

REFERENCE FROM CABINET – 8 DECEMBER 2020

CAPITAL PROGRAMME PLANNING 2021/2022 TO 2024/2025 AND CAPITAL STRATEGY

Report of the Assistant Director of Law and Governance

1. Purpose of the Report

- 1.1 To seek the views of this Committee on a report of the Executive Director of Corporate Services (copy attached) considered by Cabinet on 8 December 2020 which detailed:
- An update on the level of capital resources and commitments for the forthcoming financial year within the current approved capital programme;
 - To set out additional capital new start project proposals for inclusion in the Capital Programme 2021/2022 to 2024/2025 to be reported to Cabinet in February 2021; and
 - To seek a recommendation to Council for the approval of the updated Council Capital Strategy.
- 1.2 Members' views are requested in accordance with the Budget and Policy Framework Procedure Rules.

2. Background and Current Position

- 2.1 Copies of the 8 December 2020, Cabinet Agenda were made available to all Members of the Council. The Cabinet agreed to:-
- Approve the additional capital project proposals set out in this report for inclusion in the full capital programme 2021/2022 to 2024/2025 to be reported to Cabinet in February 2021; and
 - Recommend to Council to approve the Council's Capital Strategy.

3. Conclusion

- 3.1 The matter at 2.1 is referred to this Committee for advice and consideration. The comments from the Scrutiny Co-ordinating Committee will be reported to Council on January 2021.

4. Recommendation

- 4.1 The Scrutiny Co-ordinating Committee is invited to give advice and consideration to Council on the Council's Capital Strategy in the attached report of the Executive Director of Corporate Services.

5. Background Papers

5.1 Cabinet Agenda, 8 December 2020.

5.2 A copy of the Agenda is available for inspection from the Assistant Director of Law and Governance or can be viewed on-line at:-

<https://committees.sunderland.gov.uk/committees/cm5/Meetings/tabid/73/ctl/ViewMeetingPublic/mid/410/Meeting/10397/Committee/1953/Default.aspx>

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CABINET MEETING – 8 DECEMBER 2020

EXECUTIVE SUMMARY SHEET – PART I

Title of Report:

Capital Programme Planning 2021/2022 to 2024/2025 and Capital Strategy

Author(s):

Executive Director of Corporate Services

Purpose of Report:

The purpose of the report is:

- To update Cabinet on the level of capital resources and commitments for the forthcoming financial year within the current approved capital programme;
- To set out additional capital new start project proposals for inclusion in the Capital Programme 2021/2022 to 2024/2025 to be reported to Cabinet in February 2021; and
- To seek a recommendation to Council for the approval of the updated Council Capital Strategy.

Description of Decision:

Cabinet is asked to:

- Approve the additional new start capital project proposals set out in this report for inclusion in the full capital programme 2021/2022 to 2024/2025 to be reported to Cabinet in February 2021; and
- Recommend to Council approval of the Council's Capital Strategy.

Is the decision consistent with the Budget/Policy Framework?

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

If not, Council approval is required to change the Budget/Policy Framework**Suggested reason(s) for Decision:**

To comply with statutory requirements

Alternative options to be considered and recommended to be rejected:

No alternative options are submitted for Cabinet consideration.

Impacts analysed;

Equality ☒ Privacy ☒ Sustainability ☒ Crime and Disorder ☒

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

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

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

CABINET – 8 DECEMBER 2020

CAPITAL PROGRAMME PLANNING 2021/2022 TO 2024/2025 AND CAPITAL STRATEGY

Report of the Executive Director of Corporate Services

1. Purpose of the Report

1.1 The purpose of the report is:

- To update Cabinet on the level of capital resources and commitments for the forthcoming financial year within the current approved capital programme;
- To set out additional capital new start project proposals for inclusion in the Capital Programme 2021/2022 to 2024/2025 to be reported to Cabinet in February 2021; and
- To seek a recommendation to Council for the approval of the updated Council's Capital Strategy.

2. Description of Decision

2.1 Cabinet is asked to:

- Approve the additional capital project proposals set out in this report for inclusion in the full capital programme 2021/2022 to 2024/2025 to be reported to Cabinet in February 2021; and
- Recommend to Council approval of the Council's Capital Strategy.

3. Background

3.1 The Council's Capital Strategy was agreed by Council in November 2019. The strategy provides the framework within which the Council's capital investment plans will be prioritised and delivered. The strategy is reviewed annually to capture any required updates including emerging changes to Council priorities encapsulated within the City Plan and the refresh of key financial indicators.

3.2 The Council currently has an ambitious capital programme, with £498m spend profiled over the period 2020/2021 to 2023/2024. The delivery of the City Plan, which will drive transformation and economic regeneration in the City, will require further capital investment by the Council as detailed within this report.

3.3 The capital programme has historically been funded from several sources, some of which are now restricted following government austerity:

- Available **reserves** are being utilised to support the current revenue and capital plans and are scheduled to reduce over the Medium Term Financial Plan (MTFP) period. Reserves which become available will be considered for use or the replacement of scheduled borrowing;
- Additional **capital receipts** realised have the potential to be required to fund transformation costs arising from implementation of savings programmes, drawing on Government flexibilities on the use of capital receipts to support such costs. Any realised capital receipts not required to

fund transformation costs will be considered for use or the replacement of scheduled borrowing;

- **Borrowing** to fund the capital programme has revenue consequences. The revenue consequences of additional proposals approved as part of this report are factored into the Council's MTFP, which is included as a separate report to this meeting; and
- The current capital programme is being supported by **External Grant Funding** (£84m). Opportunities for further external grant will continue to be targeted to support delivery of future investment in the city.

