

CABINET MEETING – 2 FEBRUARY 2023

EXECUTIVE SUMMARY SHEET – PART I

Title of Report:

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

Author(s):

Director of Finance

Purpose of Report:

The purpose of the report is 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 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.

Description of Decision:

Cabinet is requested to recommend to Council approval of:

- 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.

Is the decision consistent with the Budget/Policy Framework?

No – this report

is integral in reviewing and amending the Budget and Policy Framework

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

Suggested reason(s) for Decision:

To comply with Statutory requirements to approve an affordable Capital Programme, Treasury Management Strategy and Prudential Indicators.

Alternative options to be considered and recommended to be rejected:

No alternative options are submitted for Cabinet's consideration.

Impacts analysed;

Equality ☒ Privacy ☒ Sustainability ☒ Crime and Disorder ☒

Is the Decision consistent with the Council's co-operative values?

Yes

Is this a "Key Decision" as defined in the Constitution?

Yes

Is it included in the 28 day Notice of Decisions?

Yes

CABINET – 2 FEBRUARY 2023

CAPITAL PROGRAMME 2023/2024 TO 2026/2027 AND TREASURY MANAGEMENT POLICY AND STRATEGY 2023/2024, INCLUDING PRUDENTIAL INDICATORS FOR 2023/2024 TO 2026/2027.

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 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.

2. Description of Decision

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

3. Background

- 3.1 The Council currently has an ambitious approved Capital Programme, with over £688m spend profiled over the period 2022/2023 to 2026/2027 linked to the City Plan priorities (see Appendix 1).
- 3.2 On 13th October 2022 Cabinet approved an updated Capital Strategy. On 8th December 2022 Cabinet approved a suite of new start capital proposals commencing from 2023/2024 which had been developed in accordance with the updated Capital Strategy and City Plan. The delivery of the City Plan will drive transformation and economic regeneration in the City.

4. Capital Programme 2023/2024 to 2026/2027

- 4.1 The proposed Capital Programme for 2023/2024 to 2026/2027 has been set with the aim of delivering on the priorities set out in the City Plan including securing capital investment in the City in order to deliver growth and jobs.
- 4.2 The total proposed programme amounts to £521.090m, with £268.401m programmed in 2023/2024, as set out below:

Expenditure by Portfolio	Estimated Payments				
	2023/2024 £'m	2024/2025 £'m	2025/2026 £'m	2026/2027 £'m	Total £'m
Deputy Leader & Clean Green City	57.710	24.082	13.284	1.960	97.036
Cabinet Secretary	10.200	10.607	11.337	4.053	36.197
Children's Learning and Skills	8.400	5.157	4.066	0.000	17.623
Dynamic City	166.427	69.390	68.902	14.474	319.193
Healthy City	7.728	0.550	0.250	0.000	8.528
Vibrant City	17.936	17.700	4.306	2.571	42.513
TOTAL CAPITAL EXPENDITURE	268.401	127.486	102.145	23.058	521.090

4.3 In 2022/2023, the Council committed resources towards a Capital Programme spanning 2022/2023 to 2025/2026, which included schemes that were reliant upon securing external funding. Therefore, the proposed 2023/2024 to 2026/2027 programme reflects:

- ongoing capital scheme commitments from previous years of £466.603m (£246.853m in 2023/2024) as set out in Appendix 1;
- new starts / additional investment of £54.487m (£21.548m in 2023/2024) summarised at section 4.6 with further detail set out in Appendix 2.

The details of the full Capital Programme for 2023/2024 to 2026/2027 are set out in Appendix 3. The rest of this section of the report covers proposals for new starts / additional investments in more detail.

4.4 Additional Capital Project Proposals 2023/2024 to 2026/2027 – Capital Strategy

4.4.1 The Capital Strategy provides the framework within which the Council's capital investment plans are developed, prioritised and delivered. It provides a framework which enables proposed new capital expenditure to be evaluated to ensure that all new capital investment is targeted at meeting the priorities set out in the City Plan.

4.4.2 The Capital Strategy is updated annually for approval by Council, with the latest revision approved by Council in November 2022.

4.4.3 The capital priorities are aligned to the City Plan "Sunderland 2023-2035" Themes:

- Sunderland will be a **dynamic smart city**. This includes a lower carbon city with greater digital connectivity for all; more and better jobs; more people with better qualifications and skills; a stronger city centre with more businesses, housing and cultural opportunities; and more and better housing;
- Sunderland will be a **healthy smart city**. This includes reduced health inequalities enabling more people to live healthier longer lives; access to equitable opportunities and life chances; people enjoying independent lives; great transport links with low carbon and active travel opportunities for all; and a cleaner and more attractive city and neighbourhood; and

- Sunderland will be a **vibrant smart city**. This includes more resilient people; more people feeling safe in their homes and neighbourhoods; more residents participating in their communities; and more people visiting Sunderland and more residents informing and participating in cultural events, programmes and activities.

In addition, a continuing priority for the Council is to deliver the best possible services and support to our residents, with a focus on long term benefits for our children and young people beyond 2035.

4.5 Resources Available for New Starts / Additional Investments

4.5.1 Resources - Grants

The Council continues to monitor and maximise external funding opportunities to support city priorities across a range of key areas encompassing economic development, housing and strategic infrastructure, community support and regeneration, education and skills, low carbon, smart city and digital connectivity, health and well-being, and culture and heritage. These key areas of activity directly support delivery of the City Plan's three themes: dynamic smart city; healthy smart city; and vibrant smart city.

Significant investment has been secured over the last 5-6 years from government and regional funds to support major infrastructure priorities, including Riverside Sunderland, the International Advanced Manufacturing Park, Sunderland Strategic Transport Corridor, the Port of Sunderland Enterprise Zone, and a range of other strategic, housing and digital infrastructure projects.

With North East Local Enterprise Partnership and European funding programmes either fully committed or ending in 2023/2024, the Council continues to track and respond to funding opportunities linked to the Government's Levelling Up objectives alongside a wide range of other funding sources.

Recent substantial external funding approvals have also been secured for the following regeneration projects, all of which are currently in delivery:

- £25.4m support from the Housing Infrastructure Fund for the South Sunderland Growth Area project;
- £21.6m Transforming Cities Fund support for the redevelopment of Central Station and other priority transport investments;
- £25m Future High Streets Fund grant for a city centre transformation programme involving the delivery of Culture House and other key sites;
- £7m Getting Building Fund grant to support digital and strategic infrastructure in the city centre and riverside areas, and for investment in additional energy infrastructure on the Hillthorn Business Park site in Washington;
- £15m from the Department for Business, Energy and Industrial Strategy to support the development of a strategic energy grid on the International Advanced Manufacturing Park;
- £20m Levelling Up Fund (round 1) grant to support the City Centre Housing Ecosystem project, which comprises the construction of the Housing Innovation and Construction Skills Academy, and support for the development of two sustainable housing developments in Riverside Sunderland and Sunnyside; and

- £2.1m from Homes England's Home of 2030 programme to support smart and sustainable housing on the Vaux Neighbourhood site within Riverside Sunderland.

A wide range of capital funds have also been secured to support projects which support delivery of the city's low carbon objectives, such as:

- £2.2m from the Public Sector Decarbonisation Scheme to invest in public sector building energy efficiency measures;
- £5.2m European Regional Development Fund grant to support the Vaux Housing Smart Energy Grid, as well as extensive investment in battery storage, solar PV and electric vehicle charging infrastructure on a range of council sites;
- £3.9m secured to support energy efficiency improvements in the worst performing, fuel poor housing in the city; and
- £2.2m from the Green Heat Network Fund to support feasibility and development of a city centre heat network.

In early December 2022, the Council received confirmation from the Government that Sunderland's £15m UK Shared Prosperity Fund Investment Plan had been approved. The £15m programme comprises approximately £12m revenue grant and £3m capital, with delivery of activities to take place from 2022/2023 to the end of March 2025. The programme will support a wide range of project activities under 3 main investment priorities: (1) Communities and Place; (2) Supporting Local Business; (3) People and Skills.

Following the announcement on 28 December 2022 that the Government and North East local authorities are minded to agree a devolution deal, it is anticipated that additional funding opportunities for capital investment will be unlocked including control of a long-term regional investment fund and a city region sustainable transport settlement. Additional funding will also be identified to support the building of new homes on brownfield land and to drive place-based economic regeneration.

The Council and its partners continue to access and explore new opportunities to invest in the city's cultural and heritage offer, while also improving and enhancing access to recreation facilities and natural green spaces across the city. This involves pursuing other sources of funding, such as the National Lottery Heritage Fund, Historic England, National Lottery Community Fund, Arts Council England, Sport England, Football Foundation and other major funders.

The Council works closely with Sunderland Culture. The Council will be undertaking important feasibility and design work during the next 1-2 years to redevelop the Sunderland Museum and Winter Gardens. A development grant award of £0.3m from the National Lottery Heritage Fund has recently been secured allowing work to proceed on the preparation of a full design and bid proposal which will be submitted in 2024.

As in previous years, resources allocated in respect of Transport, Better Care Fund and Education specific purpose grants will be allocated to those services areas. These grants, in the main, support recurring capital activity.

The table below details Government grants announced for 2023/2024 onwards for Transport, Adult Social Care and Schools not yet in the current approved Capital Programme, with comparator allocations for 2022/2023.

Funding Source	2022/2023	2023/2024	2024/2025
	£'000	£'000	£'000
Highways Capital Maintenance	1,835	1,835	1,835
Highways Capital Maintenance - Incentive Funding	459	459	459
Pot Hole & Challenge Fund	1,835	1,835	1,835
Highways Integrated Transport	1,618	1,618 *	1,618
Nexus Allocation	42	42 *	42
Total Transport	5,789	5,789	5,789
Disabled Facilities Grant	4,055	4,055 *	tbc
Total Adult Social Care	4,055	4,055	tbc
Schools Condition Allocation	1,514	1,514 *	tbc
Education Basic Need	0	0	0
Schools Devolved Funding	935 #	tbc	tbc
High Needs Capacity Funding	2,847	2,488	tbc
Total Department for Education	5,296	4,002	0

* Provisional

Confirmed increase of £633,000 not yet in the current programme - to be profiled for use in 2023/2024.

Appendix 2 sections 2 to 4 sets out further details and proposed use of the above funding for 2023/2024.

4.5.2 Resources – Capital Receipts and Reserves

The Council continues to market sites for sale to maximise capital receipts and support operational requirements. Capital receipts are only earmarked to fund the Capital Programme once they are realised, or where they have been included as part of any project financial plan as part of the overall business case.

S106 Reserves - Upon confirmation of S106 agreements with developers, monies received are held in reserves until detailed plans on the use of the funding are developed in accordance with the requirements outlined in the S106 agreements. Once developed the projects are brought into the Capital Programme at the appropriate time. Typical uses would be for the development/improvement of play provision, educational assets, highways infrastructure, affordable housing, public open spaces and ecological improvements.

Following a review of available resources and project business cases, it is proposed that no capital receipts or reserves are earmarked to support the Capital Programme proposals in this report.

Elsewhere on the agenda, the Revenue Budget and Proposed Council Tax report for 2023/2024 sets out the Council's Efficiency Strategy for the period 2023/2024 to 2026/2027. In accordance with Government guidance on the availability of flexibility around the use of capital receipts for transformation purposes, the Efficiency Strategy includes the option to use capital receipts to support transformation costs arising from implementing the Council's savings programme.

4.5.3 Resources – Capital Expenditure charged to Revenue Account (CERA)

Given the financial position in recent years, there is no specific budget provision for revenue funding for capital expenditure, other than for current commitments included within the approved Capital Programme.

4.5.4 Resources – Borrowing

Historically the Council has utilised flexibility in funding its Capital Programme using prudential borrowing. Additional borrowing results in additional debt charges which must be affordable within the revenue budget planning with appropriate provision included within the base budget and the Medium Term Financial Plan (MTFP). The Council will continue to consider financing options taking in to account available resources at the appropriate time.

The budget includes prudent provision for capital financing charges that may arise from an additional net £41.781m of prudential borrowing (£8.842m in 2023/2024 and £32.939m from 2024/2025 to 2026/2027). It is proposed to use this borrowing flexibly by switching with surplus capital receipts once realised and through using temporary cash balances. This would reduce planned capital finance charges that may arise from this borrowing.

4.5.5 Resources – Other Funding – Enterprise Zones

The Council has three Enterprise Zone sites: IAMP, A19 Ultra Low Carbon Zone and part of the Port of Sunderland. All the business rates growth generated on these Enterprise Zones for their 25-year life are payable to the North East Local Enterprise Partnership (LEP). This resource is then distributed by the North East LEP to meet / contribute to the capital financing costs of the infrastructure works associated with those zones delivered through the Council's Capital Programme.

4.6 Detailed Proposals for New Starts and Capital Programme 2023/2024 to 2026/2027

- 4.6.1 Following consultation with Portfolio Holders and approval by Cabinet in December 2022, the projects in the table below are included in the Capital Programme for 2023/2024 to 2026/2027 with further details set out in Appendix 2.
- 4.6.2 In addition, following confirmation of specific grant approvals, these grants have been allocated to relevant service areas in the table below, with further details set out in Appendix 2.

Appendix 2 Ref	Project Name	Total Project Spend	Spend 2023/24	Spend Future Years	External Funding	Council Funding
		£m	£m	£m	£m	£m
Deputy Leader and Clean Green City						
1.1.1	Vehicle, Plant and Equipment Replacement Programme	16.056	3.842	12.214	0.000	16.056
1.1.2	Nobles Quay Replacement	3.000	2.600	0.400	0.000	3.000
1.1.3	Port Infrastructure	1.300	0.400	0.900	0.000	1.300
Total		20.356	6.842	13.514	0.000	20.356
Cabinet Secretary						
1.2.1	Planned Property Capital Maintenance	7.500	0.000	7.500	0.000	7.500
1.2.2	End User Devices	0.465	0.000	0.465	0.000	0.465
1.2.3	NetBackup Appliance Refresh	0.460	0.000	0.460	0.000	0.460
Total		8.425	0.000	8.425	0.000	8.425
Dynamic City						
1.3.1	Highways Asset Investment Programme	8.000	1.000	7.000	0.000	8.000
1.3.2	Bridge Maintenance Investment Programme	5.000	1.000	4.000	0.000	5.000
Total		13.000	2.000	11.000	0.000	13.000
Service New Grant Allocations						
2.0	Transport (Highways) Schemes	5.039	5.039	0.000	5.039	0.000
3.0	Adult Social Care - Disabled Facilities Grant Allocation (including £0.1m Gentoo contribution)	4.155	4.155	0.000	4.155	0.000
4.0	Education	3.512	3.512	0.000	3.512	0.000
Total		12.706	12.706	0.000	12.706	0.000
TOTAL OF INVESTMENT PROPOSALS		54.487	21.548	32.939	12.706	41.781

- 4.6.3 The proposed additional new starts investment totals £54.487m, (£21.548m in 2023/2024 and £32.939m in future years). Of the total £54.487m:
- £12.706m is externally funded; and
 - The remaining balance of £41.781m is to be met from available Council resources via prudential borrowing.
- 4.6.4 Planned funding sources for individual capital schemes may be subject to amendment to achieve best value for the Council and ensure the Capital Programme continues to be prudent, affordable, and sustainable into future years and within overall borrowing limits whilst still retaining flexibility.
- 4.6.5 The recommended Capital Programme is included in full as Appendix 3 to this report.
- 4.6.6 Additional capital project proposals were approved by Cabinet on 8th December 2022 for inclusion in this Capital Programme report. The Scrutiny Coordinating Committee on 8th December 2022 acknowledged the Capital Programme and is satisfied with the proposed variations to the Capital Programme.

5. Prudential Framework and Code

- 5.1 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 first reported to Council in March 2004 and the latest version was issued by CIPFA in December 2021.

- 5.2 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, not just for the current year but also for future years. 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; and
 - 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.
- 5.3 To demonstrate that the Council takes capital expenditure and investment decisions in line with service objectives and properly takes account of stewardship, value for money, prudence, sustainability and affordability, the Council has in place a Capital Strategy that sets out the long-term context in which capital expenditure and investment decisions are made and gives due consideration to both risk and reward and impact on the achievement of priority outcomes. The Capital Strategy was reported to Cabinet in October 2022 and subsequently approved by Council in November 2022. The Capital Strategy forms a part of the Council's integrated revenue, capital and balance sheet planning.
- 5.4 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 2023/2024, taking into account all matters specified in the Prudential Code. Regular monitoring takes place during the year and reports are made to Cabinet to show the Council's performance and compliance with these indicators as part of the quarterly capital review reports as appropriate.
- 5.5 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.
- 5.6 Regulations came into force on 31st March 2008 which requires local authorities to repay an element of its capital financing requirement each year through a revenue charge known as the Minimum Revenue Provision (MRP). Local authorities have a statutory requirement to make a prudent level of provision and to have regard to Department for Levelling Up, Housing and Communities' (DLUHC) guidance when assessing its MRP. DLUHC revised their MRP guidance in February 2018 and this guidance has been considered when setting the MRP policy for 2023/2024. The Council must set, each year, an amount of MRP it considers prudent. It is also recommended 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. Consultation on the proposed MRP was completed in 2022/2023, DLUHC are currently considering outcomes/next steps.

- 5.7 Local authorities have significant discretion in determining the level of MRP which they consider to be prudent. The Council's MRP policy was reviewed as part of the budget setting process for 2017/2018 where it was determined that had the annuity basis used to calculate MRP, that was introduced from 2015/2016, been adopted from 1st April 2008 (being the date when regulations came into force) around £43.5m less MRP would have been charged between 1st April 2008 and 31st March 2016. Council approved that the £43.5m overprovision of MRP in previous years be used to reduce MRP for 20 years from 2016/2017 by a fixed amount of £2.176m each year until 2036/2037. Phasing over 20 years is the time period that the Government specify for expenditure to be treated as capital expenditure by virtue of direction under section 16(2)(b) of the 2003 Act. This is considered prudent, as taking previous overpayments over this longer period slows the increase to the Council's capital financing requirement, and therefore interest charges, whilst still giving additional certainty to the Council's debt charges budget. The proposal assisted the Council in addressing the impact of funding reductions as described in the Council's MTFP at that time.
- 5.8 It is proposed the Council continue the MRP policy used in 2022/2023 and the recommended Minimum Revenue Provision Statement for 2023/2024 is set out in Appendix 5.

6. Treasury Management

6.1 General

Treasury Management is defined as “the management of the local authority's borrowing, 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.”

6.2 Statutory requirements

The Local Government Act 2003 (the Act) requires the Council to:

- adopt a Treasury Management Policy Statement (detailed in Appendix 6), and
- set out its Treasury Management Strategy Statement 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 DLUHC 'Statutory Guidance on Local Government Investments' was updated in February 2018 and CIPFA updated its Treasury Management in the Public Services Code of Practice in December 2021. The Council is statutorily required to have regard to this advice when setting its Treasury Management Policy Statement and Treasury Management Strategy.

The Government published revised lending terms for the Public Works Loan Board (PWLB), which were implemented from the 26 November 2020 with a revision on 12 August 2021. The main feature of the new lending terms was to prevent local authorities from using PWLB loans to buy commercial assets primarily for yield.

This investment guidance focused particularly on non-treasury commercial investments reported within the Commercial Activity – Investment Strategy section of the Capital Strategy presented to Cabinet in October 2022, rather than in the Treasury Management Strategy. Ensuring the separation of the core treasury function where investments are made under security, liquidity and yield principles, and non-treasury commercial and strategic investments.

Should the Council borrow to fund any non-treasury investment, there will be an explanation of why borrowing was required and why the DLUHC Investment Guidance and CIPFA Prudential Code have not been adhered to.

6.3 CIPFA Code of Practice requirements

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

The primary requirements of the Code include that:

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 way the Council will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.
 - investment management practices (IMPs) for investments that are not for treasury management purposes

The content of the Treasury Management 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 circumstances of the Council and these do not result in the Council materially deviating from the Code's key principles.

2. The Council will receive reports on its 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 Council's Treasury Management 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.

