

At a Meeting of the **CABINET** held in **CITY HALL (COUNCIL CHAMBER)** on **THURSDAY 2 FEBRUARY 2023** at **10.00a.m.**

Present:-

Councillor G. Miller in the Chair

Councillors Farthing, K. Johnston, Rowntree, Stewart and Williams

Also present:-

Councillors F. Miller, Price, Scott and P. Walker – Deputy Cabinet Members

Part I

Minutes

The minutes of the meeting of the Cabinet held on 19 January 2023, Part I (copy circulated) were submitted.

(For copy report – see original minutes).

1. RESOLVED that the minutes of the Cabinet meeting held on 19 January 2023 2022, Part I, be confirmed and signed as a correct record.

Declarations of Interest

The following declaration of interest was made:-

Item 5 - Revenue Budget
and Proposed Council Tax
for 2023/2024 and Medium
Term Financial Plan
2023/2024 To 2026/2027

Councillor P. Walker made an open declaration as
the Chair of Washington Millenium Trust and
withdrew from the meeting during consideration of
the report.

Apologies for Absence

An apology for absence was submitted to the meeting on behalf of Councillor Chequer.

Capital Programme 2023/2024 to 2026/2027 and Treasury Management Policy and Strategy 2023/2024, including Prudential Indicators for 2023/2024 to 2026/2027

The Director of Finance submitted a report (copy circulated) to provide an update on the level of capital resources and commitments for the forthcoming financial year and seek a recommendation to Council to the overall Capital Programme 2023/2024 to 2026/2027 and the Treasury Management Policy and Strategy (including both borrowing and investment strategies) for 2023/2024, to approve the Prudential Indicators for 2023/2024 to 2026/2027 and the Minimum Revenue Provision Statement for 2023/2024.

(For copy report – see original minutes).

Councillor Stewart highlighted that the Council had strong ambitions for the city, which were reflected in the City Plan. He reported that the investments that were being proposed to Council later this month put the finances in place to deliver these and to do so in a financially sustainable way.

Councillor Stewart drew the attention of Cabinet Members to section 4 of the report, which detailed that a Capital Programme for 2023/2024 to 2026/2027 of £521 million was proposed, made up of £54 million investment in new schemes in addition to £467 million of existing capital scheme commitments already approved by the Council. He emphasised that of that total, £268 million was planned to be spent in 2023/2024, and that demonstrated the strong ambitions of the Council.

Cabinet Members were advised that the Capital Programme supported the City's priorities set out in the City Plan, providing for a dynamic smart city with investment in the City's infrastructure continuing to drive economic regeneration and growth through the development of strategic assets; providing for a healthy smart city with investment in education and skills; and maintaining and improving transport connectivity; and providing for a vibrant smart city with investment in neighbourhoods and cultural assets.

Councillor Stewart reported that the key priority continued to be investing in the strategic regeneration of the city to drive economic regeneration and job growth. He advised that this would be done by developing strategic assets, improving the city wide and area infrastructure, and encouraging inward investment to create the conditions for growth.

Councillor Stewart explained that the new starts proposals included several schemes which supported the delivery of front-line services to residents across the city including a series of investments to deliver replacements of vehicles, plant and equipment, and maintenance and improvement of the Council's property assets. He added that there would also be further improvements to highways, bridges, port and quay infrastructures, and investment into operational ICT assets.

Councillor Stewart advised that Cabinet Members would also see from the report that the Council continued to ensure that grants allocated to Education, Transport and Disabled Facilities Grants were earmarked for priorities within those services. He added that the approach would enable programmes such as school asset management and highways maintenance to progress.

Turning to the more technical aspects of the report, Councillor Stewart reported that section 5 and Appendix 4 set out the Prudential Indicators which were in full compliance of the CIPFA Prudential Code of Practice. He advised that these were set annually and monitored regularly to ensure that the Council's capital plans were affordable, sustainable and prudent.

Cabinet Members were advised that it was proposed that the Council would continue the prudent Minimum Revenue Provision policy used in 2022/2023, which was detailed in Appendix 5, releasing previous overpayments to support the debt charges element of the revenue budget over 20 years.

Councillor Stewart concluded that the Council was required to adopt a Treasury Management Policy Statement and to set out its Treasury Management Strategy comprising a borrowing strategy and an investment strategy each year. He reported that these were set out in detail in Appendix 6 and Appendix 7. He advised that the Council was not proposing any major changes to the overall Treasury Management Strategy in 2023/2024 and would continue the careful and prudent low risk approach adopted by the Council in previous years. He assured that the Strategy complied with the Treasury Management Code and observes best practice.