- 3.4 While the financial position and future spending commitments continue to be managed closely, the Council still has significant and ambitious growth plans (as outlined further in this report), that will benefit the city, its residents, its businesses and other stakeholders.

4. Existing Capital Programme 2020/2021 to 2023/2024

- 4.1 The current capital programme (as detailed in the Second Capital Review report presented to Cabinet in October), commits substantial resources over the four years to 2023/2024. The programme was approved with the aim of delivering on the priorities set out in the City Plan. The value of the capital programme totals £497.842m across the 4 years as summarised below:

Expenditure by Portfolio	Gross Cost £'000	Expend. to 31.3.20 £'000	Estimated Payments			
			2020/2021 £'000	2021/2022 £'000	2022/2023 £'000	2023/2024 £'000
Leader	0	0	0	0	0	0
Deputy Leader	513,696	291,224	80,412	91,055	35,828	15,177
Cabinet Secretary	41,373	8,256	10,279	17,048	2,540	3,250
Children's Learning and Skills	56,522	5,351	16,636	16,123	8,259	10,153
Dynamic City	212,751	59,464	51,894	50,728	18,083	32,582
Healthy City	10,681	375	4,651	4,155	1,500	0
Vibrant City	49,285	21,796	2,863	14,049	10,577	0
TOTAL CAPITAL EXPENDITURE	884,308	386,466	166,735	193,158	76,787	61,162
			← 497,842 →			

The current programme is funded as follows:

Funding Source	Total	2020/2021	2021/2022	2022/2023	2023/2024
	£'000	£'000	£'000	£'000	£'000
Prudential Borrowing	382,358	112,297	167,713	60,566	41,782
Capital Receipts	8,224	4,006	2,767	616	835
Reserves and Revenue	22,919	12,892	1,673	2,363	5,991
External Funding	84,341	37,540	21,005	13,242	12,554
TOTAL	497,842	166,735	193,158	76,787	61,162

5. Additional Capital Project Proposals 2021/2022 to 2024/2025 – Framework for Considering Priority Projects

- 5.1 To take forward the development of projects and to ensure appropriate prioritisation and oversight, a Capital Strategy Board was established during 2018. The role of this Board, which consists of senior officers, is to:
- Co-ordinate the development of capital projects to meet future strategic requirements, aligned to Cabinet priorities; and
 - Prioritise new capital proposals and variations to existing projects within the context of available resources and the strategic priorities, prior to making recommendations to Cabinet.
- 5.2 The proposed updated Capital Strategy is provided at appendix 1. The current strategy, approved by Council in November 2019, has been updated to reflect; the priorities included within the City Plan, the latest capital investment and debt ratios, and a refresh of the investment forecasts over the longer term.
- 5.3 The Capital Strategy provides the framework within which the Council's capital investment plans are prioritised and delivered. The capital priorities are aligned to the City Plan "Sunderland 2019-2030" priorities of:
- Sunderland will be a **dynamic city**. This includes more and better jobs, an improved housing offer, improvements to the city centre and a focus on low carbon and digital connectivity;
 - Sunderland will be a **healthy city**. This includes a focus on ensuring that everyone has access to opportunities and life chances to live healthier, longer, independent lives. There will be a focus on a more attractive city and neighbourhoods with better transport networks; and
 - Sunderland will be a **vibrant city**. This includes more creative and cultural businesses, more visitors to Sunderland, more residents participating in their communities and cultural events, and for residents to feel happy in the neighbourhoods where they live and feel safe.

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.

- 5.4 Whilst supporting the above priorities, the Council will continue to seek to maximise the return on investment through:
- Generating savings or supporting avoidance of additional revenue costs;
 - Growing the Council's income base i.e. fees and charges, business rates, council tax and new homes bonus;
 - Seeking a commercial return; and

- Generating and supporting funding opportunities which encourages and levers in private sector investment and other funding into the city.

5.5 Maximising the potential of existing partnerships, such as Siglion, Sunderland Lifestyle Partnership and IAMP LLP, and working with city partners, such as Gentoo, the University and health sector partners, will help to maximise resources and the achievement of city priorities.

6. Additional Capital Project Proposals 2021/2022 to 2024/2025 - Resources Available

6.1 Resources - Grants

The availability of new external funding from major regional funding programmes, such as the Local Growth Fund, is now severely restricted. Applications to the national Transforming Cities Fund and Future High Streets Fund are progressing through the appraisal processes and will support major growth schemes should they be successful.

As in previous years, it is anticipated that resources allocated in respect of Transport, the Better Care Fund and Education specific purpose grants will be allocated to those services areas. These grants, in the main, support recurring capital maintenance activity and as such are not included in the detailed new starts section of this report. A detailed update of future years' grant allocations and their proposed use will be provided to Cabinet as part of the Capital Programme report in February 2021.

6.2 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 have been 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 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 include the development / improvement of play provision, educational assets, highways infrastructure, affordable housing, public open spaces and ecological improvements.

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

At present there is minimal specific budget provision for Revenue Contributions to Capital.

6.4 Resources – Borrowing

The Council can fund its capital expenditure through additional 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 MTFP.

The Budget Planning Framework and Medium Term Financial Plan Report, also on today's agenda, includes provision for capital financing charges that may arise following Cabinet approval of the additional new project proposals set out within this report.

In line with past practice, it is proposed to use the funding flexibly, with the option to switch borrowing with surplus capital receipts once they are realised. This would reduce planned capital finance charges that may arise from this borrowing.

6.5 Resources – Other Funding – Enterprise Zones

The current capital programme includes for the three Enterprise Zones of the IAMP site, A19 Ultra Low Carbon Infrastructure 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 Local Enterprise Partnership (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 included within the Council's Capital Programme.

