

CIVIC CENTRE,
SUNDERLAND
23 February 2015

TO THE MEMBERS OF SUNDERLAND CITY COUNCIL

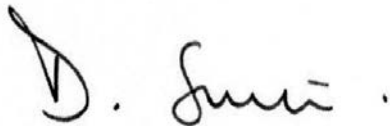
YOU ARE SUMMONED TO ATTEND A MEETING of Sunderland City Council to be held in the Council Chamber, Civic Centre, Sunderland, on **WEDNESDAY 4 MARCH 2015** at **2.00 p.m.** at which it is proposed to consider and transact the following business:-

Item	Page
1. To read the Notice convening the meeting.	-
2. To approve the minutes of the ordinary meeting of the Council held on 28 January 2015 (copy herewith).	1
3. Receipt of Declarations of Interest.	-
4. Announcements (if any) under Rule 2(iv).	-
5. Apologies.	-
6. Report of the Cabinet.	11
(i) Capital Programme 2015/2016 and Treasury Management Policy and Strategy 2015/2016, including Prudential Indicators for 2015/2016 to 2017/2018	
(ii) Revenue Budget and Proposed Council Tax for 2015/2016 and Medium Term Financial Strategy 2015/2016 to 2019/2020	
(iii) Determination of Council Tax 2015/2016	

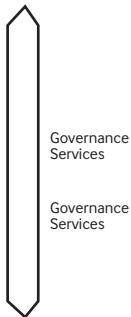
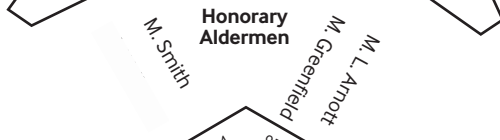
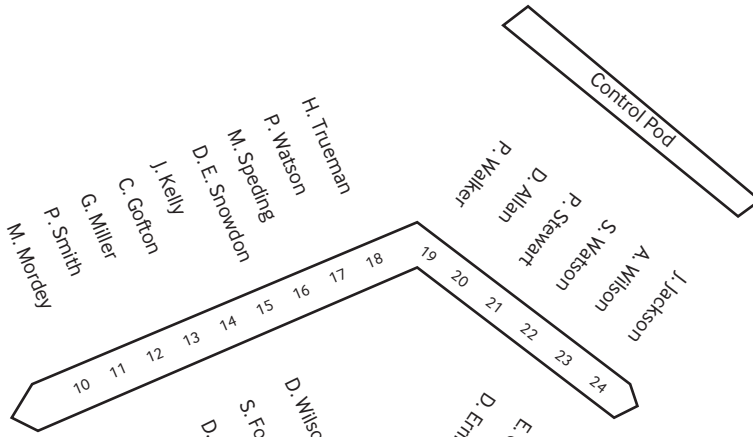
7. To consider the under-mentioned reports:-

- (i) Appointments – Sunderland Live Limited (and subsidiary), Primary Care Co-Commissioning Sub-Committee of the Governing Body and the Leisure Joint Venture Board. Report of the Head of Law and Governance (copy herewith).

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

CHIEF EXECUTIVE.



Head of Law and Governance
E. Waugh

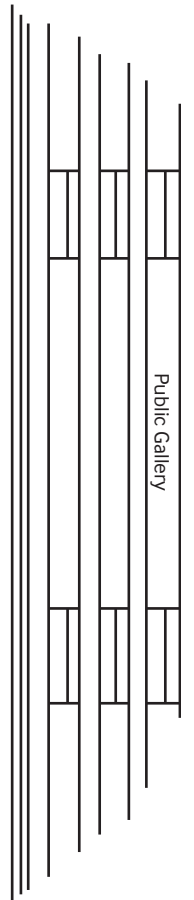
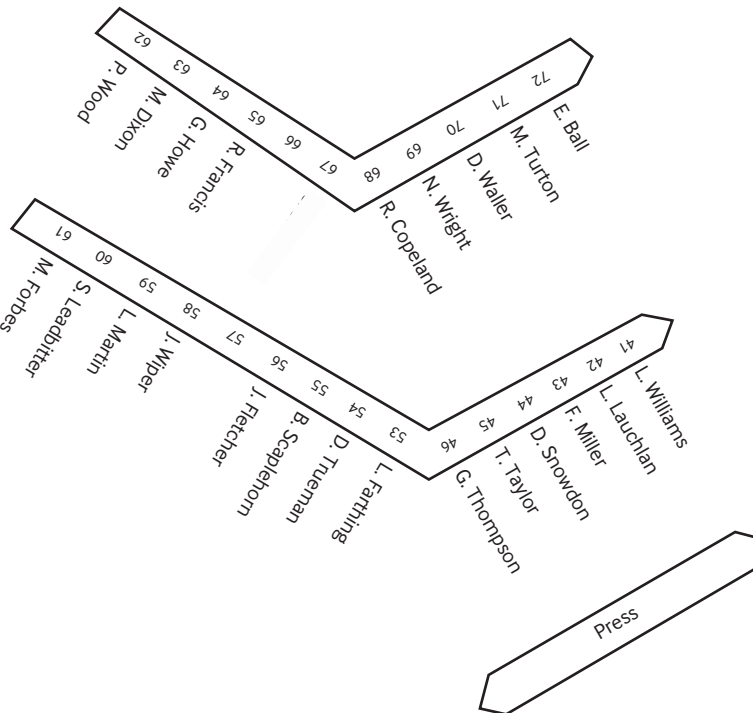
Mayor
S. Porthouse

Chief Executive
D. Smith

Deputy Mayor
B. Curran

- 81 T. Wright
- 80 J. Gallagher
- 79 I. W. Kay
- 78 L. Scanlan
- 77 B. Price
- 76 R. Bell
- 75 R. Davison
- 74 A. Farr
- 73 A. Emerson

- 29 A. Lawson
- 30 J. Scott
- 31 P. Tye
- 32 P. Gibson
- 33 F. Anderson
- 34 J. Blackburn
- 35 J. Cummings
- 36 W. Turton
- 37 B. McClennan
- 38 T. Martin
- 39
- 40



Minutes

Sunderland City Council

At a meeting of SUNDERLAND CITY COUNCIL held in the CIVIC CENTRE on WEDNESDAY, 28th JANUARY, 2015 at 6.00 p.m.

Present: The Mayor (Councillor S. Porthouse) in the Chair

Councillors	Allan	Fletcher	Martin, L	Trueman, H.
	Allen	Foster	Martin, T	Turton, M
	Atkinson	Francis	Miller, F	Turton, W
	Ball	Galbraith	Miller, G	Tye
	Blackburn	Gibson, E	Mordey	Walker
	Copeland	Gibson, P	Price	Watson, P
	Cummings	Gofton	Scanlan	Watson, S
	Davison	Howe	Smith, D	Williams
	Dixon, D	Jackson	Smith, P	Wilson, A
	Dixon, M	Kay	Snowdon, D	Wilson, D.
	Ellis	Kelly	Snowdon, D.E	Wiper
	Emerson	Lauchlan	Speding	Wood
	Errington	Leadbitter	Stewart	Wright, N.
	Essl	McClennan	Taylor, A	Wright, T.H
	Farthing	Marshall	Thompson	

Also Present:-

Honorary Alderman Michael Arnott, Mark Greenfield and Mary Smith.

The notice convening the meeting was read.

Minutes

34. RESOLVED that the minutes of the Meeting of the Council held on 26th November, 2014 (copy circulated) be confirmed and signed as a correct record.

Declarations of Interest

The following Councillors declared interests as follows: -

Item 7 – Report of Cabinet (Item 2 Revenue Budget 2015/2016	Councillor Tye	As a Chair of a commissioned youth provider
Proposals and Provisional Revenue Support Settlement 2015/2016)	Councillor P. Smith	As Chair of the Early Years and Childcare Strategic Partnership and member of the Sunderland Health and Wellbeing Board

Announcements

(i) Deaths of former Councillor and Mayor, Andrew Myers and former Director of Social Services, Bob Hankinson

The Mayor paid tribute to former Councillor and Mayor, Andrew Myers and to former Director of Social Services Bob Hankinson who had both recently passed away.

Members and Officers stood for a minute's silence as a mark of respect.

(ii) ASA Beacon Programme Plaque and the Gray Award

At the invitation of the Mayor, Councillor Kelly informed members of the receipt of two swimming related awards. Firstly he was delighted to receive the ASA Beacon award on behalf of the Council and the Northumberland and Durham Swimming Association. The Beacon Programme covered all aspects of the swimming pathway from learning to swim classes to international events and Sunderland had been recognised as an example of national best practice.

Secondly, Councillor Kelly was delighted to receive the Gray award on behalf of the City Council. The award, named after former Sunderland school teacher and swimming coach, Mrs Agnes Gray, was presented to individuals and organisations who had supported the development of swimming across the region.

Reception of Petitions

35. RESOLVED that the under-mentioned petition, submitted by the Councillor named, be received and referred for consideration in accordance with the Council's Petitions Scheme:-

Councillor Sheila Ellis – Petition from residents in support of a complaint regarding a large tree adjacent to 53 Dunelm Drive, Dairy Lane, Houghton Le Spring – Deputy Chief Executive.

Apologies for Absence

Apologies for absence were submitted to the meeting on behalf of Councillors Anderson, Bell, Curran, Farr, Forbes, Gallagher, Lawson, MacKnight, Scaplehorn, Scott, Shattock, G. Taylor, D. Trueman, Wakefield and Waller and also on behalf of Honorary Alderman James Walker.

The Cabinet reported and recommended as follows:-

1. Council Tax Base 2015/2016

That they have given consideration to a report of the Director of Finance (copy attached) seeking approval to the calculation of the Council Tax Base for 2015/2016 in accordance with the Local Government Finance Act 1992 and recommended to Council that:-

- (i) The report for the calculation of the Tax Bases for the City Council and Hetton Town Council for 2014/2015 be approved.

- (ii) That 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 £66,000 and for the area of Hetton Town Council shall be £3,301.

2. Revenue Budget 2015/2016 Proposals and Provisional Revenue Support Settlement 2015/2016

That they have given consideration to a joint report of the Chief Executive and Director of Finance (copy attached) on the provisional budget proposals 2015/2016 and provisional Revenue Support Settlement, as a basis for the continuation of consultation, prior to the receipt of the final Local Government Finance Settlement.

They also referred the report to the Scrutiny Committee for further advice and consideration. The Scrutiny Committee resolved that it was satisfied with the information provided on the Revenue Budget Proposals and Revenue Support Settlement. The Committee recognised the difficult financial situation that the Council was facing and in particular wished to acknowledge the work of the Finance Team in preparing the provisional budget proposals.

Accordingly the Cabinet recommended the Council to approve the provisional budget proposals, as a basis for the continuation of budget consultation, prior to the receipt of the final Local Government Finance Settlement 2015/2016.

3. Capital Programme – Third Review 2014/2015, Provisional Resources 2015/2016 and Treasury Management Review 2014/2015

That they have given consideration to a report of the Director of Finance which detailed the re-profiling of projects since the Second Capital Review for 2014/2015 was approved in October 2014, the inclusion of additional schemes and revisions to costs and resourcing for 2014/2015 since the Second Capital Review was reported, the allocation of capital resources for 2015/2016 subject to any adjustments required when final resource announcements are made, and the progress in implementing the Treasury Management Strategy for 2014/2015.

They referred the report to the Scrutiny Committee to note the variation to the Capital Programme 2014/2015 with an estimated cost variance of £250,000 or more, details of which were set out in the extract attached as Appendix A to the report. The Scrutiny Committee resolved that it was satisfied with the capital budget scheme variations and had no additional comment to make.

Accordingly, the Cabinet recommended the Council to note the variation to the Capital Programme for 2014/2015.

4. Local Council Tax Support Scheme

That they have given consideration to a report of the Director of Finance (copy attached) on an update on the consultation results for the Local Council Tax Support Scheme and to recommend that the Local Council Tax Support Scheme set out in the report be implemented with effect from 1 April 2015.

Accordingly, the Cabinet recommended the Council to:-

- (i) Consider feedback received during the consultation period from
 - precepting authorities,
 - the public, including representatives/representative groups of Council Tax payers and Council Tax benefit claimants, voluntary organisations and community groups.
- (ii) Approve the Council's Local Council Tax Support Scheme as set out in in the report for the financial year 2015/16.
- (iii) Authorise the Director of Finance to administer the Local Council Tax Support Scheme including undertaking the consideration and determination of applications for support and authorise the Head of Law and Governance to amend the constitution accordingly.
- (iv) Authorise the publication of the approved Scheme on the Council's website and in any additional manner determined by the Director of Finance in consultation with the Leader of the Council and Cabinet Secretary.

The Leader of the Council, Councillor P. Watson, duly seconded by the Deputy Leader, Councillor H. Trueman moved the report of the Cabinet.

Upon the report of the Cabinet being put to the Council it was:-

36. RESOLVED that the report of the Cabinet be approved and adopted.

Written Questions under Rule 8.2

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

Councillor H. Trueman, duly seconded, moved an extension to the time for responding to Written Questions which was agreed.

Notices of Motion

(i) Notice of Motion – Mismanagement of the British Economy

The Leader of the Council, Councillor P. Watson seconded by the Deputy Leader, Councillor H. Trueman moved the following motion in relation to the mismanagement of the British economy:-

“This Council, condemns the current Conservative led governments mismanagement of the British economy and calls upon all eligible Citizens to vote Labour at the forthcoming general election to prevent further abuse”.

Upon being put to the vote the motion was carried with 49 Members voting in favour:-

Councillors	Allan	Foster	Miller, G	Turton, W
	Atkinson	Galbraith	Mordey	Tye
	Ball	Gibson, E	Price	Walker
	Blackburn	Gibson, P	Scanlan	Watson, P
	Copeland	Gofton	Smith, P	Watson, S
	Cummings	Jackson	Snowdon, D	Williams
	Davison	Kay	Snowdon, D.E	Wilson, A
	Dixon, D	Kelly	Speding	Wilson, D.
	Emerson	Lauchlan	Stewart	Wright, N.
	Errington	McClennan	Taylor, A	Wright, T.H
	Essl	Marshall	Thompson	
	Farthing	Martin, T	Trueman, H.	
	Fletcher	Miller, F	Turton, M	

And 9 Members voting against:-

Councillors	Allen	Francis	Martin, L	Wiper
	Dixon, M	Leadbitter	Smith, D	Wood
	Ellis			

Accordingly it was:-

37. RESOLVED that:-

This Council, condemns the current Conservative led governments mismanagement of the British economy and calls upon all eligible Citizens to vote Labour at the forthcoming general election to prevent further abuse.

Appointments – Washington Area Committee, Planning and Highways Committee, Development Control (Hetton, Houghton and Washington) Sub-Committee, Adult Services Complaints Panel, Age UK, Citizen’ Advice Bureau, Washington – Management Committee, Fostering Panel, North East Child Poverty Commission and North East Automotive Alliance

The Head of Law and Governance submitted a report (copy circulated) which sought approval for appointments to the Washington Area Committee, Planning and Highways Committee, Development Control (Hetton, Houghton and Washington) Sub-Committee, Adult Services Complaints Panel, Age UK, Citizens’ Advice Bureau, Washington – Management Committee, Fostering Panel, North East Child Poverty Commission and North East Automotive Alliance.

(For copy report – see original minutes).

38. RESOLVED that the Council:-

- (i) appoint Councillor T. Martin to serve on Age UK until the next Annual Council meeting;
- (ii) appoint Councillor T. Taylor to serve on the Washington Area Committee, Planning and Highways Committee, Development Control (Hetton, Houghton and Washington) Sub-Committee, Adult Services Complaints Panel and Citizens' Advice Bureau, Washington – Management Committee until the next Annual Council meeting;
- (iii) appoint Councillor Farthing to serve on the Fostering Panel until the next Annual Council meeting;
- (iv) endorse the appointment of Councillor P. Smith as the new representative of the Association of North East Councils on the North East Child Poverty Commission and authorise her attendance at meetings of the Commission; and
- (v) appoint the Chief Executive as the Council's representative on the Board of the NEAA.

Chief Finance Officer – Section 151 Local Government Act 1972

The Chief Executive and Head of Law and Governance submitted a joint report (copy circulated) regarding the confirmation by the Human Resources Committee of previously existing temporary arrangements in respect of the Council's responsibility under Section 151 of the Local Government Act 1972.

(For copy report – see original minutes).

39. RESOLVED that it be noted that the existing temporary arrangements in respect of the organisation's Section 151 responsibility undertaken by the Director of Finance (previously titled the Head of Financial Resources) were made permanent with effect from 1st December 2014 and that the Head of Law and Governance be authorised to amend the Constitution accordingly to reflect the new arrangements.

(Signed) S. PORTHOUSE,
Mayor.

Report of the Cabinet

THE CABINET reports and recommends as follows:-

That they have referred the initial proposals on these matters to the Scrutiny Committee which supported the recommendations set out in the report to the Cabinet dated 14 January 2015.

That they have also subsequently, on 11 February 2015, submitted the attached report numbered 1 to the meeting of the Audit and Governance Committee and also the reports numbered 1, 2 and 3 to the Scrutiny Committee on 12 February 2015.

The Audit and Governance Committee was consulted specifically on the Treasury Management Policy and Strategy for 2015/2016 and was pleased to note that there were no major changes proposed to the overall Strategy and that the careful and prudent approach adopted by the Council in previous years would continue.

The Committee also noted the Borrowing and Investment Strategies and that Council continued to follow fundamental principles in relation to the prudent investment of its treasury balances which had resulted in the rate of return on investments being consistently higher than the benchmark rate.

The Committee were satisfied that the arrangements for Treasury Management were in an excellent position for the next and future years and resolved that the Council be advised accordingly.

The Scrutiny Committee, commented that, having considered the proposals, it was happy with the information provided within the Budget and Service reports and therefore supported the Cabinet recommendation to Council that the budget proposals be approved.

The Scrutiny Committee recognised the difficult financial situation that the Council continued to operate within and acknowledged the hard work and support provided by the Director of Finance and her team in preparing the budget proposals and managing the finances of the Council as a whole.

Subsequently

- the precept figures of the Police and Crime Commissioner Northumbria (PCCN) have been confirmed as those set out in the report to Cabinet on 11 February 2015. For the PCCN this will mean an increase of 1.99% in the precept level for 2015/2016.
- The precept figures for the Tyne and Wear Fire and Rescue Authority (TWFR) have been confirmed as a 1.99% increase in the precept level for 2015/2016. Consequently, the following amounts for the Tyne and Wear Fire and Rescue Authority have been issued to the Council, in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of dwellings as follows:

Valuation Bands	Precepting Authority Tyne & Wear Fire and Rescue Authority
A	£ 49.75
B	£ 58.04
C	£ 66.33
D	£ 74.62
E	£ 91.20
F	£107.78
G	£124.37
H	£149.24

The position set out at Item 3 of the report as Determination of Council Tax 2015/2016 reflects the above notified 2015/2016 precept levels in respect of the Precepting Authorities.

NOTE:

In relation to the report numbered 2 below entitled “Revenue Budget and Proposed Council Tax for 2015/2016 and Medium Term Financial Strategy 2015/2016 to 2019/2020”, Appendix G has not been printed with this item, but the recommendation, which includes all of the substantive content of the report, is set out in full at item 3 below.

1. Capital Programme 2015/2016 and Treasury Management Policy and Strategy 2015/2016, including Prudential Indicators for 2015/2016 to 2017/2018

That they have given consideration to the attached joint report of the Chief Executive and Director of Finance and recommend that approval be given to:

- (i) the proposed Capital Programme for 2015/2016
- (ii) the Treasury Management Policy and Strategy for 2015/2016 (including specifically the Annual Borrowing and Investment Strategies)
- (iii) the Prudential Indicators for 2015/2016 to 2017/2018
- (iv) the Minimum Revenue Provision Statement for 2015/2016.

Accordingly the Cabinet recommends the Council to approve:-

- (i) the proposed Capital Programme for 2015/2016
- (ii) the Treasury Management Policy and Strategy for 2015/2016 (including specifically the Annual Borrowing and Investment Strategies)
- (iii) the Prudential Indicators for 2015/2016 to 2017/2018
- (iv) the Minimum Revenue Provision Statement for 2015/2016.

2. Revenue Budget and Proposed Council Tax for 2015/2016 and Medium Term Financial Strategy 2015/2016 to 2019/2020

That they have given consideration to the attached joint report of the Chief Executive and the Director of Finance on:

- (i) the overall revenue budget position for 2015/2016;
- (ii) the projected balances position as at 31 March, 2015 and 31 March, 2016 and advise on their level;
- (iii) a risk analysis of the Revenue Budget 2015/2016;
- (iv) a summary of the emerging medium term financial position facing the Council from 2016/2017 to 2019/2020;
- (v) views received from the North East Chamber of Commerce and Trade Unions.

They therefore recommend that the Revenue Budget for 2015/2016, as set out at Appendix K, be approved.

3. Determination of Council Tax 2015/2016

That they have given consideration to a report of the Director of Finance making, subject to the approval of the Revenue Budget 2015/2016 (as set out at item 2 above), recommendations with respect to Council Tax levels for 2015/2016, and advising that the Council Tax is calculated using the tax bases for the areas of the City Council and Hetton Town Council as approved by Council on 28 January 2015, and setting out a number of resolutions required to be made to determine the Council Tax, including the confirmed precepts from the Major Precepting Authorities and the Parish of Hetton Town Council.

They therefore recommend that the report having advised of the statutory requirements to recommend to Council a proposed Council Tax Requirement which for Sunderland will mean a freeze to the Council Tax for 2015/2016, Council confirm the Council Tax Requirement for its own purposes is £78,273,360 (excluding Parish precepts), and

- i) it be noted that at its meeting on 28 January 2015 the Council approved the following amounts for the year 2015/2016 in accordance with the amended regulations made under Section 31B(3) of the Local Government Finance Act 1992 (the 'Act'):
 - a) 66,000 being the amount calculated by the Council, in accordance with the above regulation of the Local Authorities (Calculation of Council Tax Base) Regulations 1992, as amended by Local Authorities (Calculation of Tax Base) (Amendment) (England) Regulations 2012, as its Council Tax Base for the year (Item T).

- b) 3,301 being the amount calculated by the Council, in accordance with the Regulations, as the amount of it's Council Tax Base for the year for dwellings in the area of the Parish of Hetton Town Council.
- ii) That the Council Tax Leaflet be made available via the Council's website rather than enclosed with Council Tax bills which reflects a relaxation of the rules and that, to meet timescales for publication, responsibility for finalising the document be delegated to the Director of Finance in consultation with the Leader of the Council and the Cabinet Secretary.
- iii) That the following amounts be now calculated by the Council for the year 2015/2016 in accordance with Sections 31 to 36 of the Local Government and Finance Act 1992 as amended:
- (a) £662,982,481 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A (2) of the Act taking into account all precepts issued to it by Parish Councils.
- (b) £584,665,845 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A (3) of the Act.
- (c) £78,316,636 being the amount by which the aggregate at iii (a) above exceeds the aggregate at iii (b) above, calculated by the Council, in accordance with Section 31A (4) of the Act, as its Council Tax Requirement for the year including Parish Precepts (Item R in the formula in Section 31A(4) of the Act)
- (d) £1,186.6157 being the amount at iii (c) above (Item R) all divided by Item T (i (a) above), calculated by the Council, in accordance with Section 31B (1) of the Act, as the basic amount of its Council Tax for the year (including Parish precepts).
- (e) £43,276 being the precept notified by Hetton Town Council as a special item under Section 34 (1) of the Act.

(f) £1,185.9600 being the amount at iii (d) above less the result given by dividing the amount at iii (e) above by the Item T (i (a) above), calculated by the Council, in accordance with Section 34 (2) of the Act, as the basic amount of its Council Tax for the year for dwellings in those parts of its area to which no Parish precept relates.

(g) £1,199.0700 being the amount given by adding to the amount at iii (f) above the amount iii (e) divided by the amount at i (b) above, calculated by the Council in accordance with Section 34 (3) of the Act as the basic amounts of its Council Tax for the year for dwellings in the area of the Parish of Hetton Town Council.

(h)

Valuation Band	Parts of the Council's Area	
	Hetton Town Council	All other parts of the Council's Area
A	£ 799.38	£ 790.64
B	£ 932.61	£ 922.41
C	£ 1,065.84	£ 1,054.19
D	£ 1,199.07	£ 1,185.96
E	£ 1,465.53	£ 1,449.51
F	£ 1,731.99	£ 1,713.05
G	£ 1,998.45	£ 1,976.60
H	£ 2,398.14	£ 2,371.92

being the amounts given by multiplying the amounts at iii (f) and iii (g) above by the number which, in the proportion set out in Section 5 (1) of the Act, is applicable to dwellings listed in a particular valuation band divided by the number which in that proportion is applicable to dwellings listed in valuation band D, calculated by the Council, in accordance with Section 36 (1) of the Act, as the amounts to be taken into account for the year in respect of categories of dwellings listed in different valuation bands.

iv) it be noted that for the year 2015/2016, the Tyne and Wear Fire and Rescue Authority and the Police and Crime Commissioner for Northumbria have confirmed the following amounts in precepts issued to the Council, in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of dwellings as follows:

Valuation Bands	Precepting Authority	
	Police and Crime Commissioner for Northumbria	Tyne & Wear Fire and Rescue Authority
A	£ 58.89	£ 49.75
B	£ 68.70	£ 58.04
C	£ 78.52	£ 66.33
D	£ 88.33	£ 74.62
E	£107.96	£ 91.20
F	£127.59	£107.78
G	£147.22	£124.37
H	£176.66	£149.24

- v) having calculated the aggregate in each case of the amounts at (iii) h and (iv) above, and having received confirmation of the precept in paragraph (iv), the Council, in accordance with Section 30 (2) of the Local Government Finance Act 1992, hereby sets the following amounts as the amounts of Council Tax for the year 2015/2016 for each of the categories of dwellings shown below:

Valuation Band	Parts of the Council's Area	
	Hetton Town Council	All other parts of the Council's Area
A	£ 908.02	£ 899.28
B	£ 1,059.35	£ 1,049.15
C	£ 1,210.69	£ 1,199.04
D	£ 1,362.02	£ 1,348.91
E	£ 1,664.69	£ 1,648.67
F	£ 1,967.36	£ 1,948.42
G	£ 2,270.04	£ 2,248.19
H	£ 2,724.04	£ 2,697.82

- vi) to note that under Section 52ZB of the Local Government Finance Act 1992, the Authority's relevant basic amount of council tax for 2015/2016 is not excessive in accordance with the principles determined under Section 52ZC(1) of the Act.

(i.e. the proposed Council Tax Freeze for 2015/2016 means that the Council does not need to hold a referendum on its proposed council tax. The regulations set out in Section 52ZC of the Local government Finance Act 1992 requires all billing authorities (councils and precept authorities (i.e. Fire and Police authorities)) to hold a referendum on their proposed level of basic Council Tax each year if they exceed government guidelines set out annually.

For 2015/2016 the guideline increase for the council was 2%.

As the council is proposing a council tax freeze for 2015/2016 then the above regulations have no impact for 2015/2016.)

**Cabinet - 11th February 2015
Capital Programme 2015/2016 and Treasury Management Policy and Strategy
2015/2016, including Prudential Indicators for 2015/2016 to 2017/2018.**

Report of the Chief Executive and Director of Finance

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 2015/2016 and the Treasury Management Policy and Strategy for 2015/2016 (including both borrowing and investment strategies) and to set the Prudential Indicators for 2015/2016 to 2017/2018.

2. Description of Decision

- 2.1 Cabinet is requested to recommend to Council approval of:
- the proposed Capital Programme for 2015/2016
 - the Treasury Management Policy and Strategy for 2015/2016 (including specifically the Annual Borrowing and Investment Strategies)
 - the Prudential Indicators for 2015/2016 to 2017/2018
 - the Minimum Revenue Provision Statement for 2015/2016.

3. Capital Programme 2015/2016

3.1 General

The proposed Capital Programme for 2015/2016 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 securing capital investment in the city in order to deliver growth and jobs. The total programme proposed amounts to £111.770m as set out below:

	Capital Programme 2015/2016
	£m
Children's Services	3.334
Transport	50.594
Health, Housing and Adult Services (HHA)	6.044
Other Service and Economic Regeneration Priorities	51.798
Total	111.770

- 3.2 Members will be aware that the Council has committed resources towards a substantial capital programme spanning a five year period. Therefore the 2015/2016 programme reflects ongoing capital scheme commitments from previous years of £90.678m as set out in Appendix 1 and new starts of £21.092m. The details of the full Capital Programme for 2015/2016 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 formed a Local Asset Backed Vehicle (Siglion) with Carillion (Maple Oak) Ltd in November 2014. Siglion's early focus is on developing three priority regeneration sites of the former Vaux brewery, Chapelgarth and Seaburn. The former Vaux brewery site will be predominantly an office-led development, Chapelgarth a mixed density residential development and Seaburn a mixed leisure and residential development.

3.4 Resources Available for new Starts

3.4.1 Resources - Grants

As reported to Cabinet in January 2015 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 2014/2015 onwards.

	2014-15 £000s	2015-16 £000s	2016-17 £000s
Highways Maintenance	3,052	3,306	3,031
Integrated Transport	3,011	1,606	tbc
Nexus Allocation	450	tbc	tbc
Regional Growth Fund (RGF)	7,140	0	0
Local Pinch Point	1,169	0	0
Total Transport	14,822	4,912	3,031
Department of Health Community Capacity	860	0	0
Communities and Local Government Disabled Facilities	1,467	0	0
Better Care Fund (replaces above Health grants)	0	2,660	tbc
Total Health, Housing and Adult	2,327	2,660	0
Basic Needs	805	508	533
Capital Maintenance	2,225	tbc	tbc
Schools Devolved Funding	504	tbc	tbc
Universal Infant Free School Meals	443	0	0
Total Department for Education	3,977	508	533

3.4.2 Resources – Capital Receipts and Reserves

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 £8.280m capital receipts and £4.875m reserves are used to support the capital programme (£7.990m in 2015/2016 and £5.165m 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.

3.4.3 Resources – Revenue Budget

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.

3.4.4 Resources – Borrowing

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 net £5.750m of prudential borrowing (£1.050m in 2015/2016 and £4.700m from 2016/2017) and 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 the generation of savings to support the revenue budget. Additionally, it is proposed to use this borrowing flexibly by switching with other funding sources such as capital receipts once realised, in part as a result of the forthcoming asset management review. This will reduce capital finance charges that are budgeted to arise from this borrowing.

3.5 Detailed Proposals for New Starts and Capital Programme 2015/2016

The Council is awaiting details of grants that will be awarded to support the 2015/2016 capital programme, including other Education grants and therefore actual grants awarded will be added to the capital programme and reported to Cabinet once details become known. Since the January 2015 Cabinet meeting, consultation with the appropriate Cabinet Portfolio Holders has been undertaken. Taking into account investment priorities to support meeting Economic Masterplan aims, which support regeneration, service and community priorities whilst harnessing commercial opportunities. The following schemes are proposed as new starts in respect of the capital programme for 2015/2016 with further details set out in Appendix 2.

Project	Total Capital Programme £m	Spend 2015/2016 £m
Service Grants / Funding:		
Children's Services Schemes	1.041	0.000
Transport Schemes	3.912	3.912
Health, Housing & Adults Schemes	3.360	3.360
	8.313	7.272
Invest to Save Projects:		
Street Lighting Energy Saving	6.200	3.000
Leisure Joint Venture Investment	2.000	2.000
Garden Waste Collection Fleet Replacement	0.840	0.420
Footbridge Removal, Glebe Estate	0.250	0.250
Parking Meters	0.125	0.125
In-Cab GIS Information System	0.130	0.130
	9.545	5.925
Other Projects:		
North Bridge Street Two Way Traffic System	4.000	0.300
Strategic Land and Property Acquisitions	4.000	4.000
Planned Property Capital Maintenance	1.100	0.500
Railway Station Public Realm	0.750	0.250
Seafront – Marine Walk Masterplan Phase 3	0.650	0.500
Seafront Lighthouses	0.500	0.500
Recycling Fleet Replacement	2.090	0.000
New Salt Barn	1.500	0.500
Safety Fencing Replacement	0.400	0.100
Replacement Horticultural Equipment	0.200	0.200
Port Infrastructure	0.300	0.300
Inward Investment	0.400	0.400
Illuminations	0.170	0.170
Decent Homes	0.150	0.075
Keel Line Viewing Platform Feasibility Study	0.100	0.100
	16.310	7.895
Total New Starts	34.168	21.092

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.

3.6 Further Reports

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. 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 2015/2016, 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 which require 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 2015/2016 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 (TMPs), 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 TMPs 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 TMPs.
3. The Council delegates responsibility for the implementation and regular monitoring of its treasury management policies and practices to Cabinet, and for the execution and administration of treasury management decisions to the Director of Finance, who acts in accordance with the organisation's Policy Statement, TMPs 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 2015/2016

- 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 2015/2016.

- 5.4.2 There are however no major changes being proposed to the overall Treasury Management Strategy in 2015/2016 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 2015/2016 is set out in Appendix 7 and is based upon the views of the Director of Finance, 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 2014/2015 using the prudent treasury management strategy adopted shows that the current average rate of borrowing at 3.35% is low in comparison with other local authorities whilst the current rate earned on investments at 0.76% is higher than the benchmark rate of 0.35%. 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 2015/2016
Appendix 2 - Capital Programme 2015/2016 New Starts
Appendix 3 – Capital Programme 2014/2015 to 2018/2019
Appendix 4 – Prudential and Treasury indicators 2015/2016 to 2017/2018
Appendix 5 – Minimum Revenue Provision Policy Statement 2015/2016
Appendix 6 - Treasury Management Policy Statement
Appendix 7 – Treasury Management Strategy Statement for 2015/2016

Appendix 1

	Capital Commitments 2015/2016 from 2014/2015
	£m
Children's Services Schemes	3.334
Transport Schemes	43.652
Health, Housing & Adults Schemes	2.684
Provision for Economic Development	0.360
Port Infrastructure and Invest to Save Works	1.084
Parks Improvement Programme	0.500
Investment Corridors	2.000
Enterprise Zone Infrastructure	10.779
Sunderland Railway Station Contribution	3.000
Beacon Of Light Contribution	2.500
Washington Leisure Centre	1.449
New Sunderland College Contribution	3.000
Intelligence Hub	1.269
Sunderland Riverside, Stadium Park	1.138
Seafront Developments	0.479
Other Schemes	13.450
Total	90.678

Capital Programme 2015/2016 – New Starts

1.0 Children’s Services Capital Proposals 2015/2016

1.1 The table below details the Children’s Services Government Grants announced for 2014/2015 onwards.

	2014-15 £'000	2015-16 £'000	2016-17 £'000
Education Capital Maintenance	2,225		
Education Basic Need	805	508	533
Schools Devolved Funding	504		
Universal Infant Free School Meals	443		
Total Children’s Services	3,977	508	533

1.2 Proposals for Children’s Services Capital Programme New Starts

1.2.1 There is projected to be £5.291m Education Capital grants funding (Capital Maintenance and Basic Needs) that will be available from 2015/2016 for School Asset Management Priorities. This consists of £4.250m from allocations projected to be brought-forward from 2014/2015 and prior years, and £0.508m new 2015/2016 allocations. In addition, there are Basic Needs allocations confirmed for 2016/2017 totalling £0.533m. The voluntary-aided sector is allocated a share of grant funding based on pupil numbers, and reflecting the governors’ 10 per cent contribution and eligibility for VAT for Capital Maintenance. Funding is held back centrally for academies which means that there is no call on the capital maintenance funds allocated to Local Authority schools. Details below show current proposals from the new grant allocations as well as the projected grant allocations 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) - £0.675m Setting Up Allowances and £0.800m Capital Works

1.2.2 As identified in the 2014/2015 Capital Programme, the Council has retained an allocation to be used as a setting up allowance for the maintained schools currently included in the External Funding Agency’s (EFA)’s Priority School Building Programme. Funding is to cover costs not included in the programme such as investment in the ICT infrastructure and furniture. This allocation is to be accessed by Hetton School, Hylton Castle Primary School and Shiney Row Primary School. The new builds for all 3 schools are projected to be completed during 2016.

- 1.2.3 The Council and EFA have considered the capacities of the new build schools in light of the change in projected pupil numbers and an increase in housing developments in the period since the Council submitted its expression of interest in the PSBP programme. Following this review it has been proposed that the total capacity of the new Shiney Row Primary School is increased from 315 pupils to 420 pupils. The estimated cost to the Council for the increase in capacity is £0.690m. Additional space is also required at the new build at Hylton Castle Primary School to accommodate the large year groups currently in the school. Cost for the change to the programme to accommodate the increased pupil numbers at the new Hylton Castle Primary School is estimated to be £0.110m.
- 1.2.4 The Council has submitted an expression of interest for an additional 3 maintained schools and 2 RC Diocese schools as part of the PSBP 2 Programme. The Schools included in the Council's submission are JFK Primary School, Springwell Village Primary School, South Hylton Primary School, Ryhope St Patrick's RC Primary School and St Joseph's Primary School Washington. The EFA is anticipated to communicate the outcome of the PSBP 2 bidding round in January 2015.

Basic Need

- 1.2.5 The 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. The Council's allocation for 2015/2016 has been announced at £0.508m, and for 2016/2017 at £0.533m.
- 1.2.6 Cabinet has already agreed £0.918m of proposed works at Our Lady Queen of Peace RC Primary School to increase the capacity of the school from 210 to 315. A proposal has also been submitted to Cabinet to increase the capacity at Columbia Grange Primary School (£0.400m) and to develop the Cheadle Centre in advance of a transfer to the Assent Academy Trust (£0.200m) in order to respond to the increasing demand for specialist primary and secondary ASD school places in the city.
- 1.2.7 Basic need is supplemented by an increased number of Section 106 Agreements with developers. S106 Agreements provide additional funding to create school places generated as a consequence of new housing developments. Agreements to the value of £1.710m have been agreed with developers to date (this only includes schemes with full planning consent). In 2015/2016 developments are anticipated to yield funding for the previously commissioned expansion at Easington Lane Primary School while funding from the High Ford development is to be used to increase the capacity at St Joseph's RC Primary, Millfield.
- 1.2.8 Additional works have been identified at Castletown Primary school to facilitate an increase in capacity from 350 pupils to 420 pupils. Additional work is also required in order to ensure compliance with the Universal Free School Meals Policy. This work is to be funded using the Council's Capital Maintenance budget and Basic Need allocation. Estimated costs for all works are £0.200m

Pupil Planning

- 1.2.9 In addition to the proposed works above the Council is assessing the localities where pupil projections have indicated there will be insufficient school places to meet future demand. Particular focus for 2015 – 2017 has been placed in North Sunderland where the Council is currently in the process of working with local primary schools to identify suitable locations to create additional capacity.

Capital Maintenance

- 1.2.10 The Council is committed to carrying out an on-going 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.
- 1.2.11 The focus for the People Directorate's Capital Maintenance plan 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 unforeseen situations that arise in schools year on year. To achieve this outcome 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
 - Kitchen and dining facilities
- 1.2.12 The Council's 2015/2016 Capital Maintenance allocations has not yet been announced. As the number of local schools converting to academies increases, the overall capital allocation for the Council declines. It is therefore anticipated that, as with previous years, the 2015/2016 allocation will reflect a decrease on the allocation received in previous years.
- 1.2.13 In addition to the above priorities the Council has also allocated a sum of £0.250m as a contribution to works to improving the Council's ICT and Broadband infrastructure, particularly within schools. This work is anticipated to commence in 2015/2016.

2.0 Highways Capital Funding 2015/2016

2.1 Highways Maintenance Capital Funding

The Government announced in June 2013 that it would be making available £5.8 billion capital - £976 million each year – over the course of the next parliament to tackle highway maintenance on the local highway network. For 2014/2015 the national highways maintenance funding was £707m topped up with additional one-off funding of £75m.

Following a short consultation exercise this year with local authorities, the Department for Transport (DfT) reviewed and revised the basis for allocating this funding to councils via a Funding Model for 2015/2016 to 2020/2021. This Model includes funding provided for three elements: a Needs Formula comprising of the majority of the overall funding; an (Efficiency) Incentive Formula based on responses to a self-assessment efficiency exercise; and a Challenge Fund to bid against for major highways maintenance works. The proportional split of these elements vary as years progress, with the Needs Formula moving from £901m in 2015/2016 to £725m from 2018/2019.