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

2. RESOLVED that it be recommended to Council to approve:-

- (i) the proposed Capital Programme for 2023/2024;
- (ii) the Treasury Management Policy and Strategy for 2023/2024 (including specifically the Annual Borrowing and Investment Strategies);
- (iii) the Prudential Indicators for 2023/2024 to 2026/2027; and
- (iv) the Minimum Revenue Provision Statement for 2023/2024.

At this juncture in view of the nature of the interest declared, Councillor Walker withdrew from the meeting during consideration of the following item.

Revenue Budget and Proposed Council Tax for 2023/2024 and Medium Term Financial Plan 2023/2024 to 2026/2027

The Director of Finance submitted a report (copy circulated) on:-

- (a) the overall revenue budget position for 2023/2024 including the proposed council tax;
- (b) the projected reserves position as at 31st March 2023 and 31st March 2024 and advise on their sufficiency;
- (c) a risk analysis of the Revenue Budget 2023/2024;

- (d) a summary of the emerging medium term financial position facing the Council from 2023/2024 to 2026/2027, and associated Council Efficiency strategy;
- (e) any views received from residents, the local Business Sector, Trade Unions, Schools Forum and Scrutiny Coordinating Committee on the proposed budget; and
- (f) the updated City Plan 2023-35 including the indicative timeline.

(For copy report – see original minutes).

Councillor Stewart highlighted that further to the report considered by Cabinet in January, the final local government finance settlement was still awaited for 2023/2024 and no substantive changes were anticipated. He reported that as such, the Council's funding position was largely unchanged from that reported to Cabinet in January, with confirmation of the Public Health grant allocation for next year still outstanding.

Cabinet Members were advised that as set out in the reports to Cabinet during this budget process and detailed further in section 5 of the report, additional, investment was required into council services to ensure they continued to be provided to residents. Unprecedented inflationary pressure in the national economy was driving up the costs of goods and services, energy and pay impacting on all areas of Council service delivery. This coupled with the ongoing crisis in the social care sector was driving the vast majority of the £50 million spending pressures and commitments the Council was needing to manage going in to 2023/2024 financial year.

Councillor Stewart reported that given the cost-of-living crisis currently faced with, the Council was trying, wherever possible, to protect residents. He advised that the proposed budget enabled key services to support communities and these proposals included, amongst other priorities:-

- Making permanent free pest control services to residents;
- Making permanent free wheelie bin replacements to residents for stolen bins; and
- Making a new commitment to provide Free bulky waste collections to residents from April.

Councillor Stewart highlighted that these actions demonstrated that the Council was proud to deliver on its promises and to ensure support was given where possible to residents particularly during this cost of living crisis.

Councillor Stewart advised that the Council had continued its approach to addressing the remaining budget gap by identifying savings which sought to minimise the impact on front line services wherever possible or thinking differently about how services were delivered. He drew attention to the savings proposed for 2023/24 of £13.3 million as set out in Appendix A to the report. He explained that the savings proposed would reduce back office costs where possible, increase income generation and review how the Council could deliver some services in a better way.

Councillor Stewart reported that the Council was proposing to use some of the prudently accrued medium term planning reserves next year to support the financial position. He explained that this would help to limit the reductions next year as the Council continued its journey out of the pandemic. The budget proposals assumed £9 million of reserves would be used next year to balance the budget.

The attention of Cabinet Members was drawn to Appendix F which set out the proposal to raise council tax. The Council continued to do its best to protect residents from the impact of the Government's austerity measures that had been in place since 2010. The compound impact of the Government's significant and disproportionate funding reductions in previous years, combined with inflationary and social care pressures, meant that the Council was once again faced with very difficult decisions.

Councillor Stewart reported that with regards to the level of council tax increase for the coming year, the local government finance settlement published by Government permitted, and assumed, a council tax rise of 4.99%. He asserted that given the continued and mounting pressures on residents from the cost of living crisis, the Council was not proposing to increase this further with a rise in line with the Government's proposed level. He advised that instead the Council would remain with its previous budget planning assumption of a 1.99% increase in core council tax and a 1% increase in the social care precept for 2023/2024.