6.4 Treasury Management Strategy Statement for 2023/2024

- 6.4.1 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 2023/2024.
- 6.4.2 There are no major changes proposed to the overall Treasury Management Strategy in 2023/2024, which maintains the careful and prudent approach adopted by the Council in previous years. Areas that inform the strategy include the extent of potential borrowing included in the 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.
- 6.4.3 The proposed Treasury Management Strategy Statement for 2023/2024 is set out in Appendix 7 and has been informed by market data, market information and leading market forecasts and views provided by the Council's treasury adviser, Link Asset Services.
- 6.4.4 The Council's TMPs are 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 2022/2023 using the prudent treasury management strategy adopted shows that the current average rate of borrowing at 2.54% is low in comparison with other local authorities whilst the current rate earned on investments at 2.07% is higher than the benchmark rate of 1.74%. Market conditions are under constant review so that the Council can take a view on the optimum time to carry out further borrowing or debt rescheduling.

7. Reasons for Decision

- 7.1 To comply with statutory requirements to approve an affordable Capital Programme, Treasury Management Strategy and Prudential Indicators.

8. Alternative Options

- 8.1 No alternative options are proposed.

9. Impact Analysis

- 9.1 Impact assessments will be undertaken by Directorates in delivering the schemes and to ensure programmes are delivered within budget.

10. List of Appendices

- 10.1 Appendix 1 - Capital Commitments into 2023/2024
Appendix 2 - Capital Programme 2023/2024 New Starts / Additional Investments
Appendix 3 - Capital Programme 2022/2023 to 2026/2027
Appendix 4 - Prudential and Treasury indicators 2023/2024 to 2026/2027
Appendix 5 - Minimum Revenue Provision Policy Statement 2023/2024
Appendix 6 - Treasury Management Policy Statement
Appendix 7 - Treasury Management Strategy Statement for 2023/2024

11. Background Papers

Cabinet Report – 8th December 2022 - Budget Planning Framework and Medium Term Financial Plan 2023/2024 – 2026/2027

Cabinet Report – 13th October 2022 - Budget Planning Framework and Medium Term Financial Plan 2023/2024 – 2026/2027.

Current Approved Capital Programme Commitments from 2023/2024 to 2026/2027

Project	Existing Capital Programme		
	2023/2024 £m	2024/2025 to 2026/2027 £m	TOTAL £m
City of Sunderland Arena	10.850	70.740	81.590
Housing Delivery Investment Plan	9.980	29.934	39.914
Sunderland Eye Infirmary	20.192	14.808	35.000
Vaux Housing	31.752	2.488	34.240
Riverside Sunderland Infrastructure	27.031	5.239	32.270
Sunniside Regeneration (Nile & Villiers Street)	9.447	13.550	22.997
Culture House	15.000	7.500	22.500
Northern Spire Park	3.250	17.222	20.472
International Advanced Manufacturing Park (IAMP)	13.837	2.778	16.615
Strategic Acquisitions and Developments	15.639	0.000	15.639
Sunderland Central Station Redevelopment & Car Park	13.164	0.000	13.164
HICSA (Housing Innovation Construction & Skills Academy)	11.467	0.000	11.467
Sunderland Museum & Winter Gardens Redevelopment	0.418	10.006	10.424
Thorney Close Primary School - new build	0.500	8.723	9.223
Coastal Defence - Strategic Frontage 3	3.000	4.439	7.439
Sunderland Crematorium	0.150	7.278	7.428
Inspiring Futures Programme - Delivering a new approach to Homelessness Services and Accommodation	6.532	0.000	6.532
Replacement Coalfields Depot and Provision of a Salt Barn	0.500	5.953	6.453
Housing Other Sites	3.637	2.515	6.152
Smart Cities Project	2.900	2.752	5.652
Washington F Pit Heritage Visitor Centre and Albany Park Improvements	0.283	4.300	4.583
Tree Management Programme (formally - Improvement to Parks and Open Spaces)	1.500	2.500	4.000
Planned Property Capital Maintenance	3.349	0.000	3.349
Holmeside Bus Rationalisation and Priority Measures	3.044	0.000	3.044
Football Hubs Sinking Fund	0.000	2.571	2.571
A183 Dame Dorothy St. Two-Way Cycle Lane	2.560	0.000	2.560
Seaton Lane Junction Imps – Durham CC	2.524	0.000	2.524
Scheme Feasibility & Design	1.674	0.803	2.477
Day Centre Refurbishment	2.470	0.000	2.470
Fulwell Junior School Refurbishment	1.845	0.500	2.345
Investment Corridors	2.284	0.000	2.284
A183 Whitburn Road Two-Way Cycle Lane	1.732	0.000	1.732
Smart Cities - Replacement of End User Devices	0.493	1.204	1.697
Hetton Downs Development Phase 2	1.676	0.000	1.676
Provision for Economic Development	1.505	0.000	1.505
Strategic Cycle Network	1.483	0.000	1.483
Energy Masterplan & Feasibility Assessment (DECC)	1.411	0.000	1.411
Port Warehousing Developments	1.349	0.000	1.349
Elmore Green Space and Social Enterprise Development	1.204	0.000	1.204
Modernising Libraries (Washington and Houghton Libraries)	1.050	0.000	1.050
Other Projects (<£1m)	14.171	1.947	16.118
TOTAL CURRENT PROGRAMME	246.853	219.750	466.603

Capital Programme 2023/2024 to 2026/2027 – New Starts / Additional Investments

1. Other Capital New Start / Additional Investment Proposals 2023/2024 to 2026/2027

The following projects are proposed for inclusion in the 2023/2024 to 2026/2027 Capital Programme.

1.1 Deputy Leader and Clean Green City New Start Proposals

1.1.1 Vehicle, Plant and Equipment Replacement Programme - £16.056m

A series of investments to deliver replacements of vehicles, plant and equipment i.e. vans, trucks, cars, refuse collection vehicles, snow ploughs, gritters / sweepers, grasscutters & attachments and various plant and equipment. Where replacements are for existing leased vehicles, there will be a revenue budget saving which will be factored into the Medium Term Financial Plan.

Area Outcomes / Benefits and Contribution to Strategic Priorities:

The investment provides city wide customer service delivery benefits and will contribute to the following strategic priorities.

- Dynamic Smart City: a stronger city centre with more business, housing and cultural opportunities
- Dynamic Smart City: a lower carbon city with greater digital connectivity for all
- Healthy Smart City: a cleaner and more attractive city and neighbourhood
- Vibrant Smart City: more people feeling safe in their homes and neighbourhoods.

1.1.2 Nobles Quay Replacement - £3.000m

Reconstruction of Nobles Quay which is in need of repair.

Nobles Quay is one of the quays located on the south side of the river in the east end of the city and is one of the oldest quays remaining in the city dating back to early 1800's. The current stone wall quay is in poor condition and emergency works have recently been carried out to prevent the quay from collapsing ahead of a permanent solution being implemented.

Area Outcomes / Benefits and Contribution to Strategic Priorities:

Whilst directly benefitting residents in East Sunderland, it is envisaged that the quay will support the city-wide population.

- Dynamic Smart City: more and better jobs
- Dynamic Smart City: a stronger city centre with more business, housing and cultural opportunities
- Healthy Smart City: a cleaner and more attractive city and neighbourhood
- Healthy Smart City: great transport links with low carbon and active travel opportunities for all
- Vibrant Smart City: more residents participating in their communities.

1.1.3 Port Infrastructure - £1.300m

The investment will support the undertaking of minor infrastructure works on the Port estate. The acquisition of plant and machinery will support the efficiency of the Port's operations and provide for a safe and secure environment for Port employees, tenants and users from 2023/2024 through to 2026/2027. The funding would also deliver essential repair work to the eastern end of the Corporation Quay as well as feasibility work into works on the Sheers Quay to determine the scope and costs associated with any development.

Area Outcomes / Benefits and Contribution to Strategic Priorities:

The investment will safeguard the port business activity and provide continued support for the city wide economy, and will contribute to the following strategic priorities.

- Dynamic Smart City: more and better jobs
- Dynamic Smart City: a lower carbon city with greater digital connectivity for all

1.2 Cabinet Secretary New Start Proposals

1.2.1 Planned Property Capital Maintenance - £7.500m

Various construction, mechanical and electrical services projects and works required to maintain and improve the Council's property assets portfolio (in accordance with the Council's Asset Management Plan) from 2023/2024 through to 2026/2027. Works will be identified, primarily from asset condition data, and prioritised based on urgency and within available resources.

Area Outcomes / Benefits and Contribution to Strategic Priorities:

The investment provides city wide customer service delivery benefits, and will contribute to the following strategic priorities:

- Dynamic Smart City: a lower carbon city with greater digital connectivity for all
- Healthy Smart City: reduce health inequalities enabling more people to live healthier longer lives
- Healthy Smart City: access to equitable opportunities and life chances
- Healthy Smart City: people enjoying independent lives
- Healthy Smart City: a cleaner and more attractive city and neighbourhood.

1.2.2 End User Devices – £0.465m

Ongoing replacement of ICT end user devices (laptops, desktop PC's and mobile phones) to ensure the continued, up-to-date and secure use of ICT services.

Area Outcomes / Benefits and Contribution to Strategic Priorities:

Having fit for purpose and resilient technical solutions for ICT users underpins the effective running of the Council and therefore indirectly supports the delivery of the City Plan.

1.2.3 NetBackup Appliance Refresh - £0.460m

The NetBackup Appliances which protect our on-premise server estate become end of life in 2025. To continue to secure the integrity of the server estate and the applications and data held the appliances must be replaced.

Area Outcomes / Benefits and Contribution to Strategic Priorities:
Having fit for purpose and resilient technical solutions for ICT users underpins the effective running of the Council and therefore indirectly supports the delivery of the City Plan.

1.3 Dynamic City New Start Proposals

1.3.1 Highways Asset Investment Programme - £8.000m

Government grants are provided for capital investment into the highways network via the annual maintenance grant and ad-hoc pot-hole funding, and there is revenue provision for minor repair works. However, in order to improve the condition of the Council's highway assets, including roads, footways and traffic signals and reduce the backlog further, additional Council investment is proposed from 2023/2024 through to 2026/2027.

Area Outcomes / Benefits and Contribution to Strategic Priority:
A well-maintained highway network is key to facilitating economic growth and will contribute to the following strategic priorities:

- Dynamic Smart City: a stronger city centre with more business, housing and cultural opportunities
- Dynamic Smart City: a lower carbon city with greater digital connectivity for all
- Healthy Smart City: great transport links with low carbon and active travel opportunities for all
- Vibrant Smart City: more people visiting Sunderland and more residents informing and participating in cultural events, programmes and activities.

1.3.2 Bridge Maintenance Investment Programme - £5.000m

Government grants are provided for investment into the capital maintenance of bridges via the annual maintenance grant, and there is revenue provision for minor repair works. However, in order to improve the condition of the Council's bridges and structures, additional Council investment is proposed from 2023/2024 through to 2026/2027.

Area Outcomes / Benefits and Contribution to Strategic Priority:
Having fit for purpose and resilient technical solutions for ICT users underpins the effective running of the Council and therefore indirectly supports the delivery of the City Plan.

2.0 Highways Capital Funding 2023/2024

2.1 Highways Maintenance & Local Transport Plan Allocations

Government announced in 2019 that eight eligible English city regions would receive £4.2bn of additional national funding over a 5-year period for local transport networks via the new City Region Sustainable Transport Fund (CRSTF), and likely to be a successor to the Transforming Cities Fund. The Autumn 2021 Budget confirmed that £5.7bn nationally will be provided through the CRSTF, with the additional £1.5bn nationally allocated to replace current allocations for the Integrated Transport Block (ITB) and Highways Maintenance funding, including the Potholes Action Fund.

On 28th December 2022, the Department for Levelling Up, Housing and Communities offered a minded to devolution deal which would unlock billions of pounds of investment and see additional powers transferred from Whitehall to a new combined authority consisting of the 5 Tyne & Wear Authorities, as well as County Durham and Northumberland. Subject to the relevant approvals, the deal would provide £4.2bn of funding over 30 years to the Mayoral Combined Authority, including £0.9bn for transport inclusive of the above CRSTF. It is expected a Mayoral election would take place in 2024 and a new Mayoral Combined Authority formed. Until such time, the allocations for Highways Maintenance and Integrated Transport continue to be provided through the current funding channels and being as announced in the Spending Review October 2021 for the years 2022/2023 to 2024/2025.

2.2 Active Travel Fund

The Council secured revised total allocations of £4.392m Active Travel Fund for use in 2022/2023 and 2023/2024, distributed via the North East Combined Authority, for cycleways at A183 Whitburn Rd and A183 Dame Dorothy Street.

2.3 Funding Allocations

The table below details the Highways Capital Funding announced for 2022/2023 to 2024/2025, excluding Active Travel Fund already in the current Capital Programme.

Funding Source		2022/2023 £'000	2023/2024 £'000	2024/2025 £'000
City Region Sustainable Transport Fund	Highways Capital Maintenance	1,835	1,835	1,835
	Highways Capital Maintenance – Incentive Funding	459	459	459
	Pot Hole & Challenge Fund	1,835	1,835	1,835
	Highways Integrated Transport	1,618	1,618	1,618
	Nexus Allocation	42	42	42
Total Transport		5,789	5,789	5,789

The total funding for transport schemes for 2023/2024 from new grants is £5.789m.

2.4 Proposals for Highways Capital Programme New Starts 2023/2024

The proposed Capital Programme for 2023/2024 excluding match funding for the ongoing commitment in relation to the Holmeside Bus Rationalisation project of £0.750m will leave **£5.039m** to support the following priorities:

- The structural maintenance of highways – £3.547m (including £0.109m contribution to fund the regional Urgent Traffic Management Control services);
- The structural maintenance of bridges – £0.382m;
- Economic development and regeneration by managing congestion; support safe and sustainable communities by improving Road Safety and, improving access; address climate change by promoting sustainable travel - £1.068m (including £0.063m contribution to fund the regional transport team);
- Public transport infrastructure improvements, Nexus funded - £0.042m.

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

3.0 Adult Social Care Capital 2023/2024

- 3.1 The Disabled Facilities Grant allocation for 2023/2024 as not yet been announced. However, a provisional allocation for this year is to be included in the Capital Programme based on 2022/2023 allocation of £4.055m Disabled Facilities Grant, supplemented by £0.100m from Gentoo, providing **£4.155m** for Disabled Facilities Grants.

Upon confirmation of the 2023/2024 allocation, the Capital Programme will be updated if there are any changes to the provisional assumptions.

4.0 Children's Services - Education Capital 2023/2024

- 4.1 The table below details the Children's Education Government provisional and announced grants for 2023/2024, with a comparison to 2022/2023.

	2022/23 £'000	2023/24 £'000	2024/25 £'000
Schools Condition Allocation (SCA)	1,514	1,514*	tbc
Education Basic Need	0	0	0
Schools Devolved Funding (DFC)	935	tbc	tbc
High Needs Capital Funding	2,847	2,488	tbc
Total Children's Services	5,296	4,002	0 / tbc

**provisional*

- 4.2 Schools Devolved Formula Capital (DFC)

DFC is funding for schools for capital spend delegated to them to spend against their priorities. On 6th December 2022, the Department for Education confirmed an increase to the DFC allocation for 2022/2023 from £0.302m to £0.935m, an increase of £0.633m; this is to be profiled for spend in 2023/2024. The extra funding was provided for capital improvements to buildings and facilities, prioritising works to improve energy efficiency. As yet, there have been no allocations confirmed for 2023/2024.

- 4.3 Schools Conditions Allocation (SCA)

The Schools Condition Allocation is provided to the Council for the maintenance / improvement of maintained schools. Academies and Voluntary Aided (VA) schools receive this funding direct from the Department of Education and determine their own spending plans. As of January 2023, the Council has not yet received confirmation of the value of its Schools Condition Allocation for 2023/2024 but a provisional allocation of £1.514m has been included in the Capital Programme, being the same value as the 2022/2023 allocation.

Separate to the above, the voluntary-aided sector is allocated grant funding based on pupil numbers and reflecting the governors' 10 per cent contribution and eligibility for VAT for Schools Condition Allocation. This is to be spent on the priorities that those schools determine.

4.4 Basic Need

The Council remains the responsible body for receiving and managing the city's Basic Need funding. This funding is for all publicly funded schools in the city (including Academies, Free Schools and VA schools). Basic Need funding, although not ring fenced, is intended to ensure additional school places can be provided where needed. The Council will not receive an allocation for 2023/2024 or 2024/2025.

4.5 Funding Availability from 2023/2024

4.5.1 Current allocations:

As of January 2022, there is £1.412m of the Schools Condition Allocation and Basic Needs Education Capital grant allocations (received for the period up to 2022/2023) uncommitted towards projects, with £1.163m profiled for potential use in 2022/2023 and £0.249m in 2023/2024. Of this £1.412m:

- £0.545m is allocated to support condition requirements in schools. This is generally held as a contingency to ensure the Council has the ability to respond to immediate condition needs that may arise across the year.
- £0.867m is allocated for the expansion creation of new school places.

4.5.2 2023/2024 allocations:

The allocations for 2023/2024, confirmed and provisional are:

- Basic Needs funding £0;
- Schools Condition Allocation £1.514m; and
- High Needs Capital Funding £2.488m
- Total £4.002m.

It is proposed to allocate £0.250m of the 2023/2024 High Needs Capital Funding allocation to the £0.600m funding already in the Capital programme for the Sunderland PRU to develop a unit for primary aged children with Social, Emotional and Mental Health needs and for the creation of a Link School satellite site in Hetton.

Current estimates indicate costs to develop an ASD unit in the South Sunderland Growth Area, currently in the Capital Programme are now anticipated to be £0.700m. It is also proposed to allocate £0.240m from the 2023/2024 High Needs Capital allocation to fund this variation.

The above will result in a balance of £1.998m for programmes to develop high needs school facilities.

The balance of 2023/2024 allocations of **£3.512m** (£1.514m + £1.998m) is not yet committed to projects and therefore available for new and emerging schools' asset management priorities from that year's allocation; these will include schools maintenance works with a number of schools requiring significant works.

Upon confirmation of the 2023/2024 allocations, the Capital Programme will be updated. Capital investment requirements from these grant allocations will be submitted to Cabinet for approval, where required.

