

CITY HALL,
SUNDERLAND.
17 February 2022.

TO THE MEMBERS OF SUNDERLAND CITY COUNCIL

YOU ARE SUMMONED TO ATTEND A MEETING of Sunderland City Council to be held in the **Council Chamber, City Hall, Plater Way, Sunderland, SR1 3AA** on **WEDNESDAY 2 MARCH 2022** at 4.00 p.m. at which it is proposed to consider and transact the following business:-

- | | | |
|-----------|---|------------|
| 1. | To read the Notice convening the meeting. | - |
| 2. | Apologies. | - |
| 3. | To approve the minutes of the extraordinary meeting of the Council held on 13th January 2022 and of the last ordinary meeting of the Council held on 26 January 2022 (copies attached). | 1 |
| 4. | Receipt of Declarations of Interest (if any). | - |
| 5. | Announcements (if any) under Rule 2(e). | - |
| 6. | Report of the Cabinet. | 19 |
| | (i) Capital Programme 2022/2023 to 2025/2026 and Treasury Management Policy and Strategy 2022/2023, including Prudential Indicators for 2022/2023 to 2025/2026. | 29 |
| | (ii) Revenue Budget and Proposed Council Tax for 2022/2023 and Medium-Term Financial Plan 2022/2023 to 2025/2026. | 141 |

(iii) Determination of Council Tax 2022/2023.	-
7. Report of the Audit and Governance Committee.	237
(i) Decision to Opt-In to the National Scheme for Auditor Appointments Managed by Public Sector Audit Appointments (PSAA).	241



PATRICK MELIA, CHIEF EXECUTIVE.

Note it is intended that the meeting will be livestreamed for the public to view on the Council's YouTube channel at <https://youtu.be/DuXgk4v2Ed0>

Minutes

Sunderland City Council

At a meeting of SUNDERLAND CITY COUNCIL held in the BEACON OF LIGHT, SUNDERLAND on THURSDAY 13 JANUARY 2022 at 6.00pm

Present: The Mayor (Councillor H Trueman) in the Chair
The Deputy Mayor (Councillor A Smith)

Councillors	Blackett	Gibson, P	McDonough	Reed
	Burnicle	Greener	McKeith	Scanlan
	Crosby	Hartnack	Miller, F	Scott
	Dixon	Haswell	Miller, G	Smith, G
	Dodds	Heron	Morrissey	Speding
	Donaghy	Howe	Mullen	Trueman, D
	Dunn	Johnston, K	Nicholson	Walker, P
	Edgeworth	Johnston, S	Noble	Warne
	Farthing	Laws	O'Brien	Williams
	Gibson, E	MacKnight, N	Peacock	
	Gibson, P W L	Mann	Price	

Also Present:-

Honorary Alderman M. Greenfield

The notice convening the meeting was read.

Declarations of Interest

There were no declarations of interest made.

Apologies

Apologies for absence were submitted to the meeting on behalf of Councillors Ali, Bewick, Blackburn, Butler, Chequer, Doyle, Fagan, Fletcher, Foster, Hodson, Lauchlan, Leadbitter, D. MacKnight, McClennan, Potts, Rowntree, Samuels, P. Smith, D. Snowdon, D.E. Snowdon, Stewart, A. Taylor, Thornton, Tye, M. Walker, D. Wilson, A. Wood and P. Wood and Alderman Arnott, Forbes and Tate.

Freedom of the City – Sunderland Association Football Club 1973 FA Cup winning team members – Report of the Chief Executive

The Chief Executive submitted a report (copy circulated) which invited the Council to confer the Honorary Freedom of the City upon The Sunderland Association Football Club 1973 FA Cup winning team members.

The Mayor extended a warm welcome to all present at the meeting.

It was then moved by the Leader of the Council, Councillor G. Miller, and duly seconded by Councillor L. Williams, that the Council formally confer the Honorary Freedom of the City upon the Sunderland Association Football Club 1973 FA Cup winning team members. The Leader, Councillor Williams and Councillor M. Dixon spoke to the motion. On being put to the meeting the motion was unanimously agreed and it was:-

39. RESOLVED that in pursuance of the provisions of Section 249(5) of the Local Government Act 1972 the Council do confer the Honorary Freedom of the City on the Sunderland Association Football Club 1973 FA Cup winning team members set out below;

- Jackie Ashurst
- Brian Chambers
- Ronald George "Ron" Guthrie
- Victor Lewis "Vic" Halom
- Michael Frederick "Micky" Horswill
- William "Billy" Hughes (posthumous award)
- Robert "Bobby" Kerr
- John Lathan
- Richard Philip "Dick" Malone
- Mick McGiven
- Richard Ernest "Ritchie" Pitt
- John Ian Porterfield (posthumous award)
- John Tones
- Dennis Tueart
- David Vernon "Dave" Watson
- David Young

to recognise their achievement and the enduring pride and respect that the people of Sunderland hold for the team.

Each Member of the 1973 FA Cup winning team, or their representative, was invited, in turn, to be presented with a presentational copy of the Council's resolution by the Mayor and to sign the Roll of Honorary Freemen of the City.

Mr Bobby Kerr and Mr Rob Mason, the Club's historian, responded appropriately on behalf of all the recipients.

The Mayor then thanked everyone for their attendance and closed the meeting.

(Signed) H TRUEMAN
Mayor

Sunderland City Council

At a meeting of SUNDERLAND CITY COUNCIL held in the COUNCIL CHAMBER, CITY HALL, SUNDERLAND on WEDNESDAY 26 JANUARY 2022 at 4.00pm

Present: The Mayor (Councillor H Trueman) in the Chair
The Deputy Mayor (Councillor A Smith)

Councillors	Ali	Gibson, E	McClennan	Scott
	Bewick	Gibson, P	McDonough	Smith, G
	Blackett	Gibson, P W L	McKeith	Smith, P
	Butler	Greener	Miller, F	Snowdon, D
	Chequer	Hartnack	Miller, G	Snowdon, D E
	Crosby	Haswell	Morrissey	Speding
	Dixon	Hodson	Mullen	Stewart
	Donaghy	Howe	Noble	Thornton
	Doyle	Johnston, K	O'Brien	Trueman, D
	Dunn	Johnston, S	Peacock	Tye
	Edgeworth	Lauchlan	Potts	Walker, M
	Essl	Laws	Price	Walker, P
	Fagan	Leadbitter	Reed	Warne
	Farthing	MacKnight, N	Rowntree	Williams
	Fletcher	Mann	Samuels	Wood, A
	Foster	Mason-Gage	Scanlan	Wood, P

Also Present:-

Honorary Alderman Greenfield

The notice convening the meeting was read.

Apologies

Apologies for absence were submitted to the meeting on behalf of Councillors Blackburn, Burnicle, Dodds, Heron, D MacKnight, Nicholson, Taylor, Wilson and Aldermen Arnott, Forbes and Tate.

Minutes

- 40. RESOLVED** that the minutes of the Meeting of the Council held on 17 November 2021 be confirmed and signed as a correct record.

Declaration of Interests

The following declaration of interest was made and the Members concerned left the meeting during consideration of the item: -

Councillor N MacKnight	Item 14(ii) – Approval of Reason for Absence from Meetings	Family Member is the subject of the report.
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Announcements

Councillor K Johnston informed Council that the Housing Team had been recognised nationally for its successful pre-eviction support service and had been highly commended at this year's Inside Housing UK Housing Awards within the "Homelessness Project of the Year" category.

This was a fantastic achievement and recognition for the team and all the hard work they did to help residents in the most difficult of times and circumstances.

Covid-19 – Verbal Update by the Leader of the Council

The Mayor invited the Leader to provide a verbal update on the Covid-19 pandemic.

The Leader commented that when he last provided an update in November, the city was yet to see the full impact of the Omicron variant and he began by paying tribute to the phenomenal efforts of residents, volunteers, businesses, public sector organisations and service providers in keeping the city running.

In common with previous surges in infection rates - which, although starting to come down within the region and nationally, had been at highest levels seen at any time during the pandemic – the NHS and Care Sector heroes in particular, were continuing to work in the most challenging of circumstances. Those services had not only been faced with the highest levels of demand, but with much reduced resources as absence rates due to sickness and self-isolation correlated with very high infection rates.

The Leader stated that the Government's massive underfunding of the sectors was the root cause of the acute difficulties and challenges faced, with demand far outstripping capacity. They lacked any sort of understanding or appreciation of what was required to provide the health and medical care system which the nation should expect and had completely failed to plan for this or any other type of national crisis.

He added that fighting Covid-19 was never going to be a walk in the park, but the dire situation that the health and care sectors had been put in was not fair or necessary and they had deserved better over the past two years.

The Leader highlighted that Sunderland was a resilient city, and while the latest variant was having an impact on near enough every service, organisation and setting across the country in some way, incredible efforts were going into ensuring that particularly vital frontline services were kept going across the city and that the most vulnerable residents were supported, protected and had everything they needed.

The Leader expressed his huge gratitude to all involved and said that it had been a very long haul now but the dedication, flexibility and resilience demonstrated by the people in the city every single day was outstanding. The arrival of the Omicron variant had confirmed that the city was far from being out of the woods with Covid-19, but the vaccination and booster programmes had proved to be absolutely vital in the fight against Covid and the damage it could do, and had done, to people's health, lives and livelihoods.

The Leader made a plea to everyone across the city to ensure that they were as protected as they could be from becoming seriously ill with Covid and to get all of the doses of the vaccine they were eligible for as soon as possible. NHS teams and all those supporting them were working incredibly hard, as they had done for the past year, to keep Sunderland at the forefront of rolling out the vaccines and getting as many people vaccinated as possible. The Leader emphasised that everyone needed to keep on playing their part to drive infection rates down.

The Leader referred to the announcement from the Government that, along with a reduction in the self-isolation timeframes, the Covid Winter Plan B measures, including work from home guidance and the wearing of face coverings, would be lifted. He understood that this return towards normality would be welcomed by many, particularly in seeing the example set, or rather not set by No 10 throughout, but he emphasised how important it was for everyone to keep acting responsibly, and to continue to be aware of the real danger Covid posed if efforts were allowed to suddenly slip.

As restrictions were lifted, and possibly come to an end altogether, in the next few months, individuals had to be mindful of the situation they were in and to think about how they could prevent the virus from spreading. If that meant testing and isolating if positive, maintaining social distance or wearing a face covering in enclosed spaces, especially around vulnerable people, then the Leader was confident that Sunderland people would do the right thing and make the right choices.

There were many exciting things in the pipeline for 2022 in the city, creating lots of opportunities of all kinds for Sunderland residents, and he encouraged people to keep up the good work and Covid-19 at bay. The Leader thanked the Mayor for receiving his update.

41. RESOLVED that the update from the Leader be noted.

Citywide approach to carbon reduction – Verbal update by the Deputy Leader of the Council

The Deputy Leader provided an update on the ongoing progress being made in relation to the city's goal of being carbon neutral by 2030 and reducing its carbon emissions. The Deputy Leader highlighted key progress and development work that had taken place in recent months which included:-

- The recent publication of the 2020-21 Annual Report for Low Carbon Data, covering both the Council's emissions and City-wide emissions. Key headlines were:
 - The Council's operational greenhouse gas emissions in 2020/21 were 8,546 tonnes of CO₂, which represented a 13.2% reduction from the previous year.

Two areas which would need a particular focus to help to accelerate emissions reductions were gas consumption and the vehicle fleet ;

- City-wide, 1.18 million tonnes of CO₂ were emitted in Sunderland in 2019 (the most recent year for which there was data), representing a 5.8% reduction from the previous year. Sunderland was on the way to meeting the recommended interim target suggested by the Tyndall Centre for 2015-2020 of a 16.1% reduction, which was aligned to the city's overall carbon budget covering the period 2018-2020. Two areas which would need a particular focus to help to accelerate emissions reductions as a city were domestic gas and road transport as these were currently the greatest challenges to decarbonisation at a city-wide level.
- In the city's first ever submission to the Carbon Disclosure Project (CDP), Sunderland was awarded grade 'A' status. This was a huge achievement and meant that Sunderland was one of just 11 UK cities (and 95 cities worldwide) to be recognised as a 'leader' in the fight against climate change.
- Following Cabinet approval earlier this month, the Council had reaffirmed its commitment to UK100 by signing its new, more ambitious pledge. This committed the Council to seek to become Net Zero by 2030, building on the existing target of being carbon neutral by 2030 - and committed the city as a whole to being net zero by 2045 or sooner, if possible.

In addition to significant work on the detail of monitoring and reporting, work had continued to progress in each of the priority areas set out in the Low Carbon Framework in recent months with a strong focus on engagement. The Deputy Leader highlighted the following activity:

- The Council had coordinated a very successful tree planting day in December at the former Elemore Golf Course site. Sixty schoolchildren attended (from a total of six local nursery, primary and secondary schools), helping to plant a total of 420 trees. This action supported the wider proposals to create an eco-park on the site and linked with the priorities of the Coalfield Neighbourhood Investment Plan;
- Funding for the North East Community Forest had now been approved to create a Forest Classroom for the new Sunningdale School site by Doxford Park and to plant a new orchard at Hetton Park this Winter. In addition, the charity Trees for Cities had also agreed to pay for a further 8,500 trees to be planted at Elemore Park;
- The Council also helped facilitate the second meeting of the Environmental Green and Sustainable Group (EGSs) last week which provided children and young people with the opportunity to feed their ideas into the 2030 Shadow Board and identify activity which they could take forward. One of the first areas of focus for the young people linked to school and community growing projects and they had been learning about a number of city projects as well as sharing information on their own activity;
- Work was continuing as part of the Public Sector Decarbonisation Scheme – under which Sunderland was awarded £2.2m to install air source heat pumps at eight Council operational buildings. Due to supply chain and storm delays, the

Government had extended the programme to enable all physical works to be completed by June 2022;

- Between January and November 2021, external funding from the ECO3 and ECO3-Flex schemes had invested over £600,000 into 287 fuel poor households through supporting gas boiler upgrades and insulation.
- A Government grant offer from BEIS (the Department for Business, Energy and Industrial Strategy) of £2.22m had been awarded for Pilot Boreholes, which could lead to the harnessing of green energy via geothermal heat from the former Wearmouth Colliery. This power would be used to heat new homes at Riverside Sunderland as well as other buildings across the City Centre;
- Grant funding for SMEs through the regional BEST project – which helped small and medium sized businesses with energy efficiency improvements - was now fully allocated, with 55 successful applications from Sunderland and a likelihood that the greenhouse gas saving target of 614 tonnes would be exceeded through the investments which the BEST project had supported in businesses across the city.
- Grant funding through the city-wide BREEZ project had recently been able to be increased from £135,000 to over £500,000 which would allow more businesses across Sunderland to be supported with energy efficiency improvements. Solar PV and battery storage would be able to be installed at St Mary's and Farringdon Row multi-storey car parks as well as solar PV at the Bunnyhill Centre.
- Phase 3 of the Sunderland Strategic Transport Corridor (or SSTC) was opened in November, linking the Northern Spire bridge to the City Centre. The route would help to relieve traffic congestion, provided a dedicated walking and cycle route along the full length of the route - as the city sought to encourage active and low carbon transport - and also involved the planting of 1,700 trees and 25,000 shrubs;
- Sunderland Council was awarded 1st place in the Cycle September Global "Love to Ride" Bike Challenge as a result of encouraging 21 of its staff to ride 2,888 miles (and thereby saving 250 kg of CO₂). In relation to this, by the end of 2021 the Council's Cycle to Work scheme had completed 130 orders in total. By providing the scheme, it was estimated that the alternative trips undertaken by bike would save over 7,000kg of carbon;
- In terms of the use of E-Scooters, a Rider Survey carried out in November 2021 found that 31.8% of e-scooter trips directly displaced car trips in Sunderland, which equated to over 25,670 car trips displaced and over 9,220kg CO₂ saved in the first eight months of the scheme; and
- With regards to the Mobility Hub at Riverside Sunderland, the Council was expecting to take delivery of the first seven Nissan LEAFs in January 2022, with the remaining vehicles to follow early February.

The Deputy Leader stated that she hoped that she had provided a useful and positive update on work that was ongoing and would continue to provide updates to Council as appropriate going forward.

42. RESOLVED that the information be noted.

Outstanding Motions from the last ordinary meeting of the Council

(i) Events on Council Land

Councillor Mann, duly seconded by Councillor Mullen, moved the following motion: -

Council recognises the environmental damage and harm to both domestic and wild animals that can be done by balloons, paper lanterns and extremely loud fireworks. In recent months, Gateshead Council and North Tyneside Council have taken action to limit the harms to the environment and to animals caused by these.

It is time for Sunderland City Council to take similar action.

Council therefore resolves to:

- Ban balloon and lantern releases on Council land
- Request a report to Cabinet on appropriate plots of Council land that can be transformed into a memorial meadow, where residents can plant seeds/flowers in memory of loved ones, and ask that Portfolio Holder to establish at least one memorial meadow in the city
- Enforce the use of low noise fireworks for all events on Council land, by default, except in exceptional circumstances, when the Portfolio Holder should be required to sign off on the decision to use fireworks that are not low noise.

Councillor Williams, duly seconded by Councillor P Walker, moved the following amendment: -

Delete second paragraph and add new paragraph as follows:

“In September 2018 Sunderland City Council therefore adopted a policy which banned the organised release of balloon and sky lanterns from Council land and at events supported, financially or otherwise, by Sunderland Council including those not on Council owned land.”

Delete third paragraph and add new paragraph as follows:

“In order to revisit this priority”

After “Council” delete “therefore”

First bullet point – Delete and replace with:

“Use our comms team to remind residents that organised balloon and lantern releases are banned.”

Second Bullet point – Delete and replace with:

“Request a report to Cabinet on appropriate plots of Council land that can be transformed into memorial meadows. Residents could then plant seeds/flowers in memory of loved ones.”

Third Bullet Point – Delete and replace with:

“Use the event application process to require event organisers to use silent/quiet fireworks.”

So that the amended motion would read:

“Council recognises the environmental damage and harm to both domestic and wild animals that can be done by balloons, paper lanterns and extremely loud fireworks.

In September 2018 Sunderland City Council therefore adopted a policy which banned the organised release of balloon and sky lanterns from Council land and at events supported, financially or otherwise, by Sunderland Council including those not on Council owned land.

In order to revisit this priority Council resolves to:

- Use our comms team to remind residents that organised balloon and lantern releases are banned.
- Request a report to Cabinet on appropriate plots of Council land that can be transformed into memorial meadows. Residents could then plant seeds/flowers in memory of loved ones.
- Use the event application process to require event organisers to use silent/quiet fireworks.”

Upon being moved the amendment was declared to be carried unanimously.

The Mayor read the new Substantive Motion.

Councillor P W L Gibson had given notice of his intention to move an amendment to the original motion. The Leader of the Council raised a point of order that the amendment brought forward a separate issue to the subject of motion. The Mayor upheld the point of order and Councillor P W L Gibson agreed to withdraw his amendment.

The Mayor then put the new substantive motion to the meeting and accordingly it was: -

43. RESOLVED that: -

Council recognises the environmental damage and harm to both domestic and wild animals that can be done by balloons, paper lanterns and extremely loud fireworks.

In September 2018 Sunderland City Council therefore adopted a policy which banned the organised release of balloon and sky lanterns from Council land and at events supported, financially or otherwise, by Sunderland Council including those not on Council owned land.

In order to revisit this priority Council resolves to:

- Use our comms team to remind residents that organised balloon and lantern releases are banned.
- Request a report to Cabinet on appropriate plots of Council land that can be transformed into memorial meadows. Residents could then plant seeds/flowers in memory of loved ones.
- Use the event application process to require event organisers to use silent/quiet fireworks.

(ii) Establishment of Shadow Young People's Consultation Board (SYPCB)

Councillor McKeith, duly seconded by Councillor S Johnston, moved the following motion: -

Council resolves to establish a Shadow Young People's Consultation Board, through which the Council and its leadership will consult with young people on important issues to them and on key areas of the Council's operations, such as budget setting.

This Board will also invite partners such as TfC, CCG, Nexus and others to consult with young people on what they are doing in their area of service provision to enable young people to share what they think they can be improved upon and what changes or developments they wish to see.

This Board will consist of young people, councillors and leadership of all political parties on the Council, working together to improve young people's representation in the city.

Councillor Farthing, duly seconded by the Leader, Councillor G Miller, moved the following amendment: -

First Paragraph

after "resolves to" delete the words "establish a Shadow" and add "explore the establishment of a"

after "young people on" delete "important issues to them" and add "issues over which the Council has influence or control"

Second Paragraph

after "this Board" delete "will" and add "may"

after "also invite" delete "partners" and add "other bodies"

after TfC delete “CCG, Nexus and others” and add “Police, the Commissioners and providers of health and public transport etc.”

after “think” delete “they”

Additional fourth paragraph

Add “That a report be brought back to Cabinet at the earliest opportunity and no later than six months from the adoption of this motion on the establishment of the Board.”

So that the amended motion would read:

“Council resolves to explore the establishment of a Young People's Consultation Board, through which the Council and its leadership will consult with young people on issues over which the Council has influence or control and on key areas of the Council's operations, such as budget setting.

This Board may also invite other bodies such as TfC, Police, the Commissioners and providers of health and public transport etc., to consult with young people on what they are doing in their area of service provision to enable young people to share what they think can be improved upon and what changes or developments they wish to see.

This Board will consist of young people, councillors and leadership of all political parties on the Council, working together to improve young people's representation in the city.

That a report be brought back to Cabinet at the earliest opportunity and no later than six months from the adoption of this motion on the establishment of the Board.”

Upon being put the amendment was declared to be carried with the following Members requesting that their votes against be recorded: -

Councillors	Crosby	Gibson, P W L	Morrissey	Smith, G
	Edgeworth	Haswell	O'Brien	Wood, A
	Fagan	Hodson	Potts	

The Mayor then put the new substantive motion to the meeting and it was: -

44. RESOLVED that: -

Council resolves to explore the establishment of a Young People's Consultation Board, through which the Council and its leadership will consult with young people on issues over which the Council has influence or control and on key areas of the Council's operations, such as budget setting.

This Board may also invite other bodies such as TfC, Police, the Commissioners and providers of health and public transport etc., to consult with young people on what they are doing in their area of service provision to enable young people to share what they think can be improved upon and what changes or developments they wish to see.

This Board will consist of young people, councillors and leadership of all political parties on the Council, working together to improve young people's representation in the city.

That a report be brought back to Cabinet at the earliest opportunity and no later than six months from the adoption of this motion on the establishment of the Board.”

The following Members requested that it be recorded that they voted against the motion: -

Councillors	Crosby	Gibson, P W L	Morrissey	Smith, G
	Edgeworth	Haswell	O'Brien	Wood, A
	Fagan	Hodson	Potts	

Reception of Petitions

- 45. RESOLVED** that the petitions listed below submitted by the Councillors named be received and referred to the appropriate Chief Officer for consideration in accordance with the Council's Petitions Scheme: -

Councillor Doyle – Petition asking that the Council save the Sea Road Supermarket site.

Councillor Mullen – Petition asking the Council to find Luciano's a new city centre space and to support their relocation and secure their future in the city.

Councillor McDonough – Petition asking the Council to add Arbroath and Archer Roads, Farringdon to the priority gritting routes.

Councillor Crosby – Petition asking the Council to remove the £25 fee for a replacement wheelie bin where one has been stolen, set on fire, where a resident moves into a new property or where a resident cannot afford the fee.

Councillor Noble – Petition asking the Council to look at traffic calming measures between Dartington Close, Dellfield Drive and St John's Vale.

Written Questions by Members of the Public under Rule 10

Pursuant to Rule 10 of the Council Rules of Procedure, the Leader and Members of the Cabinet were asked questions which had been submitted by members of the public.

Written Questions by Members of the Council under Rule 11

Pursuant to Rule 11 of the Council Rules of Procedure, the Leader and Members of the Cabinet were asked questions which had been submitted by Members of the Council.

Report of the Cabinet

The Cabinet reported and recommended as follows: -

1. Sunderland City Plan 2019-2030 – Annual Assurance Process

That they had given consideration to a report of the Executive Director of Corporate Services (copy attached) which detailed the City Plan and Indicative Timeline assurance process and the proposed updating of the Plan and Timeline.

At the meeting of Scrutiny Coordinating Committee on 9 December 2021, Members recommended that some of the components of the *Carbon Neutral City Council by 2030*, and *Adult Mental Health Strategy Delivered (in 2026)* timeline activities be inserted into the timeline in the intervening years. This would help demonstrate progress towards completion of these activities and also their relationship with the delivery of other objectives.

Where possible, this additional detail and contributing activities would be added to the timeline in advance of publication of the final, approved version. No entries would be removed from the timeline as set out in the attached draft plan, in the process.

Accordingly, the Cabinet, having considered the details of the City Plan and Indicative Timeline assurance process, recommended the Council to approve the proposed updates to the City Plan and Indicative Timeline (as an Article 4 Plan under the Constitution).

2. Council Tax Base 2022/2023

That they had given consideration to a report of the Executive Director of Corporate Services (copy attached) on the calculation of the Council Tax Base for 2022/2023 and to seek approval to recommend to Council the Council Tax Base for 2022/2023 in accordance with the Local Government Finance Act 1992 as amended by the Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012.

Accordingly, the Cabinet recommended to Council that:-

- (a) The report for the calculation of the Tax Bases for the City Council and Hetton Town Council for 2022/2023 be approved; and
- (b) That pursuant to the report and in accordance with the Local Authorities (Calculation of Tax Base) Regulations 1992 and the Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012, the amount calculated by Sunderland City Council as its Council Tax Base for the year 2021/2022, shall be 72,161 and for the area of Hetton Town Council shall be 4,052.

3. Local Council Tax Support Scheme

That they had given consideration to a report of the Executive Director of Corporate Services (copy attached) requesting that Cabinet consider, for the purposes of paragraph 5 of Schedule 1A to the Local Government Finance Act (LGFA) 1992, whether the Local Council Tax Support Scheme (LCTSS) –which is the Council’s Council Tax Reduction Scheme under section 13A(2) LGFA 1992 – should be revised or replaced with another scheme for the financial year 1 April 2022 to 31 March 2023.

Accordingly, the Cabinet recommended to Council that:-

- (i) The current LCTSS for the City of Sunderland, the main features of which are set out at Appendix A, be amended from 1 April 2022 to incorporate any legislative changes to the prescribed requirements for the Scheme (the Scheme) but that it be not otherwise revised or replaced; and
- (ii) The approved LCTSS for the financial year 2022/2023 be published on the Council’s website and in any additional manner determined by the Executive Director of Corporate Services in consultation with the Cabinet Secretary.

4. Members’ Allowances Scheme - Report of the Independent Remuneration Panel

That they had given consideration to a joint report of the Executive Director of Corporate Services and Assistant Director of Law and Governance (copy attached) on the Members’ Allowances Scheme for the next financial year.

The Independent Remuneration Panel had considered the number and level of allowances currently paid to Members and its report was attached as Appendix 1. The Panel had recommended that the basic allowance be increased by 2% to £8,536 with effect from 1 April 2022. As the NJC pay award for 2021/22 had not yet been confirmed, with the current offer by employers of 1.75% not having been accepted by Trades Unions the proposed increase was in line with the assumption included in the Council’s medium term financial plan for the main pay award for Council staff, excluding any separate pay award increases that were given to specific groups, such as lower paid staff or Chief Officers.

Cabinet noted the recommendations of the Independent Remuneration Panel but considered that in light of the ongoing pandemic and the financial pressures being faced by residents in the City, the scheme should remain unchanged.

Accordingly, the Cabinet recommended the Council:-

- (i) to note the report of the Independent Remuneration Panel; and
- (ii) to approve that the scheme of allowances remain unchanged for the following financial year, as it was considered that there should not be any increase to members' allowances at this time, in view of the ongoing Covid-19 pandemic and the financial pressures being faced by residents in the City.

The Leader of the Council, Councillor G Miller, duly seconded by the Deputy Leader, Councillor Rowntree, moved the report of the Cabinet.

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

Action taken on petitions

The Council received and noted the report below which detailed the action taken in relation to the following petition which had been presented to the Council.

Petition – Pallion Shipyard Partnership – Presented by Councillor Mann on 17 November 2021

The Pallion Shipyard Partnership presented a petition to the full Council meeting urging it to support and assist a new operator to reopen the site and commence offshore support services, initially repair and maintenance activity. The Partnership cited interest from a third party and general market opportunities in North Sea offshore renewable energy business as the basis for securing this support.

The Pallion Shipbuilding Yard closed to commercial shipbuilding in December 1988. The current owners (Pallion Engineering) had undertaken no shipbuilding activity at this facility since this time.

The City Council had repeatedly requested sight of a full and comprehensive business plan that established if this private sector investment was indeed feasible, both in economic and environmental terms, (including previously from the Pallion Shipyard Partnership), so that it could take advice on its content, however this had not been forthcoming. Fundamental to this was confirmation (or otherwise) of potential support by the site owner for their proposals.

Any future plans for the Pallion shipyard site, which was owned by Pallion Engineering (with no Council interest), would potentially be subject to the site owner's own internal investment appraisals of the financial returns of any project and whether this required their own or any third-party capital investment.

The petition was at this time declined on the basis that Sunderland City Council could not give any indication of support or otherwise from any interest in the reopening of the Pallion Shipbuilding Yard, without sight of a full and comprehensive business plan which established whether this private sector investment was indeed feasible, both in economic and environmental terms.

47. RESOLVED that the report be noted.

Report on Special Urgency Decisions

The Leader of the Council submitted a quarterly report on executive decisions which had been taken as a matter of special urgency, which advised that there were no such instances since the last report.

The Leader of the Council, duly seconded by the Deputy Leader, moved the report.

48. RESOLVED that the report be received and noted.

Approval of Reason for Absence from Meetings

The Assistant Director of Law and Governance submitted a report asking Members to consider approval of a period of absence for Councillor D MacKnight.

Section 85(1) of the Local Government Act 1972 provides that “if a member of a local authority fails throughout a period of six consecutive months from the date of his last attendance to attend any meeting of the authority, he shall, unless the failure was due to some reason approved by the authority before the expiry of that period, cease to be a member of the authority”.

The last attendance at a meeting by Councillor D MacKnight was 6 September 2021 and she had been unable to attend a meeting since. In view of the provisions of the Act regarding absence from meetings, it was considered appropriate to request Council to approve a period of absence by reason of ill health.

The Leader of the Council, duly seconded by the Deputy Leader, moved the report and accordingly it was:

49. RESOLVED that Councillor D MacKnight's absence from meetings due to ill health be noted and, in accordance with section 85 of the Local Government Act 1972, the reason for her absence from meetings be approved for a period up to and including the last day of her current term of office.

The meeting adjourned at this point, having reached three hours' duration.

(Signed) H TRUEMAN,
Mayor.

Report of the Cabinet

THE CABINET reports and recommends as follows: -

That they have referred the initial proposals on the Revenue Budget to the Scrutiny Co-ordinating Committee:-

- On 14 October 2021, Scrutiny Co-ordinating Committee considered the Budget Planning Framework and Medium-Term Financial Plan 2022/2023 – 2025/2026 report which was referred from the October Cabinet meeting:

The Scrutiny Coordinating Committee noted the budgetary information provided including the Medium-Term Financial Plan, Budget Planning Framework and Capital Strategy. The Committee acknowledges the current financial situation of the Council, including the spending pressures that exist.

The Committee also recognises the importance of robust budget consultation and engagement with all stakeholders to ensure that there is a clear understanding not only of the challenges and pressures that face the local authority, but also how resources are prioritised and assigned.

Finally, the Committee would like to thank officers and members for their continued work. The Committee will also continue to receive budgetary information and the opportunity to scrutinise these reports.

- On 9 December 2021, Scrutiny Co-ordinating Committee considered the Budget Planning Framework and Medium-Term Financial Plan 2022/2023 – 2025/2026 report which was referred from the December Cabinet meeting:

The Scrutiny Co-ordinating Committee acknowledged the information contained in the report and recognises then continuing budget pressures that the Council faces. The Committee also acknowledges that a number of funding uncertainties remain as well as the continued impact, on a number of budget areas, from the Covid-19 pandemic.

The Committee is satisfied that it will continue to receive updates on the budget including the outcome from the budget consultation process.

Finally, the Committee would like to thank Members and Officers for their continued efforts in developing a balanced budget in these difficult times.

- On 10 February 2022, Scrutiny Co-ordinating Committee considered Budget and Service Reports on Collection Fund (Council Tax) 2021/2022, Capital Programme 2022/2023 to 2025/2026 and Treasury Management Policy and Strategy 2022/2023, including Prudential Indicators for 2022/2023 to 2025/2026 and Revenue Budget and Proposed Council Tax for 2022/2023 and Medium-term Financial Plan 2022/2023 to 2025/2026 reports which were referred from the February Cabinet meeting:

The Scrutiny Coordinating Committee acknowledges the financial information presented in the various reports. The Committee notes the ambitious capital programme as presented.

The Committee also recognises that there remain considerable financial pressures on the Council and its services and therefore notes the recommended Council Tax increase for 2022/23, which still needs to be approved by Council. The Committee also notes the proposed budget savings proposals within the reports and the budget consultation, noting the low level of responses from the public and that officers look to improve this response rate during future consultations.

The committee also noted the comments that alternative group budgets would be tabled at the Council's budget setting meeting.

Finally, the Committee would like to thank Officers and Members for their continued efforts in developing these detailed budget reports and engaging with a variety of stakeholders and has no further comments to make.

That they have also referred the proposals for Capital Programme Planning 2022/2023 – 2025/2026 to the Scrutiny Co-ordinating Committee:-

- On 9 December 2021, Scrutiny Co-ordinating Committee considered the Capital Programme Planning 2022/2023 – 2025/2026 and Capital Strategy report which was referred from the November Cabinet meeting:

The Scrutiny Coordinating Committee has considered the capital resources and commitments as well as the additional project proposals and is satisfied with the report and has no further comments to make.

That they have also submitted the Treasury Management Policy and Strategy and prudential indicators within the attached report numbered 1 to the meeting of the Audit and Governance Committee:-

- On 4 February 2022, the Audit and Governance Committee was consulted specifically on the Treasury Management Policy and Strategy for 2022/2023.

The Committee noted the Treasury Management Policy and Strategy for 2022/2023 and the Prudential Treasury Management Indicators for 2022/2023 to 2025/2026.

The Committee noted the Borrowing and Investment Strategies contained within the report and that the Council continued to follow and adhere to fundamental principles in relation to the prudent investment of treasury balances.

The Committee commented on the current position with regard to rising interest rates and were satisfied that the Authority was suitably prepared to address potential challenges in relation to future borrowing, capital and cash flow requirements.

The Committee noted their responsibility for ensuring effective scrutiny of the treasury management strategy and policies and that they would continue to receive quarterly performance reports.

Subsequently

The precept figures have been confirmed as those set out in the report to Cabinet on 8 February 2022:

- The precept figures of the Police and Crime Commissioner Northumbria (PCCN) will mean an increase of 6.95% in the precept level for 2022/2023;
- The precept figures of the Tyne and Wear Fire and Rescue Authority (TWFR) will mean an increase of 1.99% in the precept level for 2022/2023; and
- The precept figures of the Parish of Hetton Town Council will mean an increase of 0% in the precept level for 2022/2023.

The position set out at Item 3 of the report as Determination of Council Tax 2022/2023 reflects the above notified 2022/2023 precept levels in respect of all of the Precepting Authorities and the figures as reported remain unchanged.

NOTE:

In relation to the report numbered 2 below entitled “Revenue Budget and Proposed Council Tax for 2022/2023 and Medium Term Financial Plan 2022/2023 to 2025/2026”, Appendix F has not been printed with this item, but the recommendation, which includes all of the substantive content of the report, is set out in full at item 3 overleaf.

1. Capital Programme 2022/2023 to 2025/2026 and Treasury Management Policy and Strategy 2022/2023, including Prudential Indicators for 2022/2023 to 2025/2026

That they have considered the attached report of the Executive Director of Corporate Services on:

- the proposed Capital Programme for 2022/2023;
- the Treasury Management Policy and Strategy for 2022/2023 (including specifically the Annual Borrowing and Investment Strategies);
- the Prudential Indicators for 2022/2023 to 2025/2026; and
- the Minimum Revenue Provision Statement for 2022/2023.

Accordingly, the Cabinet recommends the Council to approve: -

- (i) the proposed Capital Programme for 2022/2023;
- (ii) the Treasury Management Policy and Strategy for 2022/2023 (including specifically the Annual Borrowing and Investment Strategies);
- (iii) the Prudential Indicators for 2022/2023 to 2025/2026; and
- (iv) the Minimum Revenue Provision Statement for 2022/2023.

2. Revenue Budget and Proposed Council Tax for 2022/2023 and Medium Term Financial Plan 2022/2023 to 2025/2026

That they have considered the report of the Executive Director of Corporate Services which is at the following link [[Cabinet 8 February 2022](#)] on:

- (a) the overall revenue budget position for 2022/2023;
- (b) the projected reserves position as at 31st March 2022 and 31st March 2023 and advise on their sufficiency;
- (c) a risk analysis of the Revenue Budget 2022/2023;
- (d) a summary of the emerging medium term financial position facing the Council from 2022/2023 to 2025/2026, and associated Council Efficiency strategy; and
- (e) any views received from residents, the local Business Sector, Trade Unions, Schools Forum, Change Council and Scrutiny Coordinating Committee on the proposed budget.

The attached report of the Executive Director of Corporate Services to Council sets out the proposed Revenue Budget and Council Tax for 2022/2023 and Medium Term Financial Plan 2022/2023 to 2025/2026 as recommended by Cabinet.

Accordingly, the Cabinet recommends the Council to approve: -

- (i) the proposals set out in the report including the proposed Revenue Budget for 2022/2023 set out at Appendix J;
- (ii) the Medium Term Financial Plan 2022/2023 to 2025/2026 including Efficiency Strategy as set out in Appendix G and the potential use of Capital Receipts Flexibility set out at section 9 of the report.

3. Determination of Council Tax 2022/2023

That they have given consideration to a report of the Executive Director of Corporate Services making, subject to the approval of the Revenue Budget 2022/2023 (as set out at item 2 above), recommendations with respect to Council Tax levels for 2022/2023, and advising that the Council Tax is calculated using the tax bases for the areas of the City Council and Hetton Town Council as approved by Council on 26 January 2022, and setting out a number of resolutions required to be made to determine the Council Tax, including the confirmed precepts from the Major Precepting Authorities and Hetton Town Council.

They therefore recommend to Council: -

- (i) to confirm the council tax requirement for the Council for 2022/2023 for its own purposes is £114,706,404 (excluding Parish precepts) and which represents a 2.99% increase in council tax for 2022/2023. It should be noted that this includes the additional ringfenced social care precept of 1%.
- (ii) it be noted that at its meeting on 26th January 2022 the Council approved the following amounts for the year 2022/2023 in accordance with the amended regulations made under Section 31B(3) of the Local Government Finance Act 1992 (the 'Act'):
 - a) 72,161 being the amount calculated by the Council, in accordance with the above regulation of the Local Authorities (Calculation of Council Tax Base) Regulations 1992 as amended by Local Authorities (Calculation of Tax Base) (England) Regulations 2012, as its council tax base for the year (Item T).
 - b) 4,052 being the amount calculated by the Council, in accordance with the regulations, as the amount of its council tax base for the year for dwellings in the area of the Parish of Hetton Town Council.
- (iii) That the following amounts be calculated by the Council for the year 2022/2023 in accordance with Sections 31 to 36 of the Local Government Finance Act 1992 as amended:
 - a) £764,880,417 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A (2) of the Act taking into account all precepts issued to it by Parish Councils.
 - b) £650,115,421 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A (3) of the Act.
 - c) £114,764,996 being the amount by which the aggregate at (a) above exceeds the aggregate at (iii) (b) above, calculated by the Council, in accordance with Section 31A (4) of the Act, as its Council Tax Requirement for the year including Parish precepts (Item R in the formula in Section 31A(4) of the Act).

- d) £1,590.4020 being the amount at (iii) (c) above (Item R) all divided by Item T ((ii) (a) above), calculated by the Council, in accordance with Section 31B (1) of the Act, as the basic amount of its Council Tax for the year (including Parish precepts).
- e) £58,592 being the precept notified by Hetton Town Council as a special item under Section 34 of the Act.
- f) £1,589.5900 being the amount at (iii) (d) above less the result given by dividing the amount at (iii) (e) above by the Item T ((ii) (a) above), calculated by the Council, in accordance with Section 34 (2) of the Act, as the basic amount of its Council Tax for the year for dwellings in those parts of its area to which no Parish precept relates.
- g) £1,604.0500 being the amount given by adding to the amount at (iii) (f) above, the amount at (iii) (e) divided by the amount at (ii) (b) above, calculated by the Council in accordance with Section 34 (3) of the Act as the basic amounts of its Council Tax for the year for dwellings in the area of the Parish of Hetton Town Council.
- h) Charges relating to the Council

Valuation Band	Hetton Town Council £	All other parts of the Council's area £
A	1,069.37	1,059.73
B	1,247.59	1,236.34
C	1,425.82	1,412.96
D	1,604.05	1,589.59
E	1,960.51	1,942.84
F	2,316.96	2,296.07
G	2,673.42	2,649.32
H	3,208.10	3,179.18

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

- (iv) it be noted that for the year 2022/2023, Tyne and Wear Fire and Rescue Authority and the Police and Crime Commissioner for Northumbria have confirmed the following amounts in precepts issued to the Council, in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of dwellings as follows:

Valuation Band	Police and Crime Commissioner for Northumbria £	Tyne and Wear Fire and Rescue Authority £
A	102.56	58.23
B	119.65	67.94
C	136.75	77.64
D	153.84	87.35
E	188.03	106.76
F	222.21	126.17
G	256.40	145.58
H	307.68	174.70

- (v) having calculated the aggregate in each case of the amounts at (iii) (h) and (iv) above and having received confirmation of the precept in paragraph (iv), the Council, in accordance with Section 30 (2) of the Local Government Finance Act 1992, hereby sets the following amounts as the amounts of Council Tax for the year 2022/2023 for each of the categories of dwellings shown below.