Councillor Stewart commented that raising council tax at all was one of those difficult decisions. He explained that if the Council did not raise council tax, it would need to cut services and reduce investment into key priority areas. He added that that would mean cuts in services to those most vulnerable in the communities and to the services which residents considered a high priority.

In relation to council tax, Councillor Stewart reported that the Council had always done what it could to minimise increases unlike many other authorities. He highlighted that on latest predictions, Sunderland would remain to have the lowest council tax level in whole of North East and continued to support residents during cost of living crisis caused by the Government.

Cabinet Members were advised that overall, the proposal was to raise council tax by a total of 2.99% for next year. The proposed increase was well below the 5% referendum limit set by the Government, and therefore a referendum was not required. The 2.99% increase represented an increase of 61 pence a week for a Band A property. The Council also continued to support its residents through the local council tax support scheme, significantly protecting those with the lowest incomes from this rise. Despite the proposed increase, based on understanding from neighbouring authorities and their council tax plans, Sunderland's Band D council tax would remain the lowest in the region.

Councillor Stewart reported that confirmation of the final precept proposals from the Police and Crime Commission and the Tyne and Wear Fire and Rescue Authority were awaited at this stage. He advised that once received this might require an amendment to the information shown for these bodies in the final budget proposal considered by full Council later this month.

The attention of Cabinet Members was drawn to the Medium Term Plan set out at Appendix G. The future outlook remained very uncertain. There were continued unfunded cost pressures and uncertainties on further inflationary cost impacts on council services, combined with the significant uncertainty around the impact of delays to Social Care Reform, the Government's fair funding review and changes to the retained business rates, all of which would impact over the short to medium term.

Cabinet Members were advised that based on the best information at this time, and after taking into account proposed savings plans and assumed future council tax increases, there remained a budget gap of approximately £40.8 million over the three years 2024/25 to 2026/27.

Councillor Stewart assured that work would, of course, continue to identify a further suite of proposals to address the remaining budget gap into future years and that the Council would continue to lobby the Government for a true fair funding agreement for Local Government. He reported that these proposals represented the most appropriate balance taking all factors into account and drew attention to the updated City Plan 2023-2035 and Indicative Timeline attached to the report at Appendix K.

The proposals were then put to the vote and with all Cabinet Members, namely Councillors Farthing, K. Johnston, G. Miller, Rowntree, Stewart and Williams having unanimously voted in favour of the recommendations contained in the report, it was:-

3. RESOLVED that:-

- (i) it be recommended to Council to approve the proposals set out in the report including the proposed Revenue Budget for 2023/2024 set out at Appendix J;
- (ii) it be recommended to Council to approve the Medium Term Financial Plan 2023/2024 to 2026/2027 including Efficiency Strategy as set out in Appendix G and the potential use of Capital Receipts Flexibility set out at section 9 of the report;
- (iii) the finalisation of the Council tax supplementary information, that will be published on the Council website, be delegated to the Director of Finance in consultation with the Leader of the Council;
- (iv) recommend to Council that the proposed Council Tax Requirement for the Council for 2023/2024 for its own purposes is £120,523,138 (excluding Parish precepts) and represents a 2.99% increase in council tax for 2023/2024. It should be noted that this includes the additional ringfenced social care precept of 1%;
- (v) recommend to Council that it be noted that at its meeting on 25 January 2023 the Council approved the following amounts for the year 2023/2024 in accordance with the amended regulations made under Section 31B(3) of the Local Government Finance Act 1992 (the 'Act'):

- a) 73,619 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) (England) Regulations 2012, as its Council Tax Base for the year (Item T).
 - b) 4,185 being the amount calculated by the Council, in accordance with the Regulations, as the amount of its Council Tax Base for the year for dwellings in the area of the Parish of Hetton Town Council.
- (vi) recommend to Council that the following amounts be calculated by the Council for the year 2023/2024 in accordance with Sections 31 to 36 of the Local Government Finance Act 1992 as amended:
 - a) £759,716,307 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) £639,132,654 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A (3) of the Act.
 - c) £120,583,653 being the amount by which the aggregate at (vi) (a) above exceeds the aggregate at (vi) (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) £1,637.9420 being the amount at (vi) (c) above (Item R) all divided by Item T ((v) (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) £60,515 being the precept notified by Hetton Town Council as a special item under Section 34 (1) of the Act.