**Capital Programme
Summary of Programme 2022/2023 to 2026/2027**

Expenditure by Portfolio	Gross Cost £'000	Expend. to 31.3.22 £'000	Estimated Payments				
			2022/2023 £'000	2023/2024 £'000	2024/2025 £'000	2025/2026 £'000	2026/2027 £'000
Deputy Leader & Clean Green City	244,483	111,319	36,128	57,710	24,082	13,284	1,960
Cabinet Secretary	84,039	29,657	18,185	10,200	10,607	11,337	4,053
Children's Learning and Skills	72,906	31,334	23,949	8,400	5,157	4,066	0
Dynamic City	643,943	194,206	130,544	166,427	69,390	68,902	14,474
Healthy City	27,817	12,161	7,128	7,728	550	250	0
Vibrant City	69,701	20,941	6,247	17,936	17,700	4,306	2,571
TOTAL CAPITAL EXPENDITURE	1,142,889	399,618	222,181	268,401	127,486	102,145	23,058

CAPITAL PROGRAMME

Source of Finance	Estimated Resources				
	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000
FROM EXTERNAL SOURCES					
Loans					
Prudential Borrowing	123,228	192,481	104,232	83,368	18,958
Government Grants					
DoH&SC - Disabled Facilities	4,949	4,055	0	0	0
DfE - School's Condition Allocation Grant	2,522	2,014	300	0	0
DfE - Basic Need Grant	1,431	249	0	0	0
DfE - Schools DFC Grant	538	633	0	0	0
DfE - Special Educational Needs and Disability	235	0	0	0	0
DfE - Higher Needs	2,147	2,488	700	0	0
DfT - Local Transport Plan (LTP)	3,011	4,813	0	0	0
DfT - Pothole Grant	1,835	1,835	0	0	0
DfT - Safer Roads Funding	128	0	0	0	0
DfT - Transforming Cities Fund	18,191	674	0	0	0
DfT - Active Travel Fund	525	3,799	0	0	0
DLUHC - Getting Building Fund (GBF)	537	0	0	0	0
DLUHC - Future High Street Fund (FHSF)	7,524	14,662	0	0	0
DLUHC - Coastal Communities Fund (CCF)	22	0	0	0	0
DLUHC - Levelling Up Fund (LUF)	7,322	9,814	0	0	0
DLUHC - Brownfield Land Release Fund (BLRF)	1,943	700	0	0	0
DLUHC - Changing Places Fund	330	0	0	0	0
EA - Coast Protection	717	2,930	0	0	0
DCMS - 5G Create	44	0	0	0	0
BEIS - Dept for Business, Energy & Industrial Strategy grants	7,059	1,693	0	0	0
BEIS - Public Sector Decarbonisation Fund	1,086	0	0	0	0
Government Grants General	328	554	0	0	0
Grants from Other Public Bodies					
Lottery - Heritage Lottery Fund (HLF)	604	0	1,994	3,006	0
European Regional Development Fund (ERDF)	4,316	83	0	0	0
Nexus LTP	43	42	0	0	0
Homes England - Housing Infrastructure Fund (HIF)	11,077	2,524	0	0	0
Homes England - Other	2,252	8,713	8,817	6,645	4,100
Education Skills & Funding Agency (ESFA)	32	0	0	0	0
Historic England	99	0	0	0	0
British Cycling Organisation (BCO)	16	0	0	0	0
Warm Homes Fund	118	388	0	0	0
Other External Funding					
Gentoo	517	100	0	0	0
CCG	1,967	0	0	0	0
Nexus	0	1,432	0	0	0
Other Capital Contributions	0	5,749	9,622	3,928	0
Total External Sources	206,693	262,425	125,665	96,947	23,058
FROM INTERNAL SOURCES					
Revenue Contributions					
Neighbourhood Fund	88	0	0	0	0
Directorate	77	0	0	0	0
Reserves					
Strategic Investment Reserve	1,407	276	0	0	0
S106 Reserves	2,673	707	0	0	0
Capital Priorities Reserve	4,138	52	0	0	0
Other Capital Reserves	1,226	832	0	0	0
Capital Receipts	5,879	4,109	1,821	5,198	0
Total Internal Sources	15,488	5,976	1,821	5,198	0
TOTAL FINANCING	222,181	268,401	127,486	102,145	23,058

**DEPUTY LEADER & CLEAN GREEN CITY
CAPITAL PROGRAMME**

Project Ref. No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000
Continuing Projects										
	Strategic Economic Development									
CP0203	Energy Masterplan & Feasibility Assessment (DECC)	Development of a Full Business Case for a low carbon city centre heat network, building upon the findings of previous feasibility work, utilising the thermal energy stored within the former workings of Wearmouth Colliery. Key to this next stage are the drilling of pilot boreholes to prove source and concept.	C Mordue	2,577	395	771	1,411	0	0	0
CP0139	Investment Corridors	Infrastructure improvements in and around High Street West, including new street lighting and street furniture, and new high-quality paving materials. Further works dependant on City Centre Movement Strategy.	C Auld	9,200	6,011	905	2,284	0	0	0
CP0142	International Advanced Manufacturing Park (IAMP)	Development of an International Advanced Manufacturing Park (IAMP) set to create over 5,000 jobs and attract over £400 million investment, building on links with local businesses to create an advanced manufacturing centre of excellence for the North East. IAMP is a joint venture between Sunderland and South Tyneside councils and is being jointly promoted by IAMP LLP, a JV company comprising both local authorities.	P McIntyre	57,754	37,350	3,789	13,837	2,778	0	0
CP0266	Vaux Phase 1	Development of the first office building - The Beam - of 60,000 sq. ft. over 5 floors on the former Vaux site, and infrastructure works to roads and footpaths. The building opened in 2019, with remaining budget for finalisation of fit-out works.	A Crabb	25,812	25,031	781	0	0	0	0

**DEPUTY LEADER & CLEAN GREEN CITY
CAPITAL PROGRAMME**

Project Ref. No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000
CP0493	Scheme Feasibility & Design	Feasibility and Design works for a number of strategically important projects to support the economic regeneration of the City Centre and wider city including a new Wear Footbridge, additional Railway Station Development, Vaux Developments, Smart Connected Cities and Holmeside Developments. Proposals to proceed with any projects following feasibility are subject to reports to Cabinet for consideration at the appropriate time.	A Crabb	7,370	2,893	2,000	1,674	803	0	0
CP0494	Sunderland Eye Infirmary	Development of a Sunderland Eye Infirmary to be located on the Riverside Sunderland site, and to be supported by a long-term lease arrangement subject to agreement with the tenant.	A Crabb	40,000	2,555	2,445	20,192	13,462	1,346	0
CP0513	Hillthorn Business Park - Power Supply	Provision of power supply works at Hillthorn Business Park site to facilitate the subsequent development of this key strategic site as a primary employment area.	A Crabb	3,192	1,963	1,229	0	0	0	0

**DEPUTY LEADER & CLEAN GREEN CITY
CAPITAL PROGRAMME**

Project Ref. No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000
CP0556	Microgrid Backbone	Significant energy infrastructure enabling works at the International Advanced Manufacturing Park (IAMP). The works, fully funded by a grant from the Department for Business, Energy and Industrial Strategy, include diversion of National Grid infrastructure (towers) to remove an obstruction from the IAMP development site to maximise the land available to enable optimum construction and operation of up to 4m square feet of Gigafactory development as part of the UK's first EV Hub. It also covers progression of development work to secure additional power supplied via a direct connection to National Grid on IAMP with an associated distribution sub-station which is designed to enable further development of an energy microgrid securing cost competitive energy with the ability to scale-up renewable energy supply.	P Littlefair	14,951	11,548	3,121	282	0	0	0
	Port									
CP0491	Port Warehousing Developments	Construction of industrial warehousing at the Port of Sunderland to meet expanding demand for both leased space and undercover cargo storage capacity that will improve the Port's commercial offer. This will also help position the Port to attract long term tenants linked to opportunities arising from market opportunities as identified in the Port's Business Plan from the commodity, circular economy and offshore oil, gas and renewable supply chains.	M Hunt	2,500	651	500	1,349	0	0	0

**DEPUTY LEADER & CLEAN GREEN CITY
CAPITAL PROGRAMME**

Project Ref. No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000
CP0313	Port Enterprise Zone	20 acres of land on two sites in the Port of Sunderland have been approved to form part of the North East's Enterprise Zones (round 2). Provision of enabling works will provide a development platform to prospective inward investors looking to take advantage of a port location and its multimodal operational facilities in sectors such as advanced manufacturing, automotive, construction and offshore renewable energy.	M Hunt	8,201	5,040	3,161	0	0	0	0
CP0440	Port General Infrastructure, Equipment & Plant	Investment in infrastructure, plant and equipment will be used to support the on-going operational requirements of the Port, including addressing minor plant/machinery investment, health and safety, and general infrastructure requirements as they arise.	M Hunt	795	443	352	0	0	0	0
Economic Regeneration										
CP0103	Provision for Economic Development	Provision for financial assistance for inward investment and job growth in order to lever significant job creation and private sector investments. Growth areas including Vaux and IAMP may require assistance packages over coming years.	C Auld	3,310	1,005	800	1,505	0	0	0
Flood & Coast Risk Management										
CP0160	Flood and Extreme Weather Mitigation	Rolling programme of flood defence and flood alleviation schemes in accordance with the flood priority list and extreme weather repairs, as well as providing match funding for external funding available through central government for flood alleviation schemes to protect properties, businesses and infrastructure.	C Mordue	4,363	2,717	1,043	500	103	0	0

**DEPUTY LEADER & CLEAN GREEN CITY
CAPITAL PROGRAMME**

Project Ref. No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000
CP0357	Coastal Defence - Strategic Frontage 3	Coastal defence scheme situated around the east of the Port which will protect the Port's infrastructure. The delivery of the project in full is reliant upon successful external funding bids.	C Mordue	10,500	1,311	1,750	3,000	3,000	1,439	0
CP0431	Panns East Quay Replacement	Reconstruction of a 60m stretch of the Panns East Quay.	C Mordue	1,674	1,427	247	0	0	0	0
Infrastructure and Commercial Design										
CP0429	Riverside Animation	A programme of works establishing a focus for River based leisure activities with Sunderland University on the North Bank of the Wear adjacent to the St Peters Campus.	C Mordue	500	111	3	386	0	0	0
Fleet Management										
CP0353	Refuse Collection Vehicle Replacement Programme	Planned replacement of the fleet of 24 refuse collection vehicles at the forecast end of life plus 1 pilot electric RCV which will support the Council becoming carbon neutral by 2030. Consideration will be given at time of purchase to electric / hybrid options. This investment into the Refuse Collection Vehicle (RCV) fleet is planned to meet increasing demands from housebuilding and commercial waste.	M Morley	5,113	424	4,689	0	0	0	0
CP0354	Specialist (Large) Vehicle Replacement Programme	Planned replacement of large specialist vehicle and plant fleet purchases in order to ensure most efficient use of resources. Consideration will be given to purchase of electric / hybrid options.	M Morley	1,998	784	763	451	0	0	0

**DEPUTY LEADER & CLEAN GREEN CITY
CAPITAL PROGRAMME**

Project Ref. No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000
CP0423	Environmental Services Vehicles and Equipment	A series of investments in vehicles and equipment is proposed to support the Place Management Service Operations including: o Replace existing specialist vehicle and plant fleet which will come to the end of their planned operational life. o Purchase new additional vehicles and equipment to support planned changes in front line service delivery in line with Council priority to improve local environment quality. o Fit safety equipment to the fleet of large goods vehicles. o Replacement wheel bin and recycling containers. o Provision of a Vehicle and Equipment Management Information System to improve operational efficiency, track and inventory all equipment to ensure safe maintenance, operation and reduce asset loss.	M Morley	3,950	2,500	658	411	381	0	0
CP0524	Fleet - Bulky Waste Collection Service	To cope with anticipated sustained demand from 22/23 onwards, two additional specialist service vehicles have been purchased to collect bulky household waste. It is expected that this investment will also reduce the level of fly tipping or waste in rear lanes and make the service more accessible by reducing service lead in times.	M Morley	109	0	109	0	0	0	0

**DEPUTY LEADER & CLEAN GREEN CITY
CAPITAL PROGRAMME**

Project Ref. No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000
CP0472	Light Commercial Vehicle Fleet	Provision to replace the fleet of 32 specialist light commercial vehicles, which are currently provided through a lease arrangement which is shortly due to come to an end. The replacement vehicles, funded by the lease cost savings, will facilitate the transition of a significant part of the specialised light commercial fleet from diesel to Ultra Low Carbon (ULC) electric powered vehicles.	M Morley	700	383	0	317	0	0	0
CP0476	Specialist Vehicle / Plant Replacement	Purchase 4 crane wagons for the Highways Operations service to reduce the reliance on, and cost of, using hired vehicles.	M Morley	470	0	470	0	0	0	0
	Waste Management									
CP0352	Replacement Household Waste and Recycling Centre	Provision of a new household waste facility at Pallion Industrial Estate, which opened February 2022. The site also includes a re-use shop which opened Summer 2022.	M Morley	5,458	5,057	401	0	0	0	0
	Parks and Open Spaces									
CP0285	Parks & Cemetery Infrastructure - Paths	Provision for a repair inspection and maintenance programme in cemeteries and parks.	P McIntyre	300	272	28	0	0	0	0
CP0463	Landscaping & Grounds Improvements	Landscaping, grounds and parks improvements to several Council sites including Hylton Castle, Barley Mow Park and Barnes Park.	P McIntyre	448	141	307	0	0	0	0
CP0299	Play and Urban Games	Improvement works to play areas across the city.	P McIntyre	1,860	923	937	0	0	0	0
CP0474	Roker Park Lodge	Restoration of Roker Park Lodge to provide a café on the ground floor with associated external improvements to provide an outside eating area and kitchen garden. The project will contribute to continued improvements in the seafront area.	P McIntyre	870	6	649	215	0	0	0

**DEPUTY LEADER & CLEAN GREEN CITY
CAPITAL PROGRAMME**

Project Ref. No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000
CP0475	Herrington Country Park	Delivery of a reconfigured Café and Events space within the site office at Herrington Country Park. The project will help make more effective use of the existing building at the park and generate a commercial return.	P McIntyre	530	90	440	0	0	0	0
CP0444	Pocket Park - Doxford Park	Creation of an outdoor space within Doxford Park by thinning out/making good existing areas of planting. This will be supplemented with new scrub and woodland planting and the creation of a mix of native habitats and an increase in biodiversity. In addition, there will be provision of an educational zone and improvements to existing paths.	P McIntyre	26	6	20	0	0	0	0
CP0504	Urban Tree Challenge Fund	Increase tree cover in key parts of Sunderland that have been identified as having a combination of low tree cover, poorer quality urban environments and areas with social and economic deprivation.	P McIntyre	173	130	43	0	0	0	0
CP0517	Elemore Green Space and Social Enterprise Development	Development of the former Elemore Golf Course at Hetton. Capital improvement works are to the former golf club, car park, the wider landscape of the park areas including outdoor play facilities, signage and interpretation and seating, whilst also protecting the extensive ecology which has developed on the site over time, reduce anti-social behaviour and celebrate the heritage of the area. This will enable a social enterprise to become mobilised on site, delivering initially from the refurbished golf club house and ensuring the long-term sustainability of the Elemore Green Space.	P McIntyre	2,400	101	1,095	1,204	0	0	0

**DEPUTY LEADER & CLEAN GREEN CITY
CAPITAL PROGRAMME**

Project Ref. No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000
CP0522	Parks, Open Spaces and Allotment Improvements	This project will support a Citywide Parks and Open Spaces Strategy to improve parks and open spaces infrastructure at a number of locations citywide.	P McIntyre	2,123	51	2,072	0	0	0	0
CP0572	Tree Management Programme	The management of trees and plantations on Council land in line with the agreed Trees Management Policy and Delivery Plan.	P McIntyre	4,500	0	500	1,500	1,500	1,000	0
CP0597	Allotments Improvements	Improvements to Allotments throughout various locations across the City.	S Savage	400	0	50	350	0	0	0
TOTAL CONTINUING PROJECTS				224,127	111,319	36,128	50,868	22,027	3,785	0
Projects Commencing 2023/24										
	Port									
CP0599	Port Infrastructure	The investment will support the undertaking of minor infrastructure works on the Port estate. The acquisition of plant and machinery will support the efficiency of the Port's operations and provide for a safe and secure environment for Port employees, tenants and users. The funding would also deliver essential repair work to the eastern end of the Corporation Quay as well as feasibility work into works on the Sheers Quay to determine the scope and costs associated with any development.	M Hunt	1,300	0	0	400	300	300	300

**DEPUTY LEADER & CLEAN GREEN CITY
CAPITAL PROGRAMME**

Project Ref. No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000
	Fleet Management									
CP0601	Vehicle, Plant and Equipment Replacement Programme	To replace current fleet due to come to end of useful life for owned vehicles and also current vehicles, plant and equipment under hire/lease agreements that will cease.	M Morley	16,056	0	0	3,842	1,355	9,199	1,660
	Flood & Coast Risk Management									
CP0602	Nobles Quay Replacement	Reconstruction of Nobles Quay which is in need of repair. Nobles Quay is one of the quays located on the south side of the river in the east end of the city and is one of the oldest quays remaining in the city dating back to early 1800's. The current stone wall quay is in poor condition and emergency works have recently been carried out to prevent the quay from collapsing ahead of a permanent solution being implemented.	C Mordue	3,000	0	0	2,600	400	0	0
TOTAL PROJECTS COMMENCING 2023/24				20,356	0	0	6,842	2,055	9,499	1,960
TOTAL DEPUTY LEADER & CLEAN GREEN CITY CAPITAL PROGRAMME				244,483	111,319	36,128	57,710	24,082	13,284	1,960

**DEPUTY LEADER & CLEAN GREEN CITY
CAPITAL PROGRAMME**

Source of Finance	Estimated Resources				
	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000
FROM EXTERNAL SOURCES					
Loans					
Prudential Borrowing	24,035	51,123	24,082	13,284	1,960
Government Grants					
DLUHC - Getting Building Fund (GBF)	537	0	0	0	0
EA - Coast Protection	717	2,930	0	0	0
BEIS - Dept for Business, Energy & Industrial Strategy grants	3,892	1,693	0	0	0
Government Grants General	259	554	0	0	0
Total External Sources	29,440	56,300	24,082	13,284	1,960
FROM INTERNAL SOURCES					
Revenue Contributions					
Neighbourhood Fund	22	0	0	0	0
Reserves					
S106 Reserves	965	297	0	0	0
Capital Priorities Reserve	4,086	27	0	0	0
Other Capital Reserves	310	386	0	0	0
Capital Receipts					
Capital Receipts	1,305	700	0	0	0
Total Internal Sources	6,688	1,410	0	0	0
TOTAL FINANCING	36,128	57,710	24,082	13,284	1,960

**CABINET SECRETARY
CAPITAL PROGRAMME**

Project Ref. No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000
Continuing Projects										
	Management of Council Land and Buildings									
CP0161	Improvements to the Crematorium	Physical and structural improvements to the Crematorium.	P Davies	107	62	45	0	0	0	0
CP0272	Energy Efficiency - Northumbrian Water Smart Metering Programme	Development of a multi utility software package to analyse half hourly energy data, now being commercialised by Northumbrian Water. The second phase of the programme is to develop a cost-effective smart water metering system.	P Davies	100	43	57	0	0	0	0
CP0314	Solar PV Battery Storage	Installation of solar PV and battery storage at Council buildings. This is expected to reduce electricity costs and carbon emissions and to access capacity auctions in conjunction with the National Grid. The buildings that would benefit by this investment include Jack Crawford, Evolve, Software Centre, Washington Business Centre, the Port's transit shed 7 which also feeds Capstan House, St Mary's MSCP, Riverside MSCP and Bunnyhill. Investment to other buildings will be sought subject to funding availability.	P Davies	2,963	719	2,244	0	0	0	0
CP0415	Hendon Health Centre	Provision for demolition or refurbishment of Hendon Health Centre	P Davies	125	0	0	125	0	0	0
CP0417	City Hall - Furniture and Equipment	Furniture and equipment provision for the City Hall.	A Crabb	3,953	2,068	1,885	0	0	0	0
CP0418	Planned Property Capital Maintenance	Various construction, mechanical and electrical services-based projects / works required to maintain and improve the Council's property portfolio.	P Davies	11,795	5,946	2,500	3,349	0	0	0
CP0470	Security Control Room	The provision of a new CCTV and Security Control Room.	P Davies	400	174	226	0	0	0	0

**CABINET SECRETARY
CAPITAL PROGRAMME**

Project Ref. No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000
CP0473	Sunderland Crematorium	Provision for a refurbished or new purpose-built crematorium with extended car parking facilities, that will be more efficient to operate and maintain. This will help improve the experience for users whilst also affording the opportunity to reduce future running and maintenance costs.	P Davies	7,500	17	55	150	3,000	3,000	1,278
CP0502	Jackie Whites Market Improvements	Refurbishment works to improve the physical fabric and viability of the market and provide an enhanced provision for traders and visitors.	P Davies	400	0	20	380	0	0	0
CP0554	Green Homes Grant – Local Authority Delivery Phase 2	The Council successfully bid for Green Homes Grant (BEIS) to carry out approximately 500 energy efficiency and low carbon interventions in 270 properties across a wide range of tenures on a city-wide basis. Interventions include loft and cavity wall insulation, low carbon heating sources, solar panels and external wall insulation.	P Davies	1,962	32	1,930	0	0	0	0
CP0582	Bishopwearmouth Cemetery - South Chapel Repair/Conservation Works	Planned repair and conservation works to the South Chapel building at Bishopwearmouth Cemetery to prevent further decay and preserve the building.	P Davies	600	0	20	580	0	0	0
CP0584	Replacement Coalfields Depot and Provision of a Salt Barn	A comprehensive redevelopment / replacement of the Houghton Depot so that services and employees can operate within a modern, fit for purpose facility. This will include the provision of an improved service depot and facilities for Refuse, Local Services and Winter Maintenance teams and their equipment and vehicles, as well as a new salt storage barn.	P Davies	6,503	0	50	500	1,000	4,953	0