Valuation Band	Hetton Town Council £	All other parts of the Council's area £
A	1,230.16	1,220.52
B	1,435.18	1,423.93
C	1,640.21	1,627.35
D	1,845.24	1,830.78
E	2,255.30	2,237.63
F	2,665.34	2,644.45
G	3,075.40	3,051.30
H	3,690.48	3,661.56

- (vi) To determine that under Section 52ZB of the Local Government Finance Act 1992, the Authority's relevant basic amount of Council Tax for 2022/2023 is not excessive in accordance with the principles determined under Section 52ZC(1) of the Act.

(i.e. the proposed council tax increase for 2022/2023 means that the Council does not need to hold a referendum on its proposed council tax. The provisions set out in Section 52ZC of the Local Government Finance Act 1992 require all billing authorities (councils and precept authorities (i.e. Fire and Police authorities)) to hold a referendum on their proposed level of basic council tax each year if they exceed government guidelines set out annually.)

CABINET – 8 FEBRUARY 2022**CAPITAL PROGRAMME 2022/2023 TO 2025/2026 AND TREASURY MANAGEMENT POLICY AND STRATEGY 2022/2023, INCLUDING PRUDENTIAL INDICATORS FOR 2022/2023 TO 2025/2026.****Report of the Executive Director of Corporate Services****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 2022/2023 to 2025/2026 and the Treasury Management Policy and Strategy (including both borrowing and investment strategies) for 2022/2023, to approve the Prudential Indicators for 2022/2023 to 2025/2026 and the Minimum Revenue Provision Statement for 2022/2023.

2. Description of Decision

- 2.1 Cabinet is requested to recommend to Council approval of:
- i. the proposed Capital Programme for 2022/2023;
 - ii. the Treasury Management Policy and Strategy for 2022/2023 (including specifically the Annual Borrowing and Treasury Investment Strategies);
 - iii. the Prudential Indicators for 2022/2023 to 2025/2026; and
 - iv. the Minimum Revenue Provision Statement for 2022/2023.

3. Background

- 3.1 The Council currently has an ambitious approved Capital Programme, with £493m spend profiled over the period 2022/2023 to 2025/2026 linked to the City Plan priorities (see Appendix 1).
- 3.2 On 12th October 2021 Cabinet approved an updated Capital Strategy. On 16th November 2021 Cabinet approved a suite of new start capital proposals commencing from 2022/2023 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.
- 3.3 Since the November report to Cabinet, further work has progressed on the development of schemes and the programme now presented at Section 4 below includes additional proposed investment in the City of Sunderland Arena, further details of which are set out at section 4.6 and Appendix 2 of this report.
- 3.4 Since the Capital Programme Third Review 2021/2022 (including Treasury Management) report approved by Cabinet on 11 January 2022, there is some further proposed revisions to the current Capital Programme, as follows:
- Sunderland Museum and Wintergardens. The £21.755m approved budget includes £16m external funding yet to be secured, as well as £5.755m borrowing. Given the limited availability of external funding for this, it is proposed to reduce the estimated level of external funding that could be secured to £5m, providing a revised project budget of £10.755m which would deliver an appropriate level of restoration and improvements for future requirements.

- International Advanced Manufacturing Park, the expenditure profile has been updated to align with the forecast delivery timescales by IAMP LLP with significant investment now forecast to take place during 2022/2023.

4. Capital Programme 2022/2023 to 2025/2026

- 4.1 The proposed Capital Programme for 2022/2023 to 2025/2026 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 £627.601m, with £295.541m programmed in 2022/2023, as set out below:

Expenditure by Portfolio	Estimated Payments				
	2022/2023	2023/2024	2024/2025	2025/2026	Total
	£'m	£'m	£'m	£'m	£'m
Deputy Leader	117.760	45.483	16.149	1.150	180.542
Cabinet Secretary	9.657	7.115	1.300	0.329	18.401
Children's Learning and Skills	25.445	5.301	2.705	0.000	33.451
Dynamic City	122.698	123.653	78.654	10.736	335.741
Healthy City	4.024	7.152	0.550	0.250	11.976
Vibrant City	15.957	17.456	8.500	5.577	47.490
Total Capital Expenditure	295.541	206.160	107.858	18.042	627.601

- 4.3 In 2021/2022, the Council committed resources towards a Capital Programme spanning 2021/2022 to 2024/2025, which included schemes that were reliant upon securing external funding. Therefore, the proposed 2022/2023 to 2025/2026 programme reflects:
- ongoing capital scheme commitments from previous years of £493.506m (£267.675m in 2022/2023) as set out in Appendix 1;
 - new starts / additional investment of £134.095m (£27.866m in 2022/2023) summarised at section 4.6 with further detail set out in Appendix 2.

The details of the full Capital Programme for 2022/2023 to 2025/2026 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 2022/2023 to 2025/2026 – 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 2021.

4.4.3 The capital priorities are aligned to the City Plan “Sunderland 2019-2030” Themes:

- By 2030 Sunderland will be a **dynamic smart city** with more and better jobs, a low carbon economy and a great choice of housing. It will be a leading digital city, deploying smart and sustainable technologies for the benefit of residents, business, and visitors;
- Sunderland will be a **healthy smart city** where people will live healthier, independent lives for longer. It will be a clean and attractive city with great transport and travel links; and
- Sunderland will be a **vibrant smart city** with more resilient people feeling safe in their homes and neighbourhoods. There will be a range of opportunities for people to participate in their communities and in cultural events 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 2030.

4.5 Resources Available for New Starts / Additional Investments

4.5.1 Resources - Grants

The Council continues to explore and maximise external funding opportunities to support its core priorities including economic development and regeneration, education and skills, low carbon, digital connectivity, health and well-being and culture and heritage reflecting the priorities in the City Plan.

Significant investment has been secured in the last 5 years from Central Government and regional funds to support major infrastructure priorities, including Riverside Sunderland, the International Advanced Manufacturing Park (IAMP), Sunderland Strategic Transport Corridor Phase 3 (SSTC3), the Port of Sunderland Enterprise Zone, digital connectivity and housing infrastructure.

With the Local Growth Fund and European funding programmes now committed in the North East Local Enterprise Partnership (North East LEP) area, the Council continues to access and investigate funding opportunities linked to the UK's Industrial Strategy and the Levelling Up agenda. Capital funding secured for major projects includes support from the Housing Infrastructure Fund for the South Sunderland Growth Area projects, Transforming Cities Fund support for the redevelopment of Central Station, and Future High Streets Fund support for a city centre transformation programme. The Council has also secured Getting Building Fund approval for two capital projects 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.

In October 2021, the Council secured £20m from Round 1 of the Government's Levelling Up Fund to support the City Centre Housing Ecosystem, including co-funding towards construction of the Housing Innovation and Construction Skills Academy, and support for the development of two sustainable housing developments in Riverside Sunderland and Sunnyside. The Council is currently developing proposals for future rounds of the fund due to be launched in early 2022. It is also awaiting further guidance on the UK Shared Prosperity Fund and City Region Sustainable Transport Fund both of which should offer additional capital funding opportunities for the city in the next 3-5 years.

The Council and its partners continue to access and explore new opportunities to invest in the city's heritage, tourism, sporting and cultural assets. This involves pursuing funding opportunities through the National Lottery Heritage Fund, Historic England, National Lottery Community Fund, Arts Council England, Sport England and other major funders. Development work is ongoing to identify a pipeline of future projects to enhance the city's overall cultural offer, including redevelopment of the Sunderland Museum and Winter Gardens.

The Council has secured grant funding for operational properties via the Public Sector Decarbonisation Scheme and also domestic properties via Green Homes Grant Local Authority Delivery Phase 2 programme in 2021/2022 via low carbon heating systems. Further iterations of these programmes are expected to be announced by Government in the coming months, and the Council will continue to apply for funding to help meet the targets of carbon neutrality for the Council by 2030 and the City by 2040.

The Spending Review in October 2021 provided further information on Government plans for the introduction of the UK Shared Prosperity Fund (SPF) in 2022. The Spending Review outlined plans to allocate over £2.6 billion to the SPF (from 2022/2023-2024/2025) 'focused on helping people into jobs and to get on in life across the UK.' It was confirmed that the SPF will be worth £0.4bn in 2022/2023, £0.7bn in 2023/2024 and £1.5bn in 2024/2025. Local authorities, and others, are waiting to see how the money will be allocated; and, whether regions that benefitted from EU structural funds will be as well off as before. No details were given for beyond 2024/2025.

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 2022/2023 onwards for Transport, Adult Social Care and Schools.

Funding Source		2021/2022	2022/2023
		£'000	£'000
City Region Sustainable Transport Fund	Highways Capital Maintenance	1,835	1,835
	Highways Capital Maintenance - Incentive Funding	459	459
	Pot Hole & Challenge Fund	1,835	tbc
	Highways Integrated Transport	1,618	1,618
	Nexus Allocation	42	42
Emergency Active Travel Fund		1,160	0
Total Transport		6,949	3,954
Disabled Facilities Grant		4,055	tbc
Total Adult Social Care		4,055	tbc
Schools Condition Allocation		1,636	1,097
Education Basic Need		3,440	0
Schools Devolved Funding		315	tbc
Special Educational Needs and Disability (SEND) grant		520	tbc
Total Department for Education		5,911	1,097

All above 2022/2023 grants at this stage are provisional until confirmed, which will be reported to Cabinet in due course. At this stage no allocations have been announced beyond 2022/2023.

Appendix 2 sections 2 to 4 sets out further details and proposed use of the above funding for 2022/2023.

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 2022/2023 sets out the Council's Efficiency Strategy for the period 2022/2023 to 2025/2026. 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, other than for current commitments included within the approved Capital Programme, the only provision for revenue funding for Capital is £0.064m resource already allocated for this purpose.

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 that time.

The budget includes prudent provision for capital financing charges that may arise from an additional net £86.086m of prudential borrowing (£7.716m in 2022/2023 and £78.370m from 2023/2024 to 2025/2026). 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 current Capital Programme includes for investment in infrastructure for the three enterprise zones of the IAMP site, A19 Ultra Low Carbon Zone and part of the Port of Sunderland. All of the business rates growth generated on these enterprise zones for their 25 year life are payable to the North East LEP. The current programme assumes this resource is then distributed by the North East LEP to meet / contribute to the costs associated with funding the infrastructure works associated with those zones.

4.6 Detailed Proposals for New Starts and Capital Programme 2022/2023 to 2025/2026

- 4.6.1 Following consultation with Portfolio Holders and approval by Cabinet in November 2021, and subsequent work in finalising the investment proposal for the City of Sunderland Arena (ref 1.4.2 in the table below), the projects in the table below are included in the Capital Programme for 2022/2023 to 2025/2026 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.

App 2 Ref	Project Name	Total Project Spend	Spend 2022/23	Spend Future Years	External Funding	Council Provision in Current Capital Programme	Additional Council Funding
		£m	£m	£m	£m	£m	£m
Deputy Leader							
1.2.1	Fleet - Refuse Collection Vehicle Replacement Programme	1.088	1.088	0.000	0.000	0.000	1.088
1.2.2	Scheme Feasibility and Design – Neighbourhood Services	0.550	0.100	0.450	0.000	0.000	0.550
1.2.3	Replacement Coalfields Depot and provision of a Salt Barn	6.503	0.695	5.808	0.000	0.000	6.503
1.2.4	Improvement to Parks and Open Spaces	4.500	1.500	3.000	0.000	0.000	4.500
1.2.5	Elmore Green Space and Social Enterprise Development	1.400	0.595	0.805	0.400	0.000	1.000
Total		14.041	3.978	10.063	0.400	0.000	13.641
Cabinet Secretary							
1.3.1	Smart Cities - Replacement of End User Devices	1.697	0.000	1.697	0.000	0.000	1.697
1.3.2	Smart Cities - Network Monitoring	0.158	0.158	0.000	0.000	0.000	0.158
1.3.3	Smart Cities - Back-up Solution and Data Storage	0.200	0.200	0.000	0.000	0.000	0.200
1.3.4	Smart Cities - Essential Hardware Replacement	0.135	0.135	0.000	0.000	0.000	0.135
1.3.5	Smart Cities - Remote Connection Solution	0.125	0.000	0.125	0.000	0.000	0.125
1.3.6	Bishopwearmouth Cemetery - South Chapel Repair/Conservation Works	0.600	0.600	0.000	0.600	0.000	0.000
Total		2.915	1.093	1.822	0.600	0.000	2.315
Dynamic City							
1.4.1	Sunnyside Regeneration (Nile & Villiers Street)	24.000	6.000	18.000	24.000	0.000	0.000
1.4.2	City of Sunderland Arena	82.157	9.365	72.792	7.968	9.554	64.635
Total		106.157	15.365	90.792	31.968	9.554	64.635
Healthy City							
1.5.1	Technology Solutions – Neighbourhoods	1.000	0.250	0.750	0.000	0.000	1.000
1.5.2	Community Equipment Service - New Storage Facilities at Leechmere	0.500	0.500	0.000	0.000	0.000	0.500
1.5.3	Day Centre Replacement - Additional Costs	2.602	0.000	2.602	0.000	0.000	2.602
1.5.4	Learning Disabilities Out of Hospital Community Provision	0.724	0.724	0.000	0.362	0.000	0.362
Total		4.826	1.474	3.352	0.362	0.000	4.464
Vibrant City							
1.6.1	Arts Centre Washington Refurbishment	0.200	0.200	0.000	0.000	0.000	0.200
1.6.2	Raich Carter Centre Improvement Works	0.250	0.250	0.000	0.000	0.000	0.250
1.6.3	Modernising Libraries (Washington and Houghton Libraries)	0.500	0.300	0.200	0.000	0.000	0.500
1.6.4	Reinstatement of Bridleway (Downhill)	0.110	0.110	0.000	0.000	0.000	0.110
1.6.5	Overflow car park - North Area Playing Fields Washington	0.045	0.045	0.000	0.010	0.000	0.035
Total		1.105	0.905	0.200	0.010	0.000	1.095
Service New Grant Allocations							
2.0	Transport (Highways) Schemes	3.954	3.954	0.000	3.954	0.000	0.000
3.0	Adult Social Care - Disabled Facilities Grant Allocation	0.000	0.000	0.000	0.000	0.000	0.000
4.0	Education	1.097	1.097	0.000	1.097	0.000	0.000
Total		5.051	5.051	0.000	5.051	0.000	0.000
TOTAL OF INVESTMENT PROPOSALS		134.095	27.866	106.229	38.391	9.554	86.150

- 4.6.3 The proposed additional new starts investment totals £134.095m, (£27.866m in 2022/2023 and £106.229m in future years). Of the total £134.095m:
- £38.391m is externally funded;
 - £9.554m is existing Council funding already included in the current Capital Programme; and
 - The remaining balance of £86.150m is to be met from available Council resources primarily via prudential borrowing.

It is important to note that:

- Some of the above investment is anticipated to be recouped through either S106 or commercial arrangements over time; and
 - Some investments are linked to the generation of savings to support the revenue budget.
- 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 16th November 2021 for inclusion in this Capital Programme report. The Scrutiny Coordinating Committee on 9th December 2021 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, although some changes to reporting requirements as a result of this update are deferred to 2023/2024.
- 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 2021 and subsequently approved by Council in November 2021. 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 2022/2023, 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, the new Prudential Code introduces one further prudential indicator (the Liability Benchmark) which will be introduced from 2023/2024.
- 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 2022/2023. 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. There is currently a live consultation on proposed MRP regulations being carried out by DLUHC.
- 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 2021/2022 and the recommended Minimum Revenue Provision Statement for 2022/2023 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.

In November 2020, 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 2021, 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 MHCLG 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 Executive Director of Corporate Services, 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 2022/2023

- 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 2022/2023.
- 6.4.2 There are no major changes proposed to the overall Treasury Management Strategy in 2022/2023, 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 2022/2023 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 2021/2022 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 0.16% is higher than the benchmark rate of -0.07%. 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 2022/2023
Appendix 2 - Capital Programme 2022/2023 New Starts / Additional Investments
Appendix 3 - Capital Programme 2021/2022 to 2025/2026
Appendix 4 - Prudential and Treasury indicators 2022/2023 to 2025/2026
Appendix 5 - Minimum Revenue Provision Policy Statement 2022/2023
Appendix 6 - Treasury Management Policy Statement
Appendix 7 - Treasury Management Strategy Statement for 2022/2023

11. Background Papers

Cabinet Report – 16^h November 2021 - Capital Programme Planning 2022/2023 to 2025/2026.

Cabinet Report – 12th October 2021 - Budget Planning Framework and Medium Term Financial Plan 2022/2023 – 2025/2026.

Current Approved Capital Programme Commitments from 2022/2023 to 2025/2026

Project	Existing Capital Programme		
	2022/2023 £m	2023/2024 to 2025/2026 £m	TOTAL £m
Vaux Housing	22.945	25.992	48.937
Riverside Sunderland Infrastructure	12.558	32.270	44.828
Housing Delivery Investment Plan	11.500	32.802	44.302
Sunderland Eye Infirmary	11.872	25.282	37.154
Culture House	12.270	13.807	26.077
Northern Spire Park	9.203	13.550	22.753
Sunderland Central Station Redevelopment & Car Park	19.949	1.500	21.449
International Advanced Manufacturing Park (IAMP)	13.473	6.511	19.984
Strategic Acquisitions and Developments	15.309	1.689	16.998
Willowfield Supported Housing Village	12.500	3.000	15.500
HICSA (Housing Innovation Construction & Skills Academy)	9.577	4.349	13.926
Sunderland Museum and Winter Gardens Redevelopment	0.500	10.155	10.655
Riverside Sunderland Multi-Storey Car Park	8.455	0.000	8.455
Coastal Defence - Strategic Frontage 3	2.000	6.178	8.178
Replacement Crematorium	0.483	7.000	7.483
Thorney Close Primary School - new build	0.426	6.405	6.831
Inspiring Futures Programme - Delivering a new approach to Homelessness Services and Accommodation	2.371	4.182	6.553
SSGA - Ryhope Doxford Link Road	6.143	0.000	6.143
Day Centre Transformation & Improvement	1.950	4.000	5.950
Redevelopment of Parsons Depot including Electrical Vehicle Infrastructure	5.644	0.000	5.644
Smart Cities Project	2.752	2.752	5.504
Strategic Cycle Network	5.109	0.000	5.109
Planned Property Capital Maintenance	2.500	2.500	5.000
Seaton Lane Junction Imps – Durham CC	4.812	0.000	4.812
Washington F Pit Heritage Visitor Centre and Albany Park Improvements	0.350	4.300	4.650
Sunningdale Primary School - new build	4.632	0.000	4.632
Barnes Junior School Refurbishment	4.365	0.000	4.365
Schools - other projects	4.222	0.000	4.222
Farringdon Academy Refurbishment	4.000	0.000	4.000
Hetton Primary School - new build	3.857	0.000	3.857
Housing Other Sites	2.249	1.500	3.749
Newbottle Primary Academy Extension & ASD Unit	2.146	1.601	3.747
Microgrid Backbone	3.355	0.282	3.637
Refuse Collection Vehicle Replacement Programme	3.601	0.000	3.601
Investment Corridors	1.424	2.000	3.424
Energy and Carbon 2030 Development	1.000	2.025	3.025
Other projects (=<£3m)	38.173	10.199	48.372
TOTAL CURRENT PROGRAMME	267.675	225.831	493.506

Capital Programme 2022/2023 to 2025/2026 – New Starts / Additional Investments

1. Other Capital New Start / Additional Investment Proposals 2022/2023 to 2025/2026

The following projects are proposed for inclusion in the 2022/2023 to 2025/2026 Capital Programme. Gross amounts represent the total estimated project cost. For projects with external funding provision, the net amounts represent the estimated net increase in the Council's financial investment. The figures in brackets show the anticipated annual gross spend profile for each scheme.

1.2 Deputy Leader New Start Proposals

1.2.1 Fleet - Refuse Collection Vehicle Replacement Programme - £1.088m, all in 2022/2023

Refuse Collection Vehicle (RCV) fleet requirements have been reviewed against with the current vehicle replacement profile in the existing Capital Programme. The review included an assessment of the future need for vehicles in light of increasing demands from housebuilding and commercial waste. This further investment will also support the increased cost of RCVs, as well as the pilot electric RCV which will support the Council becoming carbon neutral by 2030.

Area Outcomes / Benefits and Contribution to Strategic Priorities:

The investment will provide benefits to residents city-wide, and will contribute to the following strategic priorities:

- Dynamic Smart City: low carbon city and digital connectivity for all
- Healthy Smart City: cleaner and more attractive city and neighbourhoods

1.2.2 Scheme Feasibility and Design – Neighbourhood Services – £0.550m (£0.100m in 2022/2023 and £0.150m in each year 2023/2024 to 2025/2026)

To provide the ability for projects to be developed from concept and feasibility stage within the Neighbourhoods Directorate. This will inform future project requirements so that full detailed design and costs can be developed, informing future capital project business cases with more accurate design, costs and financial profile. A review of actual costs on historical schemes have been assessed to inform the funding required.

Area Outcomes / Benefits and Contribution to Strategic Priorities:

The investment will provide benefits to residents city-wide, and will contribute to the following strategic priorities:

- Dynamic Smart City: more and better housing
- Dynamic Smart City: stronger City Centre
- Dynamic Smart City: low carbon city and digital connectivity for all
- Healthy Smart City: cleaner and more attractive city and neighbourhoods

1.2.3 Replacement Coalfields Depot and Provision of a Salt Barn - £6.503m (£0.695m in 2022/2023, £4.310m in 2023/2024 and £1.498m in 2024/2025)

This project will provide a comprehensive redevelopment / replacement of the Houghton Depot. 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, and also include investigating wider waste arrangements within the Coalfields area. A new salt storage barn is also incorporated into the scheme. The current depot facilities are poor and need redevelopment so that services and employees can operate within a modern, fit for purpose facility.

Area Outcomes / Benefits and Contribution to Strategic Priorities:

The investment will provide benefits to residents city-wide, and will contribute to the following strategic priorities:

- Dynamic Smart City: low carbon city and digital connectivity for all
- Healthy Smart City: cleaner and more attractive city and neighbourhoods
- Healthy Smart City: city with great transport and travel links

1.2.4 Improvement to Parks and Open Spaces - £4.500m (£1.500m in 2022/2023 and £1.000m in each year 2023/2024 to 2025/2026)

Capital provision of £2.500m was made available in 2021/2022 to support an improvement in parks, open spaces and allotment provision. Consultation with residents in conjunction with Neighbourhood Plans has since been undertaken to identify priorities and needs regarding parks, open spaces and fixed play in each area. Whilst it is clear that some significant improvements can be made funded from the existing provision, it is also clear that necessary infrastructure such as car park surfacing, signage and litter bins will require further investment. The provision of a further £4.500m funding will therefore expand and enhance the planned improvements to parks and open spaces.

Area Outcomes / Benefits and Contribution to Strategic Priorities:

The investment will provide benefits to residents city-wide, and will contribute to the following strategic priorities:

- Dynamic Smart City: low carbon city and digital connectivity for all
- Healthy Smart City: access to equitable opportunities and life chances
- Healthy Smart City: reduced health inequalities enabling more people to live healthier longer lives
- Healthy Smart City: cleaner and more attractive city and neighbourhoods
- Vibrant Smart City: more residents participating in the communities
- Vibrant Smart City: more visitors visiting Sunderland and residents participating in events
- Vibrant Smart City: more people feel safe in their neighbourhoods and homes
- Vibrant Smart City: more resilient people

1.2.5 Elemore Green Space and Social Enterprise Development - £1.400m gross, £1.000m net after external funding provision (0.595m in 2022/2023 and £0.805m in 2023/2024)

Further funding of £1.4m will support the next phase of planned works to Elemore Green Space following the approval of £1.0m for 2021/2022. Phase 1 works are to redevelop the former golf club house into a café, garden centre, visitor, community and heritage space, as well as improve the existing car park. The second phase of works, to be

funded by this approval will create an additional car park, extensively improve 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. The delivery of the full project is reliant upon securing £0.4m external funding.

Area Outcomes / Benefits and Contribution to Strategic Priorities:

Whilst directly benefitting residents in Coalfields, it is envisaged that this community space will support the city-wide population.

- Dynamic Smart City: more and better jobs
- Dynamic Smart City: more and better skills and qualifications
- Dynamic Smart City: low carbon city and digital connectivity for all
- Healthy Smart City: access to equitable opportunities and life chances
- Healthy Smart City: reduced health inequalities enabling more people to live healthier longer lives
- Healthy Smart City: people enjoy independent lives
- Healthy Smart City: cleaner and more attractive city and neighbourhoods
- Vibrant Smart City: more creative and cultural businesses
- Vibrant Smart City: more residents participating in the communities
- Vibrant Smart City: more visitors visiting Sunderland and residents participating in events
- Vibrant Smart City: more people feel safe in their neighbourhoods and homes
- Vibrant Smart City: more resilient people

1.3 Cabinet Secretary New Start Proposals

1.3.1 Smart Cities - Replacement of End User Devices - £1.697m (£0.493m in 2023/2024, £0.875m in 2024/2025 and £0.329m in 2025/2026)

Provision to continue the 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 by its 3,600 customers.

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.

1.3.2 Smart Cities - Network Monitoring - £0.158m, all in 2022/2023

The network equipment procured for City Hall will provide Digital Network Architecture (DNA) appliance and advantage licencing for ongoing monitoring purposes. To gain maximum value across the whole ICT estate it is recommended to upgrade to advantage licencing to ensure full monitoring and enable uninterrupted network access for all ICT users.

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.

1.3.3 Smart Cities - Back-up Solution and Data Storage - £0.200m, all in 2022/2023

Extension of the licencing software and support and maintenance to 2024 when the hardware reaches end of life. This will 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.

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.

1.3.4 Smart Cities - Essential Hardware Replacement - £0.135m, all in 2022/2023

Replacement of the aging hardware infrastructure at key Council sites including Uninterruptible Power Supply (UPS), Edge Switches and Connectivity hardware. This will ensure the continuation of robust and resilient ICT Services.

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.

1.3.5 Smart Cities - Remote Connection Solution - £0.125m, all in 2024/2025

Replacement of the Netscaler solution once it reaches end of life - the Netscaler is the remote connection solution and web content load balancer. Its replacement will ensure the continuation of robust and resilient ICT Services.

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.

1.3.6 Bishopwearmouth Cemetery - South Chapel Repair/Conservation Works - £0.600m gross, £0.000m net after external funding provision, all in 2022/2023

A condition report on the South Chapel building at Bishopwearmouth Cemetery has identified that repair and conservation works are required to prevent further decay and preserve the building. It is proposed to develop a detailed design and specification to carry out a programme of repair and conservation works in accordance with recommendations of the condition report, however, this would only progress if external funding can be secured to meet the full costs.

Area Outcomes / Benefits and Contribution to Strategic Priority:

The investment would provide direct benefits in the East Sunderland area but also benefit residents across the city, and will contribute to the following strategic priorities:

- Healthy Smart City: cleaner and more attractive city and neighbourhoods
- Vibrant Smart City: more people feel safe in their neighbourhoods and homes

1.4 Dynamic City New Start Proposals

1.4.1 Sunnyside Regeneration (Nile & Villiers Street) - £24.000m gross, £0.000m net after external funding provision (£6.000m in 2022/2023, £10.000m in 2023/2024 and £8.000m in 2024/2025)

The continued regeneration of Sunnyside through the development of new and better homes, provision of new workspaces and establishment of a sustainable new community is a longstanding ambition of the Council and its partners and is aligned with the objectives of the City Plan.

A partnership comprising TownDev Ltd and Create Streets, with support from Hendon based charity Back on the Map, has produced a vision for the development of a Living Arts Hub at the Council owned Site in Nile & Villiers Street. The Living Arts Hub 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 Sunnyside and Old Sunderland.

Delivery of the scheme is dependent on securing third party funding to cover the full capital cost of the development. The Council has been successful in securing grant funding of £4.7m from the Government's Levelling Up Fund to support delivery of the scheme. In addition, the partnership is exploring mechanisms to secure the balance of funding.

Area Outcomes / Benefits and Contribution to Strategic Priorities:

The proposed regeneration will deliver social and economic benefits in an area of the city which is in much need of intervention and will contribute to the following strategic priorities:

- Dynamic Smart City: more and better jobs
- Dynamic Smart City: more and better housing
- Dynamic Smart City: more and better skills and qualifications
- Dynamic Smart City: stronger City Centre
- Dynamic Smart City: low carbon city and digital connectivity for all
- Healthy Smart City: reduced health inequalities enabling more people to live healthier longer lives
- Healthy Smart City: people enjoy independent lives
- Healthy Smart City: cleaner and more attractive city and neighbourhoods
- Healthy Smart City: city with great transport and travel links
- Vibrant Smart City: more residents participating in the communities
- Vibrant Smart City: more people feel safe in their neighbourhoods and homes

1.4.2 City of Sunderland Arena - £82.157m gross, £64.635m net after external funding and current Council funding provision (£9.365m in 2022/2023, £36.601m in 2023/2024, £35.257m in 2024/2025 and £0.934m in 2025/2026)

The site of the former Crowtree leisure centre is a pivotal location in the City Centre. The site has been further impacted by the demise of a number of high street retailers in adjacent properties. It has accelerated the need to intervene in this part of the city and transition to a more diverse and sustainable City Centre offer.

Sunderland City Centre, like many town and city centres across the country, has an oversupply of retail space, which has often strangled or hindered leisure development in the city. This over reliance on retail as a means to attract people to the City Centre has been unsuccessful due to the increasing trend to internet-based shopping and the regional consolidation of retailers. To address this, the scheme will concentrate on creating a much richer mix of attractions and activities in the City Centre, with an emphasis on complementing and support the existing successful cultural attractions in the City, such as the Empire Theatre, the Auditorium and the investments in Keel Square such as Culture House and the Keel Square hotel.

The regeneration of this key location provides an ideal opportunity to deliver a long-overdue commercial leisure development in the heart of the City, which will provide 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 with a capacity of c. 10,000 and food hall, which will be complemented by restaurants, shops, a hotel and new public realm.

The full investment is subject to a long-term lease agreement with a leisure operator, the income from which is anticipated to recoup the Council's investment. The project is also supported by £7.968m from the Future High Streets Fund. Any operator agreement and progress to full development works will be subject to Cabinet approving a separate report and business case.

Area Outcomes / Benefits and Contribution to Strategic Priorities:

The proposed regeneration will deliver economic benefits in the City Centre as well as support the city-wide population and visitors, and will contribute to the following strategic priorities:

- Dynamic Smart City: more and better jobs
- Dynamic Smart City: stronger City Centre
- Dynamic Smart City: low carbon city and digital connectivity for all
- Healthy Smart City: cleaner and more attractive city and neighbourhoods
- Vibrant Smart City: more creative and cultural businesses
- Vibrant Smart City: more people visiting Sunderland & residents informing & participating in events

1.5 Healthy City New Start Proposals

1.5.1 Technology Solutions – Neighbourhoods - £1.000m (£0.250m in each year 2022/2023 to 2025/2026)

The 'Technology Solutions' project is aimed at building upon the previously successful capital project of Assistive Technology within the Neighbourhoods directorate. During the previous project, funding was utilised for assistive technology specific to adult social care and also mini schemes focused upon Technology Aided Productivity (TAP) benefiting the productivity of operational teams.

To continue these improvements, a rolling programme will progress for technology solutions to support Neighbourhoods Services to reduce operational costs through the deployment of various technological solutions including for example virtualised infrastructure, desktops and applications.

Area Outcomes / Benefits and Contribution to Strategic Priorities:

The investment will provide benefits for residents across the city, and will contribute to the following strategic priorities:

- Dynamic Smart City: more and better housing
- Dynamic Smart City: more and better skills and qualifications
- Dynamic Smart City: stronger City Centre
- Dynamic Smart City: low carbon city and digital connectivity for all
- Healthy Smart City: access to equitable opportunities and life chances
- Healthy Smart City: reduced health inequalities enabling more people to live healthier longer lives
- Healthy Smart City: people enjoy independent lives
- Healthy Smart City: cleaner and more attractive city and neighbourhoods
- Vibrant Smart City: more residents participating in the communities
- Vibrant Smart City: more visitors visiting Sunderland and residents participating in events
- Vibrant Smart City: more people feel safe in their neighbourhoods and homes
- Vibrant Smart City: more resilient people

1.5.2 Community Equipment Service - New Storage Facilities at Leechmere - £0.500m, all in 2022/2023

The Community Equipment Service (CES) operates from Leechmere training centre. Due to the impact of the pandemic and hospital discharges, the equipment storage requirement has significantly increased. A new storage, admin and workshop facility is planned at Leechmere to help deliver:

- 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

Area Outcomes / Benefits and Contribution to Strategic Priorities:

The investment will provide benefits for residents across the city, and will contribute to the following strategic priorities:

- Healthy Smart City: access to equitable opportunities and life chances
- Healthy Smart City: reduced health inequalities enabling more people to live healthier longer lives
- Healthy Smart City: people enjoy independent lives
- Vibrant Smart City: more people feel safe in their neighbourhoods and homes
- Vibrant Smart City: more resilient people

1.5.3 Day Centre Replacement - Additional Costs - £2.602m, all in 2023/2024

There is £6m provided for within the current capital programme for a replacement adult social care day centre. However, after recent revised cost proposals, including the inclusion of Hydrotherapy pool, the cost estimate has increased to £8.602m, resulting in additional funding required of £2.602m.

The new day centre building, planned to be located on a site beside North View Academy School in South Hylton, will provide a day care service offering social stimulation that is outcome focused but is able to meet the person's holistic health and social care needs. The service will be designed specifically to meet the needs of people with complex disabilities and behaviours, most of which are currently accessing current provision based in Washington and Fulwell.

Area Outcomes / Benefits and Contribution to Strategic Priorities:

The investment will provide physical benefits / support to residents across the city, and will contribute to the following strategic priorities:

- Dynamic Smart City: more and better jobs
- Dynamic Smart City: more and better skills and qualifications
- Healthy Smart City: access to equitable opportunities and life chances
- Healthy Smart City: reduced health inequalities enabling more people to live healthier longer lives
- Healthy Smart City: people enjoy independent lives
- Vibrant Smart City: more residents participating in the communities
- Vibrant Smart City: more resilient people

1.5.4 Learning Disabilities Out of Hospital Community Provision - £0.724m gross, £0.362m net of external funding, all in 2022/2023

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. Match funding has been provided by the Clinical Commissioning Group (CCG).

Area Outcomes / Benefits and Contribution to Strategic Priorities:

- Healthy Smart City: access to equitable opportunities and life chances
- Healthy Smart City: reduced health inequalities enabling more people to live healthier longer lives
- Healthy Smart City: people enjoy independent lives
- Vibrant Smart City: more residents participating in the communities
- Vibrant Smart City: more resilient people

1.6 Vibrant City New Start Proposals

1.6.1 Arts Centre Washington Refurbishment - £0.200m, all in 2022/2023

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 result in the Low Barn, Granary and Theatre being upgraded.

Area Outcomes / Benefits and Contribution to Strategic Priorities:

The investment will provide benefits to residents in the Washington area of the city, as well as city-wide, and will contribute to the following strategic priorities:

- Dynamic Smart City: more and better jobs
- Dynamic Smart City: more and better skills and qualifications
- Dynamic Smart City: stronger City Centre
- Healthy Smart City: access to equitable opportunities and life chances
- Healthy Smart City: reduced health inequalities enabling more people to live healthier longer lives
- Healthy Smart City: people enjoy independent lives
- Healthy Smart City: cleaner and more attractive city and neighbourhoods
- Healthy Smart City: city with great transport and travel links
- Vibrant Smart City: more creative and cultural businesses
- Vibrant Smart City: more residents participating in the communities
- Vibrant Smart City: more visitors visiting Sunderland and residents participating in events
- Vibrant Smart City: more resilient people

1.6.2 Raich Carter Centre Improvement Works - £0.250m, all in 2022/2023

Following community engagement and consultation in September 2021 improvement works are planned to Raich Carter Sports Centre. The investment will deliver replacement of the surface of the 3G football pitch on site which is currently unplayable and therefore reduces the opportunities for residents to engage in sport and physical activity.

Area Outcomes / Benefits and Contribution to Strategic Priorities:

The investment will provide benefits to residents in the East Sunderland area of the city, as well as city-wide, and will contribute to the following strategic priorities:

- Healthy Smart City: access to equitable opportunities and life chances
- Healthy Smart City: reduced health inequalities enabling more people to live healthier longer lives
- Healthy Smart City: people enjoy independent lives
- Vibrant Smart City: more residents participating in the communities
- Vibrant Smart City: more resilient people

1.6.3 Modernising Libraries (Washington and Houghton Libraries) - £0.500m (£0.300m in 2022/2023 and £0.200m in 2023/2024)

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. The initial modernisation will update and refurbish the libraries to make them dynamic, exciting, and stimulating for people of all ages but at the same time welcoming and comfortable safe spaces.

In addition, and separate to the above investment, an Expression of Interest has been submitted to the Arts Council England (ACE) Library Improvement Fund for £0.250m to develop two Library Lab spaces at Houghton and Washington that would provide residents with spaces for creative learning through cultural engagement, technologies, reading, socialising in local spaces that will build their confidence to transition to other venues. A full funding bid for Library Labs was submitted to ACE September 2021, and the outcome is expected February 2022.

Area Outcomes / Benefits and Contribution to Strategic Priorities:

The investment will provide benefits to residents in the Washington and Coalfields areas of the city and will contribute to the following strategic priorities:

- Dynamic Smart City: more and better skills and qualifications
- Dynamic Smart City: low carbon city and digital connectivity for all
- Healthy Smart City: access to equitable opportunities and life chances
- Healthy Smart City: reduced health inequalities enabling more people to live healthier longer lives
- Healthy Smart City: people enjoy independent lives
- Vibrant Smart City: more creative and cultural businesses
- Vibrant Smart City: more residents participating in the communities
- Vibrant Smart City: more visitors visiting Sunderland and residents participating in events
- Vibrant Smart City: more resilient people

1.6.4 Reinstatement of Bridleway (Downhill) - £0.110m, all in 2022/2023

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.

Area Outcomes / Benefits and Contribution to Strategic Priorities:

The investment will provide benefits to residents in the North Sunderland area of the city, as well as city-wide, and will contribute to the following strategic priorities:

- Healthy Smart City: reduced health inequalities enabling more people to live healthier longer lives
- Healthy Smart City: cleaner and more attractive city and neighbourhoods
- Vibrant Smart City: more residents participating in the communities
- Vibrant Smart City: more people feel safe in their neighbourhoods and homes

1.6.5 Overflow car park - North Area Playing Fields Washington - £0.045m gross, £0.035m net after external funding provision, all in 2022/2023

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 will also be repaired, along with the installation of timber fencing. The works will be supported by £0.010m S106 developer contributions.

Area Outcomes / Benefits and Contribution to Strategic Priorities:

The investment will provide benefits to residents in the Washington area of the city, as well as city-wide, and will contribute to the following strategic priorities:

- Healthy Smart City: reduced health inequalities enabling more people to live healthier longer lives
- Healthy Smart City: cleaner and more attractive city and neighbourhoods
- Vibrant Smart City: more residents participating in the communities
- Vibrant Smart City: more people feel safe in their neighbourhoods and homes

2.0 Highways Capital Funding 2022/2023

2.1 Highways Maintenance & Local Transport Plan Allocations

The Spending Review (SR20) committed £1.125 billion of local roads maintenance funding in 2021/2022, including £500 million for the Potholes Fund to fix potholes and resurface roads. This was supported by £260 million allocated to Local Authorities in 2021/2022 for shovel-ready local transport schemes through the Integrated Transport Block. The allocations Sunderland received from these national pots in 2021/2022 are set out in table 2.3 below.

Government announced in 2019 that eight eligible English city regions would receive £4.2bn of additional 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 will be provided through the CRSTF, with the additional £1.5bn allocated to replace current allocations for the Integrated Transport Block (ITB) and Highways Maintenance funding, including the Potholes Action Fund. However, of the 8 regions, only 7 have received confirmation of allocations; the North East Combined Authority (NECA) allocation has yet to be confirmed.

