500	
TOTAL PROJECTS COMMENCING 2013/14			8,726		1,400	4,326	1,500	1,500	
Projects Commencing 2014/15									
Strategic Economic Development									
CP0127	Strategic Land Acquisition Provision	N Wood	2,000			1,000	1,000		
TOTAL PROJECTS COMMENCING 2014/15			2,000			1,000	1,000		
Projects Commencing 2015/16									
Strategic Improvement Programmes									
CP0143	Community Infrastructure Improvements	L Clark	2,500				2,500		
TOTAL PROJECTS COMMENCING 2015/16			2,500				2,500		
TOTAL CAPITAL PROGRAMME			80,183	15,622	20,927	20,608	14,526	8,500	

DEPUTY LEADER CAPITAL PROGRAMME

CAPITAL INVESTMENT PLANS AND LINKAGES TO SERVICE OBJECTIVES AND STRATEGIC PRIORITIES

The Deputy Leader capital programme will contribute towards meeting the five Aims of the Sunderland Economic Masterplan:

- A new kind of university city
- A national hub of the low-carbon economy
- A prosperous and well-connected waterfront city centre
- An inclusive city economy for all ages
- A one city approach to economic leadership

OUTCOMES FROM COMPLETED CAPITAL SCHEMES

- SAP Development - The development of functionality to support the provision of Financial and HR services for academies and Alternative Service Delivery Models.
- Call Manager Replacement - An upgrade to the Customer Service network telephony system has improved call recording and introduced advanced features such as automated switchboard facilities, delivering further efficiency savings within the council.
- Complaints and Freedom of Information Act - development of work flow within the Dynamics system, improving the efficiency of processes and reporting for Complaints and FOIs.
- Flexible Working Solutions - the delivery of enhanced security, including two factor authentication for accessing systems remotely.

KEY MEDIUM TERM PRIORITIES

- ICT medium term priorities include assisting the Council to meet its Smarter City objectives through the roll out of the Corporate Desktop which will provide a flexible, agile approach to computing resources.
- To facilitate efficiencies and improvements to IT systems and working practices within the Council.
- To deliver the IT work stream of the council's Transformation Programme.

HOW THE PROGRAMME CONTRIBUTES TO VALUE FOR MONEY AND EFFICIENCY

- The programme contribute to value for money and efficiencies by underpinning the council's Transformation Programme and providing a secure and flexible ICT environment.

CAPITAL INVESTMENTS FOR THE YEAR AHEAD

Ongoing Commitments

- Modernisation Improvements - Employee Self Service involves the automation of the processes that underpin the HR and Payroll services through the use of interactive forms. This will reduce the volume of paper documentation that currently exists within the Shared Services area and will improve the quality of data within the HR system.
- Modernisation Improvements - Electronic Document Management involves the introduction of work flow, version control, storage and classification of documents and records. This will reduce the reliance on paper documentation, improve the ability for employees to work from any location and improve Information Governance through the correct classification and control of documentation. The system will also support secure data exchange and collaboration between the council and its partners.
- Digital Challenge will continue to improve digital skills across the city, in particular supporting the take up of services as they move to a self-service model delivered by the Internet. The funding will contribute to the continued roll out of superfast broadband across the city. This element will be delivered during 2014/15.
- SAP Archiving and Infrastructure - secure store of historical SAP records, improving the performance of the SAP Financial and HR systems.
- Corporate Computing Model - completion of the roll out of the virtual desk top across the council.
- Network Upgrade - a rolling programme to upgrade the power back up systems (UPS) of essential network equipment. The UPS devices protect the council's core network and telephony equipment from power outages and power surges.
- Revenue and Benefits System Phase 2 - The delivery of on-line benefits forms and the upgrade of the document imaging system associated to benefits claims.

New Starts

- Further IT developments are proposed that will enable efficiencies within the Council to take place and help services to meet necessary budget reductions.

**DEPUTY LEADER
CAPITAL PROGRAMME**

SUMMARY

Project Description	Gross Cost £'000	Expend to 31.3.13 £'000	Estimated Payments				
			2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000
MAIN BLOCK							
Continuing Projects	13,530	11,358	574	1,598			
Projects Commencing 2013/14	143		143				
Projects Commencing 2014/15	1,000			1,000			
Projects Commencing 2015/16							
Projects Commencing 2016/17							
Projects Commencing 2017/18							
TOTAL CAPITAL EXPENDITURE	14,673	11,358	717	2,598			

METHOD OF FINANCING ESTIMATED CAPITAL EXPENDITURE

Source of Finance	Estimated Resources				
	2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000
FROM EXTERNAL SOURCES					
Loans					
- Unsupported Borrowing	27				
Government Grants					
- Department for Communities and Local Government		463			
Total External Sources	27	463			
FROM INTERNAL SOURCES					
Capital Receipts		500			
Reserves					
- Strategic Investment Reserve	281	500			
- Strategic Investment Plan Reserve	228				
- Unutilised RCCO Reserve	181	135			
- Modernisation Reserve		1,000			
Total Internal Sources	690	2,135			
TOTAL FINANCING	717	2,598			

**DEPUTY LEADER
CAPITAL PROGRAMME**

Project Ref	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.13 £'000	Estimated Payments				
					2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000
	Continuing Projects ICT								
CP0112	Telephony Upgrade	D Downey	1,917	1,912	5				
CP0113	Complaints and Freedom of Information Act	E Waugh	110	62	48				
CP0114	Flexible Working Solutions	D Downey	100	92	8				
CP0115	Digital Challenge	D Downey	3,426	2,963		463			
CP0168	SAP Infrastructure	D Downey	100	73	27				
CP0117	Revenue and Benefits system Phase 2	F Brown	400	172	228				
CP0116	SAP Archiving	D Downey	105			105			
CP0118	Call Manager Replacement	D Downey	277	247	30				
CP0119	Automated Court Bundle	E Waugh	30			30			
CP0120	Corporate Computing Model	D Downey	5,935	5,797	138				
CP0121	Network Upgrade	D Downey	30	7	23				
CP0122	Employee Self Service	D Downey	500			500			
CP0123	Electronic Document Management	D Downey	500			500			
CP0124	SAP Development	S Tognarelli	100	33	67				
TOTAL CONTINUING PROJECTS			13,530	11,358	574	1,598			
	Projects Commencing 2013/14 ICT								
CP0180	Corporate Computing Model Phase 2	D Downey	143		143				
TOTAL PROJECTS COMMENCING 2013/14			143		143				
	Projects Commencing 2014/15 ICT								
CP0181	IT Developments	D Downey	1,000			1,000			
TOTAL PROJECTS COMMENCING 2014/15			1,000			1,000			
TOTAL CAPITAL PROGRAMME			14,673	11,358	717	2,598			

CABINET SECRETARY CAPITAL PROGRAMME

CAPITAL INVESTMENT PLANS AND LINKAGES TO SERVICE OBJECTIVE AND STRATEGIC PRIORITIES

The Cabinet Secretary capital programme will contribute towards meeting the five Aims of the Sunderland Economic Masterplan:

- A new kind of university city
- A national hub of the low-carbon economy
- A prosperous and well-connected waterfront city centre
- An inclusive city economy for all ages
- A one city approach to economic leadership

OUTCOMES FROM COMPLETED CAPITAL SCHEMES

- Port Harbour Mobile Crane - the Port took delivery of a new Liebherr 420 harbour mobile crane. It has a maximum lifting capacity of 120 tonnes compared with a previous capacity of 35 tonnes. This asset has enabled the Port to secure existing business in the offshore renewable energy and subsea engineering sectors and also to compete with neighbouring Ports for spot market opportunities.
- Provisions for Economic Development provides funding financial assistance in the form of grants for businesses to start up and grow through supporting investment in premises and equipment, linked to job creation. Statistics for the last full year of the programme (2012/13) have demonstrated that support was offered to 35 companies and from this it was projected that 639 full time equivalent jobs would be created. This in turn contributes to sustaining the local economy.
- Seafront Marine Walk Masterplan Phase 1 - Three Pods were installed at Roker in July 2013. Two of the Pods are being managed by the charity CEED for community and school uses, the third is being operated as a small cafe kiosk.
- The Property Planned Capital Maintenance programme has seen investment in more major building improvements including works to Civic Centre courtyard, boiler works and Aquatic centre, which together with property rationalisation is part of the longer term strategy to reduce the maintenance backlog.

KEY MEDIUM TERM PRIORITIES

- It is proposed to continue to invest in the Seafront public realm so as to improve its appearance and maintain its attractiveness both for continuing use by residents and visitors, and to ensure a high quality environment that will act as a catalyst for new investment in the area.
- Property Planned Capital Maintenance will allow ongoing investment in major capital works required to maintain a fit for purpose operational and administrative property portfolio. Coupled with a strategy to rationalise and dispose of property by smarter working and more efficient use of space, this ongoing capital investment stems the degradation of the retained portfolio and enables the disposal of surplus and unsustainable elements of the portfolio.
- The Port Board's Improvement Plan and the capital investment programme will enable the development of the Port, allowing further expansion of trading activity, commercial and strategic development, and improved capacity to maximise the market potential including inward investment opportunities on the Port estate.

HOW THE PROGRAMME CONTRIBUTES TO VALUE FOR MONEY AND EFFICIENCY

- As part of continuing efforts to sustain the improvement of the trading position of the Port of Sunderland, investment in infrastructure and equipment will safeguard existing operational standards, reduce equipment hire costs and provide the necessary resources to enable the Port to better respond to market opportunities and spot trade which invariably come at short notice.

CAPITAL INVESTMENTS FOR THE YEAR AHEAD

Ongoing Commitments

- Seafront - Marine Walk Masterplan Phase 2 - The Coastal Communities funded project at Seaburn will deliver improvements to Whitburn Road in 2014, and landscape improvements to Cut Throat Dene. Further promenade improvements at Seaburn were completed early 2014.
- The Old Sunderland Townscape Heritage Initiative includes the renovation of The Orphanage (Grade II Listed building) and development of an extra care scheme in the grounds. This scheme will provide 38 apartments for people with a dementia diagnosis and new accommodation for the Community Association.
- Property Planned Capital Maintenance will tackle asbestos removal where works are not part of a specific scheme, an on-going programme to prevent the occurrence of legionella problems and statutory Electricity at Work regulations will ensure electrical installations are kept in a safe and sound condition.
- Accelerated Low Water Corrosion is affecting riverside and coastal structures supporting footpaths and other infrastructure. The programme of assessment and repair will prevent these structures from deteriorating and failing.

CABINET SECRETARY CAPITAL PROGRAMME

- Old North Pier specialist investigation to determine the best long term option to stabilise it is near completion and an option appraisal has been drafted to identify ongoing requirements.
- Roker Pier and Lighthouse - The restoration of the lantern house was completed in October 2013. In 2014 the pier deck will be surfaced and new railings installed. A second stage Heritage Lottery bid will be submitted in 2014 which, if successful, will allow further restoration works to the lighthouse and the tunnel and allow them to be opened to visitors.
- Port Infrastructure - Investment in additional Port infrastructure has allowed the Port to continue to access commercial opportunities as both its profile and reputation (as an easy place to do business) have grown. The creation of additional hard standing open storage areas have allowed the Port to handle increased volumes of spot steel import traffic and also to facilitate the storage of two offshore substations and ancillary cabling equipment for Eon's Humber Gateway offshore wind farm. On-going repair work on dock gates, road repairs, new and replacement lighting schemes and the purchase of miscellaneous capital plant and machinery will ensure the Port estate is maintained as an operational asset, reduce hire costs and continue to allow the Port to respond to market opportunities.

New Starts

- Further essential capital maintenance of No 1 gates at the Port has been identified to ensure the development and expansion of the commercial opportunities within the Port continue to improve its trading position.

**CABINET SECRETARY
CAPITAL PROGRAMME**

SUMMARY

Project Description	Gross Cost £'000	Expend to 31.3.13 £'000	Estimated Payments				
			2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000
MAIN BLOCK							
Continuing Projects	23,298	5,301	9,619	5,108	1,090	1,090	1,090
Projects Commencing 2013/14	7,030	36	1,481	1,513	4,000		
Projects Commencing 2014/15	270			270			
Projects Commencing 2015/16							
Projects Commencing 2016/17							
Projects Commencing 2017/18							
TOTAL CAPITAL EXPENDITURE	30,598	5,337	11,100	6,891	5,090	1,090	1,090

METHOD OF FINANCING ESTIMATED CAPITAL EXPENDITURE

Source of Finance	Estimated Resources				
	2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000
FROM EXTERNAL SOURCES					
Loans					
- Unsupported Borrowing	5,287	6,821	5,090	1,090	1,090
Government Grants					
- BIG Coastal Communities Fund	1,956	44			
- English Heritage Lottery Grants	524	26			
Total External Sources	7,767	6,891	5,090	1,090	1,090
FROM INTERNAL SOURCES					
Revenue Contributions					
- General Fund	1,750				
Capital Receipts	583				
Reserves					
- Strategic Investment Reserve	158				
- Strategic Investment Plan Reserve	52				
- Unutilised RCCO Reserve	223				
- New Homes Bonus Reserve	417				
- Other Capital Reserves	150				
Total Internal Sources	3,333				
TOTAL FINANCING	11,100	6,891	5,090	1,090	1,090

**CABINET SECRETARY
CAPITAL PROGRAMME**

Project Ref	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.13 £'000	Estimated Payments				
					2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000
	Continuing Projects								
	Port								
CP0093	Port Workshops Relocation	M Hunt	362	330	32				
CP0108	Dock Gate Capital Repairs	M Hunt	80	53	27				
CP0109	Tug Boat	M Hunt	150	111	39				
CP0152	Harbour Mobile Crane	M Hunt	3,000		3,000				
	Planning and Land Use								
CP0096	Old Sunderland Townscape Heritage Initiative	N Wood	2,327	834	1,493				
	Carbon Management								
CP0097	Solar PV Panels	F Serajian	722	712	10				
CP0179	Improving Energy Management of Buildings	F Serajian	150	108	42				
	Seafront								
CP0100	Seafront - Marine Walk Masterplan Ph1	N Wood	1,500	1,464	36				
CP0111	Roker Pier and Lighthouse	N Wood	1,403	60	405	938			
CP0100	Seafront - Marine Walk Masterplan Ph2	N Wood	4,179	259	2,040	1,880			
	Economic Development Grants								
CP0103	Provision for Economic Development	I Williams	4,225	478	987	690	690	690	690
	Management of Council Land and Buildings								
CP0106	Property Planned Capital Maintenance	F Serajian	5,000	892	1,508	1,400	400	400	400
CP0107	Low Water Corrosion / Riverside Repairs	F Serajian	200			200			
TOTAL CONTINUING PROJECTS			23,298	5,301	9,619	5,108	1,090	1,090	1,090
	Projects Commencing 2013/14								
	Seafront								
CP0144	Old North Pier Technical Investigation	L Clark	150		150				
	Port								
CP0145	Infrastructure	M Hunt	5,680		680	1,000	4,000		
CP0146	Dock Repairs	M Hunt	600		87	513			
CP0147	Road Repairs and Lighting	M Hunt	100	33	67				
CP0148	Miscellaneous Capital Plant and Equipment	M Hunt	500	3	497				
TOTAL PROJECTS COMMENCING 2013/14			7,030	36	1,481	1,513	4,000		

**CABINET SECRETARY
CAPITAL PROGRAMME**

Project Ref	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.13 £'000	Estimated Payments				
					2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000
CP0182	Projects Commencing 2014/15 Port Dock Gates	M Hunt	270			270			
TOTAL PROJECTS COMMENCING 2014/15			270			270			
TOTAL CAPITAL PROGRAMME			30,598	5,337	11,100	6,891	5,090	1,090	1,090

CHILDREN'S SERVICES CAPITAL PROGRAMME

CAPITAL INVESTMENT PLANS AND LINKAGES TO SERVICE OBJECTIVES AND STRATEGIC PRIORITIES

The Children's Services capital programme will contribute towards meeting the five Aims of the Sunderland Economic Masterplan:

- A new kind of university city
- A national hub of the low-carbon economy
- A prosperous and well-connected waterfront city centre
- An inclusive city economy for all ages
- A one city approach to economic leadership

OUTCOMES FROM COMPLETED CAPITAL SCHEMES

- Ongoing delivery of the Asset Management Strategy with capital works around roofing, window replacement, heating improvements, fire detection works, water hygiene improvements and health and safety issues addressed in a number of nursery, primary, secondary and special schools across the city.
- Increased primary capacity in Washington following the completion of phased works at Biddick Primary School and Lambton Primary School.
- Discontinuation of provision at Bishop Harland CE VA Primary School with nursery children now accommodated at Hylton Redhouse Nursery (expanded Summer 2013) and increased capacity Northern Saints CE VA Primary School (formally Hylton Redhouse Primary School - works ongoing).

KEY MEDIUM TERM PRIORITIES

- To continue to address the most urgent condition priorities, health and safety work and major capitalised repairs in the secondary, primary, nursery and special school sector as identified from Children's Services Asset Management Planning data.
- To address pressure on primary school places in particular areas of the City to ensure there are sufficient school places to meet demand for reception places.
- To support schools in using the reduced level of devolved formula capital allocations to address the priorities identified in their asset management plans.
- Extend supported accommodation for vulnerable young people.
- To maintain children's homes to a standard required to meet at least the minimum standards against which Sunderland are inspected by OFSTED twice per annum, and also to fulfill the requirements of the council as Corporate Parents.

HOW THE PROGRAMME CONTRIBUTES TO VALUE FOR MONEY AND EFFICIENCY

- Effective commissioning arrangements ensure maximum cost efficiencies are made in works.
- Where possible capital investment is targeted towards refurbishment of existing facilities and redevelopment of former classrooms as opposed to new build and expansion.
- Continue to deliver a capital programme focused on energy efficiency and long term cost benefits (such as boiler and window replacement).

CAPITAL INVESTMENTS FOR THE YEAR AHEAD

Ongoing Commitments

- Barbara Priestman Special School - Delivery of a new '6th Form Block' to be delivered in 2014/15.
- Lambton Primary and Biddick Primary - Further phased capital works to facilitate a capacity increase for the 2014/15 Reception Cohort.
- Continuation of capital works to meet asset management works identified in 2013/14.
- Delivery of capital works in relation to the Coalition's 'Two Year Old Offer'.
- Delivery of facilities at Farringdon Academy for commissioned ASD places.

New Starts

- Capital works to continue to provide window replacements, heating improvements, roofing works and urgent health and safety works at a number of maintained nursery, primary, secondary and special schools.
- Ongoing delivery of works associated with Priority Schools Building Programme (PSBP) at Hetton School, Hylton Castle Primary, Shiney Row Primary and Usworth Grange Primary including the delivery of a start-up initiative to replace furniture and heavy equipment in time for the opening of the new schools. Usworth Grange will be the first to be completed with delivery of the new school anticipated in October 2014. Remaining schools are anticipated to be completed by 2016. In the interim the schools will remain in the local authority's asset management programme.
- Capital works in relation to increased capacity in across the city's Primary Special sector with focus on increasing the number of commissioned ASD places.

**CHILDREN'S SERVICES
CAPITAL PROGRAMME**

- Development of facilities at Pallion Skills Centre to accommodate the Pupil Referral Unit's move from existing site at the Cheadle Centre.
- Delivery of capital works in relation to the Coalition's 'Universal Infant Free School Meals Offer' with priorities addressing poor/undersupply of kitchens in Infant/ Primary schools in Sunderland. £0.443m Capital grant has been provided by the Coalition Government for this purpose, but the budget for these works will be £0.750m to reflect the full kitchen capital requirements to achieve this agenda, with the balance funded from Capital Maintenance grant.

**CHILDREN'S SERVICES
CAPITAL PROGRAMME**

SUMMARY

Project Description	Gross Cost £'000	Expend to 31.3.13 £'000	Estimated Payments				
			2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000
MAIN BLOCK							
Continuing Projects	21,802	14,247	3,941	3,614			
Projects Commencing 2013/14	4,502		1,053	1,118	2,331		
Projects Commencing 2014/15	3,978			1,555	1,003	1,420	
Projects Commencing 2015/16	508					508	
Projects Commencing 2016/17	533					533	
Projects Commencing 2017/18							
TOTAL CAPITAL EXPENDITURE	31,323	14,247	4,994	6,287	3,334	2,461	

METHOD OF FINANCING ESTIMATED CAPITAL EXPENDITURE

Source of Finance	Estimated Resources				
	2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000
FROM EXTERNAL SOURCES					
Loans					
- Department for Education - Capital Maintenance	2,166	867	2,524	1,420	
- Department for Education - Basic Needs	1,034	3,886	306	1,041	
- Department for Education - Other - Standards Fund	100				
- Department for Education - Devolved Formula Grant	1,040	1,091	504		
- Department for Education - Other - Short Breaks	81				
- Department for Education - Other - Two Year Old Offer	553				
- Department for Education - Universal Infant Free School Meals		443			
Total External Sources	4,974	6,287	3,334	2,461	
FROM INTERNAL SOURCES					
Reserves					
- Strategic Investment Reserve					
- Unutilised RCCO Reserve	20				
Total Internal Sources	20				
TOTAL FINANCING	4,994	6,287	3,334	2,461	

**CHILDREN'S SERVICES
CAPITAL PROGRAMME**

Project Ref	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.13 £'000	Estimated Payments				
					2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000
	Continuing Projects								
	DFC								
CP0085	Schools Devolved Capital to 2012/13	B Scanlon	8,091	6,563	1,040	488			
	Asset Management								
CP0155	Barbara Priestman School - Specialist Status	C Barker	100		100				
CP0088	Primary School Asset Management - Allocations to 2012/13	B Scanlon	7,515	3,439	1,850	2,226			
CP0088	Secondary School Asset Management - Allocations to 2012/13	B Scanlon	4,361	4,061	300				
CP0088	Nursery School Asset Management - Allocations to 2012/13	B Scanlon	150		150				
CP0088	Special School Asset Management - Allocations to 2012/13	B Scanlon	1,025		300	725			
CP0088	EAW - School Asset Management - Allocations to 2012/13	B Scanlon	275		100	175			
	Other								
CP0089	Capita One V4 Upgrade	B Scanlon	185	165	20				
CP0092	Short Breaks Provision for Disabled Children	B Scanlon	100	19	81				
TOTAL CONTINUING PROJECTS			21,802	14,247	3,941	3,614			
	Projects Commencing 2013/14								
	DFC								
CP0085	Schools Devolved Capital 2013/14 allocation	B Scanlon	603			603			
	Asset Management								
CP0088	Secondary School Asset Management - 2013/14 Allocation	B Scanlon	350				350		
CP0088	Primary School Asset Management - 2013/14 Allocation	B Scanlon	1,681			515	1,166		
CP0088	Nursery School Asset Management - 2013/14 Allocation	B Scanlon	230				230		
CP0088	School Asset Management Programmes - unallocated - 2013/14 Allocation	B Scanlon	1,015		500		515		
	Other								
CP0088	Derwent Hill	B Scanlon	70				70		
CP0154	Two Year Old Offer	B Scanlon	553		553				
TOTAL PROJECTS COMMENCING 2013/14			4,502		1,053	1,118	2,331		

**CHILDREN'S SERVICES
CAPITAL PROGRAMME**

Project Ref	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.13 £'000	Estimated Payments				
					2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000
CP0085	Projects Commencing 2014/15 Asset Management Schools Devolved Capital 2014/15 allocation	B Scanlon	504				504		
CP0088	School Asset Management Programmes - unallocated - 2014/15 Allocation	B Scanlon	2,724			805	499	1,420	
CP0190	Other Universal Infant Free School Meals	B Scanlon	750			750			
TOTAL PROJECTS COMMENCING 2014/15			3,978			1,555	1,003	1,420	
CP0088	Projects Commencing 2015/16 School Asset Management Programmes - unallocated - 2015/16 Allocation	B Scanlon	508					508	
TOTAL PROJECTS COMMENCING 2015/16			508					508	
CP0088	Projects Commencing 2016/17 School Asset Management Programmes - unallocated - 2016/14 Allocation	B Scanlon	533					533	
TOTAL PROJECTS COMMENCING 2016/17			533					533	
TOTAL CAPITAL PROGRAMME			31,323	14,247	4,994	6,287	3,334	2,461	

HEALTH, HOUSING AND ADULT SERVICES CAPITAL PROGRAMME

CAPITAL INVESTMENT PLANS AND LINKAGES TO SERVICE OBJECTIVES AND STRATEGIC PRIORITIES

The Health, Housing and Adults Services capital programme will contribute towards meeting the five Aims of the Sunderland Economic Masterplan:

- A new kind of university city
- A national hub of the low-carbon economy
- A prosperous and well-connected waterfront city centre
- An inclusive city economy for all ages
- A one city approach to economic leadership

It aims to do this by:

- Working closely with all its partners as well as the loan administrator to ensure consistency of support for homeowners needing financial help to ensure their home is of a decent standard and apply the criteria outlined in the Financial Assistance Policy.
- Continue the delivery of Disabled Facilities Grants.

OUTCOMES FROM COMPLETED CAPITAL SCHEMES

- Area Renewal programme has contributed towards a sustainable community and neighbourhood through an increase in housing choice with the development of 65 new housing units in Phase 2 in Castletown which was completed in October 2013. There have been 2 additional acquisitions of land and homes at Hetton Downs through SHIP and Homes and Communities Agency (HCA) funding. These have contributed to site assembly for new housing.
- Empty Properties Fund – 4 empty homes have been refurbished and have been reoccupied through DCLG/HCA and Council New Homes Bonus Funding.
- 522 Disabled Facilities Grants have been awarded to date in 2013/2014 allowing much needed adaptations to be carried out to properties.

KEY MEDIUM TERM PRIORITIES

Area Renewals.

- Improving the quality and choice of affordable accommodation, with emphasis being placed upon Council Renewal Areas.
- Continue to improve the housing stock in terms of decency for habitation in the private housing sector particularly targeting standards in the private rented sector.
- Encourage more private landlords to become accredited and raise housing conditions and standards in the private sector.

Bring empty properties back into use.

- The Regional Loans Programme will be under review in 2014/2015 as attempts are made to attract further funding to enable a 'revolving loan fund' that was initially anticipated. The programme is now linking with Warm Up North as there are benefits to each programme to work together to best support the residents of the City
- Ensure the Regional Loans Scheme work fits with the Housing Financial Assistance Policy that is currently out for consultation with residents (to 31/1/2014) and meets the requirements subsequently endorsed by the HHAS Scrutiny Panel.

HOW THE PROGRAMME CONTRIBUTES TO VALUE FOR MONEY AND EFFICIENCY

- The Regional Loan Scheme Programme enables a number of homeowners to remain in their own homes and is therefore linked to health services and public health, therefore there are hidden financial benefits that data may be able to capture going forward.

CAPITAL INVESTMENTS FOR THE YEAR AHEAD

Ongoing Commitments

- Area Renewal continues with the acquisition of properties at Maudlin Street, the Springboard property, the former Dairy, the Elizabeth Fleming Care Home and Gentoo sites at Hetton Downs. A feasibility study is currently underway in Fairy, Edward and Caroline Streets in Hetton Downs which will provide a preferred option for intervention and investment in the street. This may include DECC funding and S106 affordable homes funding.
- Empty Homes Clusters Scheme - New Homes Bonus and HCA funding has been awarded to refurbish 70 properties by March 2015. To date 4 homes have been refurbished with 29 applications going through the process.

HEALTH, HOUSING AND ADULT SERVICES CAPITAL PROGRAMME

- Back on the Map has been provided of £0.327m to acquire and refurbish 5 empty properties to rehouse homeless families.
- £0.250m is available for equity loans for owners of empty properties to refurbish them and bring them back into use.
- Decent homes assistance linked to the Financial Assistance Policy – as at January 2014 a total of 21 loans have been given to homeowners in Sunderland to ensure their homes meets the decent homes standard. The loans repaid by homeowners to the Loans Administrator, are re-invested back so are available for other potential homeowners. Sunderland City Council acts as lead authority for the 12 NE Local Authorities participating in the scheme.

New Starts

- Disabled Facilities Grants carry out adaptations to disabled person's properties helps to ensure that people can remain in their own properties for as long as possible in a safe and secure environment.

**HEALTH, HOUSING AND ADULT SERVICES
CAPITAL PROGRAMME**

SUMMARY

Project Description	Gross Cost £'000	Expend to 31.3.13 £'000	Estimated Payments				
			2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000
MAIN BLOCK							
Continuing Projects	13,050	7,315	1,974	3,761			
Projects Commencing 2013/14	2,512		2,512				
Projects Commencing 2014/15	2,496			2,496			
Projects Commencing 2015/16	3,360				3,360		
Projects Commencing 2016/17							
Projects Commencing 2017/18							
TOTAL CAPITAL EXPENDITURE	21,418	7,315	4,486	6,257	3,360		

METHOD OF FINANCING ESTIMATED CAPITAL EXPENDITURE

Source of Finance	Estimated Resources				
	2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000
FROM EXTERNAL SOURCES					
Government Grants					
- Department for Communities and Local Government - Disabled Facilities Grant	1,417	1,467	1,787		
- Department of Health Grants General	300	926	873		
- Department of Health ICT Grant	377	25			
- Single Housing Investment Pot	117	161			
- Cluster of Empty Homes Grant	392				
- Homes and Communities Agency	1,142	2,551			
Other External Funding	130	130	130		
Total External Sources	3,875	5,260	2,790		
FROM INTERNAL SOURCES					
Revenue Contributions					
- General Fund	570		570		
Reserves					
- Working Neighbourhoods Reserve		39			
- New Homes Bonus Reserve	12	958			
- Other Capital Reserves	29				
Total Internal Sources	611	997	570		
TOTAL FINANCING	4,486	6,257	3,360		

**HEALTH, HOUSING AND ADULT SERVICES
CAPITAL PROGRAMME**

Project Ref	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.13 £'000	Estimated Payments				
					2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000
Continuing Projects									
Adult Services									
CP0060	Swift Enhancements	G King	820	762	58				
CP0061	Managing Income	G King	22	12	10				
CP0062	Telecare	G King	100		75	25			
CP0063	Adults Information System	G King	50	8	42				
CP0064	Document Management System (Road Map)	G King	100	66	34				
CP0065	Private Sector Renewal Grants	A Caddick	300	283	17				
CP0066	Mobile Portal	G King	200	182	18				
CP0069	Sunderland Energy Efficiency Program (SEEP)	A Caddick	86	57	29				
CP0078	Minor Works (Improvements to Care and Support)	G King	150	139		11			
CP0081	Regional Loans Scheme	A Caddick	100		45	55			
Housing Services									
CP0071	Eppleton (SHIP)	A Caddick	1,058	848	49	161			
CP0072	Hetton Downs (HCA)	A Caddick	8,038	4,345	1,142	2,551			
CP0073	Castletown Block Improvements	A Caddick	623	572	51				
CP0077	Empty Property Action Plan	A Caddick	752	41	145	566			
CP0083	Cluster of Empty Homes	A Caddick	651		259	392			
TOTAL CONTINUING PROJECTS			13,050	7,315	1,974	3,761			
Projects Commencing 2013/14									
Adult Services									
CP0078	Minor Works (Improvements to Care and Support)	G King	150		150				
CP0079	Document Management System (Road Map)	G King	16		16				
CP0080	Disabled Facilities Grants 2013/14	A Caddick	2,346		2,346				
TOTAL PROJECTS COMMENCING 2013/14			2,512		2,512				
Projects Commencing 2014/15									
Adult Services									
CP0078	Minor Works (Improvements to Care and Support)	G King	150			150			
CP0080	Disabled Facilities Grants 2014/15	A Caddick	2,346			2,346			
TOTAL PROJECTS COMMENCING 2014/15			2,496			2,496			
Projects Commencing 2015/16									
Adult Services									
CP0078	Minor Works (Improvements to Care and Support)	G King	150				150		
CP0080	Disabled Facilities Grants 2015/16	A Caddick	2,487				2,487		
CP0157	Reablement Services	A Caddick	723				723		
TOTAL PROJECTS COMMENCING 2015/16			3,360				3,360		
TOTAL CAPITAL PROGRAMME			21,418	7,315	4,486	6,257	3,360		

PUBLIC HEALTH, WELLNESS AND CULTURE CAPITAL PROGRAMME

CAPITAL INVESTMENT PLANS AND LINKAGES TO SERVICE OBJECTIVES AND STRATEGIC PRIORITIES

The Public Health, Wellness and Culture capital programme will contribute towards meeting the five Aims of the Sunderland Economic Masterplan:

- A new kind of university city
- A national hub of the low-carbon economy
- A prosperous and well-connected waterfront city centre
- An inclusive city economy for all ages
- A one city approach to economic leadership

It aims to do this by:

- Sourcing funding and establishing key partnerships to further develop the Council's sporting and cultural offer to residents.

OUTCOMES FROM COMPLETED CAPITAL SCHEMES

- Library redesign works have seen improved access to services which include, updated ICT provision, the introduction of the e-book and e-audio book service and free wi-fi in static libraries.
- The North East Land, Sea and Air Museum (NELSAM) Display and Warehouse has contributed to the development of a tram shed extension.
- The Hylton Castle Redevelopment will support a phase two bid to the Heritage Lottery Fund to repair, redevelop and rejuvenate the medieval Gatehouse, providing a centre for interpretation, events, exhibitions and activities that will reconnect the history of the castle with the community and the city.
- The new changing pavilion at Northern Area Playing Fields has provided a sustainable facility and base from which Washington AFC can provide football development opportunities for a range of age groups.
- The new changing pavilion at Billy Hardy Sports Complex has provided a sustainable facility and base from which local football teams and cricket teams can provide sport development opportunities for a range of age groups.
- Roker illuminations Investment in additional lighting - including the unique Alice in Wonderland feature enabled the Council to build on the success of the 2012/2013 Illuminations. Thousands of visitors, recording consistently high satisfaction levels, enjoyed an enriched experience within Roker Park and outside of it as lighting was extended beyond the Park itself.

KEY MEDIUM TERM PRIORITIES

- To ensure that the Council's sporting and cultural assets are fit for purpose.
- To provide sporting and cultural facilities that increase uptake and provide opportunities for participation.
- Review of sporting and cultural facilities that will meet the needs of the residents and visitors to Sunderland.

HOW THE PROGRAMME CONTRIBUTES TO VALUE FOR MONEY AND EFFICIENCY

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

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

CAPITAL INVESTMENTS FOR THE YEAR AHEAD

Ongoing Commitments

- Continued work for the provision of a replacement leisure centre within Washington, which will feature an indoor sports hall, a 25m swimming pool, learner pool, Wellness Centre, steam/sauna and outdoor football facilities. The replacement facility will open in 2015.
- Continued commitment to support the Bowes Railway Museum's wagon shop repairs.
- St Peter's Rubic Realm - the landscape vision project will deliver environmental improvements to the surrounds of St Peter's church, including works to interpret the monastic footprint and new feature lighting to the Church.

**PUBLIC HEALTH, WELLNESS AND CULTURE
CAPITAL PROGRAMME**

SUMMARY

Project Description	Gross Cost £'000	Expend to 31.3.13 £'000	Estimated Payments				
			2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000
MAIN BLOCK							
Continuing Projects	14,371	480	3,664	9,270	957		
Projects Commencing 2013/14	889		889				
Projects Commencing 2014/15							
Projects Commencing 2015/16							
Projects Commencing 2016/17							
Projects Commencing 2017/18							
TOTAL CAPITAL EXPENDITURE	15,260	480	4,553	9,270	957		

METHOD OF FINANCING ESTIMATED CAPITAL EXPENDITURE

Source of Finance	Estimated Resources				
	2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000
FROM EXTERNAL SOURCES					
Loans					
- Unsupported Borrowing	2,886	9,270	957		
Grants from Other Public Bodies					
- English Heritage Lottery Grants	115				
- Football Foundation	200				
- Sport England	150				
Other External Funding	74				
Total External Sources	3,425	9,270	957		
FROM INTERNAL SOURCES					
Revenue Contributions					
- People's Services	18				
Reserves					
- Strategic Investment Reserve	100				
- Strategic Investment Plan Reserve	590				
- Unutilised RCCO Reserve	146				
- Working Neighbourhood Reserve	224				
- Section 106 Reserve	50				
Total Internal Sources	1,128				
TOTAL FINANCING	4,553	9,270	957		

**PUBLIC HEALTH, WELLNESS AND CULTURE
CAPITAL PROGRAMME**

Project Ref	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.13 £'000	Estimated Payments				
					2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000
	Continuing Projects								
	Sports Facilities								
CP0044	Billy Hardy Pavillion (FF)	J Gray	553	99	454				
CP0044	Northern Area Pavillion (FF)	J Gray	560		560				
CP0049	Football Pavillion Improvements Leyburn Grove	J Gray	70	2	68				
CP0053	Washington Leisure Centre	J Gray	11,300	244	2,047	8,052	957		
	Culture and Tourism								
CP0051	St Peter's Public Realm	N Wood	1,700	82	400	1,218			
CP0052	Bowes Railway Museum Wagonshop Repairs	J Gray	35		35				
CP0178	Stadium Aquatic Centre	M Poulter	153	53	100				
TOTAL CONTINUING PROJECTS			14,371	480	3,664	9,270	957		
	Projects Commencing 2013/14								
CP0158	Library Redesign	J Gray	500		500				
CP0176	Hylton Castle Redevelopment	J Gray	165		165				
CP0177	Roker Illuminations	J Gray	128		128				
CP0171	North East Land, Sea and Air Museum Display & Warehouse	J Gray	96		96				
TOTAL PROJECTS COMMENCING 2013/14			889		889				
TOTAL CAPITAL PROGRAMME			15,260	480	4,553	9,270	957		

CITY SERVICES CAPITAL PROGRAMME

CAPITAL INVESTMENT PLANS AND LINKAGES TO SERVICE OBJECTIVES AND STRATEGIC PRIORITIES

The City Services capital programme will contribute towards meeting the five Aims of the Sunderland Economic Masterplan:

- A new kind of university city
- A national hub of the low-carbon economy
- A prosperous and well-connected waterfront city centre
- An inclusive city economy for all ages
- A one city approach to economic leadership

It aims to do this by:

- Maintaining the existing highway including its bridges and structures in a safe and serviceable condition.
- Securing the safe and efficient movement and appropriate access for goods and people using the city's highways.
- Securing improvements to existing highways and the construction of new highways.
- Maintaining and enhancing coastal and seafront structures.
- Sourcing funding and establishing key partnerships to further develop the Council's play and urban games facilities for children and young people.