7. Additional Capital Project Proposals 2021/2022 to 2024/2025 - Detail

- 7.1 The following suite of additional projects, categorised by Portfolio, are proposed for inclusion in the capital programme for 2021/2022 to 2024/2025 with further details set out in Appendix 2. The profiling of proposed projects will be reviewed and refined, and any updates will be reflected in the capital programme to be reported to Cabinet in February 2021.

Appendix 2 Ref	Project Name	Total Project Spend	Spend 2021/22	Spend Future Years	External Funding	Council Provision in Current Capital Programme	Additional Council Funding
		£m	£m	£m	£m	£m	£m
Leader							
2.1.1	Elmore Green Space and Social Enterprise Development	1.000	1.000	0.000	0.500	0.000	0.500
Total		1.000	1.000	0.000	0.500	0.000	0.500
Deputy Leader							
2.2.1	Sunderland Central Station Redevelopment & Car Park	27.989	6.540	21.449	20.157	4.362	3.470
2.2.2	Holmeside Bus Rationalisation and Priority Measures	1.135	0.500	0.635	0.880	0.000	0.255
2.2.3	Strategic Cycle Network	5.609	3.109	2.500	4.406	0.000	1.203
2.2.4	Energy and Carbon 2030 Development	3.200	0.800	2.400	0.000	0.000	3.200
2.2.5	Open Spaces and Allotment Improvements	2.500	1.000	1.500	0.197	0.000	2.303
2.2.6	Vehicle Actuated Signs (VAS) Programme	0.200	0.050	0.150	0.000	0.000	0.200
2.2.7	Fleet - Bulky Waste Collection Service	0.150	0.150	0.000	0.000	0.000	0.150
Total		40.783	12.149	28.634	25.640	4.362	10.781
Cabinet Secretary							
2.3.1	Internet Filtering, Firewall and Monitoring Solution and Upgrade to Gigabit Capable Fibre Connectivity	1.000	0.400	0.600	0.000	0.000	1.000
2.3.2	Salix Decarbonisation Fund	1.000	0.100	0.900	1.000	0.000	0.000
2.3.3	Re-procurement of AutoCAD licences	0.600	0.200	0.400	0.000	0.000	0.600
Total		2.600	0.700	1.900	1.000	0.000	1.600
Children, Learning and Skills							
2.4.1	Barnes Junior School Refurbishment	2.500	0.000	2.500	0.400	0.000	2.100
2.4.2	Fulwell Junior School Refurbishment	2.500	0.000	2.500	0.400	0.000	2.100
2.4.3	School Meals Kitchen Equipment Replacement	0.150	0.150	0.000	0.000	0.000	0.150
Total		5.150	0.150	5.000	0.800	0.000	4.350
Dynamic City							
2.5.1	Riverside Sunderland Infrastructure	32.000	16.000	16.000	0.000	0.000	32.000
2.5.2	Vaux Housing	38.404	4.844	33.560	7.157	0.000	31.247
2.5.3	Northern Spire Park	23.003	2.500	20.503	14.244	0.000	8.759
2.5.4	Housing Other Sites	3.999	1.624	2.375	1.500	0.000	2.499
2.5.5	Willowfield Supported Village	16.000	1.157	14.843	3.500	0.000	12.500
2.5.6	Inspiring Futures Programme - Delivering a new approach to Homelessness Services and Accommodation	7.229	4.858	2.371	1.935	2.400	2.894
2.5.7	HICSA (Housing Innovation Construction & Skills Academy)	10.950	5.000	5.950	5.475	0.000	5.475
2.5.8	Commercial Road Development	4.000	2.000	2.000	0.000	0.000	4.000
2.5.9	City Centre Highways Improvements	3.000	0.000	3.000	1.500	0.000	1.500
Total		138.585	37.983	100.602	35.311	2.400	100.874
Healthy City							
2.6.1	ICT / Assistive Technology	1.400	0.500	0.900	0.000	0.000	1.400
Total		1.400	0.500	0.900	0.000	0.000	1.400
Vibrant City							
2.7.1	Culture House	27.225	0.606	26.619	14.167	0.000	13.058
2.7.2	Washington F Pit Heritage Visitor Centre and Albany Park Improvements	4.650	0.300	4.350	0.000	0.000	4.650
2.7.3	Digitisation of Local History & Library Collections	0.650	0.300	0.350	0.000	0.000	0.650
2.7.4	Redesign and Replacement of City Centre Christmas Lighting	0.150	0.150	0.000	0.000	0.000	0.150
2.7.5	Festival of Light	0.600	0.150	0.450	0.000	0.000	0.600
Total		33.275	1.506	31.769	14.167	0.000	19.108
TOTAL OF INVESTMENT PROPOSALS		222.793	53.988	168.805	77.418	6.762	138.613

7.2 The proposed additional new projects total £222.793m (£53.988m in 2021/2022 and £168.805m in future years). Of the total £222.793m:

- £77.418m is expected to be funded by external grants and contributions, including planned land sales over the next 4 years to directly support the investment spend incurred to deliver those capital receipts;
- £6.762m is existing Council funding already included in the current capital programme; and
- The remaining balance of £138.613m is to be met from available Council resources, subject to approval of the Budget Planning Framework Report and Medium Term Financial Plan also on today's agenda.

It is important to note that:

- Some capital projects included in the table above will be subject to the positive outcomes of external grant funding bids;
- 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.

Planned funding sources for individual capital schemes may be subject to amendment in order to achieve best value to 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.