Until the confirmation of the local allocations, the values set out in Table 2.3 will be used as provisional allocations for inclusion in the Highway Maintenance and Integrated Transport Capital Programme 2022/2023; this excludes a provisional allocation for potholes, which varies year-on-year.

2.2 Emergency Active Travel Fund

The Council secured £1.160m Tranche 2 Emergency Active Travel Fund in 2021/2022, distributed via the NECA, for the A183 Whitburn Rd project (Tram Shelter to Roker Café). No further allocations have been confirmed.

2.3 Funding Allocations

The table below details the Highways Capital Funding announced for 2021/2022 and provisional allocations for 2022/2023.

Funding Source		2021/2022 £'000	2022/2023 £'000
City Region Sustainable Transport Fund	Highways Capital Maintenance	1,835	1,835
	Highways Capital Maintenance – Incentive Funding	459	459
	Pot Hole & Challenge Fund	1,835	tbc
	Highways Integrated Transport	1,618	1,618
	Nexus Allocation	42	42
Emergency Active Travel Fund		1,160	n/a
Total Transport		6,949	3,954

The total provisional funding for transport schemes for 2022/2023 from new grants is £3.954m.

2.4 Proposals for Highways Capital Programme New Starts 2022/2023

The proposed Capital Programme for 2022/2023 of **£3.954m** is proposed to support the following priorities:

- The structural maintenance of highways – £1.546m;
- 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 - £1.984m (including £0.063m contribution to fund the regional transport team);
- Public transport infrastructure improvements, Nexus funded - £0.042m; and

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

3.0 Adult Social Care Capital 2022/2023

- 3.1 The Disabled Facilities Grant original allocation for 2021/2022 is £3.574m, supplemented by £0.100m from Gentoo, providing £3.674m for Disabled Facilities Grants for that year. A further £0.481m was provided for Disabled Facilities Grants in that year, to bring the total grant to £4.055m.

The Disabled Facilities Grant allocations for 2022/2023 have yet to be confirmed. Upon funding confirmation, proposals will be reported back to Cabinet for approval.

4.0 Children's Services - Education Capital 2022/2023

- 4.1 The table below details the Children's Education Government provisional and announced grants for 2022/2023, with a comparison to 2021/2022.

	2021/22 £'000	2022/23 £'000
Schools Condition Allocation	1,636	1,097*
Education Basic Need	3,440	0
Schools Devolved Funding	315	tbc
High Needs Capital Funding	520	tbc
Total Children's Services	5,991	1,097

**provisional*

4.1.1 Schools Conditions Allocation

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 2022, the Council has not yet received the value of its Schools Condition Allocation for 2021/2022 but a provisional allocation of £1.097m has been included in the Capital Programme, being the same value as the 2020/2021 allocation before an in-year uplift following the Spending Review.

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.

4.1.2 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 received a £3.440m Basic Need allocation for 2021/2022. It will not receive an allocation for 2022/2023. The Council has not yet been notified of its allocation beyond that year.

4.1.3 Funding Availability from 2021/2022

Current allocations:

As of January 2022, there is £1.837m of the Schools Condition Allocation and Basic Needs Education Capital grant allocations up to 2021/2022 uncommitted towards projects, with £0.715m profiled for potential use in 2021/2022 and £1.122m in 2022/2023.

2022/23 allocations:

The allocations for 2022/23, confirmed and provisional are:

- Basic Needs funding £0, and
- Schools Condition Allocation £1.097m.
- Total **£1.097m**.

The total estimated balance of these current uncommitted grants for allocations up to 2022/2023 is therefore £2.934m. However, initial planning of works indicates a programme of at least £1.650m will be required across maintenance and expansion projects in 2022/2023 with a similar amount required in 2023/2024.

Upon confirmation of the 2022/2023 Schools Condition Allocation, 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 2021/2022 to 2025/2026**

Expenditure by Portfolio	Gross Cost	Expend. to 31.3.21	Estimated Payments				
			2021/2022	2022/2023	2023/2024	2024/2025	2025/2026
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Deputy Leader	454,173	185,532	88,099	117,760	45,483	16,149	1,150
Cabinet Secretary	51,234	10,945	21,888	9,657	7,115	1,300	329
Children's Learning and Skills	67,441	15,234	18,756	25,445	5,301	2,705	0
Dynamic City	460,823	72,760	52,322	122,698	123,653	78,654	10,736
Healthy City	29,054	11,817	5,261	4,024	7,152	550	250
Vibrant City	69,419	18,841	3,088	15,957	17,456	8,500	5,577
TOTAL CAPITAL EXPENDITURE	1,132,144	315,129	189,414	295,541	206,160	107,858	18,042

CAPITAL PROGRAMME

Source of Finance	Estimated Resources				
	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
FROM EXTERNAL SOURCES					
Loans					
Prudential Borrowing	112,415	183,557	176,232	86,587	11,761
Salix	1,197	0	0	0	0
Government Grants					
DoH&SC - Disabled Facilities	4,532	0	0	0	0
DfE - School's Condition Allocation Grant	1,615	2,471	250	0	0
DfE - Basic Need Grant	2,600	1,059	250	0	0
DfE - Schools DFC Grant	862	0	0	0	0
DfE - Special Educational Needs and Disability	400	121	0	0	0
DfT - Local Transport Plan (LTP)	3,787	4,037	0	0	0
DfT - Pothole Grant	1,835	0	0	0	0
DfT - Safer Roads Funding	746	0	0	0	0
DfT - Transforming Cities Fund	5,564	16,049	0	0	0
DfT - Active Travel Fund - Tranche 2	35	3,190	0	0	0
DLUHC - Getting Building Fund (GBF)	4,830	0	0	0	0
DLUHC - Future High Street Fund (FHSF)	2,981	20,946	281	0	0
DLUHC - Coastal Communities Fund (CCF)	314	0	0	0	0
DLUHC - Levelling Up Fund (LUF)	4,346	15,654	0	0	0
EA - Coast Protection	0	650	1,000	1,280	0
DCMS - 5G Create	118	0	0	0	0
BEIS - Dept for Business, Energy & Industrial Strategy grants	15,550	3,355	282	0	0
Government Grants General	249	1,211	155	0	0
Grants from Other Public Bodies					
Lottery - Heritage Lottery Fund (HLF)	248	521	0	1,994	3,006
European Regional Development Fund (ERDF)	1,719	3,025	83	0	0
Nexus LTP	42	42	0	0	0
Homes England - Housing Infrastructure Fund (HIF)	8,318	12,794	0	0	0
Homes England - Other	3,772	10,325	10,016	7,117	3,275
Education Skills & Funding Agency (ESFA)	270	0	0	0	0
Historic England	66	82	0	0	0
Salix Grant	50	150	150	150	0
Other External Funding					
Gentoo	100	0	0	0	0
CCG	0	362	0	0	0
Nexus	1,176	256	0	0	0
Other Capital Contributions	0	1,299	10,000	8,000	0
Total External Sources	179,737	281,156	198,699	105,128	18,042
FROM INTERNAL SOURCES					
Revenue Contributions					
Neighbourhood Fund	276	0	0	0	0
Directorate	30	64	0	0	0
Reserves					
Strategic Investment Reserve	2,498	948	300	0	0
Strategic Investment Plan Reserve	162	0	0	0	0
S106 Reserve	2,128	1,582	1,751	0	0
Capital Priorities Reserve	593	3,810	27	0	0
Other Capital Reserves	1,621	692	150	150	0
Capital Receipts	2,369	7,289	5,233	2,580	0
Total Internal Sources	9,677	14,385	7,461	2,730	0
TOTAL FINANCING	189,414	295,541	206,160	107,858	18,042

**DEPUTY LEADER
CAPITAL PROGRAMME**

Project Ref. No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
Continuing Projects										
	Strategic Economic Development									
CP0139	Investment Corridors	Infrastructure improvements in and around High Street West, including new street lighting and street furniture, new high-quality paving materials and crossing upgrades to St Michael's Way. The Holmeside Masterplan will be completed, and detailed designs commenced for public realm improvements in this area.	C Auld	9,200	5,046	730	1,424	2,000	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	57,753	37,006	763	13,473	5,517	994	0
CP0203	Energy Masterplan - Heat Network Feasibility.	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 isare the drilling of pilot boreholes to prove source and concept.	M Jackson	2,532	272	160	2,100	0	0	0
CP0266	Vaux Phase 1 (Beam)	Development of the first office building of 60,000 sq. ft. over 5 floors on the former Vaux site, and infrastructure works to roads and footpaths.	A Crabb	25,812	24,443	1,369	0	0	0	0
CP0288	Minster Quarter Access Road	Provision of a new access road that will provide a direct link from the Minster Quarter area onto St Mary's Way.	M Jackson	1,341	1,302	39	0	0	0	0

**DEPUTY LEADER
CAPITAL PROGRAMME**

Project Ref. No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'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 of the above projects following feasibility are subject to reports to Cabinet for consideration at the appropriate time.	A Crabb	7,495	2,112	4,508	875	0	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	934	1,912	11,872	22,673	2,609	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.	P Littlefair	3,192	1,954	1,238	0	0	0	0
CP0518	Sunderland Central Station Redevelopment & Car Park	Redevelopment of the Sunderland Central Station and a 500-space car park on the nearby Holmeside site. This will be via the demolition and reconstruction of the main southern concourse of the Station above platform level with the 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.	M Jackson	27,989	0	6,540	19,949	1,500	0	0

**DEPUTY LEADER
CAPITAL PROGRAMME**

Project Ref. No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'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.	Paul Littlefair	14,951	0	11,314	3,355	282	0	0
	Port									
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	4,632	697	2,872	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	723	250	223	250	0	0	0

**DEPUTY LEADER
CAPITAL PROGRAMME**

Project Ref. No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
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	114	506	1,880	0	0	0
CP0492	Port Mobile Crane Refurbishment	Replacement of the crane's current slew bearing and undercarriage pipework which are nearing the end of their operational life. The effective operation and reliability of the Port's plant and machinery is of paramount importance in fulfilling the Port's cargo handling commercial offer.	M Hunt	158	150	8	0	0	0	0
Economic Development Grants										
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 Riverside Sunderland and IAMP may require assistance packages over coming years.	C Auld	3,907	1,332	1,875	700	0	0	0
Major Highway Schemes										
CP0194	SSTC Phase 3 Road	Construction of a new road linking the Northern Spire new wear crossing and the city centre. The road opened to traffic November 2021.	M Jackson	70,800	60,119	9,979	702	0	0	0
Local Transport Plan										
CP0024	Highways Maintenance	Implement the Highway Maintenance Programme of road resurfacing and footway reconstruction schemes.	M Jackson	12,749	11,246	1,503	0	0	0	0
CP0025	Bridge Maintenance	Annual programme of Structural Bridge maintenance.	M Jackson	1,936	867	1,069	0	0	0	0
CP0026	Integrated Transport	Annual programme for the implementation of Road Safety and Traffic Congestion improvement schemes.	M Jackson	6,608	3,810	2,400	398	0	0	0

**DEPUTY LEADER
CAPITAL PROGRAMME**

Project Ref. No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
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.	M Jackson	125	100	25	0	0	0	0
CP0398	New City Boundary Signs	Provision of new city boundary signs.	M Jackson	150	54	96	0	0	0	0
CP0421	Highways 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.	M Jackson	10,982	3,982	4,250	2,750	0	0	0
CP0422	Bridge Maintenance Investment Programme	Improvements to the condition of the Council's stock of bridges and to reduce the significant maintenance backlog.	M Jackson	2,961	994	1,947	20	0	0	0
CP0455	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.	M Jackson	505	131	374	0	0	0	0
CP0457	A1231 Bridge Maintenance (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.	M Jackson	714	138	576	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.	M Jackson	783	37	746	0	0	0	0
CP0505	A182 Bridge Maintenance (Phase 2)	Phase 2 of maintenance works to bridges on A182	M Jackson	1,039	19	40	980	0	0	0
CP0523	Vehicle Actuated Signs (VAS) Programme	Purchase of new and replacement Vehicle Actuated Signs (VAS) as part of the citywide VAS programme	M Jackson	200	0	50	50	50	50	0

**DEPUTY LEADER
CAPITAL PROGRAMME**

Project Ref. No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
	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.	M Jackson	4,795	3,193	539	500	500	63	0
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.	M Jackson	10,500	850	1,472	2,000	3,000	3,178	0
CP0431	Panns East Quay Replacement	Reconstruction of a 60m stretch of the Panns East Quay.	M Jackson	1,500	196	1,304	0	0	0	0
	Infrastructure and Transportation									
CP0009	Private Streetworks	Council contribution to the upgrade of private streets.	M Jackson	50	0	50	0	0	0	0
CP0310	LED Street Lighting Phase 2	Following on from the progress of phase 1 installation of LED lights, a further 24,513 lamps of varying energy consumption are to be converted to LED lamps. The majority of units (over 20,000), are units currently burning between 100W and 250W of energy and the proposed replacements would burn at lower levels between 50W and 100W without detriment to required lighting levels.	M Jackson	7,900	6,703	1,197	0	0	0	0
CP0361	SSGA - 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.	M Jackson	9,081	1,322	1,616	6,143	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.	M Jackson	3,600	3,449	151	0	0	0	0

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CAPITAL PROGRAMME**

Project Ref. No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
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.	M Jackson	1,000	498	252	250	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.	M Jackson	20	0	20	0	0	0	0
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).	M Jackson	750	0	750	0	0	0	0
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.	M Jackson	500	107	393	0	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.	I Richardson	470	0	470	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.	M Jackson	800	2	50	548	200	0	0
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 Council'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.	M Jackson	750	5	350	395	0	0	0

**DEPUTY LEADER
CAPITAL PROGRAMME**

Project Ref. No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
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.	M Jackson	5,951	282	4,690	979	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.	M Jackson	1,135	0	200	935	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.	M Jackson	5,609	0	500	5,109	0	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 grant provided to the Council as lead authority to provide infrastructure to support the delivery of the South Sunderland Growth Area.	M Jackson	5,571	102	657	4,812	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) estimated to cost £1.250m to be funded from the Council's allocation of £1.125m from the Government's Active Travel Fund (ATF) Phase 2. (formerly the Emergency Active Travel Fund) and a £0.125m match funding contribution from the Council's 2021/2022 LTP grant allocation.	M Jackson	1,250	0	35	1,215	0	0	0
CP0557	Onstreet Residential Charge point Scheme	Provision of charge points in residential areas which have no off-street parking. Grant of £69,300 awarded from Office for Zero Emission Vehicles. Match funding of 25% from LTP.	M Jackson	92	0	92	0	0	0	0

**DEPUTY LEADER
CAPITAL PROGRAMME**

Project Ref. No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
Infrastructure and Transportation - Parking										
CP0360	Roker Car Park Extension	Extension to the existing Roker car park will create an additional 25 spaces and disabled coach parking. Planned works will include improved signage, new bins and cycle parking.	M Jackson	150	24	126	0	0	0	0
CP0479	Riverside Sunderland Multi-Storey Car Park	Establish a 650 space car park at Riverside Sunderland 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.	M Jackson	14,000	445	5,100	8,455	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 will be removed as part of the sea front redevelopment project.	M Jackson	600	461	139	0	0	0	0
Bereavement Services										
CP0161	Improvements to the Crematorium	Physical and structural improvements to the Crematorium.	S Mitchell	107	62	45	0	0	0	0
CP0285	Parks & Cemetery Infrastructure - Paths	Provision for a repair inspection and maintenance programme in cemeteries and parks.	S Mitchell	300	184	116	0	0	0	0
CP0473	Replacement Crematorium	Provision for a new purpose -built crematorium with extended car parking facilities, that will be more efficient to operate and maintain than the existing facility. A new facility will help improve the experience for users whilst also affording the opportunity to reduce future running and maintenance costs.	S Mitchell	7,500	17	0	483	2,000	5,000	0
Environmental Services (Street Scene)										
CP0299	Play and Urban Games	Improvement works to play areas across the city.	I Richardson	966	622	344	0	0	0	0
CP0352	Replacement Household Waste and Recycling Centre	Provision of a new household waste facility at Pallion Industrial Estate.	I Richardson	5,000	1,129	3,871	0	0	0	0
CP0353	Refuse Collection Vehicle Replacement Programme	Planned replacement of the fleet of 20 refuse collection vehicles at the forecast end of life. Consideration will be given at time of purchase to electric / hybrid options.	I Richardson	4,025	424	0	3,601	0	0	0

**DEPUTY LEADER
CAPITAL PROGRAMME**

Project Ref. No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
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.	I Richardson	1,998	784	613	410	70	121	0
CP0355	Redevelopment of Parsons Depot including Electrical Vehicle Infrastructure	Redevelopment of the operational depot at Parsons, Washington. 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.	I Richardson	10,943	1,099	4,200	5,644	0	0	0

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CAPITAL PROGRAMME**

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CP0423	Environmental Services Vehicles and Equipment	<p>A series of investments in vehicles and equipment is proposed to support the Place Management Service Operations including:</p> <ul style="list-style-type: none"> • Replace existing specialist vehicle and plant fleet which will come to the end of their planned operational life. • 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. • Fit safety equipment to the fleet of large goods vehicles. • Replacement wheel bin and recycling containers. • 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. 	I Richardson	3,950	1,980	525	653	331	461	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.	S Mitchell	26	5	21	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.	I Richardson	448	102	346	0	0	0	0

**DEPUTY LEADER
CAPITAL PROGRAMME**

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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.	I Richardson	700	275	110	315	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.	I Richardson	750	5	50	600	95	0	0
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 revenue income.	I Richardson	650	5	445	200	0	0	0
CP0503	Assistive Technology in Neighbourhoods Services	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 Neighbourhood Directorate 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.	V French	300	30	270	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.	I Richardson	176	126	19	31	0	0	0

**DEPUTY LEADER
CAPITAL PROGRAMME**

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CP0522	Open Spaces and Allotment Improvements	This project will support a Citywide Parks and Open Spaces Strategy to improve open spaces and allotments infrastructure. Parks and greenspaces will be enhanced at a number of locations citywide. In addition, demand for allotments has also grown significantly, particularly during 'lockdown' in 2020 a further 1,500 requests have been received from residents wishing to take an allotment tenancy. In order to seek to satisfy demand, the project will seek to recover redundant plots within existing sites, with the aim of bringing allotment plots back into use by improving the allotment plots where a current tenancy has been cancelled or abandoned. Scoping work will also identify suitable areas of land where further additional allotment plots / community gardens can be provided.	I Richardson	2,500	0	1,000	1,500	0	0	0
CP0524	Fleet - Bulky Waste Collection Service	To cope with anticipated sustained demand into next year and onwards, two additional specialist service vehicles to collect bulky household waste will be purchased. 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.	I Richardson	109	0	109	0	0	0	0

**DEPUTY LEADER
CAPITAL PROGRAMME**

Project Ref. No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
Carbon 2030										
CP0521	Energy and Carbon 2030 Development	This project seeks the procurement of an operator / generator / advisor with institutional experience in successful green energy and a portfolio of projects initially for a 5 year partnership to develop the response in the medium term to Carbon 2030 and to identify the long term strategy. The medium future is a transition shift away from gas towards a much greater electricity dominant infrastructure coupled with renewables. The shift to electric vehicles is visible worldwide. The Department for Business, Energy and Industrial Strategy have reviewed electricity cost predictions which shows that UK costs are set to increase over the next 5 years. The major high demand users of electricity face serious challenges, for example manufacturing faces a severe challenge against competitiveness with the rest of the world; similarly, the Riverside Sunderland development investment and the wider Council asset base face rising operational costs.	P Littlefair	3,350	0	325	1,000	1,000	1,025	0
Regeneration										
CP0517	Elemore Green Space and Social Enterprise Development	Feasibility study and consultation to develop the former Elemore Golf Course at Hetton. Planned capital improvement works are to the former golf club, car park and adjacent green space. 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. External funding will be sought alongside support from the Coalfield Area Neighbourhood Investment capital programme.	S Mitchell	1,000	0	600	400	0	0	0
TOTAL CONTINUING PROJECTS				436,178	185,532	88,099	109,828	39,218	13,501	0

**DEPUTY LEADER
CAPITAL PROGRAMME**

Project Ref. No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
Projects Commencing 2022/23										
	Local Transport Plan									
CP0024	Highways Maintenance	Implement the Highway Maintenance Programme of road resurfacing and footway reconstruction schemes.	M Jackson	1,546	0	0	1,546	0	0	0
CP0025	Bridge Maintenance	Annual programme of Structural Bridge maintenance.	M Jackson	382	0	0	382	0	0	0
CP0026	Integrated Transport	Annual programme for the implementation of Road Safety and Traffic Congestion improvement schemes.	M Jackson	2,026	0	0	2,026	0	0	0
	Environmental Services (Street Scene)									
CP0353	Fleet - Refuse Collection Vehicle Replacement Programme	This further investment into the Refuse Collection Vehicle (RCV) fleet is planned to meet increasing demands from housebuilding and commercial waste. It will also support an increased cost of RCVs and fund the pilot electric RCV which will support the Council becoming carbon neutral by 2030.	I Richardson	1,088	0	0	1,088	0	0	0
CP0572	Improvement to Parks and Open Spaces	Extension of provision of funding to further expand and enhance improvements to parks and open spaces across the City. Priorities of investment will be identified with consultation with residents in conjunction with Neighbourhood Plans regarding parks, open spaces and fixed play in each area.	I Richardson	4,500	0	0	1,500	1,000	1,000	1,000
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.	I Richardson	6,503	0	0	695	4,310	1,498	0

**DEPUTY LEADER
CAPITAL PROGRAMME**

Project Ref. No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
	Regeneration									
CP0517	Elemore Green Space and Social Enterprise Development	A second phase of works to Elemore Green Space to create an additional car park, extensively improve 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. The delivery of the full works is reliant upon securing £0.4m external funding.	S Mitchell	1,400	0	0	595	805	0	0
CP0583	Scheme Feasibility & Design - Neighbourhood Services	Feasibility and design works for a number of strategically and operationally important projects within the Neighbourhoods Directorate. This will inform future project requirements so that full detailed design and costs can be developed, informing future capital project business cases with more accurate design, costs and financial profile. Following feasibility, specific proposals to be delivered are subject to reports to Cabinet for consideration at the appropriate time.	S Mitchell	550	0	0	100	150	150	150
TOTAL PROJECTS COMMENCING 2022/23				17,995	0	0	7,932	6,265	2,648	1,150
TOTAL DEPUTY LEADER CAPITAL PROGRAMME				454,173	185,532	88,099	117,760	45,483	16,149	1,150

**DEPUTY LEADER
CAPITAL PROGRAMME**

Source of Finance	Estimated Resources				
	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
FROM EXTERNAL SOURCES					
Loans					
Prudential Borrowing	49,077	69,913	42,126	14,789	1,150
Salix	1,197	0	0	0	0
Government Grants					
DfT - Local Transport Plan (LTP)	3,787	4,037	0	0	0
DfT - Pothole Grant	1,835	0	0	0	0
DfT - Safer Roads Funding	746	0	0	0	0
DfT - Transforming Cities Fund	5,564	16,049	0	0	0
DfT - Active Travel Fund - Tranche 2	35	3,190	0	0	0
DLUHC - Getting Building Fund (GBF)	896	0	0	0	0
EA - Coast Protection	0	650	1,000	1,280	0
BEIS - Dept for Business, Energy & Industrial Strategy grants	11,584	3,355	282	0	0
Government Grants General	249	611	155	0	0
Grants from Other Public Bodies					
European Regional Development Fund (ERDF)	714	715	0	0	0
Nexus LTP	42	42	0	0	0
Homes England - Housing Infrastructure Fund (HIF)	7,114	11,934	0	0	0
Other External Funding					
Nexus	1,176	256	0	0	0
Total External Sources	84,016	110,752	43,563	16,069	1,150
FROM INTERNAL SOURCES					
Revenue Contributions					
Neighbourhood Fund	123	0	0	0	0
Directorate	22	0	0	0	0
Reserves					
Strategic Investment Reserve	957	798	200	0	0
S106 Reserve	221	197	150	0	0
Capital Priorities Reserve	510	3,810	27	0	0
Other Capital Reserves	1,057	196	0	0	0
Capital Receipts					
Capital Receipts	1,193	2,007	1,543	80	0
Total Internal Sources	4,083	7,008	1,920	80	0
TOTAL FINANCING	88,099	117,760	45,483	16,149	1,150

**CABINET SECRETARY
CAPITAL PROGRAMME**

Project Ref. No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
Continuing Projects										
	Management of Council Land and Buildings									
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 and the Port's transit shed 7 which also feeds Capstan House. Investment to other buildings will be sought subject to funding availability.	P Davies	2,963	430	1,475	1,058	0	0	0
CP0317	Accommodation Review	Provision to support the ongoing review of Council accommodation requirements.	A Crabb	251	160	91	0	0	0	0
CP0417	City Hall - Furniture and Equipment	Furniture and equipment provision for the City Hall.	A Crabb	3,953	0	3,953	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	12,694	3,101	4,593	2,500	2,500	0	0
CP0470	Security Control Room	The provision of a new CCTV and Security Control Room.	P Davies	400	14	330	56	0	0	0
CP0502	Jacky 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	0	400	0	0	0
CP0526	Salix Decarbonisation Fund	A recycling decarbonisation fund for energy conservation and renewable energy technology measures (e.g. solar panels) in the Council's operational buildings and schools. The recycling element of this fund allows the savings to repay the capital cost of works and for funds to be reinvested, thus providing a sustainable long term fund for low carbon measures.	P Davies	1,000	0	100	300	300	300	0

**CABINET SECRETARY
CAPITAL PROGRAMME**

Project Ref. No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
CP0554	Green Homes Grant – Local Authority Delivery Phase 2	The Council successfully bid for £1.75m Green Homes Grant from the Department for Business, Energy and Industrial Strategy 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	1,750	0	1,750	0	0	0	0
CP0590	Public sector Decarbonisation Scheme	Funding of £2.219m has been secured from Department for Business, Energy and Industrial Strategy. The Project will focus on 8 Council owned properties (City Hall, 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. The Project will achieve significant energy demand reduction resulting in expected carbon savings of 375 tonnes per annum.	P Davies	2,219	3	2,216	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	3,723	600	0	0	0	0
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	1,286	216	1,198	20	0	0

**CABINET SECRETARY
CAPITAL PROGRAMME**

Project Ref. No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
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	500	409	91	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	54	6	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	0	750	0	0
CP0501	Smart Cities Project	Sunderland has set its vision that 'By 2030, 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	1,722	6,010	2,752	2,752	0	0
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	1,000	0	400	300	300	0	0
TOTAL CONTINUING PROJECTS				48,319	10,945	21,888	8,564	6,622	300	0

**CABINET SECRETARY
CAPITAL PROGRAMME**

Project Ref. No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
Projects Commencing 2022/23										
	Management of Council Land and Buildings									
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. This would only progress if external funding can be secured to meet the full costs.	P Davies	600	0	0	600	0	0	0
	Digital and Customer Services									
CP0567	Smart Cities - Replacement of End User Devices	Provision to continue the 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 by its 3,600 customers.	L St Louis	1,697	0	0	0	493	875	329
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	0	158	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	200	0	0	200	0	0	0
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	0	135	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	0	125	0
TOTAL PROJECTS COMMENCING 2022/23				2,915	0	0	1,093	493	1,000	329
TOTAL CABINET SECRETARY CAPITAL PROGRAMME				51,234	10,945	21,888	9,657	7,115	1,300	329

**CABINET SECRETARY
CAPITAL PROGRAMME**

Source of Finance	Estimated Resources				
	2021/22	2022/23	2023/24	2024/25	2025/26
	£'000	£'000	£'000	£'000	£'000
FROM EXTERNAL SOURCES					
Loans					
Prudential Borrowing	12,329	6,910	6,045	1,000	329
Government Grants					
DLUHC - Getting Building Fund (GBF)	2,770	0	0	0	0
DCMS - 5G Create	118	0	0	0	0
BEIS - Dept for Business, Energy & Industrial Strategy grants	3,966	0	0	0	0
Government Grants General	0	600	0	0	0
Grants from Other Public Bodies					
European Regional Development Fund (ERDF)	814	529	0	0	0
Salix Grant	50	150	150	150	0
Total External Sources	20,047	8,189	6,195	1,150	329
FROM INTERNAL SOURCES					
Revenue Contributions					
Directorate	0	64	0	0	0
Reserves					
Strategic Investment Reserve	1,051	0	0	0	0
Strategic Investment Plan Reserve	162	0	0	0	0
Capital Priorities Reserve	3	0	0	0	0
Other Capital Reserves	409	206	150	150	0
Capital Receipts					
Capital Receipts	216	1,198	770	0	0
Total Internal Sources	1,841	1,468	920	150	0
TOTAL FINANCING	21,888	9,657	7,115	1,300	329

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

Project Ref. No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'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.	S Mitchell	2,168	1,306	862	0	0	0	0
Major School's Asset Management										
CP0350	SSGA - School Extensions to St Pauls & Benedict Biscop	Sunderland South Growth Area (SSGA) plans 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 are planned to St Pauls CE VC Primary and Benedict Biscop Primary Academy.	S Mitchell	1,981	1,077	904	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.	S Mitchell	6,373	6,103	270	0	0	0	0
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 will increase pupil place capacity from 140 to 315 and supports the new housing developments in the area.	S Mitchell	5,315	3,368	1,947	0	0	0	0
CP0485	Sunningdale Primary School - new build	Sunningdale Primary School provision to be relocated from Shaftoe Road, Springwell to a new building at Clinton Place, Doxford Park. The proposal seeks to increase 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.	S Mitchell	13,562	655	8,275	4,632	0	0	0

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

Project Ref. No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
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.	S Mitchell	6,861	0	30	426	3,700	2,705	0
CP0487	Hetton Primary School - new build	Replacement of the current Consortium of Local Authorities Special Programme, Hetton Primary School buildings with a new expanded building. It will provide 70 additional school places and add a nursery provision to the existing school offer. The new school will be delivered on the current Hetton Primary School site with the current buildings remaining operational during the build period.	S Mitchell	6,702	237	2,608	3,857	0	0	0
CP0488	Newbottle Primary Academy Extension & ASD Unit	Extension of the current mainstream facilities at Newbottle Primary Academy and also the creation of Special Education Needs resourced provision for primary aged children from across the Coalfields and other areas of the City with Autism. It will expand the current capacity of the school from 420 to 630 places with a further 24 autism places.	S Mitchell	4,564	409	408	2,146	1,601	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.	S Mitchell	4,000	0	0	4,000	0	0	0
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.	S Mitchell	5,399	74	960	4,365	0	0	0

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

Project Ref. No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
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.	S Mitchell	2,500	0	0	2,500	0	0	0
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 and urgent health and safety works.	S Mitchell	1,837	0	715	1,122	0	0	0
CP0386	Schools Capital Maintenance Works	Capital maintenance works to schools including roof repairs/replacement and structural repairs.	S Mitchell	1,451	990	461	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.	S Mitchell	396	288	108	0	0	0	0
CP0214	School Asset Management Plan - Special	Provision of window replacements, heating improvements, roofing works, electrical and technical and urgent health and safety works in special schools.	S Mitchell	66	51	15	0	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 autism spectrum disorder (ASD) places.	S Mitchell	700	0	400	300	0	0	0
CP0516	ASD Place Provision	Creation of ASD (autism spectrum disorder) places to support the delivery of the SSGA.	S Mitchell	300	0	0	300	0	0	0
CP0509	Farringdon Secondary Academy School	Works are to be 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.	S Mitchell	100	95	5	0	0	0	0
CP0327	New Condition Works / EAW (Electricity at Work)	Delivery of electricity at work (EAW) and schools condition surveys.	S Mitchell	175	100	75	0	0	0	0
CP0205	Access Equipment	Purchase of equipment to assist children with disabilities to access school places.	S Mitchell	89	64	25	0	0	0	0

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

Project Ref. No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
CP0204	Schools Asbestos & Legionella Management	Asbestos and legionella management for schools.	S Mitchell	343	178	165	0	0	0	0
CP0088	Other Site Misc.	Management and grounds maintenance of vacant school sites.	S Mitchell	12	2	10	0	0	0	0
	Social Care									
CP0490	Children's Residential Homes	Feasibility study leading to a design and build/refurbish project for the creation of new children's residential facilities. 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.	S Mitchell	1,300	237	363	700	0	0	0
	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.	V French	150	0	150	0	0	0	0
TOTAL CONTINUING PROJECTS				66,344	15,234	18,756	24,348	5,301	2,705	0
Projects Commencing 2022/23										
	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 and urgent health and safety works.	S Mitchell	1,097	0	0	1,097	0	0	0
TOTAL PROJECTS COMMENCING 2022/23				1,097	0	0	1,097	0	0	0
TOTAL CHILDRENS LEARNING AND SKILLS CAPITAL PROGRAMME				67,441	15,234	18,756	25,445	5,301	2,705	0

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

Source of Finance	Estimated Resources				
	2021/22	2022/23	2023/24	2024/25	2025/26
	£'000	£'000	£'000	£'000	£'000
FROM EXTERNAL SOURCES					
Loans					
Prudential Borrowing	10,556	15,799	3,200	2,705	0
Government Grants					
DfE - School's Condition Allocation Grant	1,615	2,471	250	0	0
DfE - Basic Need Grant	2,600	1,059	250	0	0
DfE - Schools DFC Grant	862	0	0	0	0
DfE - Special Educational Needs and Disability	400	121	0	0	0
Grants from Other Public Bodies					
Homes England - Housing Infrastructure Fund (HIF)	1,204	860	0	0	0
Education Skills & Funding Agency (ESFA)	270	0	0	0	0
Total External Sources	17,507	20,310	3,700	2,705	0
FROM INTERNAL SOURCES					
Reserves					
Strategic Investment Reserve	150	0	0	0	0
S106 Reserve	979	1,375	1,601	0	0
Capital Receipts	120	3,760	0	0	0
Total Internal Sources	1,249	5,135	1,601	0	0
TOTAL FINANCING	18,756	25,445	5,301	2,705	0

**DYNAMIC CITY
CAPITAL PROGRAMME**

Project Ref. No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
Continuing Projects										
	Management of Council Land and Buildings									
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
	Strategic Economic Development									
CP0221	Railway Station Public Realm	As part of the wider Railway Station redevelopment public realm improvements will be undertaken to the area immediately in front of the station to provide an improved arrival and departure experience as well as ensuring the station is better integrated into the wider area.	M Jackson	750	0	0	750	0	0	0
CP0264	City of Sunderland Arena Enabling Works	In advance of the main contract works of the redevelopment of the City of Sunderland Arena, enabling works will be undertaken in the 2021/2022.	A Crabb	1,475	32	1,443	0	0	0	0
CP0409	International Innovation Centre	Provision of an international innovation centre to support existing and future automotive and advanced manufacturing companies with a facility for innovation and research and development.	A Crabb	18,000	16,057	352	1,591	0	0	0
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	76,046	37,297	21,751	15,309	1,689	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	14	140	0	0	0
CP0302	Hetton Downs Development Phase 2	To support housing and community regeneration in Edward & Fairy Street.	G Scanlon	1,205	124	0	1,081	0	0	0
CP0392	Affordable Housing Provision	Use of S106 affordable housing contributions for the provision and promotion of affordable housing across the City; specifically, through returning empty properties back to use.	G Scanlon	710	52	658	0	0	0	0

**DYNAMIC CITY
CAPITAL PROGRAMME**

Project Ref. No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
CP0407	Empty Properties Programme	To support the delivery of affordable homes in collaboration with Thirteen Group as well as wider Housing Delivery and Investment Plan gap funding through S106 contributions.	G Scanlon	1,164	259	905	0	0	0	0
CP0467	Cork Street Day Centre	Replacement provision via a new purpose-built facility for people with physical disabilities who are eligible for support under the Care Act 2014, a statutory requirement for the Council. The development of the day centre will receive support from Northeast Disabilities Resource Centre (NDRC) who will run the service at the day centre and is part of a wider project that will deliver purpose-built bungalows for people with physical disabilities.	G Scanlon	1,400	449	951	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	4,560	10,138	11,500	11,500	11,500	9,802

**DYNAMIC CITY
CAPITAL PROGRAMME**

Project Ref. No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
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	0	3,830	22,945	25,327	665	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	0	250	9,203	7,800	5,750	0
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	3,999	0	250	2,249	1,000	500	0

**DYNAMIC CITY
CAPITAL PROGRAMME**

Project Ref. No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
CP0534	Willowfield Supported Housing Village	Provision of self-contained supported living apartments for those adults requiring Extra Care and those living with the onset of Dementia. The scheme will also incorporate a separate Intermediate Care unit consisting of apartments with en-suite bedrooms and rehabilitation support, which will be used by the Council and health partners. The project is expected to be supported by grants from Homes England, and the net investment is expected to be recouped by rental income.	G Scanlon	16,000	0	500	12,500	3,000	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	0	676	2,371	4,182	0	0
Seafront Regeneration										
CP0111	Roker Pier and Lighthouse	Lighthouse restoration works and provision of new tunnel entrance. All works now complete and to be opened up as a visitor attraction, to be managed by volunteers from the Roker Heritage Group.	C Auld	2,212	2,209	3	0	0	0	0
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	1,007	175	612	220	0	0	0

**DYNAMIC CITY
CAPITAL PROGRAMME**

Project Ref. No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
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 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.	C Auld	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	2,325	119	500	1,706	0	0	0
Regeneration Projects										
CP0397	Bishopwearmouth Townscape Heritage 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	1,239	253	641	136	0	0

**DYNAMIC CITY
CAPITAL PROGRAMME**

Project Ref. No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
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 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	1,424	598	178	367	281	0	0
CP0414	Regeneration Feasibilities	Provision of a Regeneration Feasibilities fund to support early planning and options appraisal for future potential capital projects.	C Auld	80	65	15	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

**DYNAMIC CITY
CAPITAL PROGRAMME**

Project Ref. No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'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, Farrington 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	50	4,286	12,558	15,288	16,982	0

**DYNAMIC CITY
CAPITAL PROGRAMME**

Project Ref. No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'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 grant from the Levelling Up Fund.	N Guthrie	14,633	0	707	9,577	4,349	0	0
CP0537	Commercial Road Development	The development of a site at Commercial Road, providing: <ul style="list-style-type: none"> • A mixture of industrial and trade counter units; • Promotion of the regeneration of the Commercial Road corridor and will in turn encourage additional economic activity at the Port and the Council area; • A site that will form part of a wider strategic development area which also includes Council assets; and • Access to the railway line to be included to ensure connectivity to the Port and wider rail network. This will support the creation of local jobs within the local and wider area and the physical and economic regeneration of the Commercial Road corridor providing a modern gateway to the City.	N Guthrie	4,303	0	2,303	2,000	0	0	0
CP0538	City Centre Highways Improvements	Highways improvement works at Burdon Road and Cowan Terrace to provide improved access into the new planned residential development on the current civic centre site.	M Jackson	3,000	0	0	500	2,500	0	0
CP0552	Keel Square Hotel	Provision to fit out two of the ground floor commercial units in Keel Square Hotel, fully funded by the Future High Streets Fund grant.	A Crabb	1,700	125	1,575	0	0	0	0
TOTAL CONTINUING PROJECTS				354,666	72,760	52,322	107,333	77,052	35,397	9,802

**DYNAMIC CITY
CAPITAL PROGRAMME**

Project Ref. No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
Projects Commencing 2022/23										
	Regeneration Projects									
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	0	0	6,000	10,000	8,000	0
CP0588	City of Sunderland Arena	The 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	82,157	0	0	9,365	36,601	35,257	934
TOTAL PROJECTS COMMENCING 2022/23				106,157	0	0	15,365	46,601	43,257	934
TOTAL DYNAMIC CITY CAPITAL PROGRAMME				460,823	72,760	52,322	122,698	123,653	78,654	10,736

**DYNAMIC CITY
CAPITAL PROGRAMME**

Source of Finance	Estimated Resources				
	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
FROM EXTERNAL SOURCES					
Loans					
Prudential Borrowing	38,777	83,676	100,353	61,037	7,461
Government Grants					
DLUHC - Getting Building Fund (GBF)	1,164	0	0	0	0
DLUHC - Coastal Communities Fund (CCF)	314	0	0	0	0
DLUHC - Future High Street Fund (FHSF)	1,625	8,746	281	0	0
DLUHC - Levelling Up Fund (LUF)	4,346	15,654	0	0	0
Grants from Other Public Bodies					
Lottery - Heritage Lottery Fund (HLF)	248	521	0	0	0
European Regional Development Fund (ERDF)	191	1,781	83	0	0
Historic England	66	82	0	0	0
Homes England - Other	3,772	10,325	10,016	7,117	3,275
Other External Funding					
Other Capital Contributions	0	1,299	10,000	8,000	0
Total External Sources	50,503	122,084	120,733	76,154	10,736
FROM INTERNAL SOURCES					
Revenue Contributions					
Directorate	8	0	0	0	0
Reserves					
Strategic Investment Reserve	65	0	0	0	0
S106 Reserve	838	0	0	0	0
Other Capital Reserves	68	290	0	0	0
Capital Receipts					
Capital Receipts	840	324	2,920	2,500	0
Total Internal Sources	1,819	614	2,920	2,500	0
TOTAL FINANCING	52,322	122,698	123,653	78,654	10,736