**CABINET SECRETARY
CAPITAL PROGRAMME**

Project Ref. No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000
CP0590	Public Sector Decarbonisation Scheme	Funding secured from Department for Business, Energy and Industrial Strategy (BEIS). The Project will focus on 7 Council owned properties (Evolve, Bunnyhill Centre, Farnborough Court, Houghton Library, Thorney Close Action and Enterprise Centre, Ryhope Customer Service Centre, and Austin House). The proposal will deliver low carbon heating and hot water systems.	P Davies	1,686	600	1,086	0	0	0	0
	Depots									
CP0355	Redevelopment of Parsons Depot including Electric Vehicle Infrastructure	Redevelopment of the operational depot at Parsons, Washington, which became operation Autumn 2022. The works also include electric vehicle infrastructure to future proof Parsons depot as well as Jack Crawford House by ensuring that site energy can be provided from renewable sources including solar, wind and through the use of electric vehicle battery charging. This investment will support the operation and maintenance of the Council's future ultra low carbon (electric) fleet through the provision of a range of standard and high speed vehicle charging points and battery charging and storage facilities which work with the local electricity supply network and renewable energy generated on sites.	M Morley	11,493	6,268	5,225	0	0	0	0
	Digital and Customer Services									
CP0286	Refresh of Essential Core ICT Infrastructure	A programme of activities aligned to a full review and rationalisation of the ICT estate to refresh end of life equipment and begin to transition to new on demand offerings.	L St Louis	4,323	4,098	225	0	0	0	0

**CABINET SECRETARY
CAPITAL PROGRAMME**

Project Ref. No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000
CP0419	ICT Infrastructure	Five strands of investment into ICT services to provide efficiencies to support the Medium Term Financial Plan: o Replacement of End User Devices. o Replacement of Storage & Server Infrastructure. o Upgrade or Replacement of Virtualised Desktop Infrastructure. o Disaster Recovery/Secondary Data Centre Replacement. o Civica Revenues & Benefits System.	L St Louis	2,720	1,454	724	282	260	0	0
CP0461	Backup Solution	Replacement of aging data backup infrastructure with a new solution to ensure the continuation of robust and resilient ICT Services with the ability to retrieve and restore data and systems in the event of an issue or incident. In addition, services are moving towards a hybrid Cloud / On-Premise model with projects such as Office 365 which will be fully supported via a replacement back-up solution.	L St Louis	411	411	0	0	0	0	0
CP0464	Fibre Upgrade	Extension of the Council's fibre optic network to the Port's Capstan House and the Port Control building to mitigate current networking issues.	L St Louis	60	57	3	0	0	0	0
CP0500	Replacement of End User ICT Devices	Provision to continue the replacement programme of physical end user devices (laptops, base units and mobile telephones) across the Council as they reach the end of their effective lifecycle.	L St Louis	750	0	0	750	0	0	0

**CABINET SECRETARY
CAPITAL PROGRAMME**

Project Ref. No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000
CP0525	Internet Filtering, Firewall and Monitoring Solution and Upgrade to Gigabit Capable Fibre Connectivity	Provision for the replacement of the Council's internet filtering, firewall and monitoring solution and upgrade to gigabit capable fibre connectivity to support the continued effective running of Council services.	L St Louis	1,874	1,122	201	551	0	0	0
CP0567	Smart Cities - Replacement of End User Devices	Ongoing replacement of ICT end user devices (laptops, desktop PC's and mobile phones) to ensure the continued, up-to-date and secure use of ICT services.	L St Louis	1,697	0	0	493	875	329	0
CP0568	Smart Cities - Network Monitoring	Provision of network equipment for the City Hall. This will provide Digital Network Architecture (DNA) appliance and advantage licencing for ongoing monitoring purposes and enable uninterrupted network access for all ICT users.	L St Louis	158	0	58	100	0	0	0
CP0569	Smart Cities - Back-up Solution and Data Storage	Extension of the licencing software and support and maintenance to 2024 when the hardware reaches end of life to ensure the continuation of robust and resilient ICT Services with the ability to appropriately back-up and protect the integrity of customers data. Also, replacement of the aging and soon to be unsupported corporate data storage system with a new solution to ensure the continuation of robust and resilient ICT Services with the ability to protect the integrity of customers data that cannot be stored on Office 365.	L St Louis	100	0	100	0	0	0	0

**CABINET SECRETARY
CAPITAL PROGRAMME**

Project Ref. No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000
CP0570	Smart Cities - Essential Hardware Replacement	Replacement of the aging hardware infrastructure at key Council sites including Uninterruptible Power Supply (UPS), Edge Switches and Connectivity hardware.	L St Louis	135	0	95	40	0	0	0
CP0571	Smart Cities - Remote Connection Solution	Replacement of the Netscaler solution once it reaches end of life - the Netscaler is the remote connection solution and web content load balancer.	L St Louis	125	0	0	0	125	0	0
CP0503	Assistive Technology General	Given the proven benefits of technological advancements and investments into Adult Social Care, investment has been expanded to support service delivery and staff productivity improvements across other service areas. Plans include the digitisation of services in relation to Housing Allocations and School Admissions as well as extending existing Bartec technology for refuse collection.	L St Louis	288	116	172	0	0	0	0
Smart Cities										
CP0501	Smart Cities Project	Sunderland has set its vision that 'By 2035, Sunderland will be a connected, international city with opportunities for all'. To achieve this objective, next generation fibre and mobile infrastructure is vital to connect people and organisations, attract new businesses and private sector investment, increase local economic output and deliver a range of use cases to enable transformational change across public service delivery. This project will provide upfront investment to support delivery of the necessary fibre and 5G network infrastructure within the city and is the estimated Council contribution requirement for the overall city-wide project.	L St Louis	13,236	6,363	1,221	2,900	2,752	0	0

**CABINET SECRETARY
CAPITAL PROGRAMME**

Project Ref. No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000
	School Meals									
CP0530	School Meals Kitchen Equipment Replacement	Replacement of school meals equipment across all schools where the school meals service is provided by the Council's inhouse catering team.	P Davies	150	107	43	0	0	0	0
TOTAL CONTINUING PROJECTS				75,614	29,657	18,185	10,200	8,012	8,282	1,278
Projects Commencing 2023/24										
	Management of Council Land and Buildings									
CP0418	Planned Property Capital Maintenance	Various construction, mechanical and electrical services-based projects / works required to maintain and improve the Council's property portfolio.	P Davies	7,500	0	0	0	2,500	2,500	2,500
	Digital and Customer Services									
CP0567	End User Devices	Ongoing replacement of ICT end user devices (laptops, desktop PC's and mobile phones) to ensure the continued, up-to-date and secure use of ICT services.	L St Louis	465	0	0	0	95	95	275
CP0600	NetBackup Appliance Refresh	The NetBackup Appliances which protect our on-premise server estate become end of life in 2025. To continue to secure the integrity of the server estate and the applications and data held the appliances must be replaced.	L St Louis	460	0	0	0	0	460	0
TOTAL PROJECTS COMMENCING 2023/24				8,425	0	0	0	2,595	3,055	2,775
TOTAL CABINET SECRETARY CAPITAL PROGRAMME				84,039	29,657	18,185	10,200	10,607	11,337	4,053

**CABINET SECRETARY
CAPITAL PROGRAMME**

Source of Finance	Estimated Resources				
	2022/23	2023/24	2024/25	2025/26	2026/27
	£'000	£'000	£'000	£'000	£'000
FROM EXTERNAL SOURCES					
Loans					
Prudential Borrowing	8,880	8,913	10,347	11,337	4,053
Government Grants					
DCMS - 5G Create	44	0	0	0	0
BEIS - Dept for Business, Energy & Industrial Strategy grants	1,930	0	0	0	0
BEIS - Public Sector Decarbonisation Fund	1,086	0	0	0	0
DLUHC - Changing Places Fund	330	0	0	0	0
Grants from Other Public Bodies					
European Regional Development Fund (ERDF)	2,344	0	0	0	0
Total External Sources	14,614	8,913	10,347	11,337	4,053
FROM INTERNAL SOURCES					
Revenue Contributions					
Directorate	64	0	0	0	0
Reserves					
Strategic Investment Reserve	0	0	0	0	0
Capital Priorities Reserve	566	0	0	0	0
Other Capital Reserves	2	0	0	0	0
	330	255	0	0	0
Capital Receipts					
Capital Receipts	2,609	1,032	260	0	0
Total Internal Sources	3,571	1,287	260	0	0
TOTAL FINANCING	18,185	10,200	10,607	11,337	4,053

**CHILDREN'S LEARNING & SKILLS
CAPITAL PROGRAMME**

Project Ref. No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000
Continuing Projects										
	DFC									
CP0085	Schools Devolved Capital	Schools devolved formula capital allocations to address the priorities identified by schools in their own asset management plans.	J Colbert	2,407	1,236	538	633	0	0	0
Major School's Asset Management										
CP0528	Barnes Junior School Refurbishment	Structural repair, electrical and mechanical works at Barnes Junior School. Planned works to include upgrades / replacement of, windows, doors, heat sources as well as internal alterations and refurbishments. as well as replacement of the current kitchen and dining facilities with a new kitchen and dining block. Additional studio space will be incorporated into the building to facilitate increased delivery of dance, drama and performing art provision at the school. It is anticipated that the footprint of the block can be reduced, increasing the proportion of available outdoor play space at the school.	J Colbert	5,585	1,157	4,428	0	0	0	0
CP0529	Fulwell Junior School Refurbishment	Structural repair, electrical and mechanical works at Fulwell Junior School. Planned works to include upgrades / replacement of; windows, doors, heat sources as well as internal alterations and refurbishments.	J Colbert	2,500	5	150	1,845	500	0	0
CP0486	Thorney Close Primary School - new build	Relocation of the Thorney Close Primary School and provision of a new build on the existing Sunningdale Primary School site	J Colbert	9,782	0	559	500	4,657	4,066	0

**CHILDREN'S LEARNING & SKILLS
CAPITAL PROGRAMME**

Project Ref. No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000
CP0487	Hetton Primary School - new build	Replacement of the current CLASP Hetton Primary School buildings with a new expanded building. It has provided 70 additional school places and has added a nursery provision to the existing school offer. While the building is open and operational, demolition of the previous school building is expected to be completed for September 2023.	J Colbert	8,079	3,658	4,421	0	0	0	0
CP0488	Newbottle Primary Academy	Improvements to Newbottle Primary Academy. Works to date are improved school access, drop off points and development of expansion plans that can be used at a future point in time. Activity to date has been funded via S106 developer agreements that would have otherwise past, or are about to pass, agreed longstop dates.	J Colbert	897	808	89	0	0	0	0
CP0485	Sunningdale Primary School - new build	Sunningdale Primary School provision has been relocated from Shaftoe Road, Springwell to a new building at Clinton Place, Doxford Park. The proposal increased the appropriateness of and the capacity of the provision, creating additional school places for the city's primary cohort with severe learning difficulties, profound and multiple learning difficulties and physical disabilities while also improving the resources for those children already accessing primary aged provision at Sunningdale School.	J Colbert	14,773	9,468	5,305	0	0	0	0
CP0350	SSGA - School Extensions to St Pauls & Benedict Biscop	Sunderland South Growth Area (SSGA) will generate demand for school places growth with 2 school extensions (105 places each) required meeting demand in advance of a new school requirement in the longer term. Extensions implemented at St Pauls CE VC Primary and Benedict Biscop Primary Academy.	J Colbert	1,873	1,873	0	0	0	0	0

**CHILDREN'S LEARNING & SKILLS
CAPITAL PROGRAMME**

Project Ref. No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000
CP0454	Willow Wood Primary School - new build	Relocation of the existing Willow Fields Primary School to a new build at the former Maplewood Special School site at Redcar Road. This increased pupil place capacity from 140 to 315 and supports the new housing developments in the area. The school opened in September 2021.	J Colbert	5,357	5,269	88	0	0	0	0
CP0403	Harry Watts Academy	Development of a new Local Authority Commissioned Special Free School ('Harry Watts Academy') at the former Bishop Harland CE VA Primary School site, primarily funded by the Department for Education.	J Colbert	6,242	6,210	32	0	0	0	0
CP0515	Farringdon Academy Refurbishment	Refurbishment of former teaching areas at Farringdon Academy to increase secondary pupil place capacity to support the delivery of the SSGA.	J Colbert	4,000	0	4,000	0	0	0	0
CP0594	Sunderland Pupil Referral Unit (PRU);	The project will deliver an alternative provision site for primary age children in the coalfields area of Sunderland.	J Colbert	850	0	600	250	0	0	0
Other Schools Asset Management Projects										
CP0088	Other Site Misc.	Management and grounds maintenance of vacant school sites.	J Colbert	31	11	20	0	0	0	0
CP0327	New Condition Works / EAW	Delivery of electricity at work (EAW) and schools condition surveys.	J Colbert	135	124	11	0	0	0	0
CP0205	Access Equipment	Purchase of equipment to assist children with disabilities to access school places.	J Colbert	113	88	25	0	0	0	0
CP0212	Schools Asset Management Plan - Primary	Provision of window replacements, heating improvements, roofing works, electrical and technical and urgent health and safety works in primary schools.	J Colbert	335	265	70	0	0	0	0
CP0204	Schools Asbestos & Legionella Management	Asbestos and legionella management for schools.	J Colbert	227	177	50	0	0	0	0

**CHILDREN'S LEARNING & SKILLS
CAPITAL PROGRAMME**

Project Ref. No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000
CP0260	Schools Asset Management Unallocated	School capital grants provision to continue to provide window replacements, heating improvements, roofing works, electrical and technical, urgent health and safety works, expansion of school's sites and the improvement of facilities for children with education health and care plans.	J Colbert	1,412	0	1,163	249	0	0	0
CP0386	Schools Capital Maintenance Works	Capital maintenance works to schools including roof repairs/replacement and structural repairs.	J Colbert	1,122	367	755	0	0	0	0
CP0387	Schools Mechanical Works	Heating replacement at Dame Dorothy Primary School and Broadway Junior School.	J Colbert	297	0	297	0	0	0	0
CP0509	Farringdon Secondary Academy School	Works were undertaken to facilitate the projected increase in pupil numbers at Farringdon Academy. The school's proximity to the SSGA is anticipated to lead to a shortfall of capacity in the area.	J Colbert	100	95	5	0	0	0	0
CP0516	ASD Provision	Refurbishment at New Silksworth Academy to create 16 ASD places to support the delivery of the SSGA.	J Colbert	700	0	300	400	0	0	0
CP0545	Harry Watts Academy - Harraton	Conversion of the former skills academy building at Harraton into a satellite site for the Harry Watts Academy to provide a further minimum 64 new ASD places.	J Colbert	1,027	286	741	0	0	0	0
CP0603	Houghton Kepier Academy	Planned investment, funded by S106 contributions, to provide demountables for temporary further places at Kepier Academy in advance of a permanent solution to the deficit in school places.	J Colbert	250	0	0	250	0	0	0

**CHILDREN'S LEARNING & SKILLS
CAPITAL PROGRAMME**

Project Ref. No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000
	Social Care									
CP0490	Children's Residential Homes	Creation of new children's residential facilities through acquisition and/or development of assets. This could create local provision for future placement decisions and/or the re-patriation of children from external settings both of which should yield better outcomes for children. A revenue saving is anticipated from the reduced use of more costly external placements and the associated staff costs in supporting the children in those placements.	J Colbert	1,300	237	302	761	0	0	0
TOTAL CONTINUING PROJECTS				69,394	31,334	23,949	4,888	5,157	4,066	0
Projects Commencing 2023/24										
	Other Schools Asset Management Projects									
CP0260	Schools Asset Management Unallocated	School capital grants provision to continue to provide window replacements, heating improvements, roofing works, electrical and technical, urgent health and safety works, expansion of school's sites and the improvement of facilities for children with education health and care plans.	J Colbert	3,512	0	0	3,512	0	0	0
TOTAL PROJECTS COMMENCING 2023/24				3,512	0	0	3,512	0	0	0
TOTAL CHILDREN, LEARNING & SKILLS CAPITAL PROGRAMME				72,906	31,334	23,949	8,400	5,157	4,066	0

**CHILDREN'S LEARNING & SKILLS
CAPITAL PROGRAMME**

Source of Finance	Estimated Resources				
	2022/23	2023/24	2024/25	2025/26	2026/27
	£'000	£'000	£'000	£'000	£'000
FROM EXTERNAL SOURCES					
Loans					
Prudential Borrowing	14,510	2,606	4,157	4,066	0
Government Grants					
DfE - School's Condition Allocation Grant	2,522	2,014	300	0	0
DfE - Basic Need Grant	1,431	249	0	0	0
DfE - Schools DFC Grant	538	633	0	0	0
DfE - Special Educational Needs and Disability	235	0	0	0	0
DfE - Higher Needs	2,147	2,488	700	0	0
Grants from Other Public Bodies					
Homes England - Housing Infrastructure Fund (HIF)	667	0	0	0	0
Education Skills & Funding Agency (ESFA)	32	0	0	0	0
Total External Sources	22,082	7,990	5,157	4,066	0
FROM INTERNAL SOURCES					
Reserves					
S106 Reserves	1,312	410	0	0	0
Capital Receipts	555	0	0	0	0
Total Internal Sources	1,867	410	0	0	0
TOTAL FINANCING	23,949	8,400	5,157	4,066	0

**DYNAMIC CITY
CAPITAL PROGRAMME**

Project Ref. No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000
Continuing Projects										
	Asset and Network Management									
CP0024	Highways Maintenance	Implement the Highway Maintenance Programme of road resurfacing and footway reconstruction schemes.	C Mordue	16,105	12,759	3,346	0	0	0	0
CP0421	Highways Maintenance - Asset Investment Programme	Improvements to the condition of the Council's highway assets, including roads, footways and traffic signals and reduce the significant maintenance backlog.	C Mordue	11,000	8,655	2,345	0	0	0	0
	Bridges and New Structures									
CP0025	Bridge Maintenance	Annual programme of Structural Bridge maintenance.	C Mordue	2,254	1,443	136	675	0	0	0
CP0422	Bridge Maintenance Investment Programme	To improve the condition of the council's stock of bridges and highway structures and to address and reduce the maintenance backlog.	C Mordue	2,008	1,974	22	12	0	0	0
CP0455	Bridge Maintenance - A182 Chartershaugh Bridge	Improvements to the A182 Chartershaugh Bridge through re-painting the deck steelwork of the river span, and repairs to the concrete piers and the bridge drainage.	C Mordue	1,107	857	83	167	0	0	0
CP0457	Bridge Maintenance - A1231 (Phase 2)	A programme of Structural maintenance to bridges on the Nissan Interchange and Low Barmston Access Bridge. Phase 2 comprises works below the bridge decks, including concrete repairs and re-painting the steel beams of the road bridges and the adjacent Access Bridge.	C Mordue	1,314	1,304	10	0	0	0	0
CP0505	A182 Bridge Maintenance Phase 2	Phase 2 of maintenance works to bridges on A182	C Mordue	600	44	150	406	0	0	0
	Transportation Development									
CP0009	Private Streetworks	Council contribution to the upgrade of private streets.	C Mordue	50	0	50	0	0	0	0

**DYNAMIC CITY
CAPITAL PROGRAMME**

Project Ref. No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000
CP0026	Integrated Transport	Annual programme for the implementation of Road Safety and Traffic Congestion improvement schemes.	C Mordue	5,991	3,701	1,543	747	0	0	0
CP0194	Cowies Way (SSTC Phase 3)	Construction of a new road linking the Northern Spire new wear crossing and the city centre. The road opened to traffic November 2021.	C Mordue	70,800	68,627	2,173	0	0	0	0
CP0361	SSGA – Rotary Road (Ryhope Doxford Link Road)	New road infrastructure which will support new homes in the South Sunderland Growth Area (SSGA) in advance of S106 funding. SSGA is to provide; 4,000 family and executive homes, 300 affordable homes and significant construction job creation/safeguards.	C Mordue	9,084	3,693	5,391	0	0	0	0
CP0362	A19/A690 Doxford Park Junction Improvement Scheme	Capacity improvement measures at the A19/A690 Doxford Park junction including upgrade of the A19 southbound off-slip road. The investment will provide infrastructure to support the delivery of the SSGA.	C Mordue	3,955	3,828	127	0	0	0	0
CP0398	New City Boundary Signs	Provision of new city boundary signs.	C Mordue	150	54	96	0	0	0	0
CP0425	Major Pipeline Scheme Design	Provision to ensure that resources are in place to develop designed solutions for the Council's infrastructure aspirations, which can be utilised as part of the bidding processes for external funds.	C Mordue	1,000	821	179	0	0	0	0
CP0426	Replacement of Road Safety Vehicle	Replace the existing road safety vehicle, used to carry out enforcement of bus stops and school keep clears.	C Mordue	33	0	33	0	0	0	0
CP0471	A1290 Road Safety Improvement Scheme Ph2	Safety improvements to junctions and existing cycling infrastructure on A1290 between A19 and A184.	C Mordue	783	655	128	0	0	0	0