7.3 Further Reports

Following approval of new project budget allocations by Council in March 2021, and in accordance with the Council's Constitution, prior to the commencement of project works, details of all new schemes must be subject to a full capital investment appraisal. Those schemes with an estimated cost in excess of £0.250m must be reported for approval to Cabinet before commencement of the scheme. For those schemes below £0.250m consultation must take place with the relevant Cabinet Portfolio Holder and Executive Director Corporate Services in advance of delegated decisions being taken to implement these schemes, and subsequently approved by Cabinet as part of the quarterly capital review process. Any further proposals for additional projects will follow the above processes for approval as they emerge.

8. Reasons for Decision

8.1 To comply with statutory requirements.

9. Alternative Options

9.1 No alternative options are submitted for Cabinet's consideration.

10. Impact Analysis

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

11. List of Appendices

1.1.

- 11.1 Appendix 1 – Capital Strategy
Appendix 2 - Capital Programme 2021/2022 to 2024/2025 – New Starts /
Additional Investments

Appendix 1 – Capital Strategy

1. INTRODUCTION

1.1 Background

- 1.1.1 The overarching aim of the Sunderland City Council Capital Strategy (“the Strategy”) is to provide a framework within which the Council’s capital investment plans will be prioritised and delivered in line with the City Plan (2019 – 2030) with an overall ambition that by 2030 Sunderland will be a connected, international city with opportunities for all. This reflects the ongoing commitment to ensure the Council puts residents and customers at the heart of everything we do, reflecting the diversity of the city.

The capital strategy is intended to give a high level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services along with an overview of how associated risk is managed and the implications for future financial sustainability.

- 1.1.2 The Prudential Code for Capital Finance in Local Authorities was updated by the Chartered Institute of Public Finance and Accountancy in December 2017 with further guidance released in September 2018. The framework established by the Prudential Code supports local strategic planning, local asset management planning and proper option appraisal.

- 1.1.3 The updated Prudential Code requires local authorities to have an approved Capital Strategy, in order to demonstrate that the authority 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 capital strategy 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 the impact on the achievement of priority outcomes.

- 1.1.4 The Council’s Capital Strategy has been prepared to provide a framework within which the Council’s capital investment plans will be prioritised and delivered, ensuring it adheres to the requirements of the Code. This is covered over the following key areas:

- Capital expenditure including governance, monitoring, priorities, pipeline and longer-term planning;
- Funding Approach;
- Debt, borrowing and treasury management;
- Commercial activity;
- Other long-term liabilities; and

- Knowledge and skills.

1.1.5 The Strategy covers the Council as well as Together for Children Limited and Sunderland Care and Support Limited. Given the different relationship with Siglion and its development portfolio, not all of its activity is covered by this Strategy.

2.0 OBJECTIVES OF THE CAPITAL STRATEGY

2.1 The key objectives of the Capital Strategy are to:

- provide a clear set of objectives and a framework within statutory legislation that 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;
- ensure prioritisation of projects that focus on delivering a number of the long-term-benefits contained in the City Plan;
- set out how the Council identifies, programmes and prioritises capital requirements and proposals arising from business plans submitted through an appraisal mechanism;
- provide a long-term view of capital expenditure plans and risks faced by the Council over the life of assets;
- consider options available for funding capital expenditure and how resources may be maximised to generate investment in the area, whilst minimising the ongoing revenue implications of any such investment;
- provide a basis for the projection of external debt and provision for repayment of that debt over the life of the underlying debt based on the approved capital programme and other capital resources available;
- consider the resources available for capital expenditure over the longer term;
- ensure the strategy has an overall balance of risk on a range of investments over timespan, type of investment and rate of return, confirming that knowledge and skills available to the Council are commensurate with the Council's investment risk appetite; and
- establish effective arrangements for the management and monitoring of capital expenditure including the assessment of project outcomes, budget profiling, deliverability, value for money and security of investment.

2.2 Capital Priorities

The Council's Capital Priorities are aligned to the City Plan "Sunderland 2019-2030" priorities of:

- Sunderland will be a **dynamic city**. This includes more and better jobs, an improved housing offer, improvements to the city centre and a focus on low carbon and digital connectivity.
- Sunderland will be a **healthy city**. This includes a focus on ensuring that everyone has access to opportunities and life chances to live healthier, longer, independent lives. There will be a focus on a more attractive city and neighbourhoods with better transport networks.
- Sunderland will be a **vibrant city**. This includes more creative and cultural businesses, more visitors to Sunderland and more residents participating in their communities and cultural events, for residents to feel happy in the neighbourhoods where they live and feel safe.

In addition, the continuing priority 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.

(a) Dynamic City

The Council is focused on securing Sunderland's long-term future. This will involve encouraging inward investment, low carbon, advanced manufacturing and the development of hi-tech industries and new employment opportunities with a continuing focus on creating community wealth, where local people in Sunderland can benefit from local opportunities and maximising social value.

A range of actions, that reflect the area within which the Council can most positively deploy its capital resources, form the core focus of this aim. In doing so, these contribute towards Council funding in the longer term through additional council tax, new homes bonus, business rates or land sale receipts, so contributing to the future sustainability of Council services.

More and better jobs – Overall employment for Sunderland was 70.3% at the end of 2019/20, which is 0.8% below the NE position. Our focus remains on increasing well paid jobs in the city through promoting growth in target sectors including advanced manufacturing, Port related activity, the digital and software sector, professional sector in the City Centre (office jobs) alongside more creative and cultural businesses in relation to vibrancy.