**HEALTHY CITY
CAPITAL PROGRAMME**

Project Ref. No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
Continuing Projects										
	Adult Services									
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	15,821	11,189	4,632	0	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.	V French	765	523	242	0	0	0	0
CP0432	Day Centre Transformation & Improvement	A newly built facility that will provide a resource centre offering care, social stimulation and day opportunities that is outcome focused but is able to meet the person's holistic health and social care needs. The service will be designed specifically to meet the needs of people with complex disabilities and behaviours, most of which are currently accessing current provision based in Washington and Fulwell.	G King	6,000	4	46	1,950	4,000	0	0
CP0433	Emergency Accommodation	Provision towards units to support victims of domestic abuse	G Scanlon	104	0	104	0	0	0	0
CP0434	Barnes Park Café (Coffee Shop) - Flood Defence Measures	Improvements to the Café, specifically on flood defence measures.	G King	30	26	4	0	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	75	33	0	0	0	0

**HEALTHY CITY
CAPITAL PROGRAMME**

Project Ref. No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
CP0539	ICT / Assistive Technology	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	0	200	600	300	300	0
TOTAL CONTINUING PROJECTS				24,228	11,817	5,261	2,550	4,300	300	0
Projects Commencing 2022/23										
Adult Services										
CP0432	Day Centre Replacement - Additional Costs	Extension of the provision within the current capital programme for a replacement adult social care day centre, including the inclusion of Hydrotherapy pool. The new day centre building, planned to be located on a site beside North View Academy School in South Hylton, will provide a day care service offering social stimulation that is outcome focused but is able to meet the person's holistic health and social care needs. The service will be designed specifically to meet the needs of people with complex disabilities and behaviours, most of which are currently accessing current provision based in Washington and Fulwell.	G King	2,602	0	0	0	2,602	0	0
CP0576	Technology Solutions – Neighbourhoods	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.	V French	1,000	0	0	250	250	250	250
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: <ul style="list-style-type: none"> • 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	0	500	0	0	0

**HEALTHY CITY
CAPITAL PROGRAMME**

Project Ref. No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
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	0	724	0	0	0
TOTAL PROJECTS COMMENCING 2022/23				4,826	0	0	1,474	2,852	250	250
TOTAL HEALTH CITY CAPITAL PROGRAMME				29,054	11,817	5,261	4,024	7,152	550	250

**HEALTHY CITY
CAPITAL PROGRAMME**

Source of Finance	Estimated Resources				
	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
FROM EXTERNAL SOURCES					
Loans					
Prudential Borrowing	187	3,662	7,152	550	250
Government Grants					
DoH&SC - Disabled Facilities	4,532	0	0	0	0
Other External Funding					
Gentoo	100	0	0	0	0
CCG	0	362	0	0	0
Total External Sources	4,819	4,024	7,152	550	250
FROM INTERNAL SOURCES					
Reserves					
Strategic Investment Reserve	275	0	0	0	0
Capital Priorities Reserve	80	0	0	0	0
Other Capital Reserves	87	0	0	0	0
Total Internal Sources	442	0	0	0	0
TOTAL FINANCING	5,261	4,024	7,152	550	250

**VIBRANT CITY
CAPITAL PROGRAMME**

Project Ref. No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
Continuing Projects										
	Community Services									
CP0412	Neighbourhood Renewal	Provision for devolved priority investments into Neighbourhood Renewals.	S Mitchell	2,653	34	987	1,632	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.	V French	18,370	18,265	105	0	0	0	0
CP0585	Football Hubs Sinking Fund	Provision of a sinking fund for football hubs replacement of 3G surfaces.	V French	2,571	0	0	0	0	0	2,571
CP0405	Sunderland Museum and 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.	V French	10,755	0	100	500	149	7,000	3,006
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	542	1,356	12,270	13,807	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	0	0	350	3,000	1,300	0

**VIBRANT CITY
CAPITAL PROGRAMME**

Project Ref. No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
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.	V French	650	0	300	150	150	50	0
CP0543	Redesign and Replacement of City Centre Christmas Lighting	Provision for a City Centre Christmas lighting refresh to complement the work undertaken on the route of lights in the Fawcett Street and St Mary's Boulevard areas.	V French	150	0	150	0	0	0	0
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.	V French	450	0	0	150	150	150	0
CP0558	Washington AFC Sports Facilities Upgrade	Upgrade of sports facilities at Washington AFC fully funded by S106 developer funding.	V French	90	0	90	0	0	0	0
TOTAL CONTINUING PROJECTS				68,314	18,841	3,088	15,052	17,256	8,500	5,577
Projects Commencing 2022/23										
	Culture, Events and 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.	V French	110	0	0	110	0	0	0
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 will also be repaired, along with the installation of timber fencing.	V French	45	0	0	45	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 result in the Low Barn, Granary and Theatre being upgraded.	V French	200	0	0	200	0	0	0

**VIBRANT CITY
CAPITAL PROGRAMME**

Project Ref. No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
CP0580	Raich Carter Centre Improvement Works	Planned improvement works to the Raich Carter Sports Centre. The investment will deliver a replacement of the surface of the 3G football pitch on site which is currently unplayable and therefore reduces the opportunities for residents to engage in sport and physical activity.	V French	250	0	0	250	0	0	0
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.	V French	500	0	0	300	200	0	0
TOTAL PROJECTS COMMENCING 2022/23				1,105	0	0	905	200	0	0
TOTAL VIBRANT CITY CAPITAL PROGRAMME				69,419	18,841	3,088	15,957	17,456	8,500	5,577

**VIBRANT CITY
CAPITAL PROGRAMME**

Source of Finance	Estimated Resources				
	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
FROM EXTERNAL SOURCES					
Loans					
Prudential Borrowing	1,489	3,597	17,356	6,506	2,571
Government Grants					
DLUHC - Future High Street Fund (FHSF)	1,356	12,200	0	0	0
Grants from Other Public Bodies					
Lottery - Heritage Lottery Fund (HLF)	0	0	0	1,994	3,006
Total External Sources	2,845	15,797	17,356	8,500	5,577
FROM INTERNAL SOURCES					
Revenue Contributions					
Neighbourhood Fund	153	0	0	0	0
Reserves					
Strategic Investment Reserve	0	150	100	0	0
S106 Reserve	90	10	0	0	0
Total Internal Sources	243	160	100	0	0
TOTAL FINANCING	3,088	15,957	17,456	8,500	5,577

**PROJECT SPONSORS KEY
CAPITAL PROGRAMME**

Project Sponsor	Job Title
A Crabb	Project Director
C Auld	Assistant Director of Economic Regeneration
I Richardson	Interim Assistant Director of Environmental Services
G King	Assistant Director Adult Services / Chief Operating Officer Sunderland Care & Support
G Scanlon	Assistant Director of Housing Services
L St Louis	Assistant Director of Digital and Customer Services
M Hunt	Port Director
M Jackson	Assistant Director of Infrastructure, Planning and Transportation
P Davies	Assistant Director of Business and Property Services
P McIntyre	Executive Director City Development
S Mitchell	Assistant Director of Community Resilience
V French	Assistant Director of Culture and Events
N Guthrie	Assistant Director of Development Residential
P Littlefair	Assistant Director of Major Projects Development

Prudential and Treasury Indicators 2022/2023 to 2025/2026

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 2020/2021 was £96.620 million and the estimates of capital expenditure to be incurred for the current and future years that are recommended for approval are:

	2021/22	2022/23	2023/24	2024/25	2025/26
	£000	£000	£000	£000	£000
Estimated Capital Expenditure	189,414	295,541	206,160	107,858	18,042

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 2020/2021 are:

	Estimates of financing costs to net revenue stream				
2020/2021 Actual	2021/2022 Estimate	2022/2023 Estimate	2023/2024 Estimate	2024/2025 Estimate	2025/2026 Estimate
9.41%	10.34%	12.17%	14.08%	15.13%	15.81%

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 2021 are:

Capital Financing Requirement

31/03/21	31/03/22	31/03/23	31/03/24	31/03/25	31/03/26
£'000	£'000	£'000	£'000	£'000	£'000
Actual	Estimate	Estimate	Estimate	Estimate	Estimate
501,093	686,120	854,336	1,012,615	1,083,922	1,072,208

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 reports.

The Capital Financing Requirement includes other long-term liabilities e.g. Private Finance Initiative (PFI) schemes and leases which are impacted by the introduction of the accounting standard IFRS16. This accounting standard replaces IAS 17 and means that the majority of leases will now be accounted for in a similar way as a Finance lease under IAS 17, meaning that almost all of the Council's leases will need to be brought onto the balance sheet. 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 £69.857 million of such schemes included in its Capital Financing Requirement as at 31st March 2021.

- 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 2020/2021, 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 2022/2023.

- 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 Executive Director of Corporate Services, 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				
	2021/2022	2022/2023	2023/2024	2024/2025	2025/2026
	£'000	£'000	£'000	£'000	£'000
Borrowing	911,927	939,926	954,649	1,041,983	1,036,747
Other long-term liabilities	125,181	142,732	137,316	132,176	125,698
Total	1,037,108	1,082,658	1,091,965	1,174,159	1,162,445

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 2022/2023, the Council is asked to note that the authorised limit determined for 2022/2023 (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 Executive Director of Corporate Services, 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

	2021/2022	2022/2023	2023/2024	2024/2025	2025/2026
	£'000	£'000	£'000	£'000	£'000
Borrowing	886,927	914,926	929,649	1,016,982	1,011,747
Other long-term liabilities	125,181	142,732	137,316	132,176	125,698
Total	1,012,108	1,057,658	1,066,965	1,149,158	1,137,445

- P7 The Council's actual external debt at 31st March 2021 was £492.411 million and was made up of borrowing of £422.554 million and other long-term liabilities of £69.857 million.

The Council includes an element for long-term liabilities relating to PFI schemes and 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 additional reporting elements of the December 2021 code update which aren't required until 2023/2024 will be adhered to in that financial year.

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 Authority can take timely remedial action.

CIPFA Treasury Management in the Public Services Code of Practice - Indicators 2022/2023 to 2025/2026

- 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 (2022/2023, 2023/2024, 2024/2025 and 2025/2026) 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 £24.894m of long-term investments. This is £11.906m 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 2022/2023

- 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 2022/2023.

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 2022/2023.

- 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 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 and the known reductions to RSG in recent years 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 (2.68%). 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 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 2022/2023:
 - 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 Executive Director of Corporate Services 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 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 Executive Director of Corporate Services 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 the 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 2022/2023 as it does every year.

Treasury Management Strategy Statement for 2022/2023

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 2022/2023 is set out below and is based upon the Executive Director of Corporate Services' 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 2017, and more recently 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 2021. 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.

- 1.2 The treasury management strategy covers the:

- current treasury management position;
- treasury indicators and limits;
- prospects for interest rates;
- the borrowing strategy;
- policy on borrowing in advance of need;
- debt rescheduling
- policy on debt rescheduling;
- investment policy and strategy;
- creditworthiness policy; and
- policy on use of external service providers.

As noted, CIPFA published revised codes for Treasury Management and Prudential Borrowing on 20th December 2021. The changes made to the Prudential Code apply with immediate effect, except that the new revised reporting requirements do not need to be introduced until 2023/2024 financial year. Unlike the Prudential Code, there is no effective date within the new edition of the Treasury Management Code, which is market guidance and has no statutory underpinning. The Council has to have regard to these codes of practice when it prepares the Treasury Management Strategy Statement and the Annual Investment Strategy. In summary, the revised codes have the following implications:

Prudential Code

- Strong reinforcement that local authorities must not borrow to invest primarily for financial return, this applies with immediate effect;
- Objectives continue to focus on; Capital plans and investments plans must be affordable and proportionate, all borrowing / other long-term liabilities are within prudent and sustainable levels; risks associated with investments are proportionate to financial capacity and treasury management decisions are in accordance with good professional practice;
- Further strengthening on matters to be taken into account when setting and revising prudential indicators. In particular decision making on capital investment, determining a capital strategy, prudence and affordability;
- Expansion of Environmental, Social and Governance (ESG) within the Capital Strategy, addressing environmental sustainability in a manner which is consistent with the Council's policies on the issue. This will be addressed when the Capital Strategy is refreshed later in 2022;
- Investment in commercial properties, the code makes clear that the Council's historical asset base is not impacted by the restrictions now in place and any plans to divest should be part of an annual review.
- CIPFA leaves any decision to maintain long term Treasury Investments to each local authority to justify and any longer term Treasury Investment to be linked to the Business Model; and
- The gross debt and the capital financing requirement remain key indicators with a small change which means the inclusion of Heritage Assets. It has been noted that the CFR can be a negative figure.

Treasury Management Code

- Investment Management Practices (IMPs) have now been introduced for Non-Treasury Investment and are expected to follow the same format used for Treasury Management Practices (TMPs);
- The requirement for TMP10 has been strengthened and a requirement to retain an aims and objectives schedule included;
- Reporting should set out Service and Commercial investment risks especially where this is supported by borrowing / leverage, with a proportionate level of any borrowing which is a decision for the S151 Officer. Emphasis also placed on "Local Authorities" so that they must not borrow to invest primarily for the purpose of financial return;
- Treasury Management reports to be produced annually before the financial year, mid-year and after the year-end; and
- The introduction of a Liability Benchmark, which will be included in updated reporting for 2023/2024.

In addition, all investments and investment income must be attributed to one of the following three purposes:

Treasury Management

Arising from the organisations cash flows or treasury risk management activity, this type of investment represents balances which are only held until the cash is required for use. Treasury investments may also arise from other treasury risk management activity which seeks to prudently manage the risks, costs or income relating to existing or forecast debt or treasury investments.

Service Delivery

Investments held primarily and directly for the delivery of public services including housing, regeneration and local infrastructure. Returns on this category of investment which are funded by borrowing are permitted only in cases where the income is “either related to the financial viability of the project in question or otherwise incidental to the primary purpose”.

Commercial Return

Investments held primarily for financial return with no treasury management or direct service provision purpose. Risks on such investments should be proportionate to a council’s financial capacity – i.e., that ‘plausible losses’ could be absorbed in budgets or reserves without unmanageable detriment to local services. An authority must not borrow to invest primarily for financial return.

The Council currently adheres to the majority of the above amendments, and will comply with the remaining new reporting standards by the prescribed date of 2023/2024.

2. Treasury Management Strategy

2.1 Borrowing

2.1.1 Current Treasury Management Position

The Council’s treasury portfolio position at 31 st December 2021 comprised:		Principal (£m)	Total (£m)	Average Rate (%)
Treasury external borrowing				
Fixed Rate Funding	PWLB	434.6		
	Market	39.6		
	Other	11.3	485.5	2.68
			4	
Variable Rate Funding	Temporary / Other		27.6	0.72
Total external borrowing			513.1	2.54
Total treasury investments				
	In house – short term		294.3	0.16
Net treasury borrowing			218.8	

The Council currently has a net deficit of £218.8m 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 Executive Director of Corporate Services, 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 Executive Director of Corporate Services, 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). The additional reporting elements of the December 2021 code which aren’t required until 2023/2024 will be adhered to in that financial year.

2.1.3 Prospects for Interest Rates

Over the last two years, the coronavirus outbreak has resulted in significant economic damage to the UK and to economies around the world. After the Bank of England’s Monetary Policy Committee (MPC) took emergency action in March

2020 to cut the Bank Rate to 0.10%, it left the rate unchanged at its subsequent meetings until raising it to 0.25% at its meeting on 16th December 2021 primarily in response to rising inflation.

As for the timing of the next increase in Bank Rate, the MPC dropped the comment from November's statement that the Bank Rate would be raised "in the coming months". This may imply another rise is unlikely at the next meeting in February and that May is more likely. However, much could depend on how adversely, or not, the economy is affected by Omicron in the run up to the next meeting on 3rd February. Once 0.50% is reached, the Bank would act to start shrinking its stock of Quantitative Easing (gilts purchased by the Bank would not be replaced when they mature).

Since the start of 2021, there has been significant volatility in gilt yields, and hence PWLB rates. As the interest forecast table for PWLB certainty rates below shows, there is forecast to be a steady, but slow, rise in rates during the forecast period to March 2025, though there will doubtless be unpredictable volatility during this forecast period.

The following table shows the average PWLB rates for Quarters 1, 2 and 3 and the figures for Quarter 4 to 12th January 2022.

2021/2022	Qtr 1* (Apr - Jun) %	Qtr 2* (Jul - Sep) %	Qtr 3* (Oct – Dec) %	Qtr 4* (rates to 12th Jan 2022) %
7 days notice	-0.08	-0.08	-0.06	-0.06
1 year	0.81*	0.87*	1.11*	1.36*
5 year	1.18*	1.15*	1.47*	1.73*
10 year	1.68*	1.52*	1.75*	1.94*
25 year	2.14*	1.90*	1.99*	2.12*
50 year	1.94*	1.68*	1.68*	1.79*

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

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 2022	0.25	1.50	1.90	1.70
June 2022	0.50	1.50	2.00	1.80
Sept 2022	0.50	1.60	2.10	1.90
Dec 2022	0.50	1.60	2.10	1.90
March 2023	0.75	1.70	2.20	2.00
June 2023	0.75	1.80	2.20	2.00
Sept 2023	0.75	1.80	2.20	2.00
Dec 2023	0.75	1.80	2.30	2.10
March 2024	1.00	1.90	2.30	2.10
June 2024	1.00	1.90	2.40	2.20
Sept 2024	1.00	1.90	2.40	2.20
Dec 2024	1.00	2.00	2.50	2.30
March 2025	1.25	2.00	2.50	2.30

The main sensitivities of the forecast are likely to be, if it were felt that there was a significant risk of a much sharper rise in long and short term rates than that currently forecast, perhaps arising from an acceleration in the rate of increase in central rates in the US and UK, then the portfolio position will be re-appraised with the likely action that fixed rate borrowing will be undertaken whilst interest rates are still lower than they will be in the next few years.

2.1.4 Borrowing Strategy

The Council's strategy for 2021/2022 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 2.6% for long-term borrowing was set considering the views prevalent at the time the Treasury Management policy was set in March 2021.

The basis of the agreed Borrowing Strategy is to:

- continuously monitor prevailing interest rates and forecasts;
- secure long-term funds to meet the Council's future borrowing requirement when market conditions are considered favourable;
- current (January 2021) long term PWLB rates (50 years) are around 1.80%. It is forecast that this will rise over the financial year 2021/22 with target rates being, 1.80% Q1, 1.90% Q2, 1.90% Q3 and 2.00% Q4. Should interest rates fall below these targets borrowing should be considered, with preference given to terms which ensure a balanced profile of debt maturity. The current average interest rates forecast across this financial year for various borrowing periods are as follows:
 - 10 years – 1.85%
 - 25 years – 2.10%
 - 50 years – 1.90%

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 (Executive Director of Corporate Services) 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 £100m was undertaken in December from the PWLB at a historically low rate of 1.4%. Borrowing at this low rate has reduced the average cost of borrowing across the portfolio.

The low PWLB interest rates are likely to make this the 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 four LOBOs that were subject to a potential rollover in 2021/2022. No changes to loan rates have been received and so these arrangements will continue.

Roll Over Dates	Lender	Amount £m	Rate %	Roll Over Periods
21/04/2021 and 21/10/2021	Barclays	5.0	4.37	Every 6 months
29/09/2021	Dexia Credit Local	5.0	4.45	Every 3 years
03/02/2022	Dexia Credit Local	5.0	4.37	Every 3 years
22/02/2022	Dexia Credit Local	5.0	4.38	Every 3 years
Total		20.0		

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:

		2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m
1.	Capital Programme Borrowing	183.6	176.2	86.6	11.8
2.	Replacement borrowing (PWLb)	5.0	0.0	0.0	0.0
3.	Replacement LOBO	10.0	19.5	20.0	10.0
TOTAL:		198.6	195.7	106.6	21.8

The Council currently has net treasury borrowing of £218.8m 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. This strategy is prudent as investment returns are low and it also reduces counterparty risk. Consideration will be given to continue utilising some investment balances to fund the borrowing requirement in 2022/2023. This policy has served the Council well over the last few years as investment returns continue to be low. As a result,

the Council is currently maintaining 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 3.00% for any further long-term borrowing for 2022/2023 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, full adoption is required by 2023/2024.

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 2021.

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. Given the need for increased PWLB borrowing to fund the Capital Financing Requirement and the associated cash holding requirement, the Money Market Funds limit within Annex B has been increased from £120m to £250m.

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 Executive Director of Corporate Services will monitor long-term investment rates and identify any investment opportunities if market conditions change. It is proposed that delegated authority continues for the Executive Director of Corporate Services, 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 2022/2023 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 2021/2022 short-term interest rates have been materially below long-term rates and some investment balances have been used to fund some long-term borrowing requirements. It is likely that this will continue into 2022/2023 with investment balances being used to fund some long-term borrowing or used for debt rescheduling. Such funding is wholly dependent upon market conditions and will be assessed and reported to Cabinet if and when the appropriate conditions arise.

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 2022/2023 (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 2021/2022 the Council did not employ any external fund managers; all funds being managed by the in-house team. The performance of the fund by the in-house team is shown below and compares this with the relevant benchmarks and performance from the previous year:

Return	2020/21 Benchmark %	2020/21 Return %	To date 2021/22 Benchmark %	To date 2021/22 %
Council	-0.07	0.45	-0.07*	0.16

* the Benchmark rate is set at 0.125% less than the corresponding 7-Day LIBOR rate which due to the fall in gilts means the benchmark rate in 2020/21 has become negative.

Investment returns are likely to remain low during 2021/22 and are likely to remain very low until the Bank base rate increases.

During 2022/2023 the Council will continue to review the optimum arrangements for the investment of its funds whilst fully observing the investment strategy in place. The Council uses the 7-day London Interbank Bid (LIBID) rate as a benchmark for its investments. Performance is significantly above the benchmark rate, whilst still adhering to the prudent policy agreed by the Council, in what remains a very challenging 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 Executive Director of Corporate Services 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 October 2020 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 are covered within the Capital Strategy approved by Council in November 2021 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	Executive Director of Corporate Services	Monthly
Treasury Management Practices	Executive Director of Corporate Services	Annually
Scrutiny of Treasury Management Strategy	Cabinet / Audit and Governance Committee	Annually before Full Council
Scrutiny of Treasury Management Performance	Cabinet / Audit and Governance Committee	Quarterly
Annual Treasury Management Outturn Report	Cabinet / Audit and Governance	Annually by 30/9 after the end of the financial year

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

4.1 The Executive Director of Corporate Services 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 11th January 2022.
- 1.2 The forecast within this strategy statement has been drawn from these diverse sources and officers' own views.

Link Group Interest Ra 20.12.21													
	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25
BANK RATE	0.25	0.50	0.50	0.50	0.75	0.75	0.75	0.75	1.00	1.00	1.00	1.00	1.25
3 month ave earnings	0.30	0.50	0.50	0.60	0.70	0.80	0.90	0.90	1.00	1.00	1.00	1.00	1.00
6 month ave earnings	0.50	0.60	0.60	0.70	0.80	0.90	1.00	1.00	1.10	1.10	1.10	1.10	1.10
12 month ave earnings	0.70	0.70	0.70	0.80	0.90	1.00	1.10	1.10	1.20	1.20	1.20	1.20	1.20
5 yr PWLB	1.50	1.50	1.60	1.60	1.70	1.80	1.80	1.80	1.90	1.90	1.90	2.00	2.00
10 yr PWLB	1.70	1.80	1.80	1.90	1.90	2.00	2.00	2.00	2.10	2.10	2.10	2.20	2.30
25 yr PWLB	1.90	2.00	2.10	2.10	2.20	2.20	2.20	2.30	2.30	2.40	2.40	2.50	2.50
50 yr PWLB	1.70	1.80	1.90	1.90	2.00	2.00	2.00	2.10	2.10	2.20	2.20	2.30	2.30
Bank Rate													
Link	0.25	0.50	0.50	0.50	0.75	0.75	0.75	0.75	1.00	1.00	1.00	1.00	1.25
Capital Economics	0.50	0.75	0.75	1.00	1.25	1.25	1.25	1.25	-	-	-	-	-
5yr PWLB Rate													
Link	1.50	1.50	1.60	1.60	1.70	1.80	1.80	1.80	1.90	1.90	1.90	2.00	2.00
Capital Economics	1.80	1.90	2.10	2.20	2.20	2.30	2.40	2.40	-	-	-	-	-
10yr PWLB Rate													
Link	1.70	1.80	1.80	1.90	1.90	2.00	2.00	2.00	2.10	2.10	2.10	2.20	2.30
Capital Economics	2.00	2.10	2.20	2.30	2.30	2.40	2.50	2.50	-	-	-	-	-
25yr PWLB Rate													
Link	1.90	2.00	2.10	2.10	2.20	2.20	2.20	2.30	2.30	2.40	2.40	2.50	2.50
Capital Economics	2.20	2.30	2.50	2.70	2.70	2.70	2.80	2.90	-	-	-	-	-
50yr PWLB Rate													
Link	1.70	1.80	1.90	1.90	2.00	2.00	2.00	2.10	2.10	2.20	2.20	2.30	2.30
Capital Economics	1.90	2.00	2.20	2.40	2.50	2.60	2.70	2.90	-	-	-	-	-

2. Survey of Economic Forecasts

2.1 HM Treasury November 2021

The current 2021 base rate forecasts are based on samples of both City and non-City forecasters included in the HM Treasury November 2021 report.

BANK RATE FORECASTS	Annual Average Bank Rate				
	Ave. 2021	Ave. 2022	Ave. 2023	Ave. 2024	Ave. 2025
Average	0.13%	0.43%	0.98%	1.30%	1.45%
Highest	0.30%	1.50%	4.50%	5.00%	4.00%
Lowest	0.10%	0.10%	0.16%	0.50%	0.75%

Source: HM Treasury: Forecasts for the UK Economy Nov. 2021 (No.412, 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	

- 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.

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	70	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	A2	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	Baa1	P-2	A-	A-2	0	
Co-Operative Bank Plc **	B+	B	Ba3	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	65	365 days
Top Building Societies (by asset value)								

	Fitch		Moody's		Standard & Poor's			
	L Term	S Term	L Term	S Term	L Term	S Term	Limit £m	Max Deposit Period
Nationwide BS (see above)								
Coventry BS	A-	F1	A2	P-1	-	-	50	365 days
Leeds BS	A-	F1	A3	P-2	-	-	50	365 days
Nottingham BS **			Baa3	P-3	-	-	0	
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							120	Liquid
Prime Rate Stirling Liquidity	AAA				AAA		50	Liquid
Insight Liquidity Fund	AAA		-		AAA		50	Liquid
Aberdeen Liquidity Fund (Lux)	AAA		AAA		AAA		50	Liquid
Deutsche Managed Sterling Fund	AAA		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+	Aa2	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

	Fitch		Moody's		Standard & Poor's			
	L Term	S Term	L Term	S Term	L Term	S Term	Limit £m	Max Deposit Period
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
Coöperatieve 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	A	F1	A1	P-1	A+	A-1	50	365 days
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

Strategic Partners

Cabinet in its October 2020 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.

**REVENUE BUDGET AND PROPOSED COUNCIL TAX FOR 2022/2023 AND
MEDIUM TERM FINANCIAL PLAN 2022/2023 TO 2025/2026****Report of the Executive Director of Corporate Services****1. Purpose of Report****1.1 To report:**

- the overall revenue budget position for 2022/2023;
- the projected reserves position as at 31st March 2022 and 31st March 2023 and advise on their sufficiency;
- a risk analysis of the Revenue Budget 2022/2023;
- a summary of the emerging medium term financial position facing the Council from 2022/2023 to 2025/2026 and associated Council Efficiency strategy; and
- any views received from residents, the local Business Sector, Trade Unions, Schools Forum, Change Council and Scrutiny Coordinating Committee.

2. Description of Decision**2.1 Members are requested to:**

- recommend to Council the proposals set out in the report including the proposed Revenue Budget for 2022/2023 set out at Appendix J;
- recommend to Council the Medium Term Financial Plan 2022/2023 to 2025/2026 including Efficiency Strategy as set out in Appendix G and the potential use of Capital Receipts Flexibility set out at section 9 of the report;
- recommend to Council the proposed council tax for 2022/2023 at Appendix F (paper to follow); and
- note the views, expressed by residents, the local Business Sector, Trade Unions, Schools Forum, Change Council and Scrutiny Coordinating Committee.

3. Introduction**3.1 In January 2022 Cabinet received an update on the budget position following the Provisional Local Government Finance Settlement 2022/2023. At that stage there were a number of uncertainties still to be resolved, primarily:**

- the outcome of the final Local Government Revenue Support Grant Settlement for 2022/2023 and additional grant announcements;
- the estimation of business rates resources;
- the final forecast collection fund position for both council tax and business rates;
- confirmation of the 2021/2022 and 2022/2023 local government pay awards;
- the continued impact of the Covid-19 pandemic on the Council, the city's residents and businesses; and
- inherent uncertainty and risk around deliverability of the savings proposals, and any transitional costs required in their delivery.

3.2 In presenting the Revenue Budget 2022/2023 this report covers the following areas:

- Final funding position at February 2022 (section 4);
- Spending Pressures and Commitments (section 5);
- Budget Reduction Proposals (section 6);
- Proposed Increase to Council Tax (section 7);
- Overall Budget Position 2022/2023 (section 8);
- Workforce Planning, Transformational costs and Capital Receipts Flexibilities (section 9);
- Medium Term Financial Position and associated Efficiency Strategy (section 10);
- Budget Consultation (section 11);
- Equality and the Budget Proposals (section 12);
- Balances and Reserves (section 13); and
- Detailed Revenue Budget 2022/2023 (section 14).

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

4. Final Funding Position February 2022

- 4.1 The January 2022 Cabinet report set out the provisional local government finance settlement for the Council and progress in relation to several outstanding uncertainties.
- 4.2 The final local government finance settlement, at the time of writing this report is yet to be received. Should the final settlement contain any revisions to the draft settlement or forecasts assumed within the budget presented in the report, these will be considered at the time of the first quarterly revenue review.
- 4.3 Further information about the grant changes in accordance with the provisional local government finance settlement is set out below, while section 5 sets out the final spending pressures and commitments to be taken into account in setting the budget for 2022/2023.

Local Government Finance Settlement

- 4.4 The Council awaits notification of the final settlement from the Government. Any changes required following receipt of the final settlement will be considered at the time of the first quarterly revenue review. As such there is currently no change to the position set out in the January Cabinet report.
- 4.5 The Government uses a measure known as the Core Spending Power (CSP) to indicate the impact of changes in funding. For 2022/2023, this measure includes:
- Settlement Funding Assessment (SFA) comprising:
 - Revenue Support Grant (RSG);

- Baseline Funding (Top Up Grant);
- Assumed retained business rates;
- Compensation for the historic under-indexing of the Business Rates Multiplier;
- Council tax income, for which the Government assumes that a 3% increase (2% core and 1% Adult Social Care Precept) is applied in addition to an assumed continued increase in the council tax base;
- Local government element of the Improved Better Care Fund;
- Social Care Grant;
- New Homes Bonus;
- Lower Tier Services Grant;
- Market Sustainability and Fair Cost of Care Fund (newly added for 2022/2023); and
- 2022/2023 Services Grant (newly added for 2022/2023).

4.6 CSP will increase by an average 6.88% nationally in 2022/2023. For Sunderland the increase is 7.50% as shown in the table below. As noted in previous reports, nationally, 40% of this increased spending power is derived from assumed Council Tax rises. Given Sunderland's relatively lower council tax base this proportion is lower, at 18%.

	2021/22 £m	2022/23 £m	change £m	change %
Settlement Funding Assessment	113.980	114.844	0.864	0.76%
Compensation for under-indexing Business Rates Multiplier (Section 31 Grant)	4.474	7.055	2.581	57.69%
Council Tax Requirement excluding parish precepts	108.110	111.610	3.500	3.24%
Improved Better Care Fund	18.134	18.683	0.549	3.03%
Social Care Grant	13.861	18.586	4.725	34.09%
New Homes Bonus	1.517	1.842	0.325	21.42%
Lower Tier Services Grant	0.499	0.525	0.026	5.21%
Market Sustainability and Fair Cost of Care Fund	0.000	1.058	1.058	100.00%
2022/23 Services Grant	0.000	5.920	5.920	100.00%
Sunderland Total Core Spending Power	260.575	280.123	19.548	7.50%
<i>Memorandum National Position</i>				6.88%

4.7 For Sunderland there was a 0.76% increase in SFA for 2022/2023. The low percentage increase is as a result of the business rates multiplier freeze for 2022/2023 for which councils are compensated through Section 31 grant funding. Although the Section 31 grant compensation is part of the Council's CSP, it is outside of the SFA element of funding. It should be noted that actual business rates taken into account in the revenue budget is dependent on the Council's own position which is confirmed within the National Non-Domestic Rates ('NNDR') statistical collection Form 1 (budget forecast). The increase in Revenue Support Grant is in line with inflation.

4.8 The Government will continue to compensate councils for any changes to nationally determined reliefs allowed for in the Business Rate regime. The Government have confirmed an extension to the Retail, Hospitality & Leisure reliefs grant in to 2022/2023 in response to the ongoing impact of the Covid-19 pandemic on these sectors. The CSP includes an assumed allocation of £7.055m Section 31 grant in 2022/2023, with the actual figure received dependent on the Council's own NNDR position confirmed within the NNDR1 form submitted on 28th January 2022 which includes the value of any additional business rates reliefs funded by the Government.

4.9 Improved Better Care Fund

The Improved Better Care Fund (IBCF) 2022/2023 allocation has increased by Consumer Price Index (CPI) inflation. Original forecasts assumed a freeze in the grant, budget planning has been updated to reflect the increase.

4.10 New Homes Bonus (NHB)

There were no announcements in the Chancellor's Spending Review regarding the ongoing NHB reform plans. The subsequent provisional settlement confirmed a further one-year extension of NHB payments. The national quantum of funding available for redistribution from the NHB has again been reduced as part of the provisional settlement announcement, due to allocation increases elsewhere in the provisional settlement being taken from this funding source. In total the grant funding to be received through NHB or through its redistribution is £0.530m below forecasts. Budget planning has been updated accordingly.

4.11 Social Care Grant

As anticipated, existing Social Care Grant funding has been maintained. In addition to this, a significant proportion of the increased investment in local government announced in the Chancellor's Spending Review has been directed towards Social Care. Nationally £636m of additional grant funding has been allocated through the provisional settlement with Sunderland awarded £4.725m. This grant will support the specific rising cost pressures on adult social care noted in paragraphs 5.17 and 5.18 and the overall budget gap.

4.12 Lower Tier Services Grant

The Lower Tier Services unringfenced grant was introduced in 2021/2022 with £111m allocated to councils with responsibility for services such as homelessness, planning, recycling and refuse collection and leisure services. The national allocation for this grant remains at £111m for 2022/2023. Sunderland's allocation has increased by £0.027m to £0.525m for 2022/2023.

4.13 Market Sustainability and Fair Cost of Care Fund

As part of the Chancellors October 2021 Spending Review, it was indicated social care reform funding would be part of Core Spending Power. This additional funding has started to be introduced in 2022/2023. The Market Sustainability & Fair Cost of Care Fund totals £162 million nationally, with Sunderland's allocation for 2022/2023 £1.058m. The funding is provided to support local authorities as they prepare their markets for adult social care reform and to help move towards paying a fair cost of care. Further funding to deliver the Government's Social Care Reform will be announced as part of future local government finance settlements.

4.14 2022/2023 Services Grant

In recognition of the service delivery cost pressures facing councils, a one-off Services Grant totalling £822m nationally has been announced, with Sunderland's allocation totalling £5.920m for 2022/2023. Whilst this funding remains allocated for local government in future years, the methodology for determining the allocations and distribution to individual councils is to be reviewed by the Government in consultation with councils thereby creating uncertainty for financial planning purposes, especially as many of the costs that this grant is intended to fund will be incurred on a recurrent basis.

Funding Outside of Core Spending Power

4.15 Public Health Grant

At the time of writing, the allocation for the Public Health grant remains outstanding. The Spending review in October did indicate Public Health grant funding will be maintained in real terms, indicating an inflationary based increase for 2022/2023. The budget planning will be updated through the quarterly revenue review as required, when the final grant allocation for 2022/2023 is known.

4.16 Housing Benefit and Council Tax Administration Grants

Similarly, the allocation for the Housing Benefit and Council Tax Administration Grants have yet to be notified. Again, financial planning assumes a freeze in this funding stream. The budget planning will be updated as required when the final grant allocation for 2022/2023 is known.

4.17 Supporting Families Programme

As part of the additional investment into Local Government announced in the spending review, a new Supporting Families programme (formerly Troubled Families) has been established with "£500 million over the next three years to transform 'Start for Life' and family help services in half of the council areas across England". Funding allocations for 2022/2023 are yet to be confirmed.

4.18 Cyber Security Grant

Funding of £37.8m over the 3-year spending review period was previously announced to tackle cyber security challenges facing councils and to invest in local authority cyber resilience, protecting vital services and data. Funding allocations for 2022/2023 are yet to be confirmed.

4.19 Strengthening Local Delivery and Transparency

Funding of £34.5m over the 3-year spending review period was previously announced to further strengthen local delivery and transparency. This funding is to be directed towards strengthening procurement and commercial capacity, establish the Audit Reporting and Governance Authority as the new local audit systems leader, and to help local councils meet new transparency requirements. Funding allocations for 2022/2023 are yet to be confirmed.

4.20 Homelessness Grant

The Government has confirmed £315.8m of funding nationally for 2022/2023. The funding represents a national £5.8m increase on the current year's allocation to meet the new burdens following the expansion of priority need to those who are homeless as a result of domestic abuse. Sunderland's allocation of this grant for 2022/2023 totals £0.500m.

- 4.21 In addition to the above, at the time of preparing this report several minor grant allocations are also still to be announced by the Government. The outcome of allocations for these grants will be considered once received, and if any action required reported to Cabinet as part of the quarterly revenue review process.

Council Tax

- 4.22 In accordance with the Localism Act the public have the right to approve or veto excessive council tax rises. The Government have proposed that a referendum principle will apply to all principal local authorities, Police and Crime Commissioners and Fire and Rescue Authorities.
- 4.23 In the provisional settlement, the Government confirmed the referendum threshold for 2022/2023, being that the core element is subject to a maximum increase of up to 2%. In addition, Social Care authorities can levy an additional 1% in respect of the social care precept. Any increase above the council tax limit will require a referendum to give the local electorate the opportunity to approve or veto the increase.
- 4.24 The 2021/2022 Council Tax Collection Fund position is reported elsewhere on this agenda. When setting the forecast council tax position for 2021/2022 the impact of Covid-19 pandemic and the related winding down of the Government's furlough support scheme were reflected, leading to a reduced council tax income assumption for the year. The actual impact of these factors coupled with the continuation of the Council Tax Hardship scheme have resulted in this income downturn being lower than anticipated. This has resulted in a forecast in-year surplus for the Council of £2.381m, which will be released from the collection fund to support the Council's budget position in 2022/2023. In addition, the variance from forecast and actual position of £0.160m for 2020/2021 will also be released to the budget position in 2022/2023. This impact has been reflected in the 2022/2023 budget and the Medium Term Financial Plan (MTFP).

- 4.25 Full Council, at its meeting on 26th January 2022, approved the council tax base for the area covered by Hetton Town Council (4,052) and the City Council area (72,161). The base has increased from 2021/2022 primarily due to an anticipated reduced uptake of the Local Council Tax Support Scheme during 2022/2023 and also increases in house building across the City.

Retained Business Rates

- 4.26 The NNDR 1 form sets out the Business Rate income forecast for 2022/2023 and was submitted to the Government on 28th January 2022 in accordance with regulations. The amount of business rates to be retained by the Council for 2022/2023 is forecast to be £40.416m, this amount has been reduced by £4.105m, due to the extension to the Retail, Hospitality & Leisure reliefs grant in to 2022/2023, for which the Council will be fully compensated through an increased Section 31 grant from Government. It should be noted that due to the required technical treatment of the Covid Business Rate relief grant received during 2021/2022 to fully compensate the Council for the business rates reliefs announced by the Government for that year, the business rates collection fund will have a significant deficit at the end of 2021/2022. The forecast retained business rates for 2022/2023 of £40.416m comprises; net £29.452m business rates income after taking in to account the brought forward deficit and £10.964m funded via a reserve holding the Covid Business Rates relief grant to support the funding of the 2021/2022 deficit.

Schools' Funding

- 4.27 The Schools' Funding announcement on 16th December 2021 confirmed the following information based on the October Schools' Census data. The change from the provisional funding allocation to the settlement information reflects changes in pupil numbers from October 2020 to October 2021:

	Provisional Allocations 2022/23	16-Dec Settlement 2022/23	Change in Funding 2022/23
	£m	£m	£m
Schools	188.944*	189.328	0.384
School-Growth Fund	N/A	0.788	0.788
Central Services	1.352	1.352	0.000
High Needs	35.995	36.508	0.513
Total	226.291	227.976	1.685
Early Years	N/A	19.529	N/A
Total	226.291	247.505	

* Provisional Schools Block allocation excludes Growth Funding

- 4.28 The Early Years Block comprises funding for the free early education entitlements for 3 and 4-year-olds and disadvantaged 2-year-olds. The figures are initial allocations for this block as early years funding is based on the January 2022 census data.