**DYNAMIC CITY
CAPITAL PROGRAMME**

Project Ref. No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000
CP0478	Sustainability Mobility Hub	To implement a staff pool car scheme and one - stop self-sufficient business travel hub for local travel to reduce grey fleet journeys, vehicle emissions across the city, costs of business travel and administration. This will increase sustainable business travel and contribute to the City Plan's objective to be carbon zero by 2030, and to be supported by new technology software to manage staff travel, fleet, bookings, administration, legislative requirements and data capture within one business unit.	C Mordue	750	351	399	0	0	0	0
CP0511	City Way Dualling	Highway Improvements to City Way to alleviate anticipated pressures and potential congestion problems at the A690/A19 Junction. Works involve widening of the carriageway to provide additional queuing capacity. The investment will provide infrastructure to support the delivery of the SSGA.	C Mordue	5,638	3,425	2,213	0	0	0	0
CP0519	Holmeside Bus Rationalisation and Priority Measures	The rationalisation of traffic movements to and through Holmeside, thereby permanently improving pedestrian and cycle facilities and changes to the Public Transport network and movements around the City Centre. Project scope also includes budget for public realm works around Sunderland train station to follow on from completion of those works.	C Mordue	4,685	241	1,400	3,044	0	0	0
CP0520	Strategic Cycle Network	Improved cycling route provision towards, and around, the City Centre with associated changes to the inner ring road to facilitate safe movement of cyclists to promote active travel and healthier lifestyles.	C Mordue	3,747	264	2,000	1,483	0	0	0

**DYNAMIC CITY
CAPITAL PROGRAMME**

Project Ref. No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000
CP0523	Vehicle Actuated Signs (VAS) Programme	Purchase of new and replacement Vehicle Actuated Signs (VAS) as part of the citywide VAS programme	C Mordue	200	23	77	50	50	0	0
CP0546	Seaton Lane Junction Imps– Durham CC	Seaton Lane Junction Improvements, works to be delivered by Durham County Council, fully funded by Housing Infrastructure Fund provided to the Council as lead authority to provide infrastructure to support the delivery of the SSGA.	C Mordue	5,571	368	2,679	2,524	0	0	0
CP0553	A183 Whitburn Road Two-Way Cycle Lane	2-way segregated on-road cycle lane on A183 Whitburn Rd (Tram Shelter, Seaburn to Bungalow Café).	C Mordue	2,300	68	500	1,732	0	0	0
CP0598	A183 Dame Dorothy St. Two-Way Cycle Lane	2-way segregated on-road cycle lane on A183 Dame Dorothy St. (including improvements to junction at Bungalow Cafe to join with Whitburn Rd cycle scheme).	C Mordue	2,710	0	150	2,560	0	0	0
Infrastructure and Commercial Design										
CP0428	Lorry Parking Facility	Infrastructure works to clear a vacant plot and to provide a hard -stand to be used as a lorry parking / lay -up area (including facilities) to accommodate 48 – 54 articulated HGVs).	C Mordue	750	0	750	0	0	0	0
CP0477	City Gateways Large Screen Advertising	To install large advertising screens at key gateways into the city, providing an additional revenue income stream for the Council.	S Savage	800	52	572	176	0	0	0
CP0557	Onstreet Residential Chargepoint Scheme	Provision of charge points in residential areas which have no off-street parking, part funded by grant from Office for Zero Emission Vehicles.	C Mordue	92	0	92	0	0	0	0

**DYNAMIC CITY
CAPITAL PROGRAMME**

Project Ref. No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000
	Parking Services									
CP0232	Parking Meters	The replacement and provision of parking meters for new locations in the City and an ongoing programme of reviewing provision and introducing new locations for pay and display.	S Savage	125	100	0	25	0	0	0
CP0479	Riverside Sunderland Multi-Storey Car Park	Establish a 500 space car park on the Vaux site to service the occupants and visitors to the development and the City Centre. The car park is proposed to include both pre-paid permits and pay & display parking and will provide the Council with a revenue stream.	A Crabb	14,400	2,646	11,754	0	0	0	0
CP0480	New Dykelands Road Car Park	Acquisition of a 93 space car park to service the seafront area to replace in part the Ocean Park car park that was removed as part of the sea front redevelopment project.	S Savage	513	511	2	0	0	0	0
CP0595	Sheepfolds Car Park	Tarmacing and bay marking of derelict site already used for off-street parking. This long-term empty parcel of land in the Sheepfolds Area sits amongst streets where pay & display fees apply. The creation of this 50 space car park will 'level out' the parking fees in the area and assist with Match parking.	S Savage	87	0	87	0	0	0	0
	Strategic Economic Development									
CP0495	Strategic Acquisitions and Developments	Provision for real estate assets to support strategic economic regeneration and the City Plan. Proposals will be brought forward in accordance with the Council's policy for the acquisition of land and buildings.	N Guthrie	74,953	46,619	12,695	15,639	0	0	0

**DYNAMIC CITY
CAPITAL PROGRAMME**

Project Ref. No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000
CP0518	Sunderland Central Station Redevelopment & Car Park	Redevelopment of the Sunderland Central Station, a circa 400-space car park on the nearby Holmeside site as well as demolition and clearance of the old civic centre site. The Station has progressed via the demolition of the main southern concourse with follow on reconstruction of the Station above platform level and provision of a new modern facility to act as an improved arrival experience for people arriving into the city by rail and also the associated parking facilities to serve the station and the City. The Station redevelopment is scheduled to complete Summer 2023 and the new MSCP to become operational January 2024.	P Littlefair	35,565	854	21,547	13,164	0	0	0
CP0588	City of Sunderland Arena	The planned creation of a new mixed-use leisure development on the site of the former Crowtree Leisure centre. The new development will be a vibrant visitor attraction by day and night. It will be activated by two important leisure anchors, an arena and food hall, and will be complemented by restaurants, shops, hotel and new public realm.	A Crabb	83,340	0	1,750	10,850	29,000	41,740	0
CP0596	Dilapidations of Unit 6 International Drive IAMP	A programme of dilapidation works at Unit 6, IAMP, to reinstate the facility to its original design following termination of the NHS's tenancy.	N Guthrie	1,967	0	1,967	0	0	0	0
	Housing Services									
CP0072	Hetton Downs Regeneration	Acquisition and demolition of properties for housing renewal in the Hetton Downs area.	G Scanlon	9,111	8,957	154	0	0	0	0
CP0302	Hetton Downs Development Phase 2	To support housing and community regeneration in Edward & Fairy Street.	G Scanlon	1,881	124	81	1,676	0	0	0

**DYNAMIC CITY
CAPITAL PROGRAMME**

Project Ref. No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000
CP0392	Affordable Housing Provision	Use of S106 affordable housing contributions for the provision and promotion of affordable housing across the City, including through returning empty properties back to use.	G Scanlon	710	542	168	0	0	0	0
CP0499	Housing Delivery Investment Plan	Delivery of the Housing Delivery and Investment Plan. Cabinet approved on 19 November 2019 for the Council to become involved in the direct provision of new Social Housing with Investor Partner status. The Plan will bring empty homes back into use via purchase and improvement of empty homes and will provide new affordable bungalows and further supported accommodation units. The Plan will be supported by external funding from Homes England, and the rental income streams arising from this investment will fund the initial borrowing costs as well as ongoing maintenance and management.	G Scanlon	59,000	10,159	8,927	9,980	9,980	9,980	9,974
CP0534	Willowfield - Supported Housing Village	Planned provision of a supported housing village has now ceased, with remaining budget to meet contractual costs.	G Scanlon	286	46	240	0	0	0	0
CP0535	Inspiring Futures Programme - Delivering a new approach to Homelessness Services and Accommodation	Provision of accommodation and support for those who are homeless, have complex needs and require support to move forward with their lives towards independent living. The project is expected to be supported by grants from Homes England and Department for Levelling Up, Housing and Communities, and the net investment is expected to be recouped by rental income.	G Scanlon	7,229	6	691	6,532	0	0	0

**DYNAMIC CITY
CAPITAL PROGRAMME**

Project Ref. No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000
	Commercial Housing									
CP0366	Former Usworth Comprehensive School Site Enabling Works	Enabling works on the former Usworth school site in advance of development of the site.	N Guthrie	510	388	122	0	0	0	0
CP0531	Vaux Housing	The design and development of a new residential scheme on the former Vaux site consisting of carbon neutral dwellings for rent and sale. It will provide a new high-quality housing offer in a vibrant well-connected community, creating a place where people want to live, and also complement the wider masterplan for Riverside Sunderland including the Beam and the new City Hall. This site will be the home of the Sunderland Future Living Expo, which will showcase regional skills and housing innovation and the Home of 2030. The project is supported by grants from Homes England, DLUHC and ERDF. The commercial business case demonstrates the recovery of the capital investment over a 25-year period from rental income and subsequent asset portfolio sale.	N Guthrie	52,767	3,906	14,621	31,752	2,488	0	0
CP0532	Northern Spire Park	Infrastructure, remediation works and the strategic acquisition of adjacent land and buildings to enable a high quality and affordable new housing development on the former Groves Cranes site. This will help to regenerate a neglected former industrial site to create an attractive new riverside residential community flanking the Northern Spire Bridge and the strategic transport corridor. The project is expected to be supported by grants from Homes England. The commercial business case demonstrates the recovery of the capital investment over a 15-year period from sale of land to developers.	N Guthrie	23,003	31	2,500	3,250	9,422	7,800	0

**DYNAMIC CITY
CAPITAL PROGRAMME**

Project Ref. No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000
CP0533	Housing Other Sites	Provision for planning and infrastructure works to allow the Council to bring forward a number of pipeline development sites to meet the city's strategic housing need and optimise land receipts.	N Guthrie	6,591	22	417	3,637	1,561	954	0
	Seafront Regeneration									
CP0358	Sunderland Seafront Trust - CCF Round 5	Bring into use vacant assets as commercial premises as part of further development of assets in conjunction with the Seafront Trust, supported by funding from the Coastal Communities Round 5 fund.	C Auld	1,147	689	458	0	0	0	0
CP0416	Roker Promenade and Pier CCTV Infrastructure	Over recent years the Council, external partners and private sector investment has seen the face of Roker completely change, with well over £5m of infrastructure, commercial developments and tourist attractions delivered. Following the successes of these previous schemes, this project will invest in security infrastructure in the area, protecting those investments made.	P Davies	55	5	50	0	0	0	0
CP0498	Seaburn Public Realm	The Public Realm investment at Ocean Park seeks to complement the previous investment at Seaburn as well as pipeline development projects at the site. The scheme will seek to deliver new equipped play facilities to replace the play area to the north of Cut Throat Dene, upgrade of paving to the west of Whitburn Road (Ocean Park frontage) and the formation of a new east-west pedestrian link and public realm upgrades to Dykelands Road.	C Auld	2,389	590	1,214	585	0	0	0

**DYNAMIC CITY
CAPITAL PROGRAMME**

Project Ref. No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000
	Regeneration Projects									
CP0397	Bishopwearmouth Townscape Initiative Phase 2	Phase 2 of the Bishopwearmouth Townscape Heritage Initiative commenced late summer 2018 and will run for 5 years providing grants to owners / tenants to repair and restore historic properties and funding an enhancement scheme for Town Park and activities and events.	C Auld	2,269	1,409	724	136	0	0	0
CP0413	Heritage Action Zone (HAZ) Partnership Grant Scheme	The Partnership Grant Scheme will deliver key elements of the HAZ Delivery Plan by securing the repair, restoration and enhancement of the key landmark listed buildings in the City: Mackie's Corner and 170-175 High Street West, Elephant Tea Rooms and an a new traditional shop front for 177 High Street West securing wider conservation area enhancement. This scheme is part funded by Historic England, and also supplemented by third party contributions to the grants provided by the Council. The Elephant Tea Rooms project is also part funded through the Future High Street Fund initiative.	C Auld	1,624	724	619	253	28	0	0

**DYNAMIC CITY
CAPITAL PROGRAMME**

Project Ref. No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000
CP0496	Riverside Sunderland Infrastructure	Riverside Sunderland is located to the east of the city, lying north of the City Centre with the River Wear running through it. The area for regeneration includes Sheepfolds and Bonnersfield to the north, Vaux, Farringdon Row, Galley's Gill, Riverside Park and High Street West to the south. The Riverside Sunderland Masterplan was launched November 2019. Over the next 10-15 years, it is intended that the Council and partners will create a new urban quarter at the heart of the city, which will provide new homes and quality workspaces and attract new investors, residents, skilled workers, students and visitors. Riverside Sunderland will drive economic growth, set new standards for sustainable development, and promote wellbeing and inclusion. In order to support the delivery of the Riverside Sunderland Masterplan to create 1,000 new homes and 1 million sq. foot of commercial development, several integrated infrastructure improvements are planned. This includes a new high level footbridge connecting Sheepfolds to Vaux, a riverside park to be developed on either side of the River Wear, a reconfiguration of a part of St Mary's Boulevard to better connect the City centre to the Vaux site, improvements to St Mary's car park, provision of a cliff edge footpath and 5G infrastructure, and developments with the Central Business District linking High Street West to St Mary's Boulevard. The works will also seek to activate the area through the construction of infrastructure to support the delivery of events and celebrations within the park and on the river, as well as provide a greater sense of safety to promote use of the space.	A Crabb	49,164	2,417	14,477	27,031	5,239	0	0

**DYNAMIC CITY
CAPITAL PROGRAMME**

Project Ref. No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000
CP0536	HICSA (Housing Innovation Construction & Skills Academy)	Design and construction of a new Housing Innovation and Construction Skills Academy (HICSA). This will be a shared facility which will be occupied by the Ministry of Building Innovation and Education (MOBIE) and Sunderland College. The HICSA will deliver education and training in traditional construction skills and innovative new methods of constructing homes. The project is supported by Levelling Up Funding.	N Guthrie	14,633	124	3,042	11,467	0	0	0
CP0552	Keel Square Hotel	Provision to fit out two of the ground floor commercial units in Keel Square Hotel, partly funded by the Future High Streets Fund grant.	A Crabb	3,210	127	3,083	0	0	0	0
CP0575	Sunniside Regeneration (Nile & Villiers Street)	Development of a Living Arts Hub in Nile & Villiers Street which will be an exemplar residential-led mixed-use scheme comprising 87 high quality, sustainable homes and workspaces which will be particularly appealing to Sunderland's vibrant creative community and will kickstart regeneration in Sunniside and Old Sunderland. Delivery of the scheme is dependent on securing third party funding to cover the full capital cost of the development.	N Guthrie	24,000	3	1,000	9,447	9,622	3,928	0
Sport										
CP0573	Reinstatement of Bridleway (Downhill)	Planned improvements to a stretch of the bridle path to the South of the Downhill Football Hub. The widening of an existing path would provide an improved access solution for residents accessing the site and using the public right of way recreationally.	G Taylor	110	0	110	0	0	0	0

**DYNAMIC CITY
CAPITAL PROGRAMME**

Project Ref. No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000
CP0574	Overflow car park - North Area Playing Fields Washington	The creation of circa 90 car parking spaces on unused land adjacent to the west of the approach road to the former Northern Area Playing Fields which is now home to the Washington Football Hub and additionally is the access point for the Washington Riding Centre. The existing gates have also been repaired, along with the installation of timber fencing.	G Taylor	45	0	45	0	0	0	0
Carbon Reduction										
CP0592	Social Housing Decarbonisation Fund (SHDF) Wave 1	The Council, as lead applicant for this grant, is working closely with Gentoo as a key registered provider in the city to provide decarbonisation upgrade works to 604 social housing units owned by Gentoo across Sunderland including loft insulation, a combination of loft and window upgrades and fabric enhancements, such as external wall insulation and flat roof upgrades.	C Auld	1,237	0	1,237	0	0	0	0
CP0593	Warm Homes Fund (WHF) project - Lot 1	The project aims to install 135 air source heat pumps at both privately owned and privately rented properties using funding from Affordable Warmth Solutions.	C Auld	506	0	118	388	0	0	0
TOTAL CONTINUING PROJECTS				625,904	194,206	130,544	159,388	67,390	64,402	9,974
Projects Commencing 2023/24										
Asset and Network Management										
CP0024	Highways Maintenance	Implement the Highway Maintenance Programme of road resurfacing and footway reconstruction schemes.	C Mordue	3,547	0	0	3,547	0	0	0
CP0421	Highway Asset Investment	Improvements to the condition of the Council's highway assets, including roads, footways and traffic signals and reduce the significant maintenance backlog.	C Mordue	8,000	0	0	1,000	1,000	3,000	3,000

**DYNAMIC CITY
CAPITAL PROGRAMME**

Project Ref. No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000
	Bridges and New Structures									
CP0025	Bridge Maintenance	Annual programme of Structural Bridge maintenance.	C Mordue	382	0	0	382	0	0	0
CP0422	Bridge Maintenance Investment Programme 2023/2027	To improve the condition of the council's stock of bridges and highway structures and to address and reduce the maintenance backlog.	C Mordue	5,000	0	0	1,000	1,000	1,500	1,500
	Transportation Development									
CP0026	Integrated Transport	Annual programme for the implementation of Road Safety and Traffic Congestion improvement schemes.	C Mordue	1,110	0	0	1,110	0	0	0
TOTAL PROJECTS COMMENCING 2023/24				18,039	0	0	7,039	2,000	4,500	4,500
TOTAL DYNAMIC CAPITAL PROGRAMME				643,943	194,206	130,544	166,427	69,390	68,902	14,474

**DYNAMIC CITY
CAPITAL PROGRAMME**

Source of Finance	Estimated Resources				
	2022/23	2023/24	2024/25	2025/26	2026/27
	£'000	£'000	£'000	£'000	£'000
FROM EXTERNAL SOURCES					
Loans					
Prudential Borrowing	71,243	117,244	49,390	53,131	10,374
Government Grants					
DfT - Local Transport Plan (LTP)	3,011	4,813	0	0	0
DfT - Pothole Grant	1,835	1,835	0	0	0
DfT - Safer Roads Funding	128	0	0	0	0
DfT - Transforming Cities Fund	18,191	674	0	0	0
DfT - Active Travel Fund	525	3,799	0	0	0
DLUHC - Coastal Communities Fund (CCF)	22	0	0	0	0
DLUHC - Future High Street Fund (FHSF)	4,264	6,039	0	0	0
DLUHC - Brownfield Land Release Fund (BLRF)	1,943	700	0	0	0
DLUHC - Levelling Up Fund (LUF)	7,322	9,814	0	0	0
BEIS - Dept for Business, Energy & Industrial Strategy grants	1,237	0	0	0	0
Government Grants General	69	0	0	0	0
Grants from Other Public Bodies					
Lottery - Heritage Lottery Fund (HLF)	604	0	0	0	0
European Regional Development Fund (ERDF)	1,972	83	0	0	0
Nexus LTP	43	42	0	0	0
Homes England - Housing Infrastructure Fund (HIF)	10,410	2,524	0	0	0
Homes England - Other	2,252	8,713	8,817	6,645	4,100
Historic England	99	0	0	0	0
Warm Homes Fund	118	388	0	0	0
Other External Funding					
Gentoo	417	0	0	0	0
Nexus	0	1,432	0	0	0
CCG	1,967	0	0	0	0
Other Capital Contributions	0	5,749	9,622	3,928	0
Total External Sources	127,672	163,849	67,829	63,704	14,474

**DYNAMIC CITY
CAPITAL PROGRAMME**

Source of Finance	Estimated Resources				
	2022/23	2023/24	2024/25	2025/26	2026/27
	£'000	£'000	£'000	£'000	£'000
FROM INTERNAL SOURCES					
Revenue Contributions					
Directorate	13	0	0	0	0
Reserves					
Strategic Investment Reserve	821	176	0	0	0
S106 Reserves	178	0	0	0	0
Capital Priorities Reserve	50	25	0	0	0
Other Capital Reserves	400	0	0	0	0
Capital Receipts					
Capital Receipts	1,410	2,377	1,561	5,198	0
Total Internal Sources	2,872	2,578	1,561	5,198	0
TOTAL FINANCING	130,544	166,427	69,390	68,902	14,474