For 2015/2016, there is no separate Incentive Formula funding – it is included in the Needs funding - to allow the process for this to develop. The DfT allocations for Sunderland based on the Needs formula are shown in the table 2.3, with £3.306m allocated for 2015/2016.

2.2 Integrated Transport Capital Funding

The North East Combined Authority (NECA) has received confirmation from the DfT on Integrated Transport allocations awarded to Tyne & Wear, Durham and Northumberland. These are for 2015/2016 to 2017/2018 with indicative allocations for the following 3 years; all years being the same allocations, but follows a national top-slice of 43.7% from the 2014/2015 allocation to transfer funding into the Local Growth Fund.

The 2015/2016 funding arrangements to each local authority in NECA will be agreed by the North East Leadership Board. For Sunderland the expected allocation is £1.606m, this is an allocation from the Tyne & Wear funding as in previous years. There is also a 4% top-slice from this and the above Highways Maintenance to fund a NECA transport team (replacement of the previous transport management teams with similar funding arrangements) as well as provide for continuation of collaborative projects within the Tyne & Wear region. Local allocations from 2016/2017 will be reviewed once again by NECA, but are intended to be more strategic and with a plan-led approach following establishment of a common NECA Transport Plan.

2.3 The table below details the Highways Capital Funding announced for 2014/2015 onwards.

	2014-15 £'000	2015-16 £'000	2016-17 £'000	2017-18 £'000
Highways Capital Maintenance	3,052	3,306	3,031	2,939
Highways Integrated Transport	3,011	1,606	tbc	tbc
Nexus Allocation	450	tbc	tbc	tbc
Local Pinch Point	1,169	0	0	0
Regional Growth Fund (RGF)	7,140	0	0	0
Total Transport	14,822	4,912	3,031	2,939

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 2015/2016 from prudential borrowing and new grants is therefore £12.882m (£4.912m 2015/2016 grants, £3.031m 2016/2017 grants, £2,939m 2017/2018 grants and £2m 2015/2016 to 2016/2017 prudential borrowing), or £10.882m from new grants only.

Proposals for Highways Capital Programme New Starts 2015/2016

- 2.3.1 The proposed capital programme for 2015/2016, excluding ongoing commitments in relation to the New Wear Crossing, will leave £3.912m (£5.912m less £2m for the Crossing) to support the following priorities:
- The structural maintenance of highways and bridges – £2.633m.
 - Economic development and regeneration by managing congestion; support safe and sustainable communities by improving Road Safety and, improving access; addressing climate change by promoting sustainable travel - £1.279m including funding of the central transport team for NECA / Tyne and Wear.

The use of funding of future years allocations will be considered at the appropriate time.

3.0 Health, Housing and Adult Services Capital Proposals 2015/2016

3.1 Proposals for Health, Housing and Adult Services Capital Programme New Starts 2015/2016

The table below details the Health, Housing and Adult Services Capital Funding announced for 2014/2015 onwards, 2015/2016 being as part of the Better Care Fund.

	2014-15 £'000	2015-16 £'000
Disabled Facilities Grant	1,467	1,787
DoH / Social Care Capital Grant	860	873
Total	2,327	2,660

The table below outlines the current proposals for 2015/2016 to be funded from new announced grant allocations and other resources.

	2015-16 £'000
Disabled Facilities Grant (DFG)	2,999
Improvements to Care and Support – Refurbishment Works	150
Reablement Services	211
Total Expenditure	3,360

Further detail is set out below.

3.1.1 Housing

Disabled Facilities Grant

It is proposed that the Disabled Facilities Grants budget for 2015/2016 is increased by £0.512m to £2.999m for one year to deal with a backlog of identified home improvement works and meet the urgent needs of these clients. The full project can be funded through the Better Care Fund grant allocations of £1.787m re DFG and £0.512m re Social Care Capital, a Council contribution of £0.570m, and a contribution from Registered Social Landlords of £0.130m.

3.1.2 Adult Services

Refurbishment Works

Annually the Directorate reviews all establishments used by Sunderland Care and Support social care company and other clients and a schedule of works that are required is drawn up to ensure that these establishments are maintained at an acceptable level. Establishment 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 £0.211m Better Care Fund grant in 2015/2016 to accelerate the expansion of reablement services in the city with Health partners.

4.0 Other Capital New Start Proposals 2015/2016

Resources to support other proposals for capital projects are set out in Section 3 of the main report. The following projects are proposed for inclusion in the 2015/2016 capital programme.

4.1 Invest to Save New Start Proposals

The following projects are investments that are required to support efficiency savings from 2015/2016:

4.1.1 Street Lighting – Energy Saving £6.200m (£3.000m in 2015/2016 and £3.200m in 2016/2017)

LED technology has progressed significantly over the last few years and a number of suppliers can provide a cost effective lighting solution at competitive rates, enabling reductions of 50% of the energy when compared with traditional lighting, providing a life-span four times as long and being easier to maintain. Following successful trials in the city, the switch to LED for approximately 23,000 residential lighting units will reduce the council's energy bill for street lighting and associated CO2 product. This investment will also act to future proof against future energy price increases. An application has been made to access SALIX funding, with a strong expectation of success. The LED lighting will provide a white-light that allows greater colour rendition, allowing people to see better, enhancing the sense of safety and enabling improved vision on CCTV viewing and recording.

4.1.2 Leisure Joint Venture Investment £2.000m in 2015/2016

As part of the proposals for creating a joint venture for the delivery of leisure services, the Council will be providing capital investment of £2m alongside investment from the partner that will be utilised to increase the capacity and opportunities for citizens to participate in sport and health activities.

4.1.3 Garden Waste Collection Fleet Replacement £0.840m (£0.420m in 2015/2016 and £0.420m in 2016/2017)

It is proposed to allocate £0.840m over 2 years to replacing 6 garden waste collection vehicles to ensure continuation of the Council's existing service provision and contribute to the delivery of £0.600m income target from 2016/2017. An options appraisal will be carried out to ensure that purchase of these assets will provide better value to the Council than leasing.

4.1.4 Footbridge Removal at Glebe Estate £0.250m in 2015/2016

It is proposed to remove the footbridge at Glebe Estate and replace it with a pedestrian crossing to allow for housing regeneration on site. This would be on an invest to save basis via an expected increase to Council Tax from any additional homes.

4.1.5 Parking Meters £0.125m in 2015/2016

Provision of new parking meters for city centre parking is required to deliver agreed efficiencies identified in the parking strategy / Medium Term Financial Strategy.

4.1.6 In-Cab GIS Information System £0.130m in 2015/2016

Installation of an in-cab GIS information system linked to the Customer Service Network (CSN) will improve performance, customer satisfaction and reduce customer contacts resulting in revenue savings. Funding includes £0.030m from the NE Regional Improvement and Efficiency Programme.

4.2 Other New Start Proposals

The following projects are other proposals to support meeting Economic Masterplan aims which support regeneration, service and community priorities whilst harnessing commercial opportunities:

4.2.1 North Bridge Street 2 Way Traffic System £4.000m (£0.300m in 2015/2016, £3.000m in 2016/2017 and £0.700m in 2017/2018)

Proposal of a gateway scheme to introduce two way traffic on North Bridge Street and Dame Dorothy Street to ease the flow of traffic coming into the city centre across Wearmouth Bridge and cut travel times thereby assisting businesses, consumers and visitors to the city.

4.2.2 Strategic Land and Property Acquisitions £4.000m 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 the Council policy for the acquisition of land and buildings.

4.2.3 Planned Property Capital Maintenance £1.100m (£0.500m in 2015/2016, £0.200m in 2016/2017, £0.200m in 2017/2018 and £0.200m in 2018/2019)

To help prevent the ongoing degradation of the property portfolio it is proposed that additional resources amounting to £1.1m are provided for 4 years to continue proactive investment on planned capital maintenance.

4.2.4 Railway Station Public Realm £0.750m in 2015/2016 (£0.250m in 2015/2016 and £0.500m in 2016/2017)

Funding is currently allocated for the redevelopment of the Railway station. However, in order to maximise and build upon the quality of the new station, additional investment of £0.750m is required for public realm works.

4.2.5 Seafront – Marine Walk Masterplan Phase 3 £0.650m (£0.500m in 2015/2016 and £0.150m in 2016/2017)

Phase 1 and phase 2 have seen the majority of the Marine Walk area regenerated both the physical environment and attracted private investment (specifically the development of the Pier Point building). Whilst significant investment has been made to date a third phase would continue the improvements to ensure the continued success of Roker as a key asset for the city by tackling a number of areas not yet dealt with including: improvements to the footways from Roker Terrace down to Marine Walk; remedial works to tackle traffic management issues; and, the relocation of the toilet block adjacent to the bungalow cafe down to the car park area (including the provision of a Change Place facility). The redundant toilet block would be marketed for suitable uses.

4.2.6 Seafront Lighthouses (Roker Pier and Lighthouse Phase 4 and Seaburn Lighthouse) £0.500m in 2015/2016

Following the completion of phase 1 (lantern house) and phase 2 (resurfacing and pier structural repairs), the third phase will restore the lighthouse and open it up, along with the tunnel, as a visitor attraction (subject to securing Heritage Lottery Fund grant in March 2015). Phase 4 funding would allow the original railings on the pier to be restored and the modern railings replaced with historic replicas. The Phase 4 works would complete the full restoration of the pier complex. In addition, the grade II listed lighthouse on Cliff Park (Seaburn) requires a number of capital repairs.

4.2.7 Recycling Fleet Replacement £2.090m (£0.950m in 2016/2017 and £1.140m in 2017/2018)

It is proposed to allocate £2.090m over 2 years to replacing 11 split body recycling vehicles which will continue the Council's existing service provision. An options appraisal will be carried out to ensure that purchase of these assets will provide better value to the Council than leasing.

4.2.8 New Salt Barn £1.500m (£0.500m in 2015/2016 and £1.000m in 2016/2017)

The current salt barn is on the proposed route for the SSTC3, and its relocation is therefore a priority. The current facility for storing the Council's winter maintenance road salt stock is not the most efficient given that it is not under cover, meaning that there is wastage of the salt from rain and wind, also wet salt is less efficient at being spread than dry salt. The new facility will include under cover storage and will protect the salt from wastage.

4.2.9 Safety Fencing Replacement £0.400m (£0.100m p.a. 2015/2016 to 2018/2019)

A condition survey had identified the need to replace parts of the safety fencing on the city's road network. A sum of £0.200m was provided for 2014/2015 to meet the high priority needs from that survey. A further allocation of £0.100m p.a. would continue this and allow safety fences at other priority locations identified from the condition survey to be replaced and ensure that public safety is not compromised.

4.2.10 Replacement Horticultural Equipment £0.200m in 2015/2016

Replacement horticultural equipment programme for aged grass cutting equipment would increase reliability and effectiveness of equipment affected.

4.2.11 Port Infrastructure £0.300m in 2015/2016

Investment in the Port's Infrastructure will be undertaken to enable continued access to existing and new commercial opportunities including increasing the range of cargos currently handled at the Port. Improvements and expansion of the Port's estate will provide more capacity to maximise commercial opportunities and reduce external costs.

4.2.12 Inward Investment £0.400m in 2015/2016

It is proposed to support the inward investment campaign for a further year in 2015/2016. The £0.400m investment will cover key work streams of automative, software / digital, port / offshore plus an expansion of the campaign to cover enterprise and social enterprise with associated marketing.

4.2.13 Illuminations £0.170m in 2015/2016

The 2014 Roker Park Illuminations achieved great success in attracting over 148,500 visitors within six weeks. It is proposed to build on this success and further improve the 2015 illuminations with an estimated £0.170m investment from earmarked capital reserves. This will enable extension of the high quality feature lighting offer throughout Roker Park including a transition to a maritime theme in order to support the build-up to the 2018 Tall Ships and investment in low cost, low maintenance programmeable LED lighting along the seafront promenade area.

4.2.14 Decent Homes £0.150m (£0.075m in 2015/2016 and £0.075m in 2016/2017)

It is proposed to make a further contribution to meet the requirements of the Financial Assistance Policy to enable decent homes works and for homes where there is serious disrepair to be carried out. The £0.150m is to be funded from the balance of uncommitted New Homes Bonus reserve.

4.2.15 Keel Line Viewing Platform Feasibility Study £0.100m in 2015/2016

A feasibility study will inform options and cost estimates to consider for proposed completion of the Keel Line with a viewing platform overlooking the river Wear.

4.3 Potential Invest to Save / Grant Funded Schemes

It is proposed that the Capital Programme includes headroom over the medium term to support capital spending for 'invest to save' schemes and also match funding for bids made for external funding. 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/bids and will only progress subject to development of a detailed business case or external funding confirmation, 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
2014/15 to 2018/19

Expenditure by Portfolio	Gross Cost £'000	Expend. to 31.3.14 £'000	Estimated Payments				
			2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000	2018/19 £'000
Leader	87,944	23,229	24,002	29,513	11,200		
Deputy Leader	12,523	9,400	974	2,149			
Cabinet Secretary	26,752	8,869	10,950	4,113	1,040	890	890
Children's	17,551	4,939	6,699	3,334	2,579		
Health, Housing & Adult Services	20,772	7,355	7,223	6,119	75		
Public Health, Wellness & Culture	17,979	3,563	10,062	4,354			
City Services	236,183	21,471	29,119	57,584	72,603	20,706	34,700
Responsive Services & Customer Care	3,649	859	1,521	1,269			
Contingencies	7,855		4,520	3,335			
TOTAL CAPITAL EXPENDITURE	431,208	79,685	95,070	111,770	87,497	21,596	35,590

CAPITAL PROGRAMME

Source of Finance	Estimated Resources				
	2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000	2018/19 £'000
FROM EXTERNAL SOURCES					
Loans					
Prudential Borrowing	51,429	37,611	17,256	11,758	1,290
Salix		2,250	2,170		
Government Grants					
Department for Communities and Local Government (DCLG)	15				
Better Care Fund Grant / DoH Disabled Facilities & Other Grant	2,461	2,660			
DoH - ICT Grant	198				
DfE - Capital Maintenance Grant	1,174	2,524	1,420		
DfE - Basic Need Grant	3,212	306	1,159		
DfE - Schools DFC Grant	1,238	504			
DfE - 2 Year Old Offer	553				
DfE - Short Breaks	36				
DfT - Local Transport Plan (LTP)	5,975	5,000	3,031	2,939	
DfT - S31 Transport Grant		33,967	48,596		
DfT - Local Sustainable Transport Fund (LSTF)	210				
DfT - Sustrans	75				
DfT - Pothole Grant	127				
Growing Places Fund Grant	1,655	2,231			
Regional Growth Fund (RGF)	6,974				
Local Pinch Point (LPP)	1,157				
Coast Protection	731	283	700		
English Partnership / SHIP	226				
BIG Coastal Communities Fund	106				
Local Growth Fund (LGF)			7,950	4,500	34,000
Universal Free School Meals	443				
Department of Energy and Climate Change (DECC)	10	70			
Other Government Grants	18	30			
Grants from Other Public Bodies					
Lottery - Heritage Lottery Fund (HLF)	1,915	2,776	1,350	959	
ERDF	4,711	1,513			
Homes and Communities Association (HCA)	1,165	2,300			
Football Foundation	20				
Nexus LTP	511				
Sport England	15				
Other External Funding					
Capital Contributions General	835	198			
Other Grants	355	130			
Total External Sources	87,550	94,353	83,632	20,156	35,290
FROM INTERNAL SOURCES					
Revenue Contributions					
General Fund		270			
Strategic Initiative Budget	89				
Directorate	300	300			
Reserves					
Strategic Investment Reserve	903	839			
Strategic Investment Plan Reserve	973	53	950	1,140	
Unutilised RCCO Reserve	1,424	1,069	142		
Capital Priorities Reserve	952	3,629	420		
Stadium Park Transfer Reserve	20	1,138			
Rainton Bridge Reserve	197				
SAP Development Reserve	40				
Digital Challenge Reserve		458			
Working Neighbourhoods Reserve	39	1,664	398	100	100
Modernisation Reserve		1,000			
New Homes Bonus Reserve	1,445	75	75		
S106 Reserve	638	553			
Port Reserve		300			
Capital Receipts	500	6,069	1,880	200	200
Total Internal Sources	7,520	17,417	3,865	1,440	300
TOTAL FINANCING	95,070	111,770	87,497	21,596	35,590

LEADER CAPITAL PROGRAMME

CAPITAL INVESTMENT PLANS AND LINKAGES TO SERVICE OBJECTIVES 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

- Strategic Land Acquisitions will enable further physical regeneration in the City. Main acquisitions in current year included property at Nile Street as part of the Joint Venture with Homes and Community Agency for the redevelopment of Central Sunnyside which has been acquired with a view to providing a comprehensive development site.
- St Mary's Boulevard & Keel Square - Works are progressing with the construction of the realigned highway and new Keel Square, which are scheduled for completion early 2015.
- Demolition of Crowtree Leisure Centre - Demolition of the existing segment and the permanent works to enhance the remaining facade were completed in June 2014. The site was in the first instance temporarily secured and hoarded to allow grass landscaping to consolidate. The footprint now provides a grassed area with public through-access which can be available for potential future events.
- Washington Business Centre was completed in March 2014. The building which is the 3rd of the Council's Business Incubators, provides a further capital asset to the council and encourages and supports business startups and business expansions.
- The Council's capital contribution towards the recent extension to The Bridges Shopping Centre has helped in providing significant new retail space, increased footfall and an improved entrance from High Street West. In addition as landowner the Council will receive a rental return proportionate to its contribution.

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 measures including:

- Identifying and maximising external match funding opportunities where applicable.
- Alternative funding and delivery methods.
- Efficiencies through improved procurement techniques and monitoring arrangements.

CAPITAL INVESTMENTS FOR THE YEAR AHEAD

Ongoing Commitments

- Former Vaux Site Advanced Works - The reinstatement retaining walls and backfill following a landslip is required and after completion of St Mary's Boulevard some remedial works may be required to the grass areas where it has not been possible to gain access for regular maintenance.
- Enterprise Zone Infrastructure - A planning application for a scheme of highway improvements to service the Hillthorn Farm site has been submitted (January 2015). A development partner has also submitted a planning application for the Hillthorn Farm site, and development is due to commence later this year.
- Strategic Land Acquisitions – Further acquisitions are to be completed which are considered to be of strategic importance.
- 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.
- Investment Corridors – Engagement with stakeholders is underway to inform draft designs which will focus on Bridge Street and High Street West up to Keel Square, works are due to commence early 2016. A later second phase will continue the works from Keel Square up to the junction with St. Michael's Way. This is an important route within the City Centre, which links both shopping and leisure facilities as well as the University campus and is a key area for investment and improvement.
- Industrial Portfolio Improvement Works – Work continues to expand Council owned industrial units to support business demand and generate revenue to the Council via increased rents.
- City Deal – International Advanced Manufacturing Park (IAMP) - A number of activities are progressing including a range of feasibility studies to identify potential barriers and mitigation presented by the land north of Nissan (the

LEADER CAPITAL PROGRAMME

general area of the proposed IAMP site). In addition, a business case has been submitted to the Cabinet Office for £5m of funding committed by Government as part of the City Deal.

- Beacon of Light - The SAFC Foundation of Light is continuing to progress with its Funding Strategy and has already secured several million pounds towards the construction and development of an events facility at Stadium Park. Further funding applications are being progressed. The Foundation plans to submit a full planning application for the project in spring 2015, with a proposed start to the development by the end of 2015.
- Heat Networks – Energy Masterplan and Feasibility study - The Sunderland Heat Map will provide a city-wide understanding of current and future heat demands, offering an important evidence base for the Council and partners to develop appropriate solutions for improved energy management and the energy infrastructure requirements for key strategic sites. Procurement is expected to commence in early 2015.
- New Sunderland College Contribution - The Council's contribution towards the Sunderland College Campus proposal continues the regeneration of the City Centre and enables the development of a new flagship base which will run courses for 2,000 students supported by 120 staff and allow public access to its facilities.

New Starts

- Support the inward investment campaign which will cover key workstreams of automotive, software/digital, port/offshore plus an expansion of the campaign to cover enterprise and social enterprise with associated marketing.
- Further acquisition of land and buildings which are considered to be of strategic importance and would contribute towards the Council's physical regeneration aspirations for the City.
- Public realm works to build upon the quality of the new railway station.
- A feasibility study to complete the Keel Line with a viewing platform overlooking the river Wear.

**LEADER
CAPITAL PROGRAMME**

SUMMARY

Project Description	Gross Cost £'000	Expend to 31.3.14 £'000	Estimated Payments				
			2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000	2018/19 £'000
MAIN BLOCK							
Continuing Projects	73,212	23,229	21,204	18,079	10,700		
Projects Commencing 2014/15	9,482		2,798	6,684			
Projects Commencing 2015/16	5,250			4,750	500		
Projects Commencing 2016/17							
Projects Commencing 2017/18							
Projects Commencing 2018/19							
TOTAL CAPITAL EXPENDITURE	87,944	23,229	24,002	29,513	11,200		

METHOD OF FINANCING ESTIMATED CAPITAL EXPENDITURE

Source of Finance	Estimated Resources				
	2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000	2018/19 £'000
FROM EXTERNAL SOURCES					
Loans					
Prudential Borrowing	18,183	17,587	4,750		
Government Grants					
Growing Places Fund Grant	1,655	2,231			
Local Growth Fund (LGF)			5,950		
Department of Energy and Climate Change (DECC)	10	70			
Grants from Other Public Bodies					
ERDF	2,896	1,298			
Other External Funding					
Capital Contributions General	835	198			
Total External Sources	23,579	21,384	10,700		
FROM INTERNAL SOURCES					
Reserves					
Strategic Investment Reserve	5	339			
Unutilised RCCO Reserve		100			
Capital Priorities Reserve	162	3,040			
Rainton Bridge Reserve	197				
Working Neighbourhoods Reserve		400			
New Homes Bonus Reserve	59				
Capital Receipts					
		4,250	500		
Total Internal Sources	423	8,129	500		
TOTAL FINANCING	24,002	29,513	11,200		

**LEADER
CAPITAL PROGRAMME**

Project Ref.No.	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.14 £'000	Estimated Payments				
					2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000	2018/19 £'000
Continuing Projects									
Strategic Economic Development									
CP0126	Former Vaux Site Advance Site Works	F Serajian	1,466	1,122	5	339			
CP0136	Enterprise Zone Infrastructure	F Serajian	21,000	165	3,056	10,779	7,000		
CP0127	Strategic Land Acquisition Provision	N Wood	4,659	2,604	894	1,161			
CP0137	Sunderland Railway Station Contribution	N Wood	3,000			3,000			
CP0138	St Mary's Boulevard & Keel Square	F Serajian	12,581	7,330	5,251				
CP0139	Investment Corridors	F Serajian	4,000	30	470	2,000	1,500		
CP0175	Demolition of Crowtree LC	F Serajian	3,063	2,583	480				
Business Investment									
CP0129	Washington Business Centre	T Hurst	6,258	6,206	52				
Strategic Improvement Programmes									
CP0132	Smarter Working	F Serajian	3,038	2,841	197				
CP0191	Industrial Portfolio Improvement Works	F Serajian	9,147	296	8,851				
Strategic Economic Development									
CP0142	City Deal Development	V Taylor	5,000	52	1,948	800	2,200		
TOTAL CONTINUING PROJECTS			73,212	23,229	21,204	18,079	10,700		
Projects Commencing 2014/15									
Strategic Improvement Programmes									
CP0127	Strategic Land Acquisition Provision	N Wood	2,000		926	1,074			
CP0208	Beacon of Light Contribution	D Hattle	3,000		500	2,500			
CP0197	Bridges Shopping Centre - Contribution	N Wood	1,362		1,362				
CP0203	Energy Masterplan & Feasibility Assessment (DECC)	V Taylor	120		10	110			
CP0198	New Sunderland College Contribution	N Wood	3,000			3,000			
TOTAL PROJECTS COMMENCING 2014/15			9,482		2,798	6,684			
Projects Commencing 2015/16									
Strategic Economic Development									
CP0235	Inward Investment	D Lewin	400			400			
Strategic Improvement Programmes									
CP0127	Strategic Land Acquisition Provision	N Wood	4,000			4,000			
CP0221	Railway Station Public Realm	N Wood	750			250	500		
CP0238	Keel Line - Viewing Platform Feasibility Study	F Serajian	100			100			
TOTAL PROJECTS COMMENCING 2015/16			5,250			4,750	500		
TOTAL CAPITAL PROGRAMME			87,944	23,229	24,002	29,513	11,200		

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 Infrastructure – Improvements were made to the performance of the SAP Financial and HR systems.
- IT Developments – Part of this programme included improvements being made to air conditioning at the Moorside Datacentre to mitigate risks identified following an infrastructure outage.

KEY MEDIUM TERM PRIORITIES

- Supporting the Council's Transformation Programme and delivering the ICT work stream.
- Improving the resilience of the ICT infrastructure.

HOW THE PROGRAMME CONTRIBUTES TO VALUE FOR MONEY AND EFFICIENCY

- The programme contributes 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

- Flexible Working solutions – The delivery of enhanced security, including two factor authentication for accessing systems remotely.
- Digital Challenge – Continue the roll out of superfast broadband across the city via the sub regional Digital Durham Programme. Continue to support the improvement of digital skills across the city, including supporting the take up of services as they move to a self-service model delivered by the Internet.
- SAP Archiving – The secure store of historical SAP records, which will improve system performance.
- Revenue & Benefits System - The delivery of on-line benefits forms and the upgrade of the document imaging system associated to benefits claims. Additional modules to improve current functionality of system improving service to the customer.
- 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.
- Employee Self Service - 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. This includes a review of forms and processes being undertaken prior to implementation of a technology solution.
- Electronic Document Management – 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.
- Corporate Computing Model – Completion of final remedial actions in relation to the roll out of the virtual desk top across the Council.
- IT Developments – A programme of activities to improve underlying ICT infrastructure that will enable efficiencies within the Council to be achieved and help services to meet necessary budget reductions.
- Wider Network Upgrade – This relates to the migration of the Council's Wide Area Network connections to Superfast Broadband technology.

**DEPUTY LEADER
CAPITAL PROGRAMME**

SUMMARY

Project Description	Gross Cost £'000	Expend to 31.3.14 £'000	Estimated Payments				
			2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000	2018/19 £'000
MAIN BLOCK							
Continuing Projects	11,388	9,400	408	1,580			
Projects Commencing 2014/15	1,135		566	569			
Projects Commencing 2015/16							
Projects Commencing 2016/17							
Projects Commencing 2017/18							
Projects Commencing 2018/19							
TOTAL CAPITAL EXPENDITURE	12,523	9,400	974	2,149			

METHOD OF FINANCING ESTIMATED CAPITAL EXPENDITURE

Source of Finance	Estimated Resources				
	2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000	2018/19 £'000
FROM EXTERNAL SOURCES					
Government Grants					
Department for Communities and Local Government (DCLG)	15				
DfE - Basic Need Grant	95				
Total External Sources	110				
FROM INTERNAL SOURCES					
Reserves					
Strategic Investment Reserve	138	500			
Strategic Investment Plan Reserve	172				
Unutilised RCCO Reserve	56	122			
SAP Development Reserve	40				
Digital Challenge Reserve		458			
Modernisation Reserve		1,000			
Capital Receipts	458	69			
Total Internal Sources	864	2,149			
TOTAL FINANCING	974	2,149			

**DEPUTY LEADER
CAPITAL PROGRAMME**

Project Ref.No.	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.14 £'000	Estimated Payments				
					2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000	2018/19 £'000
Continuing Projects									
CP0114	Flexible Working Solutions	L St Louis	100	92	8				
CP0115	Digital Challenge	L St Louis	3,545	3,072	15	458			
CP0168	SAP Infrastructure	L St Louis	100	73	27				
CP0117	Revenue and Benefits system Ph 2	F Brown	400	228	172				
CP0116	SAP Archiving	L St Louis	105			105			
CP0119	Automated Court Bundle	E Waugh	30		30				
CP0120	Corporate Computing Model	L St Louis	5,935	5,797	138				
CP0121	Network Upgrade	L St Louis	30	11	2	17			
CP0122	Employee Self Service	L St Louis	500			500			
CP0123	Electronic Document Management	L St Louis	500			500			
CP0180	Corporate Computing Model Ph 2	L St Louis	143	127	16				
TOTAL CONTINUING PROJECTS			11,388	9,400	408	1,580			
Projects Commencing 2014/15									
CP0181	IT Developments	L St Louis	1,000		431	569			
CP0192	Wider Network Upgrade	L St Louis	135		135				
TOTAL PROJECTS COMMENCING 2014/15			1,135		566	569			
TOTAL CAPITAL PROGRAMME			12,523	9,400	974	2,149			

CABINET SECRETARY CAPITAL PROGRAMME

CAPITAL INVESTMENT PLANS AND LINKAGES TO SERVICE OBJECTIVES AND STRATEGIC PRIORITIES

The Cabinet 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 Infrastructure - the Port purchased an available 33,000 square foot warehouse building within the Port estate which enabled the Port to immediately expand its asset base in a strategic location adjacent to the Greenwell's Quay river berth. Additionally, this has provided greater covered storage flexibility for both bulk and unutilised cargo handling opportunities and has also reduced revenue costs, as the Port was previously renting this asset from the previous owner.
- Port Dock Gate Repairs – Water levels in the Port's enclosed Hudson and Hendon Dock complex are maintained by two sets of dock gates which allow vessel access and egress across tidal window and for all vessels to safely remain afloat when berthed. Essential maintenance works have been carried to the Port's No1 Dock Gates which will help ensure the gates will remain fully operationally and will safeguard safe vessel navigation within the Dock complex.
- Roker Pier and Lighthouse – The second phase of works was completed to the pier. The pier deck was fully resurfaced and repairs to the structure, below the waterline, were undertaken to ensure that the 111 year old structure continues to withstand the North Sea. A 2nd stage HLF bid was submitted in December 2014 for a further £500,000. This funding will allow for a full restoration of the lighthouse and allow the lighthouse and tunnel to be opened as a visitor attraction. A decision from HLF is expected in March 2015.
- Seafront – Marine Walk Masterplan Phase 2 – Further public realm improvements were completed, including additional feature lights on the promenade.
- Provision for Economic Development provides 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 (2013/14) have demonstrated that support was offered to 12 companies and from this it was projected that 92 full time jobs would be created. This supports sustaining and further developing the local economy.
- The Property Planned Capital Maintenance programme has seen investment in more major building improvements including heating systems at Civic Centre, new sports floor at Raich Carter Centre, electrical works at Central Museum and Kayll Road Library, footpath resurfacing at Bishopwearmouth and Mere Knolls Cemeteries and renewal of the roof at the Council owned TRW factory at Rainton Bridge.
- Accelerated Low Water Corrosion is affecting riverside and coastal structures supporting footpaths and other infrastructure. The programme of assessment and repair has given a better understanding of their condition to allow measures to be planned and implemented to extend the life of the structures.

KEY MEDIUM TERM PRIORITIES

- Enhanced capital investment in Port infrastructure over recent years, has allowed the Port to diversify its commercial services into new market areas. The Port Board will aim to facilitate further expansion in line with spot market demand and also the securing of longer term contracts. This will include securing inward investment opportunities on the Port estate.
- The public investment at the Seafront over recent years and on-going, is assisting with boosting local economic activity with businesses reporting an increase in turnover following the improvement works and an increase in visitor numbers.
- The Property Planned Maintenance programme is developed from condition survey data of the council property portfolio and is designed to undertake works to the portfolio to prevent a catastrophic failure of a component and to replace items before they cause disruption to service delivery.

HOW THE PROGRAMME CONTRIBUTES TO VALUE FOR MONEY AND EFFICIENCY

- As part of the continued effort to sustain the improvement of the Port of Sunderland's trading position, investment in both infrastructure and equipment will continue to improve operational efficiencies, reduce equipment hire costs and provide the necessary resources to enable the Port to better respond to spot market opportunities and those for the longer term.
- Investment in the property portfolio is essential to maintain the council's assets and to protect the investment the council has already made. Investment also ensures that the property meets its statutory requirements, protects the reputation of the council and delivers buildings that are fit for purpose and attractive to visit and occupy.
- Identifying and maximising external match funding opportunities where applicable.

CABINET SECRETARY CAPITAL PROGRAMME

CAPITAL INVESTMENTS FOR THE YEAR AHEAD

Ongoing Commitments

- Port Infrastructure – Land remediation works and further investment in the Port infrastructure will improve the attractiveness of the Port of Sunderland for inward investment opportunities in the offshore oil, gas and renewable sectors and also will provide greater operational flexibility in and around key assets such as its Greenwell's Quay river berth. Match funding has been secured from the European Regional Development Fund (ERDF) to carry out the expansion of reinforced cargo lay-down areas, improve road access in and out of the Port estate and carry out demolition works at the former Holystone site.
- Old Sunderland Townscape Heritage Initiative – This grant scheme is nearing completion, with the majority of restoration projects now complete. The Old Orphanage restoration was completed in 2014.
- Property Planned Capital Maintenance programme will carry out works to undertake the renewal of the cap to Fulwell Mill, replacement of the roof at Green Street Arcade and replacement of the fire alarm at the Independent Living Centre.

New Starts

- Investment in the Port's Infrastructure to enable continued access to existing and new commercial opportunities including increasing the range of cargos currently handled at the Port.
- Phase 3 of Marine Walk Masterplan to provide improvement to the footways from Roker Terrace to Marine Walk, remedial works to tackle traffic management issues, improvements to the land adjacent to the Yacht Club and relocation of the Marine Walk toilet block to the car park area which is also proposed to include a Change Place facility.
- Works to Seafront Lighthouse including Phase 4 of Roker Pier and Lighthouse which will allow the original railings on the pier to be restored and the modern railings replaced with historic replicas. Also capital repairs are required to the Seaburn Lighthouse.
- Continued investment on planned capital maintenance in order to prevent the ongoing degradation of the property portfolio.

**CABINET SECRETARY
CAPITAL PROGRAMME**

SUMMARY

Project Description	Gross Cost £'000	Expend to 31.3.14 £'000	Estimated Payments				
			2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000	2018/19 £'000
MAIN BLOCK							
Continuing Projects	24,202	8,869	10,950	2,313	690	690	690
Projects Commencing 2014/15							
Projects Commencing 2015/16	2,550			1,800	350	200	200
Projects Commencing 2016/17							
Projects Commencing 2017/18							
Projects Commencing 2018/19							
TOTAL CAPITAL EXPENDITURE	26,752	8,869	10,950	4,113	1,040	890	890

METHOD OF FINANCING ESTIMATED CAPITAL EXPENDITURE

Source of Finance	Estimated Resources				
	2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000	2018/19 £'000
FROM EXTERNAL SOURCES					
Loans					
Prudential Borrowing	8,428	2,598	690	690	690
Government Grants					
BIG Coastal Communities Fund	106				
Grants from Other Public Bodies					
Lottery - Heritage Lottery Fund (HLF)	300				
ERDF	245	215			
Total External Sources	9,079	2,813	690	690	690
FROM INTERNAL SOURCES					
Reserves					
Strategic Investment Reserve	228				
Unutilised RCCO Reserve	754				
Capital Priorities Reserve	450				
New Homes Bonus Reserve	417				
Port Reserve		300			
Capital Receipts					
	22	1,000	350	200	200
Total Internal Sources	1,871	1,300	350	200	200
TOTAL FINANCING	10,950	4,113	1,040	890	890

**CABINET SECRETARY
CAPITAL PROGRAMME**

Project Ref.No.	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.14 £'000	Estimated Payments				
					2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000	2018/19 £'000
Continuing Projects									
Port									
CP0145	Port Infrastructure	M Hunt	6,140	1,765	3,291	1,084			
CP0146	Dock Repairs	M Hunt	870	58	812				
CP0147	Road Repairs and Lighting	M Hunt	110	101	9				
CP0148	Miscellaneous Capital Plant and Equipment	M Hunt	510	301	209				
Planning and Land Use									
CP0096	Old Sunderland Townscape Heritage Initiative	N Wood	2,327	1,645	682				
Seafront									
CP0111	Roker Pier and Lighthouse Ph2	N Wood	1,403	432	971				
CP0100	Seafront - Marine Walk Masterplan Ph2	N Wood	4,397	2,120	1,798	479			
CP0144	Old North Pier Technical Investigation	L Clark	150	34	116				
Economic Development Grants									
CP0103	Provision for Economic Development	T Hurst	5,025	689	1,906	360	690	690	690
Management of Council Land and Buildings									
CP0106	Property Planned Capital Maintenance	F Serajian	3,070	1,724	956	390			
CP0107	Low Water Corrosion / Riverside Repairs	F Serajian	200		200				
TOTAL CONTINUING PROJECTS			24,202	8,869	10,950	2,313	690	690	690
Projects Commencing 2015/16									
Port									
CP0234	Port Infrastructure	M Hunt	300			300			
Seafront									
CP0222	Seafront - Marine Walk Masterplan Ph3	N Wood	650			500	150		
CP0223	Seafront Lighthouses	N Wood	500			500			
Management of Council Land and Buildings									
CP0106	Property Planned Capital Maintenance	F Serajian	1,100			500	200	200	200
TOTAL PROJECTS COMMENCING 2015/16			2,550			1,800	350	200	200
TOTAL CAPITAL PROGRAMME			26,752	8,869	10,950	4,113	1,040	890	890

CHILDRENS 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 the Coalfields and Washington following completion of the expansions at Easington Lane Primary School and Biddick Primary School.
- Development of a 6th Form Block at Barbara Priestman Academy to reduce overcrowding on the main school site.
- Refurbishment of the Pallion Centre to facilitate the PRU move from the Cheadle Centre.

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.

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

School asset management works:

- Our Lady Queen of Peace – Capital works to increase total school capacity to meet local demand for places.
- Priority Schools Building Programme (PSBP) - Ongoing asset management works include the delivery of works associated with at Hetton School Secondary, Hylton Castle Primary and Shiney Row Primary, including the delivery of a start-up initiative to replace furniture and heavy equipment in time for the opening of the new schools.
- Continuation of other capital works to meet asset management requirements identified in 2014.

Universal Infant Free School Meals (UIFSM):

- As part of the UIFSM Offer, production kitchens are being installed at John F Kennedy Primary School, Grindon Infant School and Bernard Gilpin Primary School.

New Starts

As part of the school asset management, the following projects will progress:

- 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.
- Development of kitchen and dining facilities in maintained primary schools, including condition work and works to increase capacity of the kitchens.
- PSBP - Increased capacity at the new Shiney Row Primary School (with capacity to be increased from planned 305 pupils to 420 pupils) and development of an additional class base at the new Hylton Castle Primary School.
- Capital works to increase capacity at Columbia Grange Primary School to increase number of local primary places for children with ASD.
- Capital works in relation to increased capacity to respond to requirement for primary places in North Sunderland.
- Capital developments at the Cheadle Centre as part of the solution to capacity issues within Secondary ASD provision.