- 4.29 Cabinet agreed in January to the principles proposed by the Sunderland Schools Forum for the 2022/2023 Sunderland local funding formula. The National Funding Formula (NFF) is to be implemented with the following local adjustments, which were modelled so as to give an equitable settlement to all Sunderland schools whilst moving towards the NFF:
- The Minimum Funding Guarantee applied at 1.50% and capped at 4.4%;
 - The Low Prior Attainment proxy indicator set at a rate of £953.07 per Primary pupil and £1,533.07 per Secondary pupil (NFF Primary £1,130, Secondary £1,710); and
 - Transfer of 0.5% (£950,582) to the High Needs Block in recognition of ongoing pressures.
- 4.30 The Local Funding Formula was submitted to the Education and Skills Funding Agency on 21st January 2022.

5 Spending Pressures and Commitments 2022/2023

- 5.1 When the Budget Planning Framework was approved in October 2021 and subsequently updated in December 2021 and January 2022, Cabinet agreed that the following spending commitments would be taken into account:
- provision in respect of pay awards and employer national insurance contribution increases;
 - general contract inflation, including the likely impact on contract prices of the forecast increase in the National Living Wage;
 - appropriate provision for ongoing budget pressures including the impact of Covid-19;
 - the impact of demographic changes, complex needs and cost pressures in respect of adult social care;
 - the impact of demand and costs pressures within Children's social care;
 - transport levy contributions;
 - funding to meet additional priorities, and
 - provision for spending commitments in respect of debt charges and interest receipts.
- 5.2 In this context it is proposed to make provision to address a number of spending commitments and pressures as set out below.

Cross Cutting

- 5.3 Pay award
- At this stage, the pay awards for 2021/2022 and 2022/2023 are still to be agreed. In July 2021 a formal pay offer of 1.75% was made for 2021/2022, with Trades Unions balloting their members on the offer during September and October. The outcome of the ballot was to reject the pay offer and the Trades Unions have now conducted industrial action ballots with their members. It is understood that the Trades Unions are now to seek further talks regarding an improved offer. The Local Government Employers have previously reiterated that the pay award offer is their final offer. The current budget planning incorporates provision for a 2% pay award in 2021/2022 and 3% for 2022/2023 and 2% for future years. As most pay budgets now reflect provision for "top of the grade", no provision is set aside for pay increments.

5.4 Employer National Insurance Contributions

The impact from the 1.25% increase in Employer's National Insurance contribution rate from April 2022 is factored into the budget. The forecast increased cost for the Council, Together for Children and Sunderland Care and Support totals £1.293m.

5.5 Inflationary Increases

Provision for inflationary pressures has been included within budget planning given the increasing inflation rates being experienced within the economy, including the significant volatility and inflationary cost pressures in the energy sector.

5.6 Transport Levy

Uncertainty remains about the Government's funding for local transport, notably the Metro system which is facing significant cost pressures due to reduced passenger numbers. £0.941m has been added to financial planning to meet a potential increase in the Council's Transport Levy contribution for 2022/2023, which is consistent with the Joint Transport Committee's budget proposals if the Department for Transport do not provide sufficient funding for the Metro cost pressures. At the time of writing the Transport Levy is still to be agreed by the Joint Transport Committee.

5.7 Budget Pressures and New Spending Priorities

Based on the third quarter revenue budget monitoring position, including the delivery of savings proposals, appropriate provision has been made for ongoing budget pressures, outside of social care budgets.

Deputy Leader

5.8 Waste Material Recovery Facility

The Council's previous Materials Recovery Facility contract, which processes all blue bin kerbside recycling collected, expired in March 2021 after a 6-year period. Since then, costs have increased substantially and the income received from recycled materials has reduced, due to a fall in demand. This reflects a changing recycled commodity market over several years since the previous contract was let, which is outside the control of the Council. Through the South Tyne and Wear Waste Management Partnership, a 12-month contract commencing April 2021 was awarded and pending further certainty over tonnage levels and the impact of the pandemic, an initial sum of £0.700m was provided within the 2021/2022 budget for the additional costs.

The award of a 12-month contract has allowed time to develop a new contract which shares risk and rewards allowing better value for money in the medium term than would otherwise have been achieved and to allow the Council flexibility around understanding the potential implications of the Government's 2023 Environment Bill Resources and Waste Strategy. Following the conclusion of the procurement, the estimated further budget pressure for 2022/2023 is £0.600m and is reflect in the budget.

5.9 Waste Collection and Recycling

The current charging policy for replacement bins will be revised, with a new policy for 2022/2023 to be considered by Cabinet at its March meeting. The cost of the revised policy is forecast to be £0.206m annually, although given the inherent uncertainty in assessing demand levels this will be monitored closely during the first 6 months of its adoption. It will initially be met from the Street Scene and Open Spaces reserve, with the ongoing cost of the scheme considered in the financial planning for 2023/2024 later this calendar year.

Members will be aware of the investment in the new Household Waste Recycling Centre (HWRC) at Pallion, as well as the capital programme to investigate a satellite site in the Coalfields. Alongside this, consideration is being given to the charging policy for bulky waste. The intention is to balance the need to provide an affordable service for our customers, but to do so within available financial resources and in a way that is linked to our overall waste management strategy. Any costs arising in 2022/2023 will need to be met from available resources, with longer term plans built into the MTFP for future financial years.

5.10 Environmental Services

As Members will recall, a review of the Environmental Staffing arrangements was to be considered during 2021/2022 with additional funding of £0.500m earmarked in 2021/2022 to support the service provision. The review has now concluded and a further budget of £0.490m is required beyond the original £0.500m provided in 2021/2022 which has been factored into the budget for 2022/2023.

5.11 Neighbourhood Services – Loss of Income

Other pressures relating front line services have been included within the medium term planning, namely £0.295m to recognise ongoing reductions in some income earning areas, largely as a result of the pandemic.

5.12 Acceleration of Business Recovery in the City

To ensure businesses in the City recover in an accelerated fashion as we emerge from the pandemic, the Council will support this through additional resource of £0.100m.

Cabinet Secretary

5.13 Capital Financing / Debt Charge Pressures

The Council continues to be ambitious and investing in the City is a key element of the City Plan. It is important that the capital programme is affordable, and that the ongoing costs of funding capital activity are included in the revenue budget. The required provision to support the proposed Capital Programme for 2022/2023 through to 2025/2026 has been factored in to the 2022/2023 budget and MTFP. For 2022/2023, this sees an additional revenue budget of £8.000m included.

5.14 Corporate Services - Service Pressures and Loss of Income

A number of priority areas have been identified as being required to support City Plan delivery and service continuity. These include; staffing support for the Smarter Cities initiative (£0.200m), ICT delivery requirements (£0.074m), staffing to support the move to City Hall and also Legal Enforcement action (£0.183m), delivery of a residents survey to inform council priorities (£0.050m) and also £0.211 linked to downturns in income generation.

Children Learning and Skills

5.15 Inflationary increase

The contract price agreed for the provision of children's services by Together for Children (TfC) includes provision for annual inflationary increases for which provision has been included within the budget planning.

5.16 Demand and Cost Pressures - TfC

Despite a reducing number of cared for children, the increasing complexity of children's needs and finite capacity in the residential market is leading to higher prices being charged for accommodation and also a sizeable increase in Special Guardianship Orders enacted through the courts. Both of the foregoing necessitate strong legal counsel which is costly. An anticipated pressure of £7.500m.

Staffing, the company is bound to the staffing terms and conditions of the Council and incremental progression was funded in the first two years but not thereafter; this fact, coupled with short-term funding for a team ending has led to an in-year pressure of £0.650m.

As with traded services across the Council, the academisation of schools has led to a withdrawal of schools from buying services from the Company resulting in an anticipated pressure of £0.250m.

The national pressure on Home to School Transport post Covid, is now being acutely felt in Sunderland with an anticipated full year pressure in the order of £0.900m.

To mitigate the above pressures a detailed review has been carried out by TfC and a reduction of £3.000m is forecast, resulting in a net overall budget pressure of £6.300m, which is factored in to the 2022/2023 budget. The £3.000m reduction is supported by further transformational changes in service delivery, cost avoidance and income generation.

Health and Social Care

5.17 Adults Social Care Demand Pressures

Pressures in both the NHS and Adult Social Care continue with the number of older people requiring care increasing. In Sunderland, it is forecast that the number of older people aged 65 years and over will rise from around 55,300 in 2020 to 69,000 by 2035 (an increase of 25%) and the number of people aged 85 years and over (i.e. those with the greatest care needs) is forecast to rise

from around 6,300 in 2020 to 9,200 in 2035 (an increase of 46%). This gives a sense of the mounting pressure that Sunderland's ageing population is likely to have on the delivery of Adult Social Care.

The increasing longevity of the population continues to place a significant pressure on Adult Social Care budgets. In addition, client expectations and increasing demand to support clients with complex needs to enable them to maintain independent living requires reconfigured services and additional investment. Sunderland Clinical Commissioning Group (SCCG) have established an alliance to deliver integrated community care in Sunderland. Commissioners (SCCG and the Council) and providers have worked collaboratively to develop the alliance approach for Sunderland.

Demand for social care packages to support hospital discharges has increased significantly due to the Covid-19 pandemic, and this is likely to continue given the national focus on delayed transfers of care and the Council's aim to maintain its high level of performance.

Provision for additional increased Adult Social Care of £4.150m relating to demand has been included in the 2022/2023 budget and will be kept under review.

5.18 Adult Social Care Inflationary increases

The financial pressure on the care home sector continues to rise, linked to staff costs, staff retention, utilities, supplies and ongoing covid compliance arrangements. A high-level assessment has indicated further funding is likely to be needed to meet pressures in 2022/2023. Additional provision of £4.000m has been added to the 2022/2023 budget.

The home care sector is also experiencing some of the cost pressures noted in the above. Additional provision of £0.300m has been added to 2022/2023 budget.

Dynamic City

5.19 Neighbourhood Services – Other Services Pressures

Other expenditure pressures to support front line services have been included within the medium term planning, namely; £0.250m to support the ongoing operational cost associated with the reopening of the Raich Carter sports centre pool.

Spend Pressures and Commitments Summary

- 5.20 A summary of the spending pressures and commitments set out in section 5 is set out in the following table:

	2022/23	2023/24	2024/25	2025/26	Total
	£m	£m	£m	£m	£m
Spending Pressures and Commitments					
Pay, Prices and Other Pressures including Contract Inflation	11.220	11.479	9.935	10.277	42.911
Adult Social Care Pressures	8.450	2.780	(0.340)	1.000	11.890
Together for Children Pressures	6.303	0.500	0.500	0.500	7.803
Materials Recovery Facility - Waste Management	0.600	0.000	0.000	0.000	0.600
Environmental Services	0.490	0.000	0.000	0.000	0.490
Neighbourhood Services - Other Service Pressures and Loss of Income	0.545	0.000	0.000	0.000	0.545
Culture House	0.000	1.000	0.000	0.000	1.000
Acceleration of Business Recovery in the City	0.100	0.000	0.000	0.000	0.100
Corporate Services - Service Pressures and Loss of Income	0.718	0.000	0.000	0.000	0.718
Capital Financing (Debt Charges)	8.000	2.630	3.000	0.500	14.130
Pensions Actuarial Review	0.000	10.000	0.000	0.000	10.000
Contingencies Review (removal of temporary items for 2021/22)	(0.900)	0.000	0.000	0.000	(0.900)
Transport Levy Rebate (removal of one off rebate in 2021/22)	0.292	0.000	0.000	0.000	0.292
National Insurance Employer Rate Increase	1.293	0.000	0.000	0.000	1.293
Total Spending Pressures and Commitments	37.111	28.389	13.095	12.277	90.872

6 Budget Reduction Proposals

- 6.1 Additional budget reduction proposals were approved at December's Cabinet to be taken forward through the budget process for consideration by Scrutiny Coordinating Committee and for the purposes of consultation.
- 6.2 Taking account of the above, a suite of budget reductions, focused on 2022/2023 is included within the budget plans, as summarised by Portfolio in the table below. Further detail on each of the budget reduction proposals are set out at Appendix A, but these are broadly unchanged from previous Cabinet reports.

Portfolio	Savings Proposal 2022/2023 (£m)
Deputy Leader	1.371
Cabinet Secretary	2.000
Dynamic City	0.400
Vibrant City	2.050
Total Savings Proposals 2022/2023	5.821

- 6.3 Those savings which have been identified as having a potential equalities impact have been subject to a full Equalities Analysis assessment. The assessments are provided as a weblink within Appendix A.

- 6.4 The suite of budget reductions set out at Appendix A, have been prepared in accordance with the Council's Efficiency Strategy. The strategy is reviewed annually to reflect latest information. The updated Efficiency Strategy is incorporated in the update to the MTFP and attached to this report as Appendix Gi).

7 Proposed Council Tax Increase 2022/2023

- 7.1 In order to prevent further cuts to front line services, enable some essential investment in key priorities and minimise the use of reserves, it is proposed to increase the council tax and the social care precept for 2022/2023 in line with the Government's assumptions when determining funding levels for councils for 2022/2023.
- 7.2 Consultation undertaken as part the 2022/2023 budget setting process asked respondents whether they supported increases in council tax within the Government's referendum limit.
- 7.3 As set out in section 11, whilst it was clear from many comments that increases in council tax were not desirable, people did recognise the need for a balanced budget. 52% of respondents agreed with an increase of 3%.
- 7.4 The referendum limits set out in the local government settlement for 2022/2023 enable the combined council tax and social care precept to be increased by up to 2.99% without the need for a referendum.
- 7.5 For 2022/2023 it is proposed to increase core council tax by 1.99% and to increase the social care precept by 1%, resulting in a combined increase of 2.99% i.e., within the referendum limit permitted by the Government.
- 7.6 The formal decisions of the major precepting bodies are awaited regarding their precept proposals for 2022/2023. Consequently, the proposed council tax for 2022/2023 will follow as Appendix F to this report at the Cabinet meeting on 8th February 2022.

8 Overall Budget Position 2022/2023

- 8.1 The overall budget position is set out below, and takes into account; Government funding changes, cost pressures and proposals to meet the funding gap. As noted in prior reports, the Council has previously created a Medium Term Financial Plan (MTFP) Smoothing reserve and Service Reduction reserve to address these forecast pressures. It is expected that these reserves will be around £27m at the start of next financial year and the MTFP assumes this will be used over the four year period to 2025/2026. The position below shows a balanced budget position for 2022/2023 taking into account proposed council tax and social care precept increases and £5.430m use of reserves. There remains a MTFP budget gap of £32.449m for the period 2023/2024 to 2025/2026.

	2022/23	2023/24	2024/25	2025/26	Total
	£m	£m	£m	£m	£m
Governement Grant Change	(22.399)	(1.613)	(0.892)	(0.910)	(25.814)
On-going Spending Pressures	37.111	28.389	13.095	12.277	90.872
Savings Proposals	(5.821)	0.000	0.000	0.000	(5.821)
Total Gross Funding Gap	8.891	26.776	12.203	11.367	59.237
Council Tax / Social Care Precept increase	(3.330)	(3.519)	(3.643)	(3.771)	(14.262)
Council Tax Base Impact	(3.266)	(2.982)	(0.624)	(0.643)	(7.515)
Council Tax Deficit Impact 2019/20 and 2020/2021	(1.125)	0.160	(1.246)	0.000	(2.211)
Business Rates - Base and Inflationary impact	3.367	(1.594)	(1.846)	(1.446)	(1.519)
Collection Fund Forecast Surplus 2021/22	(1.396)	1.396	0.000	0.000	0.000
Current MTFP Gap after agreed savings proposals, council tax and business rates	3.142	20.237	4.844	5.508	33.731
Use of Reserves 2021/2022 (reversal)	2.288	0.000	0.000	0.000	2.288
Use of Smoothing Reserves	(5.430)	(3.570)	0.000	5.430	(3.570)
Current MTFS Gap after grant and local taxation changes	(0.000)	16.667	4.844	10.938	32.449

8.2 The Government have indicated that the new fair funding formula and revised system of retained business rates will be developed and consulted upon in the short to medium term. It should be noted that the MTFP position assumes that should the new fair funding formula and revised system of retained business rates be introduced that the impact on the Council will be neutral. Should the Council's funding reduce as a result of any changes, Government has in the past used damping to limit and smooth any detrimental impact on formula changes, and it is widely anticipated that some form of damping arrangements will continue under any new system. However, in respect of the Services Grant detailed within paragraph 4.14, the Government have confirmed that no transitional arrangements will apply in respect of any reductions in this allocation in future years.

8.3 The Council's response to addressing the MTFP funding gap needs to be through the delivery of ongoing sustainable savings. The Council's Chief Officer Group are to commence a savings planning process to develop the savings proposals required to meet the current MTFP gap, for implementation in 2023/2024 or before where possible to do so. These will be considered and approved by Cabinet and Council as appropriate.

9 Workforce Planning, Transformational Costs and Capital Receipts Flexibilities

9.1 Some of the 2022/2023 budget reduction proposals outlined in section 6 have staffing implications. These will be managed through the Council's Redundancy Policy and Procedure as necessary. It should also be noted that officers are continually reviewing resource allocations to ensure that staffing arrangements are fit for purpose.

- 9.2 At this stage it is proposed that any cost of redundancy payments and the release of pensions as required by the LGPS Regulations will be met from a combination of utilisation of capital receipts flexibilities (subject to detail being received from the Government on the extension to the existing flexibilities available to local authorities) and from within the overall corporate resource position.
- 9.3 The Council's Efficiency Strategy is set out at Appendix Gi) and supports the Government's requirements in making use of these flexibilities. The requirements in respect of prudential indicators are reflected in the Capital Programme 2022/2023 to 2025/2026 and Treasury Management Policy and Strategy 2022/2023 report elsewhere on this agenda. At this stage however, individual transformational projects that will require capital receipt support are not yet fully developed.
- 9.4 The position will be kept under review throughout the year as transformational costs and capital receipts generated are finalised. Final arrangements on funding transformational costs arising in each year will be considered as part of the outturn position each year, taking account of the overall corporate outturn position, available reserves, and capital receipts availability. Should the use of capital receipts be required, this will be reported, with project details.

10 Medium Term Financial Position

- 10.1 In considering the Revenue Budget for 2022/2023, the latest information regarding reductions to public spending, and estimated pressures over the medium term were taken into account and summarised in this report. This position is subject to ongoing update as information emerges. The latest updated MTFP 2022/2023 to 2025/2026 is set out at Appendix G.

11 Budget Consultation Results 2022/2023

- 11.1 Cabinet agreed the proposed consultation and communication arrangements in October 2021 as part of the Budget Planning Framework 2022/2023.
- 11.2 As outlined in the October report to Cabinet, the budget consultation focused on feeling informed, the priorities within the City Plan and views on how Council budget priorities are allocated. With clear messages focusing on the longer-term budget challenge, the scale of what we do and how the money is spent formed part of this consultation.
- 11.3 Following December's Cabinet meeting the formal consultation was launched, running from 8th December 2021 and closed on 7th January 2022. Again, as with the previous year, due to the pandemic this was undertaken online with a range of communications to advertise the consultation via social media, with targeted campaigns, the Council website and via ward councillors. 126 responses were received. The results are set out in detail at Appendix C.

- 11.4 In general, people agreed with the proposals as set out, although it is important to note that there were a range of qualitative responses as well which provided further context. 52% of respondents agreed to a Council Tax increase of 3%, with the minority, 48%, preferring a lower increase.
- 11.5 Existing networks have been utilised to communicate and raise awareness of the consultation with a range of partners including Trades Unions, the North East Chamber of Commerce and Sunderland Business Improvement District, the Schools' Forum and the Change Council.
- 11.6 Feedback and commentary from the formal consultation with Trade Unions and Business representatives is set out at Appendix D.
- 11.7 At each stage in the budget process Scrutiny Committee is being consulted. Comments from Scrutiny Coordinating Committee are set out at Appendix E.
- 11.8 Several presentations have been given to the Schools Forum over the past 6 months, with a focus on the children's social care aspects. At the most recent meeting (13 January 2022) the Forum confirmed that they appreciated the update and that the financial challenges facing the Council supported the need for the increase in council tax. At the Change Council (19 January 2022) the session focused on explaining the way that the Council builds up its budget. Moving forwards, the members of the Change Council committed to provide ideas of activities and facilities that would be priority areas from the perspective of young people.
- 11.8 All of the feedback from the various consultations has been considered in bringing together the budget proposals in this report.
- 11.9 Reflections from the 2022/2023 budget consultation will help inform proposed arrangements for future budget consultations. Scrutiny Co-ordinating committee will be engaged in this process.

12 Equality and the Budget Proposals

- 12.1 The Equality Act 2010 places a specific duty on Local Authorities through the Public Sector Equality Duty. The Act requires Local Authorities to give 'due regard' to the three aims of the duty to: eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Equality Act; advance equality of opportunity between people who share a protected characteristic and those who do not; and to foster good relations between people who share a protected characteristic and those who do not. Understanding the effect of decisions on people with different protected characteristics is an important part of complying with the general equality duty.
- 12.2 The Council continues to seek to meet its obligations in relation to equality and diversity and has procedures in place at both a general and budget specific level to incorporate equality and diversity issues into decision making processes and the assessment of proposals.

- 12.3 In accordance with the approach followed in previous years, the Council continues to fully consider the impact of its plans by following a robust approach to equalities analysis (this is the Council's adopted approach to analysing and recording equality impacts). Each directorate has considered the equality impact of their proposals, their judgements along with full Equality Analysis assessments where applicable are outlined at Appendix A.
- 12.4 Elected Members must review Appendix A and B, and the associated documents as having regard to them will assist members in complying with the public sector equality duty when considering the proposals.

Further detail on the approach to equality analyses are set out at Appendix B.

13 General Fund Balances and Position in Relation to Major Reserves

- 13.1 In considering the level of general balances as part of budget preparation decisions, regard is given to:
- known commitments against balances in future years; and
 - financial risks faced by the Council and the measures in place to mitigate them or meet them financially.
- 13.2 The estimated level of general balances as at 31st March 2022 and 31st March 2023 is included within the detailed budget at Appendix J.
- 13.3 In accordance with best practice, including the Cipfa Financial Management Code and being cognisant of Cipfa's Resilience Index, an analysis of the major financial risks has been undertaken in order to inform the level of balances deemed necessary. These are detailed at Appendix H.
- 13.4 The Council has a range of earmarked reserves. The major earmarked reserves are set out at Appendix I for information. In accordance with best practice this includes details of the purpose of the reserve as well as their forecast balance as at 31st March 2022 and 31st March 2023. Reserves held with a value of under £1 million are consolidated for presentational purposes. Members will appreciate that the position on these reserves is dependent on a number of factors, not least the outturn position for 2021/2022 and the use of reserves to fund the capital programme. For forecasting purposes, a prudent approach is taken, with updates provided as part of the quarterly reviews to Cabinet.
- 13.5 In accordance with Part 2 of the Local Government Act 2003 there is a requirement for the Chief Financial Officer (CFO) to report upon the robustness of the estimates and the level of reserves. In making the statement, the CFO places reliance on information provided to him by other officers of the Council as part of the budget setting process. This process involves reasonable checks and other verification, which is undertaken in accordance with the overall system of internal control to validate the information provided.

- 13.6 For Sunderland, the CFO is the Executive Director of Corporate Services, who can confirm that:

Based upon the information used in determining this Revenue Budget 2022/2023 report, including specifically:

- the approach to budget consultation;
- the medium term financial position set out in Appendix G;
- the risk analysis set out in Appendix H;
- the earmarked reserves set out in Appendix I; and
- the statement of general balances and detailed budget (Appendix J);

The Revenue Budget is considered robust and the level of reserves considered to be adequate for 2022/2023 after an assessment of the financial risks and future plans of the Council have been taken into account. The underlying level of General Fund Balances at £12.0m to the end of 2021/2022 is in accordance with the existing policy and is considered prudent and robust given the overall level of reserves.

14 Detailed Budget 2022/2023

- 14.1 As set out above, since the initial budget proposals were formulated, consideration has been given to the outcome of budget consultation, the final settlement, the collection fund position, the council tax base, the business rates income and Government guidance in relation to council tax levels.
- 14.2 The Total Budget Requirement to be approved by the Council is funded through:
- Revenue Support Grant;
 - Retained business rates;
 - Top Up Grant; and
 - Council tax and Social Care Precept.
- 14.3 The general summary page of the revenue budget together with details of the proposed contingency and the detailed revenue budget 2022/2023 for each Portfolio is included as Appendix J. All changes have been incorporated into the Budget.
- 14.4 The formal decisions of the major precepting bodies are awaited regarding their precept proposals for 2022/2023. Consequently, the proposed council tax for 2022/2023 will follow as Appendix F to this report at the Cabinet meeting on 8th February 2022.

Service Reporting Code of Practice

- 14.5 The presentation of the budget book shows delegated budget only against services, rather than the full cost of services, including support service costs. Support service costs, IAS19 (Pensions) and asset charges have been appropriately distributed to each portfolio and are shown for information only at the foot of each page. This approach ensures the budget book fully reflects internal management responsibilities and thereby aids transparency of individual budgets. It does not, therefore, reflect external reporting requirements which will contain apportionment of support service costs.

14.6 It should be noted that variations between the budget for 2021/2022 and 2022/2023 have arisen as a result of:

- temporary budget adjustments in 2021/2022;
- the implementation of spending pressures referred to in this report;
- the implementation of the budget reductions referred to in this report; and
- realignment between budgets and services to reflect changed operational requirements.

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

Revised Estimates

14.7 Quarterly budget reports have been presented to Cabinet during the year. The revised estimates reflect changes notified within those reports and a number of technical adjustments e.g. contingency transfers and central support cost adjustments.

15 Crime and Disorder

15.1 Consideration has been given to the options for savings about their potential impact on crime and disorder (Section 17 Duty). No existing proposals have been identified as having a negative impact.

16 Suggested Reason for Decision

16.1 To comply with statutory requirements to approve a balanced budget for the coming financial year.

17 Alternative options to be considered and recommended to be rejected

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

Background Papers

[Budget Planning Framework and Medium Term Financial Plan 2022/2023 - 2025/2026](#)

(12 October 2021 Cabinet)

[Budget Planning Framework and Medium Term Financial Plan 2022/2023 - 2025/2026](#)

(7 December 2021 Cabinet)

[Revenue Budget 2022/2023 to 2025/2026 – Update and Provisional Local Government Finance Settlement 2022/2023](#)

[Council Tax Base 2022/2023](#)

(11 January 2022 Cabinet)

List of Appendices

Appendix A – Budget Savings Proposals
Appendix B – Equality and Budget Proposals
Appendix C – Budget Consultation 2022/2023 Results
Appendix D – Formal Budget Consultation Meetings
Appendix E – Scrutiny Co-ordinating Committee Consultation on the Budget
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Appendix F – Proposed Council Tax for 2022/2023
Appendix G – Medium Term Financial Plan (MTFP) 2022/2023 – 2025/2026
Appendix Gi) – Efficiency Strategy
Appendix Gii) – MTFP 2022/2023 to 2025/2026 Risk Assessment
Appendix H – General Balances – Financial Risk Analysis
Appendix I – Earmarked Reserves – Position Statement
Appendix J – Revenue Budget 2022/2023

Budget Savings Proposals

1. Deputy Leader Proposals – Total Saving £1.371m (2022/2023)

1.1 DL1 - Car Parking Review (Saving £0.140m in 2022/2023)

Additional income will be generated from the creation of new on street and off street paid parking in areas near to the city centre including Sheepfolds and Deptford, as well as savings created by deleting a number of vacant posts.

Equality Analysis

Equality Statement	Status
Equality analysis is complete and a positive impact has been identified	✓
Equality analysis is planned and a positive impact is anticipated	
Equality analysis is complete and neutral impact has been identified	
Equality analysis is planned and a neutral impact is anticipated	
Equality analysis is complete and a negative impact has been identified	
Equality analysis is planned and a negative impact is anticipated	
Equality analysis is complete and both positive and negative impacts have been identified	
Equality analysis is planned and both positive and negative impacts are anticipated	
The savings is from staffing changes and therefore equality implications will be considered as part of the Workforce Planning arrangements	✓
No Equality Analysis Required	
Additional Comment: An Equality Analysis has been completed in relation to the creation of on and off street parking at the Sheepfolds and Deptford areas which has identified a positive impact on age, disabled and pregnant \ maternity categories is likely as it will reduce indiscriminate parking, reduce the likelihood of obstructions on footpaths and reduce any potential obstructions for emergency services.	

[Link to Equality Impact Assessment DL1 - Car Parking Review](#)

1.2 DL2 - Port Trading Improvement (Saving £0.223m in 2022/2023)

The Port's projected financial out-turn for the financial year 2022/2023 reflects a break-even position. The trading environment during this period will provide for a continuation of core commodity trades such as imported steel, wood pulp, exported limestone, scrap and crane parts. Recent third-party investments in bespoke materials handling facilities by Thomas Armstrong (construction materials) and Brineflow (liquid fertiliser) will provide continued growth opportunities during the period. Investment by the Council in office/warehousing infrastructure, for Boskalis Subsea's regional headquarters and also in the enabling engineering works packages for the Port's Enterprise Zone sites, making them development ready will provide further growth opportunities.

Equality Analysis

Equality Statement	Status
Equality analysis is complete and a positive impact has been identified	
Equality analysis is planned and a positive impact is anticipated	
Equality analysis is complete and neutral impact has been identified	
Equality analysis is planned and a neutral impact is anticipated	
Equality analysis is complete and a negative impact has been identified	
Equality analysis is planned and a negative impact is anticipated	
Equality analysis is complete and both positive and negative impacts have been identified	
Equality analysis is planned and both positive and negative impacts are anticipated	
The savings is from staffing changes and therefore equality implications will be considered as part of the Workforce Planning arrangements	
No Equality Analysis Required	✓
Additional Comment: The efficiency saving will be generated through increased Port trading arrangements which have no impact on the public therefore no Equality Analysis is required.	

1.3 DL3 - Highways, Network and Street Lighting (Saving £0.888m in 2022/2023)

Proposed savings will be realised by efficiencies and operational management arrangements through the street lighting PFI and the ongoing transition to more energy efficient street lighting solutions (£0.274m). Additional new income will be generated from the ongoing digitisation of advertising assets through the new contract with Clear Channel UK to install new bus shelter and free-standing unit adverts alongside a growing number of citywide large format digital screens (£0.480m). Minor changes to charging regimes for highways licences and permits will add additional revenue (£0.034m). Due to increased levels of work, it will also be possible to generate increased revenue within highways operations (£0.100m).

Equality Analysis

Equality Statement	Status
Equality analysis is complete and a positive impact has been identified	
Equality analysis is planned and a positive impact is anticipated	
Equality analysis is complete and neutral impact has been identified	✓1
Equality analysis is planned and a neutral impact is anticipated	
Equality analysis is complete and a negative impact has been identified	
Equality analysis is planned and a negative impact is anticipated	
Equality analysis is complete and both positive and negative impacts have been identified	
Equality analysis is planned and both positive and negative impacts are anticipated	
The savings is from staffing changes and therefore equality implications will be considered as part of the Workforce Planning arrangements	
No Equality Analysis Required	✓ 2,3,4
Additional Comment: 1) As part of original variable lighting tests, undertaken in 2016 in line with the first phase of variable lighting introduction, it was unanimously agreed by those in attendance (Councillors, Officers and Contractors) that reducing the lighting levels was not discernible due to the outside aspect and effects of lighting diffusion. Therefore, it is considered that there will be no impact on any of the protected category groups. 2) The ongoing digitisation of advertising assets is focussed on replacing existing advertising assets with new digital assets in the same location therefore no equality analysis is required as there will be no physical impact on the public. If there was a proposal to introduce a new venue for free standing digital advertising unit then this would be subject to the planning application process where the Transportation Development Team would provide input on the Planning Application with regards to its siting and the impact on highways accessibility with regard to footfall traffic and the Local Planning Authority would consider the impact of the unit from a health and safety perspective on sight impaired and disabled people. Planning would consider the implications of the proposal in relation to the amenity and the health safety of the public which would take into account those with disabilities. 3) It is proposed that a modest uplift in highways licence fees and permit fees will be implemented. These fees are aimed at businesses therefore there is no direct impact on the public and subsequently an Equality Analysis is not required. 4) The efficiency saving will arise from increased income being generated through the Highways Operations Team delivering an increased programme of highways works therefore no Equality Analysis is required.	

[Link to Equality Impact Assessment DL3 – Highways Networks & Street Lighting](#)

1.4 DL4 - Engineers Additional Income (Saving £0.120m in 2022/2023)

Additional revenue will be generated by the Infrastructure and Commercial Design Teams through delivery of a large programme of Environment Agency funded flooding schemes over the next 5 years supplemented by the delivery of highways contracts for both the International Advanced Manufacturing Park and the Ryhope Doxford Link Road and future large highway centred infrastructure schemes.

Equality Analysis

Equality Statement	Status
Equality analysis is complete and a positive impact has been identified	
Equality analysis is planned and a positive impact is anticipated	
Equality analysis is complete and neutral impact has been identified	
Equality analysis is planned and a neutral impact is anticipated	
Equality analysis is complete and a negative impact has been identified	
Equality analysis is planned and a negative impact is anticipated	
Equality analysis is complete and both positive and negative impacts have been identified	
Equality analysis is planned and both positive and negative impacts are anticipated	
The savings is from staffing changes and therefore equality implications will be considered as part of the Workforce Planning arrangements	
No Equality Analysis Required	✓
Additional Comment: The efficiency saving will arise from increased income being generated through the service provision required to deliver an increased programme of highways and flooding design and management works therefore no Equality Analysis is required. Any design and delivery of highways schemes is done on accessibility standards appropriate to the location.	

2 Cabinet Secretary Proposals – Total Saving £2.000m (2022/2023)

2.1 CS1 - Corporate Support Review (Saving £2.000m in 2022/2023)

The Council's transformation programme is working towards a new "Thinking Operating Model" (TOM), with a structured approach to significantly improve the customer experience and address the financial and operational challenges in the medium term. This has applied a consistent set of tools to consider improvements, including 9 key design principles, a vision and case for change and a benefits roadmap.

A key element of this approach has been to look at the customer journeys that Corporate Support services deliver. This is a sub-set of 14 Corporate Services, which are primarily focused on internal customers (council services) and council owned companies i.e. TfC and SCAS. The remaining areas of Corporate Services will be reviewed as part of subsequent projects.

The developing picture for the new TOM in Corporate Support is to create a consistent set of customer journeys, with much improved information, advice and guidance (IAG) and a single front door. With this, and the appropriate use of digital tools, it will be possible to increase the level of self-serve, reduce duplication and/or demand failure/non-added value work and to organise staff resources in a different way. Throughout this review, a consistent set of HR principles are also being applied, covering aspects such as grading, spans of control and layers of management.

In overview, staff would sit in either the corporate support service team or in a knowledge centre, for example a specialist service area such as Legal Services. A customer's journey will seamlessly flow across this arrangement, with the query or transaction being handled in the most appropriate manner at the most appropriate level, which is efficient and cost effective.

Whilst this work is not yet complete, a range of modelling assumptions have been applied to the in-scope teams and this is starting to be validated as the work is progressing. This has resulted in a significant level of staffing budget savings that are expected from working in this new way.

Whilst the work is likely to continue into the new financial year, current estimates are that savings in the region of £2.000m are possible for 2022/23. Whilst all endeavours will be taken to minimise redundancies, through the management of fixed term and vacant posts, as this will see a reduction of up to 60 full time equivalents (FTE) the Council has given the statutory notification of potential staff reductions.

Equality Analysis

Equality Statement	Status
Equality analysis is complete and a positive impact has been identified	✓
Equality analysis is planned and a positive impact is anticipated	
Equality analysis is complete and neutral impact has been identified	
Equality analysis is planned and a neutral impact is anticipated	
Equality analysis is complete and a negative impact has been identified	
Equality analysis is planned and a negative impact is anticipated	
Equality analysis is complete and both positive and negative impacts have been identified	
Equality analysis is planned and both positive and negative impacts are anticipated	
The savings is from staffing changes and therefore equality implications will be considered as part of the Workforce Planning arrangements	✓
No Equality Analysis Required	
<p>Additional Comment:</p> <p>The equality analysis had identified a positive impact on age through much enhanced and improved digital connectivity guided by digital inclusion [1] when redesigning customer journey business processes. A positive impact on disability has been identified as in the design of digital solutions, accessibility requirements for public bodies[2] are adhered to and form part of the design of digital facing solutions.</p> <p>[1] Digital Inclusion https://digitalinclusionkit.org/ [2] Government Data Standards (GDS) Accessibility Requirements for Public Bodies: https://www.gov.uk/guidance/accessibility-requirements-for-public-sector-websites-and-apps</p>	

[Link to Equality Impact Assessment CS1 - Corporate Support Review](#)

3 Dynamic City Proposals – Total Saving £0.400m (2022/2023)

3.1 DC1 - Siglion Distribution (Saving £0.300m in 2022/2023)

The new business plan for Siglion Investments LLP will facilitate an increased distribution from Siglion LLP to the Council of £0.300m.

Equality Analysis

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

3.2 DC2 - Commercial Estate – City Development (Saving £0.100m in 2022/2023)

An uplift of £0.100m from the commercial estate will be achieved through increased rental income from strategic acquisitions, taking into account the timing of acquisitions and any lease incentives negotiated with tenants.

Equality Analysis

Equality Statement	Status
Equality analysis is complete and a positive impact has been identified	
Equality analysis is planned and a positive impact is anticipated	
Equality analysis is complete and neutral impact has been identified	
Equality analysis is planned and a neutral impact is anticipated	
Equality analysis is complete and a negative impact has been identified	
Equality analysis is planned and a negative impact is anticipated	
Equality analysis is complete and both positive and negative impacts have been identified	
Equality analysis is planned and both positive and negative impacts are anticipated	
The savings is from staffing changes and therefore equality implications will be considered as part of the Workforce Planning arrangements	
No Equality Analysis Required	✓
Additional Comment: The Council will acquire some commercial properties in line with its Acquisition Strategy which will generate the additional income. None of the tenants in the buildings to be acquired provide a public service as they are purely commercial in nature therefore no Equality Analysis is required.	

4 Vibrant City Proposals – Total Saving £2.050m (2022/2023)

4.1 VC1 – Events (saving £0.300m in 2022/2023)

Reduction of £0.300m to the events budget. The programme of events is being reviewed with the aim of delivering a sustainable events programme consisting of a number of events that are aligned to key objectives within the City Plan including working towards Sunderland being a carbon neutral city, Sunderland being recognised as a destination of choice and delivering wider economic benefits for the city.

Equality Analysis

Equality Statement	Status
Equality analysis is complete and a positive impact has been identified	
Equality analysis is planned and a positive impact is anticipated	
Equality analysis is complete and neutral impact has been identified	✓
Equality analysis is planned and a neutral impact is anticipated	
Equality analysis is complete and a negative impact has been identified	
Equality analysis is planned and a negative impact is anticipated	
Equality analysis is complete and both positive and negative impacts have been identified	
Equality analysis is planned and both positive and negative impacts are anticipated	
The savings is from staffing changes and therefore equality implications will be considered as part of the Workforce Planning arrangements	
No Equality Analysis Required	
Additional Comment: No disproportionate impact on any of the protected characteristics has been identified in relation to ceasing the Air Show in 2022. Resident engagement indicates the current programme delivers events in the Top 10 areas identified by residents. Feedback from residents will continue to be used to shape and develop the ongoing events programme, ensuring equality is considered through planning and continuous review. Events and Active Sunderland will continue to work with communities to meet different needs to help reduce inequalities and they are committed to providing opportunities within their Events and Active Sunderland programmes.	

[Link to Equality Impact Assessment VC1 – Events](#)

4.2 VC2 – Leisure Joint Venture (saving £1.750m in 2022/2023)

In response to the Covid-19 pandemic additional funding was provided as part of the Council's 2021/22 budget to reflect the challenging operational circumstances of the leisure centres which are operated on behalf of the Council by Sports and Leisure Management Ltd. Following the easing of national restrictions during 2021, participation at the facilities has begun to recover and is currently anticipated to continue to do so over the remainder of 2021/22 and into 2022/23. As a consequence of this it is anticipated that the funding required to support the Leisure Joint Venture operations during 2022/23 can be reduced by £1.750m.

Equality Analysis

Equality Statement	Status
Equality analysis is complete and a positive impact has been identified	
Equality analysis is planned and a positive impact is anticipated	
Equality analysis is complete and neutral impact has been identified	
Equality analysis is planned and a neutral impact is anticipated	
Equality analysis is complete and a negative impact has been identified	
Equality analysis is planned and a negative impact is anticipated	
Equality analysis is complete and both positive and negative impacts have been identified	
Equality analysis is planned and both positive and negative impacts are anticipated	
The savings is from staffing changes and therefore equality implications will be considered as part of the Workforce Planning arrangements	
No Equality Analysis Required	✓
Additional Comment: Cessation of temporary funding requirement following the easing of national Covid-19 restrictions and participation at leisure facilities now recovering.	