More and better housing – Our focus under this City Plan commitment is to enable the delivery of more housing, in particular more larger family and high-status homes to stem outward migration from the city. Alongside this, we are committed to ensuring that the housing we have is of quality by bringing empty homes back into use, reducing properties with a category 1 hazard and ensuring enough affordable housing. The Council's

Housing Strategy provides the vision for a greater choice of good quality homes which meet the needs and the aspirations of our residents.

More local people with better qualifications and skills – The City Plan sets out the challenge that the qualifications and skills that residents have don't match the needs of industry in the city. Our plans focus on tackling barriers for those least able to access employment and ensuring that more local people are able to benefit from a stronger economy. We will also support and enable apprenticeship and work experience opportunities focused on skills and experience for the local economy and ensure the fabric of our learning establishments is supporting the best possible learning outcomes. The Council also has a statutory duty to ensure that there are sufficient school places in the city.

A stronger city centre with more business, housing and cultural opportunities – The City Plan sets out the challenge that the City Centre is not functioning as the economic motor of the city. There is a need to attract new jobs to the city and new homes for city centre living. Our plans focus on a range of physical developments and development of key sites to promote regeneration. Through our everyday planning responsibilities, we continue to work to promote a desirable and vibrant retail and leisure offer.

A lower carbon city with greater digital connectivity for all - The focus within this commitment is in relation to the physical aspects of digital connectivity for both residents and business. There is also a focus on reducing overall emissions, with transport known to be a significant factor in emission levels. The Council has an ambition of becoming 'Carbon Neutral' by 2030.

(b) Healthy City

Access to the same opportunities and life chances – This commitment is about all children having the best start in life and equal life chances through early years to teens. Alongside this is a commitment to equality of opportunity on an area basis with a focus on neighbourhood strategies and addressing locality-based issues.

More people living healthier longer lives – One of the key challenges for the City is that health outcomes in Sunderland are still poor and health behaviours haven't yet changed sufficiently. Our plans focus on areas where we can support individuals (and businesses through the Better Health at Work Awards) to make healthy choices, thereby promoting healthy behaviours and overall wellbeing. We want to increase activity at all levels, from everyday activeness through to a city being recognised as a centre of excellence in sport.

People enjoying independent lives – Although 98% of people aged 18+ in the city live independently (without social care services) based on mid-year estimates, we remain committed to ensuring people in the city can enjoy independent lives. Working with our partners, we aspire to reducing the number of emergency hospital admissions due to falls for those aged 65+ through our City Plan and want to ensure that as far as possible adults with learning disabilities and those with secondary mental health services can live independently (currently at 93% and 60% respectively). This means greater partnership working and maximising the use of technology.

Cleaner and more attractive city and neighbourhoods – Our focus here is on promoting environmental responsibility amongst residents to achieve a cleaner and more attractive city. We are encouraging communities to take greater responsibility for their environments through a community responsibility communication plan.

A City with great transport and travel links – Our emphasis within this City Plan is about ensuring that people can move around the city with ease through improved transport routes (roads), enabling access to key employment sites. It is also about active travel within the city by having in place the necessary infrastructure of sufficient and appropriate cycle routes and walkways.

(c) Vibrant City

More creative and cultural businesses – To create vibrancy within the city, one of the employment sectors we will focus on is the creative industries. Our action plan will set out key activity to develop a regeneration programme to facilitate creative businesses in key geographic areas and support individual creative and cultural businesses to set up and grow.

More residents participating in their communities – This commitment is about residents, including children and young people, being able to engage with and participate in their communities – with a focus on enabling participation for all.

More visitors visiting Sunderland a more residents participating in cultural events and activities – Prior to the restrictions due to the COVID pandemic, figures show that both the number of visitors and visitor spend was increasing. Our focus is on gaining funding for new sporting and cultural events and facilities.

More people feel safe in their neighbourhoods and homes – This commitment relates both to people feeling safe from crime and also vulnerable adults who use our services feeling safe. We are committed to disrupting criminal and anti-social behaviour through intervention and enforcement.

More resilient people - We will support our people to be more resilient by supporting families that require early help and we will also seek to build resilient communities through mitigating the impact of welfare reform and hardship where possible.

(d) Organisational Health

As an organisation we have a challenging but exciting cultural change journey ahead. The Council needs to continually improve and be innovative in our approach to counteract reducing budgets and financial uncertainty. We are committed to ensuring we have a productive healthy workforce, maintaining a lower level of sickness absence. Moving ahead and building upon the improvements to date, we will enable greater agile and paperless working through the adoption of digital technologies and will continue to enable more digital interaction with our customers thereby promoting self-serve. The Council must focus on intelligence-based decision making to ensure that services are provided that represent value for money and 'invest to save' projects will be utilised where necessary to achieve this. We need to support innovation and collaborative ways of working to make sure the people in greatest need are supported. More must be done to address demand pressures and build individual and community resilience.

The Council will seek to maximise the return on investment through;

- Generating savings or supporting avoidance of additional revenue costs;
- Growing the Council's income base i.e. fees and charges, business rates and council tax;
- Seeking a commercial return; and
- Generating and supporting funding opportunities which encourages and levers in private sector investment to the city.

2.3 COVID 19 has clearly impacted upon the City's residents, businesses and visitors. The ambitions set out in the City Plan are unchanged and given the impact of the Covid-19 pandemic it is more critical that these are delivered.

2.4 Partnership working and investment opportunities

2.4.1 The Council will work with key partners to review physical and technological assets on a city-wide basis and maximise the potential benefits and opportunities of wider capital and infrastructure planning (including health sector partners, the College, University and Gentoo).

2.4.2 The Council will ensure that strong partnership arrangements are in place to enable truly collaborative working with regional partners. This includes the key partnerships of the Tyne and Wear City Region, North East Combined Authority, North of Tyne Combined Authority and the North East Local Enterprise Partnership (LEP).