**CHILDRENS SERVICES
CAPITAL PROGRAMME**

SUMMARY

Project Description	Gross Cost £'000	Expend to 31.3.14 £'000	Estimated Payments				
			2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000	2018/19 £'000
MAIN BLOCK							
Continuing Projects	12,508	4,939	5,238	2,331			
Projects Commencing 2014/15	4,002		1,461	1,003	1,538		
Projects Commencing 2015/16	508				508		
Projects Commencing 2016/17	533				533		
Projects Commencing 2017/18							
Projects Commencing 2018/19							
TOTAL CAPITAL EXPENDITURE	17,551	4,939	6,699	3,334	2,579		

METHOD OF FINANCING ESTIMATED CAPITAL EXPENDITURE

Source of Finance	Estimated Resources				
	2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000	2018/19 £'000
FROM EXTERNAL SOURCES					
Government Grants					
DfE - Capital Maintenance Grant	1,174	2,524	1,420		
DfE - Basic Need Grant	3,117	306	1,159		
DfE - Schools DFC Grant	1,238	504			
DfE - 2 Year Old Offer	553				
DfE - Short Breaks	36				
Universal Free School Meals	443				
Total External Sources	6,561	3,334	2,579		
FROM INTERNAL SOURCES					
Reserves					
Unutilised RCCO Reserve	20				
S106 Reserve	118				
Total Internal Sources	138				
TOTAL FINANCING	6,699	3,334	2,579		

**CHILDRENS SERVICES
CAPITAL PROGRAMME**

Project Ref.No.	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.14 £'000	Estimated Payments				
					2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000	2018/19 £'000
	Continuing Projects								
	DFC								
CP0085	Schools Devolved Capital	B Scanlon	5,708	4,470	1,238				
	Primary School Asset Management								
CP0212	Lambton Primary - Phase 2 External/Internal Alterations	B Scanlon	50		50				
CP0212	Biddick Primary Phase 3 - Extension/Internal Alterations	B Scanlon	442	34	408				
CP0212	Easington Lane Primary - Extension/Internal Alterations	B Scanlon	827	23	804				
CP0212	Our Lady Queen of The Peace	B Scanlon	918		100	818			
CP0212	Primary Schools Other	B Scanlon	1,014	163	838	13			
	Other Asset Management								
CP0211	Nursery School Asset Management	B Scanlon	46		46				
CP0088	Secondary School Asset Management	B Scanlon	150		85	65			
CP0214	Special School Asset Management	B Scanlon	12		12				
CP0213	Thornhill School - Pool Heating Plant	B Scanlon	89		89				
CP0214	Barbara Priestman - Extension/Internal Alterations	B Scanlon	413		413				
CP0214	Pallion Pupil Referral Unit-Major Refurb	B Scanlon	236		236				
CP0206	Electricity at Work	B Scanlon	74	20	54				
CP0088	Priority Schools Building Programme – Setting up costs	B Scanlon	850		175	675			
CP0088	Priority Schools Building Programme – Shiney Row Primary School	B Scanlon	690			690			
CP0088	School Asset Management Programme Unallocated	B Scanlon	81		81				
	Other								
CP0089	Capita One V4 Upgrade	B Scanlon	185	165	20				
CP0092	Short Breaks Provision for Disabled Children	L Sahota	100	64	36				
CP0088	Derwent Hill	B Scanlon	70			70			
CP0154	Two Year Old Offer	B Scanlon	553		553				
TOTAL CONTINUING PROJECTS			12,508	4,939	5,238	2,331			

**CHILDRENS SERVICES
CAPITAL PROGRAMME**

Project Ref.No.	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.14 £'000	Estimated Payments				
					2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000	2018/19 £'000
	Projects Commencing 2014/15								
	<u>DFC</u>								
CP0085	Schools Devolved Capital	B Scanlon	504			504			
	<u>Asset Management</u>								
CP0088	Primary School Asset Management	B Scanlon	124		124				
CP0088	Electricity at Work	B Scanlon	70		70				
CP0088	Access Equipment	B Scanlon	25		25				
CP0088	Asbestos Removal	B Scanlon	104		104				
CP0088	Water Hygiene Improvements	B Scanlon	50		50				
CP0088	Asset Management Unallocated	B Scanlon	2,015		88	389	1,538		
CP0088	Priority Schools Building Programme – Hylton Castle Primary School	B Scanlon	110			110			
	<u>Other</u>								
CP0190	Universal Infant Free School Meals	B Scanlon	750		750				
CP0088	Edit Core Infrastructure	B Scanlon	250		250				
TOTAL PROJECTS COMMENCING 2014/15			4,002		1,461	1,003	1,538		
	Projects Commencing 2015/16								
CP0088	School Asset Management Programmes - unallocated - 2015/2016 Allocation	B Scanlon	508				508		
TOTAL PROJECTS COMMENCING 2015/16			508				508		
	Projects Commencing 2016/17								
CP0088	School Asset Management Programmes - unallocated - 2016/2017 Allocation	B Scanlon	533				533		
TOTAL PROJECTS COMMENCING 2016/17			533				533		
TOTAL CAPITAL PROGRAMME			17,551	4,939	6,699	3,334	2,579		

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:

- Continuing the delivery of the Council's area renewal programme.
- Continuing the delivery of the empty property programme.
- 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.
- Continuing the delivery of Disabled Facilities Grants.
- Delivering the objectives of Affordable Warmth Action Plan, compiled in conjunction with our strategic partners, that will focus on reducing fuel poverty and reducing the numbers of excess winter deaths

OUTCOMES FROM COMPLETED CAPITAL SCHEMES

- There have been 4 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. New Homes Bonus funding is being used to bring the road at Fairy Street (Hetton Downs) to an adoptable standard – with work to commence in January 2015.
- Empty Properties Fund – 204 empty homes have been refurbished and have been reoccupied through DCLG/HCA and Council New Homes Bonus Funding.
- 499 Disabled Facilities Grants have been awarded to date in 2014/2015 allowing much needed adaptations to be carried out to properties allowing people to remain in their homes.

KEY MEDIUM TERM PRIORITIES

- 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 in line with the findings of the private sector housing stock condition survey 2014.
- Encourage more private landlords to become accredited and raise housing conditions and standards in the private sector.
- Bring empty properties back into use.

HOW THE PROGRAMME CONTRIBUTES TO VALUE FOR MONEY AND EFFICIENCY

- Empty homes are a wasted resource and still attract some Council Tax discounts while they are empty for the initial period. Bringing them back to use provides much needed housing and brings income into the Council via Council tax and New Homes Bonus.
- Safe and healthy homes prevent costly health care.
- Working in partnership with private landlords brings investment into the City.
- The Regional Loans Scheme Programme enables a number of homeowners to remain in their own homes and is therefore linked to health services and public health.

CAPITAL INVESTMENTS FOR THE YEAR AHEAD

Ongoing Commitments

- Regional Loans Scheme linked to the Financial Assistance Policy – as at January 2015 a total of 23 loans have been given to homeowners in Sunderland to ensure their homes meet 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.
- Area Renewal continues with the acquisition of properties at Maudlin Street, the former Dairy, and possibly Gentoo sites at Hetton Downs and land required for the Northern Access Road. The acquisition and refurbishment of empty homes in Fairy, Edward and Caroline Streets in Hetton Downs which commenced in 2015 and the road at Fairy Street will be brought to an adoptable standard in spring 2015.

HEALTH, HOUSING AND ADULT SERVICES CAPITAL PROGRAMME

- Empty Properties Action Plan - Back on the Map has provided funding to acquire and refurbish 5 empty properties to rehouse homeless families - two have been acquired to date.
- Empty Homes Clusters Scheme - New Homes Bonus and HCA funding has been awarded to refurbish 70 properties by March 2015. To date 19 homes have been refurbished with 51 applications going through the process. Funding is also provided for equity loans for owners of empty properties to refurbish them and bring them back into use.
- Low Carbon Social Housing Scheme – an EDRF funded scheme working with Gentoo on 96 properties in Washington to provide heating powered by a biomass boiler along with associated works to the properties including new roofs and double glazed windows.

New Starts

- Regional Loans Scheme – a further contribution to meeting the requirements of the Financial Assistance Policy to enable decent homes works and for homes where there is serious disrepair to be carried out.
- Disabled Facilities Grants carry out adaptations to disabled person's properties to help ensure that people can remain in their own properties for as long as possible in a safe and secure environment.
- Minor Works - establishment refurbishment works to maintain standards of provision for residential and day care and enhancing service delivery.
- Reablement Services – it is proposed to accelerate the expansion of reablement services in the city with Health partners.

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

SUMMARY

Project Description	Gross Cost £'000	Expend to 31.3.14 £'000	Estimated Payments				
			2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000	2018/19 £'000
MAIN BLOCK							
Continuing Projects	12,229	7,355	2,574	2,300			
Projects Commencing 2014/15	5,033		4,649	384			
Projects Commencing 2015/16	3,510			3,435	75		
Projects Commencing 2016/17							
Projects Commencing 2017/18							
Projects Commencing 2018/19							
TOTAL CAPITAL EXPENDITURE	20,772	7,355	7,223	6,119	75		

METHOD OF FINANCING ESTIMATED CAPITAL EXPENDITURE

Source of Finance	Estimated Resources				
	2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000	2018/19 £'000
FROM EXTERNAL SOURCES					
Government Grants					
Better Care Fund Grant / DoH Disabled Facilities & Other Grant	2,461	2,660			
DoH - ICT Grant	198				
English Partnership / SHIP	226				
Other Government Grants	18				
Grants from Other Public Bodies					
ERDF	1,570				
Homes and Communities Association (HCA)	1,155	2,300			
Other External Funding					
Other Grants	250	130			
Total External Sources	5,878	5,090			
FROM INTERNAL SOURCES					
Revenue Contributions					
General Fund		270			
Directorate	300	300			
Reserves					
Strategic Investment Plan Reserve	17				
Working Neighbourhoods Reserve	39				
New Homes Bonus Reserve	969	75	75		
S106 Reserve		384			
Capital Receipts	20				
Total Internal Sources	1,345	1,029	75		
TOTAL FINANCING	7,223	6,119	75		

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

Project Ref.No.	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.14 £'000	Estimated Payments				
					2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000	2018/19 £'000
Continuing Projects									
Adult Services									
CP0060	Swift Enhancements	G King	819	762	57				
CP0061	Managing Income	G King	22	13	9				
CP0062	Telecare	G King	105		105				
CP0063	Adults Information System	G King	50	8	42				
CP0079	Document Management System (Road Map)	G King	116	69	47				
CP0065	Private Sector Renewal Grants	A Caddick	300	285	15				
CP0066	Mobile Portal	G King	199	185	14				
CP0069	Sunderland Energy Efficiency Program (SEEP)	A Caddick	66	37	29				
CP0078	Minor Works (Improvements to Care and Support)	G King	150	139	11				
CP0081	Regional Loans Scheme	A Caddick	302	157	145				
CP0078	Minor Works (Improvements to Care and Support)	G King	150	147	3				
Housing Services									
CP0071	Eppleton (SHIP)	N Wood	1,064	853	211				
CP0072	Hetton Downs (HCA)	N Wood	8,038	4,583	1,155	2,300			
CP0077	Empty Property Action Plan	N Wood	387	39	348				
CP0083	Cluster of Empty Homes	N Wood	461	78	383				
TOTAL CONTINUING PROJECTS			12,229	7,355	2,574	2,300			
Projects Commencing 2014/15									
CP0078	Minor Works (Improvements to Care and Support)	G King	150		150				
CP0080	Disabled Facilities Grants 2014/15	A Caddick	2,336		2,336				
CP0202	Low Carbon Energy Sunderland Social Housing Project	A Caddick	1,570		1,570				
CP0201	Prevention Works - Traveller Sites	A Caddick	20		20				
CP0215	Empty Properties - Hetton Downs	N Wood	939		555	384			
CP0239	Autism Innovation	G King	18		18				
TOTAL PROJECTS COMMENCING 2014/15			5,033		4,649	384			
Projects Commencing 2015/16									
CP0078	Minor Works (Improvements to Care and Support)	G King	150			150			
CP0080	Disabled Facilities Grants 2015/16	A Caddick	2,999			2,999			
CP0157	Reablement Services	G King	211			211			
CP0220	Decent Homes	A Caddick	150			75	75		
TOTAL PROJECTS COMMENCING 2015/16			3,510			3,435	75		
TOTAL CAPITAL PROGRAMME			20,772	7,355	7,223	6,119	75		

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

- Billy Hardy Pavilion - Provision of modern changing facilities with an increased capacity, facilitating an increase in numbers participating in football and cricket at the venue.
- Northern Area Pavilion - Provision of modern changing facilities with an increased capacity, facilitating an increase in participation in football at the venue.
- Seafront illuminations - Over 148,500 visitors attended the third Seafront Illuminations over its six weeks of operation (September-November 2014), establishing it firmly as one of the City's main events attractions, second only to Sunderland International Airshow in terms of visitor numbers.

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

- 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

- Washington Leisure Centre – The building facility is anticipated to be ready for opening May 2015. Phase two comprising the external works, playing areas and car parking together with the demolition of the existing building is programmed to be completed by November 2015.
- St Peter's Public Realm (Wearmouth Jarrow) - The Landscape improvements, including works to interpret the monastic footprint and new feature lighting to the Church, will provide an improved setting for this historic church and surrounding site, celebrating the importance that Sunderland played in the early development of Christianity in Britain.
- Library redesign works will see 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.
- Hylton Castle Redevelopment – Round One Development Works prior to a submission to the HLF August 2015 for funding to support the development of phase two 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.
- Fulwell Acoustic Mirror – Funded through grant from English Heritage and Heritage Lottery, the restoration of this important piece of First World War infrastructure will safeguard the future of one of the last remaining First World War Mirrors in England.
- City Centre Illuminations - Investment in additional lighting, lighting features and attractions as well as related infrastructure will strengthen the lighting offer in Keel Square and its environment as well as other main hubs of the City Centre Christmas Programme. Council investment will provide a foundation for further investment from the City Centre business community and other related interests.
- Canny Space Project - Support for the Churches Conservation Trust HLF Capital Redevelopment for Holy Trinity Church.

PUBLIC HEALTH, WELLNESS AND CULTURE CAPITAL PROGRAMME

New Starts

- The 2014 Roker Park Illuminations achieved great success in attracting over 148,500 visitors in six weeks. It is proposed to build on this success and further improve the 2015 illuminations with a £0.170m investment. This will enable extension of the high quality feature lighting offer throughout Roker Park including a transition to a maritime theme in order to support the build-up to the 2018 Tall Ships and investment in low cost, low maintenance programmable LED lighting along the seafront promenade area.
- Leisure Joint Venture - As part of the proposals for creating a joint venture for the delivery of leisure services, the Council will be providing capital investment of £2m alongside investment from the partner that will be utilised to increase the capacity and opportunities for citizens to participate in sport and health activities.

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

SUMMARY

Project Description	Gross Cost £'000	Expend to 31.3.14 £'000	Estimated Payments				
			2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000	2018/19 £'000
MAIN BLOCK							
Continuing Projects	15,169	3,563	9,722	1,884			
Projects Commencing 2014/15	640		340	300			
Projects Commencing 2015/16	2,170			2,170			
Projects Commencing 2016/17							
Projects Commencing 2017/18							
Projects Commencing 2018/19							
TOTAL CAPITAL EXPENDITURE	17,979	3,563	10,062	4,354			

METHOD OF FINANCING ESTIMATED CAPITAL EXPENDITURE

Source of Finance	Estimated Resources				
	2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000	2018/19 £'000
FROM EXTERNAL SOURCES					
Loans					
Prudential Borrowing	9,140	3,884			
Grants from Other Public Bodies					
Lottery - Heritage Lottery Fund (HLF)	115				
Football Foundation	20				
Sport England	15				
Other External Funding					
Other Grants	45				
Total External Sources	9,335	3,884			
FROM INTERNAL SOURCES					
Reserves					
Strategic Investment Reserve	135				
Strategic Investment Plan Reserve	175				
Unutilised RCCO Reserve	77				
Capital Priorities Reserve	340	300			
Working Neighbourhoods Reserve		170			
Total Internal Sources	727	470			
TOTAL FINANCING	10,062	4,354			

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

Project Ref.No.	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.14 £'000	Estimated Payments				
					2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000	2018/19 £'000
Continuing Projects									
Sports Facilities									
CP0044	Billy Hardy Pavillion	A Caddick	553	390	163				
CP0044	Northern Area Pavillion	A Caddick	560	513	47				
CP0053	Washington Leisure Centre	F Brown	11,300	1,925	7,926	1,449			
CP0178	Stadium Aquatic Centre	M Poulter	296	161	135				
Culture and Tourism									
CP0051	St Peter's Public Realm (Wearmouth Jarrow)	N Wood	1,700	151	1,129	420			
CP0052	Bowes Railway Museum Wagonshop Repairs	D Napier	35		35				
CP0158	Library Redesign	B Scanlon	500	403	97				
CP0176	Hylton Castle Redevelopment	A Caddick	165	5	145	15			
CP0199	Fulwell Acoustic Mirror	N Wood	60	15	45				
TOTAL CONTINUING PROJECTS			15,169	3,563	9,722	1,884			
Projects Commencing 2014/15									
CP0200	Seafront Illuminations	P Spooner	170		170				
CP0209	City Centre Illuminations	P Spooner	170		170				
CP0219	Canny Space Project	A Caddick	300			300			
TOTAL PROJECTS COMMENCING 2014/15			640		340	300			
Projects Commencing 2015/16									
CP0236	Illuminations	P Spooner	170			170			
CP0240	Leisure JV Investment	A Caddick	2,000			2,000			
TOTAL PROJECTS COMMENCING 2015/16			2,170			2,170			
TOTAL CAPITAL PROGRAMME			17,979	3,563	10,062	4,354			

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.
- Collecting and managing household waste in a sustainable and efficient manner.

OUTCOMES FROM COMPLETED CAPITAL SCHEMES

The following schemes have been completed, or are expected to have been completed, by the end of March 2015:

Transport:

- Completion of the Highway Maintenance Programme which included over 90 road strengthening and footway reconstruction schemes.
- Bridge Maintenance – Completion of repair and refurbishment of Manor Road and Burdon Road bridges and St Mary's Way rail tunnel overslab.
- Improving the traffic management at key junctions supporting economic growth - Southern Bridgehead of the Wearmouth Bridge, A19/A183, A19/A690, A1290/Nissan Way, and A1290/Cherry Blossom Way.
- Provision of an extensive new network of cycleways connecting Washington, North Sunderland and South Tyneside providing sustainable transport access to the Enterprise Zone and automotive industry cluster and connecting to the wider Washington cycle network.
- Flood and Extreme Weather Mitigation – Implementation of a range of flood and drainage improvement measures to reduce localised flood risk. Completion of a number of flood studies to identify causes of flooding and potential flood risk reduction measures. Construction of deep access shafts to Hendon Burn culvert to improve monitoring and maintenance.

Waste Management:

- Completion of the new Waste Transfer Station which now provides waste to the new Energy from Waste Plant at Teesside from council sites at Jack Crawford House and Campground, Springwell, resulting in a reduction to landfilling by 95%.

Coast Protection:

- South Bents to Seaburn. Repairs and improvements to coastal defence and promenade following damage caused in tidal surge of December 2013.

Play Provision:

- Play area upgrades and refurbishment has been completed at the following play areas utilising S106 contributions
 - Herrington Country Park,
 - Herrington Colliery Welfare,
 - Barnwell
 - Holley Park.

The works have included installation of new / replacement play equipment; new safety surfacing and significant ground works to address drainage and erosion issues.

- A more substantial refurbishment project was completed at Seldom Seen play area in Springwell following a six week closure of the park, the project was jointly funded following the award of a grant from the SITA Trust.

KEY MEDIUM TERM PRIORITIES

- 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 the New Wear Crossing.
- 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 and to support housing growth.
- Improve cycling provision across the city.

CITY SERVICES CAPITAL PROGRAMME

- Development of a programme of flood defence and drainage measures in response to increased flooding incidents.
- An efficient and fit for purpose vehicle fleet to deliver front line services.
- Coast Protection Works to protect coastal assets.

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

- Commence the construction of the second phase of the Sunderland Strategic Transport Corridor (New Wear Bridge).
- Continue the programme of investment in schemes to improve the safety of highway users.
- Continue the programme of investment in schemes to improve the condition of highways and their structures.
- Continue the programme of investment in schemes to improve conditions for cyclists and to promote sustainable transport.
- Development of Route Action Plans for highway network management enhancements.
- Continue the programme of Public Transport Initiatives.
- 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 regeneration of Rectory Park in Houghton to be carried out subject to successful Heritage Lottery Fund grant applications.
- Upgrading the equipment and physical appearance of the crematorium.
- Coast protection works to prevent coastal erosion and flooding that may adversely impact residential and business properties.
- Replacement of safety fences at priority locations identified, to ensure that public safety is not compromised.
- Progress the design and development of the Sunderland Strategic Corridor Phase 3 scheme linking the New Wear Bridge to the City Centre.
- Replacement of fleet and plant used to deliver front line services.
- Play area upgrades and refurbishment at the following play areas:
 - Sunderland Adventure Centre (Silksworth),
 - St Matthews Playing Field (Silksworth),
 - Marley Potts (Southwick),
 - Shakespeare Street (Southwick)
 - Albany Park.

Works include the installation of new / replacement play equipment, new safety surfacing and significant ground works to address drainage and erosion issues.

A more substantial project is being undertaken at Princess Anne Park which will involve the installation of new fixed play provision to enhance the existing wheeled sports park.

New Starts

- Create a new gateway scheme at the North side of the Wearmouth Bridge, introducing two way traffic on North Bridge Street and Dame Dorothy Street.
- Replacing the footbridge at Glebe Estate with a pedestrian crossing to allow for housing regeneration on site.
- Provision of new parking meters for the increased city centre and resorts parking.
- Replacement of safety fences at priority locations to ensure public safety is not compromised.
- Build a new more efficient covered facility for the storage of road treatment salt.
- Installation of an in-cab GIS information system for waste collection vehicles linked to the Customer Service Network which will improve performance and customer satisfaction.
- Replacement of split body recycling vehicles to continue the Council's existing service provision.
- Replacement of garden waste collection vehicles to continue the Council's existing service provision.
- Replacement horticultural equipment for aged cutting equipment to increase reliability.
- Replacement of approximately 23,000 residential lighting units to LED which will reduce the Council's future energy costs and also provide white-light that allows greater colour rendition, allowing people to see better, enhancing the sense of safety and enabling improved vision on CCTV viewing and recording.

**CITY SERVICES
CAPITAL PROGRAMME**

SUMMARY

Project Description	Gross Cost £'000	Expend to 31.3.14 £'000	Estimated Payments				
			2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000	2018/19 £'000
MAIN BLOCK							
Continuing Projects	147,283	21,293	13,587	43,914	56,562	11,327	600
Projects Commencing 2014/15	63,283	178	15,532	4,733	4,340	4,500	34,000
Projects Commencing 2015/16	19,647			8,937	8,670	1,940	100
Projects Commencing 2016/17	3,031				3,031		
Projects Commencing 2017/18	2,939					2,939	
Projects Commencing 2018/19							
TOTAL CAPITAL EXPENDITURE	236,183	21,471	29,119	57,584	72,603	20,706	34,700

METHOD OF FINANCING ESTIMATED CAPITAL EXPENDITURE

Source of Finance	Estimated Resources				
	2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000	2018/19 £'000
FROM EXTERNAL SOURCES					
Loans					
Prudential Borrowing	11,228	11,323	11,816	11,068	600
Salix		2,250	2,170		
Government Grants					
DfT - Local Transport Plan (LTP)	5,975	5,000	3,031	2,939	
DfT - S31 Transport Grant		33,967	48,596		
DfT - Local Sustainable Transport Fund (LSTF)	210				
DfT - Sustrans	75				
DfT - Pothole Grant	127				
Regional Growth Fund (RGF)	6,974				
Local Pinch Point (LPP)	1,157				
Coast Protection	731	283	700		
Local Growth Fund (LGF)			2,000	4,500	34,000
Other Government Grants		30			
Grants from Other Public Bodies					
Lottery - Heritage Lottery Fund (HLF)		391	1,350	959	
Homes and Communities Association (HCA)	10				
Nexus LTP	511				
Other External Funding					
Other Grants	60				
Total External Sources	27,058	53,244	69,663	19,466	34,600
FROM INTERNAL SOURCES					
Revenue Contributions					
Strategic Initiative Budget	89				
Reserves					
Strategic Investment Reserve	397				
Strategic Investment Plan Reserve	609	53	950	1,140	
Unutilised RCCO Reserve	426	847	142		
Capital Priorities Reserve		289	420		
Stadium Park Transfer Reserve	20	1,138			
Working Neighbourhoods Reserve		1,094	398	100	100
S106 Reserve	520	169			
Capital Receipts		750	1,030		
Total Internal Sources	2,061	4,340	2,940	1,240	100
TOTAL FINANCING	29,119	57,584	72,603	20,706	34,700

**CITY SERVICES
CAPITAL PROGRAMME**

Project Ref.No.	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.14 £'000	Estimated Payments				
					2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000	2018/19 £'000
	Continuing Projects								
	Major Highway Schemes								
CP0003	SSTC Ph2 (New Wear Bridge)	L Clark	117,600	11,639	3,700	40,401	52,092	9,768	
	Local Transport Plan								
CP0005	Integrated Transport - Electric Vehicle Charging Points	L Clark	163	136	27				
CP0024	Highway Maintenance	L Clark	10,560	7,560	600	600	600	600	600
CP0025	Bridge Maintenance	L Clark	834	221	613				
CP0026	Integrated Transport - Economy	L Clark	110	90	20				
CP0027	Integrated Transport - Place	L Clark	1,440	389	488	563			
CP0006	Public Transport Schemes	L Clark	157	96	61				
CP0036	Additional Transport Priorities	L Clark	1,000				1,000		
CP0030	Local Sustainable Transport Fund - Safer School Routes	L Clark	430	220	210				
CP0032	Upgrade of C2C Cycleway (HCA)	L Clark	542	532	10				
CP0033	Coalfields Cycle Route	L Clark	60		60				
CP0163	Houghton Cut Safety Works	L Clark	30		30				
	Flood & Coast Risk Management								
CP0160	Flood and Extreme Weather Mitigation	L Clark	1,950	240	1,210	500			
	Parks								
CP0037	Thompson Park - Former Park Keepers House	F Serajian	49	3	46				
CP0162	Herrington Park Infrastructure	L Clark	150		150				
CP0164	Parks Improvement	L Clark	3,000	6	35	500	1,500	959	
	Street Scene								
CP0009	Private Streetworks	L Clark	50		50				
CP0165	Waste Transfer Station	L Clark	5,701	6	5,695				
CP0161	Improvements to the Crematorium	L Clark	140		40		100		
	Coast Protection								
CP0016	Hendon Burn Culvert Safety Works	L Clark	360	134	226				
CP0038	South Bents to Seaburn (SF1)	L Clark	120	21	99				
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		
CP0195	Whit Bay to Ryhope Site Investigations	L Clark	12		12				
	Play Provision								
CP0023	Play and Urban Games Strategy : North Area Skate Park	A Caddick	5		5				
TOTAL CONTINUING PROJECTS			147,283	21,293	13,587	43,914	56,562	11,327	600

**CITY SERVICES
CAPITAL PROGRAMME**

Project Ref.No.	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.14 £'000	Estimated Payments				
					2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000	2018/19 £'000
Projects Commencing 2014/15									
Local Transport Plan									
CP0024	Highway Maintenance	L Clark	2,166		2,166				
CP0025	Bridge Maintenance	L Clark	500		412	88			
CP0026	Integrated Transport - Economy	L Clark	493		493				
CP0027	Integrated Transport - Place	L Clark	469		469				
CP0028	Integrated Transport - People	L Clark	445		445				
CP0006	Public Transport Schemes	L Clark	450		450				
CP0187	Low Carbon Enterprise Zone Transport Infrastructure	L Clark	8,810	178	8,632				
CP0184	Safety Fencing Replacement	L Clark	200		200				
CP0216	Sunderland Riverside, Stadium Park	L Clark	1,158		20	1,138			
CP0194	SSTC Ph3	L Clark	45,000		600	2,000	3,900	4,500	34,000
Flood & Coast Risk Management									
CP0160	Flood and Extreme Weather Mitigation	L Clark	500		500				
Street Scene									
CP0185	Fleet Replacement	L Clark	1,560		682	438	440		
CP0186	Replacement of Cremators	L Clark	900			900			
Play Provision									
CP0189	Other Play Provision Schemes	A Caddick	632		463	169			
TOTAL PROJECTS COMMENCING 2014/15			63,283	178	15,532	4,733	4,340	4,500	34,000
Projects Commencing 2015/16									
Local Transport Plan									
CP0024	Highway Maintenance	L Clark	2,150			2,150			
CP0025	Bridge Maintenance	L Clark	483			483			
CP0026	Integrated Transport - Economy	L Clark	512			512			
CP0027	Integrated Transport - Place	L Clark	512			512			
CP0028	Integrated Transport - People	L Clark	255			255			
CP0226	North Bridge Street Two Way Traffic System	L Clark	4,000			300	3,000	700	
CP0228	Footbridge Removal, Glebe Estate	L Clark	250			250			
CP0232	Parking Meters	L Clark	125			125			
CP0237	Safety Fencing Replacement	L Clark	400			100	100	100	100
Street Scene									
CP0227	New Salt Barn	L Clark	1,500			500	1,000		
CP0229	Recycling Fleet Replacement	L Clark	2,090				950	1,140	
CP0230	Garden Waste Collection Fleet Replacement	L Clark	840			420	420		
CP0231	Replacement Horticultural Equipment	L Clark	200			200			
CP0233	In Cab GIS Information System	L Clark	130			130			
CP0239	Street Lighting - Energy Saving Project	L Clark	6,200			3,000	3,200		
TOTAL PROJECTS COMMENCING 2015/16			19,647			8,937	8,670	1,940	100

**CITY SERVICES
CAPITAL PROGRAMME**

Project Ref.No.	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.14 £'000	Estimated Payments				
					2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000	2018/19 £'000
CP0024	Projects Commencing 2016/17 Local Transport Plan Highway Maintenance allocation	L Clark	3,031				3,031		
TOTAL PROJECTS COMMENCING 2016/17			3,031				3,031		
CP0024	Projects Commencing 2017/18 Local Transport Plan Highway Maintenance allocation	L Clark	2,939					2,939	
TOTAL PROJECTS COMMENCING 2017/18			2,939					2,939	
TOTAL CAPITAL PROGRAMME			236,183	21,471	29,119	57,584	72,603	20,706	34,700

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 providing accessible, consistent, responsive and high quality services.
- Developing an intelligence approach across the Council and with partners to ensure need is being met, outcomes are being achieved and there is a better evidence base to inform decision making.

OUTCOMES FROM COMPLETED CAPITAL SCHEMES

- Delivery of the Customer Services Work Programme resulting in improved customer choice and experience, increased self-serve and the realisation of efficiency savings.

KEY MEDIUM TERM PRIORITIES

- Implementation of the Customer Service and Access Strategy action plan.
- Delivery of the intelligence approach.

HOW THE PROGRAMME CONTRIBUTES TO VALUE FOR MONEY AND 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.
- The development of the intelligence approach will better target resource, inform more intelligent commissioning and provide a better evidence base to inform decision making.

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.
- Delivery of the intelligence approach to allow the Council to develop more refined, quicker and cheaper ways of gathering data to inform decision making.

**RESPONSIVE SERVICES AND CUSTOMER CARE
CAPITAL PROGRAMME**

SUMMARY

Project Description	Gross Cost £'000	Expend to 31.3.14 £'000	Estimated Payments				
			2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000	2018/19 £'000
MAIN BLOCK							
Continuing Projects	3,649	859	1,521	1,269			
Projects Commencing 2014/15							
Projects Commencing 2015/16							
Projects Commencing 2016/17							
Projects Commencing 2017/18							
Projects Commencing 2018/19							
TOTAL CAPITAL EXPENDITURE	3,649	859	1,521	1,269			

METHOD OF FINANCING ESTIMATED CAPITAL EXPENDITURE

Source of Finance	Estimated Resources				
	2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000	2018/19 £'000
FROM EXTERNAL SOURCES					
Loans					
Prudential Borrowing	1,430	1,269			
Total External Sources	1,430	1,269			
FROM INTERNAL SOURCES					
Reserves					
Unutilised RCCO Reserve	91				
Total Internal Sources	91				
TOTAL FINANCING	1,521	1,269			

**RESPONSIVE SERVICES AND CUSTOMER CARE
CAPITAL PROGRAMME**

Project Ref.No.	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.14 £'000	Estimated Payments				
					2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000	2018/19 £'000
	Continuing Projects Customer Care								
CP0057	Customer Service Network Platform	L St Louis	950	859	91				
CP0193	Intelligence Hub	L St Louis	2,699		1,430	1,269			
TOTAL CONTINUING PROJECTS			3,649	859	1,521	1,269			
TOTAL CAPITAL PROGRAMME			3,649	859	1,521	1,269			

Prudential and Treasury Indicators 2015/2016 to 2017/2018

All of the prudential indicators fully reflect regulatory requirements. 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 2013/2014 was £51.015 million and the estimates of capital expenditure to be incurred for the current and future years that are recommended for approval are:

	2014/15	2015/16	2016/17	2017/18
	£'000	£'000	£'000	£'000
Estimated Capital Expenditure	95.070	111.770	87.497	21.596

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 2013/2014 are:

Ratio of financing costs to net revenue stream				
2013/2014	2014/2015	2015/2016	2016/2017	2017/2018
Actual	Estimate	Estimate	Estimate	Estimate
6.95%	7.95%	10.60%	13.65%	15.67%

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 and additional planned prudential borrowing for strategic priorities approved in the capital programme. The indicators also reflect the fact that significant amounts of expenditure is 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 2014 are:

Capital Financing Requirement				
31/03/14	31/03/15	31/03/16	31/03/17	31/03/18
£000	£000	£000	£000	£000
Actual	Estimate	Estimate	Estimate	Estimate
270,602	310,990	343,389	365,400	361,052

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 £28.077 million of such schemes included in its Capital Financing Requirement at 31st March 2014.

- 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:

“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 2013/2014, 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 2015/2016.

- 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 Director of Finance, 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			
	2014/2015	2015/2016	2016/2017	2017/2018
	£000	£000	£000	£000
Borrowing	410,945	426,719	436,130	440,436
Other long term liabilities	29,178	27,508	26,509	26,289
Total	440,123	454,227	462,639	466,725

The Director of Finance 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 Director of Finance 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 and refinancing of all internal borrowing. 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.

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. The capital expenditure and borrowing of companies where the Council has an interest such as Siglion, Sunderland Care and Support Ltd, and Sunderland Live Ltd is not included within the Council's prudential indicators, however regard to the financial commitments and obligations to those bodies is taken into account when deciding whether borrowing is affordable.

In taking its decisions on the Revenue Budget and Capital Programme for 2015/2016, the Council is asked to note that the authorised limit determined for 2015/2016, (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. It equates to the projected maximum external debt and 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 Director of Finance, 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			
	2014/2015	2015/2016	2016/2017	2017/2018
	£000	£000	£000	£000
Borrowing	302,575	332,537	342,487	350,007
Other long term liabilities	29,178	27,508	26,509	26,289
Total	331,753	360,045	368,996	376,296

- P7 The Council's actual external debt at 31st March 2014 was £238.344 million and was made up of actual borrowing of £210.267 million and actual other long term liabilities of £28.077 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 internal borrowing and 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>		
2015/2016	2016/2017	2017/2018
£1.28	£6.06	£8.61

The estimates show the net revenue effect of all capital expenditure from all schemes commencing in 2015/2016 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 £10.55 in 2018/2019. 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 2015/2017 to 2017/2018

- P10 It is recommended that the Council sets an upper limit on its fixed interest rate exposures of £245 million in 2015/2016, £255 million in 2016/2017 and £245 million in 2017/2018.
- P11 It is further recommended that the Council sets an upper limit on its variable interest rate exposures of £60 million in 2015/2016, £48 million in 2016/2017 and £56 million in 2017/2018.
- 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 (2015/2016, 2016/2017 and 2017/2018) 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 £21.420m of long-term investments. This is £16.400m for the value of share capital held in NIAL Holdings PLC (a 9.62% share), a £5.000m equity investment in Siglion (a 50% share) and the Council also holds £0.020m in government securities, other shares and unit trusts.

Minimum Revenue Provision Policy Statement 2015/2016

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 2015/2016 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 schemes 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 2015/2016, 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:
- An additional voluntary MRP to be made where the Director of Finance determines that such a payment will reduce future years debt repayment requirements and provide value to the Council. This action, if used, would be reported to Cabinet accordingly.

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 by taking out additional borrowing, 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 making MRP repayments using the criteria detailed in 1.5 above.
- 1.8 Accounting standards require assets purchased through finance leases and PFI contracts to be included on 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. 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 2015/2016:
- 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 Director of Finance 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 4.25% 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.
- 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 2015/2016 as it does every year.

Treasury Management Strategy Statement for 2015/2016

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 2015/2016 is set out below and is based upon the Director of Finance 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 2015/2016 to 2017/2018
- current treasury management position
- prudential and treasury management Indicators for 2015/2016 to 2017/2018
- prospects for interest rates
- the borrowing strategy
- the borrowing requirement 2015/2016
- 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 2015/2016 to 2017/2018

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

The Council must have regard to the Prudential Code when setting the Authorised Limit, which essentially requires it to ensure that total capital investment remains within sustainable limits and, in particular, that the impact upon its future council tax (and council rent levels 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 Director of Finance, 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 Director of Finance, 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 2014/2015

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 fourth quarter of 2015 when it will begin to gradually rise until reaching 2.0% in March 2018. A number of analysts do not expect rates to begin to rise until 2016. The level of Consumer Price Inflation fell to 0.5% in December 2014 which is the lowest level since May 2000 and significantly below the Bank of England target of 2.0%. With a large decrease in the price of oil, inflation is likely to remain below 1% during 2015. Pressure to increase the Base Rate is low and in its November 2014 Inflation Report the Bank of England said that the actual path for monetary policy will be dependent on prevailing economic conditions and that when the bank rate does begin to rise it is expected to do so only gradually with the rate remaining below average historic levels for some time to come. As a consequence of this and banks access to alternative finance, investment returns are likely to remain low during 2015/2016 and beyond.

PWLB rates have been very volatile during 2014/2015 so far in response to various economic news and world events. The Autumn Statement 2014 increased the UK growth forecast for 2014 from 2.7% to 3.0% but there are worries over growth prospects and the potential for deflation within the Eurozone. There are also concerns that growth in China is losing momentum and there are geopolitical concerns particularly over Ukraine and the Middle East. 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 discount of 0.20% and has been successful in extending its access to the PWLB certainty rate until 31st October 2015.

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

2014/2015	Qtr 1* (Apr - June) %	Qtr 2* (July - Sep) %	Qtr 3* (Oct – Dec) %	Qtr 4* (rates at 16th Jan 2015)
7 days notice	0.35	0.35	0.35	0.35
1 year	1.29*	1.43*	1.24*	1.02*
5 year	2.66*	2.70*	2.23*	1.78*
10 year	3.56*	3.45*	2.92*	2.32*
25 year	4.22*	4.04*	3.61*	3.00*
50 year	4.18*	4.01*	3.61*	2.99*

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

2.2.2 Long Term Borrowing 2014/2015

The Council's strategy for 2014/2015 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 5.00% for long-term borrowing was set in the Treasury Management Policy and Strategy Statement for 2014/2015.

There was a large fall in PWLB borrowing rates in July, August and October as investors sought lower risk investment options following the conflict in Ukraine and more recently expectations of low inflation and economic growth that will require possible further financial support measures within the Eurozone. In line with discussions with the Council's economic advisors it was decided to take advantage of these rates to support the Council's Capital Programme requirements. As a result the Council has taken out £30 million of new borrowing during the financial year as these rates were considered opportune at each point in time. This will help maintain the Council's long term borrowing interest rate at its comparatively low level and will benefit the Council's revenue budget over the longer term. The new borrowing is summarised in the following table:

Duration	Date of the transaction	Start	Matures	Rate %	Loan Amount £m
50 years	08/08/2014	12/08/2014	12/08/2064	3.84	10.0
50 years	29/08/2014	02/09/2014	02/09/2064	3.72	10.0
50 years	16/10/2014	20/10/2014	20/10/2064	3.54	10.0

Since taking out this new borrowing, rates have fluctuated and lower inflation expectations have pushed rates downwards. At the time of preparing this report, PWLB interest rates have fallen to an all-time low as a result of turbulence in oil prices, low inflation and uncertainty in the Eurozone over the ECB's intention to implement quantitative easing measures and the outcome of the Greek election. The position is particularly volatile at the moment with further rate falls possible before reaching the bottom of the rate curve. The Treasury Management team continues to monitor PWLB rates closely to assess the value of possible further new borrowing in line with the Authority's future Capital Programme requirements.

The Borrowing Strategy for 2014/2015 made provision for debt rescheduling but due to the proactive approach taken by the Council in recent years, and because of the very low underlying rate of the Council's long-term debt, it would be difficult to refinance long-term loans at interest rates lower than those already in place. Rates have not been sufficiently favourable for rescheduling in 2014/2015 so far and the Treasury Management team will continue to monitor market conditions and secure early redemption if appropriate opportunities should arise.