Equality and Budget Proposals

1 Equality in Decision Making

- 1.1 The Equality Act 2010 places a specific duty on Local Authorities through the Public Sector Equality Duty. The three aims of the equality duty are to:
- Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Equality Act;
 - Advance equality of opportunity between people who share a protected characteristic and those who do not; and
 - Foster good relations between people who share a protected characteristic and those who do not.
- 1.2 Public authorities are required to give 'due regard' to the three aims of the duty when making decisions. Understanding the effect of decisions on people with different protected characteristics is an important part of complying with the general equality duty. Due regard means:
- consider the need to remove or minimise disadvantage or to meet particular needs;
 - think about how to encourage participation in public life; and
 - tackle prejudice and promote understanding.

2 How equality analysis informs the budget-setting process

- 2.1 Individual proposals for savings are reviewed to determine whether equality analysis is required. Where equality analyses are required, and negative impacts are identified, it is the responsibility of the services to minimise these as far as possible. A standard approach is taken each year to ensure:
- equality considerations are given to each new savings proposal;
 - proposals agreed in previous years are reconsidered to ensure planned equality analysis has been completed or refreshed, where appropriate; and
 - where equality analysis is finalised, a sampled quality assurance process takes place to ensure the relevant considerations are being made in a thorough manner.

3 Consultation

- 3.1 The consultation approach is outlined at paragraph 11 of the main report. Surveys and resident engagement are carried out to inform key plans and activity in the Council at both a service and general budget consultation level. Where possible, demographic data is collected and analysed to understand the spread of respondents and help inform equality considerations. Communications and consultations are focussed on a range of groups and communities to maximise involvement. As is noted in the consultation summary, due to the pandemic consultation activity had to be restricted to online surveys this year and demographic analysis is not possible due to response rates.

4 Key Messages

- 4.1 The equality considerations are summarised into key judgements, evidenced at Appendix A.
- 4.2 The assessment of impacts concluded that four of the proposals required an equality analysis to be carried out, these are;
- CS1 - Corporate Support Review
 - VC1 - Events Reduction
 - DL1 - Car Parking Review
 - DL3 - Highways, Network and Street Lighting
- 4.3 Of the four proposals highlighted above, two concluded that there would be a neutral impact (i.e., no disproportionate impact on any of the protected characteristics) and two identified positive impacts. One of these will positively impact on age and disability whilst the other on age, disability, and pregnancy/maternity. Two proposals identified savings as a result of staffing changes and so equality implications will be considered as part of the workforce planning arrangements.
- 4.4 The completed equalities analysis for each of the above is provided as a weblink within the respective proposal at Appendix A.

5 Conclusions

- 5.1 The Council continues to seek to meet its obligations in relation to equality and diversity and has procedures in place at both a general and budget specific level to incorporate equality and diversity issues into decision making processes and the assessment of proposals.
- 5.2 Services and directorates are responsible for updating their equality analyses, continuing to assess how any identified impacts can be mitigated during the development of the detailed proposals and ensuring these considerations are presented to decision makers.

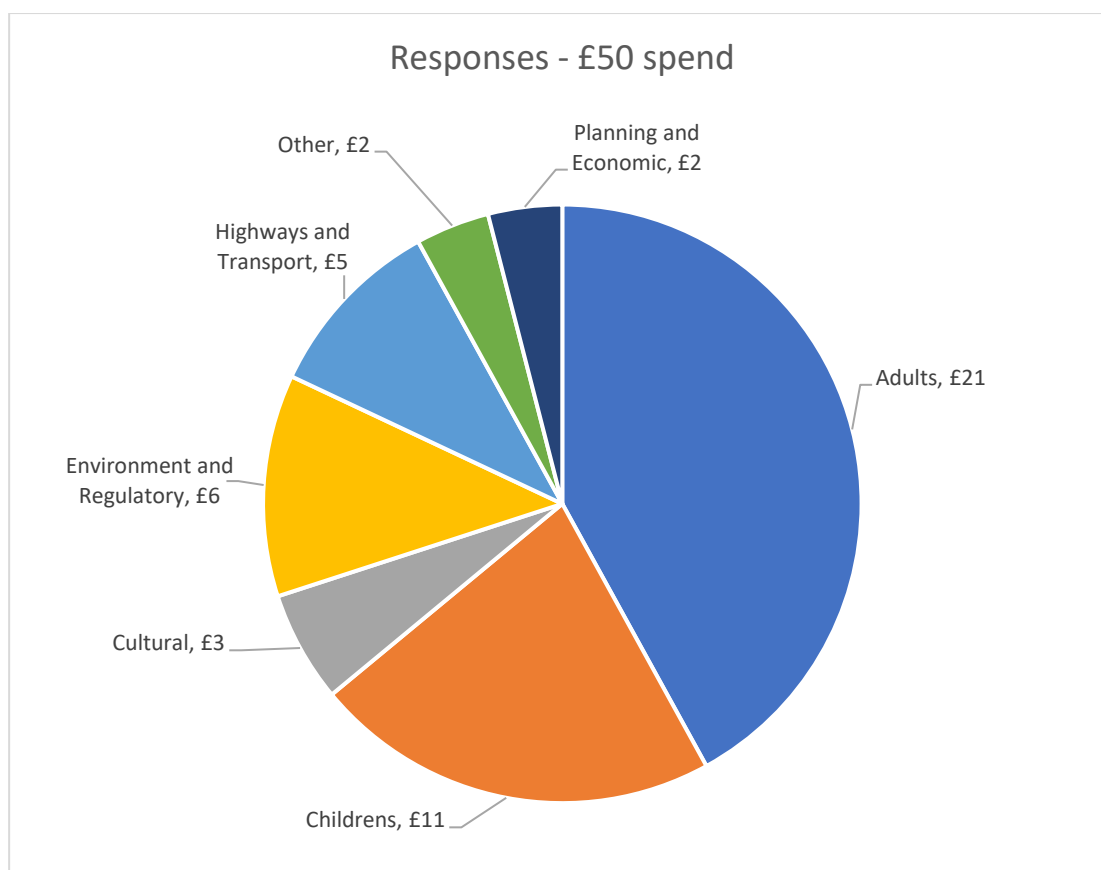
Budget Consultation 2022/2023 Results

1. Background and Context

- 1.1 This year's consultation process utilised existing networks such as 'Let's Talk' and social media to communicate with both geographic communities and communities of interest. In addition to residents, there were communications with a range of partners and stakeholders.
- 1.2 Following the December 2021 Cabinet meeting, the formal consultation on; priority spend areas, service savings proposals (£5.821m of efficiencies) and the level of potential council tax increase commenced. Consultation ran from 8th December 2021 until 7th January 2022. Due to the pandemic this was undertaken using existing networks and social media platforms to communicate with both geographic communities and communities of interest online.
- 1.3 The engagement process focusing on people's priorities for spend asked the respondents to allocate a notional £50 across Council services to indicate their priority services areas and an appropriate budget split. This was restricted to the areas of the council where spend can be influenced and as such excluded Schools and benefit payments.
- 1.4 Response levels were lower than last year with 126 consultation responses received, compared to 213 previously. Whilst mixed, the general message from the responses was that they were broadly in agreement with the proposals.
- 1.5 In addition to the above, briefings to the following stakeholders were given:
 - Finance Directors of Sunderland College, South Tyneside and Sunderland NHS Foundation Trust, University and Clinical Commissioning Group and Gentoo;
 - North East Chamber of Commerce, representatives of business ratepayers and Sunderland Business Improvement District;
 - Schools' Forum; and
 - Change Council
- 1.6 The budget engagement and consultation exercise aimed to increase and assess awareness of the financial challenges the Council faces and the scale of services provided. In addition, questions were included to assess support for a council tax increase in line with the Government's expectations.

2. Results

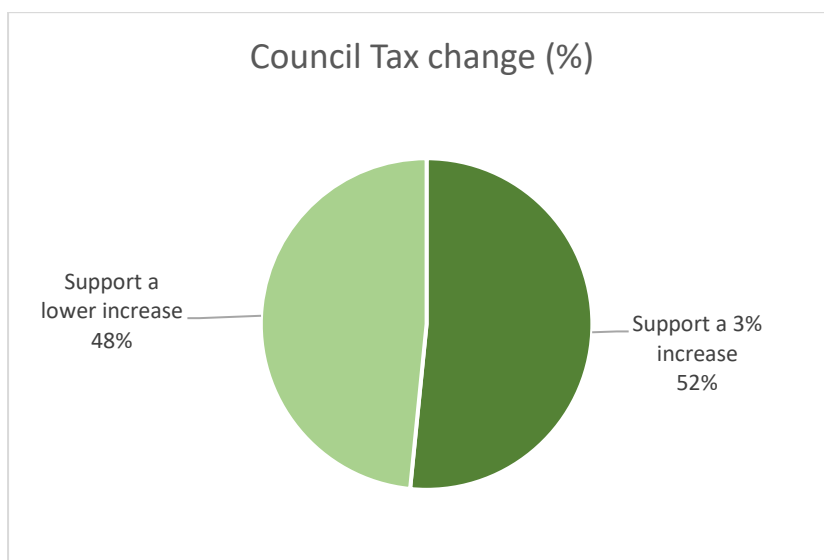
- 2.1 The chart below displays how on average the 126 respondents would allocate a notional amount of spending thereby representing the respondents' views of the priority areas and appropriate split of controllable resources between service areas.



- 2.2 The consultation responses received correlated overall with the proportions of spend for Adults and Children's Social Care combined. Although some qualitative responses did refer to targeting a greater proportion of funding to Children's Social Care with the aim of reducing the need for intervention in the longer term. The priorities for spend in all other service areas were broadly in line with current budget levels with no significant variations.
- 2.3 The majority of respondents agreed with the savings proposals as set out in the December 2021 Cabinet report, although it is important to note that there were a range of qualitative responses as well which provided further context. In many cases, people acknowledged the difficult decisions that the Council faced, and that ideally no further reductions would be required.
- 2.4 In addition to the savings proposals put forward, 13% of responses included suggestions to reduce the costs associated with councillors through a combination of:
- a reduction in numbers of councillors in each ward from 3 to 2; and
 - placing a cap of the maximum value of expenses which can be claimed.
- 2.5 In relation to council tax increases, the survey outlined the current position in Sunderland relative to the Government's national referendum threshold, with the potential for up to a 3% increase to be applied, 2% for core council tax and 1% for the adult social care precept in line with the Government's assumptions. It highlighted that a council tax increase of 3% would benefit the city by generating a further £3 million to support local services. The survey presented two options:

- I would support the council increasing council tax by 3%, to support the delivery of local services in line with the Government's expectation; and
- I would support a lower council tax increase with further cuts to services over and above those already being planned.

2.6 As can be seen from the table below, 52% of respondents agreed with the proposed 3% increase, with the minority, 48%, preferring a lower increase.



2.7 This information has been considered when developing Cabinet's final budget proposal.

Formal Budget Consultation Teams Meeting was held on Thursday 6th January 2022 at 11.00am with Trade Unions

Council Representatives

Jon Ritchie	-	Executive Director of Corporate Services
Paul Wilson	-	Assistant Director of Finance
Paul Dixon	-	Chief Accountant

Trade Union Representatives

Diane Peacock	-	Unison
Lisa Foot	-	Unison
Conor McCardle	-	Unison
David Riddle	-	GMB
John Kelly	-	Unite

Apologies

Tracy Palmer	-	Assistant Director of People Management
Janice Greenwell	-	Unison

Representatives from the Trade Unions joined a Teams meeting where Jon Ritchie (JR) gave brief a presentation on the revenue budget proposals. He then invited questions and discussion from the group as follows:-

Questions and Comments

1. John Kelly, Unite (JK) asked for clarification of the Neighbourhood Services growth figure of £545,000. JR explained it included a range of items, for instance, as some of the schools have academized they are no longer buying back services in terms of school catering and cleaning and general cost pressures across the wider directorate that weren't explicitly referred to elsewhere.
2. JK asked about the Events programme and impact on staffing. JR said the major impact on staffing in the proposal is from Corporate Support item but on Events no staffing changes were highlighted at this stage.

JK asked what whether service delivery would change. JR responded the Events team are always looking at different offers and their programme is continuously being revised, for instance, we have money set aside in the reserves to work towards the World Series Triathlon and last summer we had the Cycling Tour Series, which was a new offer. The programme will continually be reviewed to ensure it meets changing demands and will aim to do this at a lower cost and to generate income in sponsorship wherever possible.

3. JK asked what reserves are Sunderland Council carrying at the moment? JR confirmed this was in the public domain via budget and monitoring reports and would provide the links to the website. In terms of usable reserves Paul Wilson (PW) said estimates were around £27m to support the medium term period in terms of the budget proposals. A reminder was given that reserves are one off pots of money, so long term reliance on them is not possible. The uncertainty of future funding years funding, due to the delays in the Fair Funding Review, meant planning was difficult.

JR advised everyone to have a look at the list of reserves which are in the statutory accounts and the budget planning papers, he said it is very transparent and explained the reason for the reserves, which were sometimes to deal with the timing of grants and spend. He commented that the general fund reserves is untouched at £12m, which is about 5% of our net revenue expenditure.

4. Conor McCardle, Unison (CMc) asked in terms of the overall position, whilst the funding situation has slightly improved in some areas there are still a number of uncertainties in terms of development of the budget and future planning and he has picked up from the papers that transport and the Metro are one that you are worried about and one to keep an eye on as they are really struggling. What obligations do you have to support Nexus and the Metro system and how that might spiral? Also in terms of the Section 118 Notice, about proposed redundancies, where are we up to in terms of formulating those savings that are likely to have an impact on staff, because JR's presentation really helped on the background picture but what they are going to be asked by their members is how many are likely to be made redundant?

JR said with regard to transport, we have got contingencies in case the transport levy does go up. Our transport levy is about £15m but the levy is predominantly for concessionary travel and support for buses. The Metro is largely funded by passenger income and Government grant. A lot of the light railway systems around the country are facing the same challenges because of the downturn of passenger numbers.

In terms of the staffing reductions, that is still based on the 60 FTE estimates. Some of those will be reduction in fixed term appointments or vacant posts that will be deleted so it wouldn't be a redundancy situation. The 60 FTE is an estimate based on the modelling and we have also taken into account the timing, as to go through redundancy consultation and notice periods will take time.

JR added the council will try and redeploy where it is appropriate to do so

5. Diane Peacock, Unison (DP) said for her it is all about the staff, she understands the pressures of all Councils and asked if every Service was looking at what their restraints are and their budgets to make it fair across the board, has every Service area given some sort of idea where they are going to make savings because sometimes it's only certain areas that always take the hit.

JR responded the focus over recent budgets has put more resources back into front line services, including Environmental Services and localised Neighbourhood Services that were taken out probably 5 or 6 years ago. A large part of the focus this year in terms of the staff reductions are focused on the Corporate Support, the internal customer provision rather than front line. As a Chief Officer Group, consideration of budget savings has been across the whole Council, with checks and balances in place just to make sure that it is fair. There have been some additional posts created in City Development as part of the delivery of the capital programme, the longer term benefit will come from increased business rates and council tax. He confirmed that where possible it is beneficial to redeploy staff from a financial and staffing perspective, but that the needs of the job role will dictate where this is possible.

DP said redeployment would also be their preference but that has not always happened, and people have been made redundant and then come back in different roles, for example consultants and agency staff.

JR advised our agency bills are also in the accounts and budgets but are challenged to ensure there usage is appropriate. In some areas recently it has gone up because we had to maintain provision over the period at a time of staff illness/absence.

JR advised DP if she was aware of any concerns she should raise this with him.

JR ended the meeting and thanked the participants.

Formal Budget Consultation Teams Meeting was held on Wednesday 5th January 2022 at 9.00am with Sunderland BID and North East England Chamber of Commerce

Council Representatives

Cllr Graeme Miller	-	Leader of the Council
Cllr Claire Rowntree	-	Deputy Leader of the Council
Patrick Melia	-	Chief Executive
Jon Ritchie	-	Executive Director of Corporate Services
Paul Wilson	-	Assistant Director of Finance

Business Representatives

Sharon Appleby	-	Sunderland BID
Jonathan Walker	-	NEE Chamber of Commerce
Marianne O'Sullivan	-	NEE Chamber of Commerce

Apologies

Cllr Paul Stewart	-	Cabinet Secretary
Paul Dixon	-	Chief Accountant
Rachel Anderson	-	NEE Chamber of Commerce

Representatives from Sunderland BID and North East England Chamber of Commerce joined a Teams meeting where Jon Ritchie (JR) gave brief introductions to the Leader of the Council, Chief Executive, Deputy Leader of the Council and the other Council representatives.

The Leader of the Council introduced himself and welcomed everyone to the meeting.

JR began the presentation highlighting the current Revenue position, the MTFP and Capital investment in the City. He said he would forward this information to everyone after the meeting. He also said he was keen to capture any feedback from these discussions as they will link into the final proposals that go to Cabinet in February and full Council on 2nd of March, so this is a key part of the budget setting process.

After the presentation JR invited questions and discussion from the group as follows:

Questions and Comments

1. Cllr Graeme Miller, Leader of the Council commented on the increase of Council Tax and confirmed that ideally we would not want to consider an increase in council tax but if we did not do this it would make it increasingly difficult for us to continue to deliver our essential services. The budget is a very sensible attempt to continually support the key deliverables, add some more value to people.

2. Cllr Claire Rowntree, Deputy Leader of the Council supported the comments made by the Leader and said obviously nobody wants to raise Council Tax especially at a time when people are under financial pressure, but Cabinet are responsible for proposing a balanced budget.
3. Jonathan Walker, NEE Chamber of Commerce (JW) highlighted a couple of points:

Council Tax is an issue as a large number of Chamber members are Sunderland residents and will really feel this, as will their staff.

He has received feedback, although not specific to Sunderland, around practicalities of business growth, in particular in relation to things like planning services where decisions are taking much longer than normal and there are backlogs of applications. He said the Council should be assuring businesses that those growth plans are in place and the Council is there to help get them moving as quickly as possible and decisions are not held back. Inward investment work is brilliant in Sunderland but we need to make sure that small businesses are also able to grow and expand into new premises and not held back.

Patrick Melia, Chief Executive (PM) responded that in terms of planning we are doing well in making sure we are hitting the timescales and helping with development opportunities. PM hasn't heard of any concerns coming from the business sector around support but if JW had any details he would get colleagues to contact them.

4. Sharon Appleby, Sunderland BID (SA) agreed the budget was better than she thought it would be. From a City centre point of view she is encouraged to hear the savings we are going to make are not necessarily from front line services. She said we have talked about increased investment in the City around enforcement and cleansing which are hugely important to the businesses. They are focusing now on how we make the most of where we are and moving forward in a really positive way particularly with the transformation that has taken place which will hopefully attract further investment. Recruitment is still ongoing and it is definitely visible in the City centre.

Sharon also mentioned that she is finding businesses want to engage in a completely different way, they are desperate to talk to you on a one to one basis regarding their own personal circumstances rather than the bigger picture. The way PM and Peter McIntyre have given up time to meet with about 30 businesses on a regular basis and then been able to respond and deal with some of their issues is really good. We are still seeing massive amounts of people interested in setting up business here and the City Development Team have been really supportive.

At the moment SA doesn't have any issues, however, she said businesses probably haven't seen the fallout yet from the introduction of Plan B, we may be in for a bumpy ride in the first 6 months of this year.

5. Cllr Miller responded it is remarkable that we are still pretty much on track with developments over the last 2 years given the public health crisis and he is pleased that as a Council we have still managed to continue to deliver that broad spectrum of activity for renewal and support for the business community in the City centre. He is looking forward to seeing it continue through 2022 and into 2023.
6. PM added he thinks the sessions SA referred to in terms of meeting with businesses are really important and he would like to continue the contact. It has been good to respond to some issues and also explain the things we cannot do.

PM highlighted as we head through 2023 and into 2024 we will have a much transformed City centre which is great for Sunderland BID and also as JW pointed out we need to be talking to all businesses not just those in the City centre, so the work we are doing around the Nissan supply chain with the Business Investment Team is really important. There are huge opportunities down the line with the automotive sector in terms of moving to the electric vehicle and battery production. We need to be making that connection between the opportunities in the automotive supply chain to our college and university for jobs and bringing the City in to gain advantage from it. 2021 was a great year in terms of inward investment for the City, around 10,000 jobs were announced to be achieved over the next few years which is better than any devolution deal he has seen in the North East recently achieved and there is a lot more still to come.

The Carbon Agenda is very much on our minds and we are doing a lot of work around housing and the Homes of the Future. We want to double the amount of people living in the City centre. We have been linking with the College on creating a new housing and skills academy around creating jobs in construction skills in retro-fit and future housing. We have also done a lot of work around the digital agenda, there is about £100m worth of fibre being put in the ground across the City and we have worked with the College in terms of engineers in developing pipeline. In addition to the work we have done with the Smart City agenda, the college has also started to put 5G into their curriculum as part of their technology development.

JR ended the meeting and said he appreciated everyone's input and views. He mentioned to SA that he and PW and the Team are always happy to join any of their business events to give input, just to give that reassurance of the plans we have for the £700m investment in the City.

Scrutiny Coordinating Committee Consultation on the Budget 2022/2023

Comments of Scrutiny Coordinating Committee

1. On 9th December 2021, Scrutiny Coordinating Committee considered the Budget Planning Framework and Medium Term Financial Plan 2022/2023– 2025/2026 report which was referred from the December Cabinet meeting.

Scrutiny Coordinating Committee commented as follows:

“The Scrutiny Coordinating Committee acknowledges the information contained in the report and recognises the continuing budget pressures that the Council faces. The Committee also acknowledges that a number of funding uncertainties remain as well as the continued impact, on a number of budget areas, from the Covid-19 pandemic.

The Committee is satisfied that it will continue to receive updates on the budget including the outcome from the budget consultation process.

Finally, the Committee would like to thank Members and Officers for their continued efforts in developing a balanced budget in these difficult times.”

2. On 14th October 2021, Scrutiny Coordinating Committee considered the Budget Planning Framework and Medium Term Financial Strategy 2022/2023 – 2025/2026 report which was referred from the October Cabinet meeting.

Scrutiny Coordinating Committee commented as follows:

“The Scrutiny Coordinating Committee notes the budgetary information provided including the Medium Term Financial Plan, Budget Planning Framework and Capital Strategy. The Committee acknowledges the current financial situation of the Council, including the spending pressures that exist.

The Committee also recognises the importance of robust budget consultation and engagement with all stakeholders to ensure there is a clear understanding not only of the challenges and pressures that face the local authority, but also how resources are prioritised and assigned.

Finally, the Committee would like to thank officers and members for their continued work. The Committee will also continue to receive budgetary information and the opportunity to scrutinise these reports.”

Proposed Council Tax for 2022/2023

As detailed in the Council Report - Determination of Council Tax 2022/2023

Medium Term Financial Plan (MTFP) 2022/2023 – 2025/2026

1 Purpose of the MTFP

1.1 The MTFP is a key part of the Council's Budget Policy framework. It aims to ensure that reduced resources are aligned to ensure that the residents of Sunderland are offered the best possible public services in future.

1.2 The current MTFP sets out the strategic financial position and financial direction of the Council over the next four years taking into account Council policy objectives, Government funding levels, other resources and service pressures. It is regularly updated to reflect the changes in local government finance. The key objectives of the plan are:

- To ensure the continued strong financial resilience of the Council;
- To identify and draw together strands of activity that will meet the reductions requirement; and
- To continue to facilitate investment in regeneration activity and key priorities within the City Plan.

This summary draws out the current financial position and underpinning strategies and actions being followed to address the budget challenge. The MTFP is underpinned by the Efficiency Strategy set out at Appendix Gi.

1.3 While the following MTFP reflects the provisional local government finance settlement data for 2022/2023 released by the Government, there is considerable uncertainty over the impact of future local government settlements, Fair Funding Review and any changes to the business rates retention system in the medium term. The plan will be kept under review and updated as further details emerge.

1.4 The MTFP provides background planning assumptions covering:

- National funding and economic outlook (section 2);
- Local funding position (section 3);
- Spending pressures and commitments (section 4);
- Summary overall budget gap (section 5);
- Addressing the budget gap and Efficiency Strategy (section 6);
- Capital and prudential borrowing (section 7);
- Reserves and balances, and Reserves Policy (section 8);
- Budget consultation and equality analysis (section 9);
- Risk assessment (section 10); and
- Conclusion (section 11).

2 National Funding and Economic Outlook

- 2.1 The Bank of England's (BoE) Monetary Policy Committee (MPC) meeting on 16th December voted to raise the Base Rate by 0.15% from 0.10% to 0.25% and unanimously decided to make no changes to its programme of quantitative easing purchases due to finish in December 2021 at a total of £895bn. The financial markets had expected the rise in November, but the BoE decided to wait until statistics were available to show how the economy had fared since the end of the furlough scheme on 30th September 2021.
- 2.2 The Office for National Statistics (ONS) estimates GDP grew by a disappointing 0.1% in October since the previous month and is 0.5% below its pre-Covid level in February 2020. This indicates economic growth had slowed significantly even before the emergence of the Omicron variant in late November. Early indicators suggest the data for November could be marginally better, but at such low growth levels the impact of the Government's "Plan B" restrictions could cause the economy to contract in December 2021.
- 2.3 ONS data shows the annualised Consumer Price Index (CPI) inflation rate at 5.4% in December 2021, up from 5.10% in November, confirming how inflationary pressures have been building rapidly. This rise occurred despite the Covid-19 Omicron variant causing a sharp fall in world oil and other commodity prices – with gas and electricity inflation typically accounting for 60% of the increase in inflation in advanced western economies. The BoE now expects inflation to peak at between 5% and 6% by April 2022, significantly higher than its 2% target, but believes much of the inflationary pressures are transitory and that inflation will fall sharply in the second half of 2022. For this reason they continue their view that only a modest tightening of monetary policy is required, and therefore the scale and number of further interest rate rises may be less than the financial markets currently anticipate. Adding to the uncertainty is the likelihood of further Covid mutations, and whether Government policy in dealing with the pandemic changes, as well as concerns on how trade with the EU will evolve post-pandemic now that the UK no longer has tariff-free access to EU markets.
- 2.4 The Government's medium to longer term approach to addressing its financial position is still being developed and the one-year funding settlement for local government again provides limited certainty for the Council.
- 2.5 The Council continues to make representations, including through SIGOMA and ANEC, to highlight the inadequacy and unfair distribution of local government funding, as well as the short-term nature of the funding announcements which makes financial planning difficult. Whilst the local government settlement did little to provide reassurance that these messages are being heard, the March budget will provide an indication of any possible funding boost or funding shift to local government or the region in the near future.

3 Local Funding Position

Core Spending Power

- 3.1 The Government uses a measure known as the Core Spending Power (CSP) to indicate the impact of changes in funding. For 2022/2023, this measure includes:
- Settlement Funding Assessment (SFA) comprising:
 - Revenue Support Grant (RSG);
 - Baseline Funding (Top Up Grant);
 - Assumed retained business rates;
 - Compensation for the historic under-indexing of the Business Rates Multiplier;
 - Council tax income, for which Government assumes that a 3% increase (2% core and 1% Adult Social Care Precept) is applied in addition to an assumed continued increase in the council tax base;
 - Local government element of the Improved Better Care Fund;
 - Social Care Grant;
 - New Homes Bonus;
 - Lower Tier Services Grant;
 - Market Sustainability and Fair Cost of Care Fund (newly added for 2022/2023); and
 - 2022/2023 Services Grant (newly added for 2022/2023).
- 3.2 In December 2021, as part of the Provisional Local Government Finance Settlement 2022/2023, the Government provided details of their assumptions on CSP for 2022/2023.

	2021/22 £m	2022/23 £m	change £m	change %
Settlement Funding Assessment	113.980	114.844	0.864	0.76%
Compensation for under-indexing Business Rates Multiplier (Section 31 Grant)	4.474	7.055	2.581	57.69%
Council Tax Requirement excluding parish precepts	108.110	111.610	3.500	3.24%
Improved Better Care Fund	18.134	18.683	0.549	3.03%
Social Care Grant	13.861	18.586	4.725	34.09%
New Homes Bonus	1.517	1.842	0.325	21.42%
Lower Tier Services Grant	0.499	0.525	0.026	5.21%
Market Sustainability and Fair Cost of Care Fund	0.000	1.058	1.058	100.00%
2022/23 Services Grant	0.000	5.920	5.920	100.00%
Sunderland Total Core Spending Power	260.575	280.123	19.548	7.50%
<i>Memorandum National Position</i>				6.88%

- 3.3 CSP will increase by an average 6.88% nationally in 2022/2023. For Sunderland the increase is 7.50% as shown in the table above. As noted in previous reports, nationally, 40% of this increased spending power is derived from assumed Council Tax rises. Given Sunderland's relatively lower council tax base this proportion is lower, at 18%.

- 3.4 For Sunderland there was a 0.76% increase in SFA for 2022/2023. The low percentage increase is as a result of the business rates multiplier freeze for 2022/2023 for which councils are compensated through Section 31 grant funding. Although the Section 31 grant compensation is part of the Council's CSP, it is outside of the SFA element of funding. It should be noted that actual business rates taken into account in the revenue budget is dependent on the Council's own position which is confirmed within the National Non-Domestic Rates ('NNDR') statistical collection Form 1 (budget forecast). The increase in Revenue Support Grant is in line with inflation.

Business Rates

3.5 Current funding mechanism

- 3.5.1 Under the current funding mechanism, the expected local income from business rates is divided between the central and local share:
- 50% of business rates are paid to Central Government as the national 'central' share to be redistributed to pay RSG and police funding; and
 - 50% is retained locally. Of this 50% the Council must distribute 1% to the Tyne and Wear Fire and Rescue Authority.
- 3.5.2 The Council must determine for itself the level of forecast Business Rate income to take into account in setting its budget taking account of the latest information available. The MTFP takes into account the current impact of the Covid-19 pandemic and prudent growth in the base income position, based on anticipated new developments over the period. As regeneration activity accelerates in line with the City Plan, the growth projections will be kept under review.
- 3.6 Risk arising from Appeals
- 3.6.1 The outcome of valuation appeals continues to be volatile. Whilst good progress has been made, a significant number of lodged appeals remain outstanding with the Valuation Office Agency. Under the current system, successful appeals reduce the base income collectable for future years with the Council losing income to the value of 49% of the value of successful appeals. The Government introduced a new appeal system from April 2017 with a check, challenge and appeal system intended to make appeals quicker and more efficient and to reduce speculative appeals.
- 3.6.2 The Government will only fund losses on business rates collection through the safety net mechanism after a certain level of loss has been incurred. Based on our assumptions on business rates income collection, business rates collected would have to fall by £13m (2022/2023 position) before the threshold is triggered and the Council receives any safety net funding from the Government.

3.8 Top Up Grant / Tariff

- 3.8.1 A system of Top Up Grant and Tariffs allows locally retained business rates to be redistributed from high business yield authorities to low yield authorities. Sunderland is a Top Up authority, receiving £43.724m in 2022/2023. Top Up grant is generally increased annually by inflation.
- 3.8.2 The Government has indicated that a system of Top Up and Tariffs will continue following the Business Rates Review in order to ensure a degree of equalisation in the allocation of resources across councils. The outcome of this will be critical for the Council in understanding its future funding and financial sustainability.

3.9 Section 31 Grant - Business Rates

- 3.9.1 The Government has made a number of changes to the business rate retention system since its introduction in 2013/2014, including capping of annual increases, increases in Small Business Rate relief and significant reliefs to support businesses during the pandemic. The Government have confirmed an extension to the Retail, Hospitality & Leisure reliefs grant in to 2022/2023 in response to the ongoing impact of the Covid-19 pandemic on these sectors.
- 3.9.2 The Government will continue to fully compensate councils for any consequential shortfall in income through Section 31 grant. The amount of grant due to the Council is dependent on the NNDR1, submitted to the Government at the end of January and any subsequent business rates reliefs announced by the Government.

Other Core Grant and Revenue Funding

3.10 Improved Better Care Fund (IBCF)

- 3.10.1 The Improved Better Care Fund (IBCF) 2022/2023 allocation has increased by Consumer Price Index (CPI) inflation. NHS Better Care Funding (BCF) is included in allocations to Health. Pooled BCF budgets for use of the 2022/2023 allocations will be agreed by the Health and Wellbeing Board in due course.

3.11 Social Care Funding

- 3.11.1 Existing Social Care Grant funding has been maintained in 2022/2023. In addition to this, a significant proportion of the increased investment in local government announced in the Chancellor's Spending Review has been directed towards Social Care. Nationally £636m of additional grant funding has been allocated through the provisional settlement with Sunderland awarded £4.725m.

3.12 New Homes Bonus

3.12.1 There were no announcements in the Chancellor's Spending Review regarding the ongoing NHB reform plans. The subsequent provisional settlement confirmed a further one-year extension of NHB payments. The national quantum of funding available for redistribution from the NHB has again been reduced as part of the provisional settlement announcement, due to allocation increases elsewhere in the provisional settlement being taken from this funding source. In total the grant funding to be received through NHB or through its redistribution is £0.530m below previous forecasts. Budget planning has been updated accordingly.

3.13 Lower Tier Services Grant

3.13.1 The Lower Tier Services unringfenced grant was introduced in 2021/2022 with £111m allocated to councils with responsibility for services such as homelessness, planning, recycling and refuse collection and leisure services. The national allocation for this grant remains at £111m for 2022/2023. Sunderland's allocation has increased by £0.027m to £0.525m for 2022/2023.

3.14 Market Sustainability and Fair Cost of Care Fund

3.14.1 As part of the Chancellors October 2021 Spending Review, it was indicated social care reform funding would be part of Core Spending Power. This additional funding has started to be introduced in 2022/2023. The Market Sustainability & Fair Cost of Care Fund totals £162 million nationally, with Sunderland's allocation for 2022/2023 £1.058m. The funding is provided to support local authorities as they prepare their markets for adult social care reform and to help move towards paying a fair cost of care. Further funding to deliver the Government's Social Care Reform will be announced as part of future local government finance settlements.

3.15 2022/2023 Services Grant

3.15.1 In recognition of the service delivery cost pressures facing councils, a one-off Services Grant totalling £822m nationally has been announced, with Sunderland's allocation totalling £5.920m for 2022/2023. Whilst this funding remains allocated for local government in future years, the methodology for determining the allocations and distribution to individual councils is to be reviewed by the Government in consultation with councils thereby creating uncertainty for financial planning purposes, especially as many of the costs that this grant is intended to fund will be incurred on a recurrent basis

3.16 Public Health Grant

3.16.1 At the time of writing the allocation for the Public Health grant remains outstanding. The Spending review in October 2021 did indicate Public Health grant funding will be maintained in real terms, indicating an inflationary based increase for 2022/2023. The final grant allocation will be amended once known.

3.16.2 At this stage the expectation is that Public Health grant will in the future be absorbed into the new Fair Funding regime. In May 2018, the Government working group looking at Public Health allocations indicated they were 'minded to' adopt the 2013 recommendations of the Advisory Committee on Resource Allocation, the "ACRA" methodology, to the allocation of Public Health funding, and to roll the funding into the overall funding position for councils. When this methodology was previously consulted upon in 2016, indications were that Sunderland, along with most other North East councils, would lose a substantial proportion of funding.

3.16.3 While the above is a significant concern, at this stage there is no indication of the impacts of any other aspects of the fair funding review which might equally benefit the Council e.g. as a result of deprivation indicators, and as such the MTFP will plan for a neutral position until full details emerge.

3.17 Housing and Council Tax Benefit Administration and Local Council Tax Support Administration Grant

3.17.1 Notification of the Housing Benefits and Council Tax Administration grants, comes outside of the settlement. For 2022/2023 the grant allocation is assumed to be unchanged. The position will be kept under review and the MTFP updated as more details emerge.

3.18 Impact of Spending Review, Fair Funding Review and revised system of retained business rates

3.18.1 The outcome of the proposals to change the way local government is funded with changes to the business rates system, full cessation of Revenue Support Grant, and a transfer of any responsibilities which will need to be funded from retained business rates will be critical to the future sustainability for Council services.

3.18.2 The Government has set up a number of working groups to progress this agenda and various consultation documents have been released and responded to. Progress on the reform activity was significantly hampered as the Government responded to the global pandemic but following the change in Minister and actions to achieving 'Levelling Up' progress is expected in the short to medium term. As and when more details emerge, the MTFP will be updated accordingly.

Locally Raised Income

3.19 Council Tax

3.19.1 In the Settlement, the Government confirmed the referendum threshold for 2022/2023, being that the core element is subject to a maximum increase of up to 2%. Social Care authorities can levy an additional 1% in respect of the social care precept. Any increase above the council tax limit will require a referendum to give the local electorate the opportunity to approve or veto the increase.

3.19.2 The council tax base for 2022/2023 has increased from 2021/2022 primarily due to an anticipated reduced uptake of the Local Council Tax Support Scheme during 2022/2023 and also increases in house building across the City.

3.19.2 At this stage there is no confirmation of the Government's approach to council tax increases or Social Care Precept beyond 2022/2023. Decisions on the application of options available will be made as part of the detailed budget planning on an annual basis.

3.20 Local Council Tax Support Scheme

3.20.1 The current local council tax support scheme was introduced in 2013/2014, with only minor changes since that time. The scheme supports council tax payers in need of financial help within the scheme's parameters. The main feature of the current scheme is that working age people who receive help pay a minimum of 8.5% of their council tax bill.

3.21 Schools Funding

3.21.1 Cabinet agreed in January to the principles proposed by the Sunderland Schools' Forum for the 2022/2023 Sunderland local funding formula. The National Funding Formula (NFF) is to be implemented with the following local adjustments, which were modelled so as to give an equitable settlement to all Sunderland schools whilst moving towards the NFF:

- The Minimum Funding Guarantee applied at 1.50% and capped at 4.4%;
- The Low Prior Attainment proxy indicator set at a rate of £953.07 per Primary pupil and £1,533.07 per Secondary pupil (NFF Primary £1,130, Secondary £1,710); and
- Transfer of 0.5% (£950,582) to the High Needs Block in recognition of ongoing pressures.

4 Spending Pressures and Commitments

4.1 Spending pressures and commitments for 2022/2023 are detailed in section 5 of the Cabinet Report.

4.2 Future years spending pressures, at this stage predominantly consist of;

- Pay and price increases, including contract inflation and pay award;
- Demand and cost pressures for both Adults and Children's Social Care;
- The impact of capital priorities both in terms of debt charges and any associated operational costs for example Culture House; and
- The Local Government Pension Scheme Actuarial Review

4.3 The continued pressure on both Adult and Children's Social Care budgets will be kept under review throughout the MTFP period and further additional provision included where necessary.

- 4.4 In addition, the outcome of the next Triennial Actuarial Review of the Local Government Pension Scheme will be effective from April 2023. The potential impact on the Council budget will be kept under review as details emerge and the provision updated within the MTFP as appropriate.
- 4.5 The cost pressures and commitments across the MTFP period are summarised below:

	2022/23	2023/24	2024/25	2025/26	Total
	£m	£m	£m	£m	£m
Spending Pressures and Commitments					
Pay, Prices and Other Pressures including Contract Inflation	11.220	11.479	9.935	10.277	42.911
Adult Social Care Pressures	8.450	2.780	(0.340)	1.000	11.890
Together for Children Pressures	6.303	0.500	0.500	0.500	7.803
Materials Recovery Facility - Waste Management	0.600	0.000	0.000	0.000	0.600
Environmental Services	0.490	0.000	0.000	0.000	0.490
Neighbourhood Services - Other Service Pressures and Loss of Income	0.545	0.000	0.000	0.000	0.545
Culture House	0.000	1.000	0.000	0.000	1.000
Acceleration of Business Recovery in the City	0.100	0.000	0.000	0.000	0.100
Corporate Services - Service Pressures and Loss of Income	0.718	0.000	0.000	0.000	0.718
Capital Financing (Debt Charges)	8.000	2.630	3.000	0.500	14.130
Pensions Actuarial Review	0.000	10.000	0.000	0.000	10.000
Contingencies Review (removal of temporary items for 2021/22)	(0.900)	0.000	0.000	0.000	(0.900)
Transport Levy Rebate (removal of one off rebate in 2021/22)	0.292	0.000	0.000	0.000	0.292
National Insurance Employer Rate Increase	1.293	0.000	0.000	0.000	1.293
Total Spending Pressures and Commitments	37.111	28.389	13.095	12.277	90.872

5 Summary Overall Budget Gap 2022/2023 to 2025/2026

- 5.1 In relation to the period beyond 2022/2023 at this stage no information has been released by the Government on funding levels either on a national or individual council basis. Therefore, for the purposes of preparing an MTFP at this stage, an assumption has been made that when any revised system of retained business rates is implemented and the impact of the fair funding review are fully worked through, the Government will take action to ensure a 'status quo' impact on the funding position for each council through the top-ups and tariffs system or damping, to ensure no detrimental impact on each council's overall funding position.
- 5.2 Taking into account the issues set out in section 3, and section 4 and the assumptions at 5.1, the overall position for funding changes for Sunderland and spending pressures and commitments is assumed as set out below:

	2022/23	2023/24	2024/25	2025/26	Total
	£m	£m	£m	£m	£m
Government Grant Changes	(22.399)	(1.613)	(0.892)	(0.910)	(25.814)
Total On-going Spending Pressures and Commitments	37.111	28.389	13.095	12.277	90.872
Initial Funding Gap	14.712	26.776	12.203	11.367	65.058

- 5.3 Based on high level assumptions, the on-going funding gap for 2022/2023 to 2025/2026 is in the region of £65.058m. However, this position is subject to change given the significant uncertainties in the funding system at present.