OUTCOMES FROM COMPLETED CAPITAL SCHEMES

Transport:

The following schemes have been completed, or are expected to have been completed, by the end of March 2014;

- Completion of the Highway Maintenance Programme which included over 80 road strengthening and footway reconstruction schemes.
- Bridge Maintenance – Completion of Penshaw Bridge refurbishment scheme.
- Cycle Improvement Schemes: Refurbishment of Coast to Coast (C2C) Cycleway at Sunderland Enterprise Park/Southwick/St Peters and construction of Trans Sunderland Cycle Route Phase 1 A1290.
- Design and implementation of traffic improvement schemes at Leechmere Road, North Road, Barmston Village perimeter road, A183 Whitburn Road (St Peter's Way to City boundary) and Durham Road (City Centre to A19).
- Consultation on and development of 20mph Zones in Silksworth, Plains Farm and Marley Pots.
- New Traffic Signals at the junction of Washington Road and Ferryboat Lane.
- Refurbishment of Traffic Signals at the junctions of Newcastle Road / Thompson Road (The Grange) and Toward Road/ Park Road.
- Better Bus Area Scheme - Borough Road Improvements which included carriageway widening to provide two way bus traffic between Fawcett Street and Frederick Street, in order to reduce bus journey distances and vehicle emissions.
- Public Transport Schemes - Minor Bus Improvements and Green Terrace Improvements involving one way traffic flow (north) and the reallocation of road space to reduce parking problems and improve access.
- Parking Management Systems at Sunderland Royal Hospital and Stadium of Light.
- Vehicle Actuated Signs – Implementation and rotation programme targeting sites in every Ward throughout the City.
- Electric Vehicle Recharging Points – continuing with installation of electric vehicle charging points in Sunderland.
- CCTV Road Safety and Enforcement Vehicle (Camera Car) – assisting in the enforcement of parking restrictions outside schools, on pedestrian crossings, bus stop clearways, cycle lanes and Loading Bays.
- Clean Bus Technology Fund - Sunderland City Council and Durham County Council were jointly awarded a grant from Department for Transport's Clean Bus Technology Fund (CBTF) for bus operator Go North East to retrofit 19 buses that run between Sunderland and Durham. The retrofitted technology will help reduce emissions from buses and improve air quality.

Flood and Extreme Weather Mitigation

- Improvements to flow at Bog Row Footbridge, The Quay, Hetton.
- Completion of Hendon Burn Culvert Flood Risk Assessment.
- Completion of Deptford Culvert Flood Risk Assessment.
- Drainage improvements at various locations including Dunelm Drive, Osman Terrace, Rachel Close, Coach Road Estate, North Hylton Road, Springwell Road, Blind Lane.

Parks

- Roads and footpaths in the events area at Herrington Country Park have been replaced with a durable metalled surface to enable planned events to proceed whilst minimising damage to structures within the park.

CITY SERVICES CAPITAL PROGRAMME

Play Provision:

- Play area upgrades have been completed at Kirklee, Hylton Castle, South Hylton and Oxclose and a new wheeled sports park has been developed at Community North Sports Complex.

KEY MEDIUM TERM PRIORITIES

- Structural highway maintenance works to roads, footways and structures.
- Continue to support plans for the regeneration of the City Centre, River Corridor and Enterprise Zone.
- Coast Protection Works to protect coastal assets.
- Development of the Sunderland Strategic Transport Corridor (SSTC) which will contribute to reducing congestion, improving quality of the environment, economic success and reducing social exclusion. The transport corridor will extend from West Wear Street at the south side of the Wearmouth Bridge to the A19/A1231 including a new Wear Bridge crossing.
- Deliver the Local Sustainable Transport Fund (LSTF) project to support economic growth and reduce carbon emissions, delivering cleaner environments and improved air quality, enhanced safety and reduced congestion.
- Development of a programme of flood defence and drainage measures in response to increased flooding incidents.
- Improve cycling provision across the city.
- An efficient and fit for purpose vehicle fleet to deliver front line services.

HOW THE PROGRAMME CONTRIBUTES TO VALUE FOR MONEY AND EFFICIENCY

- Many of the capital schemes contribute to improving traffic flows and reducing congestion within the city. This enables more efficient access to key sites contributing to the continued economic development of the city.
- Highway and bridge maintenance schemes ensure that the asset is maintained to a good condition to ensure the network can be used safely and conveniently by all users.
- Replacing older vehicles will reduce fuel consumption, cut carbon emissions and reduce maintenance costs.

CAPITAL INVESTMENTS FOR THE YEAR AHEAD

Ongoing Commitments

- Continue the programme of investment in schemes to improve the safety of highway users.
- Improvements to pedestrian and cycling facilities and safer routes to schools through the Local Sustainable Transport Fund.
- Commence the construction of the first phase of the Sunderland Strategic Transport Corridor (New Wear Bridge).
- Continue the programme of investment in schemes to improve conditions for cyclists and to promote sustainable transport.
- Continue the programme of investment in schemes to improve the condition of highways and their structures.
- Development of Route Action Plans for highway network management enhancements including Pinch Point schemes at the A19/A690 and A19/A183 junctions.
- Continue the programme of Public Transport Initiatives.
- Coast protection works to prevent coastal erosion and flooding that may adversely impact residential and business properties.
- Works to mitigate the effect of extreme weather conditions such as the installation of new drainage systems, repair highways drainage networks, consolidation of unstable land and creating physical barriers for surface water to run off land.
- The new waste transfer station at Jack Crawford House is almost complete, from which waste from the City will be taken to the new 'energy from waste plant' on Teesside under the new PFI contract from early 2014/15. This will reduce the Council need for landfill to less than 5% of waste produced.
- Works to improve the physical appearance of Sunderland Crematorium.
- The regeneration of Rectory Park in Houghton to be carried out subject to successful Heritage Lottery Fund grant applications.

New Starts

- Low Carbon Enterprise Zone Transport Infrastructure including development of Route Action Plans for highway network management enhancements for Local Pinch Point funded schemes at the A19/A690 and A19/A183 junctions. Preparatory design work is currently underway. Also works funded by the Regional Growth Fund to improve transport infrastructure including A19/A1290 junction signalisation, A1290 Nissan Access signal improvements, A1290/Cherry Blossom Way signalisation and associated pedestrian and cycleway improvements.
- Replacement of safety fences at priority locations identified, to ensure that public safety is not compromised.
- Replacement of fleet vehicles and plant including gritters, tandem vibration rollers and precinct paving scrubbers.

**CITY SERVICES
CAPITAL PROGRAMME**

- Replacement of 3 electric cremators which are reaching the end of their operational life with more modern and efficient versions.
- Renew funding for Flood and Extreme weather allocation to provide the installation of new drainage systems, repair of highways drainage networks and creating physical barriers for surface run off from land. This takes into account the requirement of use of the current allocation to repair storm damaged walls at Seaburn.
- Continue a programme of play and urban games investment to maintain the standard of the city's existing play areas using Section 106 developer contributions.

**CITY SERVICES
CAPITAL PROGRAMME**

SUMMARY

Project Description	Gross Cost £'000	Expend to 31.3.13 £'000	Estimated Payments				
			2013/14	2014/15	2015/16	2016/17	2017/18
			£'000	£'000	£'000	£'000	£'000
MAIN BLOCK							
Continuing Projects	174,183	59,095	3,793	10,806	36,317	54,362	9,810
Projects Commencing 2013/14	19,303		12,693	2,310	2,100	1,600	600
Projects Commencing 2014/15	15,965			13,195	2,330	440	
Projects Commencing 2015/16	900				900		
Projects Commencing 2016/17							
Projects Commencing 2017/18							
TOTAL CAPITAL EXPENDITURE	210,351	59,095	16,486	26,311	41,647	56,402	10,410

METHOD OF FINANCING ESTIMATED CAPITAL EXPENDITURE

Source of Finance	Estimated Resources				
	2013/14	2014/15	2015/16	2016/17	2017/18
	£'000	£'000	£'000	£'000	£'000
FROM EXTERNAL SOURCES					
Loans - Unsupported Borrowing	9,265	9,934	3,267	5,766	10,410
Government Grants					
- Department for Transport - Local Transport Plan Grant	5,090	6,663			
- Department for Transport - S31 Transport Grant			33,967	48,596	
- Department for Transport - Local Sustainability Transport Fund	183				
- Department for Transport - Other	541	1,169			
- Coast Protection	334	182	283	700	
- Better Bus Fund	119				
- Department of Business, Innovation and Skills - Regional Growth Fund		5,440	1,700		
Grants from Other Public Bodies					
- English Heritage Lottery Grants		900	900	900	
- Homes and Communities Agency	125				
- Nexus	327	450			
Other External Funding	18	60			
Total External Sources	16,002	24,798	40,117	55,962	10,410
FROM INTERNAL SOURCES					
Revenue Contributions					
- Strategic Initiatives Budget	216				
Reserves					
- Strategic Investment Reserve	13	397			
- Strategic Investment Plan Reserve		609			
- Unutilised RCCO Reserve	50	184	630	142	
- Working Neighbourhoods Reserve			900	298	
- Section 106 Reserve	205	323			
Total Internal Sources	484	1,513	1,530	440	
TOTAL FINANCING	16,486	26,311	41,647	56,402	10,410

**CITY SERVICES
CAPITAL PROGRAMME**

Project Ref	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.13 £'000	Estimated Payments				
					2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000
	Continuing Projects								
	Major Highway Schemes								
CP0001	Southern Radial Route	L Clark	40,861	40,472	151	238			
CP0002	Central Route - Scheme Development & Land Costs	L Clark	2,215	1,854		361			
CP0003	SSTC Ph2 (New Wear Bridge)	L Clark	117,642	10,983	783	10,007	33,967	52,092	9,810
	Local Transport Plan								
CP0004	Penshaw Bridge	L Clark	1,054	837	217				
CP0005	Integrated Transport - Electric Vehicle Charging Points	L Clark	163	129	34				
CP0024	Highway Maintenance	L Clark	2,326	2,286	40				
CP0025	Bridge Maintenance	L Clark	252	43	209				
CP0026	Integrated Transport - Economy	L Clark	808	429	379				
CP0027	Integrated Transport - Place	L Clark	829	492	337				
CP0028	Integrated Transport - People	L Clark	753	548	205				
CP0036	Additional Transport Priorities	L Clark	2,000				1,000	1,000	
CP0030	Local Sustainable Transport Fund - Safer School Routes	L Clark	236	53	183				
CP0032	Upgrade of C2C Cycleway (HCA)	L Clark	542	417	125				
CP0033	Coalfields Cycle Route	L Clark	60		60				
CP0034	Borough Road Better Bus Areas Fund :-	L Clark	631	301	330				
	Parks								
CP0037	Thompson Park - Former Park Keepers House	F Serajian	49	2	47				
	Street Scene								
CP0009	Private Street works	L Clark	50		50				
CP0040	Waste Containers	L Clark	175	162	13				
	Coast Protection								
CP0015	Deptford Culvert Flood Risk Assessment	L Clark	24	2	22				
CP0016	Hendon Burn Culvert Safety Works	L Clark	364	81	283				
CP0017	Hendon Burn Culvert Flood Risk Assessment	L Clark	21	4	17				
CP0038	South Bents to Seaburn (SF1)	L Clark	120		120				
CP0039	Hendon Foreshore Barrier	L Clark	1,460			100	700	660	
CP0159	Port Revetments and Stone Hill Wall	L Clark	1,360			100	650	610	
	Play Provision								
	Play and Urban Games Strategy :								
CP0022	Kirklee Field	J Gray	100		100				
CP0023	North Area Skate Park	J Gray	88		88				
TOTAL CONTINUING PROJECTS			174,183	59,095	3,793	10,806	36,317	54,362	9,810

**CITY SERVICES
CAPITAL PROGRAMME**

Project Ref	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.13 £'000	Estimated Payments				
					2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000
Projects Commencing 2013/14									
Local Transport Plan									
CP0024	Highway Maintenance	L Clark	5,257		2,857	600	600	600	600
CP0025	Bridge Maintenance	L Clark	600		600				
CP0026	Integrated Transport - Economy	L Clark	863		843	20			
CP0027	Integrated Transport - Place	L Clark	560		465	95			
CP0028	Integrated Transport - People	L Clark	879		879				
CP0006	Public Transport Schemes	L Clark	187		187				
CP0163	Houghton Cut Safety Works	L Clark	30		30				
CP0007	Local Safety Schemes (SIB/SIP)	L Clark	30		30				
CP0173	Clean Bus Technology Fund	L Clark	276		276				
Flood & Coast Risk Management									
CP0160	Flood and Extreme Weather Mitigation	L Clark	1,630		600	530	500		
Street Scene									
CP0165	Waste Transfer Station	L Clark	5,701		5,701				
CP0161	Improvements to the Crematorium	L Clark	140			140			
Parks									
CP0162	Herrington Park Infrastructure	L Clark	150		150				
CP0164	Parks Improvement	L Clark	3,000		75	925	1,000	1,000	
TOTAL PROJECTS COMMENCING 2013/14			19,303		12,693	2,310	2,100	1,600	600
Projects Commencing 2014/15									
Local Transport Plan									
CP0024	Highway Maintenance	L Clark	2,175			2,175			
CP0025	Bridge Maintenance	L Clark	350			350			
CP0026	Integrated Transport - Economy	L Clark	548			548			
CP0027	Integrated Transport - Place	L Clark	444			444			
CP0028	Integrated Transport - People	L Clark	545			545			
CP0006	Public Transport Schemes	L Clark	450			450			
CP0187	Low Carbon Enterprise Zone Transport Infrastructure	L Clark	8,810			7,110	1,700		
CP0184	Safety Fencing Replacement	L Clark	200			200			
Flood & Coast Risk Management									
CP0160	Flood and Extreme Weather Mitigation	L Clark	500			500			
Street Scene									
CP0185	Fleet Replacement	L Clark	1,560			490	630	440	
Play Provision									
CP0189	Other Play Provision Schemes	J Gray	383			383			
TOTAL PROJECTS COMMENCING 2014/15			15,965			13,195	2,330	440	
Projects Commencing 2015/16									
Street Scene									
CP0186	Replacement of Cremators	L Clark	900				900		
TOTAL PROJECTS COMMENCING 2015/16			900				900		
TOTAL CAPITAL PROGRAMME			210,351	59,095	16,486	26,311	41,647	56,402	10,410

RESPONSIVE SERVICES AND CUSTOMER CARE CAPITAL PROGRAMME

CAPITAL INVESTMENT PLANS AND LINKAGES TO SERVICE OBJECTIVES AND STRATEGIC PRIORITIES

The Responsive Services and Customer Care capital programme will contribute towards meeting the five Aims of the Sunderland Economic Masterplan:

- A new kind of university city
- A national hub of the low-carbon economy
- A prosperous and well-connected waterfront city centre
- An inclusive city economy for all ages
- A one city approach to economic leadership

It aims to do this by:

- Continuing to provide and develop the infrastructure that supports the delivery of the Council's improvement priorities.
- Providing a seamless customer interface across all channels of access that resolves demand at the earliest possible opportunity and at the lowest cost to the Council providing accessible, consistent, responsive and high quality services.

OUTCOMES FROM COMPLETED CAPITAL SCHEMES

- Enhanced telephony platform implemented, resulting in compliance with statutory requirements, increased self-serve and the realisation of efficiency savings.
- Development of the customer services technology platform resulting in significant improvements to the customer experience, increased self-serve and the realisation of efficiency savings.

KEY MEDIUM TERM PRIORITIES

- Implementation of the Customer Service and Access Strategy action plan key principles.
- Delivery of the Customer Services Work programme.

HOW THE PROGRAMME CONTRIBUTES TO VALUE FOR MONEY AND EFFICIENCY

- The delivery of integrated customer services supports value for money by increasing first point of contact resolution, leading to less dual handling and increased efficiency.
- The implementation of the integrated technology platform will enable the wide-scale development of web self-serve and the associated benefits of channel shift.

CAPITAL INVESTMENTS FOR THE YEAR AHEAD

Ongoing Commitments

- Ongoing provision and development of the customer services technology platform to continue to improve the quality and accessibility of services.

**RESPONSIVE SERVICES AND CUSTOMER CARE
CAPITAL PROGRAMME**

SUMMARY

Project Description	Gross Cost £'000	Expend to 31.3.13 £'000	Estimated Payments				
			2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000
MAIN BLOCK							
Continuing Projects	910	294	616				
Projects Commencing 2013/14							
Projects Commencing 2014/15							
Projects Commencing 2015/16							
Projects Commencing 2016/17							
Projects Commencing 2017/18							
TOTAL CAPITAL EXPENDITURE	910	294	616				

METHOD OF FINANCING ESTIMATED CAPITAL EXPENDITURE

Source of Finance	Estimated Resources				
	2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000
FROM INTERNAL SOURCES					
Reserves					
- Unutilised RCCO Reserve	510				
Capital Receipts	106				
Total Internal Sources	616				
TOTAL FINANCING	616				

**RESPONSIVE SERVICES AND CUSTOMER CARE
CAPITAL PROGRAMME**

Project Ref	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.13 £'000	Estimate Resources					
					2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000	
CP0057	Continuing Projects Customer Care Customer Service Network Platform	L St Louis	910	294	616					
TOTAL CONTINUING PROJECTS			910	294	616					
TOTAL CAPITAL PROGRAMME										
			910	294	616					

Appendix 4

Prudential and Treasury Indicators 2014/2015 to 2016/2017

All of the prudential indicators fully reflect the requirements of International Financial Reporting Standards (IFRS) which were introduced from 1st April 2010. Should any of the Council's prudential indicators be exceeded during the year then they will be reported to Cabinet and where appropriate full Council at the next appropriate meeting following the change.

The indicators that must be taken into account are set out below:

- P1 Actual capital expenditure incurred in 2012/2013 was £53.806 million and the estimates of capital expenditure to be incurred for the current and future years that are recommended for approval are:

	2013/14	2014/15	2015/16	2016/17
	£'000	£'000	£'000	£'000
Estimated Capital Expenditure	68,199	80,722	74,249	68,453

The capital expenditure plans set out in Appendix 3 provide details of the service activity of the Council. The treasury management function ensures that the Council's cash is organised in accordance with the relevant professional codes, so that sufficient cash is available to meet this service activity. The estimated spend is based on grant awards received and the profile of expenditure will be updated in the quarterly capital reviews to Cabinet as further grants awards are announced and projects are approved.

- P2 Estimates of the ratio of financing costs to net revenue stream for the current and future years, and the actual figures for 2012/2013 are:

Ratio of financing costs to net revenue stream				
2012/2013	2013/2014	2014/2015	2015/2016	2016/2017
Actual	Estimate	Estimate	Estimate	Estimate
6.26%	7.12%	8.98%	11.47%	14.12%

The estimates of financing costs include current commitments and the proposals in the revenue budget and capital programme reports. The forecasts provide an indication of the impact of the capital investment plans on the Council's overall finances. They show an increase in anticipated ratios of financing costs to net revenue stream in future years as a result of forecast reductions in future years Government Funding allocations but also additional prudential borrowing proposed in the capital programme for strategic priorities.

The indicators also show an increase reflecting the fact that significant amounts of expenditure are planned to be financed from earmarked reserves which will lead to investment levels reducing over time.

The level of financing costs is considered to be affordable and has been taken into account when assessing the Medium Term Financial Strategy.

- P3 Estimates of the end of year Capital Financing Requirement for the Council for the current and future years and the actual Capital Financing Requirement at 31st March 2013 are:

Capital Financing Requirement				
31/03/13	31/03/14	31/03/15	31/03/16	31/03/17
£000	£000	£000	£000	£000
Actual	Estimate	Estimate	Estimate	Estimate
259,473	285,225	334,152	347,502	355,614

The Capital Financing Requirement is the historic outstanding capital expenditure which has not yet been paid for from revenue or capital resources. It measures the authority's underlying need to borrow for a capital purpose. It does not increase indefinitely as it is decreased by the Minimum Revenue Provision which broadly reduces the borrowing need in line with each assets life. The increase in the Capital Financing Requirement reflects the underlying borrowing need in respect of funding proposals in the capital programme reports.

The Capital Financing Requirement includes other long term liabilities (e.g. PFI schemes and finance leases). Whilst this increases the Capital Financing Requirement, and therefore the Council's borrowing requirement, these types of scheme include a borrowing facility and so the Council is not required to separately borrow for these schemes. The Council had £29.642 million of such schemes included in its Capital Financing Requirement at 31st March 2013.

- P4 CIPFA's Prudential Code for Capital Finance in Local Authorities includes the following comparator between gross debt and the capital financing requirement as a key indicator of prudence (indicator revised in 2012):

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

The Authority had no difficulty meeting this requirement in 2012/2013, nor are there any difficulties envisaged for the current or future years. This view takes into account current commitments, existing plans, and the proposals in this report and the report elsewhere on today's agenda on the Revenue Budget and Proposed Council Tax 2014/2015.

- P5 In respect of its external debt, it is recommended that the Council approves the following authorised limits for its total external debt (gross of investments) for the next three financial years. These limits must separately identify borrowing from other long-term liabilities such as PFI schemes and finance leases. The Council is asked to approve

these limits and to delegate authority to the Head of Financial Resources, within the total limit for any individual year, to effect movement between the separately agreed limits for borrowing and other long term liabilities, in accordance with option appraisal and best value for the authority. Any such changes made will be reported to Cabinet and the Council at the next available meeting.

	Authorised Limit for External Debt			
	2013/2014	2014/2015	2015/2016	2016/2017
	£000	£000	£000	£000
Borrowing	342,396	410,945	417,001	427,009
Other long term liabilities	34,928	29,178	28,508	27,909
Total	377,324	440,123	445,509	454,918

The Head of Financial Resources confirms that the above authorised limits are consistent with the Authority's current commitments, existing plans and the proposals in this report for capital expenditure and financing, and with its approved treasury management policy statement and practices. The Head of Financial Resources also confirms that they are based on the estimate of most likely, prudent, but not worst case scenario, with, in addition, sufficient headroom over and above this to allow for operational management, for example unusual cash movements. Risk analysis and risk management strategies have been taken into account, as have plans for capital expenditure, estimates of the Capital Financing Requirement and estimates of cash flow requirements for all purposes.

It should be noted that the Council also undertakes investment and borrowing on behalf of external bodies such as Tyne and Wear Fire and Rescue Authority. Treasury Management undertaken on behalf of other authorities is included in the Council's borrowing limits, however it is excluded when considering financing costs and when calculating net borrowing for the Council. A specific element of risk has also been taken into account for these bodies.

In taking its decisions on the Revenue Budget and Capital Programme for 2014/2015, the Council is asked to note that the authorised limit determined for 2014/2015, (see P5 above), will be the statutory limit determined under section 3(1) of the Local Government Act 2003.

- P6 The Council is also asked to approve the following operational boundary for external debt for the same time period. The proposed operational boundary for external debt is based on the same estimates as the authorised limit, but reflects directly the estimate of the most likely, prudent but not worst case scenario level, without the additional headroom included within the authorised limit to allow for example for unusual cash flow movements, and equates to the projected maximum external debt. The operational boundary represents a key management tool for in year monitoring. Within the operational boundary, figures for borrowing and other long-term liabilities are separately identified. The Council is also requested to delegate authority to the Head of Financial Resources, within

the total operational boundary for any individual year, to effect movement between the separately agreed figures for borrowing and other long term liabilities, similar to the authorised limit set out in P5.

The operational boundary limit will be closely monitored and a report will be made to Cabinet if it is exceeded at any point in the financial year ahead. It is generally only expected that the actual debt outstanding will approach the operational boundary when all of the long-term borrowing has been undertaken for that particular year and will only be exceeded temporarily as a result of the timing of debt rescheduling.

	Operational Boundary for External Debt			
	2013/2014	2014/2015	2015/2016	2016/2017
	£000	£000	£000	£000
Borrowing	304,083	302,575	314,868	318,917
Other long term liabilities	34,928	29,178	28,508	27,909
Total	339,011	331,753	343,376	346,826

- P7 The Council's actual external debt at 31st March 2013 was £245.235 million and was made up of actual borrowing of £215.583 million and actual other long term liabilities of £29.642 million

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

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

<u>For Band D Council Tax</u>		
2014/2015	2015/2016	2016/2017
£0.54	£3.52	£7.68

The estimates show the net revenue effect of all capital expenditure from all schemes commencing in 2014/2015 and the following two financial years.

These are forward estimates that the Council is not committed to. They are based on the existing commitments, current plans and the capital plans detailed in this report. The cumulative effect of full year debt charges will have an additional impact of £7.68 in 2017/2018. There are no known significant variations beyond the above timeframe that would result from past events and decisions or the proposals in the budget report.

P9 The Council is also required to indicate if it has adopted the CIPFA Code of Practice on Treasury Management. The revised Code was adopted on 3rd March 2010 by full council and this is re-affirmed annually.

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

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

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

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

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

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

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

CIPFA Treasury Management in the Public Services Code of Practice - Indicators 2014/2015 to 2016/2017

P10 It is recommended that the Council sets an upper limit on its fixed interest rate exposures of £250 million in 2014/2015, £240 million in 2015/2016 and £255 million in 2016/2017.

P11 It is further recommended that the Council sets an upper limit on its variable interest rate exposures of £60 million in 2014/2015, £60 million in 2015/2016 and £50 million in 2016/2017.

P12 It is recommended that the Council sets upper and lower limits for the maturity structure of its borrowings as follows:

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

	Upper limit	Lower limit
Under 12 months	50%	0%
12 months and within 24 months	60%	0%
24 months and within 5 years	80%	0%
5 years and within 10 years	100%	0%
10 years and within 20 years	100%	0%
20 years and within 30 years	100%	0%
30 years and within 40 years	100%	0%
40 years and within 50 years	100%	0%
over 50 years	100%	0%

P13 A maximum maturity limit of £75 million is set for each financial year (2014/2015, 2015/2016 and 2016/2017) for long term investments, (those over 364 days), made by the authority. This gives additional flexibility to the Council in undertaking its Treasury Management function. Should the Council appoint any external fund managers during the year, these limits will be apportioned accordingly. Type of investments to be allowed are detailed in the Annual Investment Strategy (Appendix 7).

At present the Council has £16.787 million of long-term investments. This is £16.767 million for the value of share capital held in NIAL Holdings PLC. This equates to a 9.62% share in Newcastle International Airport. The Council also holds £0.020 million in government securities, other shares and unit trusts.

Minimum Revenue Provision Policy Statement 2014/2015

The Council is required to repay an element of its capital financing requirement each year through a revenue charge known as the Minimum Revenue Provision (MRP). The Department for Communities and Local Government (DCLG) has provided statutory guidance on the methodology to use, which local authorities 'must have regard to' when assessing an appropriate MRP. The guidance recommends that authorities must submit to full Council an annual statement of its policy on making a MRP in respect of the following financial year and highlight which of the various options set out in their guidance will be followed.

- 1.1 Provision for the repayment of debt is considered to be prudent where the period of repayment is either reasonably commensurate with that over which the capital expenditure to which it relates provides benefits, or in the case of borrowing supported by Government Grant, reasonably commensurate with the period implicit in the determination of that grant. The major proportion of the MRP for 2014/2015 will relate to the supported historic debt liability.
- 1.2 The four options for calculating MRP which were set out in the guidance can be summarised as follows:
 - Option 1 – Regulatory Method: applying the statutory formula set out in the 2003 Regulations before it was revoked in 2008.
 - Option 2 – Capital Financing Requirement (CFR) Method: multiplying the CFR at the end of the preceding financial year by 4%.
 - Option 3 – Asset Life Method: amortising expenditure over an estimated useful life for the relevant assets created. An assessment must be made of the asset life at the outset of the capital scheme and MRP is charged to revenue in either equal annual instalments or by an annuity method over the estimated life of the asset. The MRP charge will commence in the financial year following the one in which the asset comes into service.
 - Option 4 – Depreciation Method: making charges to revenue in accordance with the standard rules for depreciation accounting for the particular asset being created or enhanced.
- 1.3 Estimated life periods will be determined under delegated powers. As some types of capital expenditure incurred by the Council are not capable of being related to an individual asset, such as IT infrastructure, asset lives will be assessed on a basis which most reasonably reflects the anticipated period of benefit that arises from the expenditure. Also, whatever type of expenditure is involved, it will be grouped together in a manner which reflects the nature of the main component of expenditure and will only be divided up in cases where there are two or more major components with substantially different useful economic lives. The Council also reserves the right to determine useful life periods and prudent MRP in exceptional circumstances where the recommendations of the guidance would not be appropriate.

- 1.4 For 2014/2015, having considered all of the options available to the Council, it is proposed that the Council use Option 1 (the Regulatory Method) for government supported borrowing.

This is a continuation of the method currently used by the Council (using regulations 28 and 29 of the Capital Finance Regulations and the Local Government Act 2003) where MRP is calculated with regard to the 'credit ceiling' of the authority. This takes into account all loan advances and repayments through the Council's consolidated advances and borrowing pool with MRP being calculated at 4% of the opening 'credit ceiling' balance.

Option 1 is preferred as this option takes the formulae used by the government in calculating revenue support grant as its basis and better reflects the actual funding provided by government.

- 1.5 The Council currently follows the criteria set out below for all borrowing where no government support is given and is therefore self-financed and provides an increased voluntary MRP:

- In cases where a full option appraisal shows borrowing to offer better value for money than leasing, MRP is based on the payment period that would have arisen had a lease been taken out instead of a loan;
- In the case of any form of grants, deposits or loans made for capital purposes that have been given in earlier years and any new grants, deposits or loans that may be made for which borrowing is taken out. MRP is based on the actual principal repayment schedule relating to the grant, deposit or loan provided. This option is used for spend such as existing loans provided to Wearside College, mortgages provided in earlier years to householders under Right to Buy regulations, and capital spend in relation to loans, deposits and other grants made to support economic regeneration:

The depreciation method for calculating MRP (option 4) is subject to volatility when asset lives are reassessed as part of the revaluation process. Therefore, in other cases where unsupported borrowing is used to finance capital schemes the asset life method of determining MRP (option 3) will be used, with the MRP charge commencing in the financial year following the one in which the asset comes into service.

- 1.6 Given budget pressures, it is proposed that opportunities for utilising the prudential framework be restricted to a level where provision has been made within the revenue budget and where the expenditure will either be used to support the Council's key priorities in terms of regeneration plans and strategic priorities, to fund invest to save schemes, or to support asset purchases where option appraisal of funding through borrowing instead of leasing is appropriate. The revenue budget is framed to enable such levels to be affordable and sustainable into future years.

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

Appendix 5

making MRP repayments using the criteria detailed in 1.5 above.

- 1.8 Revised accounting guidelines to comply with IFRS were introduced for the financial year 2010/2011. These standards had the effect of reclassifying operational leases, finance leases and PFI contracts and required these assets to be brought onto the Council's balance sheet. MRP policy used by the Council will ensure that there will be no impact on council taxpayers from revisions to accounting standards and that the amount of MRP to be made will be set to ensure that the finance charge and MRP for finance leases and on-balance sheet PFI schemes is equal to the rental or service charge payable in the income and expenditure account for the year, which writes down the balance sheet liability of those assets i.e. the annual MRP charge will be an amount equal to the amount that has been taken to the balance sheet to reduce the liability for that asset.
- 1.9 In summary, it is recommended that the Council approves the following Minimum Revenue Provision Statement 2014/2015:
 - a) For all government supported borrowing the Council will adopt Option 1 as set out in the government guidance which is a continuation of the basis upon which the Council currently calculates MRP.
 - b) For all unsupported borrowing the Council will adopt Option 3 and make MRP repayments using the equal instalment method with the estimated useful life of an asset being assessed by the Head of Financial Resources in consultation with appropriate officers.
 - c) For MRP payments in relation to finance leases and PFI contracts, the amount of MRP to be made will be set to ensure that the finance charge and MRP for finance leases and on-balance sheet PFI schemes is equal to the rental or service charge payable in the income and expenditure account for the year, which writes down the balance sheet liability of those assets.
 - d) The Council will vary MRP payments to that indicated by the adoption of Option 3, with reference to the Council's framework detailed in 1.5 above.

Treasury Management Policy Statement

In line with CIPFA recommendations, on the 3rd March 2010 the Council adopted the following Treasury Management Policy Statement, which defines the policies and objectives of its treasury management activities:

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

The Council has an agreed Borrowing and Investment Strategy, the high level policies of which are as follows:

The basis of the agreed Borrowing Strategy is to:

- continuously monitor prevailing interest rates and forecasts;
- secure long-term funds to meet the Council’s future borrowing requirement when market conditions are considered favourable;
- use a benchmark financing rate of 5.00% for long term borrowing (i.e. all borrowing for a period of one year or more);
- take advantage of debt rescheduling opportunities, as appropriate.

The general policy objective for the Council in considering potential investments is the prudent investment of its treasury balances.

- the Council’s investment priorities in order of importance are:
 - 1) The security of its capital
 - 2) The liquidity of its investments and then
 - 3) The Council aims to achieve the optimum yield on its investments but this is commensurate with the proper levels of security and liquidity
- the Council has a detailed Lending List and criteria must be observed when placing funds – these are determined using expert TM advice, view of money market conditions and using detailed rating agency information as well as using our own market intelligence.

Appendix 6

- Limits are also placed on the amounts that can be invested with individual and grouped financial institutions based on the Lending List and detailed criteria which is regularly reviewed.

The Council thus re-affirms its commitment to the Treasury Management Policy and Strategy Statement in 2014/2015 as it does every year.

Treasury Management Strategy Statement for 2014/2015

1. Introduction

- 1.1 The Local Government Act 2003 and subsequent guidance requires the Council to set out its Treasury Management Strategy for Borrowing and to prepare an Annual Investment Strategy. This sets out the Council's policies for managing both its borrowing and its investments, which gives priority to the security and liquidity of those investments.

The suggested strategy for 2014/2015 is set out below and is based upon the Head of Financial Resources views on interest rates, supplemented with leading market forecasts and other financial data available and advice provided by the Council's treasury adviser, Capita Asset Services.

- 1.2 The treasury management strategy covers:

A. Borrowing Policy and Strategy

- treasury limits for 2014/2015 to 2016/2017
- current treasury management position
- prudential and treasury management Indicators for 2014/2015 to 2016/2017
- prospects for interest rates
- the borrowing strategy
- the borrowing requirement 2014/2015
- policy on borrowing in advance of need
- debt rescheduling

B. Annual Investment Policy and Strategy

- Investment policy and objectives
- the investment strategy
- investment types
- investments defined as capital expenditure
- investment limits
- provision for credit related losses
- creditworthiness policy
- monitoring of credit ratings
- past performance and current position
- outlook and proposed investment strategy
- external fund managers
- policy on use of external service providers

2. Borrowing Policy and Strategy

2.1 Treasury Limits for 2014/2015 to 2016/2017

It is a statutory duty under Section 3 of the Local Government Act 2003 and supporting regulations, for the Council to determine and keep under review how much it can afford to borrow. The amount so determined is termed the "Affordable Borrowing Limit". In England and Wales the Authorised Limit represents the legislative limit specified in the Act.

Appendix 7

The Council must have regard to the Prudential Code when setting the Authorised Limit, which essentially requires it to ensure that total capital investment remains within sustainable limits and, in particular, that the impact upon its future council tax (and council rent levels where relevant) is 'acceptable'.

Whilst termed an "Affordable Borrowing Limit", the capital plans to be considered for inclusion incorporate financing by both external borrowing and other forms of liability, such as credit arrangements. The Authorised Limit is set, on a rolling basis, for the forthcoming financial year and two successive financial years and details can be found in Appendix 4 (P5) of this report. The Council is asked to approve these limits and to delegate authority to the Head of Financial Resources, within the total limit for any individual year, to action movement between the separately agreed limits for borrowing and other long term liabilities where this would be appropriate. Any such changes made will be reported to Cabinet and the Council at their next meetings following the change.

Also, the Council is requested to approve the Operational Boundary Limits (P6) which are included in the Prudential Indicators set out in Appendix 4. This operational boundary represents a key management tool for in year monitoring. Within the operational boundary, figures for borrowing and other long-term liabilities are separately identified and the Council is also asked to delegate authority to the Head of Financial Resources, within the total operational boundary for any individual year, to action movement between the separately agreed figures for borrowing and other long-term liabilities, in a similar fashion to the authorised limit.

2.2 Current Treasury Management Position

2.2.1 Interest Rates 2013/2014

The Bank of England Base Rate has remained at 0.50% since 5th March 2009 and is predicted By Capital Asset Services (the Council's treasury advisors) to remain at that level until the second quarter in 2016, although some analysts are expecting rates to rise in mid 2015. Bank of England forward guidance is that any increase in the current 0.5% Base Rate would only be considered once the jobless rate has fallen to 7% or below. Should levels fall below 7% then any increase in the base rate would however still be dependant on forecasts for inflation and growth. PWLB rates have increased throughout 2013/2014 as economic pressures have lessened and growth forecasts have improved, however bond yields remain extremely unpredictable and there are still exceptional levels of volatility which are highly correlated to world events and to political developments in the Eurozone. This uncertainty is expected to continue into the medium term.

The government announced in the March 2012 budget plans to introduce a 0.20% discount on PWLB loans under the prudential borrowing regime for those authorities that provided 'improved information and transparency on their locally determined long-term borrowing and associated capital spending plans' and who successfully applied and were eligible for the lower rate. The Council successfully applied to access PWLB loans at a

Appendix 7

discount of 0.20% and has been successful in extending its access to the PWLB certainty rate until 31st October 2014.

The following table shows the average PWLB rates for Quarters 1, 2 and 3.

2013/2014	Qtr 1* (Apr - June) %	Qtr 2* (July - Sep) %	Qtr 3* (Oct – Dec) %
7 days notice	0.31	0.31	0.35
1 year	1.02*	1.07*	1.13*
5 year	1.75*	2.27*	2.43*
10 year	2.81*	3.47*	3.59*
25 year	3.95*	4.32*	4.32*
50 year	4.09*	4.37*	4.31*

*rates take account of the 0.2% discount to PWLB rates available to eligible authorities that came into effect on 1st November 2012.

2.2.2 Long Term Borrowing 2013/2014

The Council's strategy for 2013/2014 was to adopt a pragmatic approach in identifying the low points in the interest rate cycle at which to borrow and to respond to any changing circumstances to seek to secure benefit for the Council. A benchmark financing rate of 4.50% for long-term borrowing was set in the Treasury Management Policy and Strategy Statement for 2013/2014. There have been high levels of volatility in the financial markets and with borrowing rates still forecast to remain relatively low over the short term no new borrowing has been undertaken in the current financial year up to 27th January 2014. No debt rescheduling has been undertaken as rates have not been considered sufficiently favourable.

The Council has seven market Lender's Option / Borrower's Option (LOBO) loans totalling £39.5 million. The lender has the option to alter the rate on these loans at set intervals and the Council can either accept the new rate or repay the loan without penalty. The following table shows the LOBO's that were subject to a potential rollover this financial year. No changes to loan rates were received and so these arrangements continue.

<u>Roll Over Dates</u>	Lender	Amount £m	Rate %	Roll Over Periods
21/04/2013 and 21/10/2013	Barclays	5.0	4.50	Every 6 months
14/08/2013	Barclays	5.0	4.45	every 3 years
Total		10.0		

2.2.3 Current Portfolio Position

The Council's treasury portfolio position at 31st December 2013 comprised:

		Principal (£m)	Total (£m)	Average Rate (%)
Borrowing				
Fixed Rate Funding	PWLB	137.9		
	Market (LOBO's)	39.5		
	Other	<u>1.7</u>	179.1	3.95
Variable Rate Funding	Temporary / Other		28.2	0.54
Total Borrowing			207.3	3.48
Total Investments	In House—short term*		166.7	1.05
Net Borrowing Position			40.6	

* The total investments figure includes monies invested on behalf of the North Eastern Local Enterprise Partnership for whom Sunderland City Council is the accountable body and ANEC which agreed with its member authorities that the council would invest its surplus funds as agreed

The Council currently has net borrowing of £40.6m which represents the difference between gross debt and total investments and is significantly lower than the Council's capital financing requirement (capital borrowing need). However this position is expected to change over the next few years as the Council has to manage its finances with significantly less government funding. This is likely to impact in the form of increased borrowing and reductions to reserves, with the result that the net borrowing position of the Council will increase.

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

Benefits of having a high level of investments are;

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

Risks associated with holding a high level of investments are;

- the Counterparty risk – institutions cannot repay the Council investment placed with them;

- interest rate risk – the rate of interest earned on the investments will be less than that paid on debt, thus causing a loss to the Council.