**HEALTHY CITY
CAPITAL PROGRAMME**

Project Ref. No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000
Continuing Projects										
	Adult Services									
CP0432	Day Centre Refurbishment	Refurbishment of Washington and Fulwell Day Centres to meet the needs of people with complex disabilities and behaviours. Alongside this the centres will offer care, social stimulation and day opportunities that is outcome focused but is able to meet the person's holistic health and social care needs. disabilities and behaviours."	G King	3,000	30	500	2,470	0	0	0
CP0484	Bishopwearmouth Horticultural Nursery Carpark & Lighting Improvements	Improvements to the facilities at Bishopwearmouth Horticultural Nursey, namely the resurfacing of the existing aggregate car park and adjoining road with asphalt and the installation of outdoor lighting to car parks and outside work areas.	G King	108	85	23	0	0	0	0
CP0080	Disabled Facilities Grants	Provision of grants to support much needed adaptations to be carried out to properties allowing people to remain in their homes.	G King	16,153	11,104	5,049	0	0	0	0
CP0539	ICT/Assistive Technology ASC	Provision for the promotion of independence and wellbeing through the use of digital services and technology. The investment will help to close gaps in health inequalities and better supporting the future financial sustainability of local health and care systems.	G King	1,400	180	620	300	300	0	0
CP0576	Technology Developments Adult Services	Investment into further assistive technology specific to adult social care and also mini schemes focused upon Technology Aided Productivity (TAP) benefiting the productivity of operational teams.	G King	1,000	0	250	250	250	250	0

**HEALTHY CITY
CAPITAL PROGRAMME**

Project Ref. No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000
CP0577	Community Equipment Service - New Storage Facilities at Leechmere	A planned new storage, admin and workshop facility in the Community Equipment Service (CES) located in the Leechmere Centre, including: • equipment to support activities of daily living • equipment to support home nursing • mobility equipment and nonpowered wheelchairs • fitting of telecare/assistive technology • 24/7 equipment delivery and repair service.	G King	500	0	500	0	0	0	0
CP0578	Learning Disabilities Out of Hospital Community Provision	Investment into accommodation tailored solutions to ensure that people with a learning disability and/or autism in hospital who could be supported in the community are discharged into a community setting as soon as possible and to prevent inappropriate admissions, and longer-term work to reshape the provision of care and support services.	G King	724	0	171	553	0	0	0
CP0351	Assistive Technology in Adult Social Care	Assistive Technology (AT) support to vulnerable people to enable them to remain in their own homes avoiding, or delaying, the need to go into residential care. Research has shown use of AT can delay residential care by an average 8 months. Investment includes: • Provision of demonstration showrooms and training facilities at the Independent Living Centre • Increased use of technology to transform service delivery and increase staff productivity • Provision of show rooms to promote technological solutions to improve resident's independence.	G King	777	762	15	0	0	0	0
TOTAL CONTINUING PROJECTS				23,662	12,161	7,128	3,573	550	250	0

**HEALTHY CITY
CAPITAL PROGRAMME**

Project Ref. No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000
Projects Commencing 2023/24										
CP0080	Adult Services									
	Disabled Facilities Grants	Provision of grants to support much needed adaptations to be carried out to properties allowing people to remain in their homes.	G King	4,155	0	0	4,155	0	0	0
TOTAL PROJECTS COMMENCING 2023/24				4,155	0	0	4,155	0	0	0
TOTAL HEALTHY CITY CAPITAL PROGRAMME				27,817	12,161	7,128	7,728	550	250	0

**HEALTHY CITY
CAPITAL PROGRAMME**

Source of Finance	Estimated Resources				
	2022/23	2023/24	2024/25	2025/26	2026/27
	£'000	£'000	£'000	£'000	£'000
FROM EXTERNAL SOURCES					
Loans					
Prudential Borrowing	1,873	3,382	550	250	0
Government Grants					
DoH&SC - Disabled Facilities	4,949	4,055	0	0	0
Other External Funding					
Gentoo	100	100	0	0	0
Total External Sources	6,922	7,537	550	250	0
FROM INTERNAL SOURCES					
Reserves					
Strategic Investment Reserve	20	0	0	0	0
Other Capital Reserves	186	191	0	0	0
Total Internal Sources	206	191	0	0	0
TOTAL FINANCING	7,128	7,728	550	250	0

**VIBRANT CITY
CAPITAL PROGRAMME**

Project Ref. No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000
Continuing Projects										
	Community Services									
CP0412	Neighbourhood Capital Investment Programme (NCIP)	Provision for devolved priority investments into Neighbourhood Renewals.	G Taylor	2,696	369	1,842	485	0	0	0
	Culture, Events and Sport									
CP0309	Parklife Football Hubs	Provision of 3 football hub sites strategically located in areas of demand, geographically positioned and with good transport links.	G Taylor	18,370	18,264	106	0	0	0	0
CP0579	Arts Centre Washington Refurbishment	Planned investment to update, improve and make more accessible a number of hire spaces at Arts Centre Washington. This will generate additional income to support operations and programme, and see the Low Barn, Granary and Theatre upgraded.	C Auld	200	0	100	100	0	0	0
CP0580	Raich Carter Centre Improvement Works	Improvement works to the Raich Carter Sports Centre. The improvement works are in the final stages, the outdoor Hockey / Football surface has been replaced along with improvements to the fence line and floodlighting. These improvements will see the return of Hockey to the facility along with new opportunities for residents to participate in sport and physical activity.	G Taylor	250	0	250	0	0	0	0

**VIBRANT CITY
CAPITAL PROGRAMME**

Project Ref. No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000
CP0581	Modernising Libraries (Washington and Houghton Libraries)	A modernisation and refurbishment of both Houghton and Washington libraries will be aligned to Culture House, equally profiling the professional Libraries Services in the City to a position where they can support and improve life skills and chances of residents of all ages and backgrounds. The investment in Culture House will create an exciting City centre space for learning, creativity and socialisation, the modernisation of both Houghton & Washington will create a similar vibrant, physical experience for residents across the City, ahead of Culture House opening.	J Colbert	1,050	0	0	1,050	0	0	0
CP0585	Football Hubs Sinking Fund	Provision of a sinking fund for football hubs replacement of 3G surfaces	G Taylor	2,571	0	0	0	0	0	2,571
CP0586	Hetton Ward Sport & Rec Facilities	Providing new and improved opportunities for residents to participate in Sport and physical activity. Projects including providing Ebikes for people with disabilities to use, a range of outdoor gym equipment for Elemore Country Park, and a new pontoon for Hetton Lyons Country Park.	G Taylor	191	35	156	0	0	0	0
CP0587	East Rainton Cricket Club	Installation of a perimeter fence at East Rainton Cricket Club enabling the club to continue operating and providing sport and activity opportunities at the community.	G Taylor	43	8	35	0	0	0	0

**VIBRANT CITY
CAPITAL PROGRAMME**

Project Ref. No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000
CP0540	Culture House	Creation of a new 80,000 square foot library and archive facility as an anchor attraction and focal point to the Central Business District, generating additional footfall and expenditure into the City. The building will incorporate indoor city square, adult library, children and young people's library, learning zone, creative/making spaces, local history and archives, events space, café and outdoor space. It will be designed to the highest achievable sustainability requirements in order to minimise ongoing revenue costs and to meet the Council's objective of being Carbon Zero by 2030. The project is part funded through external funding secured from the Future High Street Fund.	A Crabb	27,975	2,215	3,260	15,000	7,500	0	0
CP0541	Washington F Pit Heritage Visitor Centre and Albany Park Improvements	Construction of a new heritage visitor centre incorporating exhibition, teaching and community spaces and a café for the museum and park users. Along with repair and improvement works to the existing Museum engine house, there will be improvement works to Albany Park including new play areas, car park, trim trails, wetland area, wildflower meadows, interpretation and dedicated events space.	C Auld	4,650	27	40	283	3,000	1,300	0
CP0542	Digitisation of Local History & Library collections	Digitisation of local history and library collections. The biggest collection of local and social history records owned by the Council chart the development and changing face of the City over hundreds of years.	J Colbert	650	0	150	450	50	0	0

**VIBRANT CITY
CAPITAL PROGRAMME**

Project Ref. No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000
CP0544	Festival of Light	Refresh of the lighting offer for the Festival of Light, to support the delivery of the event over a 4- year period.	S Savage	300	0	0	150	150	0	0
CP0405	Sunderland Museum & Winter Gardens Redevelopment	A planned refurbishment of the Sunderland Museum and Winter Gardens to improve the cultural offer in the city and seek to refurbish many of the tired exhibits as well as ensuring that the museum delivery is fully integrated to ensure maximum opportunity for events, programme, exhibitions and learning lessons. The proposal is subject to securing circa £5m external funding.	C Auld	10,755	23	308	418	7,000	3,006	0
TOTAL CONTINUING PROJECTS				69,701	20,941	6,247	17,936	17,700	4,306	2,571
TOTAL VIBRANT CITY CAPITAL PROGRAMME				69,701	20,941	6,247	17,936	17,700	4,306	2,571

**VIBRANT CITY
CAPITAL PROGRAMME**

Source of Finance	Estimated Resources				
	2022/23	2023/24	2024/25	2025/26	2026/27
	£'000	£'000	£'000	£'000	£'000
FROM EXTERNAL SOURCES					
Loans					
Prudential Borrowing	2,687	9,213	15,706	1,300	2,571
Government Grants					
DLUHC - Future High Street Fund (FHSF)	3,260	8,623	0	0	0
Grants from Other Public Bodies					
Lottery - Heritage Lottery Fund (HLF)	0	0	1,994	3,006	0
British Cycling Organisation (BCO)	16	0	0	0	0
Total External Sources	5,963	17,836	17,700	4,306	2,571
FROM INTERNAL SOURCES					
Revenue Contributions					
Neighbourhood Fund	66	0	0	0	0
Reserves					
Strategic Investment Reserve	0	100	0	0	0
S106 Reserves	218	0	0	0	0
Total Internal Sources	284	100	0	0	0
TOTAL FINANCING	6,247	17,936	17,700	4,306	2,571

**PROJECT SPONSORS KEY
CAPITAL PROGRAMME**

Project Sponsor	Job Title
A Crabb	Development Director (Commercial)
C Auld	Assistant Director of Economic Regeneration
C Mordue	Assistant Director of Transport & Infrastructure
G King	Director of Adult Services / Chief Operating Officer Sunderland Care & Support
G Scanlon	Assistant Director of Housing & Community Services
G Taylor	Executive Director of Health Housing & Communities
J Colbert	Chief Executive of TFC & Director of Children Services
L St Louis	Director of Smart Cities & Enabling Services
M Hunt	Port Director
M Morley	Director of Environmental Services
N Guthrie	Development Director (Residential)
P Davies	Assistant Director of Assurance & Property Services
P Littlefair	Development Director (Major Projects)
P McIntyre	Executive Director City Development
S Savage	Assistant Director of Regulatory Services

Prudential and Treasury Indicators 2023/2024 to 2026/2027

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 2021/2022 was £124.213 million and the estimates of capital expenditure to be incurred for the current and future years that are recommended for approval are:

	2022/23	2023/24	2024/25	2025/26	2026/27
	£000	£000	£000	£000	£000
Estimated Capital Expenditure	222.18	268.40	127.49	102.14	23.06

The capital expenditure plans set out in Appendix 2 provide details of the service activity of the Council.

The treasury management function ensures that the Council's cash is managed in accordance with the relevant professional codes, so that sufficient cash is available to meet its activity taking into account the estimated expenditure profile and any grant awards received.

- P2 The fundamental objective in the consideration of the affordability of the Council's capital plans is to ensure that the level of investment in capital assets proposed means that the total capital investment of the Council remains within sustainable limits. In considering the affordability of its capital plans the Council considers the resources currently available to it and estimated to be received in the future, together with the totality of its capital plans, income and expenditure forecasts.

The Council does not invest in commercial activity for financial return, and therefore receives no income linked to this type of investment.

The Council ensures that the revenue implications of capital finance, including financing costs, are properly taken into account within option appraisal processes, the Capital Programme and the Medium-Term Financial Plan (MTFP). In assessing affordability, the Council considers the council tax implications of its Capital Programme, borrowing decisions and investment decisions. The Council sets and monitors prudential indicators as key indicators of affordability.

Estimates of the proportion of financing costs to net revenue stream for the current and future years, and the actual figures for 2021/2022 are:

	Estimates of financing costs to net revenue stream				
2021/2022 Actual	2022/2023 Estimate	2023/2024 Estimate	2024/2025 Estimate	2025/2026 Estimate	2026/2027 Estimate
9.89%	8.89%	12.00%	13.04%	14.11%	15.00%

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 increases to the ratio as a result of additional planned prudential borrowing for strategic priorities approved in the Capital Programme. The indicators do not show additional revenue income that has been received, or that is forecast to be generated from the investments included in the Council's Capital Programme.

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

- 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 2022 are:

Capital Financing Requirement

31/03/22	31/03/23	31/03/24	31/03/25	31/03/26	31/03/27
£'000	£'000	£'000	£'000	£'000	£'000
Actual	Estimate	Estimate	Estimate	Estimate	Estimate
618,001	726,476	902,008	990,923	1,050,812	1,042,419

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 Council'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 assets lives. The increase in the Capital Financing Requirement reflects the underlying borrowing need in respect of funding proposals in the Capital Programme.

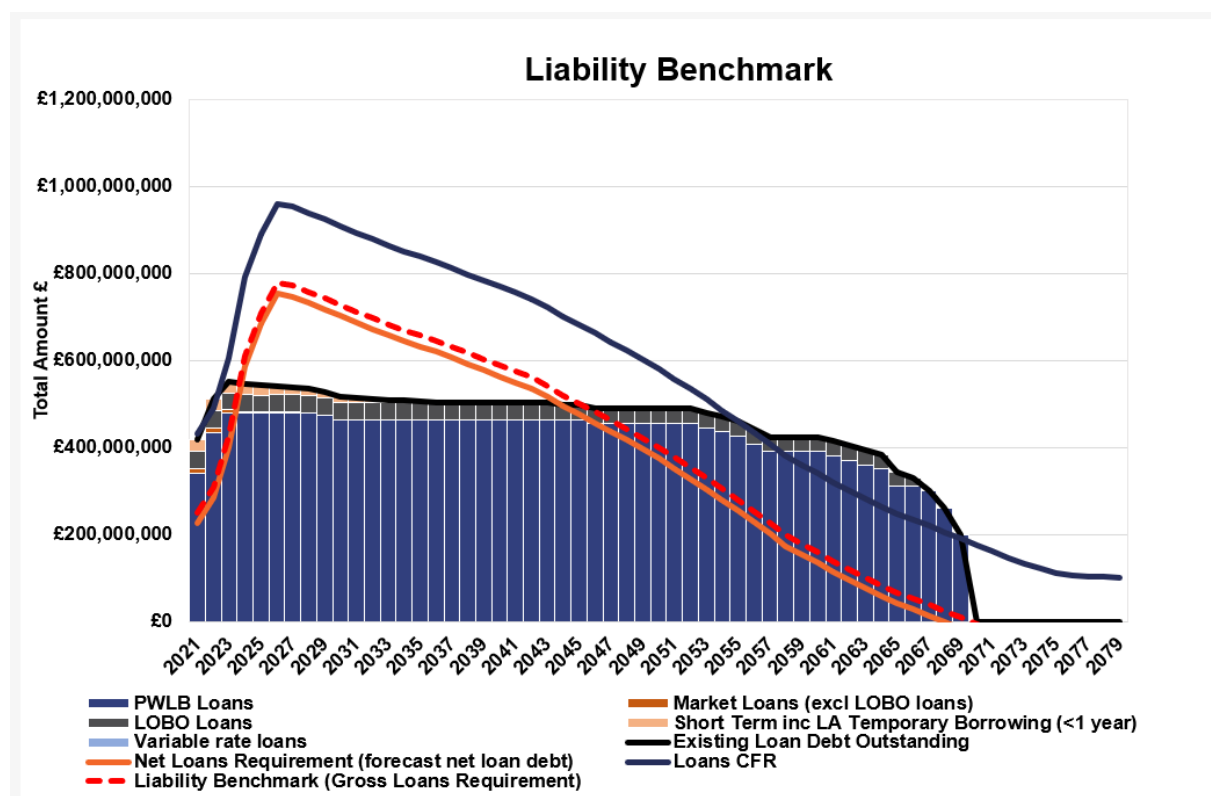
The Capital Financing Requirement includes other long-term liabilities e.g. Private Finance Initiative (PFI) schemes and finance leases. Whilst this increases the Capital Financing Requirement, and therefore the Council's borrowing requirement, these types of schemes include a borrowing facility and so the Council is not required to separately borrow for these schemes. The Council had £125.736 million of such schemes included in its Capital Financing Requirement as at 31st March 2022.

- 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 Council had no difficulty meeting this requirement in 2021/2022, 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 2023/2024.

The liability benchmark for the Council is shown in the chart below. From 2023 onwards it is projected for the next 20 years that the Council will be under-borrowed against its requirements. This will mean that additional borrowing will be required but the Council will manage that, as it always has, by monitoring interest rates and identifying the most appropriate borrowing opportunities. There may be occasions when the Council will opt to actively be under-borrowed to avoid excessive interest rate costs and manage financing requirements through internal resources.



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 four financial years. These limits must separately identify borrowing from other long-term liabilities such as PFI schemes and 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				
	2022/2023	2023/2024	2024/2025	2025/2026	2026/2027
	£'000	£'000	£'000	£'000	£'000
Borrowing	929,152	981,975	971,732	952,613	933,570
Other long-term liabilities	153,506	146,013	138,780	131,233	123,241
Total	1,082,658	1,127,988	1,110,512	1,083,846	1,056,811

The above authorised limits are consistent with the Council'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. 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, non-financial investments 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 International Advanced Manufacturing Park (IAMP LLP), Siglion, Sunderland Care and Support Ltd, Sunderland Lifestyle Partnership Ltd and Together for Children Sunderland 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 2023/2024, the Council is asked to note that the authorised limit determined for 2023/2024 (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 needed to support the Council's Capital Programme has been undertaken for that particular year and the next two financial years and that it will only be exceeded temporarily as a result of the timing of debt rescheduling.

Operational Boundary for External Debt

	2022/2023	2023/2024	2024/2025	2025/2026	2026/2027
	£'000	£'000	£'000	£'000	£'000
Borrowing	904,152	956,975	946,732	927,613	908,570
Other long-term liabilities	153,506	146,013	138,780	131,233	123,241
Total	1,057,658	1,102,988	1,085,512	1,058,846	1,031,811

- P7 The Council's actual external debt at 31st March 2022 was £618.497 million and was made up of borrowing of £511.176 million and other long-term liabilities of £127.684 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 Council is no longer required to formally indicate if it has adopted the CIPFA Code of Practice on Treasury Management. However, the revised Code was adopted in 2017 by full Council and 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; and
 - (c) treasury management and investment decisions are taken in accordance with professional good practice and in full understanding of the risks involved.
- And that in taking decisions in relation to (a) to (c) above the local authority is accountable, by providing a clear and transparent framework.

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

- (a) local strategic planning;
- (b) local asset management planning; and
- (c) 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 Council can take timely remedial action.

**CIPFA Treasury Management in the Public Services Code of Practice -
Indicators 2023/2024 to 2026/2027**

- P9 It is recommended that the Council sets upper and lower limits for the maturity structure of its borrowings as follows:

Amount of projected borrowing maturing in each period expressed as a percentage of total projected borrowing 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%

- P10 A maximum maturity limit of £75 million is set for each financial year (2023/2024, 2024/2025, 2025/2026 and 2026/2027) for long-term investments (those over 365 days), made by the Council. 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. The types of investments to be allowed are detailed in the Annual Investment Strategy (Appendix 7).