- f) £1,637.1200 being the amount at (vi) (d) above less the result given by dividing the amount at (vi) (e) above by the Item T ((v) (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) £1,651.5800 being the amount given by adding to the amount at (vi) (f) above the amount (vi) (e) divided by the amount at (v) (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) Charges relating to the Council:

Valuation Band	Hetton Town Council	All other parts of the Council's area £
	£	
A	1,101.05	1,091.41
B	1,284.56	1,273.31
C	1,468.07	1,455.21
D	1,651.58	1,637.12
E	2,018.60	2,000.93
F	2,385.62	2,364.73
G	2,752.63	2,728.53
H	3,303.16	3,274.24

being the amounts given by multiplying the amounts at (vi) (f) and (vi) (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.

- (vii) it be noted that for 2023/2024, both the Police and Crime Commissioner for Northumbria and the Tyne and Wear Fire and Rescue Authority have supplied their best estimate of their proposed precepts, which have yet to be formally notified.

Consequently, the following amounts for the Tyne and Wear Fire and Rescue Authority represent the provisional precept for 2023/2024, which may be issued to the Council, in accordance with Section 40 of the Local Government Finance Act 1992:

Precepting Authority

Valuation Band	Police and Crime Commissioner for Northumbria £	Tyne and Wear Fire and Rescue Authority (proposed) £
A	112.56	61.57
B	131.32	71.83
C	150.08	82.09
D	168.84	92.35
E	206.36	112.87
F	243.88	133.39
G	281.40	153.92
H	337.68	184.70

- (viii) in accordance with Section 30 (2) of the Local Government Finance Act 1992, the Council has calculated the aggregate of the amounts at (vi) (h) and the estimated precepts at (vii) and estimates the total level of council tax for 2023/2024 to be:

Valuation Band	Hetton Town Council £	All other parts of the Council's area £
A	1,275.18	1,265.54
B	1,487.71	1,476.46
C	1,700.24	1,687.38
D	1,912.77	1,898.31
E	2,337.83	2,320.16
F	2,762.89	2,742.00
G	3,187.95	3,163.85
H	3,825.54	3,796.62

- (ix) it be noted that under Section 52ZB of the Local Government Finance Act 1992, the Authority's relevant basic amount of Council Tax for 2023/2024 is not excessive in accordance with the principles determined under Section 52ZC(1) of the Act.

(i.e., the proposed council tax increase for 2023/2024 means that the Council does not need to hold a referendum on its proposed council tax. The provisions set out in Section 52ZC of the Local Government Finance Act 1992 require 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 the Government's guidelines which are set out annually.)

- (x) note the views, if any, expressed by residents, the local Business Sector, Trade Unions and Scrutiny Coordinating Committee; and
- (xi) recommend to Council the adoption of the updated City Plan 2023-35 including the indicative timeline.

Councillor Walker was re-admitted to the meeting.

Collection Fund (Council Tax) 2022/2023

The Director of Finance submitted a report (copy circulated) to advise of the estimated balance on the Collection Fund for 2022/2023 in respect of Council Tax and the surplus attributable to the Council and its major precepting authorities for use in setting Council Tax levels for 2023/2024.

(For copy report – see original minutes).

Councillor Stewart highlighted that where a surplus or deficit was projected on the Collection Fund, the Council had a legal requirement to inform its precepting bodies so that they could consider it in calculating their basic amounts of council tax for the following year.

Cabinet Members were reminded that the collection fund regulations were amended in 2020/21 in response to the financial pressures arising on the collection fund from the covid pandemic. As such the deficit arising in 2020/21 only was recovered equally over the 3 years 2021/22 through to 2023/24, the amount for each of the three years was shown at paragraph 5.1.

Councillor Stewart referred to section 6 for the report which detailed that for the 2021/2022 financial year, the actual surplus in relation to the collection fund at 31 March 2022 was slightly better than that previously estimated, providing a small financial benefit as noted at paragraph 6.3. He reported that Section 7 set out the in-year 2022/23 position which estimated a surplus at 31 March 2023 of £1,718,904 to be shared with the precepting bodies as set out in paragraph 7.2. Finally at Section 8 of the report, he advised that this set out the overall position, which the precepting bodies had been advised of and the impact on the Council had been reflected in the Council's proposed budget for 2023/2024 and Medium Term Financial Plan.

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

4. RESOLVED that the overall position in relation to the Collection Fund (Council Tax) for 2022/2023 and the Council's share of the surplus be noted.

Tree Planting and Maintenance Framework

The Executive Director of City Development and the Director of Environmental Services submitted a joint report (copy circulated) to seek approval of the establishment of a framework of Tree Planting and Maintenance approved contractors.