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

2.3 **Prudential and Treasury Management Indicators for 2014/2015 – 2016/2017**

Prudential and Treasury Indicators (as set out in Appendix 4) are a requirement of the CIPFA Prudential Code and are relevant for the purposes of setting an integrated treasury management strategy and to ensure that treasury management decisions are taken in accordance with good professional practice.

The Council is also required to indicate if it has adopted the CIPFA Code of Practice on Treasury Management. The original 2001 Code was adopted on 20th November 2002 and the latest revision to the Code in 2011 was adopted by the full Council on 3rd March 2012. The Council reaffirms its full adherence to the Code annually (as set out in Appendix 6).

2.4 **Prospects for Interest Rates**

The Council's treasury advisors are Capita Asset Services and part of their service is to assist the Council to formulate a view on interest rates. A number of current City forecasts for short term (Bank Rate) and longer fixed interest rates are set out in Annex A. The following gives the Capita Asset Services Bank Rate forecast for the next 4 financial years.

- 2013/2014 0.50%
- 2014/2015 0.50%
- 2015/2016 0.50%
- 2016/2017 0.50% - 1.25%

There are upside risks to these forecasts (that the increase in Bank Rate is earlier than predicted) if economic growth is stronger than expected and the unemployment rate reduces quicker than expected. However it is clear that interest rates will remain at historically low levels into the medium term which will keep investment returns at low levels. A detailed view of the current economic background is contained within Annex B to this report. The position will be closely monitored to ensure the Council takes appropriate action as necessary under either scenario.

2.5 **Borrowing Strategy**

The capital expenditure plans set out in Appendix 3 provide details of the service activity of the Council. The treasury management function ensures that the Council's cash is organised in accordance with the relevant professional codes, so that sufficient cash is available to meet this service activity. This involves both the organisation of the cash flow and, where capital plans require, the organisation of appropriate borrowing facilities.

Appendix 7

The strategy covers the relevant treasury / prudential indicators, the current and projected debt positions and the annual investment strategy.

2.6 Borrowing Requirement 2014/2015

The Council's borrowing requirement is as follows:

	2014/15 £m	2015/16 £m	2016/17 £m
1. Capital Borrowing (potential)	61.7	27.5	23.7
2. Replacement borrowing (PWLB)	10.0	0.0	0.0
3. Replacement borrowing (Other)	0.0	0.0	6.5
4. Replacement LOBO (potential)	19.5	20.0	10.0
TOTAL	91.2	47.5	40.2

2.6.1 Borrowing rates

The Capita Asset Services forecast in respect of interest rates for loans charged by the PWLB is as follows: -

Annual Average %	Bank Rate	PWLB Borrowing Rates (including certainty rate adjustment)		
		5 year	25 year	50 year
March 2014	0.50	2.50	4.40	4.40
June 2014	0.50	2.60	4.50	4.50
Sept 2014	0.50	2.70	4.50	4.50
Dec 2014	0.50	2.70	4.60	4.60
March 2015	0.50	2.80	4.60	4.70
June 2015	0.50	2.80	4.70	4.80
Sept 2015	0.50	2.90	4.80	4.90
Dec 2015	0.50	3.00	4.90	5.00
March 2016	0.50	3.10	5.00	5.10
June 2016	0.75	3.20	5.10	5.20
Sept 2016	1.00	3.30	5.10	5.20
Dec 2016	1.00	3.40	5.10	5.20
March 2017	1.25	3.40	5.10	5.20

A more detailed forecast from Capita Asset Services is included in Annex A.

The main sensitivities of the forecast are likely to be;

- if it were felt that there was a significant risk of a much sharper rise in long and short term rates than that currently forecast, perhaps arising from a greater than expected increase in the rate to US tapering of asset purchases, an increase in world economic activity or a sudden increase in inflation risks, then the portfolio position will be re-appraised with the likely action that fixed rate borrowing will be undertaken whilst interest rates are still lower than they will be in the next few years.
- if it were felt that there was a significant risk of a sharp fall in long and short term rates, e.g. due to a marked increase of risks around a relapse into recession or, a risk of deflation, then long term borrowings will be postponed, and potential rescheduling from fixed rate funding into short term borrowing will be considered.

Council officers, in conjunction with the Council's treasury advisers, monitor both the prevailing interest rates and the market forecasts. The Head of Financial Resources, taking into account the advice of the Council's treasury adviser considers a benchmark financing rate of 5.00% for any further long-term borrowing for 2014/2015 to be appropriate.

Consideration will be given to various options, including utilising some investment balances to fund the borrowing requirement in 2014/2015. This policy has served the Council well over the last few years as investment returns continue to be low and counterparty risk is relatively high and therefore the cost of any new borrowing would place additional pressure on the Council's revenue budget. As a result the Council is currently maintaining an under-borrowed position. This position will be carefully reviewed to avoid incurring higher borrowing costs over the long term and to ensure that financing is available to support capital expenditure plans. The need to adapt to changing circumstances and revisions to profiling of capital expenditure is required, and flexibility needs to be retained to adapt to any changes that may occur.

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

2.7 Policy on borrowing in advance of need

The Council will not borrow more than or in advance of its needs purely to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be assessed within the relevant Capital Financing Requirement calculations / estimates, and will be considered carefully to ensure value for money can be demonstrated and that the Council can ensure the security of such funds.

Risks associated with any borrowing in advance of activity will be subject to prior appraisal and borrowing undertaken will be reported to Cabinet as part of the agreed treasury management reporting arrangements.

2.8 Debt Rescheduling

The reasons for any rescheduling of debt will include:

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

In previous years, debt rescheduling has achieved significant savings in interest charges and discounts and these interest savings have been secured for many years to come. For example, since November 2008 the Council has rescheduled debt worth £59.5 million with an ongoing reduction in interest costs of just under £1.0 million per annum. In 2007 the PWLB introduced a spread between the rates applied to new borrowing and repayment of debt. This has been compounded since 20 October

2010 by a considerable further widening of the difference between new borrowing and repayment rates and has meant that PWLB debt restructuring is much less attractive than it was before both of these measures were introduced. Consideration will also be given to other options where interest savings may be achievable by using LOBO (Lenders Option Borrowers Option) loans, and / or other market loans, in rescheduling exercises rather than solely using PWLB borrowing as the source of replacement financing but this would only be the case where this would represent best value to the Council.

The latest interest rate projections for 2014/2015 show short term borrowing rates will be cheaper than longer term rates and as such there may be potential for some opportunities to generate savings by switching from long term debt to short-term debt. However, these savings will need to be considered in the light of the current treasury position and the size of the cost of debt repayment (premiums incurred), their short term nature, and the likely cost of refinancing those short term loans, once they mature, compared to the current rates of longer term debt in the existing debt portfolio.

The Council is keeping a watching brief on market conditions in order to secure further debt rescheduling when, and if, appropriate opportunities arise. The timing of all borrowing and investment decisions inevitably includes an element of risk, as those decisions are based upon expectations of future interest rates. The policy to date has been very firmly one of risk spread and this prudent approach will be continued.

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

3. Annual Investment Policy and Strategy

3.1 Investment Policy and Objectives

When considering its investment policy and objectives, the Council has taken regard to the Department of Communities and Local Government's (CLG) Guidance on Local Government Investments ("the Guidance") and the CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes ("the CIPFA TM Code").

The Council's investment objectives are: -

- (a) the security of capital, and
- (b) the liquidity of its investments.

The Council also aims to achieve the optimum return on its investments but this is commensurate with proper levels of security and liquidity.

The risk appetite of the Council is regarded as low in order to give priority to security of its investments.

The borrowing of monies purely to invest or on-lend and make a return is unlawful and the Council will not engage in such activity.

3.2 Investment Strategy

This Strategy sets out:

- the guidelines for choosing and placing investments, particularly if the investment falls under the category of “non-specified investments”;
- the maximum periods for which funds may be prudently committed in each class of investment;
- the amount or percentage limit to be invested in each class of investment;
- specified investments that the Council will use. These are high security i.e. high credit rating, and high liquidity investments in sterling and with a maturity of no more than a year;
- non-specified investments, clarifying the greater risk implications, identifying the general type of investment that may be used and a limit to the overall amounts of various categories that can be held at any time
- 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;

3.3 Investment Types

The Council is allowed to invest in two types of investment, namely Specified Investments and Non-specified Investments.

Specified Investments are sterling investments that are for a period of less than one year and are placed with high credit rated counterparties. Within these bodies and in accordance with the Code, the Council has set additional criteria to set the time and amount of monies that will be invested with these bodies.

Non-specified Investments are any investments which are not classified as specified investments. As the Council only uses high credit rated counterparties this means in effect that any investments placed with those counterparties for a period of one year or more will be classed as Non-specified Investments. Any investment by the Council in this type of investment whether classed as capital expenditure (see 3.4 below) or as a simple revenue investment will be subject to a full appraisal and reported to Cabinet for approval.

The type of investments to be used by the in-house team will be limited to term deposits, interest bearing accounts, Money Market Funds, treasury bills and gilt edged securities and will follow the criteria as set out in Annex C.

3.4 Investments Defined as Capital Expenditure

The acquisition of share capital in any body corporate is defined as capital expenditure under Section 16(2) of the Local Government Act 2003 and as

such acquisition of share capital will be an application of capital resources. Such investments have to be funded out of capital or revenue resources and are classified as 'non-specified investments'.

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

3.5 Investment Limits

One of the recommendations of the Code is that local authorities should set limits for the amounts of investments that can be placed with institutions by country, sector and group. These limits are applied in the Council's Counterparty criteria set out in Annex C.

The minimum amount of overall investments that the Council will hold in short-term investments (less than one year) is £50 million. As the Council has decided to restrict most of its investments to term deposits, it will maintain liquidity by having a minimum of 30% of these short-term investments maturing within 6 months.

A maximum limit of £75 million is to be set for in-house non-specified investments over 364 days up to a maximum period of 2 years. This amount has been calculated by reference to the Council's cash flows, including the potential use of earmarked reserves. The Head of Financial Resources will monitor long-term investment rates and identify any investment opportunities if market conditions change.

3.6 Provisions for Credit Related Losses

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

3.7 Creditworthiness policy

The creditworthiness policy adopted by this Council takes into account not only the credit ratings issued by all three credit rating agencies (Fitch, Moody's and Standard & Poor's), but also, available market data and intelligence such as Credit Default Swap levels and share prices, the level of government support to financial institutions, financial press and advice from its Treasury Management advisors.

Set out in Annex D is the detailed criteria that will be used, subject to approval, in determining the level of investments that can be invested with each counterparty or institution. Where a counterparty is rated differently

by any of the 3 rating agencies, the lowest rating will be used to determine the level of investment. If the Council's own banker, National Westminster Bank plc should fail to meet the minimum credit criteria to allow investments from the Council then balances will be minimized as far as possible.

3.8 Monitoring of Credit Ratings

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

Should fund managers be employed by the Council, the Council will establish with its fund manager(s) their credit criteria and the frequency of their monitoring of credit ratings so as to be satisfied as to their adherence to the Council's policy.

The UK sovereign rating was downgraded to AA+ by Moody's on 22nd February 2013 and subsequently by Fitch, however advice is that the guidance to restrict investment to very short-term periods is not applicable to institutions considered to be very low risk because the government holds shares in these organisations (i.e. Lloyds TSB and RBS). These part government owned organisations have the government's AA+ rating applied to them. Should the UK Government AA+ sovereign rating be withdrawn the Council's Investment Strategy and Lending List criteria will be reviewed and any changes necessary will be reported to Cabinet.

3.9 Past Performance and Current Position

During 2013/2014 the Council did not employ any external fund managers, all funds being managed by the in-house team. The performance of the fund by the in-house team is shown below and compares this with the relevant benchmarks and performance from the previous year:

	2012/13 Return %	2012/13 Benchmark %	To date 2013/14 Return %	To date 2013/14 Benchmark %
Council	1.91	0.39	1.05	0.36

During 2014/2015 the Council will continue to review the optimum arrangements for the investment of its funds whilst fully observing the investment strategy in place. The Council uses the 7 day London Interbank Bid (LIBID) rate as a benchmark for its investments. The performance of the Council compared well with other local authorities and is in the top quartile.

3.10 Outlook and Proposed Investment Strategy

Based on its cash flow forecasts, the Council anticipates its fund balances in 2014/2015 are likely to range between £55 million and £200 million. This represents a cautious approach and provides for funding being received in excess of the level budgeted for, and also for unexpected and unplanned levels of capital underspending in the year or reprofiling of spend into future years. In 2014/2015, with short-term interest rates forecast to be materially below long-term rates, it is possible that some investment balances will continue to be used to fund some long-term borrowing or used for debt rescheduling. Such funding is wholly dependent upon market conditions and will be assessed and reported to Cabinet if and when the appropriate conditions arise.

The Council is not committed to any investments, which are due to commence in 2014/2015, (i.e. it has not agreed any forward deals).

Activities likely to have a significant effect on investment balances are:

- Capital expenditure during the financial year, (dependent upon timing), will affect cash flow and short term investment balances;
- Any reprofiling of capital expenditure from, and to, other financial years will also affect cash flow, (no reprofiling has been taken into account in current estimates);
- Any unexpected capital receipts or income;
- Timing of new long-term borrowing to fund capital expenditure;
- Possible funding of long-term borrowing from investment balances (dependent upon appropriate market conditions).

The Head of Financial Resources, in conjunction with the Council's treasury adviser Capita Asset Services, and taking into account the minimum amount to be maintained in short-term investments, will continue to monitor investment rates closely and to identify any appropriate investment opportunities that may arise.

It is proposed that delegated authority continues for the Head of Financial Resources, in consultation with the Cabinet Portfolio holder for Resources, to vary the Lending List Criteria and Lending List itself should circumstances dictate, on the basis that changes be reported to Cabinet

retrospectively, in accordance with normal treasury management reporting procedures.

3.11 External fund managers

At present the Council does not employ any external fund managers.

Should the Council appoint any external fund managers in the future, they will have to agree to strict investment limits and investment criteria. These external fund managers will work to the following parameters:

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

3.12 Policy on the use of external service providers

The Council uses Capita Asset Services as its external treasury management advisers. The Council recognises that responsibility for treasury management decisions remain with the Council at all times and will ensure that undue reliance is not placed upon our external service providers.

It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subject to regular review.

4. Scheme of delegation

- 4.1 The Treasury Management Strategy Statement has been prepared in accordance with the revised Code. Accordingly, the Council's Treasury Management Strategy (TMS) is approved annually by the full Council and receives, as a minimum, a mid-year TMS report and an annual Treasury Management outturn report for the previous year by no later than the 30th September of the following year. In addition quarterly reports are made to Cabinet and the Audit and Governance Committee and monitoring reports are reviewed by members in both executive and scrutiny functions respectively. The aim of these reporting arrangements is to ensure that those with ultimate responsibility for the treasury management function appreciate fully the implications of treasury management policies and activities, and that those implementing policies and executing transactions

Appendix 7

have properly fulfilled their responsibilities with regard to delegation and reporting.

The Council has the following reporting arrangements in place in accordance with the requirements of the Code: -

Area of Responsibility	Council/ Committee/ Officer	Frequency
Treasury Management Policy Statement (revised)	Full Council	Reaffirmed annually and updated as appropriate
Treasury Management Strategy / Annual Investment Strategy	Full Council	Annually before the start of the year
Treasury Management Strategy / Annual Investment Strategy – mid year report	Full Council	Mid year
Treasury Management Strategy / Annual Investment Strategy –updates or revisions at other times	Full Council	As appropriate
Annual Treasury Management Outturn Report	Full Council	Annually by 30/9 after the end of the financial year
Treasury Management Monitoring Reports	Head of Financial Resources	Monthly
Treasury Management Practices	Head of Financial Resources	Annually
Scrutiny of Treasury Management Strategy	Cabinet / Audit and Governance Committee	Annually before Full Council
Scrutiny of Treasury Management Performance	Cabinet / Audit and Governance Committee	Quarterly

5. The Treasury Management Role of the Section 151 Officer

5.1 The Head of Financial Resources is the Council's Section 151 Officer and has specific delegated responsibility in the Council's Constitution to manage the borrowing, financing, and investment requirements of the Council in accordance with the Treasury Management Policy agreed by the Council. This includes;

- recommending clauses, treasury management policy/practices for approval, reviewing the same regularly, and monitoring compliance
- submitting regular treasury management policy reports
- submitting budgets and budget variations
- receiving and reviewing management information reports
- reviewing the performance of the treasury management function
- ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function
- ensuring the adequacy of internal audit, and liaising with external audit
- recommending the appointment of external service providers.

Interest Rate Forecasts

The data set out overleaf shows a variety of forecasts published by Capita Asset Services, Capital Economics (an independent forecasting consultancy) and UBS (which represents summarised figures drawn from the population of all major City banks and academic institutions).

The forecast within this strategy statement has been drawn from these diverse sources and officers' own views.

1. Interest Rate Forecasts

Bank Rate														
	NOW	Mar-14	Jun-14	Sep-14	Dec-14	Mar-15	Jun-15	Sep-15	Dec-15	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17
Capita Asset Services	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.75%	1.00%	1.00%	1.25%
UBS	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.75%	1.00%	-	-	-	-	-
Capital Economics	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.75%	-	-	-	-	-
5yr PWLB Rate														
	NOW	Mar-14	Jun-14	Sep-14	Dec-14	Mar-15	Jun-15	Sep-15	Dec-15	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17
Capita Asset Services	2.63%	2.50%	2.60%	2.70%	2.70%	2.80%	2.80%	2.90%	3.00%	3.10%	3.20%	3.30%	3.40%	3.40%
UBS	2.63%	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital Economics	2.63%	2.60%	2.60%	2.60%	2.60%	2.70%	2.80%	3.00%	3.20%	-	-	-	-	-
10yr PWLB Rate														
	NOW	Mar-14	Jun-14	Sep-14	Dec-14	Mar-15	Jun-15	Sep-15	Dec-15	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17
Capita Asset Services	3.72%	3.60%	3.70%	3.80%	3.80%	3.90%	3.90%	4.00%	4.10%	4.20%	4.30%	4.30%	4.40%	4.50%
UBS	3.72%	3.70%	3.80%	3.90%	4.05%	4.05%	4.30%	4.55%	4.55%	-	-	-	-	-
Capital Economics	3.72%	3.80%	3.80%	3.80%	3.80%	3.80%	3.80%	3.80%	4.05%	-	-	-	-	-
25yr PWLB Rate														
	NOW	Mar-14	Jun-14	Sep-14	Dec-14	Mar-15	Jun-15	Sep-15	Dec-15	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17
Capita Asset Services	4.35%	4.40%	4.50%	4.50%	4.60%	4.60%	4.70%	4.80%	4.90%	5.00%	5.10%	5.10%	5.10%	5.10%
UBS	4.35%	4.55%	4.55%	4.80%	4.80%	5.05%	5.05%	5.30%	5.30%	-	-	-	-	-
Capital Economics	4.35%	4.35%	4.35%	4.35%	4.35%	4.35%	4.35%	4.35%	4.45%	-	-	-	-	-
50yr PWLB Rate														
	NOW	Mar-14	Jun-14	Sep-14	Dec-14	Mar-15	Jun-15	Sep-15	Dec-15	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17
Capita Asset Services	4.31%	4.40%	4.50%	4.50%	4.60%	4.70%	4.80%	4.90%	5.00%	5.10%	5.20%	5.20%	5.20%	5.20%
UBS	4.31%	4.45%	4.45%	4.70%	4.70%	4.90%	4.90%	5.05%	5.05%	-	-	-	-	-
Capital Economics	4.31%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.60%	-	-	-	-	-

ANNEX A

2. Survey of Economic Forecasts

HM Treasury January 2014

The current Q4 2013 and 2014 base rate forecasts are based from samples of both City and non-City forecasters included in the HM Treasury December 2013 report.

BANK RATE FORECASTS	Quarter ended		annual average Bank Rate		
	Q4 2013	Q4 2014	ave. 2015	ave. 2016	ave. 2017
Average	0.48%	0.56%	0.80%	1.46%	2.23%
Highest	0.50%	1.20%	1.80%	2.20%	2.63%
Lowest	0.00%	0.50%	0.50%	0.69%	1.40%

Economic Background

1.1 Global Economy Update

The Eurozone.

The sovereign debt crisis has eased during 2013 which has been a year of comparative calm following the Cyprus bailout in the spring. Ireland has now completed its three year bailout programme and has addressed many of its structural economic requirements. The Eurozone moved into growth in quarter 2 of 2013 but growth is likely to remain weak and is expected to dampen UK growth. The European Central Bank's pledge to buy unlimited amounts of bonds of countries which ask for a bail out, has provided heavily indebted countries with a strong defence against market forces. This has bought them time to make progress with their economies to return to growth or to reduce the degree of recession. However, debt to GDP ratios (2012 figures) of Greece 176%, Italy 131%, Portugal 124%, Ireland 123% and Cyprus 110%, remain a cause of concern, especially as many of these countries are experiencing continuing rates of increase in debt in excess of their rate of economic growth i.e. their debt ratios are continuing to deteriorate. Any sharp downturn in economic growth would make these countries particularly vulnerable to a new bout of sovereign debt crisis. Italy has the third biggest debt mountain in the world behind Japan and the US. Greece remains particularly vulnerable and continues to struggle to meet Eurozone targets for fiscal correction. Some commentators still view a Greek exit from the Euro as inevitable and there are concerns that austerity measures in Cyprus could also end up in forcing an exit. It is not clear how much damage an exit by one country would have on the Eurozone and whether contagion would then spread to other countries. However, the longer a Greek exit is delayed, the less likely there are to be the repercussions beyond Greece on other countries and on EU banks. It looks increasingly likely that Slovenia will be the next country to need a bailout.

Sentiment in financial markets has improved considerably during 2013 as a result of firm Eurozone commitment to support struggling countries and to keep the Eurozone intact. However, the foundations to this current "solution" to the Eurozone debt crisis are still weak and events could easily conspire to put this into reverse. There are particular concerns as to whether democratically elected governments will lose the support of electorates suffering under Eurozone imposed austerity programmes, especially in countries like Greece and Spain which have unemployment rates of over 26% and unemployment among younger people of over 50%. The Italian political situation is also fraught with difficulties in getting a viable coalition which will implement an EZ imposed austerity programme and undertake overdue reforms to government and the economy. There are also concerns over the lack of political will in France to address issues of poor international competitiveness,

USA.

The economy has managed to return to strong growth in 2013 of 2.5% in Q2 and 4.1% in Q3. This is in spite of sharp cuts in federal expenditure, and increases in taxation. The Federal Reserve therefore decided in December to reduce its \$85bn per month asset purchases programme of quantitative easing by \$10bn. The Federal Reserve has pledged not to increase the central rate until unemployment falls to 6.5% and has strengthened its guidance by adding that there would be no increases in the central rate until 'well past the time that the unemployment rate declines below 6.5%, especially if projected inflation continues to run below the 2% longer run goal'. Consumer, investor and business confidence levels have improved markedly in 2013. The housing market has turned a corner and house sales and increases in house prices have returned to healthier levels. Many house owners have therefore been helped to escape from negative equity and banks have also largely repaired their damaged balance sheets so that they can resume healthy levels of lending. All this portends well for a reasonable growth rate looking forward.

China.

There are concerns that Chinese growth could be on an overall marginal downward annual trend. There are also concerns that the new Chinese leadership have only started to address an unbalanced economy which is heavily dependent on new investment expenditure, and for a potential bubble in the property sector to burst, as it did in Japan in the 1990s, with its consequent impact on the financial health of the banking sector. There are also concerns around the potential size, and dubious creditworthiness, of some bank lending to local government organisations and major corporates. This primarily occurred during the government promoted expansion of credit, which was aimed at protecting the overall rate of growth in the economy after the Lehman's crisis.

Japan.

The initial euphoria generated by "Abenomics", the huge Quantitative Easing instituted by the Japanese government to buy Japanese debt, has tempered as the follow through of measures to reform the financial system and introduce other economic reforms, appears to have stalled. However, Japan has seen a return to reasonable growth and positive inflation during 2013 which augurs well for the hopes that Japan can escape from stagnation and help support world growth. The fiscal challenges though are huge; the gross debt to GDP ratio is about 245% in 2013 while the government is currently running an annual fiscal deficit of around 50% of total government expenditure. Within two years, the central bank will end up purchasing about Y190 trillion (£1,200 billion) of government debt. In addition, the population is ageing due to a low birth rate and will fall from 128m to 100m by 2050.

1.2 UK economy

Economic growth.

Until 2013, the economic recovery in the UK since 2008 had been the worst and slowest recovery in recent history. However, growth rebounded in 2013 Q1 (+0.3%) Q2 (+0.7%) and Q3 (+0.8%) to surpass all expectations and all three main sectors, services, manufacturing and construction contributed to this upturn. The Bank of England has, therefore, upgraded growth forecasts in the August and November quarterly Inflation Reports for 2013 from 1.2% to 1.6% and for 2014 from 1.7% to 2.8%, (2015 unchanged at 2.3%). The November 2013 Inflation Report said that 'in the United Kingdom, recovery has finally taken hold. The economy is growing robustly as lifting uncertainty and thawing credit conditions start to unlock pent-up demand. But significant headwinds — both at home and abroad — remain, and there is a long way to go before the aftermath of the financial crisis has cleared and economic conditions normalise.' However, growth is expected to be stronger for the immediate future but one downside is that wage inflation continues to remain significantly below CPI inflation so disposable income and living standards are under pressure, although income tax cuts have ameliorated this to some extent. A rebalancing of the economy towards exports has started but as 40% of UK exports go to the Eurozone, the difficulties in this area are likely to continue to dampen UK growth.

Forward guidance.

The Bank of England issued forward guidance in the August 2013 Inflation Report which said that the Bank will not start to consider raising interest rates until the jobless rate has fallen to 7% or below. This would require the creation of about 750,000 jobs and was forecast to take three years, but this was subsequently revised to Q4 2014 in the November 2013 Inflation Report. The Bank's guidance is subject to three provisos, mainly around inflation and breaching any of them would sever the link between interest rates and unemployment levels. This makes forecasting the Bank Rate more complex given the lack of available reliable forecasts by economists over a three year plus horizon. The recession since 2007 was notable for how unemployment did not rise to the levels that would normally be expected in a major recession and the November Inflation Report noted that productivity had sunk to 2005 levels. There has therefore been a significant level of retention of labour, which will mean that a significant amount of GDP growth can be accommodated without a major reduction in unemployment. The UK unemployment rate has now fallen to 7.1% however inflation has now reduced to the governments 2.0% target and most forecasters think that to encourage growth interest rates will remain at 0.5% until 2016.

Credit Conditions.

While the Bank Base Rate has remained unchanged at 0.5% and quantitative easing has remained unchanged at £375bn in 2013, the Funding for Lending Scheme (FLS), aimed at encouraging banks to expand lending to small and medium size enterprises, has been extended. The FLS seems to be having a positive effect in terms of encouraging house purchases (though levels are still far below the pre-crisis level), FLS has also been bolstered by the second phase of Help

to Buy aimed to support purchasing of second hand properties. These measures have been so successful in boosting the supply of credit for mortgages, and so of increasing house purchases, (though levels are still far below the pre-crisis level), that the Bank of England announced at the end of November that the FLS for mortgages would end in February 2014. While there have been concerns that these schemes are creating a bubble in the housing market, the housing market remains weak outside of London and the south-east where there has been only a minimal increase in house prices. Also, bank lending to small and medium enterprises continues to remain weak and inhibited by banks still repairing their balance sheets and anticipating tightening of regulatory requirements.

Inflation.

The UK inflation rate, as measured by the Consumer Prices Index, has fallen from 3.1% in June 2013 to a four year low of 2.0% in December 2013. This is the target level for CPI set by the Government and inflation is anticipated to remain around this level throughout 2014/2015.

AAA rating.

The UK has lost its AAA rating from Fitch and Moody's but this caused little market reaction.

1.3 Economic Forecast

Economic forecasting remains difficult with so many external influences weighing on the UK economy. Major volatility in bond yields is likely during the remainder of 2013/2014 as investor fears and confidence ebb and flow between favouring more risky assets i.e. equities, and safer bonds.

There could well be volatility in gilt yields over the next year as financial markets await the long expected start of tapering of asset purchases by the Federal Reserve. The timing and degree of tapering could have a significant effect on both Treasury and gilt yields. However the political deadlock and infighting between Democrats and Republicans over the budget, and the raising of the debt limit has only increased uncertainty rather than resolving underlying issues. Resolving these issues could have a significant effect on gilt yields during 2014.

The longer run trend is for gilt yields and PWLB rates to rise, due to the high volume of gilt issuance in the UK, and of bond issuance in other major western countries. Increasing investor confidence in economic recovery is also likely to compound this effect as a continuation of recovery will further encourage investors to switch back from bonds to equities.

The overall balance of risks to economic recovery in the UK is currently evenly weighted. However, only time will tell just how long this period of strong economic growth will last; it also remains exposed to vulnerabilities in a number of key areas.

Appendix 7

The interest rate forecasts in this report are based on an initial assumption that there will not be a major resurgence of the Eurozone debt crisis, or a break-up of the Eurozone, but rather that there will be a managed resolution of the debt crisis where Eurozone institutions and governments eventually do what is necessary (but only when all else has been tried and failed). Under this assumed scenario, growth within will be low for the next couple of years and some Eurozone countries experiencing low or negative growth will, over that time period, see a significant increase in total government debt to GDP ratios. There is a significant danger that these ratios could rise to the point where markets lose confidence in the financial viability of one, or more, countries. It can not be forecast whether any individual country will lose such confidence, or when, causing a resurgence of the Eurozone debt crisis. While the European Central Bank has adequate resources to manage a debt crisis in a small EZ country, if one, or more, of the large countries were to experience a major crisis of market confidence, this would present a serious challenge to the ECB and to EZ politicians.

Downside risks currently include:

- UK strong economic growth is currently very dependent on consumer spending and recovery in the housing market. This is unlikely to endure much beyond 2014 as consumers borrowing is high and wage inflation is less than CPI inflation, so disposable income is being eroded.
- A weak rebalancing of UK growth to exporting and business investment causing a major weakening of overall economic growth beyond 2014
- Weak growth or recession in the UK's main trading partners - the EU and US, depressing economic recovery in the UK.
- Prolonged political disagreement over the US Federal Budget and raising of the debt ceiling
- A return to weak economic growth in the US, UK and China causing major disappointment in investor and market expectations.
- A resurgence of the Eurozone sovereign debt crisis caused by ongoing deterioration in government debt to GDP ratios to the point where financial markets lose confidence in the financial viability of one or more countries and in the ability of the ECB and Eurozone governments to deal with the potential size of the crisis
- The potential for a significant increase in negative reactions of populaces in Eurozone countries against austerity programmes, especially in countries with very high unemployment rates e.g. Greece and Spain, which face huge challenges in engineering economic growth to correct their budget deficits on a sustainable basis.

Appendix 7

- The Italian political situation is frail and unstable; this will cause major difficulties in implementing austerity measures and a programme of overdue reforms. Italy has the third highest government debt mountain in the world.
- Problems in other Eurozone heavily indebted countries (e.g. Cyprus and Portugal) which could also generate safe haven flows into UK gilts, especially if it looks likely that one, or more countries, will need to leave the Eurozone.
- A lack of political will in France, (the second largest economy in the EZ), to dynamically address fundamental issues of low growth, poor international uncompetitiveness and the need for overdue reforms of the economy.
- Monetary policy action failing to stimulate sustainable growth in western economies, especially the Eurozone and Japan.
- Geopolitical risks e.g. Syria, Iran, North Korea, which could trigger safe haven flows back into bonds

The potential for upside risks to UK gilt yields and PWLB rates, especially for longer term PWLB rates include: -

- A sharp upturn in investor confidence that sustainable robust world economic growth is firmly expected, causing a surge in the flow of funds out of bonds into equities.
- A reversal of Sterling's safe-haven status on a sustainable improvement in financial stresses in the Eurozone.
- UK inflation being significantly higher than in the wider EU and US, causing an increase in the inflation premium inherent to gilt yields.
- In the longer term – an earlier than currently expected reversal of QE in the UK. This could initially be implemented by allowing gilts held by the Bank to mature without reinvesting in new purchases, followed later by outright sale of gilts currently held.

Lending List Criteria

ANNEX C

Counterparty Criteria

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

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

Fitch / S&P's Long Term Rating	Fitch Short Term Rating	S&P's Short Term Rating	Moody's Long Term Rating	Moody's Short Term Rating	<u>Maximum Deposit £m</u>	<u>Maximum Duration</u>
AAA	F1+	A1+	Aaa	P-1	110	2 Years
AA+	F1+	A1+	Aa1	P-1	90	2 Years
AA	F1+	A1+	Aa2	P-1	40	364 days
AA-	F1+ / F1	A1+ / A-1	Aa3	P-1	20	364 days
A+	F1	A-1	A1	P-1	10	364 days
A	F1 / F2	A-1 / A-2	A2	P-1 / P-2	10	364 days
A-	F1 / F2	A-2	A3	P-1 / P-2	5	6 months
Local Authorities (limit for each local authority)					30	2 years
UK Government (including debt management office, gilts and treasury bills)					90	2 years
Money Market Funds Maximum amount to be invested in Money Market Funds is £80 million with a maximum of £40 million in any one fund.					80	Liquid Deposits
Local Authority controlled companies (# duration limited to 20 years in accordance with Capital Regulations)					20	# 20 years

Where the UK Government holds a shareholding in an institution the UK Government's credit rating of AA+ will be applied to that institution to determine the amount the Council can place with that institution for a maximum period of 2 years.

Where any banks / building societies are part of the UK Government's Credit Guarantee scheme (marked with * in the Approved Lending List), these counterparties will have an AA rating applied to them thus giving them a credit limit of £40 million for a maximum period of 364 days

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

Country Limit

It is proposed that only countries with a minimum sovereign credit rating of AA+ by all three rating agencies will be considered for inclusion on the Approved Lending List.

It is also proposed to set a total limit of £40 million which can be invested in other countries provided they meet the above criteria. A separate limit of £350m will be applied to the United Kingdom and is based on the fact that the government has done and is willing to take action to protect the UK banking system.

Country	Limit £m
UK	350
Non UK	40

Sector Limit

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

Sector	Limit £m
Central Government	350
Local Government	350
UK Banks	350
UK Building Societies	150
Money Market Funds	80
Foreign Banks	40

Group Limit

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

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

Proposed group limits are set out in Annex C.

Appendix 7

Approved Lending List

ANNEX D

	Fitch				Moody's			Standard & Poor's		Limit £m	Max Deposit Period
	L Term	S Term	Individual	Support	L Term	S Term	Fin Strength	L Term	S Term		
UK	AA+				Aa1			AAA		350	2 years
Lloyds Banking Group (see Note 1)										Group Limit 90	
Lloyds Banking Group plc	A	F1	bbb+	1	A3	-	-	A-	A-2	90	2 years
Lloyds TSB Bank Plc	A	F1	bbb+	1	A2	P-1	C-	A	A-1	90	2 years
Bank of Scotland Plc	A	F1	-	1	A2	P-1	D+	A	A-1	90	2 years
Royal Bank of Scotland Group (See Note 1)										Group Limit 90	
Royal Bank of Scotland Group plc	A	F1	bbb	1	Baa1	P-2	-	BBB+	A-2	90	2 years
The Royal Bank of Scotland Plc	A	F1	bbb	1	A3	P-2	D+	A-	A-2	90	2 years
National Westminster Bank Plc	A	F1	-	1	A3	P-2	D+	A-	A-2	90	2 years
Ulster Bank Ltd	A-	F1	ccc	1	Baa2	P-2	D-	BBB+	A-2	90	2 years
Santander Group *										Group Limit 40	
Santander UK plc	A	F1	a	1	A2	P-1	C-	A	A-1	40	364 days
Cater Allen	-	-	-	-	-	-	-	-	-	40	364 days
Barclays Bank plc *	A	F1	a	1	A2	P-1	C-	A	A-1	40	364 days
HSBC Bank plc *	AA-	F1+	a+	1	Aa3	P-1	C	AA-	A-1+	40	364 days

Appendix 7

ANNEX D (continued)											
	Fitch				Moody's			Standard & Poor's		Limit £m	Max Deposit Period
	L Term	S Term	Individual	Support	L Term	S Term	Fin Strength	L Term	S Term		
Nationwide BS *	A	F1	a	1	A2	P-1	C	A	A-1	40	364 days
Standard Chartered Bank *	AA-	F1+	aa-	1	A1	P-1	B-	AA-	A-1+	40	364 days
Clydesdale Bank / Yorkshire Bank **/**	A	F1	bbb+	1	Baa2	P-2	D+	BBB+	A-2	0	
Co-Operative Bank Plc	B	B	b	5	Caa1	NP	E	-	-	0	
Virgin Money ***	BBB	F3	bbb	5	-	-	-	BBB+	A-2	0	
Top Building Societies (by asset value)											
Nationwide BS (see above)											
Yorkshire BS ***	BBB+	F2	bbb+	5	Baa2	P-2	C-	-	-	0	
Coventry BS	A	F1	a	5	A3	P-2	C	-	-	5	6 Months
Skipton BS ***	BBB-	F3	bbb-	5	Ba1	NP	D+	-	-	0	
Leeds BS	A-	F2	a-	5	A3	P-2	C	-	-	5	6 Months
West Bromwich BS ***	-	-	-	-	B2	NP	E+	-	-	0	
Principality BS ***	BBB+	F2	bbb+	5	Ba1	NP	D+	-	-	0	
Newcastle BS ***	BB+	B	bb+	5	-	-	-	-	-	0	
Nottingham BS ***	-	-	-	-	Baa2	P-2	C-	-	-	0	
Foreign Banks have a combined total limit of £40m											
Australia	AAA	-	-	-	Aaa	-	-	AAA		40	364 Days
National Australia Bank	AA-	F1+	aa-	1	Aa2	P-1	B-	AA-	A-1+	20	364 Days
Australia and New Zealand Banking Group Ltd	AA-	F1+	aa-	1	Aa2	P-1	B-	AA-	A-1+	20	364 Days
Commonwealth Bank of Australia	AA-	F1+	aa-	1	Aa2	P-1	B-	AA-	A-1+	20	364 Days
Westpac Banking Corporation	AA-	F1+	aa-	1	Aa2	P-1	B-	AA-	A-1+	20	364 Days

Appendix 7

ANNEX D (continued)											
	Fitch				Moody's			Standard & Poor's		Limit £m	Max Deposit Period
	L Term	S Term	Individual	Support	L Term	S Term	Fin Strength	L Term	S Term		
Canada	AAA				Aaa			AAA		40	364 Days
Bank of Nova Scotia	AA-	F1 +	aa-	1	Aa2	P-1	B-	A+	A-1	10	364 Days
Royal Bank of Canada	AA	F1 +	aa	1	Aa3	P-1	C+	AA-	A-1+	20	364 Days
Toronto Dominion Bank	AA-	F1 +	aa-	1	Aa1	P-1	B	AA-	A-1+	20	364 Days
Money Market Funds										80	Liquid
Prime Rate Stirling Liquidity	AAA	-	-	-	-	-	-	AAA	-	40	Liquid
Insight Liquidity Fund	AAA	-	-	-	-	-	-	AAA	-	40	Liquid
Ignis Sterling Liquidity	AAA	-	-	-	-	-	-	AAA	-	40	Liquid
Deutsche Managed Sterling Fund	-	-	-	-	AAA	-	-	AAA	-	40	Liquid

Notes

Note 1

Nationalised / Part Nationalised

The counterparties in this section will have the UK Government's AA+ rating applied to them thus giving them a credit limit of £90m.