3.0 CAPITAL EXPENDITURE

3.1 Capitalisation of Costs

- 3.1.1 Whether acquired or self-constructed, fixed assets should initially be measured at cost. Only costs that are directly attributable to bringing the asset into working condition for its intended use should be included. Such costs should be capitalised only for the period in which the activities that are necessary to get the asset ready for use are in progress.

3.2 Governance of the Capital Programme

- 3.2.1 To ensure that available resources are allocated optimally and deliver value for money, capital programme planning is determined in parallel with the service and revenue budget planning process within the framework of the medium-term financial plan (MTFP).
- 3.2.2 The Council has mechanisms in place which seeks to ensure that there is an integrated approach to addressing cross-cutting issues and developing and improving service delivery through its capital investment in pursuance of the Council's priorities. These include:
- Democratic decision-making and scrutiny processes which provide overall political direction and ensure accountability for the investment in the capital programme. These processes include:
 - Full Council, which is ultimately responsible for approving the Capital Strategy, the Treasury Management Strategy and the Capital Programme;
 - Cabinet, which is responsible for setting the corporate framework and political priorities to be reflected in the Capital Programme and recommends projects for inclusion in the Capital Programme. Cabinet also monitors delivery of the capital programme;
 - Scrutiny Coordinating Committee, which considers the programme of new starts for inclusion in the Capital Programme and reviews the MTFP to provide challenge, advice and commentary to Cabinet where appropriate; and
 - All schemes which progress follow the requirements of the constitution and financial regulations including Financial Procedure Rules and Procurement Procedure Rules.
 - Officer Groups which bring together a range of service interests and professional expertise. These include:
 - The Chief Officer Group (COG) which has overview responsibility for the development, management and monitoring of the capital programme;

- Capital Strategy Board provides a framework within which the Council capital investment plans will be scrutinised and prioritised, and delivery of approved plans will be monitored;
- Directorate Management Teams overseeing and proposing business cases for investments prior to finance and legal due diligence for submission to the Capital Strategy Board; and
- Specific Programme and Project boards with wide ranging membership are also created as appropriate to oversee significant capital development projects as required.

3.3 Capital Programme 2020/2021 – 2023/2024

The current approved capital programme commits substantial resources over the four years to 2023/2024 and can be viewed at [Capital Programme 2020/2021 - 2023/2024](#)

A quarterly financial review of the Capital Programme is reported to Cabinet each July, October and January outlining any in year variations, together with an outturn report in June.

3.4 Process for Prioritising New Capital Proposals

The annual process for identifying and prioritising new capital requirements involves a cross-section of stakeholders. The stages and roles within this process are outlined below;

Stage 1 - Identification and Prioritisation of Proposals within Directorates

Executive Directors, through discussion with Cabinet Portfolio holders, are requested to identify projects which are of high priority to their service area and are aligned with the City Plan. The supporting business case provides a clear justification for the proposal and sets out the rationale for its priority level. In addition, Executive Directors undertake a full review of the existing capital programme to confirm that planned projects remain a priority for the Council.

Stage 2 - Initial Review and Challenge

The Finance section undertakes an initial review and challenge of the proposals received to ensure completeness and robustness of submissions.

Stage 3 - Corporate Strategic Review and Prioritisation

- Submissions are reviewed and challenged by the Capital Strategy Board who assess the relative priority of the submissions from a strategic perspective, aligned to the corporate priorities; and
- The Capital Strategy Board recommend the projects to be taken forward for consideration to Chief Officer Group, after taking into account the total

resources available and any consequences on the MTFP budget planning process.

Stage 4 - Member Review and Challenge

- Cabinet considers for recommendation to Council the prioritised proposed new start projects;
- Scrutiny Coordinating Committee reviews and challenges the recommendations from Cabinet;
- Cabinet considers the comments from Scrutiny Coordinating Committee and makes a final recommendation to Council; and
- Council considers the recommendations from Cabinet and approves the capital programme for the following 4-year period.

3.5 Monitoring of the Capital Programme

3.5.1 Monitoring of the programme includes expenditure profiling and the delivery against timetable for each project. This, in turn, informs the debt cost of schemes and the associated revenue impacts.

3.5.2 Schemes are regularly monitored by project managers, supported by finance colleagues, which informs quarterly reports to Cabinet that identify changes to the capital programme including:

- New resource allocations;
- Slippage and acceleration in programme delivery;
- Schemes reduced or removed;
- Virements between schemes to maximise delivery and outcomes;
- Revisions to expenditure profile and/or funding to ensure on-going revenue costs are minimised; and
- Revisions to timelines and significant changes in anticipated outcomes.

3.5.3 Non-financial outputs from the Capital Programme are monitored through the City Plan performance, capturing the wider benefits of schemes over a longer timeframe.

3.6 Longer Term Planning

3.6.1 The current capital planning cycle duration is 4 years, which covers the short to medium term capital investment requirements of the Council. The Prudential Code requires the Capital Strategy to consider the Council's longer-term capital investment requirements, although it does acknowledge that when taking a long-term view of assets, projections in later years are likely to involve a high degree of estimation.

3.6.2 The Council's current capital programme, as presented to Cabinet in October in the Second Capital Review report, covers the period through to 2023/24

and totals £497.842m. In addition, new capital scheme proposals to commence from April 2021, totalling a further £222.793m are to be considered by Cabinet and then full Council in March 2021 prior to their commencement.