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
21/04/2014 and 21/10/2014	Barclays	5.0	4.50	Every 6 months
10/06/2014	Barclays	9.5	4.37	every 3 years
27/01/2015	Dexia Credit Local	5.0	4.45	every 3 years
Total		19.5		

2.2.3 Current Portfolio Position

The Council's treasury portfolio position at 31st December 2014 comprised:

		Principal (£m)	Total (£m)	Average Rate (%)
Borrowing				
Fixed Rate Funding	PWLB	157.9		
	Market (LOBO's)	39.5		
	Other	1.8	199.2	3.76
Variable Rate Funding	Temporary / Other		27.6	0.41
Total Borrowing			226.8	3.35
Total Investments	In House—short term*		175.8	0.76
Net Borrowing Position			51.0	

* 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

The Council currently has net borrowing of £51.0m 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;
- of greater importance, 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 2015/2016 – 2017/2018

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 re-affirms 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 current and next 3 financial years.

- 2014/2015 0.50%
- 2015/2016 0.50% - 0.75%
- 2016/2017 0.75% - 1.25%
- 2017/2018 1.25% - 2.00%

There are downside risks to these forecasts (that the increase in Bank Rate is later than predicted) if inflation remains below the 2% target set by Government and economic growth is weaker 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. The strategy covers the relevant treasury / prudential indicators, the current and projected debt positions and the annual investment strategy.

2.6 Borrowing Requirement 2015/2016

The Council's potential borrowing requirement is as follows:

		2015/16 £m	2016/17 £m	2017/18 £m
1.	Capital Programme Borrowing	43.7	35.3	12.2
2.	Replacement borrowing (PWLB)	0.0	0.0	4.0
3.	Replacement borrowing (Other)	1.3	0.0	0.0
4.	Replacement LOBO	20.0	10.0	19.5
TOTAL		65.0	45.3	35.7

2.6.1 Borrowing rates

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

Date	Bank Rate %	PWLB Borrowing Rates (including certainty rate adjustment) %		
		5 year	25 year	50 year
March 2015	0.50	2.20	3.40	3.40
June 2015	0.50	2.20	3.50	3.50
Sept 2015	0.50	2.30	3.70	3.70
Dec 2015	0.75	2.50	3.80	3.80
March 2016	0.75	2.60	4.00	4.00
June 2016	1.00	2.80	4.20	4.20
Sept 2016	1.00	2.90	4.30	4.30
Dec 2016	1.25	3.00	4.40	4.40
March 2017	1.25	3.20	4.50	4.50
June 2017	1.50	3.30	4.60	4.60
Sept 2017	1.75	3.40	4.70	4.70
Dec 2017	1.75	3.50	4.70	4.70
March 2018	2.00	3.60	4.80	4.80

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 Director of Finance, taking into account the advice of the Council's treasury adviser considers a benchmark financing rate of 4.25% for any further long-term borrowing for 2015/2016 to be appropriate.

It is possible that a Municipal Bonds Agency, currently being set up by the Local Government Association, will be offering bonds to local authorities in 2015/2016. The rates offered by the new Agency will be assessed and use made of this new source of funding where it is considered advantageous.

Consideration will be also given to other options, including utilising some investment balances to fund the borrowing requirement in 2015/2016. This policy has served the Council well over the last few years as investment returns continue to be low. As a result the Council is currently maintaining a large under-borrowed position. This position will be carefully reviewed to avoid incurring higher borrowing costs over the long term whilst ensuring 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 Director of Finance, 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 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. However in 2007 the PWLB introduced a spread between the rates applied to new borrowing and repayment of debt which was compounded in 2010 by a considerable further widening of the difference between new borrowing and repayment rates and it 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 2015/2016 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. These potential 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.

In accordance with the above guidance from the CLG and CIPFA, and in order to minimise the risk to investments, the Council applies minimum acceptable credit criteria in order to generate a list of highly creditworthy counterparties which also enables diversification and thus avoidance of risk. 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;
- 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;
- non-specified investments that the Council will use, 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.

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 not more than one-year maturity, or those which they could be for a longer period but where the Council has the right to be repaid within 12 months if it wishes. These are placed with high rated counterparties and are considered low risk assets where the possibility of loss of principal or investment income is small. Within these bodies and in accordance with the Code, the Council has set additional criteria to limit 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 investment grade high credit rated counterparties this means in effect that any investments placed with those counterparties for a period over one year will be classed as Non-specified Investments.

Any non-specified investment by the Council that is classed as capital expenditure (see 3.4 below) 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 Certificates of Deposit, fixed term deposits, interest bearing accounts, Money Market Funds, Government debt instruments, floating rate notes, corporate bonds, municipal / local authority bonds 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 Director of Finance 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

Following the financial crisis of 2008 it was recognised that investors, who largely remained unaffected through this period, should share the burden in future by making them forfeit part of their investment to "bail in" a bank before taxpayers are called upon.

The main rating agencies (Fitch, Moody's and Standard & Poor's) have, through much of the financial crisis, provided some institutions with a ratings "uplift" due to implied levels of sovereign support. More recently, in response to the evolving regulatory regime, the agencies have indicated they may remove these "uplifts". The agencies are expected to remove implied sovereign support from financial institution ratings based in the EU at some stage ahead of January 2016 (when bail-in measures are finally enacted). The timing and extent of changes is still not clear but immediate changes to the credit methodology used are required.

In the UK the Government is expected to end their bank guarantee scheme. This will mean investments that councils make with UK financial institutions would not be guaranteed by the Government and that if the financial institution encountered financial problems then the Council would become an unsecured depositor. It is important to stress that the regulatory changes that are being made in the UK and the rest of Europe are designed to make the financial system sounder and their implementation will not suddenly weaken institutions. In December 2014 the Bank of England published the results of a stress test for major UK financial institutions. The test assessed major UK lenders' ability to withstand another financial crisis and it built on similar health checks by the European Banking Authority. Only one UK institution (the Co-op) failed the test although another two were assessed as being at risk in the event of a "severe economic downturn". Mark Carney the Governor of the Bank of England said that the results show that the banking system is "significantly more resilient" and that the "growing confidence in the system is merited". All financial institutions are continuing to build capital reserves further going forward.

The rating agency changes do not reflect any changes in the underlying status of the institution or credit environment, merely the implied level of sovereign support that has been built into ratings through the financial crisis. The eventual removal of implied sovereign support will only take place when the regulatory and economic environments have ensured that financial institutions are much stronger and less prone to failure in a financial crisis.

Continuing regulatory changes in the banking sector are designed to see greater stability, lower risk and the removal of expectations of Government financial support should an institution fail. This withdrawal of implied sovereign support is anticipated to have an effect on ratings applied to institutions. This will result in the key ratings used to monitor counterparties being the Short Term and Long Term ratings only. Viability, Financial Strength and Support Ratings previously applied will effectively become unnecessary. This change does not reflect deterioration in the credit environment but rather a change of method in response to regulatory changes.

As with previous practice, ratings will not be the sole determinant of the quality of an institution and the Council will continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To this end the Council will engage with its advisors to monitor market pricing such as "credit default swaps" and overlay that information on top of the credit ratings provided.

Other information sources used will include the financial press, share price and other such information pertaining to the banking sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.

In summary the UK financial institutions have strengthened their Balance Sheets to better accommodate the impact of another financial crisis. As a result, government intervention would become limited if at all and Bail-In arrangements would apply if banks were to fail. This increases the risk of depositors but only to the extent the institution can not withstand the total losses.

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 counterparty 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.
- 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.

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 2014/2015 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:

	2013/14	2013/14	To date	To date
Return	Benchmark	Return	Benchmark	
	%	%	%	%
Council	1.03	0.35	0.76	0.35

During 2015/2016 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 2015/2016 are likely to range between £80 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 2015/2016, 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 2015/2016, (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 other 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 Director of Finance, 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 Director of Finance, 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 will be reported to Cabinet for agreement prior to any external fund manager being appointed

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 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	Director of Finance	Monthly
Treasury Management Practices	Director of Finance	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 Director of Finance 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

Capita Asset Services Interest Rate View													
	Mar-15	Jun-15	Sep-15	Dec-15	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18
Bank Rate View	0.50%	0.50%	0.50%	0.75%	0.75%	1.00%	1.00%	1.25%	1.25%	1.50%	1.75%	1.75%	2.00%
3 Month LIBID	0.50%	0.50%	0.60%	0.80%	0.90%	1.10%	1.10%	1.30%	1.40%	1.50%	1.80%	1.90%	2.10%
6 Month LIBID	0.70%	0.70%	0.80%	1.00%	1.10%	1.20%	1.30%	1.50%	1.60%	1.70%	2.00%	2.10%	2.30%
12 Month LIBID	0.90%	1.00%	1.10%	1.30%	1.40%	1.50%	1.60%	1.80%	1.90%	2.00%	2.30%	2.40%	2.60%
5yr PWLB Rate	2.20%	2.20%	2.30%	2.50%	2.60%	2.80%	2.90%	3.00%	3.20%	3.30%	3.40%	3.50%	3.60%
10yr PWLB Rate	2.80%	2.80%	3.00%	3.20%	3.30%	3.50%	3.60%	3.70%	3.80%	3.90%	4.00%	4.10%	4.20%
25yr PWLB Rate	3.40%	3.50%	3.70%	3.80%	4.00%	4.20%	4.30%	4.40%	4.50%	4.60%	4.70%	4.70%	4.80%
50yr PWLB Rate	3.40%	3.50%	3.70%	3.80%	4.00%	4.20%	4.30%	4.40%	4.50%	4.60%	4.70%	4.70%	4.80%
Bank Rate													
Capita Asset Services	0.50%	0.50%	0.50%	0.75%	0.75%	1.00%	1.00%	1.25%	1.25%	1.50%	1.75%	1.75%	2.00%
Capital Economics	0.50%	0.50%	0.75%	0.75%	1.00%	1.00%	1.25%	1.25%	-	-	-	-	-
5yr PWLB Rate													
Capita Asset Services	2.20%	2.20%	2.30%	2.50%	2.60%	2.80%	2.90%	3.00%	3.20%	3.30%	3.40%	3.50%	3.60%
Capital Economics	2.20%	2.50%	2.70%	3.00%	3.10%	3.20%	3.30%	3.40%	-	-	-	-	-
10yr PWLB Rate													
Capita Asset Services	2.80%	2.80%	3.00%	3.20%	3.30%	3.50%	3.60%	3.70%	3.80%	3.90%	4.00%	4.10%	4.20%
Capital Economics	2.80%	3.05%	3.30%	3.55%	3.60%	3.65%	3.70%	3.80%	-	-	-	-	-
25yr PWLB Rate													
Capita Asset Services	3.40%	3.50%	3.70%	3.80%	4.00%	4.20%	4.30%	4.40%	4.50%	4.60%	4.70%	4.70%	4.80%
Capital Economics	3.25%	3.45%	3.65%	3.85%	3.95%	4.05%	4.15%	4.25%	-	-	-	-	-
50yr PWLB Rate													
Capita Asset Services	3.40%	3.50%	3.70%	3.80%	4.00%	4.20%	4.30%	4.40%	4.50%	4.60%	4.70%	4.70%	4.80%
Capital Economics	3.30%	3.50%	3.70%	3.90%	4.00%	4.10%	4.20%	4.30%	-	-	-	-	-
Please note – The current PWLB rates and forecast shown above have taken into account the 20 basis point certainty rate reduction effective as of the 1st November 2012													

2. Survey of Economic Forecasts

HM Treasury December 2014

The current Q4 2014 and 2015 base rate forecasts are based from samples of both City and non-City forecasters included in the HM Treasury December 2014 report.

BANK RATE FORECASTS	Quarter ended		annual average Bank Rate		
	Q4 2014	Q4 2015	ave. 2016	ave. 2017	ave. 2018
Average	0.50%	0.90%	1.50%	2.20%	2.60%
Highest	0.80%	2.00%	2.00%	3.00%	3.70%
Lowest	0.50%	0.50%	0.90%	0.90%	1.10%

Economic Background

1.1 Global Economy Update

The Eurozone

The Eurozone is facing an increasing threat from weak or negative growth and from deflation. In December, the inflation rate fell further, to reach a low of -0.2%. This is an average for all EZ countries and is the first time that the Eurozone has experienced deflation since the financial crisis in 2009. Accordingly, the ECB took some rather limited action in June to loosen monetary policy in order to promote growth. In September it took further action to cut its benchmark rate to only 0.05%, its deposit rate to -0.2% and to start a programme of purchases of corporate debt. It has not embarked yet on full quantitative easing (purchase of sovereign debt) although ECB president Mario Draghi's has indicated that this could commence soon and it appears likely that full quantitative easing will begin in early 2015.

Concern in financial markets for the Eurozone subsided considerably during 2013. However, sovereign debt difficulties have not gone away and major issues could return in respect of any countries that do not dynamically address fundamental issues of low growth, international uncompetitiveness and the need for overdue reforms of the economy, (as Ireland has done). It is, therefore, possible over the next few years that levels of government debt to GDP ratios could continue to rise for some countries. This could mean that sovereign debt concerns have not disappeared but, rather, have only been postponed. The ECB's pledge in 2012 to buy unlimited amounts of bonds of countries which ask for a bailout 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 (2013 figures) of Greece 180%, Italy 133%, Portugal 129%, Ireland 124% and Cyprus 112%, remain a cause of concern, especially as some of these countries are experiencing continuing rates of increase in debt in excess of their rate of economic growth i.e. these debt ratios are likely to continue to deteriorate. Any sharp downturn in economic growth would make these countries particularly vulnerable to a new bout of sovereign debt crisis. It should also be noted that Italy has the third biggest debt mountain in the world behind Japan and the US. Greece remains particularly vulnerable but has made good progress in reducing its annual budget deficit and in returning to marginal economic growth.

The current situation in Greece is still volatile. The general election on 25 January 2015 is likely to bring a political party to power which is 'anti-austerity'. If this eventually results in Greece leaving the Euro, it is unlikely that this will directly destabilise the Eurozone as the EU has put in place adequate resources to contain the immediate fallout to just Greece. However, the indirect effects of the likely strengthening of anti EU and anti-austerity political parties throughout the EU is much more difficult to quantify. There are particular concerns as to whether democratically elected governments will lose the support of electorates suffering under EZ imposed austerity programmes, especially in countries which have high unemployment rates. There are also major concerns as to whether the governments of France and Italy will effectively implement austerity programmes and undertake overdue reforms to improve national competitiveness. These countries already have political parties with major electoral support for anti EU and

anti-austerity policies. Any loss of market confidence in either of the two largest Eurozone economies after Germany would present a huge challenge to the resources of the ECB.

USA

The Federal Reserve ended its monthly asset purchases in October 2014, signalling confidence the US economic recovery would remain on track. First quarter GDP figures for the US were depressed by exceptionally bad winter weather, but growth rebounded very strongly in Q2 to 4.6% and increased again in Q3 to 5.0% which is the fastest rate of growth recorded since 2003. Annual growth during 2015 is predicted to be around 3%.

The USA faces similar debt problems to those of the UK, but thanks to strong growth, cuts in government expenditure and tax rises, the annual government deficit has been halved from its peak without appearing to do too much damage to growth, although the weak labour force participation rate remains a matter of key concern for the Federal Reserve when considering the amount of slack in the economy and monetary policy decisions. It is currently expected that the USA will be the first major economy to begin increasing rates in mid 2015.

China

Government action in 2014 to stimulate the economy appeared to be putting the target of 7.5% growth within achievable reach but recent data has indicated a marginally lower outturn for 2014, which would be the lowest rate of growth for a number of years. There are also concerns that the 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 Lehmans crisis.

Japan

Recession in the Japanese economy is causing considerable concern as an increase in sales tax from 5% to 8% in April 2014 has suppressed consumer expenditure and growth. The tax increase was legislated by the previous government in 2012 to curb Japan's public debt, which is the highest among developed nations. In Q3 growth was -0.5% and -1.9% over the previous year. In addition, the population is ageing due to a low birth rate and is estimated to fall from 128m to 100m by 2050.

1.2 UK economy

Economic growth

Recovery is stronger in the UK than the rest of Europe with UK GDP growing for 7 successive quarters. There has been strong UK GDP quarterly growth of 0.7%, 0.9% and 0.7% in quarters 1,2 and 3 in 2014 (annual rate 2.6% in Q3) and the Autumn Statement 2014 increased the growth forecast for 2014 from 2.7% to 3.0% and for 2015 from 2.3% to 2.4%. Forward surveys for the services and construction sectors are encouraging although there has been a weakening in the future trend rate of growth for the manufacturing sector and UK growth is fragile

and strongly linked to worldwide events. For the recovery to become more balanced and sustainable in the longer term it needs to move away from dependence on consumer expenditure and the housing market to exporting, and particularly manufactured goods, both of which need to substantially improve on their recent performance.

Forward guidance

The overall strong growth has resulted in unemployment falling faster than expected reaching 5.8% in November 2014. Total employment levels are also at the highest since records began in 1971 with 30.8m employed. These unemployment levels are much lower than the initial threshold of 7%, set by the Monetary Policy Committee (MPC) in August 2013, before it said it would consider any increases to the Bank Rate. The MPC has subsequently broadened its forward guidance by adopting five qualitative principles and looking at a much wider range of about eighteen indicators in order to form a view on how much slack there is in the economy and how quickly slack is being used up. The MPC is particularly concerned that the current squeeze on the disposable incomes of consumers should be reversed by wage inflation rising back above the level of inflation in order to ensure that the recovery will be sustainable. There also needs to be a major improvement in labour productivity, which has been at low levels since 2008, to support increases in pay rates. Most economic forecasters are expecting growth to peak in 2014 and then to ease off a little, though still remaining strong, in 2015. Unemployment is expected to keep on its downward trend and this is likely to eventually feed through into a return to significant increases in pay rates at some point during the next three years. However how much those future increases in pay rates will counteract the depressive effect of increases in Bank Rate on consumer confidence, the rate of growth in consumer expenditure and the buoyancy of the housing market, are areas that will need to be kept under regular review.

Inflation

Inflation (CPI) has fallen sharply during 2014 after being consistently above the MPC's 2% target between December 2009 and December 2013. Inflation fell to 0.5% in December 2014, its lowest level since 2000. The Bank of England do not expect inflation to reach the target rate of 2% for 3 years and have warned it could remain below 1% for the next 6 months. Overall, markets are expecting that the MPC will be cautious in raising the Bank Base Rate as it will want to protect heavily indebted consumers from too early an increase at a time when inflationary pressures are also weak. A first increase in Bank Rate is expected in Q4 2015 with increases after that expected to be at a slow pace with rates remaining at lower levels than prevailed before 2008, as increases in Bank Rate will have a much bigger effect on heavily indebted consumers than they did before 2008.

Government Debt

Debt is still increasing and at the end of October 2014 borrowing, at £64.1bn, was £3.6bn higher than at the same period in 2013. The Chancellor announced in the 2014 Autumn Statement that the March 2014 borrowing targets would not be met and the borrowing target for 2014/2015 was increased from £86.4bn to £91.3bn with the 2015/2016 target being increased from £68.3bn to £75.9bn. The deficit budget is not expected to be in surplus until 2018/2019.

1.3 Economic Forecast

Economic forecasting remains difficult with so many external influences weighing on the UK. Major volatility in bond yields is likely to endure as investor fears and confidence ebb and flow between favouring more risky assets i.e. equities, or the safe haven of bonds.

The overall 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. Over time, an increase in investor confidence in world economic recovery is also likely to compound this effect as recovery will further encourage investors to switch from bonds to equities.

The overall balance of risks to economic recovery in the UK is currently evenly weighted. However it remains exposed to vulnerabilities in a number of key areas.

The interest rate forecasts in this report are based on an initial assumption that there will not be a major resurgence of the EZ debt crisis. There is an increased risk that Greece could end up leaving the Euro but if this happens, the EZ now has taken sufficient action that a Greek exit would have little immediate direct impact on the rest of the EZ and the Euro. It is therefore expected that there will be an overall managed resolution of the debt crisis where EZ institutions and governments eventually do what is necessary. Under this assumed scenario, growth within the EZ will be tepid for the next couple of years and some EZ countries experiencing low or negative growth, will, over that time period, see an 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, especially if growth disappoints and/or efforts to reduce government deficits fail to deliver the necessary reductions. However, it is difficult to forecast whether any individual country will lose such confidence, or when, and so will precipitate a sharp resurgence of the EZ debt crisis. While the ECB 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:

- Recapitalisation of European banks requiring more government financial support.
- Monetary policy action failing to stimulate sustainable growth and to combat the threat of deflation in western economies, especially the Eurozone and Japan.
- Geopolitical risks in Eastern Europe, the Middle East and Asia, increasing safe haven cash flows
- Fears generated by the potential impact of Ebola around the world
- UK strong economic growth is currently mainly dependent on consumer spending and the potentially unsustainable boom in the housing market and is weaker than anticipated .
- A weak rebalancing of UK growth to exporting and business investment causing a weakening of overall economic growth beyond 2014.
- Weak growth or recession in the UK's main trading partner - the EU, inhibiting economic recovery in the UK.
- 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.
- Recapitalisation of European banks requiring considerable government financial support.
- Monetary policy action failing to stimulate sustainable growth and to combat the threat of deflation in western economies, especially the Eurozone and Japan

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

- A further surge in investor confidence that robust world economic growth is firmly expected, causing a flow of funds out of bonds into equities.
- UK inflation returning to significantly higher levels than in the wider EU and US, causing an increase in the inflation premium inherent to gilt yields.
- An adverse reaction by financial markets to the result of the UK general election in May 2015 and the economic and debt management policies adopted by the new government
- ECB either failing to carry through on recent statements that it will soon start quantitative easing (purchase of government debt) or severely disappointing financial markets with embarking on only a token programme of minimal purchases which are unlikely to have much impact, if any, on stimulating growth in the EZ.
- The commencement by the US Federal Reserve of increases in the central rate in 2015 causing a fundamental reassessment by investors of the relative risks of holding bonds as opposed to equities, leading to a sudden flight from bonds to equities.

Lending List Criteria

Counterparty Criteria

The Council takes into account not only the individual institution's credit ratings issued by all three credit rating agencies (Fitch, Moody's and Standard & Poor's), but also all available market data and intelligence, the level of government support and advice from its Treasury Management 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</u> £m	<u>Maximum Duration</u>
AAA	F1+	A1+	Aaa	P-1	120	2 Years
AA+	F1+	A1+	Aa1	P-1	100	2 Years
AA	F1+	A1+	Aa2	P-1	80	2 Years
AA-	F1+ / F1	A1+ / A-1	Aa3	P-1	75	2 Years
A+	F1	A-1	A1	P-1	70	364 days
A	F1 / F2	A-1 / A-2	A2	P-1 / P-2	65	364 days
A-	F1 / F2	A-2	A3	P-1 / P-2	50	364 days
Local Authorities (limit for each local authority)					30	2 years
UK Government (including debt management office, gilts and treasury bills)					350	2 years
Money Market Funds Maximum amount to be invested in Money Market Funds is £120m with a maximum of £50m in any one fund.					120	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 A+ rating applied to them thus giving them a credit limit of £70 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 £100 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 shown that it has been willing to take action to protect the UK banking system.

Country	Limit £m
UK	350
Non-UK	100

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
Money Market Funds	120
UK Building Societies	100
Foreign Banks	100

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. The government rating 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 D.

Approved Lending List

	Fitch		Moody's		Standard & Poor's		Limit £m	Max Deposit Period
	L Term	S Term	L Term	S Term	L Term	S Term		
UK	AA+	-	Aa1	-	AAA	-	350	2 years
Lloyds Banking Group (see Note 1)							Group Limit 100	
Lloyds Banking Group plc	A	F1	A2	-	A-	A-2	100	2 years
Lloyds Bank Plc	A	F1	A1	P-1	A	A-1	100	2 years
Bank of Scotland Plc	A	F1	A1	P-1	A	A-1	100	2 years
Royal Bank of Scotland Group (See Note 1)							Group Limit 100	
Royal Bank of Scotland Group plc	A	F1	Baa2	P-2	BBB+	A-2	100	2 years
The Royal Bank of Scotland Plc	A	F1	Baa1	P-2	A-	A-2	100	2 years
National Westminster Bank Plc	A	F1	Baa1	P-2	A-	A-2	100	2 years
Ulster Bank Ltd	A-	F1	Baa3	P-3	BBB+	A-2	100	2 years
Santander Group *							Group Limit 70	
Santander UK plc	A	F1	A2	P-1	A	A-1	70	364 days
Cater Allen	-	-	-	-	-	-	70	364 days
Barclays Bank plc *	A	F1	A2	P-1	A	A-1	70	364 days
HSBC Bank plc *	AA-	F1+	Aa3	P-1	AA-	A-1+	70	364 days
Nationwide BS *	A	F1	A2	P-1	A	A-1	70	364 days
Standard Chartered Bank *	AA-	F1+	A1	P-1	A+	A-1	70	364 days
Clydesdale Bank / Yorkshire Bank **/**	A	F1	Baa2	P-2	BBB+	A-2	0	
Co-Operative Bank Plc	B	B	Caa2	NP	-	-	0	
Top Building Societies (by asset value)								
Nationwide BS (see above)								
Yorkshire BS ***	A-	F1	Baa1	P-2	-	-	0	

	Fitch		Moody's		Standard & Poor's		Limit £m	Max Deposit Period
	L Term	S Term	L Term	S Term	L Term	S Term		
Coventry BS	A	F1	A3	P-2	-	-	50	364 days
Skipton BS ***	BBB	F2	Baa3	P-3	-	-	0	
Leeds BS	A-	F1	A3	P-2	-	-	50	364 days
West Bromwich BS ***	-	-	B2	NP	-	-	0	
Principality BS ***	BBB+	F2	Baa3	P-3	-	-	0	
Newcastle BS ***	BB+	B	-	-	-	-	0	
Nottingham BS ***	-	-	Baa2	P-2	-	-	0	
Money Market Funds							120	Liquid
Prime Rate Stirling Liquidity	AAA		Aaa		AAA		50	Liquid
Insight Liquidity Fund	AAA		-		AAA		50	Liquid
Ignis Sterling Liquidity	AAA		-		AAA		50	Liquid
Deutsche Managed Sterling Fund	-		Aaa		AAA		50	Liquid
Foreign Banks have a combined total limit of £100m								
Australia	AAA		Aaa		AAA		100	364 days
National Australia Bank	AA-	F1+	Aa2	P-1	AA-	A-1+	75	364 days
Australia and New Zealand Banking Group Ltd	AA-	F1+	Aa2	P-1	AA-	A-1+	75	364 days
Commonwealth Bank of Australia	AA-	F1+	Aa2	P-1	AA-	A-1+	75	364 days
Westpac Banking Corporation	AA-	F1+	Aa2	P-1	AA-	A-1+	75	364 days
Canada	AAA		Aaa		AAA		100	364 days
Bank of Nova Scotia	AA-	F1+	Aa2	P-1	A+	A-1	70	364 days
Royal Bank of Canada	AA	F1+	Aa3	P-1	AA-	A-1+	75	364 days
Toronto Dominion Bank	AA-	F1+	Aa1	P-1	AA-	A-1+	75	364 days
Finland	AAA		Aaa		AA+		100	364 days
Nordea Bank Finland plc	AA-	F1+	Aa3	P-1	AA-	A-1+	75	364 days
Pohjola Bank	A+	F1	Aa3	P-1	AA-	A-1+	70	364 days

	Fitch		Moody's		Standard & Poor's		Limit £m	Max Deposit Period
	L Term	S Term	L Term	S Term	L Term	S Term		
Germany	AAA		Aaa		AA+		100	364 days
DZ Bank AG (Deutsche Zentral-Genossenschaftsbank)	A+	F1+	A1	P-1	AA-	A-1+	70	364 days
Landwirtschaftliche Rentenbank	AAA	F1+	Aaa	P-1	AAA	A-1+	75	364 days
NRW Bank	AAA	F1+	Aa1	P-1	AA-	A-1+	75	364 days
Hong Kong	AA+		Aa1		AAA		100	364 days
The Hong Kong and Shanghai Banking Corporation Ltd	AA-	F1+	Aa2	P-1	AA-	A-1+	75	364 days
Luxembourg	AAA		Aaa		AAA		100	364 days
Banque et Caisse d'Epargne de l'Etat	-	-	Aa1	P-1	AA+	A-1+	100	364 days
Clearstream Banking	AA	F1+	-	-	AA	A-1+	80	364 days
Netherlands	AAA		Aaa		AA+		100	364 days
Bank Nederlandse Gemeenten	AAA	F1+	Aaa	P-1	AA+	A-1+	80	364 days
Cooperatieve Centrale Raiffeisen Boerenleenbank BA (Rabobank Nederland)	AA-	F1+	Aa2	P-1	A+	A-1	70	364 days
Nederlandse Waterschapsbank N.V	-	-	Aaa	P	AA+	A-1+	80	364 days
Singapore	AAA		Aaa		AAA		100	364 days
DBS Bank Ltd	AA-	F1+	Aa1	P-1	AA-	A-1+	75	364 days
Oversea Chinese Banking Corporation Ltd	AA-	F1+	Aa1	P-1	AA-	A-1+	75	364 days
United Overseas Bank Ltd	AA-	F1+	Aa1	P-1	AA-	A-1+	75	364 days
Sweden	AAA		Aaa		AAA		100	364 days
Nordea Bank AB	AA-	F1+	Aa3	P-1	AA-	A-1+	75	364 days
Svenska Handelsbanken AB	AA-	F1+	Aa3	P-1	AA-	A-1+	75	364 days
USA	AAA		Aaa		AA+		100	364 days
Bank of New York Mellon	AA-	F1+	Aa2	P-1	AA-	A-1+	75	364 days

	Fitch		Moody's		Standard & Poor's		Limit £m	Max Deposit Period
	L Term	S Term	L Term	S Term	L Term	S Term		
HSBC Bank USA, N.A.	AA-	F1+	A1	P-1	AA-	A-1+	70	364 days
JPMorgan Chase Bank NA	A+	F1	Aa3	P-1	A+	A-1	70	364 days
Northern Trust Company	AA-	F1+	A1	P-1	AA-	A-1+	70	364 days
State Street Bank and Trust Company	AA-	F1+	Aa3	P-1	AA-	A-1+	75	364 days
U.S. Bancorp	AA-	F1+	A1	P-1	A+	A-1	70	364 days
Wells Fargo Bank NA	AA-	F1+	Aa3	P-1	AA-	A-1+	75	364 days

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 £100m.

* Banks / Building Societies which are part of the UK Government's Credit Guarantee scheme
The counterparties in this section will have an A+ rating applied to them thus giving them a credit limit of £70 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

11 FEBRUARY, 2015

Revenue Budget and Proposed Council Tax for 2015/2016 and Medium Term Financial Strategy 2015/2016 to 2019/2020

Report of the Chief Executive and Director of Finance

1. Purpose of Report

1.1 To report:

- the overall revenue budget position for 2015/2016;
- the projected balances position as at 31st March, 2015 and 31st March, 2016 and advise on their level;
- a risk analysis of the Revenue Budget 2015/2016;
- a summary of the emerging medium term financial position facing the Council from 2016/2017 to 2019/2020;
- 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 2015/2016 set out at Appendix K;
- note the medium term financial strategy 2015/2016 to 2019/2020 as set out in Appendix H;
- recommend to Council the proposed Council Tax for 2015/2016 at Appendix G;
- 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 2015 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 workforce transformation;
- the outcome of the final Local Government Revenue Support Grant Settlement for 2015/2016 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 2015/2016 this report covers the following areas:

- Current Overall Position 2015/2016 to 2019/2020;
- Final position February 2015;
- 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 2015/2016 to 2019/2020

4.1 The January Cabinet report set out the provisional settlement for the Authority and confirmed that when cost pressures were taken into account there was a funding gap £39.83 million in 2015/2016. The report also referred to progress at that stage in relation to proposals to address the funding gap.

The final settlement 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, whereby reductions of circa £149m are estimated to be required over the five years 2015/2016 to 2019/2020 as shown below. This is in addition to the £171m required for the period 2010/2011 to 2014/2015.

	2015/16	2016/17*	2017/18*	2018/19*	2019/20*	Total
	£'m	£'m	£'m	£'m	£m	£m
Government Grant Changes	25.77	25.27	13.11	8.84	5.68	78.67
Total Ongoing Spending Pressures	10.85	15.23	20.00	10.68	10.81	67.57
Total Pressures to be met from Reserves on One-Off Basis	3.21	0.00	0.00	0.00	0.00	3.21
Total Funding Gap	39.83	40.50	33.11	19.52	16.49	149.45

* high level assumptions at this stage

Paragraph 5 below sets out further information about the grant changes while paragraph 6 sets out the spending pressures and commitments.

5. Final Position February 2015

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 28th January, 2015, approved the Council Tax Base for the area covered by Hetton Town Council (£3,301) and the City Council area (£66,000).

Retained Business Rates

- 5.3 The NNDR1 form sets out the Business Rate income forecast for 2015/2016 and was submitted to Government on 31st January 2015 in accordance with regulations. This is attached at Appendix A for information. The amount of Business Rates to be retained by the Council for 2015/2016 is forecast to be £44.216m, including £0.508m in respect of a forecast surplus on the collection fund at 31st March 2015.

Final Local Government Finance Settlement

- 5.4 The final position on the Local Government Finance Settlement for 2015/2016 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 £147.210m;
 - SFA includes Revenue Support Grant (RSG) of £69.274m in 2015/2016 representing a reduction of £27.093m (28.1%) compared to 2014/2015;
 - Sunderland's final baseline funding level is therefore £77.936m and within this the Government have assessed the level of Retained Business Rates income which the Council will collect and retain as £41.988m (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 £35.948m representing an increase of £0.674m (1.91%) compared to 2014/2015;
 - The Safety Net Threshold, set by Government at 92.5% of a Council's baseline funding level, equates to £72.091m for Sunderland;
 - The position in respect of changes to other Government funding is set out at section 5.7 and 5.8;
 - The position in respect of schools funding is set out at section 5.9.

Council Tax

- 5.6 In accordance with the Localism Act the public have the right to approve or veto excessive council tax rises, 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. A limit of 2.0 % 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 2014/2015

- 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 2014/2015 following the final settlement. This shows the reduction to available Spending Power of £24.806m (-8.9%) **excluding** the Better Care Fund and indicative Council Tax Freeze grant 2015/2016, or a reduction of £12.243m (-4.2%) **including** Better Care Fund and Indicative Council Tax Freeze grant.

It is important to note that within this, Revenue Support Grant funding has reduced by £27.093m (-28.1%). This illustrates that the grant element within the funding system which is intended to recognise low income resources and high needs, has again been significantly cut, which is impacting to a greater extent on the more deprived areas of the country.

	2014/15		2015/16		Change £m	Change %
	Adjusted £m	Final £m	Adjusted £m	Final £m		
Government Assumed Council Tax excl Parish Precepts		76.564		76.799	0.235	0.3%
Top Up Grant	35.274		35.948		0.674	1.9%
Assumed business rates based on proportionate shares	41.201		41.989		0.788	1.9%
Revenue Support Grant	96.367		69.274		-27.093	-28.1%
Start Up Funding Assessment		172.842		147.211	-25.631	-14.8%
Section 31 Grant re Business Rates Cap		0.812		1.137	0.325	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		0.025	-0.012	-32.4%
Community Right To Challenge		0.009		0.000	-0.009	-100.0%
Community Right to Bid		0.008		0.000	-0.008	-100.0%
New Homes Bonus		2.226		3.171	0.945	42.5%
New Homes Bonus redistributed Topslice		0.257		0.254	-0.003	-1.2%
Council Tax Support & Housing Benefit Admin Subsidy		2.485		2.212	-0.273	-11.0%
Council Tax New Burdens Funding		0.180		0.075	-0.105	-58.3%
Department of Health Revenue Grant - Local Reform and Community Voices		0.283		0.211	-0.072	-25.4%
Adult Social Care New Burdens		1.404		1.404	0.000	0.0%
Public Health Grant (Ring Fenced)		21.234		21.036	-0.198	-0.9%
Revenue Spending Power exc. council tax freeze grant		278.343		253.537	-24.806	-8.9%
Better Care Fund		10.836		22.432	11.596	107.0%
Indicative Council Tax Freeze Grant 2015/16		0.000		0.967	0.967	100.0%
Revenue Spending Power		289.179		276.936	-12.243	-4.2%

In addition to changes in grants included in the Revenue Spending Power set out above, Extended Rights to Free Travel has been confirmed as £0.061m for 2015/2016 representing a reduction of £0.060m compared to 2014/2015.

Notification is outstanding in relation to the Education Services Grant however this is anticipated to decrease by £0.9m reflecting the transfer of maintained schools to academies.

Impact of Changes to Specific and Core Grant

5.8 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% for the second year instead of RPI. Additional Section 31 Grant estimated at £0.325m is to compensate Councils for the consequential shortfall in Business Rates Income.
- The New Homes Bonus Grant is being used to support the overall budget position in 2015/2016 in accordance with the Budget Planning framework with appropriate housing related investment factored into both revenue budget and capital programme proposals.
- The cessation of Community Right to Challenge and Community Right to Bid Funding of £0.017m has been built into planning assumptions.
- A reduction in Council Tax Support and Housing Benefit Administration grant of £0.273m and Council Tax Support new Burdens Funding of £0.105m has been built into the planning assumptions.
- Local Reform and Community Voices funding has reduced by £0.072m and has been built into the planning assumptions.
- The settlement includes £1.404m in respect of Adult Social Care New Burdens funding in relation to the implementation of the Care Act which has been built into the Budget Planning. However as set out in the January Budget Report to Cabinet, a further analysis tool is being developed to assess the impact of all potential activity and the associated financial consequences. This will provide a better indication as to the adequacy of this level of funding.
- The Public Health Grant has been confirmed at £21.036m which is as anticipated.
- The settlement figures for Sunderland for 2015/2016 confirm £22.432m of pooled Better Care funding. Plans are being developed with the CCG which will enable savings to be delivered in line with council wide savings requirements.
- Council Tax Freeze Grant 2015/2016 - The funding is offered to compensate those Authorities who decide not to increase their Council Tax in 2015/2016.

Schools Funding

5.9 Dedicated Schools Grant

Schools block funding has increased by a net £1.665m, to £159.536m reflecting a reduction in 40 pupil numbers, changes in respect of the carbon reduction commitment, and the inclusion of free schools funding in DSG on the same basis as academies.

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 2014/2015 budget (excluding sixth form funding) of more than 1.5% before the pupil premium is applied.

Within the Early Years Block, initial participation funding for disadvantaged 2 year olds will be announced in June 2015, based on the number of eligible children as recorded in the January 2015 early years and schools census. Based on current participation levels this funding is estimated to be circa £2.5m.

5.10 Pupil Premium Funding

The Pupil Premium level of funding for 2015/2016 for Sunderland Schools and Academies is estimated to be £15.248m, based on January 2014 pupil numbers representing an increase of £0.146m compared to 2014/2015. The final allocation based on the January 2015 pupil census, will be confirmed in September 2015 by the Education Funding Agency.

6. Spending Pressures and Commitments

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

6.1 Leader

6.1.1 Business and Investment

Members will be aware that Sunderland has been selected as one of three centres of activity under the national Digital Catapult which will see a range of activity to understand and explore the value of data across different sectors. As part of securing the Digital Catapult funds and enabling continued support to Sunderland Software City, the Council is currently evaluating opportunities to utilise existing resources as match funding for the project as well as acting as leverage for additional external resources. The position will be kept under review and the planning updated as required.

6.2 Cabinet Secretary

6.2.1 Pay, Prices and Other Inflationary Cost Pressures

Pay and Prices

The impact of the agreed pay award covering the period January 2015 to March 2016 has been factored into the planning for 2015/2016.

Pensions

The impact of the Actuarial review of the Local Government Pension Scheme 2013 covering three years to 2016/2017, the impact of the Pensions Act 2008 (pension scheme auto enrolment) and Pensions Act 2014 (abolition of NI contracted out rate) 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.

6.2.2 Capital Financing

Provision of £2.5m has been included to enable potential borrowing under the prudential framework for known investments and to enable strategic priorities of the Council to be addressed.

6.2.3 Replacement of One off Resources

Provision is included for the replacement of £0.5m one off resources utilised in setting the 2014/2015 budget.

6.2.4 Workforce Transformation and Workforce Planning

The financial implications of workforce transformation continue to be assessed and will be incorporated in the budget planning over the medium term with transitional resources set aside for this purpose to be utilised in 2015/2016. The position will be kept under review.

Financial implications of workforce planning arrangements arising as a result of the implementation of savings plans will be kept under review and accommodated from transitional resources set aside for this purpose.