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

The counterparties in this section will have an AA rating applied to them thus giving them a credit limit of £40 million

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

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

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

CABINET MEETING – 12 FEBRUARY 2014

EXECUTIVE SUMMARY SHEET – PART I

Title of Report:

Revenue Budget and Proposed Council Tax for 2014/2015 and Medium Term Financial Strategy 2014/2015 to 2016/2017

Authors:

Chief Executive and Head of Financial Resources

Purpose of Report:

To report:

- the overall revenue budget position for 2014/2015;
- the projected balances position as at 31st March, 2014 and 31st March, 2015 and advise on their level;
- a risk analysis of the Revenue Budget 2014/2015;
- a summary of the emerging medium term financial position facing the Council from 2015/2016 to 2016/2017;
- any views received from the North East Chamber of Commerce and Trade Unions.

Description of Decision:

Members are requested to:

- recommend to Council the proposed Revenue Budget for 2014/2015 set out at Appendix K;
- note the Medium Term Financial Strategy 2014/2015 to 2016/2017 as set out in Appendix H
- recommend to Council the proposed Council Tax for 2014/2015 at Appendix G (paper to be tabled);
- note the views, if any, expressed by the North East Chamber of Commerce and Trade Unions.

Is the decision consistent with the Budget/Policy Framework? No – this report is integral in reviewing and amending the Budget and Policy Framework.

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

Suggested reason(s) for Decision:

To comply with statutory requirements.

Alternative options to be considered and recommended to be rejected:

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

Impacts analysed;	
Equality ✓	Privacy ✓ Sustainability ✓ Crime and Disorder ✓
Is this a “Key Decision” as defined in the Constitution? Yes	Scrutiny
Is it included in the 28 Day Notice of Decisions? Yes	

Revenue Budget and Proposed Council Tax for 2014/2015 and Medium Term Financial Strategy 2014/2015 to 2016/2017

Report of the Chief Executive and Head of Financial Resources

1. Purpose of Report

- 1.1 To report:
- the overall revenue budget position for 2014/2015;
 - the projected balances position as at 31st March, 2014 and 31st March, 2015 and advise on their level;
 - a risk analysis of the Revenue Budget 2014/2015;
 - a summary of the emerging medium term financial position facing the Council from 2015/2016 to 2016/2017;
 - any views received from the North East Chamber of Commerce and Trade Unions.

2. Description of Decision

- 2.1 Members are requested to:
- recommend to Council the proposed Revenue Budget for 2014/2015 set out at Appendix K;
 - note the medium term financial strategy 2014/2015 to 2016/2017 as set out in Appendix H
 - recommend to Council the proposed Council Tax for 2014/2015 at Appendix G (paper to be tabled);
 - note the views, expressed by the North East Chamber of Commerce and Trade Unions.

3. Introduction

- 3.1 Cabinet will be aware that it approved budget proposals for the purposes of on-going budget consultation at its January 2014 meeting. At that stage there were a number of uncertainties still to be resolved primarily;
- transitional costs in relation to the implementation of savings proposals;
 - the outcome of the final Local Government Revenue Support Grant Settlement for 2014/2015 and related grant announcements;
 - the forecast Income from Business Rates
 - the final Collection Fund position for both Council Tax and Business Rates.

3.2 In presenting the Revenue Budget 2014/2015 this report covers the following areas

- Current Overall Position 2014/2015 to 2016/2017;
- Adjustments/Final position February 2014;
- Spending Pressures and Commitments
- Overall Position / Meeting the Budget Gap;
- Proposals To Meet Funding Gap;
- Medium Term Financial Position;
- Outcome of Budget Consultation;
- Equality and the Budget Proposals;
- Balances and Reserves;
- Detailed Revenue Budget;

3.3 Taking account of the above, Cabinet is asked to consider the final budget proposals and detailed revenue budget as set out in Appendix K, including the proposed use of balances and the position in relation to major reserves, for recommendation to Council.

4. Current Overall Position 2014/2015 to 2016/2017

4.1 The January Cabinet report set out the provisional settlement for the Authority and confirmed that when cost pressures were taken into account reductions to budgets amounting to £35.55 million in 2014/2015 and £35.37m in 2015/2016 were required. The report also referred to progress at that stage in relation to proposals to address the position.

The final settlement was not announced at the time writing this report, but it is not anticipated there will be any change to the position set out in the January Cabinet report, whereby reductions of circa £113m are estimated to be required over the three years 2014/2015 to 2016/2017 as shown below. This is in addition to the £135m required for the period 2010/2011 to 2013/2014.

	2014/15	2015/16	2016/17*	Total
	£m	£m	£m	£m
Government Funding Changes	18.4	24.8	24.9	68.1
Spending Pressures	17.2	10.6	17.3	45.1
Overall position / Funding Gap	35.6	35.4	42.2	113.2

** high level assumptions at this stage*

Paragraph 5 below sets out further information about the grant changes and explains where changes to grants reflect increased responsibilities. Paragraph 6 sets out the spending pressures and commitments.

5. Adjustments /Final Position February 2014

Collection Fund

- 5.1 The Collection Fund position is reported elsewhere on this agenda. The position is positive despite the challenging fiscal climate and the surplus available to the Council to be taken into account in the budget and council tax calculations has been estimated at £500,000.

Council Tax Base

- 5.2 The Council, at its meeting on 29th January, 2014, approved the Council Tax Base for the area covered by Hetton Town Council (£3,230) and the City Council area (£64,559).

Retained Business Rates

- 5.3 The NNDR1 form sets out the Business Rate income forecast for 2014/2015 and was submitted to Government on 31st January 2014 in accordance with regulations. This is attached at Appendix A for information. The amount of Business Rates to be retained by the Council is forecast to be £40.057m.

Final Local Government Finance Settlement

- 5.4 The final position on the Local Government Finance Settlement for 2014/2015 was not announced at the time of writing this report but it is not anticipated there will be any change to the position set out in the January Cabinet report.
- 5.5 Details of the final settlement will be circulated separately as Appendix B following the Government announcement. Based on the Indicative Settlement the key issues affecting Sunderland are set out below:
- The Councils Settlement Funding Assessment (SFA) level is £170.421m ;
 - SFA includes Revenue Support Grant (RSG) of £93.946m in 2014/2015 representing a reduction of £19.789m (17.4%) compared to 2013/2014 ;
 - Sunderland's final baseline funding level is therefore £76.475m and within this the Government have assessed the level of Retained Business Rates income which the Council will collect and retain as £41.201m (however the Council must determine for itself the level of Business Rate income to take into account in setting its budget as set out at paragraph 5.3 above);
 - The Council will receive Government Top Up Grant of £35.274m representing an increase of £0.674m (1.95%) compared to 2013/2014;

- The Safety Net Threshold, set by Government at 92.5% of a Council's baseline funding level, equates to £70.739m for Sunderland;
- The position in respect of changes to other Government funding is set out at section 5.7;
- The position in respect of schools funding is set out at section 5.10.

Council Tax

5.6 In accordance with the Localism Act the public have the right to approve or veto excessive council tax rises, thereby making this a local decision rather than being dealt with through 'capping'. Government have proposed that a referendum principle will apply to all principal local authorities, Police and Crime Commissioner and Fire and Rescue Authorities. Latest indications are that a limit of 1.5 % increase will apply, meaning any increase above this level will require a referendum to give the local electorate the opportunity to approve or veto the increase.

Changes to Grants from 2013/2014

5.7 The table below sets out the impact of changes to Council Revenue Spending Power Calculation which includes Revenue Support Grant and Core Grants compared to 2013/2014 following the final settlement, which shows that latest notified reduction to available Spending Power of £13.905m (-4.7%) and within that Revenue Support Grant funding reduction of £19.789m (-17.4%).

	2013/14		2014/15		Change £m	Change %
	£m	Adjusted £m	£m	Final £m		
Government Assumed Council Tax excl Parish Precepts		76.013		76.592	0.579	0.8%
Top Up Grant	34.600		35.274		0.674	1.9%
Assumed business rates based on proportionate shares	40.415		41.201		0.786	1.9%
Revenue Support Grant	113.735		93.946		-19.789	-17.4%
Start Up Funding Assessment		188.750		170.421	-18.329	-9.7%
Section 31 Grant re Business Rates Cap		0.000		0.812	0.812	100.0%
Council tax support Funding to Parishes		-0.012		-0.012	0.000	0.0%
Inshore Fisheries Conservation		0.014		0.014	0.000	0.0%
Lead Local Flood Authorities		0.037		0.037	0.000	0.0%
Community Right To Challenge		0.009		0.009	0.000	0.0%
Community Right to Bid		0.008		0.008	0.000	0.0%
Local Welfare Grant (Admin and programme)		1.456		1.435	-0.021	-1.4%
New Homes Bonus		1.704		2.226	0.522	30.6%
New Homes Bonus redistributed Topslice		0.636		0.263	-0.373	-58.6%
Council Tax Support & Housing Benefit Admin Subsidy		2.882		2.675	-0.207	-7.2%
Council Tax New Burdens Funding		0.216		0.180	-0.036	-16.7%
Local Reform and Community Voices DH		0.275		0.283	0.008	2.9%
NHS Funding to Support Social Care and Benefit Health		5.611		7.186	1.575	28.1%
Public Health Grant (Ring Fenced)		20.656		21.234	0.578	2.8%
Revenue Spending Power exc. council tax freeze grant		298.255		283.363	-14.892	-5.0%
Indicative Council Tax Freeze Grant 2014/15		0.000		0.987	0.987	100.0%
Revenue Spending Power		298.255		284.350	-13.905	-4.7%

5.8 In addition to changes in grants included in the Revenue Spending Power set out above, notification has also been received in relation to the following Specific Grants outside of the Revenue Spending Power Calculation.

- Extended Rights to Free Travel has been confirmed as £0.120m for 2014/2015 representing a reduction of £0.043m compared to 2013/2014
- Weekly Collection Support Grant has been confirmed as £1.481m which is as anticipated.

Notification is outstanding in relation to the Education Services Grant however this is anticipated to decrease by £0.5m reflecting the transfer of maintained schools to academies.

Impact of Changes to Specific and Core Grant

5.9 In accordance with the budget planning framework and as reported to Cabinet in January, changes in specific and core grants have been addressed as follows:

- As part of the Autumn Statement the Government capped the annual increase on Business Rates at 2% instead of RPI (3.2%). The Section 31 Grant estimated at £0.812m is to compensate Councils for the consequential shortfall in Business Rates Income.
- Local Welfare Provision (administration and programme) Grant of £1.435m has reduced by £0.021m. This level of funding was taken into account in assessing the impact of the Governments Welfare Reform agenda in 2014/2015.
- The New Homes Bonus Grant is being used to support the overall budget position in 2014/2015 in accordance with the Budget Planning framework with appropriate housing related investment factored into both revenue budget and capital programme proposals.
- A reduction in Council Tax Support and Housing Benefit Administration grant of £0.207m and Council Tax Support new Burdens Funding of £0.036m has been built into the planning assumptions.
- NHS funding to support Social Care and Benefit Health Grant has increased by £1.575m and Local Reform and Community Voices funding by £0.008m. The additional resource has been taken into account in addressing the overall savings requirement and to meet on-going pressures in this area in 2014/2015.

The indicative settlement for 2015/2016 incorporates the Pooled NHS and LA Better Care funding of £22.4m which incorporates a number of funding streams from which the council already benefits

including NHS support for social care. The Council needs to work with Clinical Commissioning Group (CCG) to develop a 2 year plan for 2014/2015 and 2015/2016 to show how the funding will be used across health and social care. Work is on-going to understand the detail and the share of the £22.4m which the Council will access.

- The Public Health Grant has been confirmed at £21.234m which is as anticipated.
- Council Tax Freeze Grant 2014/2015 - The funding is offered to compensate those Authorities who decide not to increase their Council tax in 2014/2015 and 2015/2016. As it is unclear whether the funding will be available beyond 2015/2016 any use of the grant to support on-going revenue expenditure may require alternative funding to be identified in the following years should the Council decide to access and accept the grant.

Schools Funding

5.10 Dedicated Schools Grant

The school funding settlement is now broken down into 3 funding blocks: early years, schools and high needs.

- **Early Years Block**
The Early Years Block is calculated based on the January 2014 census and indicative information received is subject to change as a result of both the January 2014 and 2015 census.

From 1st September 2013 early learning became a statutory entitlement for around 20% of two-year-olds across England. This will extend to 40% of two-year-olds from September 2014. Additional funding of £1.374m to support the increase in early learning places for two-year-olds from lower income households has been allocated.

A review is underway of the Early Years Single Funding Formula to ensure that the funding follows the child and is responsive to changes in pupil numbers.

- **Schools Block**
The October 2013 census data shows that pupil numbers have decreased by 311 in Schools and Academies and consequently funding has reduced by £1.220m. In the primary sector this is an increase of 371 pupils but in the secondary sector a decrease of 682 pupils.

The Government is to continue to apply a national protection arrangement for schools whereby no school will see a per pupil reduction compared to its 2013/2014 budget (excluding sixth form

funding) of more than 1.5 per cent before the pupil premium is applied. However this does not protect schools with falling rolls.

- High Needs Block
At this stage funding is indicative and subject to confirmation by the Education Funding Agency by 31st March 2014.

Additional funding of £1.397m has been received that reflects the full year impact of responsibilities for post-16 pupils that were introduced from September 2013.

5.11 Pupil Premium Funding

The Pupil Premium level of funding for 2014/2015 for Sunderland Schools and Academies is based on January 2014 pupil numbers and funding allocations will not be confirmed until September by Education Funding Agency. Pupil Premium values are to increase as shown below:

	2013/14	2014/15
	£	£
Primary	900	1,300
Secondary	900	935
Looked after Children	900	1,900
Service Children	300	300

The Local Authority is awaiting receipt on the January 2014 census data to provide indicative allocations to Schools by end of February.

6. Spending Pressures and Commitments

The following table summarises the estimated position concerning spending pressures and commitments:

	2014/15	2015/16
	£'m	£'m
Spending Pressures		
Pay, Prices and Other pressures	8.72	5.24
People - Adults Demand Pressures	2.51	2.29
People - Children's Demand - External Placements	1.20	0.00
People - Children's Special Guardianship and Residence Orders	0.65	0.00
Capital Financing	0.50	2.50
Replacement 2013/14 Use of One Off Resources	3.55	0.00
Replacement 2014/15 Use of One Off Resources	0.00	0.50
Total Estimated Pressures and Grant Reductions	17.13	10.53

6.1 Cabinet Secretary

6.1.1 Pay, Prices and Other Inflationary Cost Pressures

Pay and Prices

The Government has indicated a limit on public sector pay of a 1.0% pay increase. For planning purposes a prudent provision has been built into the MTFS from 2014/2015.

Pensions

The results of the Actuarial review of the Local Government Pension Scheme 2013, to be implemented in 2014/2015, covering three years to 2016/2017 have been built into the MTFS.

Other Pressures

Other inflationary impacts have been provided for including those relating to payments to independent providers of adult and social care and utilities costs.

6.1.2 Capital Financing

Provision of £0.5m has been included to enable potential borrowing under the prudential framework for known investments and to enable strategic priorities of the Council to be addressed.

6.1.3 Replacement of One off Resources and Planned savings

Provision is included for the replacement of £3.55m one off resources utilised in setting the 2013/2014 budget.

6.1.4 Workforce Transformation and Workforce Planning

Financial implications of workforce transformation and workforce Planning will be kept under review and accommodated from transitional resources set aside for this purpose.

6.2 Adults Health and Housing

6.2.1 Adult Services Demand / Demographic Issues

The increasing longevity of the national and specifically, the city's, population continues to place significant pressure on Adult Social Services budgets. In addition, client expectations and increasing demand to support clients with complex cases to enable clients to maintain independent living, is requiring reconfigured services and additional investment.

A sum of £2.51m for cost pressures have been factored into the 2014/2015 budget.

6.3 Children Services

6.3.1 People - Children's Services Demand Pressures

There continues to be increasing demand pressures in relation to safeguarding and specifically external placements and an additional £1.20m is included in 2014/2015 for this purpose.

6.3.2 People - Children's Services Special Guardianship and Residence Orders

In October 2013, Cabinet approved the alignment of special guardianship and residence order allowances, and future adoption allowances to the age related core fostering allowance rate from 18th October 2013. A sum £0.650m has been taken into account within the 2014/2015 budget.

7. Overall Position / Meeting the Budget Gap

7.1 The overall estimated position is set out below taking into account government funding changes, cost pressures and proposals to meet the funding gap and shows a balanced budget position for 2014/2015.

	2014/15	2015/16
	£m	£m
Government Funding Changes and Spending Pressures	35.55	35.37
Total Savings Proposals	-33.53	-16.72
Net Funding Gap	2.02	18.65
SIB Balances	-0.50	0.00
Temporary Use of Balances/ Potential Grant	-1.52	-5.72
NET POSITION	0.00	12.93

7.2 After taking account of total on-going programmed reductions and use of one off resources for 2014/2015 there remains a funding gap of £1.52m. At this stage it is proposed this gap be met from either council tax increase, acceptance of the council tax freeze grant or use of transitional funding held in balances on a temporary basis.

7.3 Further work is continuing to develop a full suite of proposals to meet the 2015/2016 Funding Gap of £12.93m as well as the further significant reductions forecast to be required in 2016/2017 and beyond.

8. Proposals to meet the funding gap 2014/2015

8.1 As part of the Budget Planning Framework for 2014/2015 Cabinet agreed in October 2013 to progress the approach to meeting the funding gap by progressing the existing savings programme and developing a further programme of activity based around the Councils Community Leadership approach including:

- understanding demand and prioritising service provision to protect core services and particularly those most vulnerable
- maximising non frontline savings
- ensuring services are responsive to local needs
- targeting resources rather than universal service provision
- developing alternative ways of providing services not necessarily by the Council
- greater collaboration and community involvement
- continued focus on progressing Regeneration, funding leverage and commercial opportunities.

8.2 A range of cross cutting projects are being progressed through the Council's Improvement Programme to support the delivery of savings into the medium term including:

- Community development - to work within communities and the voluntary sector to help build resilient and sustainable communities that can also support the delivery of services in the future
- Customer Insight and Intelligence – to support greater understanding of demand and trend analysis alongside understanding community views and needs to form the basis of service transformation
- Workforce Development – In order to ensure timely delivery of savings proposals a refreshed approach to workforce planning
- Integrated Commissioning – to enable a cross cutting approach to future commissioning of People and Place based services to ensure the council commission services that meet changing needs whilst reducing the overall cost of the function
- Partnership Service Integration (Better Care) – to work in partnership with the Clinical Commissioning Group and health and social care sector to develop integrated health and social care services.

In addition an intensive Customer Service and Demand Management Programme is being developed to transform the customer experience displacing demand where appropriate and resolving demand at the earliest opportunity and at the lowest cost to the council to provide consistent responsive high quality services.

In conjunction with the above, all services are considering alternative delivery models in order to attempt to sustain as many services as possible through the most cost effective route.

Proposed Reductions 2014/2015

8.2 Proposed reductions are summarised in the following table together with an indication of plans for future years.

	2014/15 £'m	2015/16 £'m
Ongoing Reduction Plans		
Strategic and Cross Cutting - Appendix C Section 1	17.97	3.97
Place and Economy - Appendix C Section 2	8.86	2.82
People - Appendix C Section 3	6.70	9.93
Total Ongoing Reductions Plans	33.53	16.72
Use of One off Reduction		
SIB Balances - Appendix C Section 4	0.50	
Temporary Use of balances and potential grant	1.52	5.72
	2.02	5.72
Total Proposals to meet the Gap	35.55	22.44

Further updates will be provided to Cabinet in due course and the Medium Term Financial Strategy 2014-17 will be refined and updated in parallel as this work progresses.

Further detail of the proposals for reduction are set out at Appendix C.

9. Medium Term Financial Position

9.1 In considering the Revenue Budget for 2014/2015 the latest information regarding reductions to public spending, and estimated pressures over the medium term were taken into account and summarised in this report. This position is subject to on-going update as information emerges. The latest updated Medium Term Financial Strategy 2013/2014 to 2016/2017 is set out at Appendix H.

10. Outcome of Budget Consultation

10.1 The Budget and Policy Framework procedure rules contained within the Constitution of the Council requires consultation on budget proposals to take place. In October 2013 Cabinet approved proposals regarding the consultation strategy and framework for the budget for 2014/2015 and proposed briefings to the following stakeholders:

- Trade Unions;
- North East Chamber of Commerce / Representatives of Business Ratepayers;
- Voluntary Sector;
- Youth Parliament;

- 10.2 In addition to the above stakeholder consultation, a survey was undertaken to gain an understanding of views on the acceptability of approaches to meeting the budget challenge.
- 10.3 To supplement the survey, a workshop was held, with Community Spirit panel members and representatives from the voluntary and community sector.
- 10.4 Budget consultation with these groups has concentrated on the overall approaches to meeting the budget challenge to gain views. Further detailed consultation in relation to each of the proposals will be undertaken as each proposal is developed.
- 10.5 At each stage in the budget preparation process Scrutiny Committee is being consulted.
- 10.6 In general, the findings demonstrate continuing support for the Council's overall approach to meeting the budget challenge and indicate broad agreement with plans for further transformation of services. More details of the findings of the consultation are included in Appendix E.
- 10.7 All of the feedback from the various consultations has been considered in bringing together the budget proposals in this report.
- 10.8 The Revenue Budget Report to January Cabinet formed the basis for second stage consultation. The notes of the meetings with the representatives of business ratepayers and trades unions to meet statutory obligations to consult on the proposed budget will be tabled at the meeting as Appendix F.

11. Equality and the Budget Proposals

- 11.1 The Equality Act 2010 places a specific duty on Local Authorities through the Public Sector Equality Duty. The Act requires Local Authorities to give 'due regard' to the three aims of the duty when making decisions. Understanding the effect of decisions on people with different protected characteristics is an important part of complying with the general equality duty.
- 11.2 The Council continues to seek to meet its obligations in relation to equality and diversity and has procedures in place at both a general and budget specific level to incorporate equality and diversity issues into decision making processes and the assessment of proposals.
- 11.3 Each Directorate has considered the Equality Analysis of their budget proposals. Where it is timely and appropriate an Equality Analysis (EA) has been completed (this is the Council's adopted approach to analysing and recording Equality Analysis). The detail of the analysis is dependent on the nature of the proposal and its stage of development. For those proposals which are not sufficiently detailed to undertake a full Equality Analysis at the present time, an initial consideration of the impacts has been undertaken. In these cases full analysis will be carried out when the proposals are further developed.

11.4 Attached at Appendix C is a position statement in respect of the Equality Analysis for each proposal. The full Equality Analyses that have been undertaken can be found at

<http://www.sunderland.gov.uk/committees/cmis5/Meetings/tabid/73/ctl/ViewMeetingPublic/mid/410/Meeting/8010/Committee/1636/Default.aspx>
[X](#)

Members must read these documents as having regard to them will assist members in complying with the public sector equality duty when considering the proposals. Copies have also been deposited in the members' group rooms.

11.5 Further detail on the approach to Equality Analysis and a breakdown of the judgements made against the reduction proposals are set out at Appendix D.

11.6 Individual proposals for additional savings are currently at different stages of equality analysis depending on the stage of the development of the proposal. The summary of impacts, by directorate, is outlined below:

	Strategic and Cross Cutting Proposals Appendix C section 1	Place and Economy Proposals Appendix C section 2	People Proposals Appendix C section 3
Positive impact identified or anticipated	0	2	6
Negative impact identified or anticipated Note 1	0	1	1
Neutral impact identified or anticipated	1	10	10
Both positive and negative impacts identified or anticipated Note 1	1	1	4
Employee implications	4	4	2
No Equality Analysis needed	5	4	0

Note 1: Where the current draft of the Equality Analysis does identify potential negative impacts, the services will be considering how these impacts can be mitigated as far as possible during the development of detailed proposals.

Note 2: The number of impacts is greater than the number of proposals due to more than one implication within a proposal (e.g. a service review with staffing implications)

11.7 Across the three directorates the judgements against the budget proposals are encouraging, with:

- Eight considered positive
- Twenty-one considered neutral
- Two considered negative, and
- Six that have both positive and negative outcomes.

Ten proposals have a potential impact on employees. The Workforce Planning Project Board has agreed that equality considerations relating to changes in the workforce will be considered as a part of their project. Finally there are nine judgements that require no equality analysis.

11.8 Actions arising from the equality analysis carried out to date will be taken forward by directorates.

12. General Fund Balances and Position in Relation to Major Reserves

12.1 In considering the level of general balances as part of budget preparation decisions, regard is given to:

- known commitments against balances in future years;
- financial risks faced by the Council and the measures in place to mitigate them or meet them financially.

12.2 The estimated level of general balances as at 31st March, 2014 and 31st March, 2015 will be circulated separately at the Cabinet with the General Summary Page and proposed contingencies / strategic priorities. This takes into account estimated savings arising in 2013/2014 in relation to Interest on Balances and Debt Charges savings previously reported.

12.3 As agreed previously these will be used to support the overall 2013/2014 position and transitional costs arising from the 2014/2015 budget setting process. Any further savings arising from contingency under spending and other measures will also be earmarked for this purpose and reported to Cabinet as part of revenue budget monitoring reporting as appropriate.

12.4 In accordance with best practice an analysis of the major financial risks has been undertaken in order to inform the level of balances deemed necessary. These are detailed at Appendix I.

12.5 In addition the Council has a range of earmarked reserves e.g. the Strategic Investment Reserve. The major earmarked reserves are also set out at Appendix J.

12.6 In accordance with Part 2 of the Local Government Act 2003 there is a requirement for the Chief Financial Officer (CFO) to report upon the robustness of the estimates and the level of reserves. In making the statement, the CFO places reliance on information provided to her by other officers of the Council as part of the budget setting process. This process involves reasonable checks and other verification, which is undertaken in accordance with the overall system of internal control to validate the information provided.

12.7 Based upon the information used in determining this Revenue Budget 2014/2015 report, including specifically:

- the Medium Term Financial Position;
- the outcome of budget consultation set out at Appendix E;
- the Statement of General Balances (to be tabled);
- the Risk Analysis set out in Appendix I;
- the Major Reserves set out in Appendix J;

The Revenue Budget is considered robust and the level of reserves considered to be adequate for 2014/2015 after an assessment of the financial risks and future plans of the Council have been taken into account. The underlying level of General Fund Balances at £7.570m to the end of 2014/2015 are in accordance with the existing policy and are considered prudent and robust given the overall level of reserves.

13. Detailed Budget 2014/2015

13.1 As set out above since the initial budget proposals were formulated, consideration has been given to the outcome of the budget consultation, the final settlement, the collection fund position, the council tax base, the Business Rates income and government guidance in relation to council tax levels.

13.2 The Total Budget Requirement to be approved by the Council is funded through:

- Revenue Support Grant
- Retained Business Rates
- Top Up Grant
- any projected surplus on the Collection Fund and
- Council Tax.

13.3 The General Summary page of the Revenue Budget together with details of the proposed contingency and allocations proposed for investment in strategic priorities will be circulated separately at the meeting of Cabinet on the 12th February, 2014.

13.4 The formal decisions of the major precepting bodies are awaited regarding their precept proposals for 2014/2015. Consequently, the Proposed Council Tax for 2014/2015 will be tabled as Appendix G to this report at the Cabinet meeting on 12th February 2014.

General

13.5 Appendix K sets out the detailed Revenue Budget 2014/2015 for each Portfolio. All changes with the exception of the adjustments relating to final considerations of council tax levels, have been incorporated into the Budget.

Service Reporting Code of Practice

13.6 The presentation of the budget book shows the full cost of services, including an appropriate share of support service costs. As such support services are shown with a zero budget having been charged out to service users. This approach is consistent with the Service Reporting Code of Practice (SeRCoP) published by CIPFA which must be applied to all Local Government returns and external financial reporting.

13.7 It should be noted that variations between the budget for 2013/2014 and 2014/2015 have arisen as a result of:

- the implementation of the budget reductions referred to in the report;
- a review of charging for central support services - while having no overall impact on the Council budget position, charges to individual services have been realigned;
- technical adjustments in relation to IAS19 pensions accounting and the impact of revaluation of assets.

Members will appreciate that these changes, where applied, do not enable a valid year on year comparison, and some significant variations between years may be apparent.

Revised Estimates

13.8 Quarterly budget reports have been reported to Cabinet during the year. The revised estimates reflect changes notified within those reports. In addition the revised estimate reflects the revised position in respect of central support costs referred to above and a number of technical adjustments e.g. contingency transfers and adjustments required following the establishment of the Sunderland Care and Support LATC from December 2013.

14. Suggested Reason for Decision

14.1 To comply with statutory requirements.

15. Alternative options to be considered and recommended to be rejected

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

Background Papers

Cabinet Reports 15th January 2014

- Revenue Budget 2014/2015 Proposals and Revenue Support Settlement 2014/2015
- Council Tax Base 2014/2015
- Business Rate Income Forecast 2014/15 and Projected Business Rates Income Outturn 2013/2014

Appendix A

Business Rates Income Forecast 2014/2015 and Projected Business Rates Income Outturn 2013/2014 - Final NNDR Form 1

NATIONAL NON-DOMESTIC RATES RETURN - NNDR1 2014-15											
Please e-mail to: nndr.statistics@communities.gsi.gov.uk by no later than 31 January 2014. In addition, a certified copy of the form should be returned by no later than 31 January 2014 to Dennis Herbert, Department for Communities and Local Government, Zone 5/J6 Eland House, Bressenden Place, London SW1E 5DU											
All figures should be shown in whole £											
Please check the Validation tab to see if there are any validation queries that need to be answered											
Select your local authority's name from this list:											
<input style="width: 100px; height: 20px;" type="text"/>											
Authority Name E-code Local authority contact name Local authority contact number Local authority fax number Local authority e-mail address	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td>Sunderland</td></tr> <tr><td>E4505</td></tr> <tr><td> </td></tr> <tr><td> </td></tr> <tr><td> </td></tr> <tr><td> </td></tr> </table>					Sunderland	E4505				
Sunderland											
E4505											
Ver 1.2											
PART 1B: PAYMENTS											
The payments to be made, during the course of 2014-15 to:											
i) the Secretary of State in accordance with Regulation 4 of the Non-Domestic Rating (Rates Retention) Regulations 2013;											
ii) major precepting authorities in accordance with Regulations 5, 6 and 7; and to be											
iii) transferred by the billing authority from its Collection Fund to its General Fund,											
are set out below											
	Column 1 Central Government £	Column 2 Sunderland £	Column 3 £	Column 4 Tyne and Wear Fire £	Column 5 Total £						
Non-Domestic Rating Income for 2014-15											
14. Non-domestic rating income from rates retention scheme	41,375,718	40,548,203	0	827,514	82,751,435						
15. (less) qualifying relief in Enterprise Zones	16,870				16,870						
16. TOTAL:	41,358,848				82,734,565						
Other Income for 2014-15											
17. add: cost of collection allowance		333,613			333,613						
18. add: amounts retained in respect of Enterprise Zones		705,287			705,287						
19. add: amounts retained in respect of NDD Area		0			0						
20. add: amounts retained in respect of renewable energy schemes		0	0		0						
21. add: qualifying relief in Enterprise Zones		16,533	0	337	16,870						
22. add: City of London Offset		0			0						
Estimated Surplus/Deficit on Collection Fund											
23. Estimated Surplus/Deficit at end of 2013-14	£ -1,578,239	£ -1,546,674	£ 0	£ -31,565	£ -3,156,477						
TOTAL FOR THE YEAR											
24. Total amount due to authorities	£ 39,780,610	£ 40,056,962	£ 0	£ 796,286	£ 80,633,858						
Certificate of Chief Financial Officer / Section 151 Officer											
I confirm that the entries in this form are the best I can make on the information available to me and amounts are calculated in accordance with regulations made under Schedule 7B to the Local Government Act 1988. I also confirm that the authority has acted diligently in relation to the collection of non-domestic rates.											
Name of Chief Financial Officer or Section 151 Officer : _____											
Signature : _____											
Date : _____											

Final Settlement 2014/2015

To be circulated following Government announcement

Appendix C

Proposals for Reductions 2014/2015 and 2015/2016 including position in respect of Equality Analysis

1. Strategic and Cross Cutting (Saving - £17.975m 2014/15 and £3.970m)

1.1 Strategic and Shared Services (Saving - £1.025m in 2014/15 and £1.000m in 2015/16)

It is proposed to continue the review and reconfiguration of strategic and support services to ensure those services meet the future requirements of the council. All strategic and support service areas will deliver a proportionate share of the savings requirement over the two years.

Equality Analysis

Equality Statement	Status
Equality analysis is complete and a positive impact has been identified	
Equality analysis is planned and a positive impact is anticipated	
Equality analysis is complete and neutral impact has been identified	
Equality analysis is planned and a neutral impact is anticipated	
Equality analysis is complete and a negative impact has been identified	
Equality analysis is planned and a negative impact is anticipated	
Equality analysis is complete and both positive and negative impacts have been identified	
Equality analysis is planned and both positive and negative impacts are anticipated	
The saving is from staffing changes and therefore equality implications will be considered as part of the Workforce Planning Project	✓
No Equality Analysis Required	
Additional Comment: It is likely that a significant proportion of this saving will be achieved through natural turnover during this period. However, where proposals require developing suitable consideration will be given as part of the workforce planning project and relevant consultation will take place.	

Appendix C (continued)

Proposals for Reductions 2014/2015 and 2015/16 including position in respect of Equality Analysis

1.2 Integrated Commissioning Services (Saving - £0.600m in 2014/15)

Through the bringing together of commissioning functions across the council and developing a joint approach to commissioning with health partners in the Clinical Commissioning Group it is envisaged that reductions in cost will be made. In addition reductions to cost will be made through a review programme of services that the council currently commissions

Equality Analysis

Equality Statement	Status
Equality analysis is complete and a positive impact has been identified	
Equality analysis is planned and a positive impact is anticipated	
Equality analysis is complete and neutral impact has been identified	
Equality analysis is planned and a neutral impact is anticipated	
Equality analysis is complete and a negative impact has been identified	
Equality analysis is planned and a negative impact is anticipated	
Equality analysis is complete and both positive and negative impacts have been identified	
Equality analysis is planned and both positive and negative impacts are anticipated	✓
The saving is from staffing changes and therefore equality implications will be considered as part of the Workforce Planning Project	✓
No Equality Analysis Required	
<p>Additional Comment:</p> <p>The review programme covers a wide range of services commissioned and each individual review will include an Equality Analysis. Because of the range of reviews, both positive and negative impacts could be anticipated, but it is impossible to understand what these will be at this point, because changes as yet are unknown. It will be identified through the individual review programmes whether further consultation will be required linked to Equality Analysis, to help understand the impact of the proposed changes.</p> <p>The reductions in costs linked to staffing changes will be considered as part of the Workforce Planning Project.</p>	

Appendix C (continued)

Proposals for Reductions 2014/2015 and 2015/2016 including position in respect of Equality Analysis

1.3 ICT rationalisation and income opportunities (Saving - £0.250m in 2014/15 and £0.750m in 2015/16)

The ICT Unit will continue consolidating applications into a smaller number of core systems, reducing external spend on application support and improve data quality and the availability of information. In addition, all contracts will continue to be reviewed and renegotiated delivering further reductions in cost.

Whilst reducing external costs the ICT Unit will be looking at increasing income through the sharing of ICT services and resources.

Equality Analysis

Equality Statement	Status
Equality analysis is complete and a positive impact has been identified	
Equality analysis is planned and a positive impact is anticipated	
Equality analysis is complete and neutral impact has been identified	
Equality analysis is planned and a neutral impact is anticipated	
Equality analysis is complete and a negative impact has been identified	
Equality analysis is planned and a negative impact is anticipated	
Equality analysis is complete and both positive and negative impacts have been identified	
Equality analysis is planned and both positive and negative impacts are anticipated	
The saving is from staffing changes and therefore equality implications will be considered as part of the Workforce Planning Project	
No Equality Analysis Required	✓
Additional Comment: It is considered that no equality analysis is required since this efficiency will be achieved through rationalisation of systems and better contract management which will not have an impact on service provision or on internal employees.	

Appendix C (continued)

Proposals for Reductions 2014/2015 and 2015/2016 including position in respect of Equality Analysis

1.4 Various Corporate Allocations (Saving - £9.200m in 2014/15 and £1.570m 2015/2016)

A review of all central resources and reserves has been undertaken which has identified capacity to release some corporate contingencies, primarily in respect of the waste strategic solution. The proposals also take into account additional income on a prudent basis in respect of council tax collection and the New Homes Bonus grant allocation.

In recent years opportunities to capitalise revenue expenditure in respect of highways and building maintenance costs have been maximised and it is proposed to continue with this approach going forward.

Equality Analysis

Equality Statement	Status
Equality analysis is complete and a positive impact has been identified	
Equality analysis is planned and a positive impact is anticipated	
Equality analysis is complete and neutral impact has been identified	
Equality analysis is planned and a neutral impact is anticipated	
Equality analysis is complete and a negative impact has been identified	
Equality analysis is planned and a negative impact is anticipated	
Equality analysis is complete and both positive and negative impacts have been identified	
Equality analysis is planned and both positive and negative impacts are anticipated	
The saving is from staffing changes and therefore equality implications will be considered as part of the Workforce Planning Project	
No Equality Analysis Required	✓
Additional Comment: This efficiency has no service or internal impact and as such no equality analysis is deemed necessary.	

Appendix C (continued)

Proposals for Reductions 2014/2015 and 2015/2016 including position in respect of Equality Analysis

1.5 Release of Revenue Contribution to Capital Outlay (RCCO) - (£2.000m in 2014/15)

Previous budgets have included provision for a revenue contribution to help support the capital programme. In light of the financial position facing the council it is proposed that this provision be removed from the budget.

Equality Analysis

Equality Statement	Status
Equality analysis is complete and a positive impact has been identified	
Equality analysis is planned and a positive impact is anticipated	
Equality analysis is complete and neutral impact has been identified	
Equality analysis is planned and a neutral impact is anticipated	
Equality analysis is complete and a negative impact has been identified	
Equality analysis is planned and a negative impact is anticipated	
Equality analysis is complete and both positive and negative impacts have been identified	
Equality analysis is planned and both positive and negative impacts are anticipated	
The saving is from staffing changes and therefore equality implications will be considered as part of the Workforce Planning Project	
No Equality Analysis Required	✓
Additional Comment: This efficiency has no service or internal impact and as such no equality analysis is deemed necessary.	

Appendix C (continued)

Proposals for Reductions 2014/2015 and 2015/16 including position in respect of Equality Analysis

1.6 SWITCH Budget Repatriated (Saving - £3.200m in 2014/15)

Following the successful implementation of the severance scheme over the last two financial years and the previously agreed cessation of the SWITCH programme, the balance of the SWITCH budget can be released to support the 2014/2015 budget position.

Equality Analysis

Equality Statement	Status
Equality analysis is complete and a positive impact has been identified	
Equality analysis is planned and a positive impact is anticipated	
Equality analysis is complete and neutral impact has been identified	
Equality analysis is planned and a neutral impact is anticipated	
Equality analysis is complete and a negative impact has been identified	
Equality analysis is planned and a negative impact is anticipated	
Equality analysis is complete and both positive and negative impacts have been identified	
Equality analysis is planned and both positive and negative impacts are anticipated	
The saving is from staffing changes and therefore equality implications will be considered as part of the Workforce Planning Project	✓
No Equality Analysis Required	
Additional Comment: Any staffing implications as a result of the cessation of SWITCH will be dealt with through the Workforce Planning Project with consultation undertaken as necessary.	