Table 1 below provides a high-level minimum estimate of the capital requirement over the subsequent 15-year period commencing 2025/2026. The totals provided reflect the recurring elements of the capital programme necessary to maintain the status quo of asset groups. Non-recurring projects / initiatives, such as regeneration projects, are excluded from this analysis given their one-off nature.

The recurring elements of capital investment required to maintain service delivery are grouped into a number of asset areas, these are:

- Highways – Improvement and maintenance of the Council's major highway assets including roads, bridges, footways and traffic signal equipment.
- Property – Improvement and maintenance of Council buildings to support front line services.
- Vehicles – Acquisition of vehicles, such as refuse collection vehicles and large specialist vehicles, to support front line services; and
- ICT and Connectivity – Improvement and replacement of the Council's ICT infrastructure and devices to directly support Council services across the city.

Any further regeneration initiatives following planned feasibility assessments and any other emerging schemes not covered by the above will be developed and appraised in line with the City Plan priorities and reported to Cabinet for consideration at the appropriate time.

Table 1 – Long Term Capital Requirement Forecasts beyond Capital Programme Period

Asset Group	Forecast Requirement 5 Years (2025/26 – 29/30)	Forecast Requirement 10 Years (2030/31 – 39/40)
	£m	£m
Highways (1)	18.750	37.500
Property (2)	3.750	7.500
Vehicles (3)	6.500	13.000
ICT (4)	2.500	5.000
TOTAL	31.500	63.000

Assumptions;

- (1) Highways – £3.750m per annum rolling programme of planned maintenance works and improvements. This estimate does not include investment supported by external funding from the Department of Transport, this has historically totalled c. £5m per annum for the Council and is anticipated to continue at this level.
- (2) Property - £0.750m per annum rolling programme of planned property capital maintenance.
- (3) Vehicles - £1.300m per annum rolling fleet refresh programme (based on 10-year full replacement programme estimate of £13m)
- (4) ICT and Connectivity – £0.500m per annum rolling refresh of user devices and core infrastructure.

Actual budget allocations will be determined as part of the annual revenue and capital budget setting process taking into account affordability at the time and service priorities.

The level of investment noted in table 1 above would result in an average annual spend of £6.300m. This level of additional borrowing would require an increase of around £0.547m to the revenue budget each year for the 15-year period to take account of debt charges.

4.0 FUNDING APPROACH

- 4.1 There are external and internal funding sources which the Council explores to support the development of the Capital Programme, these include:
- Central Government and North East LEP grants;
 - Non-Government and European grants;
 - Developer Private / Partnership Funding;
 - Enterprise Zone Finance and Tax Incremental Finance;
 - Capital Receipts and Council reserves; and
 - Prudential Borrowing.

Each potential funding approach comes with varying conditions and risks which need to be assessed and then managed as part of the scheme delivery.

4.1.1 Central Government and North East LEP grants

- Grants are allocated by Central Government departments to specific programmes or projects on a competitive or formula basis. The Council seeks to maximise such allocations, developing appropriate projects and programmes which address priority needs in the city. With the Local Growth Fund now largely committed in the North East LEP area, the Council continues to investigate funding opportunities linked to the UK's Industrial

Strategy. Major capital projects in the pipeline include the South Sunderland Growth Area project supported by the Housing Infrastructure Fund, the North East programme approved by the Transforming Cities Fund, and a significant city centre transformation bid to the Government's Future High Streets Fund. The Council has also developed two new capital projects to support digital and strategic infrastructure in the city centre and riverside areas, and an energy infrastructure proposal for Hillthorn Business Park, both of which have secured grant support from the Government's Getting Building Fund. The Council awaits further consultation and guidance on the UK Shared Prosperity Fund which should offer additional capital funding opportunities.

- Specific Government grants are utilised to support planned capital expenditure for example, maintenance of transport infrastructure, school buildings and provision of Disabled Facilities.

4.1.2 Non-Government and European grants

The Council continues to monitor opportunities to access non-government funding sources such as the National Lottery Heritage Fund, Sports England, Historic England and the Arts Council to support the delivery of the City Plan.

Opportunities to access EU funding programmes will continue until all remaining funds are committed and delivered. In December 2017, the EU and the UK Government agreed that the EU Structural Funds would continue to operate as normal in the UK up until the end of 2020, with all approved projects closing by late in 2023. While this agreement provides reassurance on the North East LEP area's remaining European funding allocation for 2014-2020, local government continue to lobby for a UK successor programme that will operate beyond 2020.

No detailed information on the UK Shared Prosperity Fund has been announced in 2020 despite expectations that it would operate from 2021. It is expected that its coverage will reflect regional priorities set out in the North East Local Industrial Strategy and Strategic Economic Plan.

4.1.3 Developer Private Funding

The Council has completed a number of private financing / partnering arrangements in recent years including Sunderland Lifestyle Partnership and South Tyne and Wear Waste Management Private Finance Initiative. Funding arrangements have also been agreed with Legal and General in relation to the City Hall that will also see other office developments delivered as part of Riverside Sunderland.

The Council is committed to working with partners in the development of the City and its services. Various mechanisms provide opportunities to enhance the Council's investment potential with support and contributions from other third party and local strategic partners. These range from commissioning /

facilitating others to develop services in the city, funding for regeneration projects, and through match funding / joint funding of developments.

4.1.4 Alternative Sources of Financing

Enterprise Zones:

The Council has three live Enterprise Zone sites: A19 Low Carbon Zone, land at the Port of Sunderland and IAMP Phase 1. The Government's Enterprise Zone model allows all business rates growth generated by the Enterprise Zone to be kept by the relevant LEP for a period of 25 years. To unlock sites locally, the North East LEP has approved a model of forward funding the required infrastructure work, whereby local authority borrowing is financed through the future flow of business rates growth receipts.