6 Addressing the Budget Gap and Efficiency Strategy 2022/2023 to 2025/2026

- 6.1 As reported to Cabinet in December 2021, plans of £5.821m were developed to seek to address the funding gap in 2022/2023. Further detail on the savings plans is set out in Appendix A of the main Budget report and further plans will be developed to address the remaining budget gap.

- 6.2 In addition, the following table shows that:

- Council tax and Social Care Precept increases in line with referendum principles would generate a further £14.262m of resources to support the budget position over the four years to 2025/2026. While decisions on council tax and social care precept increases will be taken as part of the budget process on an annual basis.
- Assumed increases in the council tax and business rate bases as a result of new home growth and regeneration activity over the three years will further support the budget by £9.034m.

Taken together, this will reduce the overall budget gap to £32.449m for the period to 2025/2026.

	2022/23	2023/24	2024/25	2025/26	Total
	£m	£m	£m	£m	£m
Governement Grant Change	(22.399)	(1.613)	(0.892)	(0.910)	(25.814)
On-going Spending Pressures	37.111	28.389	13.095	12.277	90.872
Savings Proposals	(5.821)	0.000	0.000	0.000	(5.821)
Total Gross Funding Gap	8.891	26.776	12.203	11.367	59.237
Council Tax / Social Care Precept increase	(3.330)	(3.519)	(3.643)	(3.771)	(14.262)
Council Tax Base Impact	(3.266)	(2.982)	(0.624)	(0.643)	(7.515)
Council Tax Deficit Impact 2019/20 and 2020/2021	(1.125)	0.160	(1.246)	0.000	(2.211)
Business Rates - Base and Inflationary impact	3.367	(1.594)	(1.846)	(1.446)	(1.519)
Collection Fund Forecast Surplus 2021/22	(1.396)	1.396	0.000	0.000	0.000
Current MTFP Gap after agreed savings proposals, council tax and business rates	3.142	20.237	4.844	5.508	33.731
Use of Reserves 2021/2022 (reversal)	2.288	0.000	0.000	0.000	2.288
Use of Smoothing Reserves	(5.430)	(3.570)	0.000	5.430	(3.570)
Current MTFS Gap after grant and local taxation changes	(0.000)	16.667	4.844	10.938	32.449

- 6.3 The Council's approach to delivering the savings requirement is encapsulated in the Efficiency Strategy 2022/2023 to 2025/2026 (attached as Appendix Gi).
- 6.4 Further updates on the Efficiency Strategy will be provided to Cabinet in light of the emerging funding framework and the MTFP 2022/2023 to 2025/2026 will be refined and updated as this work progresses.

7 Capital and Prudential Borrowing

- 7.1 The revenue implications of the Council's Capital Programme are considered as part of the process for setting the Capital Programme. The revenue impact of the Capital Programme is reflected in the MTFP, in particular the costs associated with the level of prudential borrowing required to deliver the Capital Programme.
- 7.2 The four year Capital Programme for 2022/2023 to 2025/2026 was set to take account of the reductions in available external funding and the increased pressure on the Council's resources.
- 7.3 New capital schemes for 2022/2023 and beyond, which meet key priority objectives will be considered in light of available resources as the budget process progresses. The Council's Capital Strategy reflects the Council's approach to prioritisation of projects for investment, while the borrowing strategy reflects appropriate parameters to ensure value for money considerations are safeguarded.

8 Reserves and Balances, and Reserves Policy

- 8.1 The Local Government Finance Act 1992 requires local authorities to have regard to the level of reserves needed for meeting estimated future expenditure when calculating the budget requirement.
- 8.2 In establishing reserves, the Council must comply with the Code of Practice on Local Authority Accounting in the United Kingdom. The Chief Finance Officer will consider the level of reserves as part of the budget setting process and provide a statement on the adequacy of reserves.
- 8.3 The Council's policy on reserves is as follows:
- The Council will maintain its general reserve at a minimum of £12.0m to cover any major unforeseen expenditure. The Council will aim to balance its revenue budget over the period of the MTFP without reliance on the use of the general reserve; and
 - The Council will maintain earmarked reserves for specific purposes which are consistent with achieving its key priorities and these will be kept under regular review.
- 8.4 Other than the General Reserve, all reserves are earmarked for specific purposes. The forecast balances on earmarked reserves at 31st March 2022 and 31st March 2023 are attached at Appendix I for information.
- 8.5 A general reserve of £12m is held to provide a level of contingency and meet any unforeseen expenditure and support the budget as currently agreed as set out in Appendix F. A full analysis of reserves is included annually in the Statement of Accounts. A financial risk analysis in respect of the level of general reserve is set out at Appendix H.

9 Budget Consultation and Equality Analysis

- 9.1 The budget process for 2022/2023 included a consultation exercise that concluded on the 7th January 2022. A summary of the response to the consultation is set out at Appendix C of the main report.
- 9.2 The Council continues to fully consider the impact of its plans by following a robust approach to equalities analysis. The Council continues to seek to meet its obligations in relation to equality and diversity and has procedures in place at both a general and budget specific level to incorporate equality and diversity issues into decision making processes and the assessment of proposals.

10 Risk Assessment

- 10.1 A comprehensive financial risk assessment is undertaken for the Revenue and Capital Budget setting process to ensure that all risks and uncertainties affecting the Council's financial position are identified. These are reviewed as part of the refresh of the MTFP. The key strategic financial risks to be considered in developing the MTFP are as set out at Appendix Gii.

11 Conclusion

- 11.1 The Government has announced funding levels for 2022/2023 but as yet has provided no indications of funding beyond that year. The impact of the Fair Funding Review, and any proposed changes to the retained business rates could all have a significant impact on the future funding level available for services in Sunderland. The financial planning assumes at this stage that the Government will take action through the Top Up and Tariffs or damping arrangements so that no council is significantly adversely affected by the combined impact of the changes. However, even with this assumption, the Council faces the requirement for significant budget reductions as a result of the unfunded spending pressures which the Council faces each year, with a three year ongoing savings requirement for 2023/2024 to 2025/2026 in the region of £32.449m, after assumed increases in council tax.
- 11.2 In seeking to minimise the impact on residents and the city, the Council, will increasingly need to take a citywide approach with partners in health, education and the business sector together with our communities to collectively reshape services to enable the best response for the city. The Council's role will increasingly need to shift from delivering services to enabling individuals, communities and other organisations in the public, private and voluntary sectors to work together to address the needs of the city in new ways and to encourage people to be more self-supporting.
- 11.3 In the short term, all funding options, including budget savings and council tax levels and commitments against reserves, will be considered to allow a balanced and sustainable budget over the period to 2025/2026 to be agreed.

Efficiency Strategy 2022/2023 to 2025/2026

The following strategy sets out the Council's overarching approach to meeting the financial challenge as a result of the Government's funding reductions and unfunded cost pressures.

The Efficiency Strategy, as set out, follows the previous format required to satisfy the Government's four year funding settlement, the final year of which was 2019/2020. An Efficiency Strategy is required in order to make use of the capital receipts flexibility arrangements, should the Government confirm the detail of the extension to the current arrangements, for funding transformational costs.

It is recognised that the impact of the Spending Review 2021, the Fair Funding Review and any changes to the business rates system could have a significant effect on the assumptions within the MTFP as set out at Appendix G, which in turn will impact upon the approach set out in this Efficiency Strategy. The Efficiency Strategy will therefore be kept under review and the approach updated as required throughout 2022/2023.

1 Purpose

- 1.1 The Efficiency Strategy 2022/2023 to 2025/2026 sets out the overall approach to the delivery of the required savings to address the reductions in funding and spending pressures during the period.

2 Objectives of the Efficiency Strategy

- 2.1 The Efficiency Strategy is intended to:
- enable a balanced budget to be achieved throughout the period of the MTFP;
 - ensure the best use of resources available;
 - ensure the financial resilience of the Council is maintained; and
 - comply with the Government's requirements in relation to proposed use of Capital Receipts Flexibility.
- 2.2 The Council is committed to delivering continual improvement and to providing services that represent good value for money to its residents. Through planning and financial and performance management arrangements the Council ensures that value for money is embedded into the culture of the Council's activities and its arrangements with partners.
- 2.3 The approach set out reflects the Council's approach and arrangements for delivery of savings as part of medium term financial planning.

3 Context

- 3.1 This Efficiency Strategy integrates the Council's commitment to strengthening its Community Leadership role in the city. As a democratically elected body, the Council will continue to be:
- a champion and advocate for Sunderland communities and interests; and
 - a focal point of leadership for partners to work together to deliver on priority outcomes.

4 The Financial Challenge - Medium Term Financial Plan

- 4.1 The MTFP set out at Appendix G shows savings requirements of £65.058m through to 2025/2026 as follows:

	2022/23	2023/24	2024/25	2025/26	Total
	£m	£m	£m	£m	£m
Government Grant Changes	(22.399)	(1.613)	(0.892)	(0.910)	(25.814)
Total On-going Spending Pressures and Commitments	37.111	28.389	13.095	12.277	90.872
Initial Funding Gap	14.712	26.776	12.203	11.367	65.058

After assumed increases to council tax, additional ongoing savings of £32.449m are estimated to be required over the period to 2025/2026.

- 4.2 The Revenue Budget and Proposed Council Tax for 2022/2023 report to February 2022 Cabinet includes proposals to meet the funding gap for 2022/2023. Section 5 below sets out the approach to develop a full suite of proposals to meet the remaining funding gap through to 2025/2026.
- 4.3 A further suite of proposals to balance the budget over the medium term will be considered by Cabinet in due course and form the basis of future consultation.

5 The Approach to meeting the funding gap

- 5.1 To deliver the scale of reductions faced by the Council over the medium term it is necessary to consider the role of the Council as change will be required to the way the Council operates in the future. This will inevitably impact on the services provided to communities.
- 5.2 This involves further transforming service delivery, reviewing service standards and commissioned activity and prioritising resources to support statutory requirements and key priorities as set out in the City Plan.
- 5.3 Programme of service activity

There will be a continued and iterative development of a programme of activity to address the gap taking into account the strategic vision of the Council's role in the future and reflecting the following key principles.

For all service areas this includes consideration of:

- Ensuring resources are targeted on statutory and front-line services and protecting key priority services with a focus on need rather than want;
- Managing demand - implementing strategies and policies that enable the Council to manage demand and facilitate those services which make a difference in the most effective way;
- Being customer focussed - using robust data and information to understand our resident's needs and maximising opportunities through use of technology for both our customers and internal users, so that people self-serve wherever possible and eliminate waste and duplication;
- Redesigning and reshaping services to deliver required outcomes in a value for money way which maximises productivity;
- Strategic commissioning based on outcomes and using an intelligence-based approach to ensure a sound evidence base for commissioning decisions and effective commissioning arrangements;
- Pressing forward with new models of service delivery that improve our commercialisation, to maximise income opportunities where there is a market and business case;
- Ensuring opportunities for collaboration with partners to deliver key outcomes that matter to the city;
- Ensuring that our internal, support services respond appropriately to the changing shape and size of the Council;
- Involving the Community – residents, businesses, partners and voluntary sector to ensure best outcomes for the city; and
- Continued focus on regeneration and inward investment in order to grow business rate and council tax income, leveraging funding to maximise additional income sources and commercial opportunities.

A transformational review process for a proportion of the Corporate Services directorate commenced during 2021/2022 with the aim of delivering, improved services, efficiencies, and financial savings during 2022/2023. Further reviews will continue during 2022/2023.

5.4 Income maximisation

- 5.4.1 In addition to pursuing service related activity strategies as set out at paragraph 5.3, focus will also be made on maximising income levels:

Retained Business Rates

- 5.4.2 Under the current retained business rates mechanism for funding local government, the Government makes assumptions about the level of Business Rates which will be achieved and retained by a local authority in determining its SFA. However, the Council must determine for itself the anticipated level of Business Rate Income collection. The Business Rate income for 2022/2023 to be retained by the Council is £40.416m (after reductions for S31 Covid related reliefs).
- 5.4.3 The regeneration activity delivered to date and the implementation of the Council's Capital Strategy will help grow the business rates base within the city.

- 5.4.4 The Efficiency Strategy and MTFP assumes prudent growth in the business rates base of £0.500m per annum based on historical growth, forecast developments impacting on the business rates baseline, and the volatility of the appeals position.

Council Tax

- 5.4.5 Recent years have seen sustained growth in the council tax base as new houses have been built, bringing with it benefits in terms of both increased council tax income and New Homes Bonus grant. The impact of the regeneration activity and the Capital Strategy will further help grow the availability of housing in the city resulting in additional council tax income which will assist in meeting the cost of services. Over the medium to long term there are a number of proposed residential developments including Siglion's proposed developments at Seaburn, Potters Hill and Vaux as well as the South Sunderland Growth Area. Such development activity will take on even greater importance as the Government removes core grant funding in favour of local self-sufficiency.
- 5.4.6 The Efficiency Strategy and the MTFP assumes growth in the council tax base through to 2025/2026 to recover to levels pre the Covid-19 pandemic and growth based upon historical experience and known development activity which will impact during the period of the MTFP.
- 5.4.7 The provisional Local Government Finance Settlement for 2022/2023 includes assumptions that councils will raise council tax annually in line with the level allowed without a local referendum in addition to applying the maximum social care precept. The Council will consider the position regarding council tax as part of each annual budget process.

Fees and Charges

- 5.4.8 A review of all fees and charges takes place on an annual basis in accordance with the Council Fees and Charges Review Policy to ensure that opportunities to maximise resources are followed through.
- 5.4.9 Opportunities for new charges continue to be actively pursued by Executive Directors as part of the improvement planning process and these will be reflected within future savings plans to be considered by Cabinet in due course.

5.5 Capital Programme and Regeneration Activity

- 5.5.1 The Council's approach to capital planning is set out in the Capital Strategy, approved by full Council in November 2021. This encompasses the aims of the City Plan with an overall ambition that by 2030 Sunderland will be a connected, international city with opportunities for all.

5.5.2 The key themes to achieving our ambition are that:

- By 2030 Sunderland will be a **dynamic smart city** with more and better jobs, a low carbon economy and a great choice of housing. It will be a leading digital city, deploying smart and sustainable technologies for the benefit of residents, business, and visitors;
- Sunderland will be a **healthy smart city** where people will live healthier, independent lives for longer. It will be a clean and attractive city with great transport and travel links; and
- Sunderland will be a **vibrant smart city** with more resilient people feeling safe in their homes and neighbourhoods. There will be a range of opportunities for people to participate in their communities and in cultural events and activities.

5.5.3 In addition, the continuing focus for the Council is on serving all our residents in Sunderland with the best possible services and support with a focus on long term benefits for our children and young people beyond 2030. As community leaders for the city we also have the role to help steer the city with our partners to achieve its true potential. This includes our commitment to our values – Innovate, Respectful and Enabling. This is in line with our commitment to creating community wealth and working within the principles of a co-operative council.

5.5.4 A key priority of the Capital programme 2022/2023 to 2025/2026 is to continue to support plans for the regeneration of the City Centre, including Riverside Sunderland, IAMP, Enterprise Zones, the continued development of city wide infrastructure and to support housing delivery and growth.

5.5.5 The Council will continue to take an increasingly commercial approach to securing capital investment in the city in order to deliver growth and jobs. The Council will work with partners to continue to invest in the regeneration of the city to maximise the use of resources available and delivery of outcomes. This in turn will help maximise income available to the city through council tax and business rates.

5.5.6 The Capital Programme will be kept under review in light of the delivery of savings plans and associated transformational costs arising. The programme may need to be revised to enable utilisation of capital receipts flexibilities or realignment of earmarked capital reserves to meet transformational costs or to support the overall budget position.

5.6 Leverage of External Funding

5.6.1 The Council continues to explore and maximise external funding opportunities to support its core priorities including economic development and regeneration, education and skills, low carbon, digital connectivity, health and well-being and culture and heritage reflecting the priorities in the City Plan.

- 5.6.2 Significant investment has been secured in the last 5 years from Central Government and regional funds to support major infrastructure priorities, including Riverside Sunderland, the International Advanced Manufacturing Park (IAMP), Sunderland Strategic Transport Corridor Phase 3 (SSTC3), the Port of Sunderland Enterprise Zone, digital connectivity and housing infrastructure.
- 5.6.3 With the Local Growth Fund and European funding programmes now committed in the North East Local Enterprise Partnership (North East LEP) area, the Council continues to access and investigate funding opportunities linked to the UK's Industrial Strategy and the Levelling Up agenda. Capital funding secured for major projects include support from the Housing Infrastructure Fund for the South Sunderland Growth Area project, Transforming Cities Fund support for the redevelopment of Central Station, and Future High Streets Fund support for a city centre transformation programme. The Council has also secured Getting Building Fund approval for two capital projects 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.
- 5.6.4 In October 2021, the Council secured £20m from Round 1 of the Government's Levelling Up Fund to support the City Centre Housing Ecosystem, including co-funding towards construction of the Housing Innovation and Construction Skills Academy, and support for the development of two sustainable housing developments in Riverside Sunderland and Sunniside. The Council is currently developing proposals for future rounds of the fund due to be launched in early 2022. It is also awaiting further guidance on the UK Shared Prosperity Fund and City Region Sustainable Transport Fund both of which should offer additional capital funding opportunities for the city in the next 3-5 years.
- 5.6.5 The Council and its partners continue to access and explore new opportunities to invest in the city's heritage, tourism, sporting and cultural assets. This involves pursuing funding opportunities through the National Lottery Heritage Fund, Historic England, National Lottery Community Fund, Arts Council England, Sport England and other major funders. The Council will continue to support the work of Sunderland Culture to ensure that National Portfolio Organisation funding status from Arts Council England is maintained and consolidated for a further 4 years from 2023 onwards. Development work is ongoing to identify a pipeline of future projects to enhance the city's overall cultural offer, including redevelopment of the Sunderland Museums and Winter Gardens.
- 5.6.6 In addition, the Council has continued to secure external funding for projects which support the most deprived communities and most disadvantaged groups within the city. These include more than 30 local projects funded through Sunderland's Community Led Local Development and Community Renewal Fund programmes, additional funding secured to support domestic abuse victims, people with physical and mental health issues, and a range of local educational and skills projects supported funded through the Adult Education Budget.

- 5.6.7 Apart from a number of existing capital projects that are due to be completed by the end of 2023, there are no further opportunities to access EU funding, and specifically the European Regional Development Fund.
- 5.6.8 The Spending Review in October 2021 provided further information on Government plans for the introduction of the UK Shared Prosperity Fund (SPF) in 2022. The Review outlined plans to allocate over £2.6 billion to the SPF (from 2022/23-2024/25) 'focused on helping people into jobs and to get on in life across the UK.' It was confirmed that the SPF will be worth £0.4bn in 2022/23, £0.7bn in 2023/24 and £1.5bn in 2024/25. Local authorities, and others, are waiting to see how the money will be allocated; and, whether regions that benefitted from EU structural funds will be as well off as before. No details were given for the rest of this decade or beyond.

5.7 Other Options for Future Funding

- 5.7.1 The reduction in both revenue and capital funding requires the Council to focus on new and existing opportunities for funding for example:
- Capital Funding - Bonds, Tax Increment Financing, asset backed partnerships, joint working with partners, infrastructure investment for enterprise zones underpinned by business rates growth;
 - Trading opportunities; and
 - Alternatives to revenue funding.
- 5.7.2 The Council will seek to maximise opportunities for funding priority spending. Some avenues have already been explored and implemented for example the formation of Sunderland Care and Support Limited, the formation of Siglion to bring forward and develop priority regeneration sites, the formation of Sunderland Lifestyle Partnership to develop, manage and operate a number of leisure facilities across the city. Other opportunities will continue to be explored and proactively developed as part of improvement planning activity in order to enable the Council to meet the ongoing challenges.

5.8 Partnership / Collaboration / Joint working activity

- 5.8.1 The Council's Community Leadership programme places increasing focus on working in partnership with public, third sector and private partners to deliver city-wide aims, priorities and strategies.
- 5.8.2 This includes consideration of how public money is spent across the city and regionally and working with partners to ensure combined spending generates the best possible value for the city in terms of both the city's infrastructure and asset base and services delivered to residents.
- The Capital Programme reflects ongoing work with key partners to review physical assets on a city-wide basis and maximise the potential benefits and opportunities of wider capital and infrastructure; and
 - The Council alongside the CCG and Health partners have formed the All Together Better Alliance to further integrate health and social care in the community to improve outcomes for patients and social care users while reducing cost.

5.8.3 Opportunities for joint working and collaboration with other local authorities to reduce costs will also be considered where appropriate.

5.9 Reserves and Balances

5.9.1 Regular reviews of all commitments against reserves are undertaken. Reserves earmarked for specific purposes may be reprioritised in light of the delivery of savings plans proposals with consideration given to the release of such reserves to support the overall budget position and transformational costs as necessary.

5.10 Good housekeeping and general ongoing actions

5.10.1 The following actions are embedded within the budget management responsibilities of accountable officers to ensure savings are maximised at all stages:

- Continuous review of costs and planned spend to minimise non-essential spend and maximise savings;
- Challenge of all spending, working practises and culture;
- Understanding that spending pressures are to be contained within directorate existing budgets; and
- Annual refresher training with Budget Managers to ensure their roles and responsibilities as Budget Managers are clearly understood.

6 Invest-to-Save proposals linked to delivery of savings plans

6.1 Some future savings may require initial up-front investment to enable savings to be delivered - examples include investment in technology to enable improved productivity and reduced cost, or investment in extra care facilities to reduce numbers entering residential nursing care. Such Invest to Save proposals are considered on a case by case basis and subject to development of a business case with the investment recouped through savings generated over a period of time.

6.2 Use of Capital Receipts Flexibility to support transformational costs

6.2.1 As work on the Council's transformation programme continues, and proposals to address the future years' budget positions are progressed, transformational costs may arise. These costs may be ICT systems or other one-off costs and not just workforce planning costs.

6.2.2 As part of the 2018/2019 Local Government Finance Settlement, the Government extended the flexibilities allowing capital receipts generated in each year through to 2022/2023 to be used to fund transformational costs incurred in those years.

6.2.3 It is proposed to continue the approach adopted in recent years in relation to the capital receipts flexibility in order to ensure maximum flexibility in funding options available, with the capital receipts received potentially being utilised to meet workforce planning arrangements and other transformation costs arising in 2022/2023.

- 6.2.4 The Council's Efficiency Strategy supports the Government's requirements in making use of these flexibilities. The requirements in respect of prudential indicators are reflected in the Capital Programme 2022/2023 to 2025/2026 and Treasury Management Policy and Strategy 2022/2023 report elsewhere on this agenda.
- 6.2.5 The position will be kept under review throughout the year as transformational costs and capital receipts generated are finalised. Final arrangements on funding transformational costs arising in each year will be considered as part of the outturn position each year, taking account of the overall corporate outturn position, available reserves, and capital receipts availability. Should the use of capital receipts be required, this will be reported, with project details to Cabinet as appropriate.

7 Governance and Monitoring arrangements

- 7.1 The strategy will be robustly managed to ensure financial resilience is maintained. Progress on the delivery of savings required will be closely monitored and reported upon. The arrangements include:
- The Cabinet Secretary is Member Champion for efficiency;
 - All initiatives proposed for inclusion in the programme to deliver the savings requirement are subject to scrutiny at all stages during the budget process prior to final inclusion in the programme, to ensure realistic likelihood of realisation, existence of baseline information, impact on outcomes, and assessment of risks;
 - All detailed initiatives / actions have a nominated Directorate lead officer who is accountable for ensuring successful implementation and delivery in accordance with timelines and financial savings;
 - Corporate performance monitoring arrangements include monitoring of the delivery of savings at Chief Executive and Directorate level and is embedded as part of the routine budget monitoring processes with reporting to Directorate Senior management teams and Portfolio Holders; and
 - Reporting to Cabinet on progress on delivery of annual savings on a quarterly basis.

MTFP 2022/2023 to 2025/2026 Risk Assessment

Risk	Likelihood	Impact	Risk Management
1. Future available resources less than notified. The MTFP is based on data as known, but this does not reflect any potential impact of the Government Fair Funding review and move to any alternative retained business rates system. This is likely to be a key impact on the level of funding available in future.	Likely	High	Settlement confirmed RSG funding for 2022/2023 with forecasts beyond 2022/2023 based on an assumption that the Government will use Top up and Tariff mechanisms and damping to smooth impact on individual authorities of spending review, fair funding review and implementation of any alternative retained business rates. The MTFP is regularly updated to reflect latest intelligence. Annual review of reserves and reserves policy to identify available future resources.
2. Changes to Government policy.	Possible	High	Source alternative funding options including short term use of reserves. Pressures factored into the MTFP. Latest funding indications reflected in the MTFP.
3. Pay Awards and price inflation higher than assumed.	Likely	High	Provision included in the MTFP for pay awards yet to be agreed, which includes 2021/2022. Limited additional contingencies available should the award be higher.
4. Future spending plans underestimated, including increased social care demand.	Likely	High	Service planning process and regular MTFP review identifies future budget pressures. Impacts of the Covid-19 pandemic kept under constant review to assess cost pressures / lost income. Provision included in 2022/2023 budget and future years MTFP to reflect social care and general cost pressures.
5. Anticipated savings not achieved.	Possible	High	Regular monitoring and reporting take place. In relative terms limited reductions for 2022/2023, but the size of the funding cuts increases the likelihood of this risk into the future. None achievement of savings would require compensating reductions in planned spending within services. Principles to maintain General Reserve at £12m.

Risk	Likelihood	Impact	Risk Management
6. Revenue implications of capital programmes not fully anticipated.	Unlikely	Low	Revenue impacts considered in framing the capital programme. Capital programme links to the Council's priorities through the City Plan.
7. Income Targets for business rates and council tax not achieved	Possible	High	Prudent approach taken in setting the forecast income levels factoring in the impact of the Covid-19 pandemic. Monitoring processes in place, including through quarterly reviews to identify forecast shortfall and remedial action to be taken. Provisions held for both appeals and bad debts.
8. Other Miscellaneous Income targets not achieved	Possible	Medium	Economic climate potential impact mitigated by potential short term use of reserves. Regular monitoring / reporting and review of fees and charges undertaken.
9. Budget monitoring not effective	Unlikely	High	Monthly monitoring / reporting in line with corporate performance management framework. Monitoring activity intensified to ensure financial impacts of the Covid-19 pandemic are understood. Action plans developed to address problem areas.
10. Exit strategies for external funding ceasing/tapering not met.	Possible	Medium	Regular monitoring and reporting. Government policy has largely removed ring fencing providing greater flexibility. External Funding Strategy in place.
11. Loss of principal deposit.	Unlikely	Medium	Limited by the controls in the Treasury Management Strategy which focus on security and liquidity of deposit prior to returns. Impact limited due to the strategy of a diverse portfolio and top credit rated institutions.
12. Interest rates lower than expected.	Unlikely	Low	Regular review, monitoring and reporting on interest rates. Prudent assumptions on likely interest rates for 2022/2023 onwards factored into the MTFP.
13. All MTFP risks not adequately identified.	Unlikely	Low	The Council's Risk Management Profile ensures all operational and strategic risks identified as part of annual service planning process.

General Balances – Financial Risk Analysis

Financial Planning

Risk is that a major liability or commitment is currently known but has not been taken into account in the financial planning of the Council.

This is unlikely to arise due to:

- the existence of a comprehensive MTFP process with regular updates during the year; and
- networking with other senior finance staff in other authorities who are likely to identify similar liabilities.

Inflation

Risk is that pay and price increases may exceed the levels provided for within the budget.

This remains a risk given potential for contract inflation increases following the increase to the National Living Wage and also current levels of general inflation in the economy. It is mitigated by the realistic prudent provisions made:

- Prudent provision has been included for known pay offers;
- CPI has been included at a prudent rate, based on future years' Bank of England forecasts;
- appropriate provision for price increases has been included in the budget including a prudent provision for increases in contract prices, reflecting the Bank of England's inflation forecasts, and additional provision for fees for independent providers of care services including the impact of the National Living Wage;
- expenditure in respect of most budgets can be either influenced or controlled; and
- separate provision has been made for fuel and utility costs, which have been subject to price significant fluctuations over recent years. Council procurement officers continuously monitor price changes in order to take advantage of any purchasing opportunities that may arise.

Contingencies

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

This is unlikely to occur due to:

- prudent estimates have been included in respect of each category of contingency provision and specific contingencies have been created for known spending pressures in 2022/2023; and
- the total contingency provision should be considered in the context of the net revenue budget.

Debt Charges

Risk is that Debt Charges will be greater than budgeted.

This is unlikely to arise due to:

- a prudent provision has been made within the revenue budget and MTFP to enable potential borrowing under the prudential framework;
- the market consensus regarding the economic outlook for the years ahead is reflected in planning for debt charges; and
- short-term headroom exists within the debt charge budget for any additional new borrowing costing more than forecast.

Revenue Budget - Budgetary Control

Risk is that the budget will be overspent in the year.

Whilst the scale of changes in the budget and levels of savings are significant alongside the uncertainties created by the Covid-19 pandemic on both increased levels of expenditure and reductions in income, robust monitoring arrangements are in place to deal with the increased risks associated with this including;

- The budgetary control processes that are in place fully integrate monitoring of delivery of budget reduction plans which will identify any shortfall and remedial action will be taken;
- Heightened budget monitoring is undertaken to monitor the financial impacts of the Covid-19 pandemic on the Council's finances, including regular returns to the Government that identify emerging costs pressures and lost income;
- Corporate performance monitoring arrangements includes monitoring of delivery of savings and overall budget position at Chief Executive, Executive Director and Assistant Director level and is embedded as part of the routine budget monitoring processes with exception reporting to Directorate Senior Management Teams and Portfolio Holders with corrective action agreed or set in train;
- Quarterly Council-wide Revenue Budget Budgetary Control reviews are undertaken, reported to Cabinet and corrective action agreed or set in train;
- Financial Procedure Rules relating to delegated budgets provide for virement; clear budget management responsibilities are in place and recorded within the Revenue Budget and Capital Programme;
- Contingencies held, including additional national funding provided to fund the Council's response to the Covid-19 pandemic, and short term headroom exists within the debt charge budget that is available to mitigate pressures elsewhere should they arise; and
- Transformation and MTFP Smoothing reserves held to support the revenue position should the need arise.

Risk Management

Risk is that all significant risks have not been identified and that major financial consequences may result.

This is unlikely to occur due to:

- the Council has in place a Risk and Assurance Map supported by detailed Strategic and Corporate Risk Profiles, which are regularly and formally reviewed, and action is taken to mitigate and manage risks;
- Risk Profiles are developed for all major projects;

- Risks are considered as part of the development of significant changes recommended to Cabinet;
- comprehensive self and external insurance arrangements are in place, including adequate self-insurance funds including both provisions and reserves; and
- existence of Bellwin Scheme.

Capital Programme Implications

Risk is that funding will not be available as planned or that unexpected overspending may occur.

This is unlikely to happen due to:

- Project sponsors are identified for each capital programme project and recorded within the Capital Programme;
- Quarterly Council-wide Capital Programme Budgetary Control reviews are undertaken, reported to Cabinet and corrective action agreed or set in train; and
- Budgeted revenue contributions to fund capital expenditure and the Prudential Borrowing regime gives added flexibility in terms of financing the Capital Programme.

Earmarked Reserves - Position Statement

Reserves	Purpose of the Reserve	Opening Balance 01.04.2021 £m	Forecast Movement in Year £m	Forecast Closing Balance 31.03.2022 £m	Forecast Movement in Year £m	Forecast Closing Balance 31.03.2023 £m
General Fund	General Fund of the Council	12,000	0	12,000	0	12,000
School Balances	Balances held by schools under a scheme of delegation	10,742	(2,824)	7,918	(2,257)	5,661
Riverside Transfer	Reserve established to fund capital works associated with the Homes and Communities Agency land transferred to the Council.	9,041	(393)	8,648	0	8,648
Capital Priorities Reserve	A reserve established to address some of the Council's key capital developments and strategic priorities.	8,192	(593)	7,599	(3,810)	3,789
Section 106 Reserves	Under Section 106 of the Town and Country Planning Act 1990, developers make financial contributions to the Council relating to affordable housing, public open spaces including allotments and locally equipped play parks, educational facilities, highways and public transport improvements, sports and recreational facilities and environmental improvements.	7,995	(572)	7,423	289	7,712
Strategic Investment Reserve (Capital)	A reserve established to address some of the Council's key developments, strategic priorities and address other major liabilities.	3,782	(2,498)	1,284	(948)	336
Commercial and Economic Development Activity	Reserve established to take advantage of commercial and economic development opportunities that will meet priorities of the Council.	1,007	(644)	363	(363)	0
Strategic Investment Plan Reserve	This reserve is necessary to fund part of the Council's contribution to its Strategic Investment Plan	162	(162)	0	0	0
Other Earmarked Capital Reserves	Funding set aside to fund future capital projects previously approved.	1,358	(408)	950	(196)	754

Reserves	Purpose of the Reserve	Opening Balance 01.04.2021 £m	Forecast Movement in Year £m	Closing Balance 31.03.2022 £m	Forecast Movement in Year £m	Forecast Closing Balance 31.03.2023 £m
NNDR Covid Retail, Hospitality and Leisure Relief Grant Reserve	Reserve established to manage the requirement to fund Collection Fund deficits in the proceeding financial year. Section 31 Retail, Hospitality and Leisure Relief Grant held to offset deficit in 2021/2022.	19,874	(8,910)	10,964	(10,964)	0
Medium Term Planning Smoothing Reserve	This reserve has been established to address any potential impact arising from increased risk and uncertainty with the Business Rate Retention Scheme. It is being used to smooth the impact of government funding uncertainties.	17,861	(2,248)	15,613	(2,000)	13,613
Service Reduction Reserve	This reserve is to provide temporary transitional funding relating to the implementation of planned service reductions.	12,145	(3,097)	9,048	(430)	8,618
Strategic Regeneration Reserve	A reserve to support the Council's regeneration ambitions, specifically to smooth any revenue impact of projects until they become self-sustaining.	9,997	0	9,997	0	9,997
Strategic Investment Reserve (Revenue)	A reserve established to address some of the Council's key developments, strategic priorities and address other major liabilities.	5,749	(238)	5,511	(3,319)	2,192
Insurance Reserve	This reserve has been established to provide for potential future claims or claim increases.	5,600	0	5,600	0	5,600
Street Lighting and Highway Signs PFI Smoothing Reserve	The reserve was established to smooth the financial impact to the Council across the 25 years of the contract life.	4,281	(158)	4,123	(300)	3,823
SIB Reserve	A reserve held to fund future allocations through the Strategic Initiatives Budget.	4,179	0	4,179	(500)	3,679
Smart Cities	This reserve was established to set aside revenue funding to cover 8-10 years, to support 5G and Wireless connectivity within the city.	4,000	0	4,000	(500)	3,500
Street scene and Open Space	A reserve to enhance the city's recovery from the covid pandemic and ensure that the full benefit can be made of the regeneration activities across the city. This reserve will fund a range of street scene and open space projects.	3,500	(685)	2,815	(750)	2,065
HCA Stadium Park	Reserve established to fund ongoing maintenance of Homes and Communities Agency land transferred to the Council.	3,109	0	3,109	0	3,109
Transformation Reserve	To support the changes that are likely to be required over the next 12-18 months to address financial pressures as the city emerges from the pandemic and MTFP challenges.	3,000	500	3,500	(2,000)	1,500

Reserves	Purpose of the Reserve	Opening Balance 01.04.2021 £m	Forecast Movement in Year £m	Closing Balance 31.03.2022 £m	Forecast Movement in Year £m	Forecast Closing Balance 31.03.2023 £m
Children's Social Care	A reserve to fund any one-off Children's Social Care costs that may arise in the future.	3,000	0	3,000	(3,000)	0
Public Health Grant	Ringfenced Public Health grant funding, to deliver future public health initiatives.	4,142	320	4,462	(520)	3,942
Sandhill Centre PFI Smoothing Reserve	The reserve was established to smooth the financial impact to the Council across the 25 years of the contract life.	2,151	(314)	1,837	(247)	1,590
Education Redundancy Reserve	The reserve was established to meet the anticipated costs of redundancies as a result of falling pupil rolls within maintained schools.	2,125	213	2,338	200	2,538
Low Level Family Support	Reserve to support activities with families and individuals to address the challenges of recovering from the pandemic.	2,000	(133)	1,867	(1,400)	467
Children and Young People Recovery	The reserve was established for TfC to deliver a range of activities that will support covid-recovery activities.	1,700	(1,700)	0	0	0
Collection Fund Surplus Reserve	Reserve established as part of 2018/19 budget setting to smooth the collection fund surplus benefit into future years.	1,533	0	1,533	0	1,533
Covid-19	A reserve established from the Government grant to fund the immediate costs and lost income associated with the Covid-19 pandemic.	1,512	(1,512)	0	0	0
Housing Benefit Smoothing Reserve	This reserve has been established to smooth any potential impact of outstanding debtors as housing benefit is subsumed within universal credit.	1,298	(250)	1,048	(250)	798
Airport Smoothing Reserve	Reserve established to smooth any delayed airport loan interest payment that may arise.	1,253	0	1,253	0	1,253
Triathlon	Reserve established to support a bid to secure a multi-year arrangement with British Triathlon to host triathlon events in the City.	1,200	0	1,200	(600)	600
Riverside Transfer	Reserve established to fund ongoing maintenance of Homes and Communities Agency land transferred to the Council.	1,197	(105)	1,092	(105)	987
House Sale Income	The reserve relates to the sale of client's homes that will be utilised to support future support needs of those clients.	1,020	0	1,020	0	1,020
Other Earmarked Revenue Reserves	Numerous small revenue reserves less than £1m which are set up for specific purposes.	17,657	(5,139)	12,518	(4,877)	7,641
Total General Fund Reserves		189,362	(31,550)	157,812	(38,847)	118,965

Reserves	Purpose of the Reserve	Opening Balance 01.04.2021 £m	Forecast Movement in Year £m	Closing Balance 31.03.2022 £m	Forecast Movement in Year £m	Forecast Closing Balance 31.03.2023 £m
Capital Receipts Reserve	Balance of capital receipts held, pending use to fund the capital programme.	9,401	(2,142)	7,259	(7,460)	(201)
Capital Grants Unapplied	Balance of capital grants held pending expenditure on capital programme.	4,085	(2,197)	1,888	(1,388)	500
Total Usable Reserves		202,848	(35,889)	166,959	(47,695)	119,264

REVENUE BUDGET 2022/2023

**REVENUE ESTIMATES 2022/2023
GENERAL SUMMARY**

Revised Estimate 2021/22 £		Estimate 2022/23 £
5,198,059	Leader	4,846,343
64,220,012	Deputy Leader	65,126,159
21,164,689	Cabinet Secretary	21,472,017
78,083,630	Children, Learning and Skills	85,798,766
12,845,878	Vibrant City	13,384,988
95,200,030	Healthy City	105,304,709
7,537,204	Dynamic City	8,237,217
8,946,316	Provision for Contingencies	15,209,234
13,582,617	Provision for COVID-19 Contingencies	0
	Capital Financing Costs	
22,079,518	- Debt Charges	28,654,318
(580,000)	- Interest on balances	(580,000)
(1,253,000)	- Interest on Airport long term loan notes	(1,253,000)
	Transfer to/(from) Reserves	
(2,288,000)	- Use of Medium Term Planning Smoothing Reserve	(5,430,394)
(19,838,349)	- Use of COVID-19 Section 31 Business Rates Reliefs Reserve	(10,964,301)
2,211,264	- Collection Fund Surplus Reserve	(1,294,674)
(63,043,303)	Technical Adjustments: IAS19 and Reversal of Capital Charges	(64,318,292)
<u>244,066,565</u>		<u>264,193,090</u>
LEVIES		
14,864,859	North East Combined Authority Transport Levy	15,805,099
230,998	Environment Agency	232,283
63,357	North East Inshore Fisheries Conservation Authority	72,190
<u>15,159,214</u>		<u>16,109,572</u>
Less Grants		
18,134,423	Improved Better Care Fund	18,682,943
13,861,106	Social Care Support Grant	18,586,272
7,803,828	Section 31 Grants – Business Rates	16,830,400
1,517,738	New Homes Bonus	1,842,158
13,781	Inshore Fisheries Conservation Authority	13,781
498,714	Lower Tier Services Grant	525,299
12,582,617	2021/2022 COVID-19 General Grants	0
0	2022/2023 Services Grant	5,919,621
0	Market Sustainability and Fair Cost of Care Fund	1,058,250
<u>204,813,572</u>	TOTAL NET EXPENDITURE / LOCAL BUDGET REQUIREMENT	<u>216,843,938</u>
66,836	Hetton Town Council	70,437
<u>204,880,408</u>	TOTAL BUDGET REQUIREMENT	<u>216,914,375</u>
Deduct Grants etc.		
28,110,161	Revenue Support Grant	28,974,079
24,881,319	National Non-Domestic Rates/Retained Business Rates	29,451,618
43,723,682	Top up Grant	43,723,682
<u>96,715,162</u>		<u>102,149,379</u>
<u>108,165,246</u>	LOCAL COUNCIL TAX REQUIREMENT INCLUDING PARISH PRECEPT	<u>114,764,996</u>
<u>108,110,255</u>	LOCAL COUNCIL TAX REQUIREMENT EXCLUDING PARISH PRECEPT	<u>114,706,404</u>

CONTINGENCIES 2022/2023

	£m
Pay and Cost Pressures	11.300
General Contingency	1.500
Rental and Property Service Pressures	0.100
Winter Maintenance	0.300
Economic Downturn	2.009
Total Contingency	15.209

STATEMENT OF GENERAL BALANCES

	£m
Balances as at 31st March 2021	
Use / Addition to Balances 2021/2022	12.000
Use of Balances 2021/2022	
- Contribution to Revenue Budget	(2.288)
Addition to Balances 2021/2022	
- Transfer from Medium Term Planning Smoothing Reserve to support the 2021/2022 budget	2.288
Estimated Balances 31st March 2022	12.000
Use of Balances 2022/2023	
- Contribution to Revenue Budget	(5.430)
Addition to Balances 2022/2023	
- Transfer from Medium Term Planning Smoothing Reserve to support the 2022/2023 budget	5.430
Estimated Balances 31st March 2023	12.000

ROLES AND RESPONSIBILITIES

Primary overview of Council priorities:

- To provide political leadership on behalf of residents, stakeholders and partners in the co-ordination of Council strategies, policies and service delivery, ensuring good quality services.
- To provide political leadership in the development of local, regional, sub-regional strategy and strategic partnerships.
- To promote and enhance the reputation of Sunderland, the city and the council, at national, European and international levels.
- To ensure that the Council's approach to economic, social and physical regeneration of the City is integrated, enabling and effective.
- To provide democratic leadership to partners, residents and stakeholders.
- To co-ordinate and apportion the roles and responsibilities of Members.