Appendix C (continued)

Proposals for Reductions 2014/2015 and 2015/16 including position in respect of Equality Analysis

1.7 Maximisation of Income: (£1.100m in 2014/15 and £0.400m in 2015/16)

As a result of the Airport refinancing arrangements agreed last year, the council is to receive interest on long term loan notes issued for a period of 20 years subject to performance of the Airport. It is proposed the annual income receivable be brought into account in the budget from 2014/2015.

In addition, the City's Port has improved both turnover and trading profitability over recent years. Capital investment in the Port has provided the necessary infrastructure to allow increased tonnages and new cargos to be handled. Given this positive trend it is proposed the Port be set increased profit targets for 2014/2015 and 2015/2016 financial years.

Finally two reviews are being undertaken with a view to raising additional revenue from fees and charges (where appropriate) and advertising including outdoor advertising.

Equality Analysis

Equality Statement	Status
Equality analysis is complete and a positive impact has been identified	
Equality analysis is planned and a positive impact is anticipated	
Equality analysis is complete and neutral impact has been identified	
Equality analysis is planned and a neutral impact is anticipated	
Equality analysis is complete and a negative impact has been identified	
Equality analysis is planned and a negative impact is anticipated	
Equality analysis is complete and both positive and negative impacts have been identified	
Equality analysis is planned and both positive and negative impacts are anticipated	
The saving is from staffing changes and therefore equality implications will be considered as part of the Workforce Planning Project	
No Equality Analysis Required	✓
Additional Comment: The income generated through this proposal is achieved via a re-financing arrangement and commercial business opportunities as opposed to residents of the city. As such there is no Equality Analysis deemed necessary.	

Appendix C (continued)

Proposals for Reductions 2014/2015 and 2015/2016 including position in respect of Equality Analysis

1.8 Procurement Saving - £0.200m in 2014/15 and £0.200m in 2015/16)

In addition to all Directorates reviewing their third party spend and securing savings from other projects and reviews, a review of all corporate contracts is being undertaken with a view to reducing prices further.

Equality Analysis

Equality Statement	Status
Equality analysis is complete and a positive impact has been identified	
Equality analysis is planned and a positive impact is anticipated	
Equality analysis is complete and neutral impact has been identified	
Equality analysis is planned and a neutral impact is anticipated	✓
Equality analysis is complete and a negative impact has been identified	
Equality analysis is planned and a negative impact is anticipated	
Equality analysis is complete and both positive and negative impacts have been identified	
Equality analysis is planned and both positive and negative impacts are anticipated	
The saving is from staffing changes and therefore equality implications will be considered as part of the Workforce Planning Project	
No Equality Analysis Required	✓
Additional Comment: The savings generated through this proposal is achieved via reviewing third party corporate spend and establishing new contracts. An Equality Risk Assessment will be undertaken for new procurement activity at the preparation stage to determine the relevance of equality to the contract. If necessary, Equality Analysis will be completed to ensure no negative impact.	

Appendix C (continued)

Proposals for Reductions 2014/2015 and 2015/2016 including position in respect of Equality Analysis

1.9 CSN programme (Saving - £0.400m in 2014/15 and £0.050m in 2015/16)

With virtually all service areas now migrated to the Customer Service Network the focus has shifted to deepening the customer offering to enable decision making at the earliest point in the interaction and automating services via the web. This will enable costs to be reduced whilst maintaining and improving services.

Equality Analysis

Equality Statement	Status
Equality analysis is complete and a positive impact has been identified	
Equality analysis is planned and a positive impact is anticipated	
Equality analysis is complete and neutral impact has been identified	
Equality analysis is planned and a neutral impact is anticipated	
Equality analysis is complete and a negative impact has been identified	
Equality analysis is planned and a negative impact is anticipated	
Equality analysis is complete and both positive and negative impacts have been identified	
Equality analysis is planned and both positive and negative impacts are anticipated	
The saving is from staffing changes and therefore equality implications will be considered as part of the Workforce Planning Project	✓
No Equality Analysis Required	
<p>Additional Comment: The majority of the savings will arise through staffing changes which will be taken into account in the Workforce Planning Project.</p> <p>Any minor savings from the wider CSN work are linked to the Customer Access Strategy, which recognises the importance of retaining choice for customers who cannot or do not want to use a particular method of contacting the Council to avoid disadvantage. Actions have been identified to help those who cannot or do not have access to the internet.</p>	

Appendix C (continued)

Proposals for Reductions 2014/2015 and 2015/2016 including position in respect of Equality Analysis

2. Place and Economy (Saving - £8.858m 2014/2015 and £2.823m 2015/2016)

2.1 Smarter Working - review of premises and Repairs and Renewals (Saving - £0.702m in 2014/15 and £0.100m in 2015/16)

This saving is a continuation of the Smarter Working project which has already delivered significant savings in premises costs through the planned closure of administrative buildings. The review is now focussing on delivering savings in operational buildings through collaborative working and co-location. Reductions to the Repairs and Renewals budget will be delivered by prioritisation. Optimising council properties will minimise the rates liability.

Equality Analysis

Equality Statement	Status
Equality analysis is complete and a positive impact has been identified	
Equality analysis is planned and a positive impact is anticipated	
Equality analysis is complete and neutral impact has been identified	
Equality analysis is planned and a neutral impact is anticipated	✓
Equality analysis is complete and a negative impact has been identified	
Equality analysis is planned and a negative impact is anticipated	
Equality analysis is complete and both positive and negative impacts have been identified	
Equality analysis is planned and both positive and negative impacts are anticipated	
The saving is from staffing changes and therefore equality implications will be considered as part of the Workforce Planning Project	
No Equality Analysis Required	✓
<p>Additional Comment:</p> <p>Savings related to the above fall into 2 categories:</p> <ol style="list-style-type: none"> 1. A reduction in the repairs and renewals budget by taking a more focussed approach to prioritisation of work. <p>The reduction in the Repairs and Renewals budget will not have any impact on service delivery or on council employees and therefore an Equality Analysis is not required.</p> <ol style="list-style-type: none"> 2. Rationalisation of the properties that the Council owns and operates services from. <p>The options for rationalisation of properties over the next 2 years is still being developed. Equality Analysis will be undertaken as part of the evaluation of properties to be considered for disposal. The analysis will identify the services delivered from buildings being considered for disposal in order to understand the potential impact on service users and employees. Actions to mitigate any potential "negative" impacts on service users and employees will be implemented as far as possible to ensure an overall neutral impact.</p>	

Appendix C (continued)

Proposals for Reductions 2014/2015 and 2015/2016 including position in respect of Equality Analysis

2.2 Land and Property - Review of operational costs and income generation (Saving - £0.703m in 2014/15 and £0.385m in 2015/16)

A number of initiatives have been identified to increase income, including from Cash in Transit, Control Room and through rent reviews of the council's property portfolio, and through reducing costs, including in relation to Design Services where greater flexibility will be built into service provision.

Equality Analysis

Equality Statement	Status
Equality analysis is complete and a positive impact has been identified	
Equality analysis is planned and a positive impact is anticipated	
Equality analysis is complete and neutral impact has been identified	✓
Equality analysis is planned and a neutral impact is anticipated	
Equality analysis is complete and a negative impact has been identified	
Equality analysis is planned and a negative impact is anticipated	
Equality analysis is complete and both positive and negative impacts have been identified	
Equality analysis is planned and both positive and negative impacts are anticipated	
The saving is from staffing changes and therefore equality implications will be considered as part of the Workforce Planning Project	✓
No Equality Analysis Required	✓
<p>Additional Comment:</p> <p>A significant element of the above savings relates to staffing changes which will be considered as part of the Workforce Planning Project.</p> <p>Rent and lease reviews for council properties will be completed where the tenant's rental \ lease period is due for review. This relates to ensuring business properties are being rented at an appropriate market value. The proposal has been subjected to an Equality Analysis which has indicated a neutral impact in relation to the protected characteristics.</p> <p>The completed EA in respect of this proposal can be found at http://www.sunderland.gov.uk/committees/cm5/Meetings/tabid/73/ctl/ViewMeetingPublic/mid/410/Meeting/8010/Committee/1636/Default.aspx</p> <p>Proposals are also in place to increase the income generated by the Cash in Transit and Alarms Monitoring functions by providing an opportunity for more public and private sector customers to benefit from the service that the Council can provide. As these will not impact on the public or Council employees an Equalities Assessment is not required.</p>	

Appendix C (continued)

Proposals for Reductions 2014/2015 and 2015/2016 including position in respect of Equality Analysis

2.3 Economic Development Grants Review (Saving - £0.250m in 2014/15)

A reduction in the Economic Development grant budget will be delivered through the reprioritisation of external grants provided by the Team, focussing on those grants where clear outcomes are demonstrable.

Equality Analysis

Equality Statement	Status
Equality analysis is complete and a positive impact has been identified	
Equality analysis is planned and a positive impact is anticipated	
Equality analysis is complete and neutral impact has been identified	✓
Equality analysis is planned and a neutral impact is anticipated	
Equality analysis is complete and a negative impact has been identified	
Equality analysis is planned and a negative impact is anticipated	
Equality analysis is complete and both positive and negative impacts have been identified	
Equality analysis is planned and both positive and negative impacts are anticipated	
The saving is from staffing changes and therefore equality implications will be considered as part of the Workforce Planning Project	
No Equality Analysis Required	
<p>Additional Comment:</p> <p>The proposed change in the Financial Assistance policy has had an Equality Analysis and does not have an impact on any protected characteristic as the Financial Incentives Scheme will still be open to any of the above characteristics as long as their proposal satisfies the generic criteria.</p> <p>The completed EA in respect of this proposal can be found at http://www.sunderland.gov.uk/committees/cm5/Meetings/tabid/73/ctl/ViewMeetingPublic/mid/410/Meeting/8010/Committee/1636/Default.aspx</p>	

Appendix C (continued)

Proposals for Reductions 2014/2015 and 2015/2016 including position in respect of Equality Analysis

2.4 Review of Citywide Services (Saving - £1.519m in 2014/15 and £0.789m in 2015/16)

- Review of operational arrangements for Waste Collection – (£0.863m in 2014/2015 and £0.189m in 2015/2016): Having committed to retain weekly refuse collections through to 2016/2017, this proposal has identified cost reductions through the implementation of a 4-day working week to coincide with the opening of the new waste transfer station at Jack Crawford House.
- Transport and Fleet review – (£0.600m in 2014/2015 and £0.600m in 2015/2016): The on-going Transport and Fleet review, will further rationalise and reduce the scale of the council's fleet, ensure better utilisation based on new management and monitoring systems and ensure more efficient hire and maintenance arrangements.
- Review of operational arrangements for Regulatory Services – saving of £0.056m (2014/15): Review to include the Registrar and Coroner services

Equality Analysis

Equality Statement	Status
Equality analysis is complete and a positive impact has been identified	
Equality analysis is planned and a positive impact is anticipated	
Equality analysis is complete and neutral impact has been identified	✓
Equality analysis is planned and a neutral impact is anticipated	
Equality analysis is complete and a negative impact has been identified	
Equality analysis is planned and a negative impact is anticipated	✓
Equality analysis is complete and both positive and negative impacts have been identified	
Equality analysis is planned and both positive and negative impacts are anticipated	
The saving is from staffing changes and therefore equality implications will be considered as part of the Workforce Planning Project	✓
No Equality Analysis Required	✓

Appendix C (continued)

Proposals for Reductions 2014/2015 and 2015/2016 including position in respect of Equality Analysis

Review of Operational Arrangements for Waste Collection - An Equality Analysis has been completed in relation to the implementation of a 4 day working week. A neutral impact was identified. Although a majority of households will have their existing day of refuse collections changed, the level of service will remain the same in terms of refuse being collected on a weekly basis.

The completed EA in respect of this proposal can be found at

<http://www.sunderland.gov.uk/committees/cm5/Meetings/tabid/73/ctl/ViewMeetingPublic/mid/410/Meeting/8010/Committee/1636/Default.aspx>

The Transport and Fleet Review proposes a continuation of the rationalisation of the number of vehicles the Council operates, by ensuring that excess vehicle capacity is eradicated. Equality Analysis has taken place in relation to this and indicates a neutral equality impact. Discussions with Executive directors identified significant cross over with the Personalisation agenda which has resulted in those budgets relating to Personal care being retained in the appropriate directorate to ensure that personal transport remains part of the move towards personalisation. Where directorates come up with specific proposals which could impact on service users or staff, these will be subject to a further Equality Analysis at the appropriate time. The completed EA in respect of this proposal can be found at

<http://www.sunderland.gov.uk/committees/cm5/Meetings/tabid/73/ctl/ViewMeetingPublic/mid/410/Meeting/8010/Committee/1636/Default.aspx>

A proposal to procure services around Household Waste Re-Cycling has been Equality Analysed and has revealed a neutral impact. The contract with any external provider will ensure that the same levels of service currently offered by the Council will continue into the future. The completed EA in respect of this proposal can be found at

<http://www.sunderland.gov.uk/committees/cm5/Meetings/tabid/73/ctl/ViewMeetingPublic/mid/410/Meeting/8010/Committee/1636/Default.aspx>

Registration Fees linked to births, deaths and marriages have been Equality Analysed and although any cost increases will impact on everyone who uses the service, it has been deemed that there is a neutral impact as it does not have a disproportionate impact on any of the protected characteristic groups.

The completed EA in respect of this proposal can be found at

<http://www.sunderland.gov.uk/committees/cm5/Meetings/tabid/73/ctl/ViewMeetingPublic/mid/410/Meeting/8010/Committee/1636/Default.aspx>

An element of the above savings relate to staffing changes which will be considered as part of the Workforce Planning Project.

Potential savings to be generated through reduced waste disposal costs will be delivered through a marketing campaign to encourage a greater focus on maximising the amount of waste put in recycling bins by residents, therefore no Equality Analysis is required for this initiative.

Savings will also be generated through capitalised financing arrangements for wheelie bins therefore there will be no impact of this proposal on the public. Similarly a saving will be delivered through the rationalisation of waste transfer arrangements arising out of the SITA PFI contract which purely involve the contractors back office arrangements and therefore have no impact on the public. The lack of any impact on the public negates the need for an Equality Assessment to be undertaken.

The Government is proposing to bring in a statutory requirement to be administered by the Council regarding the need for all deaths to be independently reviewed. The requirement will mean that the Council would have to appoint a Medical Examiner on a cost neutral basis which would therefore require the levying of a fee on those people registering a death. The Medical Examiner will carry out a review on all "normal" deaths which would not be undertaken by the Coroner. This service will remove the need for the Council to procure the services of a Medical Referee once introduced. It is proposed that Equality Analysis will be undertaken once the timescale and application criteria has been clarified by the Government.

Appendix C (continued)

Proposals for Reductions 2014/2015 and 2015/2016 including position in respect of Equality Analysis

2.5 Car Parking – review of operational costs and income (Saving - £0.336m in 2014/15 and £0.433m in 2015/16)

Delivery of the new Parking Strategy will achieve savings through the implementation of a Local Parking Permit Scheme in the City Centre to improve parking utilisation and support local businesses, introducing seafront and on-street charges, taking advantage of commercial opportunities to generate new income streams, improving enforcement arrangements and reviewing parking charges.

Equality Analysis

Equality Statement	Status
Equality analysis is complete and a positive impact has been identified	✓
Equality analysis is planned and a positive impact is anticipated	✓
Equality analysis is complete and neutral impact has been identified	
Equality analysis is planned and a neutral impact is anticipated	
Equality analysis is complete and a negative impact has been identified	
Equality analysis is planned and a negative impact is anticipated	
Equality analysis is complete and both positive and negative impacts have been identified	
Equality analysis is planned and both positive and negative impacts are anticipated	
The saving is from staffing changes and therefore equality implications will be considered as part of the Workforce Planning Project	
No Equality Analysis Required	
<p>Additional Comment:</p> <p>The Parking Strategy 2014 to 2020 identifies the approach that the Council will take to parking provision and management during the course of the next 12 years. It identifies guiding principles and policies that inform the approach to parking management arising from the changing need brought about by the City's economic development and regeneration plans. An Equality Analysis which evaluates the draft Parking Strategy as regards its potential impact on future parking provision and management in the City has been undertaken and has identified the following positive impacts:</p> <ol style="list-style-type: none"> 3. All age groups will benefit from delivery of priorities that support improvements in road safety arising from effective enforcement activity. 4. Disabled persons are likely to benefit from effective enforcement that reduces obstructions caused by parked vehicles to pavements. <p>The completed EA in respect of this proposal can be found at http://www.sunderland.gov.uk/committees/cm5/Meetings/tabid/73/ctl/ViewMeetingPublic/mid/410/Meeting/8010/Committee/1636/Default.aspx</p> <p>Further more specific Equality Analysis will be undertaken where necessary as options for implementation are firmed up.</p>	

Appendix C (continued)

Proposals for Reductions 2014/2015 and 2015/2016 including position in respect of Equality Analysis

2.6 Bereavement Services – review of operational costs and income (Saving - £0.105m in 2014/15 and £0.150m in 2015/16)

Following the review last year to simplify burial charges, further savings will be delivered through an increase in charges for burial and cremation.

Equality Analysis

Equality Statement	Status
Equality analysis is complete and a positive impact has been identified	
Equality analysis is planned and a positive impact is anticipated	
Equality analysis is complete and neutral impact has been identified	✓
Equality analysis is planned and a neutral impact is anticipated	
Equality analysis is complete and a negative impact has been identified	
Equality analysis is planned and a negative impact is anticipated	
Equality analysis is complete and both positive and negative impacts have been identified	
Equality analysis is planned and both positive and negative impacts are anticipated	
The saving is from staffing changes and therefore equality implications will be considered as part of the Workforce Planning Project	
No Equality Analysis Required	
<p>Additional Comment: Bereavement Fees have been Equality Analysed and although any cost increases will impact on everyone who uses the service, it has been deemed that there is a neutral impact as it does not have a disproportionate impact on any of the protected characteristic groups. Bereavement Services will continue to provide for Contract Funerals, with dedicated times established daily in the cremation and burial diaries to accommodate such requests. In order to alleviate the financial pressures of funerals, the Dignity group currently hold the Contract Funeral contract, and DWP will continue to make provision in the form of a bereavement payment to families who are deemed to be in hardship and qualify for the allowance. The completed EA in respect of this proposal can be found at http://www.sunderland.gov.uk/committees/cm5/Meetings/tabid/73/ctl/ViewMeetingPublic/mid/410/Meeting/8010/Committee/1636/Default.aspx</p>	

Appendix C (continued)

Proposals for Reductions 2014/2015 and 2015/2016 including position in respect of Equality Analysis

2.7 Review of Highways and Network Management including maintenance (Saving - £1.431m in 2014/15 and £0.200m in 2015/16)

A reduction in the Highways maintenance budget will be achieved through the prioritisation of the budget, multi-skilling of highways inspectors to carry out on-the-spot repairs. In addition through a review of operations to more flexibly meet the design requirements of revenue and capital schemes, by maximising income earning opportunities and focussing on statutory functions.

Equality Analysis

Equality Statement	Status
Equality analysis is complete and a positive impact has been identified	
Equality analysis is planned and a positive impact is anticipated	
Equality analysis is complete and neutral impact has been identified	
Equality analysis is planned and a neutral impact is anticipated	
Equality analysis is complete and a negative impact has been identified	
Equality analysis is planned and a negative impact is anticipated	
Equality analysis is complete and both positive and negative impacts have been identified	
Equality analysis is planned and both positive and negative impacts are anticipated	
The saving is from staffing changes and therefore equality implications will be considered as part of the Workforce Planning Project	✓
No Equality Analysis Required	✓
Additional Comment: Savings related to the above fall into 2 categories: 1. A reduction in the highways maintenance budget by taking a more focussed approach to the prioritisation of work. The reduction in the highways maintenance budget will not have any impact on service delivery or on council employees and therefore an Equality Analysis is not required. 2. A significant element of the above savings relate to staffing changes which will be considered as part of the Workforce Planning Project.	

Appendix C (continued)

Proposals for Reductions 2014/2015 and 2015/2016 including position in respect of Equality Analysis

2.8 Review of Pest Control Charges (Saving - £0.051m in 2014/15 and £0.050m in 2015/16)

It is proposed that pest control charges be introduced (excluding a charge for rat control) in line with other local authorities.

Equality Analysis

Equality Statement	Status
Equality analysis is complete and a positive impact has been identified	
Equality analysis is planned and a positive impact is anticipated	
Equality analysis is complete and neutral impact has been identified	✓
Equality analysis is planned and a neutral impact is anticipated	
Equality analysis is complete and a negative impact has been identified	
Equality analysis is planned and a negative impact is anticipated	
Equality analysis is complete and both positive and negative impacts have been identified	
Equality analysis is planned and both positive and negative impacts are anticipated	
The saving is from staffing changes and therefore equality implications will be considered as part of the Workforce Planning Project	
No Equality Analysis Required	
Additional Comment: The proposal to levy a charge for the treatment of all pests except rats has been Equality Analysed and although any cost increases will impact on everyone who uses the service, it has been deemed that there is a neutral impact as it does not have a disproportionate impact on any of the protected characteristic groups. The completed EA in respect of this proposal can be found at http://www.sunderland.gov.uk/committees/cm5/Meetings/tabid/73/ctl/ViewMeetingPublic/mid/410/Meeting/8010/Committee/1636/Default.aspx	

Appendix C (continued)

Proposals for Reductions 2014/2015 and 2015/2016 including position in respect of Equality Analysis

2.9 Review of operational arrangements for Responsive Local Services (Saving - £0.761m in 2014/15 and £0.216m in 2015/16)

A reduction in the responsive local services operational budget can be achieved through focussing on rationalising and re-engineering operational supervision. Taking into account opportunities arising from workforce planning measures, the review will enable Area Response Manager and Officer arrangements to be maintained, the assimilation of existing fixed term and apprentice staff into the service and the creation of a further 30 new apprentice positions.

Equality Analysis

Equality Statement	Status
Equality analysis is complete and a positive impact has been identified	
Equality analysis is planned and a positive impact is anticipated	
Equality analysis is complete and neutral impact has been identified	
Equality analysis is planned and a neutral impact is anticipated	
Equality analysis is complete and a negative impact has been identified	
Equality analysis is planned and a negative impact is anticipated	
Equality analysis is complete and both positive and negative impacts have been identified	
Equality analysis is planned and both positive and negative impacts are anticipated	
The saving is from staffing changes and therefore equality implications will be considered as part of the Workforce Planning Project	✓
No Equality Analysis Required	
Additional Comment: The above savings relates to staffing changes which will be considered as part of the Workforce Planning Project.	

Appendix C (continued)

Proposals for Reductions 2014/2015 and 2015/2016 including position in respect of Equality Analysis

2.10 Energy - Invest to Save Initiatives (Saving - £0.500m in 2015/16)

Officers are working alongside the council's PFI contractor to develop opportunities to reduce the cost of energy, primarily in relation to Street Lighting and premises-related energy. Capital investment, to take account of improvements in technology, will be considered on an invest to save basis.

Equality Analysis

Equality Statement	Status
Equality analysis is complete and a positive impact has been identified	
Equality analysis is planned and a positive impact is anticipated	
Equality analysis is complete and neutral impact has been identified	
Equality analysis is planned and a neutral impact is anticipated	✓
Equality analysis is complete and a negative impact has been identified	
Equality analysis is planned and a negative impact is anticipated	
Equality analysis is complete and both positive and negative impacts have been identified	
Equality analysis is planned and both positive and negative impacts are anticipated	
The saving is from staffing changes and therefore equality implications will be considered as part of the Workforce Planning Project	
No Equality Analysis Required	
Additional Comment: Options are currently being explored in relation to opportunities to reduce street lighting energy costs. Initial consideration has been given to the likely impact of the emerging options and it is felt that savings can be made without having an impact on the public. Equality Analysis will be undertaken in the near future once the range of options for further investigation has been agreed.	

Appendix C (continued)

Proposals for Reductions 2014/2015 and 2015/2016 including position in respect of Equality Analysis

2.11 People Based Commissioning Reviews (Public Health) (Saving - £3.000m in 2014/15)

This reduction in budget reflects the development of the council's approach, locally, to move away from commissioning separate, unconnected services to supporting the delivery of an integrated wellness model. Services influenced through this approach include NHS health-checks, adult obesity programmes, substance misuse, infection control and public health strategic resources.

Equality Analysis

Equality Statement	Status
Equality analysis is complete and a positive impact has been identified	
Equality analysis is planned and a positive impact is anticipated	
Equality analysis is complete and neutral impact has been identified	
Equality analysis is planned and a neutral impact is anticipated	
Equality analysis is complete and a negative impact has been identified	
Equality analysis is planned and a negative impact is anticipated	
Equality analysis is complete and both positive and negative impacts have been identified	
Equality analysis is planned and both positive and negative impacts are anticipated	✓
The saving is from staffing changes and therefore equality implications will be considered as part of the Workforce Planning Project	
No Equality Analysis Required	
<p>Additional Comment:</p> <p>This work area comprises a broad reaching range of reviews spanning a number of areas of provision. Once complete these will require accompanying Equality Analysis for each area. Equality Analyses are currently being mapped as an integral part of the commissioning process.</p> <p>To date, extensive consultation on the areas that will affect the public has been carried out via commissioned public engagement work as well as events such as the Integrated Wellness session at the Stadium of Light in November and will be further supplemented by work in the coming weeks (please see below). In addition engagement with IAGs is currently underway and proposals have been discussed at the Disability IAG and LGBT Equality Forum to date.</p> <p>Overall, it is anticipated that the changes to delivery will enable more holistic, effective and responsive services for Sunderland residents. Therefore, positive impacts for those using Public Health services and universal healthy living opportunities in Sunderland are anticipated via this work stream.</p> <p>However, it has been identified via review work that some directly provided services – for example in relation to obesity and weight management – have not been effective on the scale required to improve Public Health. Therefore, where any of these services will come to an end as a result of these reviews, a negative impact may be perceived/experienced by some residents.</p> <p>Models for revised service provision and approaches to healthy living opportunities are currently in development and further consultation is now being undertaken. This aims to build on earlier work which used active engagement of the public across Sunderland to establish the principles that should be incorporated into improved models of provision. It will target members of the same communities that took part in earlier work to enable testing of the potential design of the service and receive further input to it.</p> <p>This work is currently being advertised via Buy Sunderland First and aims to be completed at the end of March.</p>	

Appendix C (continued)

Proposals for Reductions 2014/2015 and 2015/2016 including position in respect of Equality Analysis

3. People (Saving - £6.699m 2014/2015 and £9.934m 2015/2016)

3.1 Full Year Impact of previous year's decisions (Saving - £1.744m in 2014/15 and £0.100m in 2015/16)

This is the full year impact of previous year's agreed savings decisions, all of which have been implemented in the current financial year in respect of Children Looked after Strategy, Review of structures, YOS, Services to Schools and School Improvement service.

Equality Analysis

Equality Statement	Status
Equality analysis is complete and a positive impact has been identified	✓ (1, ,4)
Equality analysis is planned and a positive impact is anticipated	✓ (2,3,)
Equality analysis is complete and neutral impact has been identified	✓ (5,6)
Equality analysis is planned and a neutral impact is anticipated	✓ (7)
Equality analysis is complete and a negative impact has been identified	
Equality analysis is planned and a negative impact is anticipated	
Equality analysis is complete and both positive and negative impacts have been identified	
Equality analysis is planned and both positive and negative impacts are anticipated	
The saving is from staffing changes and therefore equality implications will be considered as part of the Workforce Planning Project	
No Equality Analysis Required	
<p>Additional Comment:</p> <p>(1) Children Looked after Strategy (CLAS) - Analysis completed to assess why there has been an increase of LAC. Findings are being used to support service decisions to support the reductions of LAC. From current usage a decision was made to close a children's home particularly in light of range of alternatives including out of authority placements and support for children leaving care. However, it is recognised that future demand may lead to a further review of this strategy.</p> <p>The completed EA in respect of this proposal can be found at http://www.sunderland.gov.uk/committees/cm5/Meetings/tabid/73/ctl/ViewMeetingPublic/mid/410/Meeting/8010/Committee/1636/Default.aspx</p> <p>(2) Children's Safeguarding - Reviews of services are underway to assess the impact of services and consider changes to improve success rates. Equality considerations will be part of the review.</p> <p>(3) Review of Safeguarding Service – Children's Safeguarding - A more targeted approach to pooling resources will avoid duplication, improve the service offer and ultimately improve outcomes. An equality analysis will be completed in order to verify the impacts and outcomes.</p> <p>(4) YOS: The Legal Aid Sentencing and Punishment of Offenders Act has introduced changes that will keep young offenders out of the Criminal Justice System. Consequently the YOS has reduced its resources in order to reflect the principles of the Act.</p> <p>The completed EA in respect of this proposal can be found at http://www.sunderland.gov.uk/committees/cm5/Meetings/tabid/73/ctl/ViewMeetingPublic/mid/410/Meeting/8010/Committee/1636/Default.aspx</p>	

Services to schools

(5) Admissions - No negative impact anticipated because although there will be encouragement to use electronic means, the council will retain paper copies for those who request them, in line with statutory duties

The completed EA in respect of this proposal can be found at

<http://www.sunderland.gov.uk/committees/cm5/Meetings/tabid/73/ctl/ViewMeetingPublic/mid/410/Meeting/8010/Committee/1636/Default.aspx>

(6) School Improvement service -No impact on statutory provision. A similar service will be delivered to schools and schools will have the discretion over what they will allocate their budgets to. No immediate impacts are anticipated however there could be potential impacts in the longer term, if schools decide to opt out. Equality Analysis has been completed.

Overall there should be no major impact because resources remain available to all schools.

The completed EA in respect of this proposal can be found at

<http://www.sunderland.gov.uk/committees/cm5/Meetings/tabid/73/ctl/ViewMeetingPublic/mid/410/Meeting/8010/Committee/1636/Default.aspx>

(7) Healthy schools-There should be no major impact on schools as they still have access to resources and there is a requirement for health lifestyles within Ofsted. In special schools there is an increase of resources creating some positive impact. There should not be a negative impact unless schools decide not to focus health issues however it is very unlikely. An equality analysis will be completed in order to verify the impacts and outcomes.

Appendix C (continued)

Proposals for Reductions 2014/2015 and 2015/2016 including position in respect of Equality Analysis

3.2 Reconfiguration of Family Home Care and Community Support Services (Saving - £0.100m in 2014/15 and £0.035m in 2015/16)

Reconfiguration of staffing arrangements for some support services (e.g. Family Home Care and Community Support Services) provided to children and young people.

Equality Analysis

Equality Statement	Status
Equality analysis is complete and a positive impact has been identified	
Equality analysis is planned and a positive impact is anticipated	
Equality analysis is complete and neutral impact has been identified	
Equality analysis is planned and a neutral impact is anticipated	
Equality analysis is complete and a negative impact has been identified	
Equality analysis is planned and a negative impact is anticipated	
Equality analysis is complete and both positive and negative impacts have been identified	
Equality analysis is planned and both positive and negative impacts are anticipated	
The saving is from staffing changes and therefore equality implications will be considered as part of the Workforce Planning Project	✓
No Equality Analysis Required	
Additional Comment: Reduction of staff any potential impact on service delivery will be potentially mitigated through use of volunteers, particularly related to transport	

Appendix C (continued)

Proposals for Reductions 2014/2015 and 2015/2016 including position in respect of Equality Analysis

3.3 Review of Commissioning Arrangements (Saving - £0.827m in 2014/15 and £1.265m in 2015/16)

A review of commissioning arrangements will lead to reductions in the following areas;

- The removal of subsidy at the Castleview Centre, review of partner contributions Sunderland Safeguarding Children's Board, and review of Housing related support.
- A Review of Home to School Transport is underway including how statutory transport is provided. This will require appropriate consultation and will include a review of commissioning arrangements, a review of eligibility criteria and an offer to parents of personalised budgets where appropriate.
- Alternative delivery models for internally delivered services are being considered including XL and Mobile Youth Provision. This will include working with partners to determine how the desired outcomes from delivery can be met. In line with all other commissioned services, commissioned contracts will be reviewed to reduce costs by approximately 30% when these are due for renewal in April 2015.

Equality Analysis

Equality Statement	Status
Equality analysis is complete and a positive impact has been identified	✓ (7)
Equality analysis is planned and a positive impact is anticipated	
Equality analysis is complete and neutral impact has been identified	✓ (4)
Equality analysis is planned and a neutral impact is anticipated	✓ (2, 3, 6)
Equality analysis is complete and a negative impact has been identified	
Equality analysis is planned and a negative impact is anticipated	✓ (1)
Equality analysis is complete and both positive and negative impacts have been identified	
Equality analysis is planned and both positive and negative impacts are anticipated	✓ (5) & (5a)
The saving is from staffing changes and therefore equality implications will be considered as part of the Workforce Planning Project	
No Equality Analysis Required	
Additional Comment:	
(1) Potentially less community access to Castleview Centre however restrictions were already in place relating to issues in relation to safeguarding. Options for increasing access will be considered with the school e.g. ensuring the school have the opportunity to tender for future services for young people. An equality analysis will be completed in order to verify the impacts and outcomes.	
(2) The SSCB is considering new and innovative ways of working over the forth coming year; accessing funding reserves for this financial year. An equality analysis will be completed in order to verify the impacts and outcomes.	

(3) Youth Service: Alternative delivery models for internally delivered services are being considered including XL and Mobile Youth Provision. Looking at the review that was completed for the external provision in 2012/13 will also be taken into consideration. Working closely with partner organisations e.g. public health will maximise outputs and potential outcomes and avoid duplication the work is on-going and an equality analysis will be completed. The existing 2013 equality analysis will be updated to reflect these changes.

(4) Services for Disabled People: Less money may be available in 2014/15 for the delivery of commissioned services as personal budgets are introduced. The impact of change has been considered as part of the process and by commissioning alternative services the service offer was increased not decreased, - therefore a positive impact. Building on the work to date a further review of services for disabled children is about to begin and will take into account internal and external provision.

The completed EA in respect of this proposal can be found at

<http://www.sunderland.gov.uk/committees/cm15/Meetings/tabid/73/ctl/ViewMeetingPublic/mid/410/Meeting/8010/Committee/1636/Default.aspx>

(5) & (5a) Review of Home to School Transport (Transport (personalisation) and Transport (post 16 changes)), is likely to have a positive impact for some families who may prefer personal travel budgets, however personal budgets may not suit everyone. A highly complex consultation process has been undertaken and work in this area is on-going in preparation for September 2014 and the introduction of personalised budgets.

(6) Youth Provision: Duke of Edinburgh, XL and mobile provision is currently being reviewed. The Impact of XL provision is well documented in relation to the reduction of ASB with police reported reductions in excess of 30% when XL is operating. It is anticipated that ASB will increase if no alternative provision is put in place. Alternative more cost effective models are being explored. The existing 2013 equality analysis will be updated to reflect these changes.

(7) Housing Related Support: Whilst the reduction in the funding could impact on the provision in a negative way, the services will be targeted to specific groups, which will have positive impacts for those people who will be using the services.

The completed EA in respect of this proposal can be found at

<http://www.sunderland.gov.uk/committees/cm15/Meetings/tabid/73/ctl/ViewMeetingPublic/mid/410/Meeting/8010/Committee/1636/Default.aspx>

Appendix C (continued)

Proposals for Reductions 2014/2015 and 2015/2016 including position in respect of Equality Analysis

3.4 Early Years and Childcare

3.4.1 Review of support for workforce development and the curriculum and quality assurance process in childcare settings (Saving - £0.439m in 2014/15)

Financial support has been provided to deliver an improved early years workforce provided by childcare settings and child-minders. It is considered appropriate to continue the phased withdrawal of this support. The review will look at other alternative ways of funding and delivering the service to reduce costs such as those relating to qualified teacher support.

Equality Analysis

Equality Statement	Status
Equality analysis is complete and a positive impact has been identified	
Equality analysis is planned and a positive impact is anticipated	
Equality analysis is complete and neutral impact has been identified	
Equality analysis is planned and a neutral impact is anticipated	✓
Equality analysis is complete and a negative impact has been identified	
Equality analysis is planned and a negative impact is anticipated	
Equality analysis is complete and both positive and negative impacts have been identified	
Equality analysis is planned and both positive and negative impacts are anticipated	
The saving is from staffing changes and therefore equality implications will be considered as part of the Workforce Planning Project	
No Equality Analysis Required	
Additional Comment: There is potential impact on EYS performance which is currently at national average and Ofsted judgements for childcare settings and child minders maybe affected. A review of the current model is underway to explore alternative delivery models and reduce the risk associated with performance outcomes if the service was eventually removed. An equality analysis will be completed in order to verify the impacts and outcomes.	

Appendix C (continued)

Proposals for Reductions 2014/2015 and 2015/2016 including position in respect of Equality Analysis

3.4.2 Review of Children's Centre Delivery (Saving - £0.460m in 2014/15 and £0.100m in 2015/16)

A further review of Children's Centres delivery in response to the updated needs analysis and usage will be undertaken. This will involve appropriate consultation with Children Local Area Boards and elected members.

Equality Analysis

Equality Statement	Status
Equality analysis is complete and a positive impact has been identified	
Equality analysis is planned and a positive impact is anticipated	
Equality analysis is complete and neutral impact has been identified	
Equality analysis is planned and a neutral impact is anticipated	
Equality analysis is complete and a negative impact has been identified	
Equality analysis is planned and a negative impact is anticipated	
Equality analysis is complete and both positive and negative impacts have been identified	✓
Equality analysis is planned and both positive and negative impacts are anticipated	
The saving is from staffing changes and therefore equality implications will be considered as part of the Workforce Planning Project	
No Equality Analysis Required	
<p>Additional Comment:</p> <p>A comprehensive review of children's centres has been completed and findings have informed the future commissioning intentions for external services. Building on the work to date a further review is being undertaken which will look at internal service delivery and ways of reducing costs without effecting service outcomes. Strengthening work with partner organisations will continue to avoid duplication of service delivery and maximise service outcomes to provide positive impact. However a change to service delivery may reduce the number of delivery sites and this could have a negative impact for service some users. EA is complete and will be updated during the internal review process.</p> <p>The completed EA in respect of this proposal can be found at http://www.sunderland.gov.uk/committees/cm5/Meetings/tabid/73/ctl/ViewMeetingPublic/mid/410/Meeting/8010/Committee/1636/Default.aspx</p>	

Appendix C (continued)

Proposals for Reductions 2014/2015 and 2015/2016 including position in respect of Equality Analysis

3.5 Health and Social Care Integration (Saving - £0.290m in 2014/15 and £3.210m in 2015/16)

Reductions on the net budget can be achieved through integration of services and development of person centred co-ordinated care in localities. This will prevent hospital admissions and readmissions and can also be supported through additional grant funding.

Equality Analysis

Equality Statement	Status
Equality analysis is complete and a positive impact has been identified	
Equality analysis is planned and a positive impact is anticipated	✓
Equality analysis is complete and neutral impact has been identified	
Equality analysis is planned and a neutral impact is anticipated	
Equality analysis is complete and a negative impact has been identified	
Equality analysis is planned and a negative impact is anticipated	
Equality analysis is complete and both positive and negative impacts have been identified	
Equality analysis is planned and both positive and negative impacts are anticipated	
The saving is from staffing changes and therefore equality implications will be considered as part of the Workforce Planning Project	
No Equality Analysis Required	
Additional Comment: Integration across health and social care systems is anticipated to improve outcomes for people, in relation to co-ordination of care and meeting individual needs. Work has commenced on the plans for Integration within Sunderland linked to the Government's Better Care Fund. Within the Integration work programme, an Equality Analysis will be undertaken, which will identify any additional impacts.	