At present the Council has £29.376m of long-term investments. This is £16.508m for the value of share capital held in NIAL Holdings PLC (a 18.87% share), a £12.350m equity investment in Siglion (a 100% share), a £0.500m equity share in Sunderland Lifestyle Partnership Ltd (a 50% share) and the Council also holds £0.018m in shares and unit trusts.

Minimum Revenue Provision Policy Statement 2023/2024

- 1.1 The Council is required to repay an element of its accumulated General Fund capital financing requirement each year through a revenue charge known as the Minimum Revenue Provision (MRP). Until 2007/2008 the basis of calculation for the MRP was specified in legislation. However, from 31st March 2008 onwards the statutory requirement is simply for local authorities to make a prudent level of provision and the Department for Levelling Up, Housing and Communities (DLUHC) has instead provided statutory guidance on the methodology to use, which local authorities are required to '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. Any subsequent revisions to that policy should also be approved by full Council. The latest guidance has been considered when setting the MRP policy for 2023/2024.

Local authorities have significant discretion in determining the level of MRP which they consider to be prudent. A review of the Council's MRP policy in 2015/2016 identified changes to the way in which MRP was calculated that reduces the pressure on its revenue budget but still ensures that a prudent level of provision is set aside. A further review was undertaken in 2016/2017 to determine how much additional MRP has been charged to the revenue account had the annuity basis used to calculate MRP, that was introduced from 2015/2016, been adopted from 1st April 2008.

It was established that around £43.512m less MRP would have been charged between 1st April 2008 and 31st March 2016 had the annuity basis been adopted during this period. Council approved that the overprovision of MRP in previous years be used to reduce MRP for 20 years from 2016/2017 by a fixed amount of £2.176m each year until 2036/2037. Phasing over 20 years is the time period that the Government specify for expenditure to be treated as capital expenditure by virtue of direction under section 16(2)(b) of the 2003 Act and is considered to be prudent as taking previous overpayments over this longer period slows the increase to the Council's capital financing requirement, and therefore interest charges, whilst still giving additional certainty to the Council's debt charges budget.

This document sets out the MRP policy for 2023/2024.

- 1.2 The statutory guidance issued by the DLUHC considers the broad aim of a prudent MRP policy as being "to require local authorities to put aside revenue over time to cover their capital financing requirement. In doing so local authorities should align the period over which they charge MRP to one that is commensurate with the period over which their capital expenditure provides benefits", or in the case of borrowing supported by Government Revenue Support Grant (RSG) "to put funds aside over a period commensurate with the period implicit in the determination of that grant." The DLUHC guidance considers that the asset life over which debt should be repaid should normally not exceed 50 years except where an appropriately qualified professional advisor assesses the useful life will exceed 50 years, or in the case of a finance lease or PFI asset where the length of the lease or contract exceeds

50 years. The duty to make MRP extends to investment properties where their acquisition has been partially or fully funded by an increase in borrowing or credit arrangements.

1.3 The four options for calculating MRP which are 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%. This method calculates a similar amount of MRP to Option 1.
- 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.

Although four options are included in the guidance produced by DLUHC other approaches are not meant to be ruled out, provided that they are fully consistent with the statutory duty to make prudent revenue provision. It is the responsibility of each authority to decide on the most appropriate method of making a prudent provision, after having regard to the guidance.

1.4 The Council used Option 1 (the Regulatory Method) for government supported borrowing until 2015/2016 where MRP was calculated on all loan advances and repayments through the Council's consolidated advances and borrowing pool at 4% of the opening 'credit ceiling' balance.

The method of calculating MRP on government supported borrowing was changed in 2015/2016 so that all debt is repaid in full over a 50 year period. Guidelines state that the period debt is repaid over for government supported borrowing should be "over a period commensurate with the period implicit in the determination of that grant". Since business rates reform in 2013/2014, the changes made to the funding formula for Revenue Support Grant (RSG) mean that there is no component of grant determining an implicit level of support for debt repayment. As a result, it is no longer possible to relate grant received to any particular level or period of annual debt repayment that supports borrowing. Additionally, grants distributed to local authorities are controlled to a national limit which has been reduced substantially in recent years irrespective of the outstanding supported borrowing levels an individual local authority may have.

Given this lack of visibility on the level of grant support provided for debt it is estimated that only a proportion of the requirement is now provided. This extended the repayment to 50 years which is considered reasonable given the Council's asset portfolio to which the debt relates.

- 1.5 For borrowing where no support has been provided from the government, known as unsupported borrowing, the Council has previously used the Asset Life Method (option 3) for calculating MRP, with the MRP charge commencing in the financial year following the one in which the capital scheme the borrowing relates to is complete and the asset has come into service. It is felt that the depreciation method for calculating MRP (option 4) is subject to too much volatility when asset lives are reassessed as part of the revaluation process.

Estimated asset 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, for example in the case of the Northern Spire bridge which has been assessed as having an asset life of over 50 years.

It is proposed that the Council continues to use the Asset Life Method (option 3) for calculating MRP on unsupported borrowing with the exception of any grants, deposits or loans made for capital purposes for which borrowing is taken out. In these cases, it is proposed that MRP is based on the actual principal repayment schedule relating to the grant, deposit or loan provided.

- 1.6 It is proposed that MRP for both supported and unsupported borrowing continues to be calculated using an annuity method. The interest rate used to profile the MRP under the annuity method will be 3.50% which is the discount rate used by the government in its Green Book when assessing long term projects and is similar to the Council's current interest paid on fixed rate borrowing (2.57%). Government guidelines support the use of the annuity method to calculate MRP for option 3 and the interest rate used to profile MRP will be reviewed annually to ensure that it is still appropriate.

Use of the annuity method means the MRP that is applied to Council borrowing will increase each year until the borrowing is repaid at the end of the asset life (or after 50 years in the case of supported borrowing). This method means that provision for debt repayments better reflects the time value of money i.e. where paying £100 in 20 years' time is less of a burden than paying £100 now, and it means that costs will be spread more evenly amongst the council tax payers that will receive benefit from the capital expenditure. It is

therefore considered the fairest method to use.

Use of the annuity method does not increase overall levels of debt but does mean that the level of capital expenditure financed by borrowing, the Capital Financing Requirement (CFR) will initially reduce more slowly than using the equal instalment method as the amount of MRP applied in early years is lower. The consequence of debt being repaid more slowly will be that the Council incurs a higher interest cost (although the net present value of the additional costs incurred compared to other methods of providing from MRP is neutral).

A major benefit of the recommended policy is that the Council's Capital Financing requirement for supported borrowing will be eliminated more quickly than under DLUHC options 1 or 2. The proposed method will fully write down the CFR for supported borrowing to zero over the 50 years period whereas options 1 and 2 would leave a balance remaining in perpetuity. These proposals for MRP therefore ensure that prudence is maintained and strengthened as debts are provided for more quickly and more transparently.

- 1.7 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.
- 1.8 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 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 Minimum Revenue Provision Statement for 2023/2024:
 - a. For all government supported borrowing the Council will continue its policy of repaying borrowing over 50 years using the annuity method with the interest rate used to profile MRP being set at 3.5%;
 - b. For all unsupported borrowing the Council will adopt Option 3 and make MRP repayments using the annuity method with the interest rate used to profile MRP being set at 3.5%. The estimated useful life of an asset will be assessed by the Director of Finance in consultation with appropriate officers. The MRP charge will commence in the financial year following the one in which the capital scheme the borrowing relates to is complete and

the asset has come into service;

- 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 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 where it has taken out unsupported borrowing to provide grants, deposits or loans for capital purposes. In these cases, it is proposed that MRP is based on the actual principal repayment schedule relating to the grant, deposit or loan provided. The likely repayment of these loans will be assessed as part of the budget monitoring process and if it is estimated that there is likely to be a default on repayments then alternative arrangements will be made to repay any shortfall through an increase in MRP;
- e) That the Council continue its policy of reducing MRP for 20 years from 2016/2017 by a fixed amount of £2.176m each year until 2036/2037. This reduction is in respect of overprovision of MRP made for the period 1st April 2008 to 31st March 2016 had the Council followed its current policy for calculating MRP; and
- f) Changes to the Council's MRP policy will be made where the Director of Finance determines that such a revision will reduce future years' debt repayment requirements and provide value to the Council. This action, if used, would be reported to Cabinet accordingly.

Treasury Management Policy Statement

In line with CIPFA recommendations, on 3rd March 2010 (updated in December 2021) 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 borrowing, investments and cash flows, including 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.

These principles are intended to provide a working document that forms a detailed framework for treasury management activities. The policy fully encompasses CIPFA’s Code of Practice. In addition, the policy fully takes account of the requirements of the Prudential Code for Capital Finance in Local Authorities and the guidance issue by the DLUHC supporting Part 1 of the Local Government Act 2003 in respect of local authority investments.

The Council re-affirms its commitment to the Treasury Management Policy and Strategy Statement in 2023/2024 as it does every year.

Treasury Management Strategy Statement for 2023/2024

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 over yield.

The suggested strategy for 2023/2024 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, Link Asset Services.

In December 2021 CIPFA issued a revised Treasury Management Code of Practice and Cross-Sectoral Guidance Notes, and a revised Prudential Code. In February 2018 DLUHC revised their Guidance on Local Government Investments and also their Statutory Guidance on Minimum Revenue Provision. A particular focus of these revised codes is how to deal with local authority investments which are non-treasury type investments e.g. by investing in a property portfolio in order to generate income for the authority at a higher level than can be attained by vanilla treasury investments. This report deals solely with financial investments managed by the Council's Treasury Management function. Non-treasury investments are covered in the Capital Strategy which was approved by Council in November 2022. This ensures the separation of the core treasury function where investments are made under security, liquidity and yield principles, and non-treasury commercial and strategic investments.

2. Treasury Management Strategy

2.1 Borrowing

2.1.1 Current Treasury Management Position

The Council's treasury portfolio position at 31 st December 2022 comprised:		Principal (£m)	Total (£m)	Average Rate (%)
Treasury external borrowing				
Fixed Rate Funding	PWLB	479.6		
	Market	39.5		
	Other	7.7	526.8	2.57
Variable Rate Funding	Temporary / Other		27.6	1.99
Total external borrowing			554.4	2.54
Total treasury investments				
	In house – short term		264.9	2.07
Net treasury borrowing			289.5	

The Council currently has a net deficit of £289.5m which represents the difference between gross debt and total investments and is significantly lower than the Council's capital financing requirement (capital borrowing need).

2.1.2 Treasury Indicators and Limits

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. 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 levels (and council housing rent levels where relevant) is 'acceptable'.

The "Affordable Borrowing Limit" comprises of the capital plans to be considered for inclusion in corporate 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 Limit (P6) which is 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.

The requirement for the Council to indicate it has adopted the CIPFA Code of Practice on Treasury Management was removed in the revised 2017 edition of the code. However, this is still considered to be good practice. The original 2001 Code was adopted on 20th November 2002. The Council reaffirms its full adherence to the latest 2017 edition of the Code and will continue to do so annually (as set out in Appendix 6).

2.1.3 Prospects for Interest Rates

The Bank of England's (BoE) Monetary Policy Committee (MPC) voted to raise the Base Rate for a ninth consecutive meeting on 15th December 2022, taking it to 3.5%, the highest level since November 2008. This reflects their commitment to combat inflationary pressures, even at the risk hampering growth, to ensure headline CPI inflation drops back to its 2% target over a three-year timeframe

Link Asset Services, the Council's treasury advisors, reviewed their interest rate forecasts in December 2022 in light of continued volatility in the financial markets. They believe the MPC will need to see stronger signs of activity slowing, the labour market loosening and wage growth slowing before stopping rate rises. They believe the Government's policy of emphasising fiscal rectitude will probably mean the Bank Rate will not need to increase beyond 4.50%, much less than the peak of 5.25% expected by the financial markets.

Link forecast the BoE Base Rate will rise to 4.00% in February 2023, 4.25% in March 2023 and peak at 4.50% in May 2023, before gradually falling to 2.50% by September 2025. These forecasts, and MPC decisions, will be liable to further amendment as updated economic data becomes available and emerging developments in the financial markets.

The following table shows the average PWLB rates for Quarters 1, 2 and 3 and the figures for Quarter 4 to 10th January 2023.

2022/2023	Qtr 1* (Apr - Jun) %	Qtr 2* (Jul - Sep) %	Qtr 3* (Oct – Dec) %	Qtr 4* (rates to 10th Jan 2023) %
SONIA Rate	0.89	1.55	2.75	3.42
1 year	2.32*	3.27*	4.16*	4.26*
5 year	2.58*	3.25*	4.38*	4.33*
10 year	2.84*	3.41*	4.44*	4.45*
25 year	3.08*	3.79*	4.67*	4.78*
50 year	2.81*	3.52*	4.20*	4.42*

*rates take account of the 0.2% discount to the PWLB rates available to eligible authorities (including the Council).

The Link 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 2023	4.25	4.20	4.60	4.30
June 2023	4.50	4.20	4.60	4.30
Sept 2023	4.50	4.10	4.50	4.20
Dec 2023	4.50	4.00	4.40	4.10
March 2024	4.00	3.90	4.20	3.90
June 2024	3.75	3.80	4.10	3.80
Sept 2024	3.50	3.60	4.00	3.70
Dec 2024	3.25	3.50	3.90	3.60
March 2025	3.00	3.40	3.70	3.50
June 2025	2.75	3.30	3.60	3.30
Sept 2025	2.50	3.20	3.50	3.20
Dec 2025	2.50	3.10	3.50	3.20

The main sensitivities of the forecasts in the UK are felt to be that the BoE acts too soon or too far over the next year in raising the Base Rate. This could hamper economic growth and not have the intended impact on inflation. The ongoing conflict between Russia and the Ukraine, heightened tensions between China, Taiwan and the United States and other geopolitical factors are likely to continue to have a global economic impact. A further concern is that significant issues remain unresolved over future UK/EU trade arrangements following Brexit and complications or lack of co-operation in discussions pose a threat.

2.1.4 Borrowing Strategy

The Council's strategy for 2022/2023 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 3.0% for long-term borrowing was set considering the views prevalent at the time the Treasury Management policy was set in March 2022.

The basis of the proposed Borrowing Strategy for 2023/2024 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;
- current (January 2023) long-term PWLB rate (50 years) 4.17%. Forecast rates over the financial year 2023/2024 are 4.30% Q1, 4.20% Q2, 4.10% Q3 and 3.90% Q4. Should interest rates fall below these rates borrowing should be considered, with preference given to terms which ensure a balanced profile of debt maturity.

As announced by the Chancellor in November 2020, a prohibition was introduced that denies access to any new borrowing from the PWLB for a local authority that has plans to purchase investment assets "primarily for yield". When applying for PWLB borrowing authorities must now submit a high-level description of their capital spending and financing plans for the following three years. In addition, the Section 151 Officer (Director of Finance) must confirm that there is no intention to buy investment assets primarily for yield at any point in the next three years. This assessment will be based on the Section 151 Officer's professional interpretation of guidance issued along with PWLB lending terms.

Due to the overall financial position and the underlying need to borrow for capital purposes (the Capital Financing Requirement – CFR), new borrowing of £50m was undertaken in August 2022 from the PWLB when there was a dip in rates to 2.79%.

PWLB interest rates remain the likely cheapest option available to the Council to fund the large borrowing requirement needed to support the capital programme and it will benefit the Council's revenue budget over the longer term. The Treasury Management team continues to closely monitor interest rates to assess the value of possible further new borrowing in line with Capital Programme requirements. In order to optimise the Council's position, consideration will also be given to various other funding options, including taking out shorter term borrowing, utilising investment balances, and use of other financial institutions to provide borrowing facilities to fund the Council's borrowing requirement.

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 two LOBOs that were subject to a potential rollover in 2022/2023. No changes to loan rates have been received and so these arrangements will continue.

Roll Over Dates	Lender	Amount £m	Rate %	Roll Over Periods
21/04/2022 and 21/10/2022	Barclays	5.0	4.50	Every 6 months
14/08/2022 and 14/02/2023	Barclays	5.0	4.45	Every 3 years
Total		10.0		

The capital expenditure plans set out in Appendix 2 provide details of the service activity of the Council. The treasury management function ensures that the Council's cash is managed 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.

The Council's potential borrowing requirement is as follows:

		2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m
1.	Capital Programme Borrowing	192.6	104.2	83.3	19.0
2.	Replacement borrowing (PWLB)	0.0	0.0	0.0	0.0
3.	Replacement LOBO	19.5	20.0	10.0	19.5
TOTAL:		212.1	124.2	193.3	38.5

The Council currently has net treasury borrowing of £289.5m which represents the difference between gross debt and total investments. This means that the capital borrowing need (the capital financing requirement) has not been fully funded with loan debt, as cash supporting the Council's reserves, balances and cash flow has been used as a temporary measure. Consideration will be given to continue utilising some investment balances to fund the borrowing requirement in 2023/2024. This policy has served the Council well over the last few years as investment returns were low. As a result, the Council is currently maintaining an under-borrowed position. This position will be carefully reviewed to avoid incurring higher borrowing costs over the long term whilst ensuring that financing is available to support capital expenditure plans.

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 number of investments.

Benefits of having a high level of investments are:

- liquidity risk – having a large number 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 support the Council's overall budget position; and
- of more 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; and
- 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.

A Municipal Bonds Agency, set up by the Local Government Association, has begun to offer bonds to local authorities. The rates offered by the Agency will be assessed and use made of this, and any other new sources of funding that may become available, where it is considered advantageous.

The need to adapt to changing circumstances and revisions to profiling of capital expenditure is required when considering borrowing opportunities, and flexibility needs to be retained to adapt to any changes that may occur.

The Council, 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.

Taking into account potential market volatility and the advice of the Council's treasury adviser, alongside potential Bank of England base rate increases, a benchmark financing rate of 4.50% for any further long-term borrowing for 2023/2024 is considered to be appropriate.

2.1.5 Policy on borrowing in advance of need

The Council will not borrow more than or in advance of its needs purely to profit from treasury investments of the extra sums borrowed. Any decision to borrow in advance will be assessed within forward approved Capital Financing Requirement estimates, with regard to current policies, 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 appraisal and any borrowing undertaken will be reported to Cabinet as part of the agreed reporting arrangements.

2.1.6 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, the very low underlying rate of the Council's long-term borrowing together with the current spread between the rates applied to new PWLB borrowing and repayment of PWLB debt means that PWLB debt restructuring is much less attractive. 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.

Following consultation and advice from the Council's treasury advisers the Council has taken the decision to borrow over longer term periods and much of the Council borrowing is for periods over 40 years and on a fixed interest rate basis. This borrowing has been taken out where it offers good value and to allow for the potential to benefit from refinancing debt in the future. A further benefit is that it reduces risk by giving certainty of borrowing rates over the long term.

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.

2.2 Annual Investment Policy and Strategy

2.2.1 Investment Policy and Management of Risk

When considering its investment policy and objectives, the Council has regard to the DLUHC Guidance on Local Government Investments ("the Guidance"), CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes 2017 ("the CIPFA TM Code") consideration has also been given to the refreshed Code published in December 2021.

The DLUHC and CIPFA have extended the meaning of investments to include both financial and non-financial investments. This report deals solely with financial investments (as managed by the Council's Treasury Management function). Non-financial investments, essentially the purchase of income yielding assets, are covered within the Capital Strategy approved by Council in November 2022.

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 the current economic climate, it is considered appropriate to keep investments short term to cover cash flow needs. However, where appropriate the Council will also consider the value available in placing investments for longer periods with high credit rated financial institutions, as well as wider range fund options.

The guidance from the DLUHC and CIPFA places a high priority on the management of risk. The Council has adopted a prudent approach to managing risk and in order to minimise the risk to investments, the Council will:

- apply minimum acceptable credit criteria (detailed in Annex B) 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;

- monitor credit ratings daily. The Council has access to all three credit ratings agencies and is alerted to changes through its use of Link 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;
- not use ratings as the sole determinant of the quality of an institution. 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;
- use other information source including 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;
- define the type of investment instrument that the treasury management team are authorised to use. 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 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 for treasury management investments this means in effect that any investments placed with those counterparties for a period over one year will be classed as Non-Specified Investments. A limit on the amount of investments which are can be invested for longer than 365 days is set in the Council's creditworthiness policy. In addition to investments in high credit rated companies the Council has agreed to provide an unsecured investment to Education Partnership North East (EPNE) (which is the group brand for Sunderland College, Northumberland College and Hartlepool Sixth Form College) in order to ensure the medium-term financial stability of a key partner in the delivery of the City Plan.