6.3 Adults Health and Housing

6.3.1 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 Care 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 £2.29m for cost pressures have been factored into the 2015/2016 budget.

6.4 Children Services

6.4.1 People - Children's Services Demand Pressures

There continues to be increasing demand pressures in relation to safeguarding and specifically external placements. Additional one-off resource has been provided over the 2 year period 2014/2015 to 2015/2016 to implement the Safeguarding Improvement Plan.

In addition £5.1m of earmarked reserves are to be released for 2015/2016 to meet the on-going impact of the 2014/2015 safeguarding pressures which were reported in the Third Revenue Review report to Cabinet in January. This funding will be on an interim basis pending the full implementation of the Safeguarding Improvement Plan, with the residual on-going impact to be provided for within the Medium Term Planning.

6.5 Responsive Services and Customer Care

6.5.1 Intelligence Hub

As reported to Cabinet in June 2014 the on-going revenue costs of £0.500m arising from the implementation of the Intelligence Hub are to be met initially from earmarked transitional funding in 2015/2016 and provided for in the planning over the medium term from 2016/2017.

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 2015/2016.

	2015/16	2016/17
	£m	£m
Government Funding Changes and Spending Pressures	39.83	40.50
Total Savings Proposals	-35.65	-2.06
Net Funding Gap	4.18	38.44
Use of balances to meet pressures on one off basis	-3.21	0.00
Temporary Use of Balances/ Potential Grant	-0.97	0.00
NET POSITION	0.00	38.44

7.2 After taking account of total on-going programmed reductions and use of one off resources for 2015/2016 there remains a funding gap of £0.970m. 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 2016/2017 funding gap of circa £38m as well as the further savings forecast to be required through to 2019/2020 through a review of all Council activities. The aim of the approach is to inform budget planning proposals over the medium term and enable Members to prioritise savings proposals as funding becomes clearer for each financial year.

Further updates will be provided to Cabinet in due course and the Medium Term Financial Strategy 2015-2020 will be refined and updated as this work progresses.

8. Proposals to meet the funding gap 2015/2016

- 8.1 As part of the Budget Planning Framework for 2015/2016 Cabinet agreed in October 2014 to meet the funding gap by progressing the existing savings programme and developing a further programme of activity based around the Council's Community Leadership approach including:
- Development of improved service and customer insight and intelligence to help target resources effectively;
 - Development of communities:
 - By enabling partners, businesses and residents to come together for future service delivery models and regeneration activity;
 - By working with communities and the voluntary sector to help support the delivery of services in the future;
 - Managing demand and facilitating those services which make a difference in the most effective way;
 - Continuing the focus on the CSN as the gateway of demand and supply for services with the aim of targeting resources to areas of greatest need, and encouraging and supporting self-help;
 - Continuing development of alternative models for service delivery;
 - Continuing the review of Strategic Services and Fixed Assets;
 - Integrating Commissioning to ensure services are commissioned in the most effective way;
 - Continuing to focus on progressing Regeneration, funding leverage and commercial opportunities.
- 8.2 The Council through its Community Leadership role will increasingly need to take a citywide approach with partners in health, education and the business sector together with communities to collectively reshape services to enable the best response for the city. This is evident in proposals for 2015/2016 which include re-commissioning services, reprioritising spend, maximising income, increased collaboration, use of alternative delivery models and maximising non front line savings.
- 8.3 It is clear that as more savings are required the ability to protect frontline services and deliver even statutory functions will become increasingly difficult. More radical change will be needed along with even more targeted use of the money available. The Council's role will increasingly need to shift from delivering services to enabling individuals, communities and other organisations in the public, private and voluntary sectors to work together to address the needs of the City in new ways and to encourage people to be more self-supporting.

Proposed Reductions 2015/2016 and 2016/2017

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

	2015/16	2016/17
	£'m	£'m
Ongoing Reduction Plans		
Strategic and Cross Cutting - Appendix C Section 1	5.90	0.30
Place and Economy - Appendix C Section 2	5.82	1.21
People - Appendix C Section 3	23.93	0.55
Total Ongoing Reductions Plans	35.65	2.06
Use of One off Reduction		
Use of Balances to meet pressures on one off basis	3.21	0.00
Temporary Use of balances / potential grant	0.97	0.00
Total Proposals to meet the Gap	39.83	2.06

Further updates will be provided to Cabinet in due course and the Medium Term Financial Strategy 2015-20 will be refined and updated in parallel as this work progresses.

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

- 8.5 In addition to on-going savings proposals set out at Appendix C, it is proposed to utilise £3.21m of one off funding on a one off basis to meet pressures identified at paragraph 6.
- 8.6 At this stage it is also anticipated some use of transitional resources will be required to allow for the lead in times in delivering a small number of the savings proposals in 2015/2016. It is therefore proposed to utilise £4.2m earmarked transitional funds in 2015/2016 for this purpose.

Medium Term Financial Position

- 8.7 In considering the Revenue Budget for 2015/2016 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 2015/2016 to 2019/2020 is set out at Appendix H.

9. Outcome of Budget Consultation

- 9.1 The Budget and Policy Framework procedure rules contained within the Constitution of the Council requires consultation on budget proposals to take place. In October 2014 Cabinet approved proposals regarding the consultation strategy and framework for the budget for 2015/2016 and proposed briefings to the following stakeholders:

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

- 9.2 In addition to the above stakeholder consultation, a survey was undertaken to gain an understanding of views on the overall approaches to meeting the budget challenge.
- 9.3 To supplement the survey, a workshop was held, with Community Spirit panel members and representatives from the voluntary and community sector.
- 9.4 Budget consultation with these groups has concentrated on the overall approaches to meeting the budget challenge to gain views. Further detailed consultation in relation to each of the proposals will be undertaken as each proposal is developed.
- 9.5 At each stage in the budget preparation process Scrutiny Committee is being consulted.
- 9.6 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.
- 9.7 All of the feedback from the various consultations has been considered in bringing together the budget proposals in this report.
- 9.8 The Revenue Budget Report to January Cabinet formed the basis for second stage consultation. The notes of the meetings with the representatives of business ratepayers and trades unions to meet statutory obligations to consult on the proposed budget will be tabled at the meeting as Appendix F.

10. Equality and the Budget Proposals

- 10.1 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 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; and to foster good relations between people who share a protected characteristic and those who do not. Understanding the effect of decisions on people with different protected characteristics is an important part of complying with the general equality duty.
- 10.2 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.

10.3 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.

10.4 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/8332/Committee/1785/Default.aspx>

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.

10.5 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.

10.6 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	2
Neutral impact identified or anticipated	0	11	1
Negative impact identified or anticipated	0	4	1
Both positive and negative impacts identified or anticipated	0	2	5
The saving is from staffing changes and therefore equality implications will be considered as part of Workforce Planning arrangements	1	4	2
No Equality Analysis needed	5	6	2

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)

- 10.7 Across the three directorates the judgements against the budget proposals are encouraging, with:
- Four proposals considered positive
 - Twelve considered neutral
 - Five considered negative
 - Seven considered to have both positive and negative outcomes.
 - Seven focussed on staffing changes.
 - Thirteen are considered to need no Equality Analysis. This is largely because the proposal has no service provision or external impact, or due to proposals focussing on income generation / commercial opportunities.
- 10.8 Actions arising from the equality analysis carried out to date will be taken forward by directorates.

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

- 11.1 In considering the level of general balances as part of budget preparation decisions, regard is given to:
- known commitments against balances in future years;
 - financial risks faced by the Council and the measures in place to mitigate them or meet them financially.
- 11.2 The estimated level of general balances as at 31st March, 2015 and 31st March, 2016 will be circulated separately at the Cabinet with the General Summary Page and proposed contingencies. This takes into account estimated savings arising in 2014/2015 in relation to Interest on Balances and Debt Charges savings previously reported.
- 11.3 As agreed previously these will be used to support the overall 2014/2015 position and transitional costs arising from the 2015/2016 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.
- 11.4 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.
- 11.5 The Council has a range of earmarked reserves e.g. the Strategic Investment Reserve. The major earmarked reserves are set out at Appendix Ji) for information.
- 11.6 A review of Reserves held has been undertaken to ensure both the adequacy of the reserves held and identify any which can be released to support the budget for 2015/2016. As a result of the review it is proposed a number of specific purpose reserves as detailed at Appendix Jii) be released on a permanent basis to support the 2015/2016 budget.

- 11.7 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.
- 11.8 Based upon the information used in determining this Revenue Budget 2015/2016 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 2015/2016 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 2015/2016 are in accordance with the existing policy and are considered prudent and robust given the overall level of reserves.

12. Detailed Budget 2015/2016

- 12.1 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.
- 12.2 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.
- 12.3 The General Summary page of the Revenue Budget together with details of the proposed contingency will be circulated separately at the meeting of Cabinet on the 11th February, 2015.
- 12.4 The formal decisions of the major precepting bodies are awaited regarding their precept proposals for 2015/2016. Consequently, the Proposed Council Tax for 2015/2016 will be tabled as Appendix G to this report at the Cabinet meeting on 11th February 2015.

General

- 12.5 Appendix K sets out the detailed Revenue Budget 2015/2016 for each Portfolio. All changes with the exception of the adjustments relating to final considerations of council tax level, have been incorporated into the Budget.

Service Reporting Code of Practice

- 12.6 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.
- 12.7 It should be noted that variations between the budget for 2014/2015 and 2015/2016 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

- 12.8 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.

13. Suggested Reason for Decision

- 13.1 To comply with statutory requirements.

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

- 14.1 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 14th January 2015

- Revenue Budget 2015/2016 Proposals and Revenue Support Settlement 2015/2016
- Council Tax Base 2015/2016
- Business Rate Income Forecast 2015/16 and Projected Business Rates Income Outturn 2014/2015

Business Rates Income Forecast 2015/2016 and Projected Business Rates Income Outturn 2014/2015 - Final NNDR Form 1

NATIONAL NON-DOMESTIC RATES RETURN - NNDR1 2015-16

Please e-mail to: nndr.statistics@communities.gsi.gov.uk by no later than 31 January 2015.
In addition, a certified copy of the form should be returned by no later than 31 January 2015 to the same email address

All figures must be entered in whole £

Please check the Validation tab and answer the validation queries that need to be answered

Select your local authority's name from this list:

Suffolk Coastal
Sunderland
Surrey Heath
Sutton
Swale
Swindon

Authority Name
E-code
Local authority contact name
Local authority contact number
Local authority e-mail address

Sunderland
E4505

Ver 1.1a

Local Authority : Sunderland

Ver 1.1a

PART 1B: PAYMENTS

This page is for information only; please do not amend any of the figures

The payments to be made, during the course of 2105-16 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
Retained NNDR shares	£	£	£	£	£
13. % of non-domestic rating income to be allocated to each authority	50%	49%	0%	1%	100%
Non-Domestic Rating Income for 2015-16					
14. Non-domestic rating income from rates retention scheme	43,550,003	42,679,003	0	871,000	87,100,006
15. (less) qualifying relief in Enterprise Zones	34,510	0	0	0	34,510
16 TOTAL:	43,515,493	42,679,003	0	871,000	87,065,496
Other Income for 2015-16					
17. add: cost of collection allowance		337,431			337,431
18. add: amounts retained in respect of Designated Areas		657,508			657,508
19. add: amounts retained in respect of renewable energy schemes		0	0		0
20. add: qualifying relief in Enterprise Zones		34,510	0	0	34,510
21. add: City of London Offset : Not applicable for your authority		0			0
Estimated Surplus/Deficit on Collection Fund	£	£	£	£	£
22. Estimated Surplus/Deficit at end of 2014-15	517,961	507,602	0	10,359	1,035,922
TOTAL FOR THE YEAR	£	£	£	£	£
23. Total amount due to authorities	44,033,454	44,216,054	0	881,359	89,130,867

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 2015/2016

1. The final Local Government Finance Settlement for 2015/2016 was announced on 3rd February 2015.
2. As part of this, Government announced an additional £74m nationally for upper tier authorities to assist with pressures on local welfare and health and social care provision. The additional funding has been included within Revenue Support Grant funding and equates to an additional £0.621m Revenue Support Grant for Sunderland.
3. While this additional funding is welcomed it should be noted that:
 - £0.621m additional funding represents only a small contribution to the additional costs which the council needs to meet in respect of demand pressures being experienced in health and social care.
 - The council Revenue Support Grant is still being cut by £26.5m (27.5%), illustrating that the grant element within the funding system which is intended to recognise low income resources and high needs is being significantly cut and continues to impact to a greater extent on the more deprived areas of the country.
4. Final position:
 - The Final Settlement has confirmed a net increase in Government overall funding of £0.618m:
 - Settlement Funding Assessment (SFA) - Revenue Support Grant (RSG)
The final SFA for 2015/2016 is £147.832m including the increase of £0.621m in Revenue Support Grant to £69.895m as set out at paragraph 2 above. This still represents an overall net reduction in RSG compared to 2014/2015 of £26.472m (27.5%).
 - Revenue Spending Power
The Government assessed Revenue Spending Power has increased by a net £0.618m in total to £289.179m reflecting the increase in RSG and a minor reduction in New Homes Bonus redistributed and Local Council Tax Support and Housing Benefits Administration subsidy. The overall reduction in Revenue Spending Power compared to 2014/2015 is now £11.625m or 4.02% which still remains significantly higher than the national average reduction of 1.7%.
 - Council Tax Referendum Principle
Government has confirmed that a referendum principle will apply to all principal local authorities, Police and Crime Commissioner and Fire and Rescue Authorities for any proposed increase in Council tax of 2% and above. This means any increase above this level will require a referendum to give the local electorate the opportunity to approve or veto the increase.

5. The net additional funding will be incorporated within the final budget position for 2015/2016 and used to support the implementation of the Care Act and provide transitional support to the achievement of in year reductions.

Proposals for Reductions 2015/2016 and 2016/2017 including position in respect of Equality Analysis

Strategic and Cross Cutting Proposals for Reductions 2015/2016

1. Strategic and Cross Cutting (Saving - £5.904m 2015/16 and £0.300m 2016/17)

1.1 ICT Rationalisation (Saving - £0.450m in 2015/16 and £0.300m 2016/17)

Proposal put forward as part of the 2014/2015 budget setting, but now re-phased with some savings delayed into 2016/2017.

The ICT Unit will continue the consolidation of applications and associated licences, reducing the external spend on application support. This will be coupled with service re-design that will focus on demand management through increased self-service and improved service delivery processes.

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 Workforce Planning arrangements	
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. If future service redesign requires consideration of impacts on the workforce, this will be done through existing workforce planning arrangements.	

Strategic and Cross Cutting Proposals for Reductions 2015/2016

1.2 Various Corporate Allocations – Contingencies / Business Rates Safety Net (Saving - £1.958m in 2015/16)

Continuous review of all central resources and reserves has identified further capacity to release some corporate contingencies, primarily in respect of winter maintenance and general contingency.

The proposals also reflect a reduction in the Business Rates Safety Net budget, based on greater awareness and assurance of the level of Business rates income and specifically the level of appeals likely to arise in the year.

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 Workforce Planning arrangements	
No Equality Analysis Required	✓
Additional Comment: This efficiency has no service provision or internal workforce impact and as such no equality analysis is deemed necessary.	

Strategic and Cross Cutting Proposals for Reductions 2015/2016

1.3 Business Rates, Council Tax and New Home Bonus Grant Income (Saving - £1.836m in 2015/16)

These savings will arise through the achievement of increased local funding opportunities, specifically;

- Anticipated growth in Business Rates local share over and above RPI, through new developments within the city
- Increase in the Council Tax base position
- Anticipated funding through New Homes Bonus reflecting the increased council tax base 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 Workforce Planning arrangements	
No Equality Analysis Required	✓
Additional Comment: This efficiency has no service provision or internal workforce impact and as such no equality analysis is deemed necessary.	

Strategic and Cross Cutting Proposals for Reductions 2015/2016

1.4 NECA – ITA Levy Reduction (Saving - £0.310m in 2015/16)

This saving will arise through the proposed reduction to the Tyne and Wear Transport Levy for Sunderland in 2015/2016.

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 Workforce Planning arrangements	
No Equality Analysis Required	✓
Additional Comment: This efficiency has no service provision or internal workforce impact and as such no equality analysis is deemed necessary.	

Appendix C (continued)

1.5 Maximisation of Income – Income Review, (Saving - £0.250m in 2015/16)

Proposal put forward as part of the 2014/2015 budget setting.

Increased income opportunities arising from two reviews undertaken around advertising arrangements and general fees and charges. This will seek to generate additional income opportunities including from outdoor advertising within the city.

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 Workforce Planning arrangements	
No Equality Analysis Required	✓
Additional Comment: The income generated through this proposal is primarily to be achieved through commercial business opportunities, with increases to fees and charges only where appropriate.	

Strategic and Cross Cutting Proposals for Reductions 2015/2016

1.6 Strategic and Shared Services / CSN / Revenues and Benefits (Saving - £1.100m in 2015/16)

Proposal put forward as part of the 2014/2015 budget setting.

It is proposed to continue the review and reconfiguration of strategic and shared services to ensure those services meet the future requirements of the council. All strategic and shared service areas will deliver a proportionate share of the savings and a proportion of the savings have already been achieved through staffing departures.

In addition, a review of CSN and Revenues and Benefits is currently being undertaken which will deliver process savings by reviewing all customer contact, delivering greater accessibility via the web and deepening the customer process to reduce demand.

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 Workforce Planning arrangements	✓
No Equality Analysis Required	
Additional Comment: It is likely that a significant proportion of this saving will be achieved through natural turnover. However, where proposals require developing, suitable consideration will be given as part of workforce planning arrangements and relevant consultation will take place.	

Place and Economy Proposals for Reductions 2015/2016

2. Place and Economy (Saving - £5.823m 2015/2016, and £1.207m 2016/2017)

2.1 Business Investment and Business Development – review of operational costs and income generation (Saving - £0.235m in 2015/16)

A review of the external grants programme will be undertaken to deliver more targeted allocations at a reduced cost to the council whilst still delivering on priority outcomes. A review of the current and anticipated tenant occupancy levels at the Evolve Centre at Rainton Bridge has identified the opportunity to generate additional income. Additionally, a service redesign will allow the removal of vacant posts within the service.

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 Workforce Planning arrangements	
No Equality Analysis Required	
Additional Comment: The proposal relates to service redesign including the removal of vacant posts, a reduction in the financial incentives scheme budget and the introduction of income targets at Evolve. Equality Analysis has been undertaken in relation to the proposal and it is felt that there will be a neutral impact. We will continue to develop a more focused financial incentives offer, directed at stimulating growth and job creation in agreed priority sectors. We will also look at opportunities to identify appropriate external funding which can assist the Council in providing financial support to businesses. We will strengthen relationships with colleagues internally and externally to maximise the potential for all Sunderland residents to be able to take up job opportunities that are created.	

Place and Economy Proposals for Reductions 2015/2016

2.2 Design Services and Property – review of operational costs and income generation (Saving - £0.600m in 2015/16, £0.010m 2016/17)

The maximisation of income earning opportunities will be delivered, with the emphasis on project management and building management, to a range of clients including through increased charges to the capital programme and schools. A review of Security Services has identified additional income in respect of arrangements at the waste transfer station at Jack Crawford House where SITA have agreed to meet part of security costs at the site as part of the new delivery arrangements for waste management as well as the deletion of a post in that service. Further reductions are planned in Security Services and Building Services where redesign of those services will allow the removal of posts with no impact on income generation.

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	✓ (3)
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 Workforce Planning arrangements	✓ (1)
No Equality Analysis Required	✓ (2)
Additional Comment: <ol style="list-style-type: none"> 1) A significant element of the above savings relates to staffing changes which will be considered as part of the Workforce Planning Project. 2) A review of income earning potential has been undertaken in Design Services which has revealed that income can be increased through a greater emphasis on project management and building management, to a range of clients including through increased charges to the capital programme and schools. This element of proposal does not affect any front line service users therefore no Equality Analysis is required. 3) An Equality Analysis has been undertaken in relation to charging arrangements for a contribution from SITA to the costs of security arrangements at the Jack Crawford House facility. This reveals a neutral impact as it does not affect front line service delivery. 	

2.3 Redesign of Business Delivery arrangements (Saving - £0.095m in 2015/16)

The redesign of business delivery arrangements will include reviewing services such as delivery of payslips, transporting of cheques from Moorside to Civic and transport of mail.

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 Workforce Planning arrangements	✓
No Equality Analysis Required	
Additional Comment: A review of driving arrangements across the Council has been undertaken which identified scope for a reduction in the number of people required to carry out the activity by introducing changes to employment conditions for drivers and also working with service areas to develop routines that mitigate the loss of this service. The proposals do not have an impact on front line services and therefore no Equality Analysis is required.	

Place and Economy Proposals for Reductions 2015/2016

2.4 Independent review of property and land assets (incl. Smarter Working) (Saving - £0.816m in 2015/16)

An independent review of assets, post LABV, will be undertaken to ensure that the council is getting maximum value in operational and revenue terms from its property and land portfolio. Specific areas of review will include space let to business, business centres that are retained, current use of properties (administration, depots etc.) linked to Smarter Working, considering the market for disposal of assets, land and buildings leased by and to the council, any development potential in surplus land, operational council property. Specific opportunities to increase property rental will also continue to be undertaken, for example, a rent review of the Bridges which will generate a capital receipt, backdated rent and an increased annual rent until the next review in 2039.

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	✓1
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	✓3
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 Workforce Planning arrangements	
No Equality Analysis Required	✓2
<p>Additional Comment</p> <p>1) It is proposed that a full review of assets will be undertaken with the aim of ensuring the Council maximises the value it obtains from each asset either in terms of occupancy, rental income, disposal value or opportunistic development. Until a full range of options are developed as a result of the review, it is not possible to identify the likely level of impact at this point therefore it is proposed that further Equality Analysis will be undertaken against the main options at the appropriate time. Although the Council will always seek to obtain best value from rental income for its assets, tenants have the opportunity to influence this through a series of negotiations therefore a neutral impact is anticipated.</p> <p>2) The Council's Cash In Transit service will seek to expand its client base, however as this service is aimed at commercial organisations and does not directly impact on the public an Equality Analysis is not required.</p> <p>3) A review of arrangements relating to tenant disrepair inspections has been undertaken and will result in the CSN acting as a triage for dealing with landlords minor disrepair notifications whilst the Housing Renewal Team will focus on addressing major disrepair items. This means that less people will receive a personal visit and it is possible that Landlords may take longer to address minor disrepair items. However, the new arrangements will enable the service to focus on the more serious disrepair items and it has been recommended that the CSN take vulnerabilities into account when designing and implementing the triage system. A tenant call back system will be put in place to further mitigate against the possible impact of Landlords who do not take timely action. The Equality analysis therefore shows both positive and negative impacts.</p>	

2.5 Building and Development Control to maximise trading position (Saving - £0.277m in 2015/16)

The maximisation of income opportunities recognises the comparative upturn in the economy leading to an increase in planning and building control work. The proposal also includes redesign of function to enable the removal of a minor staffing reduction.

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 Workforce Planning arrangements	
No Equality Analysis Required	✓
Additional Comment: The proposed additional income is to be secured through a general uplift in service activity levels in both Building Control and Development Control as a result of a predicted overall improvement in local economic conditions. No changes are proposed to service levels or how specific customer groups receive their service from BC and DC therefore no Equality Analysis is required. Applications for operations or development that are for the purposes of addressing the specific needs of a disabled person(s) in their home or in a building or premises to which the public are admitted are already and will continue to be exempt from the payment of fees.	

2.6 Energy Efficiency invest to save initiative (Saving - £0.500m in 2015/16)

Delivery of significant savings on energy cost through the proposed upgrade to LED street lighting in residential areas, which equates to around half of the street lighting stock. This follows an independent review commissioned by the service that confirmed that it is an appropriate time to consider such an investment following recent advancements in LED technology.

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 Workforce Planning arrangements	
No Equality Analysis Required	
<p>Additional Comment:</p> <p>The proposal is to replace approximately 20000 lighting columns in residential areas with energy efficient LED lighting over an 18 month period which will result in lower energy costs and lower carbon emissions. Residents and visitors to areas where the new lighting installed should be impacted upon positively as the new LED lighting actually provides a white light source with better night-time colour recognition and concentrates the light onto the road and footway where it is needed, with less light pollution into homes and gardens.</p> <p>However, feedback from previous schemes implemented in other parts of the country indicate that it may take time for people to adjust to the change of the lack of light spread which can be perceived as making an area away from the highway less well-lit, which in turn could lead to a number of protected characteristic groups potentially having a greater 'fear of crime'. This will be negated by consulting residents before works commence.</p>	

Place and Economy Proposals for Reductions 2015/2016

2.7 Review of operational arrangements for Waste Collection and Disposal (Saving - £0.631m in 2015/16, £0.712m 2016/17)

A range of measures are proposed to maximise income from waste collection, including through reviewing existing charges and introducing new charges where appropriate. Specific proposals include charging charities for waste collection, where a subsidised rate will be applied that is similar to the approach used for schools.

The introduction of charges for replacement bins, unless proof of being stolen, is an approach that is consistent with neighbouring authorities and is intended to reduce demand by encouraging householders to take care of their bins, avoiding financial and operational burdens on the Council.

Reducing demand to enable the reduction of staff through natural turnover and workforce planning.

A review of Trade Waste will deliver a reduction through increasing charges by 6%, which is less than the previous annual rises due to landfill tax, and reviewing contracts in relation to size of bins and number of collections for c.80 customers across the city.

Reduction in the cost of Waste Disposal will be realised through improved recycling, funded via investment from the Weekly Collection grant, where it is anticipated that the tonnage of waste disposed of will reduce by an additional 2,400 tonnes in 2015/16. Actions include communications awareness programmes and incentive schemes for residents. Other actions include the introduction of city centre trade waste recycling with an estimated reduction of a further c.600 tonnes waste disposed of and waste currently collected from depots, in future, being delivered direct to transfer stations thus reducing collection costs.

Place and Economy Proposals for Reductions 2015/2016

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	✓1
Equality analysis is planned and a neutral impact is anticipated	
Equality analysis is complete and a negative impact has been identified	✓2, 3,
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 Workforce Planning arrangements	✓5
No Equality Analysis Required	✓4
<p>Additional Comment:</p> <p>1) Charging Charities – The Council currently collects waste from approximately 150 properties used by registered charities. It is proposed that a charge for trade waste be levied which will affect approximately 125 of these organisations. These affected properties are primarily offices, shops and other organisations that trade with the public in operating their service, and which produce business waste. Any portion of the waste that may reasonably be described as household waste will not be charged for if identified. Community Associations who are registered charities and are provided with a service will continue to receive a free of charge refuse collection service to the existing limits, on the basis that waste collected from such locations is household waste. Whilst the introduction of charges could be perceived as a negative impact, most of the affected organisations are corporate bodies, using premises for administration work therefore the introduction of charges for what is a utility service to these business related premises will be so small there is no grounds to conclude that the direct services to their clients would be affected.</p> <p>2) Replacement Bins – The Council provides around 8,500 replacement wheel bins per annum which costs the Council in the region of £180,000. Currently there are no limits on the number of times a resident can request a replacement bin. This avoids the householder placing any value on the service and equipment thus there is no responsibility on them to take care of their bin. It is proposed that charges for replacement bins will be implemented equally across all of the protected characteristics. It is possible that a small number of people may be disadvantaged financially. These incidents will be addressed on a case by case basis and in cases where the bin wears out beyond economical repair, is damaged by the collection crew or when stolen / affected by arson, the Council will provide a replacement bin free of charge.</p> <p>3) Garden Waste Collection – The Council collects garden waste from approximately 80,000 residential households on a fortnightly basis. It is proposed that residents will have the option to pay an annual fee to continue with the service or they can opt out of the service but will be able to use either alternative free recycling services (self-serve delivery) or use their green residual waste bin which will continue to be collected free of charge. Assisted collections for aged and infirm residents in relation to garden waste will continue and refuse collection frequencies will not change.</p> <p>4) Other Waste Collection initiatives– A number of initiatives do not require Equality Analysis as they are either back office functions, changes to existing work practices to extract more value across the board price increase for existing trade waste customers, including:</p> <ul style="list-style-type: none"> • Increased recycling by improved investment in waste communications • Increased contribution from South Tyne and Wear Waste Management Partnership spend to our MTFs targets • More trade waste recycling and trade waste collection annual price increase • More in house waste skip reductions <p>5) A small element of the above savings relates to staffing changes arising from demand management activity which will be considered as part of the Workforce Planning Project.</p>	

Place and Economy Proposals for Reductions 2015/2016

2.8 Transport and Fleet review (Saving - £0.600m in 2015/16)

The continuation of the Transport and Fleet Review will further rationalise and reduce the scale of the Council's fleet, reflecting the contraction of the services throughout the Council. A review will also consider the strategic direction for this service.

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 Workforce Planning arrangements	
No Equality Analysis Required	
Additional Comment: 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.	

Place and Economy Proposals for Reductions 2015/2016

2.9 Bereavement and Registrars Service income (Saving - £0.180m in 2015/16, £0.130m 2016/17)

Increased income from the Bereavement Service will be realised by increasing charges at 7.5% for 2015/16. Analysis of neighbouring authorities charges highlights that charges will be comparable after this increase. An increase in non-statutory Registrars birth and marriage fees of 10% to generate additional income, these fees being optional extras.

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	✓ 1,2
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 Workforce Planning arrangements	
No Equality Analysis Required	
<p>Additional Comment:</p> <p>Bereavement and Registration 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.</p> <p>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.</p> <p>Many of the fees and charges levied by the Registration Service are statutory fees determined by central government legislation. Fees for birth, death, marriage and civil partnership certified copy certificates are set by statute at £10.00 per copy. Other statutory fees include the notice of marriage / civil partnership fee at £35.00 per person and the statutory marriage / civil partnership fee of £45.00 for Register Office ceremonies. Many customers who use the Registration Service require a statutory service, and are therefore charged accordingly. The proposed increases are on fees that are optional to customers, ie non statutory for which the customer can chose not to take up the offer.</p>	

Place and Economy Proposals for Reductions 2015/2016

2.10 Review Highways and Transportation and Network Management (incl. maintenance) (Saving - £0.553m in 2015/16)

Relates to a review and reduction of maintenance programmes on highways, footpaths, public rights of way, coastal protection, bridges and structures as well as the rationalisation of the highways inspection process when the Highways Asset Management Plan is in place. Also includes the recovery of the cost of repairing damage to highways etc. following a road traffic accident, which is currently only partially recovered from the relevant insurance companies with the remainder is met by the council.

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	✓ 1,2
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 Workforce Planning arrangements	
No Equality Analysis Required	
Additional Comment: The proposal is based predominantly upon reducing the revenue funding for highways maintenance and mitigating the impact of this by taking a more focussed approach to the prioritisation of work in order to maintain service levels as much as possible within the constraints of the funding. Equality Analysis has identified that whilst all road and footpath users will be affected, there may be an increased likelihood of a negative impact on the elderly, very young, disabled, pregnant people and parents with pushchairs as the volume of maintenance and repairs decreases. The Impact of this however will be offset to a certain extent by maximising benefits derived from capital investment and schemes.	

Place and Economy Proposals for Reductions 2015/2016

2.11 Car Parking – review of operational arrangements) (Saving - £0.351m in 2015/16, £0.005m 2016/17)

Implementation of initiatives identified through the Parking Strategy, including developing further parking management schemes, a restructure of the Enforcement section, and other options to achieve additional income from parking activity including charging for seafront on and off-street parking. An increase of 10p per hour will be levied for off-street and on-street parking.

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 Workforce Planning arrangements	
No Equality Analysis Required	
<p>Additional Comment:</p> <p>1) 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> <ul style="list-style-type: none"> • All age groups will benefit from delivery of priorities that support improvements in road safety arising from effective enforcement activity. • Disabled persons, pregnant people and parents using pushchairs are likely to benefit from effective enforcement that reduces obstructions caused by parked vehicles to pavements. <p>Further more specific Equality Analysis will be undertaken where necessary as options for implementation continue to be firmed up.</p>	

Place and Economy Proposals for Reductions 2015/2016

2.12 Review of Public Protection and Regulatory Services (Saving - £0.074m in 2015/16)

Proposal is to “stop doing” health promotion activity directly within Streetscene and replace with informing Public Health Activity, where a number of commercial providers are able to deliver this service. Also proposed to “stop doing” in respect of the consumer advice service, which is not currently a statutory responsibility, with customers being signposted to the National Consumer Protection Service and Citizens Advice Bureau

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	✓1,2
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 Workforce Planning arrangements	
No Equality Analysis Required	
<p>Additional Comment: The Council currently directly provides a health promotion and consumer advice services, neither of which are a statutory requirement.</p> <p>1. In relation to health promotion it is proposed that the Council will stop delivering the service and instead signpost future service users to a range of commercial providers for health promotion requests. Care homes will continue to receive inspection visits from PPRS personnel in order to ensure that good standards of hygiene and health and safety are maintained. Food hygiene training will continue to be available to City businesses from private sector providers. Statutory enforcement work with regard to tobacco will continue to be undertaken by PPRS personnel and smoking cessation work will continue to be undertaken by other agencies. As such, the impact is assessed as neutral.</p> <p>2. In relation to Consumer Advice residents will continue to be able to obtain advice from the Citizens' Advice helpline and their website which contains written information. As users of this service will still be able to access advice and support, the Equality Analysis indicates a neutral impact.</p>	

Place and Economy Proposals for Reductions 2015/2016

2.13 Review of operational arrangements for Responsive Local Services, to reduce demand (Saving - £0.390m in 2015/16, £0.350 2016/17)

A service redesign has been undertaken and will continue to be implemented that reduces the cost of operational supervision with staff released through workforce planning with fixed-term staff and apprentices integrated into core to facilitate continuity of service. Coupled with operational savings, the Intelligence Hub’s ‘Community Clean Up’ early adopter is a planned continual reduction and transfer of responsibility to the community / community organisations focussed on horticultural activity.

New routes and the implementation of new operational and supervisory arrangements will also reduce the cost of Winter Maintenance.

Equality Analysis

Equality Statement	Status
Equality analysis is complete and a positive impact has been identified	✓2
Equality analysis is planned and a positive impact is anticipated	
Equality analysis is complete and neutral impact has been identified	✓3
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 Workforce Planning arrangements	✓1
No Equality Analysis Required	
Additional Comment: 1) A significant element of the above savings relates to staffing changes which will be considered as part of the Workforce Planning Project. 2) As part of the Intelligence Hub early adopter projects, it is proposed that the current Community Clean Up Programme will cease. Equality Analysis has been undertaken and it is felt that the impact of this will be more than offset by greater use of more focussed intelligence arising from the Intelligence Hub and creating stronger links with communities and the Voluntary and Community Sector in order to better understand aspirations, synergise efforts and transfer responsibility for activity where appropriate. 3) A review of Winter Maintenance is proposed which will consider route efficiency, process efficiency and supervisory arrangements going forward. As it is felt that the overall level of service will not diminish, the Equality Analysis shows a neutral impact.	

Place and Economy Proposals for Reductions 2015/2016

2.14 Sunderland Live – continued implementation of Business Plan (Saving - £0.102m in 2015/16)

The Business Plan for Sunderland Live reflects a reduction in the annual management fee payable by the council to Sunderland Live, and this budget reduction reflects the saving to the council for year 3 of operation. This reduction is targeted to be delivered, primarily, through income growth by generating additional income from existing events activity such as the Airshow and widening the opportunity for income generation through service diversification and third party trading.

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 Workforce Planning arrangements	
No Equality Analysis Required	✓
Additional Comment: The saving is purely as a result of a contractual arrangement with Sunderland Live in which it was already predetermined that the management fee payable to Sunderland Live would reduce over a 3 year period as the organisation expanded its income earning potential therefore no Equality Analysis is required.	

Place and Economy Proposals for Reductions 2015/2016

2.15 Cross-cutting, including review of senior staffing arrangements and general cost reduction (Saving - £0.419m in 2015/16)

A review of senior staff in Place and Economy will be undertaken together with general cost reductions.

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	✓2
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 Workforce Planning arrangements	
No Equality Analysis Required	✓1
Additional Comment: 1) A significant element of the above savings relates to staffing changes arising from a review of senior staff serving the Place and Economy priorities which will be considered as part of the Workforce Planning Project. 2) Equality Analysis will be carried out in relation to further stop doing and general cost reduction initiatives as the options are firmed up.	

People Proposals for Reductions 2015/2016

3. People (Saving - £23.934m 2015/2016 and £0.553m 2016/2017)

3.1 Full Year Impact of previous year's decisions (Saving - £7.430m in 2015/16, £0.553m 2016/17)

As part of the 2014/15 budget proposals a number of proposals were agreed that delivered efficiencies over a 2 year period. These include implementation of the LATC Business Plan; Personalisation improvements and demand management; and Restructure proposals to align to locality teams

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 Workforce Planning arrangements	
No Equality Analysis Required	✓
Additional Comment: The bulk of these proposals relate to the Full Year Impact of reductions agreed as part of 2014/15 budget setting as referred to in the February 2014 cabinet report. Additionally reductions are recorded here that relate to additional government grant received to maintain current levels of service delivery and as such an equality analysis is deemed unnecessary.	

People Proposals for Reductions 2015/2016

3.2 Review of Integrated Teams – Development of multi-disciplinary teams to support social care customer journey and pathways (Saving - £1.500m in 2015/16)

Integrate services working directly with children and families whilst children remain in the family. The review will look at the points of intervention with families across a range of services and consider areas of duplication or where better integrated working would offer better outcomes for the family. It will be based on a single assessment of need and a better coordinated response to identified needs and will provide the basis for greater multi-agency integrated working in the future.

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 Workforce Planning arrangements	
No Equality Analysis Required	
Additional Comment: A new model will mean a more streamlined delivery with continuous and seamless transfer between services which will have a positive impact on service users. The service will retain a range of support from universal delivery through to specialist support and will therefore be equally accessible to all for universal provision however some existing and future service users could be affected if, as expected, the service becomes more targeted to those with identified need. A preliminary Equality Assessment has been undertaken to identify potential impacts on groups within the protected characteristics, and it is recognised that the intelligence gathering process is an important and on-going part of this review. The equality implications will continue to be assessed as part of this.	

People Proposals for Reductions 2015/2016

3.3 Looked After Strategy – Review and develop a more localised offer to respond to increases in older children and number of external placements (Saving - £0.500m in 2015/16)

Plans are in place to review, develop and implement a more localised offer to respond to both the increases in older children and the number of external placements. A root and branch review will be carried out of our needs, the existing options that exist with an emphasis on developing a more local offer that meets the diverse needs that are presented. The review will involve engaging with staff and children and also looking at best practice elsewhere.

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 Workforce Planning arrangements	
No Equality Analysis Required	
Additional Comment: The review will develop and implement a more localised offer to respond to both the increases in older children and the number of external placements.	

People Proposals for Reductions 2015/2016

3.4 Home to School Transport – Review of commissioning arrangements, eligibility criteria and an offer to parents of personalised budgets where appropriate (Saving - £0.450 in 2015/16)

Review of statutory transport in respect of children and young people with special educational needs. Including commissioning arrangements, eligibility criteria, and move to personalised budgets where appropriate. Policy change and consultation will be necessary to achieve the 25% budget reduction.

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 Workforce Planning arrangements	
No Equality Analysis Required	
Additional Comment: Proposals to introduce Direct Travel Payments will be done so on a voluntary basis. It is anticipated that these will be taken up by families who see a positive benefit in transporting children to school themselves rather than relying upon pre-arranged transport. Under these proposals, parents of post-16 young people with SEN will be asked to make a contribution to the cost of transport to school from September 2016. However low income families will not be asked to make a contribution thereby mitigating the negative impact to some extent.	

People Proposals for Reductions 2015/2016

3.5 Youth Provision – Review of provision and commissioned contracts (Saving - £0.540m in 2015/16)

A full review of the Youth Offer is to be undertaken in 2015/16 that will seek to take advantage of wider opportunities and look to learn from successful delivery elsewhere. This would include appropriate consideration of other strategic priorities including Community Resilience, specifically ASB and the increased involvement of the community in service delivery and the Activity Strategy which evidences the benefits of regular participation in activity on physical and mental health and wellbeing, skills development and levels of attainment.