Appendix C (continued)

Proposals for Reductions 2014/2015 and 2015/2016 including position in respect of Equality Analysis

3.6 Sunderland Cares - Local Authority Trading Company (LATC) - (Saving - £4.153m 2014 to 2018 with £2.594m in 2014/15 and £0.824m in 2015/16)

In-house Care and Support has moved to a LATC from the 1st December 2013. The separation of the Council's provider arm into a LATC will give greater opportunities to consolidate its provider options, enabling flexible solutions and the potential to develop business / generate income through innovative service provision to individual customers and commissioners.

Equality Analysis

Equality Statement	Status
Equality analysis is complete and a positive impact has been identified	
Equality analysis is planned and a positive impact is anticipated	
Equality analysis is complete and neutral impact has been identified	✓
Equality analysis is planned and a neutral impact is anticipated	
Equality analysis is complete and a negative impact has been identified	
Equality analysis is planned and a negative impact is anticipated	
Equality analysis is complete and both positive and negative impacts have been identified	
Equality analysis is planned and both positive and negative impacts are anticipated	
The saving is from staffing changes and therefore equality implications will be considered as part of the Workforce Planning Project	
No Equality Analysis Required	
Additional Comment: An Equality Analysis was completed and identified that there were neutral impacts as there are no changes in service provision. Rather the changes relate to how the services are managed and opportunities for the service to grow, which may have positive impacts – these will be assessed within the LATC. The completed EA in respect of this proposal can be found at http://www.sunderland.gov.uk/committees/cm5/Meetings/tabid/73/ctl/ViewMeetingPublic/mid/410/Meeting/8010/Committee/1636/Default.aspx	

Appendix C (continued)

Proposals for Reductions 2014/2015 and 2015/2016 including position in respect of Equality Analysis

3.7 Further Implementation of Personalisation (Saving - £0.245m in 2014/15 and £1.300m in 2015/16)

The continued implementation of personalisation will allow individuals to have choice and control in respect of the care and support they receive to meet their assessed need and prevent admissions to residential and nursing care.

In 2015/2016 the Government is proposing minimum national eligibility standards. The proposal is to adopt the national criteria.

Equality Analysis

Equality Statement	Status
Equality analysis is complete and a positive impact has been identified	
Equality analysis is planned and a positive impact is anticipated	
Equality analysis is complete and neutral impact has been identified	
Equality analysis is planned and a neutral impact is anticipated	
Equality analysis is complete and a negative impact has been identified	
Equality analysis is planned and a negative impact is anticipated	
Equality analysis is complete and both positive and negative impacts have been identified	
Equality analysis is planned and both positive and negative impacts are anticipated	✓
The saving is from staffing changes and therefore equality implications will be considered as part of the Workforce Planning Project	
No Equality Analysis Required	
<p>Additional Comment:</p> <p>The Equality Analysis is planned linked to the individual work programmes under Personalisation.</p> <p>It is expected that the continued implementation of increased choice and control will have positive impacts on people.</p> <p>The introduction of minimum national eligibility could result in negative impacts for some people, if they no longer meet eligibility thresholds; however, there are services and support within communities for people, which can be accessed without needing to meet eligibility. Work is underway with the Voluntary and Community Sector to ensure services and support are in place to meet these needs, using Council funding via grants process.</p>	

Appendix C (continued)

Proposals for Reductions 2014/2015 and 2015/2016 including position in respect of Equality Analysis

3.8 Sport and Leisure Review (Saving - £2.600m in 2015/16)

Cabinet agreed in October 2013 to explore the establishment of an alternative service delivery model for Sports and Leisure Facilities. Work undertaken concluded that a Joint Venture arrangement between the Council and a partner is the preferred option for the future model to operate and to manage the City's leisure complexes.

Analysis undertaken suggests that, through achieving increases in participation and customer volumes, additional revenues will be delivered to contribute to the position.

Equality Analysis

Equality Statement	Status
Equality analysis is complete and a positive impact has been identified	
Equality analysis is planned and a positive impact is anticipated	
Equality analysis is complete and neutral impact has been identified	✓
Equality analysis is planned and a neutral impact is anticipated	
Equality analysis is complete and a negative impact has been identified	
Equality analysis is planned and a negative impact is anticipated	
Equality analysis is complete and both positive and negative impacts have been identified	
Equality analysis is planned and both positive and negative impacts are anticipated	
The saving is from staffing changes and therefore equality implications will be considered as part of the Workforce Planning Project	
No Equality Analysis Required	
<p>Additional Comment:</p> <p>The outcome from the October 2013 Cabinet report (and Equality Analysis) was that a Joint Venture was the preferred alternative delivery option. The procurement process has now commenced with bidders being invited to participate in Competitive Dialogue (CD) with the Council. The CD process will build in specific reference to equalities and the Equality Analysis will be revisited as part of the procurement process to ensure that neutral impact continues to be identified.</p> <p>The completed EA in respect of this proposal can be found at http://www.sunderland.gov.uk/committees/cm5/Meetings/tabid/73/ctl/ViewMeetingPublic/mid/410/Meeting/8010/Committee/1636/Default.aspx</p>	

Appendix C (continued)

Proposals for Reductions 2014/2015 and 2015/2016 including position in respect of Equality Analysis

3.9 People Directorate – Review of staffing Structures (Saving - £0.500m in 2015/16)

A review of staffing structures following the amalgamation of Health Housing and Adult Services and Children’s Services is to be undertaken in 2014/2015.

Equality Analysis

Equality Statement	Status
Equality analysis is complete and a positive impact has been identified	
Equality analysis is planned and a positive impact is anticipated	
Equality analysis is complete and neutral impact has been identified	
Equality analysis is planned and a neutral impact is anticipated	
Equality analysis is complete and a negative impact has been identified	
Equality analysis is planned and a negative impact is anticipated	
Equality analysis is complete and both positive and negative impacts have been identified	
Equality analysis is planned and both positive and negative impacts are anticipated	
The saving is from staffing changes and therefore equality implications will be considered as part of the Workforce Planning Project	✓
No Equality Analysis Required	
Additional Comment: This review links to changes within staffing structures and is therefore part of the Workforce Planning Project	

4. Use of One Off Resources

At this stage it is proposed to utilise one off funding of £0.5m of uncommitted SIB balances.

Equality and the Budget Proposals

1 Equality in Decision Making

The Equality Act 2010 places a specific duty on Local Authorities through the Public Sector Equality Duty. The three aims of the equality duty are to:

- Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Equality Act
- Advance equality of opportunity between people who share a protected characteristic and those who do not
- Foster good relations between people who share a protected characteristic and those who do not.

Public authorities are required to give 'due regard' to the three aims of the duty when making decisions. Understanding the effect of decisions on people with different protected characteristics is an important part of complying with the general equality duty. Due regard means:

- consider the need to remove or minimise disadvantage or to meet particular needs
- think about how to encourage participation in public life
- tackle prejudice and promote understanding.

2 How equality has been considered in the budget-setting process

Each Directorate has considered the Equality Analysis of their proposals. This information is included at Appendix C. Where it is timely and appropriate an Equality Analysis has been completed (this is the Council's adopted approach to analysing and recording Equality Analysis). The detail of the analysis is dependent on the nature of the proposal and its stage of development. For those proposals which are not sufficiently detailed to undertake a full Equality Analysis at the present time, an initial consideration of the impacts has been undertaken. In these cases full analysis will be carried out when the proposals are further developed.

3 Key Messages

Individual proposals for additional savings are currently at different stages of equality analysis depending on the stage of the development of the proposal. To reflect this the equality considerations can be summarised as follows:

- Equality Analysis, whether complete or at initial consideration, has identified or anticipated positive impacts. In some cases this may be an initial Equality Analysis that needs updating as the project progresses.

Appendix D (continued)

Equality and the Budget Proposals

- Equality Analysis, whether complete or at initial consideration, has identified or anticipated negative impacts. Where negative impacts are identified, it is the responsibility of the services to minimise these as far as possible. Some proposals have already identified possible ways to mitigate against potential impacts.
- Equality Analysis, whether complete or at initial consideration, has identified or anticipated both positive and negative impacts within the same proposal.
- Neutral impacts have been identified or are anticipated. This includes instances where mitigating actions have already been put in place to neutralise negative impacts.
- The proposal has potential employment impacts, or the saving will be partially made from staffing changes. Where there are impacts for the Council as an employer, equality considerations will be made as part of the Workforce Planning Project.
- Initial considerations have been made, and it has been decided that an Equality Analysis is not necessary.

The summary of impacts, by directorate, is outlined below:

	Strategic and Cross Cutting Proposals Para 3.1	Place and Economy Proposals Para 3.2	People Proposals Para 3.3
Positive impact identified or anticipated	0	2	6
Negative impact identified or anticipated	0	1	1
Neutral impact identified or anticipated Note 1	1	10	10
Both positive and negative impacts identified or anticipated Note 1	1	1	4
Employee implications	4	4	2
No Equality Analysis needed	5	4	0

Note 1: Where the current draft of the Equality Analysis does identify potential negative impacts, the services will be considering how these impacts can be mitigated as far as possible during the development of detailed proposals.

Note 2: The number of impacts is greater than the number of proposals due to more than one implication within a proposal (e.g. a service review with staffing implications)

3.1 Strategic and Cross-Cutting Proposals

There are a total of nine corporate and cross cutting proposals, with one proposal identifying two different types of impact. Within these there are five judgements identified as having no impact on the service user or on employees (including one that was looking to exploit commercial opportunities), and so it was concluded that no full Equality Analysis was needed.

Equality and the Budget Proposals

Four judgements are linked with staffing changes, and therefore are to be part of the considerations of the Workforce Planning project. It was recognised that one proposal has the potential for both positive and negative impacts. However, these impacts will not be determined until a number of commissioning reviews have taken place and their respective equality analysis undertaken.

3.2 Place and Economy

There are a total of eleven Place and Economy proposals and these proposals are made up of a number of different elements. Therefore there are 22 equality judgements against the eleven proposals. Nine Equality Analyses have been completed, with one identifying positive impacts, and the other eight identifying a neutral impact. Of those that haven't yet had a full Equality Analysis, early considerations indicate one is likely to have positive impact, two have neutral impacts and one is likely to have both positive and negative impacts; a further proposal has a negative impact. The proposal that has been judged to have a negative impact results from the statutory introduction of a fee for registering a death. There is nothing the council can do to mitigate against this impact. The proposal for People Based Commissioning Reviews (Public Health) covers a wide-ranging area and may have both positive and negative impacts - there is a commitment to complete Equality Analysis for each of the areas that will be affected and extensive engagement is planned to feed into this process. Four proposals are linked to Workforce Planning changes and therefore will be considered as a part of that project. There are a further four that will not have a full Equality Analysis carried out due to a lack of impact on the public or on employees.

3.3 People

The nature of the services provided by the People Directorate mean that these are more likely to have a direct impact upon residents day to day lives. Consequently there are nine People proposals, with twenty three equality judgements against them. Of the Equality Analysis that is complete, it has been concluded that four will have positive impacts, five will have a neutral impact and there are none that have a negative impact. In those cases where full Equality Analysis is planned, early considerations indicate that three will have positive impacts, one negative and five neutral – all acknowledge the need for an equality analysis to be undertaken (or the existing analysis to be refreshed) so that the impacts can be confirmed. A further two proposals will have an impact on the workforce, and four proposals are anticipated to have both positive and negative impacts. It is also recognised that some of the proposals have interdependencies and therefore there could be some combined impacts.

Equality and the Budget Proposals

4 Conclusions

Across the three directorates the judgements against the budget proposals are encouraging, with:

- Eight considered positive
- Twenty-one considered neutral
- Two considered negative, and
- Six that have both positive and negative outcomes.

Ten proposals have a potential impact on employees. The Workforce Planning Project Board has agreed that equality considerations relating to changes in the workforce will be considered as a part of their project. Finally there are nine judgements that require no equality analysis.

It is clear that the Council continues to seek to meet its obligations in relation to equality and diversity. It has transparent procedures in place at both a general and budget specific level to incorporate equality and diversity issues into decision making processes and the assessment of proposals.

Where analysis does highlight some equality implications, services and directorates are responsible for assessing how these can be mitigated during the development of the detailed proposals. Where a proposal includes a review of services a full and/or updated version of the equality analysis will be undertaken and presented to decision makers as proposals are shaped.

Budget Consultation Results

1. Introduction

The Budget Consultation for 2014/2015 was undertaken within the context of further public spending reductions and the need for the council to achieve an additional £113 million in savings by 2016. The Budget Consultation process therefore had the following objectives:

- To improve people's knowledge and understanding of the savings achieved since 2010 through the Council's improvement programme and the current budget position
- To gain people's views on the acceptability of different approaches to providing council services in the future
- To explore views on what we are doing/planning to do, what else we can do to meet the budget challenge and areas for improvement.

2. Background

The annual budget consultation took place during November/December 2013, comprising a survey and a workshop.

Presentations on the budget planning framework were made to a range of stakeholder groups in accordance with the approach to Budget Consultation agreed by Cabinet in October 2013, and feedback was noted.

The following stakeholder groups were consulted:

- Trade Unions;
- North East Chamber of Commerce;
- Youth Parliament;

In addition to the presentations, members of Sunderland's citizens' panel and the voluntary and community sector (VCS) were invited to take part in a self-completion survey to ascertain residents' views on the issues set out at 1 above. The survey was available online and promoted to the general public through the Council's consultation web portal and the State of the City event.

3. The survey

A total of 229 respondents completed the survey.

Budget Consultation Results

4. Workshop

A workshop was held with Community Spirit panel members and representatives from the VCS at the Civic Centre on 26 November 2013. The workshop comprised:

- A presentation on the financial context for the 2014/2015 budget and the proposed approach moving forward
- Discussion groups facilitated by Council officers to discuss the following areas:
 - People based services
 - Place based services
 - Business growth and investment

A total of 22 panellists and representatives from the VCS participated in the workshop. The discussion groups provided participants with an opportunity to speak directly with Heads of Service and express their views on current activity and proposals for securing future savings.

5. The findings

Findings of the survey and discussions at the workshop are summarised below. In general, the findings demonstrate continuing support for the Council's overall approach to meeting the budget challenge and indicate broad agreement with our plans for further transformation of services, including alternative service delivery models and greater community participation and partner engagement in making savings.

5.1 Importance of maintaining quality of services

In last year's budget consultation, the services below were identified as the top ten services where quality needs to be maintained. Given the significant and on-going budget challenge faced by the Council, respondents were asked to rate on a scale of 1 to 5 the importance of maintaining the quality of these services.

The survey findings:

Mean score where 5 is critically important and 1 is not important at all

Appendix E (continued)

Budget Consultation Results

Service	Average score of importance
Social care services for children and disabled and vulnerable adults	4.66
Refuse collection	4.20
Maintenance of roads, pavements and cycleways	4.19
Street lighting	3.75
Street cleaning	3.73
Environmental protection services (including environmental health, trading standards and pest control)	3.69
Recycling services	3.65
Homelessness and housing advice	3.58
Facilities and activities for children	3.48
Parks and open spaces	3.40

As can be noted, social care services for children and disabled and vulnerable adults is perceived to be the most important service to maintain quality, followed by refuse collection and a number of Street Scene services.

5.2 Different approaches to providing council services in the future

Survey respondents were asked where they thought different approaches to delivering services might be acceptable. The different delivery options were:

- Focus the service on those most in need
- Provide the service less frequently
- Introduce/increase charges
- Other providers delivering services on behalf of the Council
- More community involvement in making savings

They were also asked for any additional comments or further suggestions to help meet the budget challenge. In addition participants at the workshops were asked for their views on what the Council is doing and suggestions as to what else we can do to meet the budget challenge.

The sections below provide feedback in respect of these questions.

5.2.1 People services

The acceptability of different options in respect of People services is shown below.

Appendix E (continued)

Budget Consultation Results

(a) Services for adults, families, children and young people

The option of focusing the service on those most in need is the most commonly selected option for these services. The next most frequently selected option is other providers delivering services on behalf of the Council, with the exception of support to older people and facilities and activities for children and young people, where more community involvement in making savings is the second most commonly selection option. Providing services less frequently is only acceptable to a minority of respondents in terms of support for vulnerable groups and older people but a greater proportion in terms of facilities and activities for children and young people and homelessness and housing advice services. The option to introduce / increase charges is deemed least acceptable for all services apart from facilities and activities for children and young people, where one in five respondents indicated that this approach is acceptable.

Service	Focus on those most in need	Provide less frequently	Introduce/ increase charges	Other providers delivering services on behalf of Council	More community involvement in making savings
Support to vulnerable children & families	77.7%	5.8%	3.6%	24.1%	20.5%
Support to vulnerable adult or young person	76.9%	8.1%	5.4%	23.5%	19.0%
Support to older people	81.6%	5.8%	4.0%	22.0%	23.8%
Homelessness & housing advice services	58.2%	16.4%	5.0%	25.0%	17.3%
Facilities & activities for children & young people	45.6%	15.9%	21.7%	28.8%	39.8%

In overall terms, feedback from the workshop and survey is supportive of the approaches in both Adults and Children's services, and many positive comments were received about the progress to date and future plans. The importance of children's and adult social care and the need to protect/focus on the young, old and vulnerable/most in need is recognised and there is support for the Council approach of affording social care services high priority.

The most popular topics arising in workshop discussions and qualitative survey comments relate to:

- Concerns about the impact of the welfare reforms on vulnerable individuals and families
- The importance of up-to-date information that is accessible (in different formats) and relevant to the people who need it
- Recognition that the proposed 'channel shift' towards online communication with customers rather than telephone may not be appropriate for everyone

Appendix E (continued)

Budget Consultation Results

- Positive comments re Children Centres and mobile youth provision
- The need for greater awareness raising with respect to the purpose of / eligibility for extra care schemes, with overall support for this approach to making savings
- The importance of lifelong learning in maintaining quality of life and wellbeing, and the need for more information about where to access adult learning activities and the internet outside of libraries
- The valuable contribution of VCS organisations, particularly in relation to prevention, and Council support for the sector
- The implications of increasing volunteers' participation in service delivery, and the need for sufficient investment and support (i.e. involving volunteers is not cost-free)
- The potential for more joint-working among public agencies

How are we responding?

In general terms, the feedback suggests we are on the right track with regards to early intervention as an approach, better targeting of services and more integrated delivery arrangements.

- Information/communication
In respect of provision of information, different options for communications will continue to be available. Although there is increasing demand for web based options, the Council recognises that different age groups have different preferences and alternatives to online communication will remain available.
- Extra care schemes
With regards to extra care housing in the city, we have taken on board comments received on the need to better communicate the purpose and eligibility requirements for the schemes. We will work with our partners to ensure messages to customers/potential customers are consistent in terms of the purpose of the scheme, who it is designed for, and how it can be accessed.
- Adult learning
We have taken on board comments on the need to improve residents' awareness of where this provision can be accessed. For example, Children's Centres and a number of other community venues deliver various adult learning programmes across the city. We are to reinvigorate our existing digital inclusion initiatives, including awareness-raising around Electronic Village Halls and the equipment loan scheme.

Appendix E (continued)

Budget Consultation Results

- **Multi-agency working**
In terms of joint working with partners, we are currently rolling out a more integrated approach to supporting families with multiple and complex needs (Strengthening Families – Family Focus) and working closely with the city’s Clinical Commissioning Group to join up services at a local level, potentially through joint-commissioning arrangements. The recently announced Better Care Fund and forthcoming legislation will make integration of health and social care a statutory requirement and further reduce duplication. We have also been working with Police, Health, Education and Early Intervention services to launch a new Multi-Agency Safeguarding Hub at Gillbridge Police Station, which will deliver an integrated safeguarding response to children at risk of harm and provide a single point of contact for initial concerns about child protection from December 2013.
- **Support for VCS organisations and volunteering**
We are committed to making best use of the resources that we have – for example, expertise in bid writing, provision of advice and guidance, venues and meeting space – to build capacity and promote sustainability in the sector. We are also reviewing our relationship with the VCS to understand how we can better work together to achieve mutual priorities for the benefits of Sunderland residents.
- **Community involvement**
In respect of greater community involvement in People services, we are currently recruiting for a wide range of volunteering opportunities, including Shared Lives carers for vulnerable adults, Community Parents for families with young children, and Family Mentors for families participating in Family Focus.

(b) Sport, leisure, culture and heritage activities

In contrast to services listed in (a) above, focusing on those most in need is the least frequently selected option for both sport and leisure and culture and heritage activities. Introducing / increasing charges is deemed most acceptable for these services, followed by greater community involvement in making savings, and other providers delivering services on behalf of the Council. The option of providing services less frequently is acceptable for a significant minority (approximately one fifth) of respondents.

Appendix E (continued)

Budget Consultation Results

Service	Focus on those most in need	Provide less frequently	Introduce/increase charges	Other providers delivering services on behalf of Council	More community involvement in making savings
Sport and leisure activities	14.3%	18.4%	45.6%	29.0%	29.0%
Culture and heritage activities	9.1%	21.8%	42.7%	28.2%	33.2%

In terms of feedback from the workshops and qualitative survey comments, the most popular aspects arising relate to:

- A range of suggestions about how best to provide sport/leisure and culture/heritage services in a sustainable way including aspects such as greater use of facilities, pricing and partnership working.
- Positive comments about the new leisure centre in Washington
- The potential to reduce the frequency of large scale events such as the Sunderland Airshow and fireworks displays to make savings

How are we responding?

The feedback suggests that the Council is on the right track as far as looking at a range of different options for delivering these activities.

- **Sport and leisure services**
In respect of sport and leisure provision, we are currently considering a number of alternative service delivery models as part of the Council's Culture, Sport and Leisure Review.
- **Pricing policies**
In response to suggestions around the price of sport and leisure activities, new arrangements were introduced in 2013/2014. These arrangements take into account feedback from residents in relation to charging. As such we are continuing to promote affordable access for all and have regard to the times of the day the different sectors of our community wish to participate. We will additionally be taking a more commercial approach to promoting these services and incentivising participation through marketing activity and special offers.
- **Events**
In respect of events, we have recently created a local authority trading company called 'Sunderland Live' as a way of maintaining the programme whilst allowing the company to generate its own funding and sponsorships.

Appendix E (continued)

Budget Consultation Results

- Community involvement
In respect of greater community involvement, we are currently recruiting volunteers to support a wide range of cultural activities in the city. Library services are seeking volunteers to support their Digitalisation Project and the Books at Home service, as well as facilitate reading groups and craft sessions within the Council's static libraries. Museums and Heritage services are also looking for volunteers to help out at Monkwearmouth Station Museum and the Sunderland Museum and Winter Gardens. Sport and Leisure services continue to offer volunteering opportunities to support the delivery of healthy initiatives across the city as part of our 2013 Olympic and Paralympic Legacy Plan.

5.2.2 Place services

The acceptability of different options in respect of Street Scene services is shown below. For all Street Scene services, approximately one third of respondents said that other providers delivering services on behalf of the Council would be acceptable, while introducing / increasing charges is has only limited support for all services except environmental protection services. The option of greater community involvement in making savings is the most commonly selected option for neighbourhood services such as litter picking, graffiti removal, grass cutting and bulb planting (49%). Focusing the service on those areas most in need is most popular for maintenance of roads, pavements and cycleways (52%) and environmental protection services (37%). The acceptability of providing the service less frequently is lowest for the maintenance of roads, pavements and cycleways (19%) and environmental protection services (21%), and highest for recycling services (43%) and refuse collection (43%).

Service	Focus on those most in need	Provide less frequently	Introduce/increase charges	Other providers delivering services on behalf of Council	More community involvement in making savings
Neighbourhood services (e.g. litter picking)	13.8%	40.4%	4.4%	30.7%	49.3%
Refuse collection	28.4%	43.3%	3.7%	27.9%	10.7%
Recycling services (including green waste)	17.4%	42.7%	6.0%	28.4%	21.6%
Maintenance of roads, pavements and cycleways	51.9%	18.9%	3.3%	33.5%	5.7%
Street cleaning	25.1%	41.1%	3.2%	32.4%	19.6%
Street lighting	33.2%	33.2%	3.3%	34.1%	4.7%
Environmental protection services	37.1%	21.4%	20.5%	31.0%	9.5%

Appendix E (continued)

Budget Consultation Results

In terms of feedback from the workshops and qualitative survey comments, the most popular aspects arising relate to:

- The opportunity for less frequent refuse collections where appropriate, with positive comments about progress on recycling
- Positive comments about Responsive Local Services and its impact on anti-social behaviour
- Opportunity for greater involvement of volunteers and Community Pay-back workers in Responsive Local Services and neighbourhood improvement projects
- The need for greater enforcement around dog fouling and litter
- The potential to dim or switch off street lights to make savings
- Questions around the necessity of some Highways works programmes

How are we responding?

- Refuse collection arrangements
We are committed to maintaining weekly refuse collection until at least 2016/2017. This is because we were successful in securing a £4.7m grant from central government to retain weekly collection at no additional cost to council tax payers. However, we will be changing from a five day week (Monday to Friday) to a four day week (Tuesday to Friday) in March 2014 in order to reduce the disruption to collections caused by bank holiday Mondays. We will examine the case for reducing the frequency of refuse collections before the grant agreement expires. We are currently working with neighboring authorities on sharing the provision of this service.

Part of the grant from central government is to encourage recycling in communities through communications, education, advice and sign-posting to recycling opportunities. Our current campaign (including roundabout banners, competitions, tags on bins) will provide a firm platform to ensure Sunderland is prepared for fortnightly collections in the future.

- Recycling services
Blue bin recycling collections and brown bin garden waste collections will remain fortnightly but will change to a four day working week from March 2014. We consider any reduction in the frequency of recycling collection to be impractical, as storage capacity would be insufficient to meet most people's needs. We are currently working with neighbouring authorities on sharing the provision of this service.

Appendix E (continued)

Budget Consultation Results

- **Street cleaning and Neighbourhood services**
The Responsive Local Services model, aims to prioritise expenditure to where it has the greatest positive impact for communities by listening to what local people have to say and mapping requests for service. Moving forward, we will be placing greater emphasis on how individuals and communities can play a role in keeping their neighbourhoods clean and tidy through volunteering (see Community involvement below). Through Place Boards we will continue to target activities to where they will have the most impact rather than sticking to set routes and frequencies.
- **Street lighting**
We are currently working with our provider, to investigate the potential of replacing conventional street light lamps with low energy versions that will reduce electricity costs.
- **Maintenance of roads, pavements and cyclepaths**
We have further extended our Responsive Local Services to incorporate Highways Maintenance. This will ensure a more tailored service that is focused on those areas most in need. Highways inspectors, who currently survey the network to identify defects that need repair, will also be trained to also carry out small scale repairs when they see them.
- **Environmental protection**
Public Protection and Regulatory services has been aligned to Place Boards during 2013 and has moved from a model of scheduled inspections to one based on risk, helping ensure that resources are targeted to those most in need.
- **Enforcement**
In terms of enforcement, our plans for 2014/2015 include: increasing the number of staff trained in enforcement, and implementing Dog Control Orders in parts of the city to help reduce dog fouling.

Budget Consultation Results

- **Community involvement**
The suggestions received around greater community involvement are in line with our current "Love Where You Live" campaign, which is engaging communities in taking greater responsibility for their local environment. We are training five existing Environmental Enforcement Officers to become Community Engagement Officers within Street Scene. Their role will shift from one of formal enforcement to increasing community participation in environmental activities, and building personal and collective responsibility for the areas in which people live.

Streetscene currently works closely with the Probation Service and the Youth Offending Service on a range of environmental community payback schemes.

- **Positive comments about the service**
Positive comments received in the respect of general service provision further demonstrates that the Responsive Local Service approach is working

5.2.3 Economy and regeneration

Although specific questions around economic development and regeneration were not included in the self-completion questionnaire, business growth and investment comprised one of the three topic areas for discussion at the workshop held on 26 November 2013.

In terms of feedback from the workshop and qualitative survey comments, the most popular aspects arising relate to:

- The need to attract more businesses and jobs to the city centre, as well as increase footfall and spending in the area
- Positive comments about the 'new public square' which is anticipated to deliver major improvements and provide a useful link to the Vaux site
- Deterrents to accessing the city centre by car, for example difficulties in navigating the one-way system and parking. Some suggestions pertained to the need for cheaper or free parking to encourage visitors.
- The importance of investing in commercial centres outside of central Sunderland, such as Washington and the Coalfields.
- The opportunity to better utilise the port
- Positive comments about improvements to disabled access in the city centre, but a general view that there is still a long way to go

Budget Consultation Results

How are we responding?

- Attracting businesses, investment and new jobs

The Council continues to engage with private investors and businesses to bring forward new investment and development opportunities. In the last two years, Sunderland has announced 71 investment projects, worth £532m and creating 3,786 new jobs. Much of this has been in the manufacturing sector but also in other aspects of advanced engineering as well as emerging sectors such as software development. Business incubators, such as the Software Centre and Evolve, continue to provide dedicated space and support for new and emerging businesses, and the Council has used its expertise to help a number of companies successfully apply for large-scale grants through the Government's 'Regional Growth Fund'.

- City centre

We will continue to actively support development and improvement of the City Centre, recognising its key role in relation to retail and leisure. In respect of parking, we recently trialled a free car parking scheme to encourage people to visit the city centre and support local businesses in the run up to Christmas.

In respect of business support, we offer a free programme of support for independent retailers comprising advice, training, mentoring and workshops delivered by a team of retail specialists. The Council also offers funding for new business start-ups in the form of City Centre Enterprise Grants

We are implementing a city centre 'Investment Corridor' programme, which will see £4m investment in infrastructure between 2013 and 2017. The programme will focus on the East West corridor that runs between the University's city campus, along High Street West to Sunnyside. The plans have been developed to align with existing and proposed investment/activity (both private and public) in the city centre, including: St Mary's Way, the new public Square, and the new Primark and Travel Lodge developments on High Street West. The proposed investment will also support the future redevelopment of the Crowtree site.

The Council continues to work in partnership with public sector partners, including Sunderland University, the Homes and Communities Agency and Nexus, on redevelopments and improvement projects.

Appendix E (continued)

Budget Consultation Results

- **Other commercial centres**

In respect of investing in commercial centres outside of central Sunderland, work has recently begun on the construction of a new business centre on the Enterprise Zone in Washington, which will provide more than 5,000 sq.m. of floorspace in the form of offices, workshops and hybrid units, enough to accommodate over 30 small businesses and around 150 new jobs.

The Council is leading the creation of a Local Asset Backed Vehicle (LABV), a joint venture consortium. Through the LABV, the Council will contribute strategic development sites across the city plus an investment portfolio of around 660 property interests, while the private partner will invest equity, expertise and focus in delivering our regeneration programme. The aim is to invigorate key areas of the city and offer new opportunities for employment, housing, shopping and culture.

- **Port of Sunderland**

In respect of the port, we are currently exploring the potential for greater cooperation with Saint-Nazaire, one of our twinned towns.

Appendix F

**Consultation Responses - State of the City, Trade Unions and Chamber of
Commerce**

To be circulated separately

Appendix G

Proposed Council Tax for 2014/2015

Paper to be tabled

Medium Term Financial Strategy 2013/2014 – 2016/2017

Report of the Head of Financial Resources

1 Purpose of the MTFS

1.1 The MTFS is a key part of the Council's Budget Policy framework which aims to ensure that significantly reduced resources are aligned to ensure that the residents of Sunderland are offered the best possible public services in future through the development of the Community Leadership approach which looks at opportunities to deliver services in new ways. The MTFS sets out the strategic financial position and financial direction of the Council over the next four years taking into account council policy objectives, government funding levels, other resources and service pressures. It is regularly updated to reflect the dynamic changes in local government finance. The key objectives of the strategy are:

- To ensure the continued strong financial resilience of the authority
- To identify and draw together strands of activity that will meet the reductions requirement
- To continue to facilitate investment in alternative forms of service delivery and key priorities.

This summary draws out the current financial position and underpinning strategies and actions being followed to address the budget challenge.

2 National Funding Position

2.1 Deficit Reduction Plan

The Government confirmed in the December 2013 Autumn Statement that it intends to continue to address the deficit by following its deficit reduction plan. The latest position shows overall reductions in national funding available of 9.41% in 2014/2015 and 13.16% in 2015/2016. The Chancellor has indicated public sector funding will continue to be reduced up until 2019/2020 to bring about a small budget surplus.

2.2 Funding

The key funding elements to support the Council revenue budget under the Business Rates Retention mechanism are:

2.2.1 Start-up Funding / Settlement Funding Assessment (SFA)

At the outset of the new Business Rates Retention mechanism Government allocated the total funding available to councils as their Start-up Funding Assessment using the following components:

Appendix H (continued)

- Relative Needs Assessment
- Relative Resources Assessment;
- Central Allocation - a fixed amount per head of population;
- Floor Damping
- Grants Previously Rolled in to Revenue Support Grant and new grants rolled in for 2014/15

This forms the baseline for apportionment of resources to councils for future years (known as the Settlement Funding Assessment) through to 2020 when the baseline is to be reviewed.

All councils therefore bear a share of reductions in total funding in direct proportion to their original Start-up Funding Assessment. Therefore those councils originally assessed with a higher needs / low relative resources assessment (such as Sunderland) bear a greater funding reduction than those with lower needs / higher relative resources.

The Settlement Funding Assessment allocated to individual councils comprises:

- Revenue Support Grant
Government redistribute their 50% of retained business rates to Councils in the form of Revenue Support Grant.

The amount of Revenue Support grant to be received by Sunderland is reducing by 17.4% in 2014/2015 with a further reduction of 27.7% for 2015/2016. A similar trajectory of reduction has been assumed for the purposes of the MTFS given government indications that reductions in funding are to continue through to 2019/2020.

- Business rates
The expected local income from business rates is divided between the central and local share
 - 50% of Business rates are paid to Central Government as the national 'central' share to be redistributed to pay Revenue Support Grant and police funding;
 - 50% is retained locally. Of this 50% the Council must distribute 2% to the Tyne and Wear Fire and Rescue Authority.

The Council must determine for itself the level of forecast Business Rate income to take into account in setting its budget taking account of the latest information available.

Appendix H (continued)

- **Top Up Grant / Tariff**
A system of Top Up grant and Tariffs has been established to allow locally retained Business Rates to be redistributed from high business yield authorities to low yield authorities.

Sunderland is a Top Up council. Top Up grant is increased annually by RPI.
- **Section 31 Grant - Cap on Business Rates RPI increase**
For 2014/2015 the government has placed a cap on the annual increase in Business Rates at 2% for 2014/2015. They will reimburse councils for the consequential shortfall in income through a section 31 grant which is estimated at £0.812m for Sunderland for 2014/2015. At this stage there is no indication of whether this approach is to continue in future years.

2.2.2 Other Core Grant and Revenue Funding

The significant core and revenue grants include New Homes Bonus, Local Welfare Grant, Council Tax Support and Housing Benefit Administration Subsidy, Public Health Grant; NHS funding to support Social Care and Benefit Health Grant; and Education Support Services Grant. However the indicative settlement for 2015/2016 highlights the following:

- **Local Welfare Provision Grant** - Government have indicated they have rolled this in to the SFA but it is no longer separately identifiable
- **Council Tax Support and Housing Benefit Administration Subsidy** - government have indicated this has been specifically excluded pending the impact of wider welfare reforms
- **Government have included the full allocation of the Pooled NHS and LA Better Care Funding of £22m**, not all of which will be accessible by the Council. The funding incorporates a number of funding streams from which the council already benefits including NHS Support for Social Care. The Council needs to work with Clinical Commissioning Group (CCG) to develop a 2 year plan for 2014/2015 and 2015/2016 to show how the funding will be used across health and social care. Work is on-going to understand the detail and the share of the £22.4m which the Council will access.

2.2.3 Council Tax

- **Council Tax Freeze Grant**
Government have offered the funding at a rate of 1% to compensate those Authorities who decide not to increase their Council tax in both 2014/2015 and 2015/2016. As it is unclear whether the funding will be available / protected beyond 2015/2016 any use of the grant to support on-going revenue expenditure may require alternative funding to be identified in the following years should the Council decide to access and accept the grant.

Appendix H (continued)

- Council Tax Referendum
Government have proposed a referendum principle will apply to all principal local authorities. Latest indications are that a limit of 1.5% increase will apply, meaning any increase above this level will require a referendum to give the local electorate the opportunity to approve or veto the increase.

3.0 Local Funding Position

Government Funding

- 3.1 The overall position in terms of grant income changes for Sunderland are set out below:

	2014/15	2015/16	2016/17	Total
	£m	£m	£m	£m
Government Funding Changes	18.4	24.8	24.9	68.1

Spending Pressures and Commitments

- 3.2 A summary of the financial implications of spending pressures and commitments is set out below

	2014/15	2015/16	2016/17
	£'m	£'m	£'m
Spending Pressures			
Pay, Prices and Other pressures	8.7	5.3	9.1
People - Adults Demand Pressures	2.5	2.3	2.5
People - Children's Demand - External Placements	1.2	0.0	0.0
People - Children's Special Guardianship and Residence Orders	0.7	0.0	0.0
Capital Financing	0.5	2.5	1.0
Replacement of Prior Year Use of One Off Resources	3.6	0.5	4.7
Total Estimated Pressures and Grant Reductions	17.2	10.6	17.3

The detail in relation to spending pressures is included in section 6 of the main Cabinet report.

3.3 Overall Local Position 2014/2015 to 2016/2017

The Local Government Finance settlement for 2014/2015 confirmed a savings requirement of £35.6m for 2014/2015 and £35.4m for 2015/2016 and three year savings requirement for 2014/2015 to 2016/2017 is likely to be in the region of £113million. However, this position may change as the government provide further updated information.

The settlement covered the period 2014/2015 with indicative information for 2015/2016, and estimates have been made for 2016/2017 based on high level data provided.

Appendix H (continued)

	2014/15	2015/16	2016/17*	Total
	£m	£m	£m	£m
Government Funding Changes	18.4	24.8	24.9	68.1
Spending Pressures	17.2	10.6	17.3	45.1
Overall position / Funding Gap	35.6	35.4	42.2	113.2

* high level assumptions at this stage

4.0 Strategy for meeting the Funding Gap

4.1 As part of the Budget Planning Framework for 2014/2015 Cabinet agreed in October 2013 to progress the approach to meeting the funding gap by progressing the existing savings programme and developing a further programme of activity based around the Councils Community Leadership approach including:

- understanding demand and prioritising service provision to protect core services and particularly those most vulnerable
- maximising non frontline savings
- ensuring services are responsive to local needs
- targeting resources rather than universal service provision
- developing alternative ways of providing services not necessarily by the Council
- greater collaboration and community involvement
- continued focus on progressing Regeneration, funding leverage and commercial opportunities

4.2 Proposed reductions are summarised in the following table together with an indication of plans for future years.

	2013/14	2014/15	2015/16	2016/17
	£'m	£'m	£'m	£'m
Ongoing Reduction Plans				
Strategic and Cross Cutting	19.48	17.97	3.97	
Place and Economy	5.12	8.86	2.82	
People -	8.88	6.70	9.93	0.55
Total Ongoing Reductions Plans	33.48	33.53	16.72	0.55
 Use of One off Reduction				
SIB Balances		0.50		
Temporary Use of balances and potential grant	3.52	1.52	5.72	
	3.52	2.02	5.72	0.00
Total Proposals to meet the Gap	37.00	35.55	22.44	0.55

Appendix H (continued)

4.3 The proposals reflect measures being implemented through the improvement programme framework which focuses on all services understanding and fulfilling their Community Leadership role which seeks to understand and meet most important community needs through the following key elements:

- Demand Management - Developing the strategies and policies that enable the Council to manage demand and deliver services in a different and more agile way within communities;
- Development of Improved Intelligence - with the aim of providing the Council with the information necessary to understand what it needs to do and ensure it is doing the right things to achieve the required outcomes;
- Cost of Supply and Customer Services Network (CSN) development - Increased focus on the CSN as the gateway and connector of demand and supply for services with the aim of targeting resources to areas of greatest need alongside continued delivery of efficiencies within Council services;
- Development of Alternative Service Delivery Models for services – continuing to look at the most effective and efficient models of provision for services over the short to medium term to ensure the residents of Sunderland are offered the best possible public services within the resources available;
- Strategic Services and Fixed Assets – further and continual review to meet the future needs of the Council and its communities and maximise use of Council assets.