- the type of investments to be used by the in-house treasury management team will be limited to Certificates of Deposit, variable term deposits, fixed term deposits, interest bearing accounts, Money Market Funds, Government debt instruments, floating rate notes, corporate bonds, municipal / local authority bonds, bond funds, gilt funds, and gilt-edged securities and will follow the criteria as set out in Annex B;
- assess the risk of default and 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 Council mitigates this risk with its prudent investment policy;
- set an approved lending list which shows lending limits and the maximum duration of any investment for each counterparty (detailed in Annex C). These are set using the agreed lending list criteria (detailed in Annex B);
- only place investments with counterparties from countries with a specified minimum sovereign rating as set out in the agreed lending list criteria (detailed in Annex B). 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; and
- engage external consultants to provide expert advice on how to optimise an appropriate balance of security, liquidity and yield, given the risk appetite of this authority in the context of the expected level of cash balances and need for liquidity throughout the year.

In accordance with accounting standard IFRS9, the Council considers the implications of investment instruments which could result in an adverse movement in the value of the amount invested and lead to resultant charges at the end of the year to the General Fund. In November 2018 DLUHC concluded a consultation for a temporary override to allow English Local Authorities time to adjust their portfolio of all pooled investments by announcing a statutory override for five years ending 31st March 2023.

The prudential code states that local authorities must not borrow more than or in advance of their needs purely in order to profit from the investment of the extra sums borrowed.

2.2.2 Creditworthiness policy

The creditworthiness policy adopted by the Council takes into account the credit ratings issued by all three credit rating agencies (Fitch, Moody's and Standard & Poor's). Credit rating information is supplied by Link Asset Services, our treasury advisors, on all active counterparties that comply with the Council's counterparty criteria.

Significant levels of downgrades to Short- and Long-Term credit ratings have not materialised since the crisis in March 2020. In the main, where they did change, any alterations were limited to future outlooks for counterparties. However, as economies are beginning to reopen, there have been some instances of previous lowering of future outlooks being reversed.

Although bank Credit Default Swap (CDS) prices, (these are market indicators of credit risk), spiked upwards at the end of March / early April 2020 due to the heightened market uncertainty and ensuing liquidity crisis that affected financial markets, they have returned to more average levels since then. However, sentiment can easily shift, so it will remain important to undertake continual monitoring of all aspects of risk and return in the current circumstances.

While the Council understands changes that have taken place to reduce ratings, it will specify a minimum sovereign rating of AA-. This is due to the fact that the underlying domestic and where appropriate, international, economic and wider political and social background will still have an influence on the ratings of a financial institution. It is important to stress the ongoing regulatory changes made in the UK and the rest of Europe are designed to make the financial system sounder. Banks are now expected to have sufficiently strong balance sheets to be able to withstand foreseeable adverse financial circumstances without government support. In many cases, the balance sheets of banks are now much more robust than they were before the 2008 financial crisis when they had higher ratings than now.

In keeping with the agencies' new methodologies, the rating element of the Council's credit assessment process now focuses solely on the Short and Long Term ratings of an institution.

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 B..

Set out in Annex C 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 minimised as far as possible.

The Director of Finance will monitor long-term investment rates and identify any investment opportunities if market conditions change. It is proposed that delegated authority continues for the Director of Finance, in consultation with the Cabinet Secretary, 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.

2.2.3 Outlook and Proposed Treasury Investment Strategy

Based on its cash flow forecasts, the Council anticipates its fund balances in 2023/2024 are likely to range between £50 million and £250 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 2022/2023 some investment balances have been used to fund borrowing requirements. It is likely that this will continue into 2023/2024 with investment

balances being used to fund some 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.

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; and
- Possible funding of long-term borrowing from investment balances (dependent upon appropriate market conditions).

Investments will be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates (i.e. rates for investments up to 12 months). Greater returns are usually obtainable by investing for longer periods. While most cash balances are required in order to manage the ups and downs of cash flow where cash sums can be identified that could be invested for longer periods, the value to be obtained from longer term investments will be carefully assessed.

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 the total value of short-term investments maturing within 6 months.

A maximum limit of £75 million is to be set for in-house Non-Specified Investments over 365 days up to a maximum period of 2 years (excluding non-treasury management investments and all other investments defined as capital expenditure). This amount has been calculated by reference to the Council's cash flows, including the potential use of earmarked reserves.

The Council is not committed to any investments which are due to commence in 2023/2024 (i.e. it has not agreed any forward deals).

The Council, in conjunction with the Council's treasury adviser Link 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.

During 2022/2023 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 compared with the benchmark SONIA (Sterling Overnight Index Average) rate and with the relevant benchmarks and performance from the previous year:

Return	2021/22 Benchmark %	2021/22 Return %	To date 2022/23 Benchmark %	To date 2022/23 %
Council	0.14	0.22	1.74	2.07

During 2023/2024 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 Sterling Overnight Index Average (SONIA) rate as a benchmark for its investments. Performance is above the benchmark rate, whilst still adhering to the prudent policy agreed by the Council, in what remains a very turbulent market. The Council's treasury management advisor reports the rate of return achieved compares favourably with their other local authority clients.

2.2.4 Policy on the use of external service providers

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.

The Council uses Link Asset Services as its external treasury management advisors. 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 advisors.

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.

2.2.5 Non - Treasury Investments

The Council may make other types of investments (usually defined by regulation as capital expenditure) that are not part of treasury management activity. Treasury management investments activity covers those investments which arise from the Council's cash flows and debt management activity, and ultimately represent balances which need to be invested until the cash is required for use in the course of business.

Investments that may be made for policy reasons outside of normal treasury management activities may include: service investments held clearly and explicitly in the course of the provision, and for the purposes, of operational services, including regeneration. This may include loans to local enterprises as part of a wider strategy for local economic growth.

The Director of Finance will maintain a schedule setting out a summary of existing material investments, subsidiaries, joint ventures and liabilities including financial guarantees and the Council's risk exposure.

Investment objectives in relation to these types of investments will still be primarily security and liquidity but with the understanding that the liquidity for these types of investments may be less than those for treasury management activities and that these may be subject to higher levels of risk. When non-treasury management investments are considered, due diligence will take place with all proposed investments being subjected to a detailed financial appraisal that will include financial sustainability of the investment and the identification of risk to both capital and returns. An assessment against loss will be carried out periodically and if the value of non-financial investments is no longer sufficient to provide security against loss mitigating actions will be taken. Decisions relating to non-treasury management investments will follow appropriate governance arrangements.

Cabinet at its January 2023 meeting endorsed an unsecured investment with EPNE, based on a detailed business plan, in order to ensure the medium-term financial stability of a key partner in the delivery of the City Plan.

The Council's approach to non-treasury investments is covered within the Capital Strategy approved by Council in November 2022 and complies with the guidance that Local Authorities will not use PWLB borrowing primarily for yield.

3. **Scheme of delegation**

- 3.1 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. 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	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 –updates or revisions at other times	Full Council	As appropriate
Treasury Management Monitoring Reports	Director of Finance	Monthly
Treasury Management Practices	Director of Finance	Annually

Area of Responsibility	Council/ Committee/ Officer	Frequency
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
Annual Treasury Management Outturn Report	Cabinet / Audit and Governance Committee	Annually by 30 September after the end of the financial year

4. **The Treasury Management Role of the Section 151 Officer**

4.1 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;
- preparing a capital strategy to include capital expenditure, capital financing, non-financial investments and treasury management, with a long-term timeframe;
- ensuring that the capital strategy is prudent, sustainable, affordable and prudent in the long term and provides value for money;
- ensuring that due diligence has been carried out on all treasury and non-financial investments and is in accordance with the risk appetite of the Council;
- ensuring that the Council has the appropriate legal powers to undertake expenditure on non-financial assets and their financing;
- ensuring the proportionality of all investments so that the Council does not undertake a level of investing which exposes the Council to an excessive level of risk compared to its financial resources;
- ensuring that an adequate governance process is in place for the approval, monitoring and ongoing risk management of all non-financial investments and long-term liabilities;
- providing to members a schedule of all non-treasury investments including material investments in subsidiaries, joint ventures, loans and financial guarantees;
- ensuring that members are adequately informed and understand the risk exposures taken on by the Council; and
- ensuring that the Council has adequate expertise, either in house or externally provided, to carry out the above.

1. Interest Rate Forecasts

- 1.1 The data set out overleaf shows a variety of forecasts published by Link Asset Services and Capital Economics (an independent forecasting consultancy). PWLB forecasts shown below have taken into account the 20 basis point certainty rate reduction effective as of the 1st November 2012. There are no changes to these forecasts as at 6th January 2023.
- 1.2 The forecast within this strategy statement has been drawn from these diverse sources and officers' own views.

ECONOMIC FORECASTS

LINK GROUP – DECEMBER 2022

	End Q1 2023	End Q2 2023	End Q3 2023	End Q4 2023	End Q1 2024	End Q2 2024	End Q3 2024	End Q4 2024	End Q1 2025	End Q2 2025	End Q3 2025	End Q4 2025
Bank Rate	4.25%	4.50%	4.50%	4.50%	4.00%	3.75%	3.50%	3.25%	3.00%	2.75%	2.50%	2.50%
5yr PWLB Rate	4.20%	4.20%	4.10%	4.00%	3.90%	3.80%	3.60%	3.50%	3.40%	3.30%	3.20%	3.10%
10yr PWLB Rate	4.40%	4.40%	4.30%	4.10%	4.00%	3.90%	3.80%	3.60%	3.50%	3.40%	3.30%	3.30%
25yr PWLB Rate	4.60%	4.60%	4.50%	4.40%	4.20%	4.10%	4.00%	3.90%	3.70%	3.60%	3.50%	3.50%
50yr PWLB Rate	4.30%	4.30%	4.20%	4.10%	3.90%	3.80%	3.70%	3.60%	3.50%	3.30%	3.20%	3.20%

CAPITAL ECONOMICS – DECEMBER 2022

	End Q1 2023	End Q2 2023	End Q3 2023	End Q4 2023	End Q1 2024	End Q2 2024	End Q3 2024	End Q4 2024
Bank Rate	4.50%	4.50%	4.50%	4.50%	4.25%	4.00%	3.50%	3.00%
5yr PWLB Rate	4.00%	3.80%	3.70%	3.50%	3.50%	3.40%	3.30%	3.30%
10yr PWLB Rate	4.00%	3.80%	3.70%	3.60%	3.50%	3.40%	3.40%	3.30%
25yr PWLB Rate	4.40%	4.20%	4.00%	3.80%	3.80%	3.70%	3.60%	3.60%
50yr PWLB Rate	4.10%	4.00%	3.90%	3.80%	3.80%	3.70%	3.60%	3.60%

2. Survey of Economic Forecasts

2.1 HM Treasury November 2022

The current 2022 base rate forecasts are based on samples of both City and non-City forecasters included in the HM Treasury November 2022 report.

BANK RATE FORECASTS	Annual Average Bank Rate				
	Ave. 2022	Ave. 2023	Ave. 2024	Ave. 2025	Ave. 2026
Average	1.65%	4.11%	3.94%	3.35%	3.00%
Highest	2.00%	4.80%	5.50%	5.60%	5.40%
Lowest	0.72%	1.09%	1.22%	1.35%	1.48%

Source: HM Treasury: Forecasts for the UK Economy Nov. 2022 (No.424, Table M4)

Lending List Criteria

1. Counterparty Criteria

- 1.1 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.
- 1.2 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 Long-Term Rating	Fitch Short-Term Rating	Moody's Long-Term Rating	Moody's Short-Term Rating	S&P's Long-Term Rating	S&P's Short-Term Rating	Maximum Deposit £m	Maximum Duration
AAA	F1+	Aaa	P-1	AAA	A-1+	120	2 Years
AA+	F1+	Aa1	P-1	AA+	A-1+	100	2 Years
AA	F1+	Aa2	P-1	AA	A-1+	80	2 Years
AA-	F1+	Aa3	P-1	AA-	A-1+	75	2 Years
A+	F1+	A1	P-1	A+	A-1	70	365 days
A+	F1	A1	P-1	A+	A-1	70	365 days
A	F1	A2	P-1	A	A-1	65	365 days
A-	F1	A3	P-1	A-	A-1	50	365 days
A-	F2	A3	P-2	A-	A-2	50	365 days
Local Authorities (limit for each local authority)						30	2 years
UK Government (including debt management office, gilts and treasury bills)						300	2 years
Money Market Funds (CNAV, LVNAV and VNAV) Maximum amount to be invested in Money Market Funds is £250m with a maximum of £50m in any one fund.						250	Liquid Deposits
Local Authority controlled companies						40	20 years
Strategic Partners						Maximum deposit and duration of investments with strategic partners will be based on detailed business case and will be approved by Members prior to any investment taking place	

CNAV – Constant Net Asset Value, LVNAV – Low Volatility Net Asset Value, VNAV – Variable Net Asset Value

- 1.3 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.

- 1.4 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 limits are as follows:

2. Country Limit

- 2.1 It is proposed that only non-UK countries with a minimum sovereign credit rating of AA+ by all three rating agencies will be considered for inclusion on the Approved Lending List.
- 2.2 It is also proposed to set a total limit of £50m which can be invested in other countries provided they meet the above criteria. A separate limit (excluding money market funds) of £300m will be applied to the United Kingdom and is based on the fact that the government has done and is willing to take action to protect the UK banking system.

Country	Limit £m
UK	300
Non-UK	50

3. Sector Limit

- 3.1 The Code recommends that 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	300
Local Government	300
UK Banks	300
Money Market Funds	250
UK Building Societies	100
Foreign Banks	50

4. Group Limit

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

- the UK continues to have a sovereign credit rating of AA-; and
- that market intelligence and professional advice is taken into account.

- 4.2 Proposed group limits are set out in Annex C.

Approved Lending List

	Fitch		Moody's		Standard & Poor's			
	L Term	S Term	L Term	S Term	L Term	S Term	Limit £m	Max Deposit Period
UK	AA-		Aa3		AA		300	
Lloyds Banking Group							Group Limit 70	
Lloyds Bank Plc (RFB)	A+	F1	A1	P-1	A+	A-1	70	365 days
Lloyds Bank Corporate Markets plc (NRFB)	A+	F1	A1	P-1	A	A-1	65	365 days
Bank of Scotland Plc (RFB)	A+	F1	A1	P-1	A+	A-1	70	365 days
Royal Bank of Scotland Group (See Note 1)							Group Limit 75	
The Royal Bank of Scotland Plc (RFB)	A+	F1	A1	P-1	A	A-1	75	2 years
National Westminster Bank Plc (RFB)	A+	F1	A1	P-1	A	A-1	75	2 years
NatWest Markets plc (NRFB)	A+	F1	A1	P-1	A-	A-2	75	2 years
Santander UK plc	A+	F1	A1	P-1	A	A-1	65	365 days
Barclays Bank plc (NRFB)	A+	F1	A1	P-1	A	A-1	65	365 days
Barclays Bank plc (RFB)	A+	F1	A1	P-1	A	A-1	65	365 days
Clydesdale Bank */**	A-	F2	A3	P-2	A-	A-2	50	365 days
Co-Operative Bank Plc **	B+	B	Ba1	NP	-	-	0	
Goldman Sachs International Bank	A+	F1	A1	P-1	A+	A-1	70	365 days
HSBC Bank plc (NRFB)	AA-	F1+	A1	P-1	A+	A-1	70	365 days
HSBC UK Bank plc (RFB)	AA-	F1+	A1	P-1	A+	A-1	70	365 days
Nationwide BS	A	F1	A1	P-1	A+	A-1	65	365 days
Standard Chartered Bank	A+	F1	A1	P-1	A+	A-1	70	365 days
Close Brothers Ltd	A-	F2	Aa3	P-1	-	-	50	365 days

SMBC Bank International Ltd	A-	F1	A1	P-1	A	A-1	50	365 days
Top Building Societies (by asset value)								
Nationwide BS (see above)								
Coventry BS	A-	F1	A2	P-1			50	365 days
Leeds BS	A-	F1	A3	P-2	-	-	50	365 days
Principality BS **	BBB+	F2	Baa2	P-2	-	-	0	
Skipton BS	A-	F1	A2	P-1	-	-	50	365 days
West Bromwich BS **			Ba3	NP	-	-	0	
Yorkshire BS	A-	F1	A3	P-2	-	-	50	365 days
Money Market Funds							250	Liquid
Prime Rate Stirling Liquidity	AAA		AAA		AAA		50	Liquid
Insight Liquidity Fund	AAA		-		AAA		50	Liquid
Aberdeen Liquidity Fund (Lux)	AAA				AAA		50	Liquid
Deutsche Managed Sterling Fund			Aaa		AAA		50	Liquid
Foreign Banks have a combined total limit of £50m								
Australia	AAA		Aaa		AAA		50	
Australia and New Zealand Banking Group Ltd	A+	F1	Aa3	P-1	AA-	A-1+	50	365 days
Commonwealth Bank of Australia	A+	F1	Aa3	P-1	AA-	A-1+	50	365 days
National Australia Bank	A+	F1	Aa3	P-1	AA-	A-1+	50	365 days
Westpac Banking Corporation	A+	F1	Aa3	P-1	AA-	A-1+	50	365 days
Canada	AA+		Aaa		AAA		50	
Bank of Nova Scotia	AA-	F1+	Aa2	P-1	A+	A-1	50	365 days
Royal Bank of Canada	AA-	F1+	Aa1	P-1	AA-	A-1+	50	2 years
Toronto Dominion Bank	AA-	F1+	Aa1	P-1	AA-	A-1+	50	2 years
Denmark	AAA		Aaa		AAA		50	
Danske A/S	A	F1	A2	P-1	A+	A-1	50	365 days
Finland	AA+		Aa1		AA+		50	
OP Corporate Bank plc	WD	WD	Aa3	P-1	AA-	A-1+	50	2 years
Germany	AAA		Aaa		AAA		50	

DZ Bank AG (Deutsche Zentral- Genossenschaftsbank)	AA-	F1+	Aa2	P-1	A+	A-1	50	365 days
Landwirtschaftliche Rentenbank	AAA	F1+	Aaa	P-1	AAA	A-1+	50	2 years
NRW Bank	AAA	F1+	Aa1	P-1	AA	A-1+	50	2 years
Netherlands	AAA		Aaa		AAA		50	
Bank Nederlandse Gemeenten	AAA	F1+	Aaa	P-1	AAA	A-1+	50	2 years
Cooperatieve Rabobank U.A.	A+	F1	Aa2	P-1	A+	A-1	50	365 days
Nederlandse Waterschapsbank NV			Aaa	P-1	AAA	A-1+	50	2 years
Singapore	AAA		Aaa		AAA		50	
DBS Bank Ltd	AA-	F1+	Aa1	P-1	AA-	A-1+	50	2 years
Oversea Chinese Banking Corporation Ltd	AA-	F1+	Aa1	P-1	AA-	A-1+	50	2 years
United Overseas Bank Ltd	AA-	F1+	Aa1	P-1	AA-	A-1+	50	2 years
Sweden	AAA		Aaa		AAA		50	
Svenska Handelsbanken AB	AA	F1+	Aa2	P-1	AA-	A-1+	50	2 years
Switzerland	AAA		Aaa		AAA		50	
Credit Suisse AG	BBB+	F2	A3	P-2	A-	A-	0	
UBS AG	AA-	F1+	Aa2	P-1	A+	A-1	50	365 days
USA	AAA		Aaa		AA+		50	
Bank of New York Mellon	AA	F1+	Aa1	P-1	AA-	A-1+	50	2 years
JP Morgan Chase Bank NA	AA	F1+	Aa1	P-1	A+	A-1	50	365 days
Wells Fargo Bank NA	AA-	F1+	Aa1	P-1	A+	A-1	50	365 days

RFB – Ringfenced Bank, NRFB – Non-Ringfenced Bank

Strategic Partners

Cabinet at its January 2023 meeting endorsed an unsecured investment with EPNE, based on a detailed business plan, in order to ensure the medium-term financial stability of a key partner in the delivery of the City Plan.

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 £75m.

* 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 Prudential Regulation Authority (PRA) is classed as a UK bank for the purposes of the Approved Lending List.