Current commissioned contracts are due to end in March 2015 but there is the provision to extend these contracts for up to 2 years. Negotiations are ongoing with the existing providers to consider how savings can be achieved in the interim pending the outcome of the full review.

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	✓ (1)
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 Workforce Planning arrangements	
No Equality Analysis Required	✓ (2)
Additional Comment: 1) This review will consider the fundamental questions of what outcomes we are seeking to achieve from youth delivery in the longer-term and determine the most appropriate way to achieve those outcomes. In the shorter term, this particular efficiency impacts on existing delivery pending the review. It has been agreed to cease direct delivery of the BME contract and instead adopt an approach which focuses on integration. Whilst evidence from young people from the BME community shows support for this, there is a risk that there will be a reduction in recorded and accredited outcomes for this group. More widely there will be reduced requirements across all contracts hence there will likely be a reduction in recorded and accredited outcomes for young people generally. Some historic arrangements for support groups delivering activities will end and there may be a risk to continued delivery by those organisations. The Equality Analysis will inform the wider review of youth services. 2) An EIA is not required as alternative funding has been identified to maintain current delivery for 2 years from April 2015.	

People Proposals for Reductions 2015/2016

3.6 Housing and Community Living – Review of the service and the benefits of collaboration with key partners (Saving - £0.100m in 2015/16)

Review of the service and explore the benefits of collaboration with key partners.

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 Workforce Planning arrangements	✓
No Equality Analysis Required	
Additional Comment: No change to service delivery, review of staffing following staff severance.	

People Proposals for Reductions 2015/2016

3.7 Personalisation – Implement national eligibility criteria as required by Care Act prescribed by central government (Saving - £2.314m in 2015/16)

The Care Act 2014 replaces the Fair Access to Care Services (FACS) eligibility criteria with new national minimum eligibility criteria, prescribed by Central Government.

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 Workforce Planning arrangements	
No Equality Analysis Required	
<p>Additional Comment: The council is required to implement the Care Act in two phases, April 2015 and April 2016. The work is governed by a programme board with seven separate workstreams. The Act is intended to promote individual well-being and prevent and delay the need for long term care and increase the amount of support available for carer's. Positive local aspects of the Act will include less people needing long term support, better integrated services between health and social care, reduced lifetime costs for care. A potential negative aspect is the adoption of the new national eligibility criteria which all current customers will need to be reviewed against. This may mean that some customers they may not meet the new eligibility criteria.. However the council's commitment to early intervention and prevention will ensure that people still receive the support they need through different types of provision such as reablement and better information, advice and guidance services.</p>	

People Proposals for Reductions 2015/2016

3.8 Better Care Fund – Review all services provided and funded by the LA and CCG to realign with BCF outcomes. (Saving - £2.000m in 2015/16)

Review of all services provided by and funded by the Local Authority and the CCG to realign with Better Care Fund outcomes. Proposals include a review of Intermediate care / reablement to consider the outcomes delivered and opportunities to realign funding appropriately

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 Workforce Planning arrangements	
No Equality Analysis Required	
Additional Comment: Work is centred on review of the intermediate care and Time to Think Services in the City alongside Sunderland Clinical Commissioning Group which is being co-ordinated by the Out of Hospital Board. The impact of the new pathways has been modelled in relation to the long term demand for home care and admissions to hospital. The proposed way forward will have a positive impact in that it will reduce the number of people who develop a long term reliance on health and social care and allow more people to live independently.	

People Proposals for Reductions 2015/2016

3.9 Better Care Fund – Work is on-going with the CCG to identify further savings relating to reductions in admissions to hospital and to residential/Nursing Care (Saving - £3.111m in 2015/16)

As part of the Better Care Fund arrangements plans are being developed with the CCG, GPs, Hospitals and other Health Organisations, around integrated working which will achieve additional savings to those which have already been identified by the Local Authority.

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 Workforce Planning arrangements	
No Equality Analysis Required	
Additional Comment: Ongoing discussions with the CCG to identify further savings relating to reduction in admissions to hospital and to residential/nursing care	

People Proposals for Reductions 2015/2016

3.10 Learning Disabilities – Review of service offer including a review of day centre and support living offer and support for people with complex needs. (Saving - £2.889m in 2015/16)

A series of benchmarking reviews have highlighted that the Local Authority is in the upper quartile for spend on Learning Disabilities. The current service offer is being reviewed to eliminate duplication, this will lead to a managed transition from block payments to cost per client/attendance and include a review of the day centre and support living offer for the City.

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 Workforce Planning arrangements	
No Equality Analysis Required	
Additional Comment: Review involves a range of initiatives to look at service offer for people with learning disabilities alongside Sunderland Clinical Commissioning Group. Positive impacts included an improved process for meeting individuals housing needs and increasing opportunities for long term employment. Potential negative impacts were consideration of the need to move customers to different providers or alternative accommodation which would require the close involvement of individuals and their families.	

People Proposals for Reductions 2015/2016

3.11 Sport and Leisure. Development of Joint Venture, competitive dialogue is progressing with interested parties (Saving - £2.600m in 2015/16)

The procurement process for a joint venture partner using the competitive dialogue procedure has now concluded. A report is to be presented to Cabinet on 11th February 2015 recommending the appointment of a preferred bidder for the management and operation of the Council's leisure facilities.

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 Workforce Planning arrangements	
No Equality Analysis Required	
Additional Comment 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 is on-going and has included a comprehensive dialogue process with interested parties, who have extensive portfolios and experience of operating local authority and other leisure facilities. This process built in specific reference to equalities to ensure that a neutral impact continues to be identified.	

People Proposals for Reductions 2015/2016

3.12 People Directorate – Review of all support functions (Saving - £0.500m in 2015/16)

The review will consider all areas of the Directorate to realise benefits from the creation of a People Services Directorate.

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 Workforce Planning arrangements	✓
No Equality Analysis Required	
Additional Comment It is likely that a significant proportion of this saving will be achieved through natural turnover. However, where proposals require developing, suitable consideration will be given as part of workforce planning arrangements and relevant consultation will take place.	

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

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	2
Neutral impact identified or anticipated	0	11	1
Negative impact identified or anticipated	0	4	1
Both positive and negative impacts identified or anticipated	0	2	5
The saving is from staffing changes and therefore equality implications will be considered as part of Workforce Planning arrangements	1	4	2
No Equality Analysis needed	5	6	2

Appendix D (continued)

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 element within a proposal (e.g. a service review with staffing implications)

3.1 Strategic and Cross-Cutting Proposals

There are a total of six corporate and cross cutting proposals. 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.

One judgement is linked with staffing changes, and therefore are to be part of the considerations of Workforce Planning arrangements.

3.2 Place and Economy

There are a total of fifteen Place and Economy proposals. A number of these proposals have more than one element and therefore there are twenty-nine judgements. Of these two identified a positive impact, and eleven neutral. Four identify negative impacts relating to the financial implications of new charges being introduced. Two proposals have identified both positive and negative impacts. For the negative impacts identified recommendations have been given, or actions are planned to minimise the impacts. Finally, six proposals are judged not to require Equality Analyses because they are changing working practices in a way that does not affect front-line services, maximise/generate income, or they reflect changes due to contractual arrangements.

Four judgements are linked with staffing changes, and therefore are to be part of the considerations of Workforce Planning arrangements.

3.3 People

There are twelve People proposals, with a total of thirteen separate elements. Of these two are judged to have a positive impact, and one neutral. One identifies a negative impact. Five proposals identify both positive and negative impacts. This includes acknowledgement that some people are likely to have less access to services as they become more targeted and needs based. Where the negative impact is related to cost implications, there is consideration of mitigation for people on low incomes. There is an acknowledgement that where services are under review, more work will need to be undertaken to ensure further considerations can be made.

Two elements are judged not to need an Equality Analysis and two have staffing impacts and therefore will be part of larger Workforce Planning considerations.

4 Conclusions

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 2015/2016 was undertaken within the context of further public spending reductions and the need for the Council to achieve an additional £36 million in savings during 2015/2016. 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 understand the priorities of local people and their thoughts about what they can do to make a difference
- To explore views on what the Council is doing/planning to do, what else it can do to meet the budget challenge and areas for improvement.

2. Background

The annual budget consultation took place during October/December 2014, comprising a survey and a workshop.

Presentations on the financial context of the budget were made to a range of stakeholder groups in accordance with the approach to Budget Consultation agreed by Cabinet in October 2014, and feedback was noted.

The following stakeholder groups were also consulted:

- Trade Unions;
- North East Chamber of Commerce;
- Youth Parliament;

In addition, 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 in section 1 above. The survey was available in paper and 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 322 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 25th November 2014. The workshop comprised:

- A presentation on the financial context for the 2015/2016 budget and the proposed approach moving forward
- Discussion groups facilitated by Council officers to discuss the following areas:
 - People based services
 - Place and the economy based services
 - The Council Tax Support Scheme.

A total of 16 panellists, including 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 its 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

The survey asked respondents to consider 20 services provided by the Council across the Council's People, Place & Economy priorities. They were asked to rate the importance of maintaining the quality of these services bearing in mind the significant and on-going budget challenge faced by the Council.

The survey findings were scored on a scale of 1 to 5, where 5 is critically important and 1 is not important at all. The table below shows the mean score for each service:

Budget Consultation Results

Rank	Service	Average Score of Importance
1	Education (Including Schools)	4.60
2	Refuse collection	4.55
3	Social care services for children and disabled and vulnerable adults	4.54
4	Maintenance of roads, pavements and cycle ways	4.43
5	Street Cleaning	4.41
6	Recycling services e.g. household and garden waste	4.24
7	Economic Growth, Business Development and Investment	4.18
8	Street Lighting	4.15
9	Neighbourhood relations e.g. anti-social behaviour	4.15
10	Parks and open spaces	3.99
11	Environmental protection services including environmental health, trading standards and pest control	3.97
12	Facilities and activities for children e.g. children centres, playgrounds	3.94
13	Sport and leisure activities	3.87
14	Registrars and cemetery and crematoria services	3.87
15	Homelessness and housing advice services	3.86
16	Libraries	3.83
17	Culture, Museums and heritage	3.72
18	Facilities and activities for young people e.g. skate parks, youth villages	3.70
19	Tourism and events across the city	3.67
20	Car parking	3.64

As can be noted, respondents have identified a mix of People, Place and Economy services as being of greatest importance. For the People priority, services provided to children and vulnerable people are perceived to be the most important when maintaining quality; refuse collection and a number of Street Scene services are considered to be most important for the Place and Economy priority. These findings strongly reflect the views expressed by residents in last years' budget consultation.

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
- Reduce standard of service provided
- 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.

Budget Consultation Results

5.2.1 People services

The acceptability of different options in respect of People services is shown below.

The option of focusing the service on those most in need is the most commonly selected option for the majority of these services. The table below clearly shows that respondents strongly favoured this option for four of the six services used in the survey. The two services remaining are 'Facilities and activities for children and young people' and 'Sport and leisure activities'. For the former views were split evenly between focussing on those in need and more community involvement in making savings. For the latter respondents felt that introducing or increasing charges was the best approach to take, though by contrast this was the second least popular option for all of the other services. Reducing the standard of service provided is not seen as acceptable for any of the services with this option receiving the least support across each of the services.

Service	Focus on those most in need	Reduce standard of service provided	Introduce/ increase charges	Other providers delivering services on behalf of Council	More community involvement in making savings
Facilities and activities for children and young people	30.4%	4.6%	11.3%	22.4%	31.3%
Transport for children and young people with special educational needs	43.9%	4.9%	12.8%	21.8%	16.6%
Support to vulnerable children and families	53.7%	5.4%	5.4%	18.6%	16.9%
Support to people with physical and learning disabilities	51.7%	3.0%	5.9%	21.8%	17.6%
Support to older people	50.1%	3.0%	7.6%	16.7%	22.6%
Sport and leisure activities	13.3%	6.6%	32.3%	23.3%	24.5%

The questionnaire also asked respondents to describe their three biggest priorities or the three most important things facing them in their daily life. By a significant margin respondents highlighted the 'cost of living' as the most important thing that they need to tackle on a daily basis. This was followed closely by their 'personal health and that of their family members', then somewhat further behind 'family' was seen as being most important. It is noticeable that there are no service related issues placed in the top three, instead these comprise all of the other issues that respondents raised (with the exception of jobs which featured fifth).

Budget Consultation Results

A further question posed in the questionnaire was, based on the respondents own experiences how can the Council, GP's and hospitals work together to improve health and social care while reducing costs. 74% of respondents felt that the best approach to improving health and social care was through service Integration and reducing duplication, including multiple visits to people once they leave hospital. There were seven other suggested options but these were put forward by a very small number of respondents.

In overall terms, feedback from the workshop and survey was positive and many helpful and constructive 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 are 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:

- Ensuring resources are targeted at those who need help
- Identifying which services can be integrated to provide both cost savings and better services
- Identifying how best to build sustainable neighbourhoods that support all ages and encourage neighbourliness
- The approach taken to the Children Centres review and the need to consider this in the context of an integrated approach to early intervention and social care
- The need to consider how everyone can work together to provide activities (for young people) in the community
- The reinvigoration of community centres so that they focus on contributing to the needs of the community and community life
- The valuable contribution of VCS organisations and their potential to support the wider Strengthening Families agenda and health and social care integration
- The implications of increasing volunteers' participation in service delivery, and focussing the potential of volunteers in specific areas e.g. integrated care
- The need to make integration across health and social care work.

How are we responding?

In general terms, the feedback suggests the Council is on the right track with regards to early intervention and integration as an approach, better targeting of services and more integrated delivery arrangements. The Council is currently:

Budget Consultation Results

- Introducing integrated approaches around early intervention and social care, internally and with partners, to safeguard the city's most vulnerable children
- Focussing on ensuring that all of the city's children get the best start in life, particularly the very youngest children from pregnancy to two years
- Reviewing activities for children and young people from eight onwards which will have a broad focus and which will be shaped by the needs of communities
- Embedding a "Strengthening Families" approach with partners which supports children and families as early as possible and at different levels to deal with difficulties and reduce reliance on our services and more costly specialist interventions
- Building upon previous strategies to encourage and recruit more people to think about adopting or becoming foster carers for Sunderland children
- Encouraging more people to get involved in their local communities through volunteering and other opportunities to help develop and deliver local services
- Looking at new ways to deliver services more effectively and efficiently including:
 - Providing more short term intensive packages of care to keep people more independent for longer
 - Working closely with the Clinical Commissioning Group to join up services at a locality level
 - Managing the care that people receive to make sure that we don't continue to deliver higher levels of care to people who no longer need it because their circumstances have improved.
- Ensuring that when people contact the Council for advice or help with social care needs they are given the information they need in the first call, signposted to the correct agency or referred directly into a service which can resolve their issue at the earliest possible stage, wherever possible avoiding lengthy assessments which may not be needed and preventing any unnecessary delays
- Looking at whether some Council buildings such as day centres and extra care schemes can become community resource centres
- Looking at how alternative models of delivery can be used to improve and maintain services, including enabling greater choice of social care services in the local market.

Budget Consultation Results

5.2.2 Place services - Streetscene services

The acceptability of different options in respect of Streetscene services is shown below. Respondents felt strongly that both neighbourhood services and parks and open spaces should involve the community more in identifying where to make savings. However when it came to, road, pavement and cycleway maintenance, refuse collection, street cleaning and street lighting, respondents felt that focussing on those most in need was most appropriate. For the remaining services opinion is split quite evenly across two or more options. Respondents felt that recycling services could be focussed on those most in need, have other providers deliver the service, or have the standard of service reduced. Car parking received strong support for both introducing/increasing charges and having other providers deliver the service. For environmental protection and registrars, cemetery and crematoria services respondents favoured focussing these on those most in need, however this was closely followed by having other providers deliver the service and introducing/increasing charges respectively.

	Focus the service on those most in need	Reduce standard of service provided	Introduce/ Increase charges	Other providers deliver service on behalf of Council	More community involvement in making savings
Neighbourhood services – e.g. litter picking, graffiti removal, bulb planting	15.8%	9.8%	8.0%	23.4%	43.0%
Parks and open spaces	16.9%	15.8%	7.5%	22.3%	37.5%
Refuse collection	31.7%	19.7%	8.6%	25.2%	14.8%
Recycling services e.g. household and garden waste	24.8%	20.2%	9.7%	27.5%	17.8%
Maintenance of roads, pavements and cycle ways	46.1%	11.0%	6.3%	29.0%	7.6%
Car parking	19.6%	19.9%	26.8%	27.1%	6.6%
Street Cleaning	33.8%	14.0%	5.3%	26.7%	20.2%
Street lighting	35.6%	26.7%	3.9%	26.9%	6.9%
Environmental protection services inc environmental health, trading standards and pest control	32.0%	11.4%	17.7%	27.2%	11.7%
Registrars and cemetery and crematoria services	29.9%	10.7%	25.0%	20.6%	13.8%

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 strong support for moving refuse collections to once a fortnight
- People will need to be educated about what to put in each bin and so leaflets with pictures rather than words should be used

Budget Consultation Results

- The potential to reduce and dim street lights on major roads or switch to street lights that come on when people walk past
- That the move should be made to white street lights that have a more intense quality.

How are we responding?

- The introduction of a four day week (Tuesday to Friday) for refuse and recycling collections in 2014, has reduced the disruption to collection days caused by bank holiday Mondays and cut the cost of having to collect on additional Saturdays
- The Council is investing in a programme to raise awareness of recycling in areas where participation is lower to help increase the City's overall recycling performance
- The Council is working with Aurora, its street lighting partner, to explore if energy costs can be reduced by replacing traditional lamps with LED lamps
- The implementation of a shared service with South Tyneside and Gateshead Councils for organising the technical elements of waste management which is less costly than the three Councils operating separately
- The introduction of the new energy from waste plant in Teesside began operation in April 2014 which means that the Council sends less than 5% of waste to landfill, avoiding future increased costs from landfill tax as well as being better for the environment
- The implementation of a parking plan designed to increase both patronage and income through a combination of parking incentives and reviewing charges.

5.2.3 Economy

Business growth and regeneration comprised one of the three topic areas for discussion at the workshop.

In terms of feedback from the workshop, the most popular aspects arising relate to the sea front and City Centre:

- The gradual disappearance of shops on the sea front to the point where only restaurants remained
- Insufficient quality shops in the City Centre and an increasing number of fast food outlets and cafes.

Budget Consultation Results

How are we responding?

City Centre:

- Working with City Centre businesses, the Council has helped to establish the Sunderland Business Improvement District which will provide a substantial economic boost for the city centre. Working together, the City Council, Sunderland Live and the BID team have implemented a range of activities to develop a busier city centre, a more vibrant evening economy, improved marketing and promotion and hosted a range of events and initiatives to attract more people to the City Centre. Activities that took place in 2014 include:
 - African Festival at Sunderland Minster
 - Sunderland PRIDE
 - East Durham Artists' Network exhibition
 - Small Business Workshop
 - Summer Concerts - a full programme of music throughout the city centre to compliment the Stadium of Light main event
 - BID Action Teams established.
- As well as these activities, the City Council has committed to a range of capital investments to improve the City Centre in order to revitalise and regenerate these locations and attract new investment. Infrastructure works around Keel Square and St Marys Way will support the growth of the city centre as a whole, as will the development of Sunderland Station. Already, the development of Keel Square has secured private investment in the area to enhance the City's evening economy offer.
- A new joint venture agreement to regenerate and develop major sites across Sunderland has now been signed. The innovative joint-venture company, branded as Siglion, will redevelop key areas across Sunderland in an ambitious, long-term initiative. It has acquired an investment portfolio of industrial, retail and office property across the city from Sunderland City Council. These will be actively managed by Siglion to increase their value, job opportunities and economic return to the city and wider region. It is anticipated there will be at least £100 million of development by Siglion over the first eight years
- A new Sunderland College campus is to be located in the City Centre that will help to make the City Centre a busier and more vibrant place. This will see a new 11,500 square metre development built on the land opposite Park Lane Transport Interchange, and will accommodate up to 2,000 students and over 120 staff. The development will provide a significant boost for the city centre with students and staff bringing significant footfall and additional spending power into the city centre.

Budget Consultation Results

Sea Front:

- The Council fully appreciates the value and importance of the sea front and displayed practical leadership in support of this by engaging with residents, businesses and other interested parties in the development of the Sea Front Strategy. Since the development of the strategy the Council has been working with many other groups and interests to focus major investment on events, public realm improvements, business engagement and other key aspects of the Strategy.
- Included in the first wave of activity to be undertaken by the aforementioned Siglion joint-venture company, is a major mixed-use redevelopment focused around the Seaburn Centre and environs. As well as this the Council's capital programme this year, together with Coastal communities Fund input, is specifically focused upon increasing visitor numbers and spending power along the Sea Front by opening events sites such as Cliff Park and Recreation Park to more year-round events and attractions. Discussions to engage the business community to create further opportunities are also on-going.
- Recent investment in the Seafront, has been designed to support existing and new businesses at the seafront including the Whitburn Road improvements and Roker Pier and Lighthouse.

As hoped, private investment has now started to follow the public investment. The development of the Pier Point scheme at Roker which includes new food and drink outlets, as well as the commencement of the Seaburn Shelter development demonstrates that the public investment has started to improve the fortunes of the seafront. Meanwhile existing businesses have reported an increase in turnover following the improvement works and an increase in visitor numbers. The Council continues to seek further funding to continue this investment, including a Heritage Lottery Fund bid, which if successful will see the pier and lighthouse opened up as a visitor attraction.

- Sunderland has been chosen as the UK home port for the prestigious "Tall Ships Races" in 2018. Being selected for the event reflects the importance of Sunderland as a port. Over recent years the Sunderland seafront and riverside have undergone extensive regeneration works and is becoming more and more popular. The event will further develop this asset and provide a range of local economic opportunities.

Sunderland City Council

State of the City Event

Tuesday 28 October 2014

Present:

Councillors	Allan	Gofton	Miller, G	Walker
	Ball	Jackson	Mordey	Waller
	Bell	Kay	Porthouse	Watson, S
	Blackburn	Kelly	Price	Williams
	Curran	Lauchlan	Shattock	Wilson, A
	Davison	Lawson	Smith, P	Wilson, D
	D. Dixon	MacKnight	Snowdon, D	Wood
	Emerson	Marshall	Snowdon, D E	Wright, N
	Farthing	L.Martin	Speding	
	Foster	McClennan	Thompson	
	Gibson, P	Miller, F	Trueman, H	

In Attendance: Members of the Panel

Councillor Paul Watson (Leader of Sunderland City Council), Dr Dave Smith (Chief Executive, Sunderland City Council), Anne Isherwood (Sunderland College), Ken Bremner (City Hospitals Sunderland NHS Trust), Paul Woolston (Chair of North East Local Enterprise Partnership)

Also in attendance:

Council officers, partners, community organisations, local businesses, members of Community Spirit and local residents.

Richard Moss, BBC Political Editor, North East and Cumbria, the host for the event welcomed those present, thanked them for attending and introduced the Panel.

The State of the City 2014 by the Leader of the Council

Councillor Paul Watson, the Leader of the Council, began by reflecting on some of the events of the past year and described the scene going forward.

In the past 10 months or so since the last State of the City event, there had been many highlights and achievements. During 2014, some of things that particularly stood out for him included:

The announcement of the City Deal in March which was a great boost for the city. Working in partnership with South Tyneside Council and the North East Local Enterprise Partnership which Paul Woolston chaired, the deal would see the creation of an International Advanced Manufacturing Park, the size of 140 football pitches, to the west of the A19 and to the north of Nissan.

The manufacturing park was expected to attract up to 300 million pounds of private-sector investment and create up to five thousand new jobs. The City Deal also included a range of improvements to the A19 and it provided confirmation that 82.5 million pounds would go towards the new Wear bridge project and its approach roads.

The new Wear Crossing and the associated Sunderland Strategic Transport Corridor would bring significant opportunities for the city's economy and would link three of the city's key, economic assets – The Port of Sunderland, the city centre and the industrial cluster around Nissan. A further 40 million pounds of government money had been earmarked for the road link connecting the new bridge to the city centre, and this year the Council would complete the road section within the city centre itself.

Work on the city centre's new public space was also progressing well and it had recently been named by members of the public as Keel Square. This would be an important landmark welcoming visitors and residents to the heart of the city, with the design, materials and artworks within the new square celebrating Sunderland's proud industrial heritage, particularly its world-class shipbuilding prowess. It would be a meeting place for friends, a location for events, and a landmark that Sunderland could be proud of.

Sunderland College was set to transform part of the city centre after funding for a new 29 million pound flagship campus was confirmed. The state of the art, 11,500 square metre campus would be built on the land opposite Park Lane transport interchange and would accommodate up to 2,000 students and over 120 staff who would breathe new life into the city centre and help with its continued regeneration.

The University of Sunderland had announced the creation of Sunderland Fab Lab – a fabrication and digital manufacturing laboratory, combining 2D and 3D design with the latest fabrication technology. A first for the North East, the University would co-locate the Fab Lab with incubation and business units to allow ideas created through the initiative to be developed as businesses on-site.

Nissan continued to do well through constant innovation and improvement, boosting the region's reputation as a world leading location for automotive manufacturing. The plant continued to break records, winning more and more work and supplying markets globally. It was now responsible for more than one in every two cars produced in the United Kingdom. It was a tremendous achievement that the North East now produced more cars than the West Midlands.

Business was also doing well at the Port of Sunderland which now handled in excess of half a million tonnes of cargo each year. The reconnection of the rail lines into the Port should be completed in the next few months with rail traffic recommencing in the first quarter of 2015. This would allow the Port to compete on a greater scale - particularly when linked with the new bridge across the Wear and the potential for imports and exports connected with the International Advanced Manufacturing Park, and other high-tech businesses in the area, as well as the offshore industry.

The Port and its workforce were already playing an important role in the development of offshore wind farms and were highly skilled in supporting offshore projects, while elsewhere in renewable energy, the North East continued to lead the way. Nissan just announced in the previous month, that sales of the 100% electric Nissan LEAF, built in Sunderland, broke records with the best sales month ever, for any European country. The region also boasted an extensive charging infrastructure which was continually being expanded and the Council was wholly committed to a low carbon future.

In relation to 'industries of the future' Sunderland was awarded UK Digital City 2014 in the Municipal Journal Awards. The accolade recognised progress and partnerships between the public and private sector across all aspects of IT, software and hi-tech work, ranging from the provision of council services to job creation and investment. The award celebrated the fact that Sunderland was the city that judges felt had most improved the lives of its citizens, developed their potential and met their changing needs for integrated, digital public services.

In the business world, Hays Travel, the largest employer in Sunderland city centre, took on 100 apprentices to extend their total workforce to over one thousand, and the newly completed Washington Business Centre was now welcoming its first companies. There was also the growing success of Sunderland Software Centre and the numerous successes within the automotive supply chain.

The Leader commented that he was looking forward to hearing from residents during the evening on the theme of boosting the local economy and the related skills and health issues but firstly wished to highlight another piece of important progress in an area that Ken Bremner had been involved in.

Sunderland had been selected as one of only five 'fast track' local authority areas in the country to be a 'trailblazer' for the Better Care Fund which was about integrating formerly separate pots of health and social care funding. This was testament to the incredibly strong partnerships between the council and health providers in the city, including the Clinical Commissioning Group.

What it would mean in practice, was that local people would be amongst the first in the queue nationally, to be able to get easier access to health and social care services, delivered in communities and based on individuals' needs, rather than that provision being dictated through remote, national frameworks.

On the subject of collaboration and cross agency and boundary working, seven of the North East's councils this year had come together to form the North East Combined Authority whose ambition, working alongside the North East Local Enterprise Partnership, was to create the best possible conditions for economic growth, to increase investment in the area as an excellent location for business, to create more and better jobs and enable residents to develop the skills they needed to access those jobs and careers.

The Leader commented that of course if it was that simple, these conditions would have been in place long ago in every part of the country and indeed the world, but the fact was that there were a range of complex and inter-connected issues that all played a part, sometimes at odds with one another, in creating a successful economy and an excellent quality of life that goes alongside it.

The Leader believed everybody recognised the difficulties - to have a plentiful, balanced mix of jobs, you need businesses, and to attract and keep businesses you need good transport networks and an appropriately skilled and healthy workforce. You then need that workforce to have money to spend, and to spend it in the area – doing so because they live here in the house they need with the schools, health, leisure and whole range of other services available for their families, and so the cycle continued.

The Combined Authority was here to take a perspective across the whole 'functional economic area' and identify how we could 'cut in' to some of these issues and make real progress, identifying where the jobs would come from, what we as an area had to offer to businesses and investors, and what would enable and support people to access the employment opportunities available.

The aim was to tackle the barriers that people faced, such as lack of adequate transport to key sites and locations, and help them be clear on the skills that the particular businesses need, both now and in the future. There was a need to assist people to acquire these skills and to have the best health possible so that they were able to work.

In the wake of the Scottish Referendum and the Government's promises for devolution from Westminster, the Combined Authority was making a powerful case to receive devolved powers to stimulate economic growth.

A plan was in place in the form of the North East Strategic Economic Plan entitled 'More and Better Jobs' and there was a legitimate body with the democratic mandate in the shape of the Combined Authority, working with partners and particularly the business community.

Returning to key events over the past year, the 26th International Air Show took place on the seafront and the good weather for most of the three day event showed the stunning natural assets Sunderland had in all their unique glory, while the flying programme entertained and thrilled the huge crowds of people gathered on the beach and along the seafront. This part of the city was one of the jewels in its crown and the Council should continue to make the most of it and capitalise on it as an asset for both residents and visitors to enjoy. The Council had therefore continued with the seafront regeneration programme, which only this month was shortlisted for a top UK planning award.

The Stadium of Light continued its successful programme of events during the summer hosting the biggest boy band in the world, One Direction, and North East Live which attracted headline acts and large numbers of visitors to the area. This fantastic annual programme raised the profile of the city as an events destination and introduced many people from outside the region to all the city had to offer, much like the prestigious National Portrait Gallery tour which had brought 55 of the most outstanding portraits from the BP Portrait Awards to the city's Museum and Winter Gardens. Sunderland was the only place in England outside of the National Portrait Gallery where the 55 portraits could be seen.

Then turning to the city's communities, the Leader felt that whilst the types of things mentioned above were the 'headline grabbers' the city has a huge number of unsung heroes who deserve the highest praise and recognition as shining examples of the community spirit that the city is famous for.

Despite the landmark projects and the strategies we have in place, all of which were vital to the city and its people, the fact was that many families and individuals continued to struggle with low and indeed decreasing wages and the Leader was sorry to have to say that since the last State of the City event, he could not report a lower number of people needing to turn to food banks.

It was doubly saddening that just as people need the council and public services the most, the council was grappling with unprecedented cuts as the Government continued with its austerity programme.

Having saved 171 million pounds since 2010, there were another 36 million pounds to cut next year and potentially another 108 million by 2019/20.

The Council could in no way continue to achieve this by 'squeezing out efficiencies, successful as that's been to date and so needed to become as a council, a very different organisation, with a very different role and in meeting the challenge, it needed the help of local people, partners, organisations and businesses.

The Council had received national recognition for its Community Leadership Programme and was committed to continuing on its journey to becoming a true Community Leadership Council forging new and ever closer relationships with local people and organisations.

Rather than directly deliver services, the Council needed to help and enable others to do so – be that communities themselves, or other organisations, to develop better, more efficient and effective models that suit the community and individuals in question, that are tailored to need, and are free to operate outside of some of the restrictive frameworks that the Council had to adhere to.

There was untold and untapped potential in the city's communities - people and assets that could frankly contribute to fantastic services and it was the Council's role going forward to mobilise this. And it would be the role of councillors, to be working day-in, day-out within the communities they serve, to identify the needs and challenges and then work on the solutions, bringing everyone and every organisation that can make a difference, together.

This was why the Council had developed the brand or concept of "All together Sunderland" and for the Council's part, it would do its utmost to transition into its new role of enabler, convener and connector, with elected members championing the needs and aspirations of communities in decision making processes at all levels, and influencing other agencies and organisations to play their part.

The Leader commented that whilst he was the first to appreciate that these necessary changes could seem daunting and challenging for both service users and providers, he felt we could move forward with confidence that the changes would be for the most part, very positive.

Fundamental to this, was being certain that our efforts and use of resources reflect what local people want and need. This is why events like this one were so important, and he was genuinely grateful to everyone for giving up their time to come along.

The Leader thanked his fellow panel members for joining him, and Mr Moss for hosting the event. He looked forward to hearing the views of those present and answering their questions.

Top 3 Questions

Mr Moss advised that questions had been submitted to the "Your City, Your Say" State of the City event website and that the three most popular had been selected and would be answered prior to the open debate: -

1. City Centre Offer and Appearance/Appeal (state/ closure of buildings and shops and no "top class" retailers but abundance of betting shops, pound shops, etc)

The Council's Chief Executive, Dave Smith responded by stating that as advised last year, there needed to be more spend in the city centre to create the demand for 'more decent shops' – it was genuinely 'chicken and egg' but as stated before, the Council and other city centre stakeholders were doing their utmost to 'cut in' to the issue.

In chairing the national Key Cities group, the Council fundamentally understood and had made it one of four key priorities to address, the fact that city centres needed to thrive in order to boost the overall economies of cities.

And this means developing a diverse and balanced mix of offers and uses within the city centre, good retail as well as service based businesses (e.g. financial sector companies) that not only provided people coming into the city centre with everything they need but also creating good, higher paid jobs with those employees in turn spending their money in the city centre -the very issue the Leader was talking about earlier.

To this end there was on-going, significant investment in the development of the Vaux site and the development of Keel Square - all practical and positive developments, improving the look and feel of the city centre, better connecting its different parts together, and heightening its appeal to shoppers and the sorts of businesses the council needed to attract.

City centre businesses were certainly playing their part, with the City Council supporting them to establish the Business Improvement District (BID) which started operating in April 2014. It brought with it some £3.4million of private investment into the city centre over the next five years along with the talents and energies of city centre business people themselves, all putting their heads together and working with other agencies who have a role to play, to create a better and more cohesive city centre overall.

As mentioned, the reality was that if residents did not use the quality shops that the city had on offer in Sunderland then the shops would not survive. One of the key priorities of the BID was therefore to market the offer of Sunderland city centre as a collective shopping environment with a good offer which counters and indeed far outweighs some of the negative perceptions and views that there were too many bargain shops for example.

In relation to these sorts of shops, the same rule applied - a business would follow demand, and the Council has no powers to dictate, or stop these sorts of shops from being in the city centre.

Finally in relation to the state of repair of some city centre buildings and rows of shops, the Council recognised that there were some buildings in the city centre that had been neglected by their owners. Whilst the Council does have powers to tackle the condition of properties, they do have to be in a very poor state of repair before, legally, they can act and the properties in question, whilst clearly appearing to be neglected, were not in such a state of disrepair whereby the Council could take action.

The Council was also conscious that there were many businesses in the city centre who continued to be challenged by very difficult times economically, and the Council did not want to take unreasonable action against businesses without pursuing all other avenues.

However, the Council was conscious of the fact that a successful city centre would be the result of everybody playing their part and doing what they can, therefore it monitored the situation closely and where council action was required, the Council

would seek to come to an agreement with a property owner before taking any formal action.

2. City 'Accessibility' – the impression you get when you arrive, car parking, railway station, etc

The Leader of the Council responded firstly in relation to the Railway Station advising that the Council fully understood that first impressions count and that people want to come and go from the city in a pleasant, modern railway station, if that's how they travel. The Council shared local people's frustrations on this and had been working hard to engage other relevant parties to find a way forward including securing the necessary funding package.

The Leader was pleased to be able to say that the City Council was now working with Network Rail and Nexus to bring forward plans for a new railway station.

The funding was now in place, and a detailed feasibility and design exercise was underway. The Council expected to have a final design early next year, with a view to works starting during 2015 to create a station that was fitting for, and gives the right impression of, the City of Sunderland.

With regards to parking, a couple of questioners expressed the view that visiting Sunderland by car was expensive and lacking in incentives, comparing it to neighbouring cities. The Leader advised that parking was in fact less expensive than either Newcastle or Durham.

As for free car parking, the Council would be running a "Free After Three" scheme on Thursdays, Fridays and Saturdays over the Christmas period.

Then after Christmas the Council would be continuing the scheme on Thursdays throughout the year to help encourage late night shopping and people using city centre restaurants. This was something that people were very keen to see at last year's State of the City event and the same messages had been received through a range of communications and consultations.

Park and ride was also suggested - the Leader said that these schemes worked if there was a combination of a lack of car parking space in a city centre, together with a considerable delay getting into the city centre because of road congestion. The idea being that it's quicker to get out of your car and get on a bus but this is not actually the case in Sunderland, except on match days when there was a park and ride running to the Stadium of Light.

However, the Council was constantly monitoring road traffic and was open minded about introducing park and ride if and when the need was there.

The Leader agreed with one particular questioner that St Mary's car park and the approaches to it needed a facelift. After Christmas, the lifts were being overhauled and the arcade and bridge that join the car park onto High Street West were going to be fully refurbished.

Questioners also mentioned the state of landmark buildings and the impression they gave as you arrived by road, the Aquatic Centre being mentioned for example and yes, the Council would do its utmost within available resources to ensure that all of its buildings were in the best condition possible

3. Questions about the timescales and budgets for the works in the vicinity of St Mary's Way and Keel Square?

Dr Smith advised that the final elements to create St Mary's Boulevard were coming together. The main highway works would be mostly complete by the 12th November ahead of late night shopping which started on Thursday 13th November, the evening of the City Centre lights switch on.

After this there would be some off peak lane closures for short periods of time in order to complete the new road.

Contractors were well aware that we needed two lanes open in both directions in this crucial trading period for City Centre businesses. The Council was working with them to make sure this happened and received regular updates on progress.

Work to create the new Keel Square was planned to continue into early January. As with any major project, and particularly one in a busy city centre, there had been unknown and unforeseen factors that had delayed progress and these unknown issues and required changes had increased the costs of the works.

For example, existing utilities such as phone lines, sewers and electricity cables, were not always as shown on records and sometimes not shown at all.

Although these hurdles had been negotiated, they had delayed progress while investigations were undertaken and alternative options found.

4. Marine Walk

The Leader advised that a number of similar questions had been received after the deadline in relation to the issue of Marine Walk. Whilst the deadline had passed, he felt in order to be open and transparent, the issue needed to be addressed. The main point of concern had been over the release of the valuation report for the land and the Leader advised that dependent upon the agreement of legal advisors, he would make this report available for public viewing, as soon as possible.

Questions from the Floor

Why nurses did not ask for patient's permission to carry out blood tests?

Ken Bremner responded that the nature of the nursing profession had changed considerably over the years and within their organisation, involving patients in all aspect of care was important and appropriate consent was needed, with the point reinforced amongst staff.

There was the feeling that the parking measures to be taken were too little too late and it was requested that free parking for more days of the week be implemented (for at least half of the week). This would bring more money into the economy and more traffic/footfall into the city centre?

The Leader replied that parking was an issue across the whole of the North East, with problems around hospitals and such like. Should the Council introduce free parking, this would have a knock on effect in other areas, which would have to follow suit to compete and there needed to be some income in order to maintain the City's car parks.

In response to Mr Moss' enquiry if the loss of revenue/implications to the Council had been considered against the benefits of increased footfall free parking may bring - and if a sensible balance could be found - the Leader advised that work had been done on strategies and studies and the Council worked with partners on the subject. The Leader also advised that he would take the proposals suggested tonight back for consideration.

St Mary's Road works and the statement that it was believed there had been limited staff carrying out the works, which could have been completed quicker if the contractors had wished to do so, and the enquiry if the works were £750,000 over budget

The Leader advised that when you set out on a project such as this, you did not know what you would find when digging up existing roads in terms of utilities and the efforts that would be needed to in order to address these issues do cause delays. The budget included a contingency sum for such eventualities which was being used, so the project was not over budget and a deadline had been set for the contractor to complete the works.

Dr Smith advised that the contractor was obligated to complete the scheme within the agreed timescale and this was expected to be delivered upon.

A representative from Grand Central Rail advised that they had gained permission to run trains from Sunderland to London for the next 12 years and enquired as to what they could do to help bring more people from London to Sunderland?

The Leader responded that the Council already worked and was proud to work with Grand Central Trains and to see Sunderland as a destination from other parts of the country, which gave the city a profile. Advertising at city visitor attractions and the Port of Sunderland for example were a good way to inform the public, which was integral to any success.