(For copy report – see original minutes).

Councillor Rowntree highlighted that in July 2022, the Council had adopted a tree management policy which set out how the Council would manage and maintain the existing trees within the city. She reported that this included a minimum commitment to replacing trees which needed to be removed on a 1-1 basis. She added that the Council had also been successful in securing grant funding to support the delivery of new tree planting sites.

Councillor Rowntree was pleased to report that the Council had become one of six local authority partners to formally establish the North East Community Forest (NECF) partnership, alongside a number of external partners, in July 2021. She explained that this enabled the Council to access Government funding towards tree planting projects within the city.

Cabinet Members were advised that tree planting and maintenance had traditionally been undertaken either internally within the Council or by appointing contractors to undertake works through a procurement exercise on a site-by-site or scheme-by-scheme basis.

Councillor Rowntree reported that during the 2022/2023 tree planting season, it was anticipated that there would be approximately twelve sites of tree planting to be delivered across the city. She advised that this was to take place during February and March 2023 as part of the Year 2 tree planting for the NECF, totalling approximately 23 hectares. She added that it was also anticipated that 72 street trees would be planted using Local Authority Treescape Fund (LATF) resources which had been secured. This was a significant increase on 2021/22 levels.

Cabinet Members were advised that as part of the ongoing commitment to the NECF, it was envisaged that planting at these increased levels would continue in the coming years. Subsequently, taking into account the significant increase in the scale of tree planting proposed within the city, it was not considered that this could be delivered within existing internal resources. It was therefore considered necessary for the Council to procure the expertise of specialist contractors to undertake future tree planting and maintenance within the city as required. In order to ensure that the Council had adequate resources in place to deliver planned tree planting over the next few years, a procurement exercise had been undertaken to establish a tree planting and maintenance framework. Alongside the planting of new trees, the contractors appointed under the framework would be required to undertake the first three years of maintenance, after which ongoing maintenance would be undertaken by the Council's Environmental Services team for planting on Council-owned land.

Councillor Farthing noted that the contractors would be required to undertake the first three years of maintenance to allow the trees to establish. She commented that however, from experience it was the older trees which caused problems from roots lifting walkways and roads, causing problems to drainage, damaging properties, blocking light and masses of leaf litter. She reported that the government should recognise these ongoing issues and provide funding to local authorities accordingly.

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

5. RESOLVED that approval be given to the award of a framework agreement for Tree Planting and Maintenance.

Consideration of the Bus Enhancement Partnership and Scheme

The Executive Director of City Development submitted a report (copy circulated) to provide more detail on the region's Enhanced Partnership (EP) proposal following the submission of a Bus Service Improvement Plan (BSIP) to the Government by the North East Joint Transport Committee (JTC).

(For copy report – see original minutes).

Councillor Rowntree reminded Cabinet Members that they had considered a report at the Cabinet meeting in November 2021 on the Bus Service Improvement Plan (BSIP) for the North East. She highlighted that this report gave an update on the work towards submitting an Enhanced Partnership for buses, building upon the agreed BSIP, and it explained the timescales involved.

Councillor Rowntree reported that an Enhanced Partnership and Scheme submission was required by the end of February, and the Joint Transport Committee had worked closely with local bus operators and Local Authority partners to produce a Full proposal to be submitted to the Department for Transport.

Cabinet Members were advised that given these requirements and recognising the challenging timescales necessary to meet Government guidance, Cabinet was invited to agree the Enhanced Partnership proposal, to enable the Joint Transport Committee to consider it at their meeting on the 20 February 2023 and ensure its submission by the Government's deadlines.

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

6. RESOLVED that:-

- (i) the EP Plan and Scheme be noted and endorsed as described in the report, and:
- (ii) the Executive Director of City Development, in consultation with the Deputy Leader of the Council and the Director of Finance be authorised to:

- (a) agree the Enhanced Bus Partnership's Plan and any Scheme(s) relevant to the Council's highway and traffic authority functions, including any associated Traffic Regulation Orders (TROs);
- (b) agree on behalf of the Council any amendments to the Enhanced Bus Partnership's Plan and Scheme(s) arising from consultation; and
- (c) agree the final terms of the Enhanced Partnership and any Scheme(s) on behalf of the Council and to take all other steps associated with that to implement these proposals.

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

At the instance of the Chairman, it was: -

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

(Signed) G. MILLER,
Chair.

Note:-

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

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