4.4 The framework is supporting the development of a range of cross cutting projects which are being progressed through the Council's Improvement Programme to support the delivery of savings to address the gap into the medium term including:

- Community development - to work within communities and the voluntary sector to help build resilient and sustainable communities that can also support the delivery of services in the future
- Customer Insight and Intelligence – to support greater understanding of demand and trend analysis alongside understanding community views and need to form the basis of service transformation
- Workforce Development – In order to ensure timely delivery of savings proposals a refreshed approach to workforce planning
- Integrated Commissioning – to enable a cross cutting approach to future commissioning of People and Place based services to ensure the council commission services that meets changing needs whilst reducing the overall cost of the function

Appendix H (continued)

- Partnership Service Integration (Better Care) – to work in partnership with the Clinical Commissioning Group and health and social care sector to develop integrated health and social care services.

5.0 Strategy for Maximising Income Levels

In addition to pursuing strategies to meet the budget requirement focus needs to be made on maximising income levels given the significant risks inherent in the Retained Business Rates system of funding for local government.

5.1 Retained Business Rates

- 5.1.1 Under the Retained Business Rates Mechanism for funding local Government, the Government makes assumptions about the level of Business Rates which will be achieved and retained by a Local Authority in determining its Settlement Funding Assessment. However the Council must determine for itself the anticipated level of Business Rate Income collection. The Business Rate income for 2014/2015 to be retained by the Council is forecast to be £40.057m. This compares to a £41.201m government assessed level.
- 5.1.2 Focus on monitoring and management of the various strands that impact on levels of income collection are continuing and involves collaboration across the Council to gain intelligence about potential growth or reduction in the business rate base, performance and trends in terms of collection as well as gaining external intelligence from the Valuation office.
- 5.1.3 The report to Council in January 2014 referred to the fact that the outcome of valuation appeals has proved to be the most difficult to forecast. Appeals can be backdated to the start of the 2010 valuation list which results in a refund for prior years in addition to an adjustment for the current year. Successful appeals then reduce the base income collectable position for future years. The Council loses income to the value of 49% of the value of successful appeals.
- 5.1.4 The Government will only fund losses on business rate collection through the Safety Net mechanism after a certain level of loss has been incurred. Based on our assumptions on business rate income collection, income retained by the Council could fall by up to £5.8m in 2014/2015 before the Government will provide 100% safety net funding. This means that business rates collected would have to fall by £11.8m before the threshold is triggered and the Council receives any safety net funding.

Appendix H (continued)

5.1.5 The council therefore established a reserve in 2013/2014 to reflect the uncertainty of income levels and the budget planning provides for this to be maintained in order to mitigate the risk.

5.2 Other Core Grant and Revenue Funding

Grant funding will be considered in the context of overall funding position and additional responsibilities.

5.3 Fees and Charges

A review of all fees and charges takes place on an annual basis to ensure that opportunities to maximise resources are followed through. An independent review undertaken in October 2013 concluded that the council is in the top quartile in terms of income recovered against expenditure in most areas when compared to other councils nationally. This indicates that there is limited scope for generating additional income from fees and charges.

The review exercise did identify some limited opportunities for future growth, which have been factored into the MTFs process.

Opportunities for new charges continue to be actively pursued by Directors as part of the improvement planning process.

5.4 Council Tax

Government have offered Council Tax Freeze Grant funding at a rate of 1% to compensate those councils who decide not to increase their Council tax in both 2014/2015 and 2015/2016. As it is unclear whether the funding will be available / protected beyond 2015/2016 any use of the grant to support on-going revenue expenditure may require alternative funding to be identified in the following years should the Council decide to access and accept the grant.

5.5 Other External Funding

The availability of external funding for public authorities to undertake economic regeneration has reduced significantly within the government's public expenditure framework. In respect of European funding, the Council has sought to maximise the take-up of European Regional Development Fund resources under the 2007-2013 Competitiveness and Employment programme which closes in 2015. The Government's emphasis on involving the private sector directly in stimulating economic recovery continues, through the Regional Growth Fund and Growing Places Fund. The development of the Strategic Economic Plan (SEP) and the European Structural and Investment (ESI) Fund strategy represent two major external funding opportunities for the North East Local Enterprise Partnership (NELEP) area.

Appendix H (continued)

The allocation to the NELEP area under the ESI Funds is c. £460m, with the programme likely to be operational from late 2014 until 2022. The SEP will set the strategic economic framework for both ESI Funds and the Local Growth Fund which, subject to negotiations with Government, will come into effect from April 2015. Each LEP area is seeking a contribution from the £2bn / year Local Growth Fund. Early estimates are that the North East LEP area could seek up to £100m per year from this resource for a range of economic development and transport projects.

5.6 Other Options for Future Funding

The reduction in both revenue and capital funding requires the Council to focus on new and existing opportunities for funding for example:

- Capital Funding - Bonds, TIF, asset backed partnerships, European support
- Trading opportunities
- Alternatives to revenue funding

This will be used as a checklist for the Council and services to maximise opportunities for funding priority spending.

Some avenues are already being explored and will be proactively developed as part of improvement planning activity.

6 Capital and Prudential Borrowing

- 6.1 The revenue implications of the Council's Capital Programme are considered as part of the process for setting the Capital Programme. The revenue impact of the Capital Programme is reflected in the MTFS, in particular the costs associated with the level of prudential borrowing required to deliver the Capital Programme.
- 6.2 The four year Capital Programme for 2014/2015 to 2017/2018 was set to take account of the reductions in available external funding and the increased pressure on the Council's resources.
- 6.3 A number of proposed capital schemes are currently being considered to ensure that the Council continues to achieve and promote economic regeneration and other key priorities. The borrowing strategy sets out parameters to ensure VFM considerations are safeguarded.

7 Reserves and Balances

The Local Government Finance Act 1992 requires local authorities to have regard to the level of reserves needed for meeting estimated future expenditure when calculating the budget requirement.

In establishing reserves, the Council must comply with the Code of Practice on Local Authority Accounting in the United Kingdom. The Head of Financial Resources is required, as part of the budget setting process, to provide a statement on the adequacy of reserves.

7.1 Reserves Policy

The Council's policy on reserves is as follows:

- The Council will maintain its general reserve at a minimum of £7m to cover any major unforeseen expenditure. The Council will aim to balance its revenue budget over the period of the MTFS without reliance on the use of the general reserve.
- The Council will maintain earmarked reserves for specific purposes which are consistent with achieving its key priorities. The use of earmarked reserves will be in line with the principles set out in the MTFS and reviewed annually.

All reserves are earmarked for specific purposes.

A general reserve of £7.6m is held to provide a level of contingency and meet any unforeseen expenditure and support the budget as planned as set out in Annex 1. A full analysis of reserves is included annually in the Statement of Accounts.

8 Budget Consultation and Equality Analysis

8.1 The annual budget consultation commenced during October / November 2013 comprising a survey and workshop. In general, the findings demonstrate continuing support for the Council's overall approach to meeting the budget challenge and indicate broad agreement with plans for further transformation of services.

8.2 The Council continues to fully consider the impact of its plans by following a robust approach to equalities analysis. The Council continues to seek to meet its obligations in relation to equality and diversity and has procedures in place at both a general and budget specific level to incorporate equality and diversity issues into decision making processes and the assessment of proposals.

9 Risk Assessment

A comprehensive financial risk assessment is undertaken for the Revenue and Capital Budget setting process to ensure that all risks and uncertainties affecting the Council's financial position are identified. These are reviewed each year as part of the refresh of the MTFS. The key strategic financial risks to be considered in developing the MTFS are as set out at Annex 1.

10 Conclusion

- 10.1 The Government has announced funding levels for 2014/2015. Indicative funding levels for 2015/2016 are broadly as anticipated following the CSR13 and Autumn Statements. However if the reductions demonstrated in the 2015/2016 indicative settlement feed through into 2016/2017 then at this stage the three year savings requirement for 2014/2015 to 2016/2017 is likely to be in the region of £113m. This is in addition to the £136m savings already achieved in the period 2010/2011 to 2013/2014.
- 10.2 The Government's intention to eliminate the public sector spending deficit by 2018/2019 results in extremely challenging funding cuts for the Council. The local government funding arrangements under the Business Rates Retention Scheme has transferred significant risk to the Council. The combined effect presents a real challenge to ensure delivery of priorities as set out in the Sunderland Strategy and to protect frontline services.
- 10.3 Government and regional support for capital investment will also be much tighter over the life of the MTFS. If the Council wants to continue to invest in capital projects to deliver priorities it will need to be even more self-sufficient and raise income or reduce service costs to support borrowing. There will be an increased focus on use of alternative funding models to support priorities and future service provision.
- 10.4 A combination of spending pressures, funding cuts, increased risk transfer and the need to support capital investment means that difficult choices will need to be made to ensure that the Council's current sound financial position is sustainable.
- 10.5 In the short term, all funding options, including budget savings and council tax levels, will be considered to allow a balanced and sustainable budget to be considered by Council on 5 March 2014.

MTFS 2013/2014 to 2016/2017 Risk Assessment

Risk	Likelihood	Impact	Risk Management
1. Future available resources less than notified. For 2015/16 the settlement is indicative and no firm information is available for 2016/17. This is likely to be impacted upon by future Government announcements	Likely	High	Annual review of reserves and reserves policy to identify future resources. Settlement confirms funding for 2014/15 and indicative information for 2015/16. Assumptions beyond 2015/16 based on best information available and will be updated regularly for government announcements.
2. Pay Awards and price inflation higher than assumed.	Possible	Low	Central contingency budget for pay and price increases set on the basis of the best available evidence.
3. Future spending plans underestimated.	Possible	Medium	Service planning process identifies future budget pressures. Operational Reviews modelling delivery linked to Council priorities.
4. Anticipated savings/efficiencies not achieved.	Possible	High	Regular monitoring and reporting take place but the size of the funding cuts increase the likelihood of this risk into the future. None achievement of savings would require compensating reductions in planned spending within services. Principles to maintain General Reserve at £7.5m. Availability of Transitional Funding
5. Revenue implications of capital programmes not fully anticipated.	Unlikely	Low	Revenue impacts are considered in framing the capital programme approvals. Given reduced availability of funding new projects are primarily invest to save. Capital programme links to council priorities
6. Income Targets for Business Rates and Council Tax not achieved	Possible	High	Prudent approach taken in setting the forecast income levels. Rigorous monitoring processes in place to identify forecast shortfall and remedial action will be taken. Provision exists to meet any shortfall in business rates business rate income above the safety net threshold.

Risk	Likelihood	Impact	Risk Management
7. Other Miscellaneous Income targets not achieved	Possible	Medium	Current economic climate likely to impact, mitigated by planned short term use of reserves. Regular monitoring and reporting and full review of fees and charges undertaken.
8. Budget monitoring not effective	Unlikely	High	Regular monitoring and reporting in line with corporate framework. Action plans developed to address problem areas.
9. Exit strategies for external funding ceasing/tapering not met.	Possible	Medium	Regular monitoring and reporting. Government policy to remove ring fencing provides greater flexibility. External Funding Strategy in place.
10. Loss of principal deposit.	Unlikely	Medium	Limited by the controls in the Treasury Management Strategy which focus on security of deposit rather than returns. Impact limited due to the strategy of a diverse portfolio and top rated institutions and greater use of low risk, government Debt Management Office.
11. Interest rates lower than expected.	Unlikely	Low	Regular review, monitoring and reporting on interest rates. Prudent assumptions on likely interest rates for 2014/15 onwards have been incorporated into the MTFS.
12. Changes to Government and/or policy.	Likely	High	Source alternative funding options including short term use of reserves. Pressures factored into MTFS.
13. All MTFS risks not adequately identified.	Unlikely	Low	Council's Risk Management Profile ensures all operational and strategic risks are identified as part of the annual service planning process.

General Balances – Financial Risk Analysis

Inflation

Risk is that pay and price increases may exceed the levels provided for within the budget.

This is very unlikely to occur due to the realistic prudent provisions made:

- the Government has indicated a limit on public sector pay of a 1.0% pay increase;
- The CPI fell to the government target of 2.0% in December 2013 and is anticipated to remain around that level for the whole of 2014/2015;
- Appropriate provision for price increases has been included in the budget including a prudent provision for increases in contract prices and additional provision for fees for independent providers of care services;
- expenditure in respect of most of the budget heads can be either influenced or controlled;
- separate provision has been made for fuel and utility costs, which have been subject to significant price variations over recent years. Council procurement officers continuously monitor price changes in order to take advantage of any purchasing opportunities that may arise.

Debt Charges

Risk is that Debt Charges will be greater than budgeted.

This is very unlikely to arise due to:

- a prudent provision has been made to enable potential borrowing under the prudential framework with some limited headroom for unplanned borrowing;
- the market consensus regarding the economic outlook for the year ahead is that base rates will remain at 0.5% throughout 2014/2015;
- a contingency exists for any additional new borrowing costing more than forecast.

Investment Interest

Risk is that income generated will not match budget provision.

This is unlikely to arise as the base budget has been adjusted and a prudent rate of return has been estimated and included in the budget, which reflects the investments made to date, the prevailing market conditions and the economic forecasts for the year ahead.

Appendix I (continued)

Contingencies

Risk is that the contingency provision will be insufficient to meet the needs identified.

This is unlikely to occur due to:

- prudent estimates being included in respect of each category of contingency provision and specific contingencies have been created for all known spending pressures in 2014/2015;
- the total contingency provision is deemed sufficient in the context of the net revenue budget;

Risk Management

Risk is that all risks have not been identified and that major financial consequences may result.

This is very unlikely to occur due to:

- existence of Bellwin Scheme;
- the Council has a corporate risk profile in place, which is regularly and formally reviewed, and action is taken to mitigate and manage risks;
- corporate and directorate risk management action plans are maintained;
- comprehensive self and external insurance arrangements are in place;
- adequate self-insurance funds including both provisions and reserves;
- risk management practices have been subject to external assessment and found to be robust and highly rated.

Financial Planning

Risk is that a major liability or commitment is currently known but has not been taken into account in the financial planning of the Council.

This is unlikely to arise due to:

- the existence of a comprehensive Medium Term Financial Strategy process with regular updates during the year;
- benchmarking and networking with other senior finance staff in other authorities who are likely to identify similar liabilities;

Revenue Budget - Budgetary Control

Risk is that the budget will be overspent in the year.

Whilst the scale of changes in the budget and levels of savings are significant compared to previous years, enhanced monitoring arrangements were established for 2011/2012 to deal with the increased risks associated with this to support the normal arrangements in place for financial management set out below including;

- monthly budget monitoring is in place in all Directorates;
- 6 weekly exception reporting to the Leader, Portfolio-holders and Executive Management Team, with corrective action agreed or set in train;

Appendix I (continued)

- quarterly Council-wide Revenue Budget Budgetary Control reviews are undertaken, reported to Cabinet and corrective action agreed or set in train;
- Financial Procedure Rules relating to delegated budgets provide for virement and carry forward of under / over spending to be used / met the following financial year;
- clear budget management responsibilities are in place and recorded within the Revenue Budget and Capital Programme.

Capital Programme Implications

Risk is that funding will not be available as planned or that over spending may occur.

This is unlikely to happen due to:

- project sponsors are identified for each capital programme project and recorded within the Capital Programme;
- quarterly Council-wide Capital Programme Budgetary Control reviews are undertaken, reported to Cabinet and corrective action agreed or set in train;
- budgeted revenue contributions to fund capital expenditure and the Prudential Borrowing regime gives added flexibility in terms of financing the Capital Programme.

Reductions to the Revenue Budget

Risk is that planned reductions to the Revenue Budget will not occur or are unachievable.

This is unlikely to occur due to:

- the budgetary control processes that are in place fully integrate monitoring of delivery of budget reduction plans which will identify any shortfall and remedial action will be taken;
- 6 weekly exception reporting to the Leader, Portfolio-holders and Executive Management Team, with corrective action agreed or set in train;
- contingencies / transitional funds exist to safeguard against the non-realisation or temporary delay of some of the budget reductions.

Appendix I (continued)

Income from Business Rates and Council Tax

Risk is that forecast levels of income from Business Rates and Council Tax are not achieved

This is unlikely to occur due to:

- a prudent approach taken in setting the forecast income levels;
- the establishment of enhanced monitoring processes to identify any shortfall and remedial action will be taken;
- provision exists to meet any shortfall in business rates income above the safety net threshold.

Availability of Other Funds

Risk is that the Council could not call on any other funds to meet unforeseen liabilities.

This is very unlikely as the Council has a range of other funds which whilst earmarked are not wholly committed in 2014/2015.

Appendix J

Major Earmarked Reserves - Position Statement

Title and Purpose of Earmarked Reserve	Opening Balance 1/4/2013 £'000	Movement during 2013/2014 £'000	Closing Balance 31/3/2014 £'000
<p>Strategic Investment Reserve A reserve established to address some of the Council's key developments, strategic priorities and address other major liabilities</p>	52,523	(12,925)	39,598
<p>Schools Delegated Budget Surpluses These are the financial reserves held by schools under School Finance Regulations.</p>	9,364	(2,889)	6,475
<p>Insurance Reserve This reserve has been established to provide for potential claims associated with the housing stock transfer, future claims increases, the Port and risk management funds. The Reserve is also intended to cover the excess element of any significant claims in relation to Fire Insurance and Official and Professional Indemnity liability claims should they arise in future</p>	3,931	0	3,931
<p>Street Lighting PFI Smoothing Reserve The reserve was established in order to smooth the financial impact of the Street Lighting PFI contract across the 25 years of the contract life. In the early years of the contract surpluses were achieved as the full level of unitary charge was not incurred until the core investment programme for the installation of the new street lighting and highways signs was completed</p>	6,258	(388)	5,870
<p>Unutilised RCCO Reserve This reserve consists of unutilised direct revenue financing and is fully earmarked to fund capital projects previously approved.</p>	3,009	(1,632)	1,377
<p>Strategic Investment Plan Reserve A reserve to fund the Council's contribution to its Strategic Investment Plan approved by Council in April, 2008.</p>	7,383	(1,172)	6,211
<p>HCA Riverside Transfer Reserve The reserve was established to fund on-going maintenance of Homes and Communities Agency Riverside Land Transferred to the Council.</p>	11,876	(105)	11,771
<p>Sandhill View PFI Smoothing Reserve The reserve was established in order to smooth the financial impact of the Sandhill View PFI contract across the 25 years of the contract life.</p>	2,665	(70)	2,595



REVENUE BUDGET 2014/2015

**REVENUE BUDGET 2014/2015
LEADER**

ROLES AND RESPONSIBILITIES

The Leader Portfolio provides Executive leadership to the council on all matters and particularly all major strategic, corporate and cross-cutting, reputationally and commercially sensitive issues, and the Budget and Capital Programme. The Portfolio also provides community leadership for partners, residents and other interests in order to improve the quality of life and satisfaction in the City. The Portfolio is responsible in ensuring that the Council's approach to economic, social and physical regeneration of the City is integrated, enabling and effective.

The Portfolio has specific responsibility for the following activities and functions:

- Strategic and policy overview
- Communications, Reputation and Influencing
- Strategic economic development and Inward Investment
- Strategic partnerships
- Sunderland Way of Working and strategic improvement programmes
- International Strategy and Programmes
- Regional and sub-regional governance
- Housing Strategy
- Environmental Policy
- Carbon Management
- Seafront Strategy

FINANCIAL

OBJECTIVE SUMMARY

Ref.	Head of Service Ref.	Revised Estimate 2013/2014 £		Estimate 2014/2015 £
Office of the Chief Executive				
1	ACE	0	Corporate and Strategic Management	0
2	ACE	0	Local Strategic Partnership	0
3	BID	2,556,869	Business and Investment	2,679,717
4	BID	143,572	Employment Training Centre	134,472
5	DoCA&C	0	Corporate Affairs and Communications	0
6	DoCA&C	0	Communications - Design and Print	0
7	DCX	0	Business Development	0
8	HoCLP	0	Community Leadership Programme	0
9	HoS&AA	189,065	Scrutiny Arrangements	189,065
10	HoS&P	0	Strategy, Policy and Performance Management	0
		<u>2,889,506</u>	Total Office of the Chief Executive	<u>3,003,254</u>
Commercial and Corporate Services				
11	HoLG	4,107,117	Democratic Core	4,230,859
12	HTCT	0	Transformational Change Team	0
		<u>4,107,117</u>	Total Commercial and Corporate Services	<u>4,230,859</u>
		<u>6,996,623</u>	TOTAL BUDGET	<u>7,234,113</u>

REVENUE BUDGET 2014/2015 LEADER

PROPOSALS FOR ADDRESSING BUDGET REDUCTIONS

Underpinning the Council wide approach to improvement is a programme of activity based around the Councils Community Leadership approach which is led by this Portfolio. This is helping to deliver savings by:

- understanding demand and prioritising service provision to protect the most vulnerable
- ensuring services are responsive to local needs
- targeting resources rather than universal service provision
- developing alternative ways of providing services not necessarily by the Council
- greater collaboration and community involvement
- continued focus on progressing regeneration and growth

The Portfolio continues to review services in order to deliver savings and also to provide services in the most effective way possible. In addition to the corporate and cross cutting budget reductions that the portfolio is leading on, in 2014/2015 savings are being implemented in the following areas:

Strategic and Shared Services

Building on the significant savings already delivered through reductions in back-office support, there is further savings being achieved for Support and Shared Services for 2014/2015. There will be a continued approach of refining and standardising ways of delivering support across services. The Strategy, Policy and Performance Management service has been subject to a major reconfiguration that will ensure this function continues to support the strategic direction of the council. Savings are masked in these support services by the impact of recharging the net costs of their client service areas.

Economic Development

The Business Investment Team will deliver savings through the reprioritisation of external grants provided by the team, focussing on those grants where clear outcomes are demonstrable. The team has reviewed the financial incentives / assistance scheme to a more discretionary project based approach.

A key focus of the Portfolio continues to be the delivery of the priorities set out in the Sunderland Economic Master Plan with the vision of creating “an entrepreneurial university city at the heart of a low-carbon economy”. This has included the promotion and support to the North Eastern Local Enterprise Partnership’s Sunderland A19 Ultra Low Carbon Vehicle Corridor Enterprise Zone, an initiative including Vantec which created new jobs, new construction and external funding towards the provision of new strategic infrastructure. The portfolio will continue to explore financial incentives, streamline planning procedures and improve transport infrastructure to support the development of business operating in low carbon vehicle development or advance manufacturing.

Maximisation of Income

As a result of the Airport refinancing arrangements agreed in 2012, the council is to receive interest on long term loan notes issued for a period of 20 years subject to performance of the Airport. The annual income receivable has been brought into account in the budget from 2014/2015.

Underpinning the Council wide approach to improvement is a programme of activity based around the Councils Community Leadership approach which is being led by this Portfolio.

PORTFOLIO GLOSSARY

DCX	Deputy Chief Executive
ACE	Assistant Chief Executive
BID	Business Investment Director
DoCA&C	Director of Corporate Affairs and Communications
HoCLP	Head of Community Leadership Programmes
HoLG	Head of Law and Governance
HoS&AA	Head of Scrutiny and Area Arrangements
HoS&P	Head of Strategy and Performance
HTCT	Head of Transformational Change Team

**REVENUE BUDGET 2014/2015
DEPUTY LEADER**

ROLES AND RESPONSIBILITIES

The Deputy Leader deputises for the Leader and has lead responsibility for matters relating to the 'Place' theme within the Council's outcome framework with specific strategic leadership responsibility for the following Portfolios:

- City Services
- Responsive Service and Customer Care

The Deputy Leader Portfolio has overall responsibility for the efficient, coordinated management and use of the Council's human and ICT resources.

The Portfolio has specific responsibility for the following activities and functions:

- Corporate human resource matters
- Corporate apprenticeships
- Corporate ICT matters
- E-government Champion, Digital Challenge and e-inclusion
- Law and Governance services
- Transactional shared services
- Elections
- Equality and diversity
- Scrutiny liaison

FINANCIAL

OBJECTIVE SUMMARY

Ref.	Head of Service Ref.	Revised Estimate 2013/2014 £		Estimate 2014/2015 £
Office of the Chief Executive				
1	HoS&P	232,001	Equalities and Integration	218,318
2	DoHR&OD	0	Strategic and Operational HR	0
3	HoES	604,536	Electoral Services	816,794
		<u>836,537</u>	Total Office of the Chief Executive	<u>1,035,112</u>
Commercial and Corporate Services				
4	HoICT	0	ICT	0
5	HoLG	0	Governance Services	0
6	HoLG	6,950	Information Governance	15,406
7	HoLG	0	Legal Services	0
8	HoTS	0	Administration and PA Support	0
9	HoTS	2,059,550	Benefits, Council Tax and Business Rates	2,548,195
10	HoTS	1,268,079	Benefits Payments	1,268,079
11	HoTS	0	Shared Service Centre	0
12	HoTS	0	Transactional Finance	0
13	HoTS	0	Welfare Reform - Social Fund	0
		<u>3,334,579</u>	Total Commercial and Corporate Services	<u>3,831,680</u>
		<u>4,171,116</u>	TOTAL BUDGET	<u>4,866,792</u>

**REVENUE BUDGET 2014/2015
DEPUTY LEADER**

PROPOSALS FOR ADDRESSING BUDGET REDUCTIONS

The Portfolio continues to review services in order to deliver savings and also to provide services in the most effective way possible. In 2014/2015 £0.729m of savings are anticipated with plans being implemented in the following areas:

Strategic and Shared Services

Building on significant savings already delivered through reductions in back-office support, there is a savings target for Support and Shared Services for 2014/2015. There will be a continued approach of refining and standardising ways of delivering support across services such as Strategic and Operational HR, Legal and Governance Services, Administration and PA Support and Transactional Services to reflect the future business needs of the Council. Savings are masked in these support services by the impact of recharging the net costs to their client service areas.

ICT Rationalisation and Income Opportunities

The ICT Unit will continue consolidating applications into a smaller number of core systems thereby maximising the investment the council has made in ICT over the last few years. This will bring budget reductions in respect of reducing the external spend on application support and will bring improvements in data quality and the availability of information, building on the work already underway in areas such as the Customer Service Network where a single application already supports the first point of contact for many of our services (making services more accessible whilst also reducing processing costs). Whilst reducing cost, the ICT Unit will be looking at increasing income through the sharing of ICT services and resources. This will include all aspects of the ICT service from application development, hosting within the data centre and sharing of the ICT infrastructure and service.

A significant element of the councils savings plans are dependent upon implementation of workforce planning arrangements which continue to be implemented and are being led by this Portfolio. Following the successful implementation of the severance scheme over the last two financial years and the previously agreed cessation of the SWITCH programme, the balance of the SWITCH budget has been released from April 2014.

The Portfolio continues to actively manage arrangements for changes arising from Welfare Reform and administration of the Social Fund. In addition it has established robust mechanisms for monitoring risks arising from the introduction of the Business rates retention scheme from April 2013. 2014/2015 will see a continuation of efforts to mitigate against any adverse impacts arising from this.

PORTFOLIO GLOSSARY

HoS&P	Head of Strategy and Performance
DoHR&OD	Director of HR and OD
HoES	Head of Electoral Services
HoICT	Head of ICT
HoLG	Head of Law and Governance
HoTS	Head of Transactional Services

**REVENUE BUDGET 2014/2015
CABINET SECRETARY**

ROLES AND RESPONSIBILITIES

The Cabinet Secretary provides support and assistance to the Leader with responsibility for all matters relating to the 'People' theme within the Council's outcomes framework and has specific strategic leadership responsibility for the following Portfolios:

- Children and Families
- Health
- Adult Social Care and Housing

The Cabinet Secretary Portfolio has overall responsibility for the efficient, coordinated management and use of all of the Council's financial resources and assets.

The Portfolio has specific responsibility for the following activities and functions:

- Budgetary and financial affairs
- Strategic management of council land and buildings
- Port of Sunderland
- Strategic Procurement Champion
- Efficiency Champion
- Risk Management Champion
- Performance management
- Emergency Planning
- Strategic cultural developments

FINANCIAL

OBJECTIVE SUMMARY

Ref.	Head of Service Ref.	Revised Estimate 2013/2014 £		Estimate 2014/2015 £
Office of the Chief Executive				
1	HoS&P	423,368	Strategy, Policy and Performance Management – Planning Policy	415,622
2	HP&P	0	Asset Management	0
3	HP&P	237,988	Building Control	224,056
4	HP&P	205,195	Civil Contingencies	216,107
5	HP&P	297,621	Development Control	330,086
6	HP&P	(203,447)	Industrial Estates	(272,630)
7	HP&P	52,286	Miscellaneous Land and Property	(181,461)
8	HP&P	2,465,154	Planning Implementation	2,533,070
9	HP&P	0	Repairs and Renewals	0
10	HP&P	(194,368)	Retail Market	(199,425)
11	HP&P	176,845	Security Services	169,418
12	PD	(250,000)	Port of Sunderland	(300,000)
		<u>3,210,642</u>	Total Office of the Chief Executive	<u>2,934,843</u>
Commercial and Corporate Services				
13	HCAP	0	Audit, Risk and Assurance	0
14	HCAP	0	Procurement	0
15	HoFR	0	Financial Resources	0
16	HoFR	188,153	Strategic External Funding Unit	194,491
17	HoFR	4,689,883	Corporate Management	4,694,953
18	HoFR	599,087	Non Distributable Costs	580,787
		<u>5,477,123</u>	Total Commercial and Corporate Services	<u>5,470,231</u>
		<u>8,687,765</u>	TOTAL BUDGET	<u>8,405,074</u>

**REVENUE BUDGET 2014/2015
CABINET SECRETARY**

PROPOSALS FOR ADDRESSING BUDGET REDUCTIONS

The Portfolio continues to review services in order to deliver savings and also to provide services in the most effective way possible. In addition to the corporate and cross cutting budget reductions that the portfolio is leading on, £1.471m savings are anticipated in 2014/2015 with plans being implemented in the following areas:

Strategic and Shared Services

Building on significant savings already delivered through reductions in back-office support, there is a savings target for Support and Shared Services for 2014/2015. This reduction will continue the approach of refining and standardising ways of delivering support across services such as Audit, Risk and Assurance and Financial Resources. Savings are masked in these support services by the impact of recharging the net costs of their client service areas

Smarter Working

The Smarter Working project has already delivered significant savings in premises costs (utilities, repairs and renewals etc.) through the planned closure of administrative buildings. This review is now focussing on delivering savings in operational buildings through collaborative working and co-location. Further savings will be delivered by prioritising the Repairs and Renewals budget and by optimising the use of council properties to minimise the rates liability.

Land and Property

Planning and Property Services has identified a number of proposals aimed at increasing income, including from the Cash in Transit and Control Room services and through rent reviews of the council's property portfolio, and through reducing cost, including in relation to Design Services where an alternative approach to service delivery will build greater flexibility into service provision.

Maximisation of Income

The Portfolio will continue to see the commercial development of the Port of Sunderland with a specific target for 2014/2015 to enhance existing income opportunities whilst developing new sources of revenue. The improvement in financial performance of recent years is expected to continue.

The Portfolio continues to explore wider commercial opportunities for the council that will assist with the economic regeneration and prosperity of the city. This includes the recent appointment of a preferred bidder in respect of the Local Asset Backed Vehicle, which will leverage additional private sector finance and expertise to accelerate regeneration in the city. Once arrangements in respect of the LABV are finalised, the 2014/2015 budget will be realigned accordingly. The Portfolio will also continue to assist in maximising external income and developing opportunities for alternative service delivery across council services.

While the Local Government Finance Settlement provides indicative funding levels for 2015/2016, funding into the medium term remains very uncertain. The Government have indicated they intend to eliminate the public sector spending deficit by 2018/2019 which is likely to result in extremely challenging funding cuts for the council. In addition the local government funding arrangements from April 2013 under the Business Rates Retention scheme has transferred significant risk to the council. The combined effect presents a real challenge for the council.

The Council continues to seek to proactively influence the Government to establish a fairer and more equitable approach to the allocation of funding cuts. In addition the impact of the global and national economies are continually monitored. The medium term financial strategy will be continually updated as details emerge.

PORTFOLIO GLOSSARY

HCAP	Head of Corporate Assurance and Procurement
HoFR	Head of Financial Resources
HoS&P	Head of Strategy and Performance
HP&P	Head of Planning and Property
PD	Port Director

REVENUE BUDGET 2014/2015
CHILDREN'S SERVICES

ROLES AND RESPONSIBILITIES

The Children's Services Portfolio provides leadership to improve the life chances of children and young people in the city. The portfolio is responsible for leading the city's response to education, skills and training issues and opportunities in order to promote economic and social regeneration.

The portfolio has specific responsibility for the following activities and functions:

- Children's Trust
- Corporate Parenting
- Protecting children, young people and families from harm
- Safeguarding and Securing the wellbeing of children, young people and families
- Promoting good health and health awareness in children and young people
- Reduction of child and family poverty
- School renewal and improvement programmes
- Developing the potential of children and young people through education, training, personal development and preparation for working life
- Promoting the development of skills and capacity which will enable children, young people and families to support and benefit from the city's continuing economic development.

**REVENUE BUDGET 2014/2015
CHILDREN'S SERVICES**

FINANCIAL

OBJECTIVE SUMMARY

Ref.	Head of Service Ref.	Revised Estimate 2013/2014 £		Estimate 2014/2015 £
Office of the Chief Executive				
1	ACE	0	Strengthening Families	0
		<u>0</u>	Total Office of the Chief Executive	<u>0</u>
People Services				
Educational Attainment and Lifelong Learning				
2	HoEA&LL	137,329,392	Individual Schools Budgets	134,881,048
3	HoEA&LL	(137,280,611)	School Grants – Education Funding Agency	(135,463,535)
4	HoEA&LL	6,280,461	Retained Activity - Schools and Other	6,996,693
5	HoEA&LL	1,323,933	School Support and Intervention	1,127,023
6	HoEA&LL	4,507,910	Special Educational Needs	4,481,113
7	HoEA&LL	431,832	Derwent Hill Trading Operations	426,749
8	HoEA&LL	225,841	Hub Connexions - Trading Operations	243,815
		<u>12,818,758</u>	Total Educational Attainment & Lifelong Learning	<u>12,692,906</u>
Children's Safeguarding				
9	HoCS	17,622,660	Children Looked After Strategy	18,826,789
10	HoCS	2,283,975	Disabled Children	2,183,552
11	HoCS	8,314,761	Children's Social Work	8,514,715
12	HoCS	1,792,528	Youth Offending Service	1,695,807
13	HoCS	160,239	Sunderland Safeguarding Children's Board	115,780
14	HoCS	582,847	Independent Reviews	605,489
15	HoCS	72,267	Safeguarding Advisory Team	74,646
		<u>30,829,277</u>	Total Children's Safeguarding	<u>32,016,778</u>
Community and Family Wellbeing				
16	HoC&FW	17,135,084	Locality Based Working	17,545,019
17	HoC&FW	175,733	Parent Partnership	245,489
18	HoC&FW	(115,429)	Health and Well Being	(121,972)
		<u>17,195,388</u>	Total Community and Family Wellbeing	<u>17,668,536</u>
		<u>60,843,423</u>	Total People Services	<u>62,378,220</u>
		<u>60,843,423</u>	TOTAL BUDGET	<u>62,378,220</u>

REVENUE BUDGET 2014/2015 CHILDREN'S SERVICES

PROPOSALS FOR ADDRESSING BUDGET REDUCTIONS

Children's Services proposals for 2014/2015 are consistent with its 3 year priorities around; new relationship with schools, review of early years and Children's Centres, a whole family, whole community responsive local service approach and an improving safeguarding story Savings were achieved in 2013/2014 through following the portfolio's efficiency strategy with further budget reductions of £3.089m anticipated in 2014/2015. Plans are being implemented in respect of the following key strands of business:

Review of Commissioning Arrangements.

This includes the removal of subsidy at the Castleview Centre, and a review of partner contributions to Sunderland Safeguarding Children's Board.

In addition a Review of Home to School Transport is underway. This will require appropriate consultation and a review of policy as appropriate as we propose to explore how statutory transport is provided for children and young people. This will include a review of commissioning arrangements, a review of eligibility criteria and an offer to parents of personalised budgets where appropriate.

The Portfolio is also looking to develop alternative delivery models for internally delivered services including XL and Mobile Youth Provision. This will include working with partners to determine how the desired outcomes from delivery can be met (including reducing ASB, increasing participation and opportunities). We will also include consideration of the likely useful life of the most costly assets (e.g. buses).

Review of Early Years and Childcare.

Over recent years we have provided financial support which has delivered an improvement in the early years workforce provided by childcare settings and child-minders. It is therefore considered appropriate to continue the phased withdrawal of this support. We will also reduce the cost of Qualified Teacher posts who work directly with settings to improve quality and narrowing the gap in development and readiness for school by looking at alternative ways of funding and delivering the service.

Within Children's Centres we will change delivery in response to the updated needs analysis and usage following consultation with Children Local Area Boards and elected members.

In addition to reduction proposals, there continues to be increasing demand pressures in relation to safeguarding and specifically external placements, The Children Looked after Strategy has been reviewed and pressures identified with prudent provision made for this purpose.

PORTFOLIO GLOSSARY

ACE	Assistant Chief Executive
HoC&FW	Head of Community & Family Wellbeing
HoEA&LL	Head of Educational Attainment & Lifelong Learning
HoCS	Head of Children's Safeguarding

**REVENUE BUDGET 2014/2015
HEALTH, HOUSING AND ADULT SERVICES**

ROLES AND RESPONSIBILITIES

The Health, Housing and Adult Services portfolio provides leadership and support for the council and its partners in securing the social and health care of all adults. The Portfolio also provided leadership in ensuring that the council's strategic and statutory roles in relation to housing are met and deliver the homes that meet the current and future needs of the city.

The Portfolio has specific responsibility for the following activities and functions:

- Adult social care services
- Strategic partnership with the health community of Sunderland
- Mental health commissioning
- Supporting people including people with disabilities
- Supporting carers
- Promotion of Decent Homes and good housing standards in private sector housing
- Specialist housing support services and provision
- Housing renewal
- Strategic relationships with Registered Social Landlords and private sector housing providers
- Homelessness and Housing Advice.