Paul Woolston advised that good transport links made a big difference and were part of the strategic economic plan to bring jobs to the region. Connectivity and eco systems were really important in looking to attract businesses as they would need such services to enable their businesses to operate.

Mr Moss referred to the HS2 link and enquired how important this was and if it was felt to be a positive development despite there not being a stop in the north east - was this a concern?

Mr Woolston advised that the region did need to get the benefits from this development despite there being no stop in the region. It was felt that if we could release the freight off the York/Teesside line and open it up to passengers then we could still see some significant benefits.

A student in her final year of education enquired why Sunderland did not have much to offer in terms of Work Experience and such like, as opposed to other areas

Anne Isherwood responded that there was a lot of work to do with inward investment to increase job opportunities and attract businesses which would create more opportunities for students to get the experience/skills for when they graduate. They were working with the employers they already had on board and envisaged this number growing.

Mr Bremner commented that in relation to the NHS, it was about ensuring the right students were coming forward with the right skills and the accessible/attractive city priorities were linked in attracting people with these skills.

Mr Woolston commented that they would like students to be able to stay in the city to fulfil their potential and the Fab Lab, the first for the North East, would help to nurture new businesses. We needed more big companies coming to the North East so that the smaller businesses could be part of the supply chain.

In response to Mr Moss' enquiry in relation to anything that could be done on the declining population of Sunderland, the Leader advised that they were working with the Combined Authority and other partners including the Local Enterprise Partnership, where real benefits would come. It was one economy, where people could work in Sunderland for example, but live in Newcastle and vice versa so whilst towns and cities working by themselves had a good offer, by working together we had an even stronger appeal.

20 mph Speed Limit signs on estates and if these were still to be erected?

The Leader responded that he did not have the specific details of the resident's street and the circumstances behind the question, but in general, we to consider introducing more 20mph speed limits where needed, but also had to address and make provision for the enforcement of the lower limits. In addition to enforcement, there was an issue in relation to educating drivers and there needed to be a cultural change throughout the community.

Dr Smith advised that he would be happy to speak with the resident after the event along with a Highways Engineer to discuss details of their concerns but there was an evaluation process carried out in all instances before the Authority came to any conclusion.

Devolution of Power - the Combined Authority and its democratic mandate despite the previous referendum on the Regional Assembly resulting in a no vote.

The Leader advised that the Combined Authority was different from the Regional Assembly as the Members were democratically elected to represent their component areas of the Combined Authority geography. Comprehensive consultation was undertaken and the funding for this was not coming out of tax payer's money.

The duties and activities of the Combined Authority would by law, run concurrently with those of the individual local authorities and the decisions it took were in the interests of the wider area with the Members having responsibility for ensuring they were in the best interests of their local areas.

Mr Woolston advised that the LEP would be working alongside the Combined Authority as a business led partnership. There had been a wide consultation in putting the Strategic Economic Plan together and there was widespread support for the Combined Authority so that a strong voice was provided for the region.

Location of the Sunderland Central Rail Station

It was suggested that the new railway station would still be located in the same place and accessed in the same way, therefore it was not going to be a 'new' station, only modernised and it was felt that it would make more sense for a new station to be located near Park Lane for example. It was also queried how a lot more funding was provided for the modernisation of the Haymarket station in Newcastle.

Mr Moss queried if the current proposals were just the equivalent of applying a sticking plaster over the problem and if a new location had been considered.

The Leader advised that the Haymarket Station got tens of thousands in terms of footfall, therefore had a better business case when it came to receiving funding from regional and national sources. The Leader also commented that he would prefer a new location for the station on Burdon Road for example, but the funding received was just for the existing site, and so we had to make the very best out of what we had received but the Council would never stop fighting for the betterment of Sunderland.

The representative from Grand Central Rail wished to advise that they had held discussions with Network Rail and their plans for Sunderland did look exciting and if people had any specific questions, they would be holding an event at the Glass Centre in the near future.

Ms Isherwood commented that they would welcome any developments and with the City Centre campus, more people would be coming into the area from other regions so it was important that the first impression they receive was a good one.

What measures the Council was taking to protect the public and its staff with mental health problems?

Mr Bremner commented on the need for more concentrated services going forward in relation to mental health.

The Leader advised that he would be happy to speak with the gentleman who raised the point after the meeting to discuss his individual case, but on the whole, we have a duty of care and there were a great deal of programmes and protections in place but we would never be able to guarantee safety 100% of the time, depending on an individual situation and its circumstances.

With regards to staff safety, Dr Smith advised that this was also incredibly important as the Council was only as good as the staff it employs so it was important the staff could provide services free from intimidation or harm. The Council strives to provide the right support and training when things did happen and it was incumbent upon the Council to provide such support when needed.

Protection of vulnerable people – in light of the situation which occurred in Rotherham

Dr Smith advised that as an organisation, the Council was constantly open and transparent so if it did make mistakes it addressed them openly and honestly. The question was, if a mistake did occur, how the Council would address this, so it challenged how it works effectively, as much as possible.

In response to Mr Moss' enquiry as to how confident we were that systems were in place, Dr Smith advised that he was confident we were striving to make things better and the elected Members as Community Champions were also challenging any gaps in services. The question for this Local Authority and its partners was to be alert to prevent any mistakes and to address them in the right and responsible manner if they should occur.

The Leader added that the Council worked in the best way it possibly could to safeguard those vulnerable in our society and there was a lot of good work that went on also, which maybe did not get the recognition it deserved.

Mr Bremner commented that this was an issue we all had to be vigilant on and the Clinical Commissioning Group for example, has got this firmly in their sights.

With the Welfare reforms and the closure of Libraries, what plans were there to support the Community Organisations who had to provide services that others have traditionally done?

The Leader commented that the Community Organisations were really important as the Government were giving more responsibility to the Local Authority yet cutting the funding to provide services. As people's benefits were being stopped and the soon to be implemented universal credit came in, this would require claimants to apply online, many of whom did not have skills to deal with such systems.

The Leader added that he felt it was a tragedy that these issues were occurring and that funds including the European Social Fund needed to get to the grass roots as quickly as possible.

In response to Mr Moss' query as to if there was anything the Council could do, the Leader advised that clearly they would do everything in their capacity to mitigate against these issues.

How safe/protected are our children?

The Leader responded that there were a number of schemes and protections in place to safeguard the children of Sunderland but there was a limited amount which the Council could do with the first responsibility for duty of care being a child's parents/guardians.

Dr Smith agreed that there was nothing more important than the safety of children and commented that as a Council, it was half as big as it was four years ago with 4000 staff now gone, yet the one service which had grown despite the cuts had been the Social Care Service. In relation to individual children, the first responsibility of social workers was to constantly assess children to keep them out of danger and ensure all concerns arising were investigated and addressed.

Ms Isherwood commented that all partners have a responsibility on this and as a college they were proactive, with trained staff to deal with looked after children. It was difficult to state that every child was safe but there was a very robust mechanism in place in the city.

Cost of Travel around the City for Students

The Leader responded that the Combined Authority was in negotiations on a Quality Contract Scheme, which would include the determination of bus and train fares.

The Leader added that the city needed talented young people to access education and people travelled many miles to do this so it was very important that the Quality Contract Scheme supported aims and initiatives for people to access learning and skills provision and employment.

Ms Isherwood commented that this was a big issue and the college set aside a particular amount of money for transport to help students so each particular organisation had their own way of dealing with the issue but she welcomed the progress in negotiations on the Quality Contract.

Chief Executive's Salary

The Leader confirmed that Sunderland had consulted with experts from Human Resources and other fields to determine the appropriate salary for the Chief Executive for Sunderland. It would not reflect the level of responsibility or be in the interests of achieving the ambitions for the city to appoint a chief executive at a lower level.

Teaching Life Skills in Secondary Schools

Ms Isherwood commented that the school curriculum was set nationally but agreed there was a need to prepare students for working life and there were a number of additional initiatives running in schools as feedback from employers was that readiness for work was critical.

Mr Woolston advised that it was one of the biggest challenges to ensure jobs available matched skills on offer and the Combined Authority / LEP were focusing on bringing the two together. The purpose of the regional Education Challenge initiative was to ensure that that young people not only came out of school with a good education but also job skills.

Dr Smith advised that there were set targets nationally but there was a need for schools to understand what the local economy needed and schools should be encouraged and supported to be better connected with local businesses.

Safer Communities advice/advertising

A member of the public commented on the number of cuts to the Fire Service and Police Service and that this had been replaced with a sticker to be placed in windows in relation to safer communities advice and he felt that more should be done on this, with more feet on the ground, only then could we have a safer community.

The Leader agreed and commented that he would love to be able to protect everyone and for them to have a safe and prosperous life, but as the Police and Fire Authority didn't have the resources, this had become more difficult and the stickers referred to would have been a cost effective way to impart information to the public.

When the region had the suffered funding cuts it had, then there would be an effect on front line services.

The Leader also agreed with the gentleman that you would not get a better way to ensure a safer community than to have 'feet on the ground'.

Close of the Event

As Chair of the debate, Richard Moss closed the open discussion and thanked all present for their attendance.

Members of the public were informed that members of the Council's Cabinet would be available to answer individual questions following the conclusion of the event.

Notes of Budget Consultation meeting between representatives of the Council and the Chamber of Commerce held at Sunderland Civic Centre on Tuesday, 3rd February 2015 at 10.30 am

Present:

Council Representatives

Councillor Paul Watson	-	Leader of the Council
Councillor Henry Trueman	-	Deputy Leader of the Council
Councillor Mel Speding	-	Cabinet Secretary
Dave Smith	-	Chief Executive
Janet Johnson	-	Deputy Chief Executive
John Rawling	-	Deputy Director of HR and OD
Sonia Tognarelli	-	Director of Finance

Chamber of Commerce Representatives

Sue Harrison	-	SHB
David Allenson	-	SHB
Anthony Mills	-	Station Taxis
Trevor Hines	-	Station Taxis
Ken Dunbar	-	Sunderland BID
Ernie Johnson	-	North East Vending Ltd
Jonathan Walker	-	NECC
Ralph Saelzer	-	Liebherr Sunderland Works Ltd

The Leader of the Council welcomed representatives from the North East Chamber of Commerce and thanked them for their attendance. The Leader invited Sonia Tognarelli, Director of Finance, to outline the current position with regard to the Council's revenue budget for 2015/16 and the Medium Term Financial Strategy 2019/20.

The Director of Finance outlined the context within which the Council was working in establishing the budget position for 2015/2016 and into the medium term. The Government were continuing the deficit reduction plan with an objective to eliminate the deficit by 2018/19 with a new fiscal objective to have a surplus budget by 2020.

The Medium Term Financial Strategy took into account the draft settlement of 18th December 2014. The headline figures from government referred to a national reduction in revenue spending power for 2015/16 of 1.8% but this figure included ring fenced spending relating to health. The actual reduction in Local Government funding for 2015/16 was much higher at 15% and within this it was important to note that the revenue support grant – which under previous funding systems was intended to recognise low income bases and relative need had been reduced by 28%. The impact on Councils was therefore disproportionate, as the across the board percentage cuts, led to a re-allocation of funding from deprived areas.

A number of independent reports including that by the National Audit Office referred to the need for the Government to recognise the cumulative impact of funding cuts and system changes on fulfilling statutory responsibilities in the next few years.

The overall funding position was a reduction following Government Grant Changes of £25.7m in 2015/16, £25.3m in 2016/17, £12.7m in 2017/18, £8.6m in 2018.19 and £5.6m in 2019/20.

The Director of Finance explained that in addition to grant cuts the Council had to absorb spending pressures. These cost pressures were estimated to cost the Council £68m over the next five years. Major pressures included Adult Social Care as a result of an increasing ageing population by 2024, such predictions estimated 23% more people aged 65+ and 57% more people aged 85%. In addition Safeguarding, looked after children, had increased by 13% in the last year.

Once spending pressures were added this equated to a total estimated on-going pressure and grant reduction, for 2015/16, of £36.6m with a further £109m of potential reduction in resources by 2019/20.

The Director of Finance reported that the Council had implemented savings equating to £171.5m over the last five years through new ways of working and in doing so had tried to protect front line services as much as possible. £97m of the savings had been delivered through the reduction of non customer facing services for example back office, procurement and property rationalisation. In addition there had been changes to front line services for example to responsive local services and arrangements for social care through different delivery models, but there was an expectation that further changes to service delivery would be needed in the future.

The Director of Finance explained that the reductions would need to be met from an overall controllable budget of £308m after taking into account ring fenced budgets for schools for example. Within this £185m was allocated to Adult Social Care and Children and Families services, which represented 60% of the overall budget. Following the further budgetary reductions expected Sunderland would no longer be in a position to protect these services and there was a need to look at all areas.

Given the scale of reductions the Council would need to radically consider the core purpose of the Council and what was needed to deliver the best for the city and its communities. It would become increasingly important to work together within the city to develop relationships to meet the highest priority needs through more collaboration with Health and other partners, and creating opportunities to promote economic growth. There was a need to take forward greater community involvement in looking after neighbourhoods in different ways, target resources and reduce the reliance of the community on the Council to provide services.

The Director of Finance highlighted the proposals for meeting the revenue budgetary requirement for 2015/16.

The Director of Finance outlined the proposed Capital Programme for 2015/16 which reflected the priority of the Council to continue to invest in the city's infrastructure to support economic development and regeneration leading to more employment opportunities and growth. There was a £112m Capital Programme for 2015/16, of which £91m was allocated for on-going commitments, for example the start of the new Wear Bridge and Enterprise Zone infrastructure developments alongside a wide range of other important developments which should start to give significant benefits, for example the new college and Vaux site.

The Leader of the Council invited views and comments from the North East Chamber of Commerce representatives.

Ralph Saelzer queried if the budgetary reductions would be met through redundancies or reducing the number of agency staff. The Leader explained savings had already been met from arrangements in place in relation to support care packages or other operational services. There may be some staffing implications but these would not be significant in 2015/16 but beyond this period further consideration would be needed.

Ralph Saelzer queried income generation considerations and whether this would affect business tax. The Leader responded that plans included both spending less and increasing income. Plans were being taken forward for leisure facilities to become income generating resources. In excess of 70% of the budget was spent on front line staff and service delivery and when this service was reconfigured there would be a reduction in staffing but there was a need to realise this may have a knock on effect on the local economy. The Leader acknowledged that there were no alternative options and there was evident concern that the Council may not be able to meet their statutory obligations and may only be able to meet Adult Service's needs. The Government needed to understand when setting statutory duties Local Governments need the budget to meet these responsibilities.

The Director of Finance reported that Government had implemented limitations on the level council tax charges could be raised, this was 1.99% for 2015/2016 without triggering a referendum and business rates were determined by government and capped at a 2% increase for 2015/2016. The Leader acknowledged that this would affect the base budget but noted that the Council had the lowest council tax charges within the North East.

Jonathan Walker enquired about the physical assets and whether future strategies included co-locations, for example with Health or University. The Leader confirmed the strategy was to reduce the current portfolio.

The Chief Executive reported that 19 buildings had already closed and the strategy was both leveraging assets within the private sector and to share assets with other public bodies. Sunderland were one of six Authorities merging Adult Social Care with Community Health Services and these would be based around primary care facilities, therefore working essentially with General Practitioners to provide services in a different way. Health Services were providing investment to meet the resources required for social care. The Chief Executive explained that the Council settings had reduced by 50% from 2010 and further reductions were planned.

Ernie Johnson shared that a Charity had taken over the library premises in Hendon and this arrangement had been handled superbly. The resource had a significant number of users and was a hub, as well as a library, for every aspect of the Council. The Leader agreed this was a success story following the austerity measures implemented. The reconfigured library services had also evidenced an increase in customers and the new service was more cost effective.

The Leader acknowledged that in the next two years there was an expectation to improve the income generation from leisure services, with an expert partner.

Jonathan Walker queried if there were options of joint working with other Local Authorities to enable savings. The Chief Executive confirmed there was and explained Sunderland, South Tyneside and Gateshead worked jointly for waste services. Newcastle Council were approached but had signed up to a ten year contract, which was one of the constraints in place.

The Chief Executive explained that at the present time there were more opportunities available with Public Health than any other bodies but the LA were looking at options.

The Leader explained transport was an ideal example of the constraints being faced, for example the rural roadways which impacted on joint working. The Leader highlighted that the work now undertaken by ANEC, on behalf of twelve Local Authorities in relation to policies and procurement, was another example of working together.

Ken Dunbar questioned if the Sunderland Railway Station regeneration would commence next year. Janet Johnson confirmed work was on-going and the Cabinet Minister was going on site today and hopefully the station project would commence at the end of this calendar year.

In response to Ken Dunbar Cllr Speding explained that once the new design information was received the project would go out for consultation.

Trevor Hines noted that the cuts were disproportionate and queried whether Council were confident that the Government would not readdress this. Trevor stated that in terms of generating income he felt the regeneration plans were quite exciting and he was hopeful that this would help negate some of the reductions.

The Leader reported that the information provided was as factual as possible and felt what was unfair was the unseen and hidden redistribution of budgets, for example the new homes bonus grant mechanism which resulted in a redirection of funding to the South East of England. The Leader highlighted that a very significant proportion of housing with the Sunderland area was within Band A of the council tax.

The Leader stated that he believed the Council had a really good capital programme which would provide new heart into the City Centre. The new college campus would increase the footfall and this would make a difference for the Holmeside area. The Leader shared that he believed the City had never had a reasonable opportunity for a commercial site and this was now available with the Vaux site.

The Chief Executive highlighted that in 5 years the Council had accessed more grant funding than any other City. The Leader was well respected by both Government and officials and the Council's influence was growing in terms of bringing their

opinion to bear. The Chief Executive shared that through some of the changes in the way the Council worked and how they worked with others, they now had a different relationship with the business community.

In response to Ken Dunbar's enquiry the Director of Finance confirmed that the budgetary predictions included some expected growth in business rates, growth from new regeneration projects would be added to financial plans in future years. Janet Johnson noted the new development area near the Nissan site should also increase income.

The Leader highlighted that Sunderland was still a low paid City therefore there was a need to drive better value jobs.

Ken Dunbar withdrew from the meeting.

Cllr Speding reported that at the present time there were five vessels in Port at Sunderland. The Leader acknowledged that the collapse in oil prices was detrimental for the operational services for the Port but beneficial if companies needed to lay vessels up.

Trevor Hines questioned the rail links from Leamside. The Leader stated that negotiations were still on-going but highlighted that there were new builds around some areas of the line which may impact on any proposals. The Leader acknowledged that the East Coast rail needed to be alleviated and highlighted that the Durham Coastline was open and operational. Although some remedial work may be required this line linked with York and would be more cost effective.

Trevor Hines queried future plans for a new Court prospect. The Leader stated that this would only be taken forward if the Department of Justice released funding to modernise the current building.

The Leader thanked those present for their attendance and their comments which would be taken into consideration by the Cabinet. The Council valued the contribution of the North East Chamber of Commerce to the budget consultation process and on an on-going basis as plans were being developed and implemented. The Leader then closed the meeting.

Notes of Budget Consultation meeting between representatives of the Council and the Trade Unions held at Sunderland Civic Centre on Tuesday, 3rd February 2015 at 9.00 am

Present:

Council Representatives

Councillor Paul Watson	-	Leader of the Council
Councillor Henry Trueman	-	Deputy Leader of the Council
Councillor Mel Speding	-	Cabinet Secretary
Dave Smith	-	Chief Executive
Janet Johnson	-	Deputy Chief Executive
John Rawling	-	Deputy Director of HR and OD
Sonia Tognarelli	-	Director of Finance

Trade Union Representatives

Dave Riddle	-	GMB
George Pearson	-	Unison
Alyson Bryan	-	GMB
Chris Preston	-	GMB
Peter de Vere	-	Unison
Nancy Wakeham	-	NASUWT
Bryan Wilson	-	NASUWT
Gillian Mitchell	-	NAHT
Gillian McBriarty	-	NAHT
Helen Coomer	-	Unison

The Leader of the Council welcomed representatives from the Trade Unions and thanked them for their attendance. The Leader invited Sonia Tognarelli, Director of Finance, to outline the current position with regard to the Council's revenue budget for 2015/16 and the Medium Term Financial Strategy 2019/20.

The Director of Finance outlined the context within which the Council was working in establishing the budget position for 2015/2016 and into the medium term. The Government were continuing the deficit reduction plan with an objective to eliminate the deficit by 2018/19 with a new fiscal objective to have a surplus budget by 2020.

The Medium Term Financial Strategy took into account the draft settlement of 18th December 2014. The headline figures from government referred to a national reduction in revenue spending power for 2015/16 of 1.8% but this figure included ring fenced spending relating to health. The actual reduction in Local Government funding for 2015/16 was much higher at 15% and within this it was important to note that the revenue support grant – which under previous funding systems was intended to recognise low income bases and relative need had been reduced by 28%. The impact on Councils was therefore disproportionate, as the across the board percentage cuts, led to a re-allocation of funding from deprived areas. A number of independent reports including that by the National Audit Office referred to the need for the Government to recognise the cumulative impact of funding cuts and system changes on fulfilling statutory responsibilities in the next few years.

The Leader noted that Government, in 2013/14, had acknowledged resource equalisation needed to take into consideration high deprivation areas but had now implemented percentage cuts, which entailed greater reductions from 2013/14 to 2019.

The Director of Finance referred to spending pressures and grant cuts for 2015/2016 of £36.6m with a potential further £109m by 2019/20

Major cost pressures included Adult Social Care and the predicted ageing population by 2024, with estimated 23% more people aged 65+ and 57% more people aged 85+. In addition safeguarding looked after children increased had increased by 13% in the last year.

The Director of Finance reported that the Council had implemented savings equating to £171.5m over the last five years through new ways of working and in doing so had tried to protect front line services as much as possible. £97m of the savings had been delivered through the reduction of non customer facing services for example back office, procurement and property rationalisation. In addition there had been changes to front line services for example to responsive local services and arrangements for social care through different delivery models, but there was an expectation that further changes to service delivery would be needed in the future.

The Director of Finance explained that the reductions would need to be met from an overall controllable budget of £308m after taking into account ring fenced budgets for schools for example. Within this £185m was allocated to Adult Social Care and Children and Families services, which represented 60% of the overall budget. Following the further budgetary reductions expected Sunderland would no longer be in a position to protect these services and there was a need to look at all areas.

Given the scale of reductions the Council would need to radically consider the core purpose of the Council and what was needed to deliver the best for the city and its communities. It would become increasingly important to work together within the city to develop relationships to meet the highest priority needs through more collaboration with Health and other partners, and creating opportunities to promote economic growth. There was a need to take forward greater community involvement in looking after neighbourhoods in different ways, target resources and reduce the reliance of the community on the Council to provide services.

The Director of Finance highlighted the proposals for meeting the revenue budgetary requirement for 2015/16.

The Director of Finance outlined the proposed Capital Programme for 2015/16 which reflected the priority of the Council to continue to invest in the city's infrastructure to support economic development and regeneration leading to more employment opportunities and growth. There was a £112m Capital Programme for 2015/16, of which £91m was allocated for on-going commitments, for example the start of the new Wear Bridge and Enterprise Zone infrastructure developments alongside a wide range of other important developments which should start to give significant benefits, for example the new college and Vaux site.

The Leader of the Council invited views and comments from the Trade Union representatives.

Gillian Mitchell queried whether there was an overall impression that the Government were looking to implement a national funding formula which would provide a more flat approach, as it appeared that they were removing some of the factors for deprivation. The Leader reported that he believed Government wanted Local Governments to be self-funding and acknowledged that this left the Local Authority in a vulnerable position.

Gillian Mitchell stated that the measures being considered, for example the multi-disciplinary joint-working, had already been implemented and discarded on a cyclic basis. Gillian shared that she believed there was a need to consider the impact of constant change in relation to the effectiveness of the service and stated the more resources were reduced the more the quality of services would be detrimentally affected and there was a need to carefully consider how this would be planned.

Gillian Mitchell enquired whether the actual impact/demand from the new developments funded from Capital Programme was known. The Leader explained that it had been demonstrated historically that new developments had been refused due to the lack of land and the developments were being considered to provide more space. The Leader stated that initial indicators were that new developments would be attracted but this could not be guaranteed.

Peter de Vere shared concern that the budgetary cuts were occurring at such a ferocious rate and in terms of regulations for Social Care there would be insufficient funding to sustain their statutory duties, especially in light of the ageing population. The Leader agreed that by 2017 the Local Authority might reach a point where the only service provisions provided were Adult Social Care. The Leader stated that the Government was well aware of this as concerns had been shared with the Minister and Shadow Minister.

The Leader acknowledged that following the reductions within the Council they were relying on ANEC to provide back office support. The Council overall had significantly reduced the number of staff and, although the Government believed Local Governments were managing, it would get to a stage where statutory duties would not be able to be maintained. Due to the reductions already implemented some of these duties were already being missed.

The Leader thanked those present for their attendance and their comments which would be taken into consideration by the Cabinet. The Council valued the contribution of the trade unions to the budget consultation process and on an on-going basis as plans were being developed and implemented. The Leader then closed the meeting.

Medium Term Financial Strategy 2015/2016 – 2019/2020

Report of the Director of Finance

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. The MTFS sets out the strategic financial position and financial direction of the Council over the next five 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

2.1.1 The Government confirmed in the Autumn Statement that the economy is growing but that it intends to continue to address the deficit by following its deficit reduction plan. The Office of Budget Responsibility is predicting a £4bn surplus in 2018/2019 and a £23.1bn surplus in 2019/2020.

2.1.2 The autumn statement has provided only limited insight into the funding position to 2017/2018 with no information beyond that. However it is clear that local government funding will continue to be under sustained significant cuts.

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 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 2015/16

This forms the baseline for apportionment of resources to councils for future years now 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 28.1% in 2015/2016. A similar trajectory of RSG reduction has been assumed for the purposes of the MTFs given government indications that reductions in funding are to continue through to 2019/2020 on a similar trajectory.

- 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.

- 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.

Appendix H (continued)

- Section 31 Grant - Cap on Business Rates RPI increase
The government has placed a cap on the annual increase in Business Rates at 2% for a second year in 2015/2016. They will reimburse councils for the consequential shortfall in income through a section 31 grant which is estimated at £1.137m for Sunderland for 2015/2016. 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, Public Health Grant; Pooled Better Care Fund; Adult Social Care New Burdens, New Homes Bonus, Council Tax Support and Housing Benefit Administration Subsidy and Education Support Services Grant.

At this stage no indications have been provided as to the level of funding beyond 2015/2016, however the following is noted:

- Public Health Grant
From 2016/2017 the government has indicated Public Health allocations will be moved towards a distribution based on population needs. The fair shares formula would be based on advice from the Advisory Committee on Resource Allocation (ACRA). ACRA plan to run an engagement exercise on overall changes to the public health grant formula early in 2015. The Council will consider the impacts of the proposals once further detail is available and respond to the consultation as necessary and update the Medium Term Planning as necessary.
- Pooled Better Care Fund
The settlement figures for Sunderland for 2015/2016 confirm £22.4m of pooled Better Care funding. Plans are being developed with the CCG which will enable savings to be delivered in line with council wide savings requirements. For the purposes of medium term planning no changes are assumed to the level of pooled Better Care funding as the funding is ringfenced for the purposes of Health and Social Care commitments.
- Adult Social Care New Burdens
The settlement includes confirmation of £1.404m in relation to the Care Act for 2015/2016. While initial modelling indicates the allocation is sufficient to cover the potential costs, this does not take account of all potential activity. A separate tool is being developed to provide an updated position on the potential financial impact. The position will be kept under review and the Medium Term Plan updated as appropriate.

Appendix H (continued)

- **Independent Living Fund**
At this stage no allocations have been received in respect of responsibilities relating to the Independent Living Fund which will transfer to Local Authorities from 1 July 2015.

The funding transfer, estimated at £1m per year, is to be based on the actual cost incurred per claimant which should result in a nil impact on the council budget from 2015/2016. However individual reviews of claimants needs will be undertaken against the council's eligibility criteria and this will ultimately inform the costs incurred and whether funding is sufficient.

- **New Homes Bonus**
The New Homes Bonus grant funding arrangement was introduced in 2011/2012 to cover a six year cycle which plateaus after 2016/2017. In addition the longer term sustainability of the scheme which is funded via a top-slice of a diminishing Revenue Support Grant is questionable. Therefore no additional cash benefit is anticipated within the MTFS beyond 2016/2017.
- **Housing and Council Tax Benefit Administration and Local Council Tax Support Administration Grant**
Provision for a further reduction in funding of 10% has included within the planning for 2016/2017 in line with reductions experienced in recent years.
- **Education Support Services Grant**
A reduction in Education Support Services Grant to reflect the forecast transfer of maintained schools to academies has been reflected in the Medium Term Planning.

2.2.3 Council Tax

- **Council Tax Freeze Grant**
Government have indicated that Council Tax Freeze grant for both 2014/2015 and 2015/2016 will be rolled into SFA. However it is unclear whether the funding will be available / protected beyond 2015/2016.
- **Council Tax Referendum**
Government have proposed a referendum principle of 2% will apply to all principal local authorities for 2015/2016, meaning any increase above this level will require a referendum to give the local electorate the opportunity to approve or veto the increase.

2.2.4 Impact of the General Election

It is unlikely any firm detail on funding for Local Government will now emerge prior to the General Election in May 2015. It is clear from current political party rhetoric on the economy and deficit position that there is unlikely to be a relaxation of the overall spending position over the medium term.

Appendix H (continued)

It is likely the incoming government would, regardless of party, quickly carry out a Spending Review taking into account available resources to assess its spending plan options in light of its key policies. However the long term prognosis is for public sector cuts to continue on a similar trajectory to 2015/2016 irrespective of the outcome of the election.

3.0 Local Position

Government Funding

3.1 Taking into account the above, the overall position for government grant income changes for Sunderland are set out below:

	2015/16	2016/17*	2017/18*	2018/19*	2019/20*	Total
	£'m	£'m	£'m	£'m	£m	£m
Government Grant Changes	25.77	25.27	13.11	8.84	5.68	78.67
<i>* High Level Assumptions</i>						

Spending Pressures and Commitments

3.2 A summary of the financial implications of spending pressures and commitments is set out below

	2015/16	2016/17	2017/18	2018/19	2019/20
	£'m	£'m	£'m	£'m	£'m
Spending Pressures					
Pay, Prices and Other Pressures (including Pensions Actuarial Review 2017/18)			5.56	5.24	6.89
NI - End of Contracted-out Rate				3.50	
Pensions Automatic Enrolment					2.60
People - Adults Demand Pressures			2.29	2.49	3.01
People - Children's Demand Pressures External Placements					4.00
People - Care Act				0.50	1.50
Intelligence Hub				0.50	
Living Wage and Workforce Transformation				2.00	
Capital Financing			2.50	1.00	2.00
Replacement of 2014/15 Use of One Off Resource			0.50		
Total Estimated Ongoing Pressures and Grant Reductions			10.85	15.23	20.00
Pressures to be met from Balances on one off basis					
People - Children's Safeguarding			1.21		
Living Wage and Workforce Transformation			2.00		
Total Pressures to be met from Balances on One-Off Basis			3.21	0.00	0.00

The detail in relation to spending pressures is included in section 6 of the main Cabinet report.

3.3 Overall Local Position 2015/2016 to 2019/2020

The Local Government Finance settlement for 2015/2016 confirmed an on-going savings requirement of £36m for 2015/2016 when spending pressures are taken into account. Based on high level assumptions the five year savings requirement for 2015/2016 to 2019/2020 is likely to be in the region of £149million. However, this position may change as the government provide further updated information.

The settlement only covered the period 2015/2016 therefore best estimates have been made for 2016/2017 and beyond based on high level data.

	2015/16	2016/17*	2017/18*	2018/19*	2019/20*	Total
	£'m	£'m	£'m	£'m	£m	£m
Government Grant Changes	25.77	25.27	13.11	8.84	5.68	78.67
Total Ongoing Spending Pressures	10.85	15.23	20.00	10.68	10.81	67.57
Total Pressures to be met from Reserves on One-Off Basis	3.21	0.00	0.00	0.00	0.00	3.21
Total Funding Gap	39.83	40.50	33.11	19.52	16.49	149.45

* high level assumptions at this stage

4.0 Strategy for meeting the Funding Gap

4.1 As part of the Budget Planning Framework for 2015/2016 Cabinet agreed in October 2014 to meet the funding gap by progressing the existing savings programme and developing a further programme of activity based around the Councils Community Leadership approach including:

- Development of improved service and customer insight and intelligence to help target resources effectively;
- Development of communities:
 - By enabling partners, business and residents to come together for future service delivery models and regeneration activity;
 - By working with communities and the voluntary sector to help support the delivery of services in the future;
- Managing demand and facilitating those services which make a difference in the most effective way;
- Continuing the focus on the CSN as the gateway of demand and supply for services with the aim of targeting resources to areas of greatest need, and encouraging and supporting self-help;
- Continuing development of alternative models for service delivery;
- Continuing the review of Strategic Services and Fixed Assets;
- Integrating Commissioning to ensure services are commissioned in the most effective way;
- Continuing to 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.

Appendix H (continued)

	2015/16	2016/17
	£'m	£'m
Ongoing Reduction Plans		
Strategic and Cross Cutting - Appendix C Section1	5.90	0.30
Place and Economy - Appendix C Section 2	5.82	1.21
People - Appendix C Section 3	23.93	0.55
Total Ongoing Reductions Plans	35.65	2.06
Use of One off Reduction		
Use of Balances to meet pressures on one off basi	3.21	0.00
Temporary Use of balances / potential grant	0.97	0.00
	4.18	0.00
Total Proposals to meet the Gap	39.83	2.06

- 4.3 Further work is continuing to develop a full suite of proposals to meet the 2016/2017 funding gap of circa £38m as well as the further savings forecast to be required through to 2019/2020 through a review of all Council activities. The aim of the approach is to inform budget planning proposals over the medium term and enable Members to prioritise savings proposals as funding becomes clearer for each financial year.

Further updates will be provided to Cabinet in due course and the Medium Term Financial Strategy 2015-2020 will be refined and updated as this work progresses.

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 2015/2016 to be retained by the Council is forecast to be £44.216m including £0.508m in respect of a forecast surplus on the collection fund at 31st March 2015.
- 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.

Appendix H (continued)

- 5.1.3 The report to Cabinet in January 2015 referred to the fact that the outcome of valuation appeals continues to be a difficult area to forecast, with a significant number of lodged appeals remaining outstanding with the Valuation office. 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 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 While the Chancellor set out measures in the Autumn statement to limit the backdating of new appeals lodged after 1st April 2015, at the time of preparing this report details of these arrangements are yet to be confirmed and as such this remains a risk within the forecast position.
- 5.1.5 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 £8.788m in 2015/2016 before the Government will provide 100% safety net funding. This means that business rates collected would have to fall by £17.935m before the threshold is triggered and the Council receives any safety net funding.
- 5.1.6 The Chancellor also announced in his Autumn statement that Business Rates is to be reviewed in time for the 2016 Budget. Any changes are to be fiscally neutral but as Business Rates income is now the key funding source for local government it will be essential to understand the scope of the review and potential impact locally of any proposed changes.
- 5.1.7 In addition a review of the valuation list is scheduled to take effect from 2017. The impact of this review and how it is reflected through any baseline adjustment is not yet clear and potentially represents a significant risk to the council's financial position.

5.2 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.

5.3 Trading Operations

5.3.1 Port

The Port continues to operate, alongside the other ports on the North East coast, within a challenging and competitive market. The proposed revenue budget for 2015/2016 and medium term reflects this position and that the Port will continue to operate at a surplus. The capital investment in the Port over recent years has increased the capacity of the Port to handle increasing cargo volumes and ranges of cargoes in support of its operations and profitability. Opportunities for continued business growth will continue to be explored and the medium term planning position kept under review.

5.3.2 Local Authority Trading Companies

The Council established two Local Authority trading companies in 2013 as part of its transformational approach to service delivery.

- Sunderland Care and Support Ltd successfully delivered significant savings in its first year of operation to support the council's savings targets.
- 2015/2016 is the third year of operation for Sunderland Live Ltd with income growth assisting in reducing the management fee to the council and supporting delivery of the councils savings targets.

Both companies continue to seek new opportunities for operational savings and business growth to further support the Council in delivering savings plans going forward.

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 2015/2016. There is no indication as to the availability of this funding beyond 2015/2016.

5.5 Leverage of Other External Funding

Despite more limited levels of public expenditure being available under the government's current framework, the Council continues to maximise external funding opportunities to support its economic regeneration and other priorities.

The Council has secured significant levels of grant under the 2007-2013 European Regional Development Fund (ERDF) Competitiveness and Employment programme, the Regional Growth Fund, Growing Places Fund, and the Coastal Communities Fund, as well as securing contributions towards projects from the Skills Funding Agency, Heritage Lottery Fund, Sport England, Arts Council, Department for Communities and Local Government, and Department of Energy and Climate Change.

Appendix H (continued)

The development of the North East Local Enterprise Partnership's Strategic Economic Plan (SEP) and the European Structural and Investment (ESI) Fund strategy signify two major external funding opportunities for the NELEP area, from 2015/16 to 2021/22. The allocation to the NELEP area under the ESI Fund programme is £460.1m, with the programme due to be operational from 2015/16 until 2022/23. The key priorities for investment will be: Innovation, research and development (£53.2m); Business Growth (£120.1m); Low Carbon (£75.5m); Employability and inclusion (£97.7m); and Skills (£113.6m). The programme will need to leverage additional match funding for at least the same value.

The SEP will set the strategic economic framework for both ESI Funds and the Local Growth Fund (LGF), the latter of which will come into effect from April 2015. The North East LEP area has been awarded an allocation of £289.3m towards a range of economic development and transport projects from 2015-2021 including the Council's Low Carbon Enterprise Zone site and a provisional £40.5m for Phase 3 of the Sunderland Strategic Transport Corridor. Future rounds of LGF will offer further opportunities for the Council and partners to pursue their economic regeneration priorities, including the International Advanced Manufacturing Park.

It is anticipated there will be further opportunities to secure external funds from a variety of sources including Government departments and Lottery funding distributors on a competitive basis. Other sources of European transnational funding will also be explored, working with local partners where appropriate, in order to maximise external funds for the Council and its partners.

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 have already been explored and implemented for example the formation of Care and Support Sunderland Limited, a local authority trading company and the formation of a Local Asset Backed Vehicle (Siglion) to bring forward and develop priority regeneration sites. Other opportunities will continue to be explored and proactively developed as part of improvement planning activity in order to enable the Council to meet the on-going challenges.

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 2015/2016 to 2018/2019 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 Director of Finance 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 2014 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 2015/2016, however there is no indicative information provided beyond this. The Autumn Statement has provided only limited insight into the funding position although the Chancellor indicated reductions will continue on a similar trajectory to that experienced since 2010/2011. If the percentage reductions demonstrated in core funding demonstrated in the 2015/2016 provisional settlement continue into 2016/2017 and beyond, then at this stage the five year savings requirement for 2015/2016 to 2019/2020 is likely to be in the region of £149m. This is in addition to the £171m savings already achieved in the period 2010/2011 to 2014/2015.
- 10.2 The Government's intention to eliminate the public sector spending deficit by 2018/2019 and run a budget surplus means it is clear that local government funding will continue to be under sustained significant cuts. This results in extremely challenging funding cuts for the Council while seeking to ensure delivery of priorities for the City.
- 10.3 In addition to reductions in revenue funding, Government and regional support for capital investment will also be more restricted 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 It is clear that as more savings are required the ability to protect frontline services and deliver even statutory functions will become increasingly difficult. More radical change will be needed along with even more targeted use of the money available. The Councils role will increasingly need to shift from

delivering services to enabling individuals, communities and other organisations in the public, private and voluntary sectors to work together to address the needs of the city in new ways and to encourage people to be more self-supporting.

- 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 4 March 2015.