FINANCIAL

OBJECTIVE SUMMARY

Ref.	Assistant Director Ref.	Revised Estimate 2021/2022 £		Estimate 2022/2023 £
Corporate Services				
1	EDCS	285,974	Corporate and Strategic Management	285,509
2	ADLG	1,269,207	Democratic Core	1,268,417
3	ADF	1,582,834	Local Enterprise Partnership	1,630,538
4	ADLG	526,491	Member Support	524,749
5	EDCS	263,757	Policy and Partnerships	256,709
		3,928,263	Total Corporate Services	3,965,922
City Development				
6	EDCD	200,000	Inward Investment	200,000
		200,000	Total City Development	200,000
		4,128,263	TOTAL DELEGATED BUDGET	4,165,922
Non Delegated Budgets				
7		155,227	IAS19 (Pensions)	155,607
8		1,237,416	Support Service Costs - received from other services	825,730
9		(390,059)	Support Service Costs - charged to other services	(368,128)
10		67,212	Asset Charges	67,212
		5,198,059	TOTAL PORTFOLIO BUDGET	4,846,343

The budget service lines do not include support service costs or other non-delegated costs. As such they do not reflect external reporting requirements which will contain apportionment of support service costs, with the exception of those marked *.

PORTFOLIO GLOSSARY

EDCS	Executive Director of Corporate Services
ADLG	Assistant Director of Law & Governance
ADF	Assistant Director of Finance
EDCD	Executive Director of City Development

ROLES AND RESPONSIBILITIES

Primary overview of Council priorities:

- To support the Leader as appropriate, working collectively with the Cabinet and Deputy Cabinet Members.
- To support the Leader in the approach to strategic economic, social and physical regeneration activity in the City.
- To provide political leadership in relation to communications and corporate affairs.
- To provide political leadership to the Council's approach to equalities, safer communities and social inclusion including the work in the City with the armed forces.
- To ensure that the Council's approach to people management and development is enabling and effective.
- To ensure that the Council's approach to Environment and Transport agenda is integrated, enabling and effective and the Council fulfils its strategic and statutory roles in relation to these functions. This includes improving the physical environment and its connectivity for sustainable living, working and visiting the City.
- To provide political leadership to the Council's approach to environment and transport, sustainability and energy partnerships.
- To provide political leadership to the citywide approach to carbon reduction.

Policy Oversight to include:

- Environment, Transport, Infrastructure, Public Protection and Place Regulation functions.

In the absence of the Leader of the Council, the Deputy Leader of the Council has overall responsibility for the portfolio of the Leader of the Council.

**REVENUE BUDGET 2022/2023
DEPUTY LEADER**

APPENDIX J

FINANCIAL

OBJECTIVE SUMMARY

Ref.	Assistant Director Ref.	Revised Estimate 2021/2022 £		Estimate 2022/2023 £
Corporate Services				
1	ADLG	877,765	Coroners Court	881,976
2	ADCA	1,197,099	Corporate Affairs and Communications	1,200,153
3	ADCA	99,143	Corporate Performance	98,781
4	EDCS	44,826	Equalities and Integration	44,826
5	EDCS	192,663	Local Strategic Partnership	192,099
6	ADLG	(91,517)	Registrars	(92,762)
7	ADPM	2,194,592	Strategic and Operational HR	1,798,192
		4,514,571	Total Corporate Services	4,123,265
City Development				
8	ADER	803,845	Business and Investment	1,001,715
9	ADER	224,450	Business Development	225,410
10	ADER	1,000,000	Carbon Reduction	999,616
11	ADIPT	1,175,081	Infrastructure and Transportation*	237,024
12	ADIPT	(1,269,432)	Parking Services	(1,464,782)
13	PD	529,271	Port of Sunderland*	305,809
14	EDCD	271,736	Strategic Management	267,611
15	ADIPT	7,978,647	Street Lighting*	7,773,521
		10,713,598	Total City Development	9,345,924
Neighbourhoods				
16	ADCR	(2,314,565)	Bereavement	(2,341,092)
17	ADHS	938,718	Building Cleaning	900,849
18	ADHS	(978,721)	Building Services*	(1,043,208)
19	ADCE	28,147	Civic Catering	25,046
20	ADHS	569,577	Depots	508,198
21	ADHS	3,295,496	Fleet	3,287,144
22	ADCR	7,604,080	Local Services	7,990,462
23	ADHS	160,792	Public Conveniences	142,851
24	ADCR	1,496,877	Public Protection and Regulatory Services	1,480,372
25	ADCR	60,213	Safer Communities	57,617
26	ADCE	49,914	School Meals	63,296
27	ADHS	1,334,108	Waste Collection and Recycling	1,895,596
28	ADHS	14,689,392	Waste Disposal*	15,751,326
		26,934,028	Total Neighbourhoods	28,718,457
		42,162,197	TOTAL DELEGATED BUDGET	42,187,646
Non Delegated Budgets				
29		7,706,239	IAS19 (Pensions)	8,104,385
30		16,713,188	Support Service Costs - received from other services	16,870,495
31		(15,666,614)	Support Service Costs - charged to other services	(15,341,369)
32		13,305,002	Asset Charges	13,305,002
		64,220,012	TOTAL PORTFOLIO BUDGET	65,126,159

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PORTFOLIO GLOSSARY

ADLG	Assistant Director of Law and Governance
ADCA	Assistant Director of Corporate Affairs
EDCS	Executive Director of Corporate Services
ADPM	Assistant Director of People Management
ADER	Assistant Director of Economic Regeneration
ADIPT	Assistant Director of Infrastructure, Planning and Transportation
PD	Port Director
EDCD	Executive Director of City Development
ADCR	Assistant Director of Community Resilience
ADHS	Assistant Director of Housing Services
ADCE	Assistant Director of Culture and Events

ROLES AND RESPONSIBILITIES

Primary overview of Council priorities:

- To provide political leadership to the Council's approach to the efficient and effective deployment of resources to sustain services that matter to local people and to local communities.
- To deputise for the Leader as appropriate.
- To ensure that the Council's internal operations are integrated, enabling and effective and the Council fulfils its strategic and statutory roles in relation to corporate services.
- To provide political leadership to the Council's approach to commissioned and procured partnerships as well as partnerships where Sunderland is the lead authority.

Policy Oversight to include:

- Corporate Services and Data Protection functions.
- Community Wealth Building and Cooperative Development Agendas.

FINANCIAL

OBJECTIVE SUMMARY

Ref.	Assistant Director Ref.	Revised Estimate 2021/2022 £		Estimate 2022/2023 £
Corporate Services				
1	ADBPS	(216,872)	Area Facilities	(213,944)
2	ADBPS	785,990	Asset Management	681,910
3	ADBPS	1,859,289	Audit, Risk and Assurance	1,799,953
4	ADF	662,759	Benefits Service	656,100
5	ADBPS	2,790,949	Business Support	2,462,356
6	ADBPS	2,592,076	Civic Buildings*	4,113,137
7	ADBPS	210,047	Civil Contingencies	189,348
8	ADF	82,942	Corporate Management	374,887
9	ADSC	2,077,612	Customer Service Network	2,180,289
10	ADBPS	176,162	Data Protection Office	145,177
11	ADLG	649,415	Electoral Services	622,492
12	ADF	2,293,551	Financial Management	2,152,114
13	ADLG	557,241	Governance Services	428,258
14	ADSC	6,229,698	ICT	6,262,149
15	ADBPS	(2,790)	Information Governance	(3,533)
16	ADLG	1,054,414	Legal Services	999,917
17	ADBPS	518,229	Procurement	363,202
18	ADBPS	363,189	Purchase to Pay	335,198
19	ADBPS	2,081,155	Repairs and Renewals	2,294,155
20	ADF	417,382	Revenues	405,183
21	ADBPS	1,618,885	Security Services	1,548,316
22	ADSC	481,119	Transformational Change Team	459,921
		27,282,442	Total Corporate Services	28,256,585
City Development				
23	ADIPT	(240,406)	Capital Project Team	(241,873)
		(240,406)	Total City Development	(241,873)
		27,042,036	TOTAL DELEGATED BUDGET	28,014,712
Non Delegated Budgets				
24		5,718,635	IAS19 (Pensions)	5,826,366
25		15,694,957	Support Service Costs - received from other services	15,416,498
26		(33,496,551)	Support Service Costs - charged to other services	(33,991,171)
27		6,205,612	Asset Charges	6,205,612
		21,164,689	TOTAL PORTFOLIO BUDGET	21,472,017

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PORTFOLIO GLOSSARY

ADBPS	Assistant Director of Business and Property Services
ADF	Assistant Director of Finance
ADSC	Assistant Director of Smart Cities
ADLG	Assistant Director of Law and Governance
ADIPT	Assistant Director of Infrastructure, Planning and Transportation

ROLES AND RESPONSIBILITIES

Primary overview of Children, Learning and Skills priorities:

- To be the designated “lead member for children’s services” in accordance with Section 19 of the Children Act 2004.
- To provide political leadership to the Council’s approach to the priorities of Children, Learning and Skills to ensure that children and young people achieve the best outcomes and supporting adult all age learning and skills.
- To provide political leadership to the Council’s work to tackle child poverty, and as the Council’s designated Food Champion, the food poverty agenda.
- To ensure that the Council’s approach to the Children, Learning and Skills agenda is integrated, enabling and effective and the Council fulfils its statutory role in relation to these functions.
- To provide political leadership to the Council’s approach to Children, Learning and Skills partnerships.

Policy Oversight to include:

- Children, Learning and Skills functions.
- Adult and Public Health functions.

FINANCIAL

OBJECTIVE SUMMARY

Ref.	Assistant Director Ref.	Revised Estimate 2021/2022 £		Estimate 2022/2023 £
People Services				
Educational Attainment and Lifelong Learning				
1	ADCR	57,672,193	DSG and Other Grant – Schools	55,894,953
2	ADCR	735,326	DSG and Other Grant – Central School Services	787,261
3	ADCR	19,898,340	DSG Early Years Block	19,529,381
4	ADCR	26,224,367	DSG High Needs Block	31,260,274
5	ADCR	(105,113,226)	DSG and Other School Grants	(108,054,869)
6	ADCR	2,265,606	Retained Activity – Schools and Learning	2,298,137
		1,682,606	Total Educational Attainment and Lifelong Learning	1,715,137
7	EDCS	63,055,584	Together for Children	70,577,584
8	ADCR	38,903	Director of Children’s Services	38,536
		64,777,093	Total Peoples Services	72,331,257
Corporate Services				
9	EDCS	173,452	Trading Operations – Derwent Hill*	146,528
		173,452	Total Corporate Services	146,528
Neighbourhoods				
10	ADCR	206,181	Sunderland Safeguarding Children’s Board	206,137
11	ADCR	(132,538)	Learning and Skills	(136,621)
		73,643	Total Neighbourhoods	69,516
		65,024,188	TOTAL DELEGATED BUDGET	72,547,301
Non Delegated Budgets				
12		5,327,101	IAS19 (Pensions)	5,494,018
13		469,433	Support Service Costs - received from other services	494,172
14		(262,470)	Support Service Costs - charged to other services	(262,103)
15		7,525,378	Asset Charges	7,525,378
		78,083,630	TOTAL PORTFOLIO BUDGET	85,798,766

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PORTFOLIO GLOSSARY

ADCR	Assistant Director of Community Resilience
EDCS	Executive Director of Corporate Services

ROLES AND RESPONSIBILITIES

Primary overview of Vibrant City priorities:

- To provide political leadership to the Council's approach to the priorities of local communities to achieve the best outcomes as well as ensuring a wide-ranging cultural offer and communities having the access to the opportunities on offer on the City.
- To ensure that the Council's approach to the Communities, Culture, Leisure and Community Resilience agenda is integrated, enabling and effective and the Council fulfils its strategic and statutory roles in relation to these functions.
- To provide political leadership to the Council's approach to Area/Community and Cultural Partnerships.

Policy Oversight to include:

- Communities and Culture functions, including tourism and heritage.

FINANCIAL

OBJECTIVE SUMMARY

Ref.	Assistant Director Ref.	Revised Estimate 2021/2022 £		Estimate 2022/2023 £
Neighbourhoods				
1	ADCR	878,142	Area Arrangements	876,464
2	ADCE	105,770	Arts and Creative Development	102,432
3	ADCE	675,528	Community Sports and Physical Activity Development	687,666
4	ADCR	478,816	Environmental Enforcement	474,764
5	ADCE	1,399,164	Events	1,096,669
6	ADCE	50,405	Grants to Community Projects and Miscellaneous Contributions	50,405
7	ADCE	140,865	Heritage	140,423
8	ADCE	650,740	Libraries	648,493
9	ADCE	842,616	Museums and Archives Service	839,502
10	ADCR	2,256,666	Neighbourhood Fund	2,256,666
11	ADCE	(14,998)	Resorts	(15,338)
12	ADCE	468,221	Sport and Leisure Facilities	1,208,221
13	ADCE	344,825	Theatre	355,404
14	ADCE	79,204	Tourism	79,204
		8,355,964	TOTAL DELEGATED BUDGET	8,800,975
Non Delegated Budgets				
15		846,323	IAS19 (Pensions)	892,126
16		1,794,174	Support Service Costs - received from other services	1,844,090
17		(726,253)	Support Service Costs - charged to other services	(727,873)
18		2,575,670	Asset Charges	2,575,670
		12,845,878	TOTAL PORTFOLIO BUDGET	13,384,988

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PORTFOLIO GLOSSARY

ADCR	Assistant Director of Community Resilience
ADCE	Assistant Director of Culture and Events

ROLES AND RESPONSIBILITIES

Primary overview of Healthy City priorities:

- To provide political leadership to the Council's approach to the priorities of health and life chances of children and adults.
- To provide political leadership to an all-population approach to public health, narrowing the health inequalities gap to achieve the best outcomes for all residents.
- To ensure that the Council's approach to the Adults and Public Health agenda is integrated, enabling and effective and the Council fulfils its strategic roles in relation to these functions.

Policy Oversight to include:

- Adult and Public Health functions.

FINANCIAL

OBJECTIVE SUMMARY

Ref.	Assistant Director Ref.	Revised Estimate 2021/2022 £		Estimate 2022/2023 £
Neighbourhoods				
1	ADAS	55,610,627	Adult Social Care, including Older People, People with Physical, Learning and Mental Health Disabilities	64,258,583
2	ADCR	1,914,752	Strategic Advice	1,847,206
3	ADAS	28,911,678	Strategic Commissioning	29,616,035
4	ADCR	594,142	Welfare Reform	481,916
		87,031,199	Total Neighbourhoods	96,203,740
Joint Commissioning and Public Health				
5	EDPHIT	(3,904,780)	Public Health	(3,898,346)
		(3,904,780)	Total Joint Commissioning and Public Health	(3,898,346)
		83,126,419	TOTAL DELEGATED BUDGET	92,305,394
Non Delegated Budgets				
6		3,599,216	IAS19 (Pensions)	4,146,286
7		40,186,682	Support Service Costs - received from other services	42,443,825
8		(31,740,097)	Support Service Costs - charged to other services	(33,618,606)
9		27,810	Asset Charges	27,810
		95,200,030	TOTAL PORTFOLIO BUDGET	105,304,709

The budget service lines do not include support service costs or other non-delegated costs. As such they do not reflect external reporting requirements which will contain apportionment of support service costs, with the exception of those marked *.

PORTFOLIO GLOSSARY

ADAS	Assistant Director of Adult Services
ADCR	Assistant Director of Community Resilience
EDPHIT	Executive Director of Public Health and Integrated Commissioning

ROLES AND RESPONSIBILITIES

Primary overview of Dynamic City priorities:

- To provide political leadership to the Council's approach to the priorities of Housing, Regeneration and Planning priorities, ensuring that the City achieves the best outcomes from physical and economic regeneration including business and housing growth.
- To ensure that the Council's approach to its Housing and Regeneration agenda is integrated, enabling and effective and the Council fulfils its strategic and statutory roles in relation to these functions.
- To provide political leadership to the Council's approach to partnerships relating to housing and regeneration.
- To ensure Community Wealth Building and Cooperative Development approaches to delivering these priorities and functions, including a focus on the growth of the SME sector and on opportunities for the expansion of social housing across the City.

Policy Oversight to include:

- Housing and Regeneration functions, including dealing with homelessness.

FINANCIAL

OBJECTIVE SUMMARY

Ref.	Assistant Director Ref.	Revised Estimate 2021/2022 £		Estimate 2022/2023 £
Corporate Services				
1	ADBPS	(1,771,468)	Miscellaneous Land, Property and Industrial Estates	(965,782)
2	ADBPS	(307,191)	Retail Market	(280,728)
		(2,078,659)	Total Corporate Services	(1,246,510)
City Development				
3	ADIPT	(74,294)	Building Control	(76,117)
4	DD (LI)	(1,814,282)	Commercial Development	(1,996,367)
5	ADIPT	(140,818)	Development Control	(145,998)
6	ADER	722,689	Planning Implementation	717,977
7	DD (LI)	(1,936,306)	Regeneration Properties	(2,237,588)
		(3,243,011)	Total City Development	(3,738,093)
Neighbourhoods				
8	ADHS	1,072,689	Access to Housing	1,149,936
9	ADCR	321,564	Anti-Social Behaviour	320,300
10	ADHS	81,258	Sunderland Housing Service*	83,222
11	ADHS	651,500	Supporting People	653,015
		2,127,011	Total Neighbourhoods	2,206,473
		(3,194,659)	TOTAL DELEGATED BUDGET	(2,778,130)
Non Delegated Budgets				
12		1,011,903	IAS19 (Pensions)	1,020,845
13		4,013,059	Support Service Costs - received from other services	4,287,601
14		0	Support Service Costs - charged to other services	0
15		5,706,901	Asset Charges	5,706,901
		7,537,204	TOTAL PORTFOLIO BUDGET	8,237,217

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PORTFOLIO GLOSSARY

ADBPS	Assistant Director of Business and Property Services
ADIPT	Assistant Director of Infrastructure, Planning and Transportation
DD (LI)	Development Director (Land and Investment)
ADER	Assistant Director of Economic Regeneration
ADHS	Assistant Director of Housing Services
ADCR	Assistant Director of Community Resilience

EQUALITY ANALYSIS



Name of Policy/Decision/Project/Activity:

Proposed Council Tax Increase

Date: 20/01/2022

Version Number: v1

Equality Analysis completed by:

Name/Job title: Paul Dixon (Chief Accountant)

Responsible Officer or Group:

Name/Job title: Jon Ritchie (Executive Director of Corporate Services)

Is the Activity:

New/Proposed () Changing/Being Reviewed () Other (x)

1. Purpose and Scope

Purpose

In this section outline briefly:

- what the policy, decision or activity is and what the intended outcomes/benefits are (linked to the Corporate Outcomes Framework)
- over what period of time the outcomes will be achieved
- why it needs to be implemented or revised
- what populations are affected by the proposal
- who is expected to benefit and how, i.e. young people, older people, carers, BME groups, ward areas/communities, etc
- whether there are any overlaps with regional, sub-regional, national priorities.

Council Tax raises circa 15% of total council income, inclusive of the social care levy. It goes towards providing a wide range of services to the people of Sunderland and 2016/17 was the first time there had been an increase since the 2010/2011 financial year. Increases since have been within the Government's referendum limits. The current (2021/2022) Band D Council Tax in Sunderland in respect of the Council is £1,543. The Council Tax paid to Sunderland City Council is the lowest in both Tyne and Wear (Band D average £1,731) and the wider North East region (Band D average £1,730).

The proposed 2.99% increase, inclusive of the social care precept, is allowable without contravening the Government's imposed referendum limit. The increase will add 59p a week for households in Sunderland who are in a Band A property (the majority of properties within Sunderland are in Band A). It will raise circa £3.3m that will be used to provide vital local services, including adults and children's social care.

All council tax payers will be affected by the increase; however, those on lower incomes are likely to experience a greater impact on their ability to pay. This could disproportionately affect the young, disabled people and low income pensioners. To mitigate this impact, the Council operates a Council Tax Support Scheme and the eligibility criteria remains unchanged so enabling some of those affected to claim financial support. Whilst pensioners' entitlement to Council Tax Support is protected through legislation, Sunderland's localised scheme entitles claimants of working age to receive up to a maximum of 91.5 % reduction in respect of their Council Tax liability depending on their circumstances. None of the protected groups are restricted from claiming Council Tax Support. Their eligibility is determined by their financial and personal circumstances. The current caseload is 32,136 of which 12,301 are pensioners and 19,835 are working age claimants. The impact of the proposed increase equates to an increase of 7p per week for those working age claimants who are in receipt of maximum Council Tax Support in a Band D property, or 5p per week for households in Sunderland who are of working age and in receipt of maximum Council Tax Support in a Band A property. As the support scheme works on a percentage of Council Tax, it is recognised that there will still be an impact even for those receiving support.

The proposed increase has wider benefits in that it avoids further budget and service reductions and allows investment into key priority areas, including within adult social care as a result of the adult social care precept increase.

Intelligence and Analysis

Please describe:

- What sources of information have been used to inform this assessment/analysis (this should include but is not limited to consultations, resident/service user feedback and statistical data and intelligence)
- **What the information is telling you** – this should be broken down by each of the protected characteristics or other identified groups which could be disadvantaged. Each of the aims of the equality act should be considered in relation to each of the protected characteristics.

Statistics show that Sunderland City Council's Council Tax is low assessed against all comparators. It will remain comparatively low even after this increase.

The budget consultation undertaken showed that, of those that responded, 52% supported an increase in council tax of 3%.

Gaps in intelligence and information

Having analysed the information available to you:

- are there any gaps in intelligence or areas where understanding needs to be improved? Please describe what these are and what actions you intend to take to obtain/improve the information. These actions should be covered in the action plan.
- are there any groups who should be expected to benefit who do not? Please describe why not and whether you will amend the decision to change this outcome. This should also be covered in the action plan.

The data cannot be broken down to determine whether levels of support vary within different equality characteristics. However, no concerns were raised in relation to any one group in the open text questions within the budget consultation.

Additional Impacts

The policy or action may also have an impact on other groups or individuals which are not covered by statutory requirements. Please outline any additional individuals or groups which have not already been covered. This could include socio-economic groups, voluntary and community sector, carers or specific communities which face additional challenges (such as former coal mining areas or areas of high deprivation)

People on low incomes, as reflected in 'purpose' above.

2. Analysis of impact on people

In this section you must **review the intelligence described above and summarise the intended and potential impact of the policy, decision or activity** on the people of Sunderland. This includes specific consideration of the impact on individuals, groups with protected characteristics and communities of interest within the city. Please briefly outline any positive, neutral or negative impacts on the specific groups below. Please note that any negative impacts should have a corresponding action in the action plan in the page below.

In this assessment it is important to remember the **Council is required to give due regard to:**

- Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Equality Act.
- Advance equality of opportunity between people who share a protected characteristic and those who do not.
- Foster good relations between people who share a protected characteristic and those who do not.

Each of these aims must be summarised in turn in relation to the groups outlined below.

Characteristic	List of Impacts		
	Positive	Neutral	Negative
Age	Benefits will be seen in the ability to protect the adult and children's social care budget and children's budget.	There is no significant impact, relative to other groups. Pensioners will continue to receive support through the Council Tax Support scheme.	
Disability	Benefits will be seen in the ability to protect the adult and children's social care budget.	There is no significant impact relative to other groups. Disabled people will continue to receive support through the Council Tax Support scheme.	
Gender/Sex		There is no significant impact relative to other groups. Whilst women may be statistically lower earners, there is no evidence of a greater impact from any council tax rise.	
Marriage & Civil Partnership		There is no significant impact relative to other groups.	
Pregnancy and		There is no significant impact relative to	

maternity		other groups.	
Race/Ethnicity		There is no significant impact relative to other groups.	
Religion/belief		There is no significant impact relative to other groups.	
Sexual Orientation		There is no significant impact relative to other groups.	
Gender identity		There is no significant impact relative to other groups.	
Low income groups			People on low income who are applicable will continue to receive support through the Council Tax Support scheme which will significantly mitigate any financial impact. In a minority of cases, there will potentially be some impact albeit, at a small value.

3. Response to Analysis, Action Plan and Monitoring

In this section please outline what actions you propose to take to minimise the negative, and maximise the positive, impacts that have been identified through the analysis. By considering and implementing these actions the policy or action can be refined to make sure that the greatest benefits are achieved for the people of Sunderland. The performance monitoring process should also be set out to explain how ongoing progress is going to be followed to make sure that the aims are met.

From the analysis four broad approaches can be taken, (No major change; continue with the policy/action despite negative implications; adjust the policy/decision/action; or stop the policy/action). Please indicate, using the list below, which is proposed.

- No Major Change (x)
- Continue Despite Negative Implications ()
- Adjust the Policy/Decision/Project/Activity ()
- Stop ()

Action Plan

ACTION	WHO	WHEN	MONITORING ARRANGEMENTS
Monitor the impact through payment and arrears statistics	Sharon Holden (Revenues Manager)	Quarterly	As part of routine Council Tax performance monitoring

Report of the Audit and Governance Committee

THE AUDIT AND GOVERNANCE COMMITTEE reports and recommends as follows.

1. Decision to Opt-In to the National Scheme for Auditor Appointments Managed by Public Sector Audit Appointments (PSAA)

That the Audit and Governance Committee have given consideration to a report by the Executive Director of Corporate Services (copy attached) on the invitation from Public Sector Audit Appointments (PSAA) to opt-in to the national sector-led arrangement for the appointment of external auditors for the period 2023/2024 to 2027/2028.

Accordingly, the Committee recommends Council to agree to become an opted-in authority to the national arrangement for the appointment of external auditors for the next appointing period.

**DECISION TO OPT-IN TO THE NATIONAL SCHEME FOR AUDITOR
APPOINTMENTS MANAGED BY PUBLIC SECTOR AUDIT APPOINTMENTS
(PSAA)**

Report of the Executive Director of Corporate Services

1. Purpose of Report

- 1.1 This report seeks Members' approval to accept the invitation from Public Sector Audit Appointments (PSAA) to opt-in to the national sector-led arrangement for the appointment of external auditors with effect from 1 April 2023.

2. Introduction

- 2.1 The current auditor appointment arrangement covers the period up to and including the audit of the 2022/23 accounts, after which they expire.
- 2.2 In January 2017, the Council agreed to opt into the 'appointing person' national auditor appointment arrangements, established by PSAA for the period covering the accounts for 2018/19 to 2022/23.
- 2.3 PSAA is currently undertaking a procurement for the next appointing period, covering audits for five financial years from 2023/24 to 2027/28.
- 2.4 The council must now make a decision about its external audit arrangements from 2023/24 onwards.
- 2.5 Options for the council include arranging to carry out its own procurement process to appoint its external auditor, or do so in conjunction with other bodies, or join, and take advantage of, the national collective scheme administered by PSAA.
- 2.6 This report recommends that the sector-wide procurement conducted by PSAA will produce better outcomes and will be less burdensome for the council than a procurement undertaken locally for the following reasons:
- collective procurement should reduce costs for the sector and for Individual authorities compared to a multiplicity of smaller local procurements;
 - if it does not use the national appointment arrangements, the council will need to establish its own auditor panel with an independent chair and independent members to oversee a local auditor procurement and ongoing management of an audit contract;
 - it is the best opportunity to secure the appointment of a qualified, registered auditor - there are only nine accredited local audit firms, and a local

procurement would be drawing from the same limited supply of auditor resources as PSAA's national procurement; and

- supporting the sector-led body offers the best way of ensuring there is a continuing and sustainable public audit market into the medium and long term.

2.7 Should the council wish to take advantage of the national auditor appointment arrangements, under the local audit regulations, a decision is required to be agreed by full Council. The opt-in period started on 22 September 2021 and closes on 11 March 2022. To opt into the national scheme from 2023/24, the council needs to return completed opt-in documents to PSAA by 11 March 2022, backed by a Council resolution to support these arrangements.

3. Background

3.1 Under the Local Government Audit and Accountability Act 2014 ("the Act"), the council is required to appoint an auditor to audit its accounts for each financial year. The council has three options:

- to appoint its own auditor, which requires it to follow the procedure set out in the Act;
- to act jointly with other authorities to procure an auditor following the procedures in the Act; or
- to opt into the national auditor appointment scheme administered by a body designated by the Secretary of State as the 'appointing person'. The body currently designated for this role is PSAA.

3.2 To opt into the national scheme, the council must make a decision at a meeting of the Full Council.

4. The Appointed Auditor

4.1 The auditor appointed at the end of the procurement process will undertake the statutory audit of the councils Statement of Accounts (including any associated specific grant returns) and Best Value assessment of the council in each financial year, in accordance with all relevant codes of practice and guidance. The appointed auditor is also responsible for investigating questions raised by electors and has powers and responsibilities in relation to Public Interest Reports and statutory recommendations.

4.2 The auditor must act independently of the council and the main purpose of the procurement legislation is to ensure that the appointed auditor is sufficiently qualified and independent.

4.3 The auditor must be registered to undertake local audits by the Financial Reporting Council (FRC) who employ authorised Key Audit Partners to oversee the work. There is currently a shortage of registered firms and Key Audit Partners.

4.4 Auditors are regulated by the FRC, which will be replaced by a new body with wider powers, the Audit, Reporting and Governance Authority (ARGA) during the course of the next audit contract.

4.5 Councils therefore have very limited influence over the nature of the audit services they are procuring, the nature and quality of which are determined or overseen by third parties.

5. Options for the council to appoint itself or via a joint arrangement

5.1 Should the council wish to appoint its own external auditor under the Act, it would need to:

- establish an independent auditor panel to make a stand-alone appointment. The auditor panel would need to be set up by the council itself, and the members of the panel would have to be wholly, or a majority of independent members as defined by the Act. Independent members for this purpose are independent appointees, excluding current and former elected members (or officers) and their close families and friends. This means that elected members would not have a majority input to assessing bids and choosing to which audit firm to award a contract for the council's external audit.
- manage the contract for its duration, overseen by the auditor panel.

5.2 Alternatively, the Act enables the council to join with other authorities to establish a joint auditor panel. Again, this will need to be constituted of wholly or a majority of independent appointees. Further legal advice would be required on the exact constitution of such a panel having regard to the obligations of each authority under the Act and the council would need to liaise with other local authorities to assess the appetite for such an arrangement.

5.3 These two options would be more resource-intensive and without the bulk buying power of the sector-led procurement service, would likely result in a more costly process for the council to implement. It would also be more difficult to manage quality and independence requirements through a local appointment process. The council would not be able to influence the scope of the audit and the regulatory regime would inhibit the council's ability to affect quality.

5.4 The council and its audit panel would need to maintain ongoing oversight of the contract. Local contract management cannot, however, influence the scope or delivery of an audit.

6. The national auditor appointment scheme

6.1 PSAA is specified as the 'appointing person' for principal local government under the provisions of the Act and the Local Audit (Appointing Person) Regulations 2015. PSAA let five year audit services contracts in 2017 for the first appointing period, covering audits of the accounts from 2018/19 to 2022/23. It is now undertaking the work needed to invite eligible bodies to opt in for the next appointing period, from the 2023/24 audit onwards, and to complete a procurement for audit services.

6.2 PSAA is a not-for-profit organisation whose costs are around 4% of the scheme. Any surplus generated is distributed back to scheme members.

6.3 The benefits of opting into the national scheme are as follows:

- the appointment of a suitably qualified audit firm to conduct audits for five financial years commencing 1 April 2023;
- appointing the same auditor to other opted-in bodies that are involved in formal collaboration or joint working initiatives to the extent this is possible with other constraints;
- managing the procurement process to ensure both quality and price criteria are satisfied. PSAA has sought views from the sector to help inform its detailed procurement strategy;
- ensuring suitable independence of the auditors from the bodies they audit and managing any potential conflicts as they arise during the appointment period;
- minimising the scheme management costs and returning any surpluses to scheme members;
- consulting with authorities on auditor appointments, giving the council the opportunity to influence which auditor is appointed;
- consulting with authorities on the scale of audit fees and ensuring these reflect scale, complexity, and audit risk; and
- ongoing contract and performance management of the contracts once these have been let.

6.4 The national offer provides the appointment of an independent auditor with limited administrative cost to the council. By joining the scheme, the council would be acting with other councils to optimise the opportunity to influence the market that a national procurement provides.

7. Pressures in the current local audit market and delays in issuing opinions

7.1 Much has changed in the local audit market since audit contracts were last awarded in 2017. At that time the audit market was relatively stable, there had been few changes in audit requirements and local audit fees had been reducing over a long period. 98% of bodies who were eligible, opted into the national

scheme and attracted very competitive bids from audit firms. The resulting audit contracts took effect from 1 April 2018.

- 7.2 During 2018, a series of financial crises and failures in the private sector led to questioning about the role of auditors and the focus and value of their work. Four independent reviews were commissioned by Government:
- Sir John Kingman's review of the Financial Reporting Council (FRC), the audit regulator;
 - the Competition and Markets Authority review of the audit market;
 - Sir Donald Brydon's review of the quality and effectiveness of audit; and
 - Sir Tony Redmond's review of local authority financial reporting and external audit.
- 7.3 The recommendations are now under consideration by Government, with the clear implication that significant reforms will follow. A new audit regulator (ARGA) is to be established, and arrangements for system leadership in local audit are to be introduced. Further change will follow as other recommendations are implemented.
- 7.4 The Kingman review has led to an urgent drive for the FRC to deliver rapid, measurable improvements in audit quality. This has created a major pressure for audit firms to ensure full compliance with regulatory requirements and expectations in every audit they undertake. By the time firms were conducting 2018/19 local audits during 2019, the measures they were putting in place to respond to a more focused regulator were clearly visible.
- 7.5 To deliver the necessary improvements in audit quality, firms were requiring their audit teams to undertake additional work to gain deeper levels of assurance. However, additional work requires more time, posing a threat to the firms' ability to complete all their audits by the target date for publication of audited accounts. Delayed opinions are not the only consequence of the FRC's drive to improve audit quality. Additional audit work must also be paid for. As a result, many more fee variation claims have been needed than in prior years.
- 7.6 This situation has been accentuated by growing auditor recruitment and retention challenges, the complexity of local government financial statements and increasing levels of technical challenges as bodies explore innovative ways of developing new or enhanced income streams to help fund services for local people. These challenges have increased in subsequent audit years, with COVID-19 creating further significant pressure for finance and audit teams.
- 7.7 None of these problems is unique to local government audit. Similar challenges have played out in other sectors, where increased fees and disappointing

responses to tender invitations have been experienced during the last two years.

8. The invitation

- 8.1 PSAA is now inviting the council to opt in for the second appointing period, for 2023/24 to 2027/28, along with all other eligible authorities. Based on the level of opt-ins, it will enter into contracts with appropriately qualified audit firms and appoint a suitable firm to be the council's auditor. A copy of the PSAA invitation to the council is provided in Appendix 1 to this report.

9. The next audit procurement

- 9.1 The prices submitted by bidders through the procurement exercise will be the key determinant of the value of audit fees paid by opted-in bodies. PSAA will:

- seek to encourage realistic fee levels and benefit from the economies of scale associated with procuring on behalf of a significant number of bodies;
- continue to pool scheme costs and charge fees to opted-in bodies in accordance with the published fee scale as amended following consultations with scheme members and other interested parties. Pooling means that everyone within the scheme will benefit from the prices secured via a competitive procurement process - a key tenet of the national collective scheme;
- continue to minimise its own costs, around 4% of scheme costs, and as a not-for-profit company will return any surplus funds to scheme members. (In 2019 it returned a total £3.5 million to relevant bodies and returned a further £5.6 million in 2021).

- 9.2 PSAA will seek to encourage market sustainability in its procurement. Firms will be able to bid for a variety of differently sized contracts so that they can match their available resources and risk appetite to the contract for which they bid. They will be required to meet appropriate quality standards and reflect realistic market prices in their tenders, informed by the scale fees and the supporting information provided about each audit. Where regulatory changes are in train, which affect the amount of audit work suppliers must undertake, firms will be informed as to which developments should be priced into their bids.

- 9.3 The scope of a local audit is fixed. It is determined by the Code of Audit Practice (currently published by the National Audit Office), the format of the financial statements (specified by CIPFA/ LASAAC) and the application of auditing standards regulated by the FRC. These factors apply to all local audits irrespective of whether an eligible body decides to opt into PSAA's national scheme or chooses to make its own separate arrangements. The requirements are mandatory; they shape the work auditors undertake and have a bearing on the actual fees required.

- 9.4 There are currently nine audit providers eligible to audit local authorities and other relevant bodies under local audit legislation. This means that a local

procurement exercise would seek tenders from the same firms as the national procurement exercise, subject to the need to manage any local independence issues. Local firms cannot be invited to bid. Local procurements must deliver the same audit scope and requirements as a national procurement, reflecting the auditor's statutory responsibilities.

10. Conclusion

- 10.1 Regulation 19 of the Local Audit (Appointing Person) Regulations 2015 requires that a decision to opt in must be made by a meeting of full Council (meeting as a whole), except where the authority is a corporation sole (e.g. Police and Crime Commissioner) in which case this decision can be taken by the holder of that office.
- 10.2 The closing date to provide formal acceptance of the invitation to PSAA is 11 March 2022.
- 10.3 PSAA will commence the formal procurement process in early February 2022. It expects to award contracts in August 2022, then consult with authorities on the appointment of auditors in order to make appointments by the statutory deadline of 31 December 2022.

11. Recommendation

- 11.1 If Members are in agreement, it is intended that this report will be presented to full Council at its meeting on 2 March 2022, where it will be recommended that Members agree to become an opted-in authority.

Appendix 1

Opt-in invitation issued by PSAA

Appointing Period 2023/24 to 2027/28

Form of notice of acceptance of the invitation to opt in

(Please use the details and text below to submit to PSAA your body's formal notice of acceptance of the invitation to opt into the appointing person arrangements from 2023)

Email to: ap2@psaa.co.uk

Subject: **Sunderland City Council**

Notice of acceptance of the invitation to become an opted-in authority

This email is notice of the acceptance of your invitation dated 22 September 2021 to become an opted-in authority for the audit years 2023/2024 to 2027/2028 for the purposes of the appointment of our auditor under the provisions of the Local Audit and Accountability Act 2014 and the requirements of the Local Audit (Appointing Person) Regulations 2015.

I confirm that **Sunderland City Council** has made the decision to accept your invitation to become an opted-in authority in accordance with the decision-making requirements of the Regulations, and that I am authorised to sign this notice of acceptance on behalf of the authority.

Name: **[insert name of signatory]**

Title: **[insert role of signatory]** (authorised officer)

For and on behalf of: **Sunderland City Council**

Date: **[insert date completed]**