FINANCIAL

OBJECTIVE SUMMARY

Ref.	Head of Service Ref.	Revised Estimate 2013/2014 £		Estimate 2014/2015 £
			Office of the Chief Executive	
1	HP&P	608,830	Housing Renewal	575,665
		<u>608,830</u>	Total Office of the Chief Executive	<u>575,665</u>
			People Services	
2	HOC&S	16,249,590	Care and Support	0
3	HOP	57,135,343	Personalisation	56,681,609
4	HOSC	7,569,216	Strategic Commissioning	18,481,098
5	HOHSC	1,217,649	Access to Housing	914,431
6	HOHSC	3,043,245	Housing Related Support	2,279,360
		<u>85,215,043</u>	Total People Services	<u>78,356,498</u>
		<u>85,823,873</u>	TOTAL BUDGET	<u>78,932,163</u>

PROPOSALS FOR ADDRESSING BUDGET REDUCTIONS

2014/2015 will see a continuation of modernisation and improvement plans previously identified with an emphasis on increasing choice and control, supporting independent living, ensuring equal access to services, delivering overall improvement to people's health and well-being and the development of alternative service delivery options. Continued investment within these plans will help deliver value for money and ensure budget reductions are realised.

The increasing longevity of the national and specifically, the city's population continues to place significant pressure on Adult Social Services budgets. In addition, client expectations and increasing demand to support clients with complex cases to enable clients to maintain independent living, is requiring reconfigured services and additional investment, with additional provision included within the 2013/2014 budget.

Savings were achieved in 2013/2014 through following the portfolio's efficiency strategy with further budget reductions of £3.944m anticipated in 2014/2015. Plans are being implemented in respect of the following key strands of business:

Health and Social Care Integration

The development of integrated services and development of person centred co-ordinated care in localities to prevent hospital admissions and readmissions.

**REVENUE BUDGET 2014/2015
HEALTH, HOUSING AND ADULT SERVICES**

LATC Sunderland Cares

The In-house Care and Support service moved to a LATC from the 1st December 2013. The establishment of a LATC has enabled the Council to become more focused in its crucial role as a place-shaping strategic commissioner. The separation of the Council's provider arm into a LATC will give greater opportunities to consolidate its provider options, enabling flexible solutions and the potential to develop business / generate income through innovative service provision to individual customers and commissioners. Savings will be achieved by reduction in overhead costs by operating more effectively and efficiently, generating income through increasing business opportunities and reviewing service models.

Further Implementation of Personalisation

The continued implementation of personalisation will allow individuals to have choice and control in respect of the care and support they receive to meet their assessed need and prevent admissions to residential and nursing care.

In 2015/2016 the Government is proposing minimum national eligibility standards. The proposal is to adopt the national criteria.

PORTFOLIO GLOSSARY

HOC&S	Head of Care and Support
HOSC	Head of Strategic Commissioning
HOP	Head of Personalisation
HOHSC	Head of Housing Support and Community Learning

**REVENUE BUDGET 2014/2015
PUBLIC HEALTH, WELLNESS AND CULTURE**

ROLES AND RESPONSIBILITIES

The Public Health, Wellness and Culture Portfolio leads partners to achieve improvements in public health, health awareness and wellness in the city. The portfolio has responsibility to develop and promote the cultural strategy and initiatives.

The Portfolio has specific responsibility for the following activities and functions:

- Promotion of Public Health and Wellness
- Effective transition of public health responsibilities to the City Council
- Transformational approach to the achievement of improved health and wellbeing outcomes
- WHO EuroHealthy City Network
- Health awareness
- Healthy lifestyles
- Healthy environment
- Sports and Wellness initiatives and facilities
- Tourism, Resorts and Events

FINANCIAL

OBJECTIVE SUMMARY

Ref.	Head of Service Ref.	Revised Estimate 2013/2014 £		Estimate 2014/2015 £
Office of the Chief Executive				
1	HCLP	1,066,067	Events	1,074,835
2	DoCA&C	126,319	Tourism	127,754
3	DOPH	0	Public Health	0
		<u>1,192,386</u>	Total Office of the Chief Executive	<u>1,202,589</u>
People Services				
4	HCS	719,606	Arts and Creative Development	763,632
5	HCS	1,157,893	Community Sports and Physical Activity Development	1,110,177
6	HCS	88,166	Grants to Community Projects and Miscellaneous Contributions	88,745
7	HCS	227,620	Heritage (including Fulwell Mill)	228,468
8	HCS	3,972,635	Libraries	3,987,661
9	HCS	1,984,453	Museums and Archives Service	2,055,003
10	HCS	345,568	Resorts	297,698
11	HCS	6,410,829	Sport and Leisure Facilities	6,039,840
12	HCS	1,257,158	Theatre	1,258,752
		<u>16,163,928</u>	Total People Services	<u>15,829,976</u>
		<u>17,356,314</u>	TOTAL BUDGET	<u>17,032,565</u>

**REVENUE BUDGET 2014/2015
PUBLIC HEALTH, WELLNESS AND CULTURE**

PROPOSALS FOR ADDRESSING BUDGET REDUCTIONS

The Portfolio continues to review services in order to deliver savings and also to provide services in the most effective way possible. In 2014/2015 £3.031m savings are anticipated with plans being implemented in the following areas:

People Based Commissioning Reviews – Public Health

The intent of the transition of Public Health to Local Government in April 2013 was to enable a more focused and aligned approach to addressing health and wellbeing. Savings are being generated through the development of our approach locally which includes a move away from commissioning separate unconnected services to supporting the delivery of an integrated wellness model. Through reprofiling monies into a range of areas, we will increase opportunities for people to make different decisions around their lives and activities leading to healthier outcomes for them and their families. Services influenced through this approach include NHS health-checks, adult obesity programmes, substance misuse, infection control and public health strategic resources.

Sport and Leisure Review

Cabinet agreed in October 2013 to explore the establishment of an alternative service delivery model for Sports and Leisure Facilities. Work undertaken concluded that a Joint Venture arrangement between the Council and a partner is the preferred option for the future model to operate and to manage the City's leisure complexes. Analysis undertaken suggests that, through achieving increases in participation and customer volumes, additional revenues will be delivered to contribute to the position.

PORTFOLIO GLOSSARY

DoCA&C	Director of Corporate Affairs and Communications
HCS	Head of Community Services
HCLP	Head of Community Leadership Programmes
DOPH	Director of Public Health

REVENUE BUDGET 2014/2015
CITY SERVICES

ROLES AND RESPONSIBILITIES

The City Services Portfolio has responsibility for ensuring that the council and its partners succeed in making the city attractive and accessible for all. The Portfolio provides leadership for the council and its partners to ensure that the local environment is well managed and meets customer expectations.

The portfolio has specific responsibility for the following activities and functions:

- Management of Place
- Neighbourhood environmental services and street scene
- Highways, traffic and transportation
- Highways maintenance
- Strategic transport
- Parking and road safety
- Facilities management
- Registrars, cemeteries and crematoria
- Play Provision and urban games
- Grounds and building maintenance
- Waste Management including strategy, refuse collection and recycling
- Coastal Protection
- Seafront management
- Licensing, licensing regulation and Controlled Drinking Zones
- Trading Standards
- Public and environmental health

**REVENUE BUDGET 2014/2015
CITY SERVICES**

FINANCIAL

OBJECTIVE SUMMARY

Ref.	Head of Service Ref.	Revised Estimate 2013/2014 £		Estimate 2014/2015 £
Office of the Chief Executive				
1	HP&P	(489,828)	Building Services	(346,105)
2	HSS	(671,869)	Bereavement	(846,911)
3	HSS	0	Contract and Compliance	0
4	HSS	707,210	Coroner's Court	721,234
5	HSS	0	Depots	0
6	HSS	0	Fleet	0
7	HSS	7,287,910	Highways and Transportation	7,298,857
8	HSS	6,369,100	Street Lighting	6,875,982
9	HSS	3,235,710	Network and Traffic Management	2,914,419
10	HSS	711,149	Parking Services	269,630
11	HSS	1,471,721	Public Protection and Regulatory Services	1,476,294
12	HSS	257,721	Registrars	236,420
13	HSS	10,980,957	Responsive Local Services	10,368,304
14	HSS	6,868,485	Waste Collection and Recycling	6,451,584
15	HSS	8,961,005	Waste Disposal	9,111,280
		<u>45,689,271</u>	Total Office of the Chief Executive	<u>44,530,988</u>
Commercial and Corporate Services				
16	HCAP	0	Building Cleaning	0
17	HCAP	0	Civic Catering	0
18	HCAP	0	Civic Centre Management	0
19	HCAP	0	Facilities Management	0
20	HCAP	319,303	Public Conveniences	314,744
21	HCAP	(383,797)	School Meals	(213,706)
		<u>(64,494)</u>	Total Commercial and Corporate Services	<u>101,038</u>
		<u>45,624,777</u>	TOTAL BUDGET	<u>44,632,026</u>

PROPOSALS FOR ADDRESSING BUDGET REDUCTIONS

The Portfolio continues to review services in order to deliver savings and also to provide services in the most effective way possible. In 2014/2015 £4.203m savings are anticipated with plans being implemented in the following areas:

Review of Citywide Services

Whilst continuing with the commitment to retain weekly refuse collections through to 2016/2017, further savings will be delivered in Waste Collection through the implementation of a 4-day working week to coincide with the opening of the new waste transfer station at Jack Crawford House. The creation of new collection routes will enable the introduction of the most cost effective start / finish points and waste transfer tip locations in order to maximise route efficiency. Further savings will be introduced by moving to a shared service model through the South Tyne and Wear Waste Management Partnership and through planned reductions in the tonnage of waste disposed of.

The continuation of the Transport and Fleet review will further rationalise and reduce the scale of the council's fleet, ensure better vehicle utilisation based on new management and monitoring systems and ensure more efficient hire and maintenance arrangements.

**REVENUE BUDGET 2014/2015
CITY SERVICES**

Car parking

Delivery of the new Parking Strategy will achieve savings through the implementation of a Local Parking Permit Scheme in the City Centre to improve parking utilisation and support local business, introducing seafront and on-street parking charges, by taking advantage of commercial opportunities to generate new income streams, improving enforcement arrangements and reviewing parking charges.

Pest Control

The approach to maximising income generation within the Portfolio includes the introduction of charging for pest control (excluding rat control) in line with other local authorities, with further savings being delivered through consequential staffing reductions.

Bereavement Services

Following the review last year to simplify the charging policy for burial services, further savings will be delivered through an increase in charges for burial and cremation.

Highways and Network Management

Building on member engagement through Place Boards, savings will be delivered through the prioritisation of the Highways Maintenance budget and the multi-skilling of highways inspectors to carry out on-the-spot repairs. Further savings will be delivered within Highways and Transportation and Network Management through the further roll-out of the Technical Consultancy model of operation that will allow the service to more flexibly meet the design requirements of revenue and capital schemes, by maximising income earning opportunities and by focussing on the delivery of statutory functions.

In addition, officers are working alongside the council's PFI contractor to develop opportunities to reduce the cost of energy, primarily in relation to Street Lighting. Capital investment, to take account of improvements in technology, will be considered on an invest to save basis.

Responsive Local Services

A review of operational arrangements for Responsive Local Services will deliver a major redesign of the service, including the integration of existing fixed term and apprentice staff and the creation of a further 30 new apprentice positions. The review maintains the Area Response Manager arrangements which have proved successful and will focus on rationalising and re-engineering operational supervision.

The portfolio continues to work closely with the successful school meals consortium to ensure a high quality schools service is provided at low cost. This close working relationship will be required in 2014/2015 to assess the likely impact of the proposed free school meal for nursery and primary school children.

PORTFOLIO GLOSSARY

HCAP	Head of Corporate Assurance and Procurement
HP&P	Head of Planning and Property
HSS	Head of Street Scene

**REVENUE BUDGET 2014/2015
RESPONSIVE SERVICES AND CUSTOMER CARE**

ROLES AND RESPONSIBILITIES

The Responsive Services and Customer Care Portfolio champions improvement in the responsiveness of services to local needs and customer feedback. The Portfolio provides leadership for the continuing development of area arrangements as a principal means of improving the relevance of services to local communities and circumstances. The Portfolio has responsibility for championing the continuing improvement of customer care policy and practice. The Portfolio is also responsible for developing the community's capacity to engage in the shaping, delivery and review of services and their neighbourhoods and provides leadership for the Council and its partners in order to make a safer City.

The Portfolio has specific responsibility for the following activities and functions:

- Responsive Local Service Area Committees
- Area Committees, Partnerships and Area Boards
- Local Area Plans
- Area Budgets including the Community Chest
- Customer care policy and practice
- Contact Centre and Customer Services Network including Customer Services Centres
- Community development
- Adult and community learning
- Section 17 responsibilities
- Safer Sunderland Partnership
- Anti-social behaviour
- Drugs awareness, prevention and treatment
- Local multi-Agency Problem Solving Groups (LMAPS)
- Community Resilience

FINANCIAL

OBJECTIVE SUMMARY

Ref.	Head of Service Ref.	Revised Estimate 2013/2014 £		Estimate 2014/2015 £
			Office of the Chief Executive	
1	HoCSD	0	Customer Service Network	0
2	HoS&AA	2,156,833	Area Arrangements	2,151,386
3	HoS&AA	1,676,666	Strategic Initiative Budget / Community Chest Grant	1,676,666
4	HoS&P	313,731	Safer Communities	341,580
		<u>4,147,230</u>	Total Office of the Chief Executive	<u>4,169,632</u>
			Commercial and Corporate Services	
5	HCAP	92,274	Area Facilities	92,502
		<u>92,274</u>	Total Commercial and Corporate Services	<u>92,502</u>
			People Services	
6	HOSC	19,968	Family Adult and Community Learning	28,356
7	HOP	122,140	Drug Awareness, Prevention and Treatment	117,757
8	HOHSC	412,577	Anti-Social Behaviour	422,221
		<u>554,685</u>	Total People Services	<u>568,334</u>
		<u>4,794,189</u>	TOTAL BUDGET	<u>4,830,468</u>

**REVENUE BUDGET 2014/2015
RESPONSIVE SERVICES AND CUSTOMER CARE**

PROPOSALS FOR ADDRESSING BUDGET REDUCTIONS

The Portfolio continues to review services in order to deliver savings and to provide services in the most effective way possible. Plans for 2014/2015 are being implemented in the following areas:

Customer Services Network

The enabling role the Portfolio undertakes remains central to the strategy of delivering improved services for lower cost. The Customer Services Work Programme already has, and will continue to, drive forward customer focused improvements across a wide range of important services. With virtually all service areas now migrated to the Customer Service Network, the focus has changed to deepening the customer offering to enable decision making at the earliest point in the interaction. This will involve cutting the cost of the supply chain by removing all non-value adding activity from the customer journey. The portfolio will continue to focus upon developing greater e-enablement and automation supporting both improved access to services and efficiencies in service delivery. The portfolio will also concentrate on gathering valuable customer intelligence to inform future delivery arrangements and to ensure need is being met and outcomes are being improved.

The implementation of more efficient ways of working, reduced levels of demand and a growing number of customers migrating to online services will enable the delivery of these savings through reduced staffing levels whilst maintaining high quality services. Recent examples of success include the launch of the new online school admissions tool where over 70% of all admissions have this year been made on-line. This has enabled significant savings in printing, distribution and data input and has delivered a much improved service to the customer.

Area Arrangements

The Portfolio continues to embed as a way of working the Area Committees and Board roles in influencing the design, delivery, review and commissioning of public services at a local level. Critical to this is the ongoing development of the communities' capacity to engage in the shaping, delivery, review and provision of public services through these newly introduced area arrangements.

Unutilised Strategic Initiative Budget balances of £0.5m will be utilised to support the overall council budget in 2014/2015.

PORTFOLIO GLOSSARY

HCAP	Head of Corporate Assurance and Procurement
HoCSD	Head of Customer Service Development
HoS&AA	Head of Scrutiny and Area Arrangements
HoS&P	Head of Strategy and Performance
HOHSC	Head of Housing Support and Community Learning
HOSC	Head of Strategic Commissioning
HOP	Head of Personalisation

CABINET MEETING – 12 FEBRUARY 2014

EXECUTIVE SUMMARY SHEET – PART I

Title of Report:

Procurement of a Direct Payments Support Service.

Author(s):

Executive Director, People Services

Purpose of Report:

To seek authority to procure a Direct Payments Support Service.

Description of Decision:

Cabinet is recommended to authorise the procurement of a Direct Payments Support Service to support people who are eligible for social care or continuing health care and who choose to take their personal budget as a Direct Payment.

The service will support:

- Adults receiving a Social Care Direct Payment
- People with responsibility for a disabled child who receive a Direct Payment for the child's care
- People aged 16-17 who receive a Direct Payment for their social care
- People receiving a Personal Health Budget Direct Payment for their Continuing Health Care services

Is the decision consistent with the Budget/Policy Framework? *Yes/No

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

Suggested reason(s) for Decision:

The Direct Payments Support Service, Go Direct, is currently provided by Age UK and is funded by an annual grant. Usage of the service has increased in line with the Government and Council priorities to offer all adults who receive social care services a personal budget which they have the option to take as a Direct Payment.

Procurement of the service will encourage competition from the market and ensure a quality service and value for money.

Commissioning the service on a contractual basis will provide greater financial stability to the provider and allow more in-depth monitoring to be carried out. It will also enable the Council to specify in more detail the requirements of the service.

Alternative options to be considered and recommended to be rejected:

The following alternative options have been considered and rejected:

- To continue to grant fund Age UK to provide the service. The option does not allow competition from the market or robust monitoring to be carried out.
- Cease to provide the Direct Payments Support Service. This option is not recommended as a support service is an important element of the direct payments scheme. The service supports people to understand their legal obligations as an employer and offers a payroll service. Without the support service, many people would have difficulty administering their Direct Payment.
- Establish an in-house Direct Payments Support Service. This option was rejected as it would result in the loss of a source of advice and support that is independent of the Council. There would also be TUPE implications with staff from the current provider potentially transferring to the local authority.

Impacts analysed:

Equality x **Privacy** n/a **Sustainability** n/a **Crime and Disorder** n/a

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

Yes

Is it included in the 28 Day Notice of Decisions?

Yes

Scrutiny Committee

REPORT BY THE EXECUTIVE DIRECTOR, PEOPLE SERVICES**PROCUREMENT OF A DIRECT PAYMENTS SUPPORT SERVICE****1. PURPOSE OF THE REPORT**

- 1.1 To seek Cabinet approval to procure a Direct Payments Support Service.

2. DESCRIPTION OF DECISION

- 2.1 Cabinet is recommended to authorise the procurement of a Direct Payments Support Service via a closed tender process.

3. BACKGROUND

- 3.1 In accordance with the Health and Social Care Act 2001 and the Health and Social Care Act 2008, councils are required to offer direct payments to certain persons in order to enable them to obtain for themselves the services that they are assessed as needing.
- 3.2 Direct Payments are fundamental to increasing people's independence, choice and control by providing personalised alternatives to the social care services offered by a Council with Social Services responsibilities.
- 3.3 The transformation of adult social care services initiated by Putting People First built on and reinforced these principles of choice and control. Central to the transformation programme is the concept of personal budgets, giving individuals a clear understanding of how much is to be allocated for their social care support and allowing them to make their own decisions about how to spend this amount in order to meet their assessed needs.
- 3.4 Minister of State for Care Services Norman Lamb announced the national roll out of Personal Health Budgets on 30 November 2012. Personal Health Budgets will initially be aimed at people who are already receiving NHS Continuing Healthcare, who will have a right to ask for a Personal Health Budget from April 2014. By October 2014 this right will be strengthened and will become a right to have a Personal Health Budget.

4. CURRENT POSITION

- 4.1 Age UK has been commissioned to provide a Direct Payments Support Service (Go Direct) since 2009.
- 4.2 Usage of the service has increased in recent years due to the Government and Council priorities to offer all adults who receive social care services a personal budget which they have the option to take as

a Direct Payment. 439 people accessed the service between July and September 2013.

- 4.3 The quality of the existing service has remained good throughout the lifetime of the grant, despite the increased usage. Customer feedback from Grant Monitoring in the main has been positive. Capacity issues have been reported by the service provider on a number of occasions, linking directly to increased usage.
- 4.4 Usage is expected to rise further as more people are offered a Direct Payment for their Social Care Personal Budget and/or their Personal Health Budget.
- 4.5 The grant funding is due to end on 31st March 2014.
- 4.6 Sunderland Clinical Commissioning Group is requesting that the Council commissions a support service for people accessing Personal Health Budgets on their behalf.

5. PROPOSED ARRANGEMENTS

- 5.1 In order to ensure a smooth transition to the new service, Age UK will be funded for 3 months, via a grant, to continue to provide the service until 30th June 2014.
- 5.2 A tender process will be conducted and one provider will be sought to provide the service which will support the following groups of people and will commence on 1st July 2014:
 - Adults receiving a Social Care Direct Payment
 - People with responsibility for a disabled child who receive a Direct Payment for the child's care
 - People aged 16-17 who receive a Direct Payment for their social care
 - People receiving a Personal Health Budget Direct Payment for their Continuing Health Care services
- 5.3 The service will consist of three elements as follows:
 - Direct Payments Support Services around employment of Personal Assistants
 - Managed Accounts where the provider will manage the Direct Payment on behalf of the Client or a group of Clients to enable them to purchase services
 - Payroll services
- 5.4 It is anticipated that the start date of the contract will be 1st July 2014 and the length of the contract will be 2 years with the option of two additional one year extensions. The annual value of the contract will be up to a maximum of £150,000 (the total contract value including the extension is £600,000). The contract will be for a fixed annual price and the final price will be subject to a competitive bidding process that will be defined within the tender conditions.

6. REASONS FOR THE DECISION

- 6.1 The service to be commissioned will support the Council's priorities for increasing Choice and Control for people in receipt of social care services.
- 6.2 Procurement of the service will encourage competition from the market and ensure a quality service and value for money.
- 6.3 Commissioning the service on a contractual basis will provide greater financial stability to the provider and allow more in-depth monitoring to be carried out. It will also enable the Council to specify in more detail the requirements of the service allowing the inclusion of Personal Health Budgets within the specification.

7. CONSULTATION

- 7.1 Corporate Procurement, Legal Services and the Principle Accountant for People Services Directorate have been consulted on the decision to procure the service.

8. ALTERNATIVE OPTIONS

The following alternative options have been considered and rejected:

- To continue to grant fund Age UK to provide the service. This option does not allow competition from the market or robust monitoring to be carried out.
- Cease to provide the Direct Payments Support Service. This option is not recommended as a support service is an important element of the direct payments scheme. The service supports people to understand their legal obligations as an employer and offers a payroll service. Without the support service, many people would have difficulty administering their Direct Payment.
- Establish an in-house Direct Payments Support Service. This option was rejected as it would result in the loss of a source of advice and support that is independent of the Council. There would also be TUPE implications with staff from the current provider potentially transferring to the local authority.

9. IMPACT ANALYSIS

- 9.1 **Equalities** - An Equality Impact Assessment for customers has been undertaken which identified no negative impacts.

EQUALITY ANALYSIS

Please refer to Part 2 of the Equality Analysis Guidance

Name of Policy/Decision/Project/Activity:

Procurement of Direct Payments Support Service

Equality Analysis completed by:

Name / Job Title:
Deborah Wilkinson, Commissioning
Support Officer

Date: 28th November 2013

Responsible Officer:

Name /Job Title:
Sharon Lowes
Lead Commissioner

Date:
28th November 2013

Is this a: Policy () Strategy () Function ()
Service (X) Project () Other ()

Is it: New/Proposed (X)
Changing/Being Reviewed () Other ()

1. Purpose and Scope

Purpose

In this section outline briefly what the policy, decision or activity is, what the intended outcomes/benefits (linked to the Corporate Outcomes Framework) are and over what period of time will the outcomes be achieved. Why does it need to be implemented or revised?

Procurement of the Direct Payments Support Service to support people who will use Direct Payments to have choice and control over their social care and in the case of Personal Health Budgets, continuing healthcare needs.

Scope

In this section consider who or where is the target for the policy or activity, this could be specific groups of people or organisations, individual wards, neighbourhoods or communities

or the entire city. Links to, and overlap with, wider, local, sub-regional, regional or national priorities or activities should also be considered.

Scope – People who are eligible for social care services or Continuing Health Care services who are choosing to use Direct Payments as the payment mechanism.

Intelligence and Information

What sources of information have been used to inform this assessment/analysis? This should include but is not limited to consultations, resident/service user feedback and statistical data and intelligence.

Information from current service delivery.

2. Analysis of Impact on People

This section offers an opportunity to assess the intended and potential impact of the policy, decision or activity on the people of Sunderland. This includes specific consideration of the impact on individuals, groups with protected characteristics and communities of interest within the city. Please briefly outline any positive, negative or neutral impacts on the specific groups below. In this assessment it is important to remember the Council is required to give due regard to:

- Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Equality Act.
- Advance equality of opportunity between people who share a protected characteristic and those who do not.
- Foster good relations between people who share a protected characteristic and those who do not.

Characteristic	List of Impacts		
	Positive	Neutral	Negative
Age		<p>The service will not exclude individuals on the basis of age, where they meet the eligibility criteria for the service.</p> <p>As part of the contractual requirements, providers will need to comply with equality law.</p>	

<p>Disability</p>	<p>The service is specifically for, amongst others, people with disabilities.</p> <p>As part of the contractual requirements, providers will need to comply with equality law.</p>		
<p>Gender/Sex</p>		<p>The service will not exclude individuals on the basis of gender/sex, where they meet the eligibility criteria for the service.</p> <p>As part of the contractual requirements, providers will need to comply with equality law.</p>	
<p>Marriage and Civil Partnership</p>		<p>As part of the contractual requirements, providers will need to comply with equality law.</p>	
<p>Pregnancy and maternity</p>		<p>As part of the contractual requirements, providers will need to comply with equality law.</p>	
<p>Race/Ethnicity</p>		<p>The service will not exclude individuals on the basis of race/ethnicity, where they meet the eligibility criteria for the service.</p> <p>As part of the contractual requirements, providers will need</p>	

		to comply with equality law	
Religion/belief		<p>The service will not exclude individuals on the basis of religion/belief, where they meet the eligibility criteria for the service.</p> <p>As part of the contractual requirements, providers will need to comply with equality law</p>	
Sexual Orientation		<p>The service will not exclude individuals on the basis of sexual orientation, where they meet the eligibility criteria for the service.</p> <p>As part of the contractual requirements, providers will need to comply with equality law.</p>	
Trans-gender/gender identity		<p>The service will not exclude individuals on the basis of gender identity, where they meet the eligibility criteria for the service.</p> <p>As part of the contractual requirements, providers will need to comply with equality law.</p>	

Other individuals or groups impacted on:

The policy or action may also have an impact on other groups or individuals which are not covered by the statutory requirements. Please outline any additional individuals or groups which have not already been covered. This could include socio-economic groups, voluntary and community sector, carers or specific communities which face additional challenges (such as former coal mining areas or areas of high deprivation)

Positive impact on any social care customer or Continuing Health Care funded customer who chooses to use Direct Payments or Personal Health Budgets to purchase solutions to meet needs.

Gaps in intelligence and information:

Having undertaken the analysis are there any areas of intelligence or information which need to be improved? Please outline and areas where the current information is not complete enough to take a decision. Addressing this gap should be covered in the action plan.

N/A

Policy/Decision/Project/Activity Title:

Procurement of Direct Payments Support Service

Responsible Officer: Sharon Lowes, Lead Commissioner

3. Summary of Impacts and Response to Analysis

Please provide a summary of the overarching impacts that have been highlighted through the analysis process through the three questions below. It is important to recognise that individuals may belong to one or more of these characteristic groups and the combined impact could be greater than any single impact.

Who will the policy/decision/project/activity impact on and who will benefit?

Benefit to social care customers and Continuing Health Care customers who choose Direct Payments to fund continuing health care or social care needs.

Who will not benefit and why not?

People who are not eligible for services

Who should be expected to benefit and why don't they?

N/A

4. Response to Analysis, Action Plan and Monitoring,

In this section please outline what actions you propose to take to minimise the negative, and maximise the positive, impacts that have been identified through the analysis. By considering and implementing these actions the policy or action can be refined to make sure that the greatest benefits are achieved for the people of Sunderland. The performance monitoring process should also be set out to explain how ongoing progress is going to be followed to make sure that the aims are met.

From the analysis four broad approaches can be taken, (No major change, continue with the policy/action despite negative implications, adjust the policy/decision/action or stop the policy/action). Please indicate, using the list below, which is proposed.

- | | |
|---|-------|
| No Major Change | (X) |
| Continue Despite Negative Implications | () |
| Adjust the Policy/Decision/Project/Activity | () |

November 2013

CABINET MEETING – 12 FEBRUARY 2014

EXECUTIVE SUMMARY SHEET – PART I

<p>Title of Report: Procurement of Independent Adults Advocacy Services</p>	
<p>Author(s): Executive Director of People Services</p>	
<p>Purpose of Report: Approve the procurement of the provision of Independent Adult Advocacy Services. The value of the contract will be over £250,000 and as such Cabinet approval is being sought for the procurement to proceed</p>	
<p>Description of Decision: Approve the procurement of Independent Adults Advocacy Services for the period of 2014 – 2016. This will cover the specific needs relating to Independent Advocacy support for Adults. A current review of Independent Advocacy Services is being undertaken which will identify the specific services and outcomes to be achieved.</p>	
<p>Is the decision consistent with the Budget/Policy Framework? *Yes</p>	
<p>If not, Council approval is required to change the Budget/Policy Framework</p>	
<p>Suggested reason(s) for Decision: The current extended contractual arrangements for the Adult Independent Advocacy Services will end on 31stMay 2014.</p> <p>Local Authorities have a statutory responsibility to provide, Independent Mental Capacity Advocate, Relevant Person Representative, Independent Mental Health Advocate, and Deprivation of Liberties Independent Advocacy.</p> <p>By undertaking the procurement, the Council can provide a service that meets statutory and non-statutory obligations in regard to the provision of Independent Advocacy and allow options for improving the service be explored during the service review.</p>	
<p>Alternative options to be considered and recommended to be rejected: No Change – this is not possible as there are no further extension options available in the current contracts.</p>	
<p>Impacts analysed:</p> <p>Equality <input checked="" type="checkbox"/> Privacy <input type="checkbox"/> n/a Sustainability <input type="checkbox"/> n/a Crime and Disorder <input type="checkbox"/> n/a</p>	
<p>Is this a “Key Decision” as defined in the Constitution? Yes</p> <p>Is it included in the 28 Day Notice of Decisions? Yes</p>	<p>Scrutiny Committee:</p>

REPORT BY THE EXECUTIVE DIRECTOR, PEOPLE SERVICES**1. Purpose of the Report**

- 1.1 The purpose of the report is to seek approval for the procurement of Adult Independent Advocacy Service Services for 2014 – 2016.

2. Description of Decision (Recommendations)

- 2.1 To approve the procurement of Adult Independent Advocacy Services. The value of the contract will be over £250,000 and as such Cabinet approval is being sought for the procurement to proceed.

3. Background

- 3.1 People Service Directorate, commission's charitable and voluntary sector providers to deliver a range of Adult Independent Advocacy Services with the aim of promoting independence and improving health and well-being. This includes working together to safeguard people and protect their rights.

4. Current Position

- 4.1 People Service Directorate currently commissions the following Adult Independent Advocacy:
- Independent Advocacy Service (Vulnerable Adults)
 - Independent Mental Capacity Advocacy (IMCA)
 - Deprivation of Liberty (DoLS),
 - Relevant Persons Representative (RPR)
 - General advocacy for vulnerable adults.
 - Independent Mental Health Advocacy (IMHA) Service
- 4.2 There is an ongoing review of advocacy services commissioned by People's Services Directorate, and options for future commissioning of advocacy services to be identified, considered and agreed.
- 4.3 Corporate Procurement will undertake a commercial options appraisal to ensure that the most advantageous procurement route is taken forward to ensure value for money is achieved.
- 4.4 Current contracts have been extended for a further 6 months to allow the review to inform the procurement process and decisions.
- 5. Reasons for the Decision**
- 5.1 The current extended contractual arrangements for the Adult Independent Advocacy Services will end on 31 May 2014.
- 5.2 Local Authorities have a statutory responsibility to provide, IMCA, RPR, IMHA & DOL Independent Advocacy

- 5.2 By undertaking the procurement, the Council can provide a service that meets statutory and non-statutory obligations in regard to the provision of Independent Advocacy and allow options for improving the service be explored during the service review.

6. Alternative Options

- 6.1 No Change – this is not possible as there are no further extension options available in the current contracts

7. Impact Analysis

- 7(a) Equalities** –As part of the procurement exercise, an Equality Impact Assessment will be completed, which will identify the impacts to individuals using the current services and any potential impacts for future users of the services

8. Other Relevant Considerations / Consultations

- 8.1 As part of the review of Advocacy services the following Consultations have been undertaken.
- 8.2 Consultations via NEPO have been undertaken with Advocacy providers. This consultation was to understand the market position and receive feedback for potential Advocacy Models
- 8.3 Consultation has also been undertaken with Both Children's' and Adults Social Care Staff. To understand social care requirements of a Advocacy service
- 8.4 It has been identified that Children's Advocacy will be part of a regional tender process and will not be included in this procurement process. As the future Advocacy model is still being developed Children's Advocacy could be included within this process if required.
- 8.5 A consultation with Advocacy Service User's via a questionnaire was undertaken in April 2013. To inform of the service user experience of using advocacy services and to identify any recommendations.
- 8.6 The information received through these consultations have identified a number of options available to deliver Advocacy and will be taken forward and inform the development of the future Advocacy model and service specification.

EQUALITY ANALYSIS

Please refer to Part 2 of the Equality Analysis Guidance

Name of Policy/Decision/Project/Activity:

Procurement of Independent Advocacy Services for Vulnerable Adults

Equality Analysis completed by:

Name / Job Title:
Ron Hamilton, Commissioning Specialist

Date: 10th January 2014

Responsible Officer:

Name /Job Title:
Sharon Lowes
Lead Commissioner

Date:
10th January 2014

Is this a: Policy () Strategy () Function ()
Service (X) Project () Other ()

Is it: New/Proposed ()
Changing/Being Reviewed (X) Other ()

1. Purpose and Scope

Purpose

In this section outline briefly what the policy, decision or activity is, what the intended outcomes/benefits (linked to the Corporate Outcomes Framework) are and over what period of time will the outcomes be achieved. Why does it need to be implemented or revised?

The provision of independent advocacy for vulnerable adults is crucially important in promoting their independence, involvement and interests and in supporting them in making choices, taking decisions, securing rights and acting in their own interests, as well as contributing to the life of the community and being fully engaged in society. .

Scope

In this section consider who or where is the target for the policy or activity, this could be specific groups of people or organisations, individual wards, neighbourhoods or communities

or the entire city. Links to, and overlap with, wider, local, sub-regional, regional or national priorities or activities should also be considered.

Older People aged 65 year and over
People with learning disabilities' aged 18 years and over
People with physical disabilities, including sensory impairment aged 18 years and over
People with mental health needs aged 18 years and over, priority should be given to people who are a level I service user, which is defined as anyone who has been assessed by a Social or Health Care Professional as having a serious mental health illness and who has been detained under the Mental Health Act and does not have an appropriate person to act as and advocate on their behalf. Level II service users which is defined as anyone who is subject to the Care Programme Approach and does not have an appropriate person to act as an advocate on their behalf.
People with substance misuse aged 18 years and over
Any vulnerable adult who requires support through the safeguarding process

Intelligence and Information

What sources of information have been used to inform this assessment/analysis? This should include but is not limited to consultations, resident/service user feedback and statistical data and intelligence.

Information from current service delivery including, current provider feedback, service user questionnaire. Consultations have also been undertaken with Advocacy providers around the region which will inform the service model.

2. Analysis of Impact on People

This section offers an opportunity to assess the intended and potential impact of the policy, decision or activity on the people of Sunderland. This includes specific consideration of the impact on individuals, groups with protected characteristics and communities of interest within the city. Please briefly outline any positive, negative or neutral impacts on the specific groups below. In this assessment it is important to remember the Council is required to give due regard to:

- Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Equality Act.
- Advance equality of opportunity between people who share a protected characteristic and those who do not.
- Foster good relations between people who share a protected characteristic and those who do not.

Characteristic	List of Impacts		
	Positive	Neutral	Negative
Age		<p>The service will not exclude individuals on the basis of age, where they meet the eligibility criteria for the service.</p> <p>As part of the contractual requirements, providers will need to comply with equality law.</p>	
Disability	<p>The service is specifically for, amongst others, Vulnerable adults and people with disabilities.</p> <p>As part of the contractual requirements, providers will need to comply with equality law.</p>		
Gender/Sex		<p>The service will not exclude individuals on the basis of gender/sex, where they meet the eligibility criteria for the service.</p> <p>As part of the contractual requirements, providers will need to comply with equality law.</p>	
Marriage and Civil Partnership		<p>As part of the contractual requirements, providers will need to comply with equality law.</p>	
Pregnancy and maternity		<p>As part of the contractual</p>	

		requirements, providers will need to comply with equality law.	
Race/Ethnicity		<p>The service will not exclude individuals on the basis of race/ethnicity, where they meet the eligibility criteria for the service.</p> <p>As part of the contractual requirements, providers will need to comply with equality law</p>	
Religion/belief		<p>The service will not exclude individuals on the basis of religion/belief, where they meet the eligibility criteria for the service.</p> <p>As part of the contractual requirements, providers will need to comply with equality law</p>	
Sexual Orientation		<p>The service will not exclude individuals on the basis of sexual orientation, where they meet the eligibility criteria for the service.</p> <p>As part of the contractual requirements, providers will need to comply with equality law.</p>	
Trans-gender/gender identity		The service will not exclude individuals on the basis of gender identity,	

		<p>where they meet the eligibility criteria for the service.</p> <p>As part of the contractual requirements, providers will need to comply with equality law.</p>	
--	--	---	--

Other individuals or groups impacted on:

The policy or action may also have an impact on other groups or individuals which are not covered by the statutory requirements. Please outline any additional individuals or groups which have not already been covered. This could include socio-economic groups, voluntary and community sector, carers or specific communities which face additional challenges (such as former coal mining areas or areas of high deprivation)

N/A

Gaps in intelligence and information:

Having undertaken the analysis are there any areas of intelligence or information which need to be improved? Please outline and areas where the current information is not complete enough to take a decision. Addressing this gap should be covered in the action plan.

N/A

Policy/Decision/Project/Activity Title:

Procurement of Direct Payments Support Service

Responsible Officer: Sharon Lowes, Lead Commissioner

3. Summary of Impacts and Response to Analysis

Please provide a summary of the overarching impacts that have been highlighted through the analysis process through the three questions below. It is important to recognise that individuals may belong to one or more of these characteristic groups and the combined impact could be greater than any single impact.

Who will the policy/decision/project/activity impact on and who will benefit?

Service will benefit vulnerable adults as identified above. Advocacy will ensure that service users have a say and able to make decisions around their care and support.

Who will not benefit and why not?

People who are not eligible for services

Who should be expected to benefit and why don't they?

N/A

4. Response to Analysis, Action Plan and Monitoring,

In this section please outline what actions you propose to take to minimise the negative, and maximise the positive, impacts that have been identified through the analysis. By considering and implementing these actions the policy or action can be refined to make sure that the greatest benefits are achieved for the people of Sunderland. The performance monitoring process should also be set out to explain how ongoing progress is going to be followed to make sure that the aims are met.

From the analysis four broad approaches can be taken, (No major change, continue with the policy/action despite negative implications, adjust the policy/decision/action or stop the policy/action). Please indicate, using the list below, which is proposed.

- | | |
|---|-------|
| No Major Change | (X) |
| Continue Despite Negative Implications | () |
| Adjust the Policy/Decision/Project/Activity | () |

November 2013