MTFS 2013/2014 to 2019/2020 Risk Assessment

Risk	Likelihood	Impact	Risk Management
1. Future available resources less than notified. Beyond 2015/16 there is no detailed information. This is likely to be impacted upon by future Government announcements	Likely	High	Settlement confirms funding for 2015/16. Assumptions beyond 2015/16 based on best information available and will be updated regularly for government announcements. Annual review of reserves and reserves policy to identify available future resources.
2. Changes to Government and/or policy.	Likely	High	Source alternative funding options including short term use of reserves. Pressures factored into MTFS. Latest funding cut indications reflected in MTFS
3. Pay Awards and price inflation higher than assumed.	Possible	Low	Pay award affecting 2015/2016 agreed and government have indicated continued limitation to public sector pay increases. Central contingency budget for pay and price increases set on the basis of the best available evidence.
4. Future spending plans underestimated.	Possible	Medium	Service planning process identifies future budget pressures. Operational Reviews modelling delivery linked to Council priorities.
5. 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
6. 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

Risk	Likelihood	Impact	Risk Management
7. 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.
8. Other Miscellaneous Income targets not achieved	Possible	Medium	Economic climate potential impact, mitigated by planned short term use of reserves. Regular monitoring and reporting and full review of fees and charges undertaken.
9. Budget monitoring not effective	Unlikely	High	Regular monitoring and reporting in line with corporate framework. Action plans developed to address problem areas.
10. 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.
11. 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 debt management approach
12. Interest rates lower than expected.	Unlikely	Low	Regular review, monitoring and reporting on interest rates. Prudent assumptions on likely interest rates for 2015/16 onwards have been incorporated into the 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 that public sector pay restraint will continued until at least 2018;
- CPI fell to 0.5% and RPI to 1.6% in December 2014. Both are anticipated to remain low for some time;
- 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 fluctuations 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 reflected in planning for debt charges;
- a contingency exists for any additional new borrowing costing more than forecast.

Investment Interest

Risk is that income generated will not match budget provision.

This is unlikely to arise as the base budget has been adjusted and a prudent rate of return has been estimated and included in the budget, which reflects the investments made to date, the prevailing market conditions and the economic forecasts for the year ahead.

Contingencies

Risk is that the contingency provision will be insufficient to meet the needs identified.

This is unlikely to occur due to:

- prudent estimates being included in respect of each category of contingency provision and specific contingencies have been created for all known spending pressures in 2015/2016;
- 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, robust monitoring arrangements are in place to deal with the increased risks associated with this including;

- monthly budget monitoring is in place in all Directorates;
- exception reporting to the Leader, Portfolio-holders and Executive Management Team, with corrective action agreed or set in train;
- quarterly Council-wide Revenue Budget Budgetary Control reviews are undertaken, reported to Cabinet and corrective action agreed or set in train;
- Financial Procedure Rules relating to delegated budgets provide for virement and carry forward of under / over spending to be used / met the following financial year;
- clear budget management responsibilities are in place and recorded within the Revenue Budget and Capital Programme.

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;
- 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.

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 2015/2016.

Major Earmarked Reserves - Position Statement

Title and Purpose of Earmarked Reserve	Opening Balance 1/4/2014 £'000	Movement during 2014/2015 £'000	Closing Balance 31/3/2015 £'000
Strategic Investment Reserve A reserve established to address some of the Council's key developments, strategic priorities and address other major liabilities	49,344	(1,403)	47,941
Schools Delegated Budget Surpluses These are the financial reserves held by schools under School Finance Regulations.	8,325	(328)	7,997
Insurance Reserve This reserve has been established to provide for potential claims associated with the housing stock transfer; future claims increases, and 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	5,142	(40)	5,102
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.	6,010	(389)	5,621
Unutilised RCCO Reserve This reserve consists of unutilised direct revenue financing and is fully earmarked to fund capital projects previously approved.	2,636	(1,417)	1,219
Strategic Investment Plan Reserve A reserve to fund the Council's contribution to its Strategic Investment Plan approved by Council in April, 2008.	7,153	(1,553)	5,600
HCA Transfer Reserve The reserve was established to fund on-going maintenance of Homes and Communities Agency Land Transferred to the Council, including the recent Stadium park transfer.	14,759	(126)	14,633
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.	2,590	(75)	2,515
Business Rates Safety Net Reserve This reserve was established to address any potential impact arising from the increased risk and uncertainty within the new Business Rates Retention Scheme.	6,097	3,341	9,438
External Placements Reserve A reserve to fund the financial impact of increased, but variable demand in relation to Children Looked After.	2,887	84	2,971
School Redundancy Reserve The reserve was established to meet future redundancy costs which may arise in Local Authority maintained schools.	2,532	(300)	2,232

Reserves to be released to support 2015/2016 Budget

Reserve Title	Original Reserve Purpose	£	Safeguarding pressures 2015/2016 £	Intelligence Hub 2015/2016 £
External Placements Reserve	Reserve held to meet future costs of external placements in	2,659,638	2,659,638	
Transition Enablement (Procurement)	Established to meet cost of future organisational change Established to protect the Council against future energy price volatility	1,037,193	537,193	500,000
Utilities		1,043,000	1,043,000	
Other Earmarked - Sap development	Established to meet the cost of SAP system development costs	260,426	260,426	
Other Earmarked- Economic Development	Established to meet specific economic development activity	150,000	150,000	
Other earmarked - Council Tax / Benefits Staffing	To support service delivery pressures	449,743	449,743	
Total to be released to support 2015/2016 Budget		5,600,000	5,100,000	500,000



REVENUE BUDGET 2015/2016

**SUNDERLAND CITY COUNCIL
REVENUE ESTIMATES 2015/2016
GENERAL SUMMARY**

Revised Estimate 2014/15		Estimate 2015/16
£		£
7,498,989	Leader	6,983,782
5,174,432	Deputy Leader	6,215,365
7,455,989	Cabinet Secretary	7,474,351
62,528,694	Children's Services	58,919,201
78,461,248	Health, Housing and Adult Services	66,244,639
17,023,507	Public Health, Wellness and Culture	14,055,141
45,019,016	City Services	42,515,479
4,688,349	Responsive Services and Customer Care	4,929,178
3,717,453	Provision for Contingencies	13,110,548
	Capital Financing Costs	
570,000	- Revenue Contributions to Capital Programme	570,000
24,296,000	- Debt Charges	26,796,000
(300,000)	- Interest on balances	(300,000)
(1,000,000)	- Interest on Airport long term loan notes	(1,000,000)
	Transfer to/from Reserves	
0	- Use of One off Resources	(3,212,000)
0	- Reserves released to support 2015/2016 budget	(5,600,000)
4,888,069	- Safety Net Reserve	1,426,047
(1,546,674)	- Use of Safety Net Reserve	0
(500,000)	- Strategic Investment Budget	0
(23,090,827)	Technical Adjustments: IAS19 and Reversal of Capital Charges	(19,982,687)
<u>234,884,245</u>		<u>219,145,044</u>
	LEVIES	
16,971,156	North East Combined Authority Transport Levy	16,660,344
204,450	Environment Agency	209,788
63,357	North East Inshore Fisheries Conservation Authority	63,357
<u>17,238,963</u>		<u>16,933,489</u>
	Less Grants	
(2,274,328)	Section 31 Grants – Business Rates	(2,829,196)
(964,439)	Council Tax Freeze Grant 2014/2015	0
0	Council Tax Freeze Grant 2015/2016	(967,389)
(2,225,549)	New Homes Bonus	(3,171,447)
(256,697)	New Homes Bonus Redistributed Amount	(251,533)
(37,277)	Lead Local Flood Authorities	(24,851)
(13,781)	Inshore Fisheries Conservation Authority	(13,781)
<u>246,351,137</u>	TOTAL NET EXPENDITURE	<u>228,820,336</u>
0	Less: (Use of)/Addition to Balances	0
<u>246,351,137</u>	LOCAL BUDGET REQUIREMENT	<u>228,820,336</u>
54,190	Hetton Town Council	55,121
<u>246,405,327</u>	TOTAL BUDGET REQUIREMENT	<u>228,875,457</u>
	Deduct Grants etc.	
93,968,009	Revenue Support Grant	69,895,129
40,056,962	National Non Domestic Rates/Retained Business Rates	44,216,054
35,273,619	Top up Grant	35,947,638
500,000	Collection Fund Surplus - Council Tax	500,000
<u>169,798,590</u>		<u>150,558,821</u>
<u>76,606,737</u>	LOCAL COUNCIL TAX REQUIREMENT INCLUDING PARISH PRECEPT	<u>78,316,636</u>
<u>76,564,392</u>	LOCAL COUNCIL TAX REQUIREMENT EXCLUDING PARISH PRECEPT	<u>78,273,360</u>

SUNDERLAND CITY COUNCIL

CONTINGENCIES 2015/2016

	£'000s
Pay and Cost Pressures	2,351
General Contingency	500
Port Dredging	220
Winter Maintenance	500
Economic Downturn	1,228
One off Resources	
Workforce Transformation - Living Wage	2,000
Children's Safeguarding Action Planning	1,212
Children's Safeguarding On going pressures	5,100
Total Contingency	13,111

STATEMENT OF GENERAL BALANCES

	£m
Balances as at 31st March 2014	7.570
Use / Addition to Balances 2014/2015	0
Estimated Balances 31st March 2015	7.570
Use of Balances 2015/2016	
- Contribution to Revenue Budget	(8.812)
Addition to Balances 2015/2016	
- Transfer from Strategic Investment reserve to support the budget over the medium term	3.212
- Reserves released to support 2015/2016 budget	5.600
Estimated Balances 31st March 2016	7.570

**REVENUE BUDGET 2015/2016
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 2014/2015 £		Estimate 2015/2016 £
Office of the Chief Executive				
1	ACE	0	Corporate and Strategic Management	0
2	ACE	0	Local Strategic Partnership	0
3	HoBI	2,584,359	Business and Investment	2,252,323
4	DoCA&C	0	Corporate Affairs and Communications	0
5	HoC&CM	0	Business Development	0
6	HoCLP	0	Community Leadership Programme	0
7	ACE	655,358	Local Enterprise Partnership	657,508
8	HoS&P	218,613	Strategy, Policy and Performance Management	191,477
		<u>3,458,330</u>	Total Office of the Chief Executive	<u>3,101,308</u>
Commercial and Corporate Services				
9	HoLG	4,040,659	Democratic Core	3,882,474
10	HTCT	0	Transformational Change Team	0
		<u>4,040,659</u>	Total Commercial and Corporate Services	<u>3,882,474</u>
		<u>7,498,989</u>	TOTAL BUDGET	<u>6,983,782</u>

REVENUE BUDGET 2015/2016 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.

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 2015/2016 savings of £0.626m are anticipated with plans being implemented in the following areas:

Strategic and Shared Services

Significant savings have already been delivered through reductions in back-office support, and further savings will be achieved for Support and Shared Services for 2015/2016 through a continuous approach of refining and standardising ways of delivering support across services such as the Corporate Affairs and Communications service and Transformational Change Team. Savings are masked in these support services by the impact of recharging the net costs to their client service areas.

Economic Development

A review of the external grants programme will be undertaken by the Business Investment Team to deliver more targeted allocations at a reduced cost to the council whilst still delivering on priority outcomes. A review of the current and anticipated occupancy levels at the Evolve Centre at Rainton Bridge has also identified the opportunity to generate additional income.

Service redesign will allow the removal of vacant posts within the Business Investment and Business Development teams and will also facilitate other minor reductions.

A key focus of the Portfolio continues to be the delivery of economic regeneration including the physical development of the city centre, in order to revitalise and regenerate these locations and attract new investment. Infrastructure works around Keel Square and St Mary's Way will support the growth of the city centre as a whole as will the development of Sunderland Station. The new Sunderland College campus to be located in the City Centre will help to make the City Centre a busier and more vibrant place. Outside the city centre, the City Deal will enable the development of an International Advanced manufacturing Park predicted over time to attract £300m of private sector investment and create 5,200 new jobs. Improvements to the A19 will help facilitate this development.

Underpinning the Council wide approach to improvement is a programme of activity based around the Council's Community Leadership approach which is led by this Portfolio. This is helping to deliver savings by:

- Promoting transformation of the Council's overall approach to managing the demands it faces including development of alternative means of delivering services and new ways of working between the Council and main partners
- Working with major partners to explore new opportunities to expand the asset base available to meet priority needs
- Strengthening the Council's drive to make more services more responsive to the needs of our communities by continuing to devolve influence and decision-making on important front line services to local areas
- Transforming the Council's capacity to reach and engage with its communities productively
- Strengthening the community leadership contribution of local Councillors and refresh the support available to them to deliver this key role
- Strengthening the Council's position within influential national networks including Key Cities and the Co-operative Council's innovation Network

PORTFOLIO GLOSSARY

ACE	Assistant Chief Executive
HoBI	Head of Business Investment
DoCA&C	Director of Corporate Affairs and Communications
HoC&CM	Head of Commissioning and Change Management
HoCLP	Head of Community Leadership Programmes
HoS&P	Head of Strategy and Performance
HoLG	Head of Law and Governance
HTCT	Head of Transformational Change Team

**REVENUE BUDGET 2015/2016
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 2014/2015 £		Estimate 2015/2016 £
Office of the Chief Executive				
1	ACE	230,389	Equalities and Integration	214,099
2	DoHR&OD	0	Strategic and Operational HR	0
3	HoES	755,233	Electoral Services	764,104
		<u>985,622</u>	Total Office of the Chief Executive	<u>978,203</u>
Commercial and Corporate Services				
4	HoCSD	0	ICT	0
5	HoLG	0	Governance Services	0
6	HoLG	(9,530)	Information Governance	(48,006)
7	HoLG	0	Legal Services	0
8	HoTS	0	Administration and PA Support	0
9	HoTS	2,553,820	Benefits, Council Tax and Business Rates	3,390,648
10	HoTS	1,644,520	Benefits Payments	1,644,520
11	HoTS	0	Transactional Finance	0
12	HoTS	0	Local Welfare Provision Schemes	250,000
		<u>4,188,810</u>	Total Commercial and Corporate Services	<u>5,237,162</u>
		<u>5,174,432</u>	TOTAL BUDGET	<u>6,215,365</u>

**REVENUE BUDGET 2015/2016
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 2015/2016 £1.111m of savings are anticipated with plans being implemented in the following areas:

Strategic and Shared Services

Significant savings have already been delivered through reductions in back-office support, and further savings will be achieved for Support and Shared Services for 2015/2016 through a continuous 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.

A review of the Customer Services Network and Revenues and Benefits is currently being undertaken that will deliver process savings by reviewing all customer contact, delivering greater accessibility via the web and deepening the customer process to reduce demand.

ICT Rationalisation and Income Opportunities

The ICT Unit will continue the consolidation of applications and associated licences, reducing the external spend on application support. This will be coupled with service redesign that will focus on demand management through increased self-service and improved delivery processes.

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.

The Portfolio continues to robustly monitor and manage risks associated with Business Rates and Council Tax income levels given their significance within current funding arrangements for Local Government.

PORTFOLIO GLOSSARY

ACE	Assistant Chief Executive
DoHR&OD	Director of Human Resources and Organisational Development
HoES	Head of Electoral Services
HoCSD	Head of Customer Service Development
HoLG	Head of Law and Governance
HoTS	Head of Transactional Services

**REVENUE BUDGET 2015/2016
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 2014/2015 £		Estimate 2015/2016 £
Office of the Chief Executive				
1	DSM	0	Asset Management	0
2	IHoP	252,618	Building Control	133,019
3	HSS	203,863	Civil Contingencies	208,455
4	IHoP	359,250	Development Control	186,068
5	EVM	(869,100)	Miscellaneous Land, Property and Industrial Estates	(447,024)
6	EVM	2,303,055	Planning Implementation	2,234,550
7	DSM	0	Repairs and Renewals	0
8	EVM	(170,268)	Retail Market	(168,871)
9	HSS	172,489	Security Services	187,238
10	PD	(300,000)	Port of Sunderland	(300,000)
		1,951,907	Total Office of the Chief Executive	2,033,435
Commercial and Corporate Services				
11	HCAP	0	Audit, Risk and Assurance	0
12	HCAP	0	Procurement	0
13	DoF	0	Financial Resources	0
14	DoF	177,387	Strategic External Funding Unit	182,438
15	DoF	4,705,665	Corporate Management	4,678,381
16	DoF	621,030	Non Distributable Costs	580,097
		5,504,082	Total Commercial and Corporate Services	5,440,916
		7,455,989	TOTAL BUDGET	7,474,351

**REVENUE BUDGET 2015/2016
CABINET SECRETARY**

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. In addition to the corporate and cross cutting budget reductions that the portfolio is leading on, £1.763m savings are anticipated in 2015/2016 with plans being implemented in the following areas:

Strategic and Shared Services

Significant savings have already been delivered through reductions in back-office support, and further savings will be achieved from Support and Shared Services for 2015/2016 through a continuous 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 to their client service areas.

Review of Property and Land Assets

An independent review of assets will be undertaken to ensure that the council is getting maximum value in operational and revenue terms from its property and land portfolio. Specific areas of review will include space let to business, business centres that are retained, current use of properties (administration, depots etc.) linked to Smarter Working, considering the market for disposal of assets, land and buildings leased by and to the council, any development potential in surplus land, operational council property. Specific opportunities to increase property rental will also continue to be undertaken, for example, a rent review of the Bridges that will generate backdated rent and an increased annual rent until the next review in 2039.

Building and Development Control

The maximisation of income opportunities recognises the comparative upturn in the economy leading to an increase in planning and building control work. The proposal also includes redesign of function to enable the removal of a minor staffing reduction.

Land and Property

Design and Property Services has identified a number of proposals aimed at increasing income, with the emphasis on project management and building management. A review of Security Services has identified additional income in respect of arrangements at the waste transfer station. Further reductions are planned in Security Services and Building Services where redesign of those services will allow the removal of posts with no impact on income generation.

Redesign of Business Delivery Arrangements

The redesign of business delivery arrangements will include reviewing services such as delivery of payslips, transporting of cheques from Moorside to the Civic Centre and transport of mail.

The Portfolio continues to explore wider commercial opportunities for the council that will assist with the economic regeneration and prosperity of the city. The Council reached contract finalisation and formed a Local Asset Backed Vehicle (Siglion) with Carillion (Maple Oak) Ltd in November 2014. Igloo Regeneration Limited will provide development management and strategic asset management services to Siglion. Siglion's early development focus will be on developing the three priority regeneration sites of the former Vaux brewery, Chapelgarth and Seaburn as well as managing the investment property portfolio. The Portfolio will also continue to assist in maximising external income and developing opportunities for alternative service delivery across the Council.

The Port continues to deliver an operating surplus, assisted by the investment in recent years in the Port's infrastructure, warehousing capacity, plant and machinery which has enabled the Port to improve its commercial offering to the market thereby increasing both the volumes and range of cargos that can be handled. Alongside the other ports on the North East coast, the market in which the Port operates continues to be challenging and competitive

While the government have announced funding levels for 2015/2016, there is no detailed information beyond this. However it is clear it is unlikely there will be any relaxation of the overall spending position over the medium term. Current plans to eliminate the public sector spending deficit by 2018/2019 and run a budget surplus means it is clear that public sector and local government funding will continue to be under sustained significant cuts. This results in extremely challenging funding cuts for the Council while seeking to ensure delivery of priorities for the City. 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 is continually monitored. The medium term financial strategy will be continually updated as details emerge.

**REVENUE BUDGET 2015/2016
CABINET SECRETARY**

PORTFOLIO GLOSSARY

DSM	Design Services Manager
IHoP	Interim Head of Planning
HSS	Head of Security Services
EVM	Estates and Valuation Manager
HCAP	Head of Corporate Assurance and Procurement
DoF	Director of Finance
PD	Port Director

**REVENUE BUDGET 2015/2016
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.

FINANCIAL

OBJECTIVE SUMMARY

Ref.	Head of Service Ref.	Revised Estimate 2014/2015 £		Estimate 2015/2016 £
People Services				
Educational Attainment and Lifelong Learning				
1	HoEA&LL	137,069,738	Individual Schools Budgets	134,876,365
2	HoEA&LL	(135,463,534)	School Grants – Education Funding Agency	(134,829,111)
3	HoEA&LL	5,746,124	Retained Activity - Schools and Learning	6,380,012
4	HoEA&LL	2,239,693	School Support and Intervention	2,144,382
5	HoEA&LL	4,139,128	Special Educational Needs	3,694,647
6	HoEA&LL	363,572	Derwent Hill Trading Operations	386,433
7	HoEA&LL	174,587	Hub Connexions - Trading Operations	183,212
		14,269,308	Total Educational Attainment and Lifelong Learning	12,835,940
Children's Safeguarding				
8	HoCS	19,928,492	Children Looked After Strategy	19,490,367
9	HoCS	1,892,159	Disabled Children	1,999,453
10	HoCS	7,838,835	Children's Social Work	7,831,329
11	HoCS	1,471,662	Youth Offending Service	1,489,072
12	HoCS	103,353	Sunderland Safeguarding Children's Board	103,469
13	HoCS	579,331	Independent Reviews	657,989
		31,813,832	Total Children's Safeguarding	31,571,679
Community and Family Wellbeing				
14	HoC&FW	16,331,343	Locality Based Working	14,394,227
15	HoC&FW	227,044	Parent Partnership	231,548
16	HoC&FW	(112,833)	Health and Well Being	(114,193)
17	HoC&FW	0	Strengthening Families	0
		16,445,554	Total Community and Family Wellbeing	14,511,582
		62,528,694	TOTAL BUDGET	58,919,201

REVENUE BUDGET 2015/2016 CHILDREN'S SERVICES

PROPOSALS FOR ADDRESSING BUDGET REDUCTIONS

Children's Services proposals for 2015/2016 are consistent with the People Services Directorate Plan on a page Themes which cover the 3 year period 2014/2015 – 2016/2017. The 3 main themes are Health and Wellbeing (self-care and sustainability), Safer, Stronger Communities (resilience and capacity building) and Education, Skills and Lifelong Learning (school ready, work ready, life ready). Budget reductions of £3.338m are anticipated in 2015/2016 through the portfolio's savings strategy. Plans are being implemented in respect of the following key strands of business:

Early Intervention and Safeguarding

Review of Integrated Teams to integrate services working directly with children and families whilst children remain in the family. The review will look at the points of intervention with families across a range of services and consider areas of duplication or where better integrated working would offer better outcomes for the family. It will be based on a single assessment of need and a better coordinated response to identified needs and will provide the basis for greater multi-agency integrated working in the future.

Looked After Strategy

Plans are in place to review, develop and implement a more localised offer to respond to both the increases in older children and the number of external placements. A root and branch review will be carried out of our needs and the options that exist with an emphasis on developing a more local offer that meets the diverse needs that are presented. The review will involve engaging with staff and children and also looking at best practice elsewhere.

Home to School Transport

A review of statutory transport in respect of children and young people with special educational needs, including commissioning arrangements, eligibility criteria, and move to personalised budgets where appropriate.

Youth Provision

A full review of the Youth Offer is to be undertaken in 2015/2016 that will seek to take advantage of wider opportunities and look to learn from successful delivery elsewhere. This would include appropriate consideration of other strategic priorities including Community Resilience, specifically ASB and the increased involvement of the community in service delivery and the Activity Strategy which evidences the benefits of regular participation in activity on physical and mental health and wellbeing, skills development and levels of attainment.

PORTFOLIO GLOSSARY

HoEA&LL	Head of Educational Attainment and Lifelong Learning
HoCS	Head of Children's Safeguarding
HoC&FW	Head of Community and Family Wellbeing

**REVENUE BUDGET 2015/2016
HEALTH, HOUSING AND ADULT SERVICES**

ROLES AND RESPONSIBILITIES

The Health, Housing and Adult Services portfolio provides leadership and support for the council and its partners in securing the social and health care of all adults. The Portfolio also provides leadership in ensuring that the council's strategic and statutory roles in relation to housing are met and delivers 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 2014/2015 £		Estimate 2015/2016 £
			Office of the Chief Executive	
1	EVM	574,070	Housing and Neighbourhood Renewal	555,966
		574,070	Total Office of the Chief Executive	555,966
			People Services	
2	HoP	36,905,850	Older Persons	30,504,907
3	HoP	8,916,350	Physical Disabilities	6,984,615
4	HoP	25,812,206	Learning Disabilities	22,541,333
5	HoP	2,880,243	Mental Health	2,348,734
6	HoSC	377,898	Strategic Commissioning	377,899
7	HoHSCL	814,971	Access to Housing	802,070
8	HoHSCL	2,179,660	Housing Related Support	2,129,115
		77,887,178	Total People Services	65,688,673
		78,461,248	TOTAL BUDGET	66,244,639

REVENUE BUDGET 2015/2016 HEALTH, HOUSING AND ADULT SERVICES

PROPOSALS FOR ADDRESSING BUDGET REDUCTIONS

The proposals for 2015/2016 are consistent with the People Services Directorate Plan on a page Themes which cover the 3 year period 2014/2015 – 2016/2016. The 3 main themes are Health and Wellbeing (self-care and sustainability), Safer, Stronger Communities (resilience and capacity building) and Education, Skills and Lifelong Learning (school ready, work ready, life ready). Budget reductions of £16.451m are anticipated in 2015/2016 through the portfolio's savings strategy. Plans are being implemented in respect of the following key strands of business:

Better Care Fund (BCF)

As part of the implementation of the Better Care Fund plans, it is anticipated that savings will be made in the following key areas:

- Implementation of national eligibility criteria. The Care Act 2014 replaces the Fair Access to Care Services (FACS) eligibility criteria with new national minimum eligibility criteria, prescribed by Central Government
- Review of all services provided and funded by the LA and CCG to realign with BCF outcomes. Proposals include a review of Intermediate care / reablement to consider the outcomes delivered and opportunities to realign funding appropriately
- Plans are being developed with the CCG, GPs, Hospitals and other Health Organisations, around integrated working which will achieve additional savings to those which have already been identified by the Local Authority.
- The current Learning Disabilities service offer is being reviewed to eliminate duplication, this will lead to a managed transition from block payments to cost per client/attendance and include a review of the day centre and support living offer for the City.

Sunderland Care and Support Ltd has been successful in helping the council to deliver significant savings in its first year of operation and the company is further supporting the Council in delivering its savings plans by exploring opportunities for operational savings and growing the business.

Housing and Community Living

Review of the service and exploration of the benefits of collaboration with key partners is being undertaken

Directorate Support Functions

The review will consider all areas of the Directorate to realise benefits from the creation of a People Services Directorate.

PORTFOLIO GLOSSARY

EVM	Estates and Valuation Manager
HoP	Head of Personalisation
HoSC	Head of Strategic Commissioning
HoHSCL	Head of Housing Support and Community Learning

**REVENUE BUDGET 2015/2016
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 2014/2015 £		Estimate 2015/2016 £
Office of the Chief Executive				
1	HCLP	1,000,900	Events	940,186
2	DoCA&C	67,715	Tourism	67,625
3	DoPH	0	Public Health	0
		<u>1,068,615</u>	Total Office of the Chief Executive	<u>1,007,811</u>
People Services				
4	HoHSCL	728,632	Arts and Creative Development	711,943
5	HoHSCL	1,006,010	Community Sports and Physical Activity Development	884,455
6	HoHSCL	87,020	Grants to Community Projects and Miscellaneous Contributions	87,021
7	HoHSCL	198,639	Heritage	193,438
8	HoEA&LL	4,106,245	Libraries	4,042,904
9	HoHSCL	2,113,741	Museums and Archives Service	2,173,540
10	HoHSCL	248,168	Resorts	250,377
11	COOPS	6,204,419	Sport and Leisure Facilities	3,431,487
12	HoHSCL	1,262,018	Theatre	1,272,165
		<u>15,954,892</u>	Total People Services	<u>13,047,330</u>
		<u>17,023,507</u>	TOTAL BUDGET	<u>14,055,141</u>

**REVENUE BUDGET 2015/2016
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 2015/2016 £2.702m savings are anticipated with plans being implemented in the following areas:

Sport and Leisure Review

Cabinet agreed in October 2013 to explore the establishment of an alternative service delivery model for the Council's Sports and Leisure Facilities. Since then a significant amount of work has been undertaken, including a comprehensive competitive dialogue process with interested parties, who have extensive portfolios and experience of operating local authority and other leisure facilities. Analysis undertaken suggests that, through achieving increases in participation and customer volumes, additional revenues will be generated to contribute to the Council's budget position. It is anticipated that a further report will be presented to Cabinet in early 2015, recommending a preferred bidder to manage and operate the City's facilities.

Sunderland Live – continued implementation of Business Plan

The Business Plan for Sunderland Live reflects a reduction in the annual management fee payable by the council to Sunderland Live, and this budget reduction reflects the saving to the council for year 3 of operation. This reduction is targeted to be delivered, primarily, through income growth by generating additional income from existing events activity such as the Airshow and widening the opportunity for income generation through service diversification and third party trading.

PORTFOLIO GLOSSARY

DoCA&C	Director of Corporate Affairs and Communications
HCLP	Head of Community Leadership Programmes
DoPH	Director of Public Health
HoHSCL	Head of Housing Support and Community Learning
HoEA&LL	Head of Educational Attainment and Life Long Learning
COOPS	Chief Operating Officer People Services

REVENUE BUDGET 2015/2016 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 2015/2016
CITY SERVICES**

FINANCIAL

OBJECTIVE SUMMARY

Ref.	Head of Service Ref.	Revised Estimate 2014/2015 £		Estimate 2015/2016 £
Office of the Chief Executive				
1	DSM	(13,432)	Building Services	(266,492)
2	HSS	(894,285)	Bereavement	(1,055,302)
3	DoCA&C	0	Civic Centre Management	0
4	HSS	0	Contract and Compliance	0
5	HSS	698,255	Coroner's Court	699,763
6	HSS	0	Depots	0
7	DoCA&C	0	Facilities Management	0
8	HSS	0	Fleet	0
9	HSS	7,121,901	Highways and Transportation	6,613,194
10	HSS	6,781,439	Street Lighting	6,617,470
11	HSS	2,780,195	Network and Traffic Management	2,780,922
12	HSS	359,228	Parking Services	5,830
13	HSS	1,508,993	Public Protection and Regulatory Services	1,470,503
14	HSS	217,442	Registrars	194,518
15	HSS	10,182,210	Responsive Local Services	9,563,276
16	HSS	6,446,312	Waste Collection and Recycling	5,781,292
17	HSS	9,792,918	Waste Disposal	10,014,954
		<u>44,981,176</u>	Total Office of the Chief Executive	<u>42,419,928</u>
Commercial and Corporate Services				
18	HCAP	0	Building Cleaning	0
19	HCAP	0	Civic Catering	0
20	HCAP	318,729	Public Conveniences	310,432
21	HCAP	(280,889)	School Meals	(214,881)
		<u>37,840</u>	Total Commercial and Corporate Services	<u>95,551</u>
		<u>45,019,016</u>	TOTAL BUDGET	<u>42,515,479</u>

REVENUE BUDGET 2015/2016 CITY SERVICES

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 2015/2016 £3.621m savings are anticipated with plans being implemented in the following areas:

Operational arrangements for Waste Collection and Disposal

A range of measures are proposed to maximise income from waste collection, including through reviewing existing charges and introducing new charges where appropriate. Specific proposals include charging charities for waste collection, where a subsidised rate will be applied that is similar to the approach used for schools. The introduction of charges for replacement bins, unless proof of being stolen, is an approach that is consistent with neighbouring authorities and is intended to reduce demand by encouraging householders to take care of their bins. Further reductions will be delivered by reducing demand to enable the reduction of staff through natural turnover and workforce planning. A review of Trade Waste will deliver a reduction through increasing charges by 6%, which is less than the previous annual rises due to landfill tax, and reviewing contracts in relation to size of bins and number of collections for around 80 customers across the city.

A reduction in the cost of Waste Disposal will be realised through improved recycling, funded via investment from the Weekly Collection grant, where it is anticipated that the tonnage of waste disposed will reduce by an additional 2,400 tonnes in 2015/2016. Actions include communications awareness programmes and incentive schemes for residents. Other actions include the introduction of city centre trade waste recycling with an estimated reduction of a further 600 tonnes waste disposed of with waste currently collected from depots, in future, being delivered direct to transfer stations thus reducing collection costs.

Transport and Fleet

The continuation of the Transport and Fleet Review will further rationalise and reduce the scale of the Council's fleet, reflecting the contraction of the services throughout the Council. A review will also consider the strategic direction for this service.

Bereavement and Registrars Service

Increased income from the Bereavement Service will be realised by increasing charges by 7.5% for 2015/2016. Analysis of neighbouring authorities charges highlights that charges will be comparable after this increase. An increase in non-statutory Registrars birth and marriage fees of 10% to generate additional income, these fees being optional extras.

Highways and Transportation and Network Management (incl. maintenance)

Saving relates to a review and reduction of maintenance programmes on highways, footpaths, public rights of way, coastal protection, bridges and structures as well as the rationalisation of the highways inspection process when the Highways Asset Management Plan is in place. Also includes the recovery of the cost of repairing damage to highways etc. following a road traffic accident, which is currently only partially recovered from the relevant insurance companies with the remainder met by the council.

Energy Efficiency

Delivery of significant savings on energy will be realised through the proposed upgrade to LED street lighting in residential areas, which equates to approximately half of the street lighting stock. This follows an independent review commissioned by the service that confirmed that it is an appropriate time to consider such an investment following recent advancements in LED technology.

Car Parking

Implementation of initiatives identified through the Parking Strategy, including developing further parking management schemes, a restructure of the Enforcement section, and other options to achieve additional income from parking activity including charging for seafront on and off-street parking. An increase of 10p per hour will be levied for off-street and on-street parking.

Review of Public Protection and Regulatory Services

Proposal is to "stop doing" health promotion activity directly within Streetscene and replace with informing Public Health Activity, where a number of commercial providers are able to deliver this service. Also proposed to "stop doing" in respect of the consumer advice service, which is not currently a statutory responsibility, with customers being signposted to the National Consumer Protection Service and Citizens Advice Bureau

**REVENUE BUDGET 2015/2016
CITY SERVICES**

Review of operational arrangements for Responsive Local Services

A service redesign has been undertaken and will continue to be implemented that reduces the cost of operational supervision with staff released through workforce planning with fixed-term staff and apprentices integrated into core to facilitate continuity of service. Coupled with operational savings, the Intelligence Hub's 'Community Clean Up' early adopter is a planned continual reduction and transfer of responsibility to the community / community organisations focussed on horticultural activity.

New routes and the implementation of new operational and supervisory arrangements will also reduce the cost of Winter Maintenance.

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 has enabled a smooth transition of the impact of the free school meal for nursery and primary school children, implemented during 2014/2015.

PORTFOLIO GLOSSARY

DoCA&C	Director of Corporate Affairs and Communications
HCAP	Head of Corporate Assurance and Procurement
DSM	Design Services Manager
HSS	Head of Street Scene

**REVENUE BUDGET 2015/2016
RESPONSIVE SERVICES**

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 2014/2015 £		Estimate 2015/2016 £
Office of the Chief Executive				
1	DoCA&C	178,161	Area Facilities	178,788
2	HoCSD	0	Customer Service Network	0
3	HoCSD	0	Intelligence Hub	500,000
4	HoS&AA	2,060,473	Area Arrangements	1,961,917
5	HoS&AA	1,676,666	Strategic Initiative Budget / Community Chest Grant	1,676,666
6	HoS&P	355,260	Safer Communities	278,868
		<u>4,270,560</u>	Total Office of the Chief Executive	<u>4,596,239</u>
People Services				
7	HoEA&LL	(3,663)	Family Adult and Community Learning	(1,019)
8	HoHSCL	322,593	Anti-Social Behaviour	327,242
9	HoP	98,859	Drug Awareness, Prevention and Treatment	6,716
		<u>417,789</u>	Total People Services	<u>332,939</u>
		<u>4,688,349</u>	TOTAL BUDGET	<u>4,929,178</u>

REVENUE BUDGET 2015/2016 RESPONSIVE SERVICES

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 2015/2016 £0.122m savings are anticipated with plans 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 been upon deepening the customer offering to enable decision making at the earliest point in the interaction. This has involved cutting the cost of the supply chain by removing all non-value adding activity from the customer journey and developing greater e-enablement and automation supporting both improved access to services and efficiencies in service delivery. The work is currently focused on delivering enhanced service delivery arrangements in respect of Revenues and Benefits, Adults Social Care and Children's Services which in turn will release associated savings.

Intelligence Hub

The portfolio has been concentrating on developing an intelligence approach across the council and with partners to ensure need is being met and outcomes are being achieved. A number of early adopter projects, such as Community Clean-up, are already demonstrating early successes in terms of using data and information to better target resources, improve service delivery and inform decision making.

The work supports the delivery of efficiencies across the Council with the implementation of more efficient ways of working, reduced levels of demand, a growing number of customers migrating to online services and a better evidence base to inform decision making which is enabling the delivery of savings through reduced staffing levels whilst maintaining high quality, targeted services. This work continues at pace for 2015/2016.

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.

PORTFOLIO GLOSSARY

DoCA&C	Director of Corporate Affairs and Communications
HoCSD	Head of Customer Service Development
HoS&AA	Head of Scrutiny and Area Arrangements
HoS&P	Head of Strategy and Performance
HoHSCL	Head of Housing Support and Community Learning
HoP	Head of Personalisation
HoEA&LL	Head of Educational Attainment and Life Long Learning

Reports

**APPOINTMENTS – SUNDERLAND LIVE LIMITED (AND SUBSIDIARY),
PRIMARY CARE CO-COMMISSIONING SUB- COMMITTEE OF THE
GOVERNING BODY AND THE LEISURE JOINT VENTURE BOARD**

Report of the Head of Law and Governance

1.0 Introduction

1.1 The purpose of this report is to consider appointments to the Board of Sunderland Live Limited and the appointment of a board of directors to the company's new subsidiary, UK Events Live Limited, Primary Care Co-commissioning Sub- Committee of the Governing Body and the Leisure Joint Venture Board.

2.0 Sunderland Live

2.1 Sunderland Live Limited was established as a wholly-owned company in 2013 in order to provide event management services for the Council and potentially third parties. The company became operational on 1st April 2013.

2.2 The board of directors of the company currently comprises Councillors P. Walker, P. Gibson and L. Scanlan who act as non-executive directors. It is recognised that there is a need to further develop and expand the membership, composition and skills of the board of directors in conjunction with, and to oversee, the development and growth of the activities of the company. It is therefore proposed that the Executive Director of Enterprise Development be appointed by the Council as an additional non-executive director of the company in this regard.

2.3 In addition, as part of the potential development of the company's activities and branding, the directors of Sunderland Live Limited previously agreed to the registration at Companies House of a wholly-owned subsidiary company called UK Events Live Limited. In order to allow the development of a business plan for the potential operations of this subsidiary company and the new brand, a board of directors needs to be appointed. It is proposed that this board of directors should be the same as for the parent company, Sunderland Live. Once developed, the business plan for the subsidiary will then be submitted to Cabinet for approval and before the subsidiary company starts to formally trade.

3.0 Primary Care Co-commissioning

- 3.1 Members will be aware that Sunderland CCG has applied to NHS England to undertake delegated co-commissioning responsibilities for primary care (general practice).
- 3.2 As part of the governance arrangements to oversee this added responsibility it is required to set up a new primary care commissioning sub-committee of the Governing Body. National guidance suggests that such a committee must include, in an observatory/non-voting capacity), a non-elected member representative of the local authority.
- 3.3 The Council is therefore requested to formally nominate the Executive Director of People Services to fulfil this role.

4.0 Joint Venture to operate the Council's leisure facilities across the City

- 4.1 The Cabinet at its meeting held on 11 February 2015 considered a report on the outcome of the procurement process for the appointment of a partner to establish a corporate joint venture with the Council for the management and operation of the City's leisure facilities, the appointment of the Preferred Bidder as joint venture partner and on the next steps in order to progress to the establishment of the joint venture company (JV). The Cabinet recommended to Council that the Executive Director of People Services, the Portfolio Holder for Public Health, Wellness and Culture and Executive Director of Enterprise Development be appointed to the Board of the JV.

5.0 Recommendations

- 5.1 The Council is accordingly recommended to:-
- (i) to appoint the Executive Director of Enterprise Development as a director of Sunderland Live Limited; and
 - (ii) (subject to (i)) to appoint the board of directors of Sunderland Live Limited as directors of UK Events Live Limited.
 - (iii) appoint the Executive Director of People Services as the Council's representative on the new primary care commissioning sub-committee of the Governing Body of Sunderland CCG,
 - (iv) appoint the Executive Director of People Services, the Portfolio Holder for Public Health, Wellness and Culture and the Executive Director of Enterprise Development to the Board of the Leisure JV.