Tax Incremental Finance (TIF):

Tax increment financing (TIF) permits local authorities to borrow money for infrastructure projects against the anticipated increase in tax receipts resulting from the infrastructure. TIF arrangements need to be negotiated and agreed with Central Government.

4.1.5 Internal funding

- Capital receipts from asset disposals

The Council has a substantial property estate, mainly for operational service requirements and administrative buildings. Reviews undertaken in accordance with the Asset Management Plan identify properties which are surplus to requirements and which can be disposed.

Capital receipts from asset disposals represent a finite funding source and it is important that a planned and structured manner of disposals is in place to support the priorities of the Council. As part of its property rationalisation programme, the Council markets sites when it is felt to be the appropriate time in order to achieve best value and help support operational efficiencies. The Efficiency Strategy, approved annually by Council, includes the continued proposed use of capital receipts to support costs arising from implementing the Council's savings programme, in accordance with Government guidance on the availability of flexibility around the use of capital receipts for transformation purposes through to April 2022.

The Council aims to maintain a policy of not committing receipts in advance of realisation and does not ring-fence the use of capital receipts to fund new investment in specific schemes or service areas, except where regulations require this i.e. educational land receipts. Instead, subject to any claw back provisions, resources are allocated in accordance with key aims and priorities.

While the Council does not commit receipts in advance of realisation, an indicative programme of sales of assets into future years is in place against which progress will be monitored and managed.

Receipts realised will be used to assist the Council's long term financial position. This will involve appraisal of the options to maximise revenue benefits, which could include:

- Repayment of existing debt;
- Mitigating requirements for future borrowing requirements in delivering the capital programme priorities;
- Funding of Transformation Projects that will deliver efficiencies; and
- Funding additional priorities.

- Capital Reserves

There is currently limited scope for Capital reserves to support new capital proposals. Opportunities for the creation of additional capital reserves will be considered in the light of the outturn funding position each financial year.

- Lease finance

Leasing may be considered where this provides best value as an alternative to purchasing.

- Revenue

Capital expenditure may be funded directly from revenue (CERA – capital expenditure charged to revenue account). However, the general pressures on the Council's revenue budget and council tax levels limit the extent to which this may be exercised as a source of capital funding.

- Prudential “unsupported” borrowing

Under the Prudential Code, the Council has discretion to undertake borrowing to fund capital projects. The full cost of that borrowing must be taken account of in the Council's budget, through the Minimum Revenue Provision (MRP) Policy. Any borrowing must be prudent, affordable and sustainable.

Given the pressure on the Council's revenue budget, prudent use has been made of borrowing where there was a clear financial benefit, such as “invest to save”, “spend to earn” or major regeneration schemes, which provide a net return over and above the borrowing cost, or a wider city benefit in line with the ambitions of the City Plan.

Council resources will be allocated to programmes based on asset lives to manage the long-term yield and revenue implications. Where available, any capital receipts will be focused on those assets with short term life span (e.g. vehicles and IT investments) and the unsupported borrowing on long term assets (e.g. land and buildings).

5.0 DEBT, BORROWING AND TREASURY MANAGEMENT

- 5.1 Under the Prudential Code, local authorities have discretion over the funding of capital expenditure and the level of borrowing they wish to undertake to deliver their capital plans and programmes. However, capital spending plans must be affordable, sustainable and prudent. To demonstrate this, the Council's longer term financial needs, alongside a projection of forecast external debt and borrowing, are detailed within the Prudential and Treasury Indicators 2020/2021 to 2023/2024 and within the Treasury Management Strategy Statement. This is approved annually by Council.
- 5.2 Table 2 below shows the estimated net revenue cost of debt charges and the future borrowing levels that will be required by the Council to meet its estimated capital financing requirement (CFR) over the 20-year timeframe included in the Capital Strategy. The table includes longer term capital financing requirements beyond the current capital programme timeframe that are identified in section 3.6 of this report but does not include other long-term liabilities (e.g. Private Finance Initiative schemes and finance leases).
- 5.3 The CFR quantifies capital expenditure that has not yet been paid for from revenue or capital resources. It measures the authority's underlying need to borrow for a capital purpose. It does not increase indefinitely as it is decreased by the Minimum Revenue Provision, which broadly reduces the borrowing need in line with assets lives. Consideration will be given to utilising cash backed reserves to temporarily fund the Council's borrowing requirement.

Table 2

	2024/25 £m	2029/30 £m	2034/35 £m	2039/40 £m
Capital Financing Requirement	871.021	808.671	734.646	644.649
Existing External Debt	390.740	365.698	354.044	354.078
Additional External Debt Requirement	480.281	442.973	380.602	290.591
Net Debt Charges	34.020	37.813	39.982	44.322

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 MTFP.

- 5.4 The liability benchmark for the Council is shown in table 3 below. This shows the Council's existing projected debt repayment profile through the MRP (liability benchmark) set against the existing repayment profile implied by the actual maturity profile of borrowing taken out by the Council. The table suggests that the Council will have a cash surplus in the long term and that projected debt repayments through MRP will not match actual debt repayments. However, following consultation and advice from the Council's treasury advisers, Link Asset Services, the Council has taken the decision to borrow over longer term periods. 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.

Table 3

	Loan Debt Maturities	Liability Benchmark	% Variance	Permitted Range
< 1 year	2%	1%	1%	0% - 50%
1 – 2 years	2%	1%	1%	0% - 60%
2 – 5 years	2%	5%	3%	0% - 80%
5 – 10 years	6%	9%	3%	0% - 100%
10 – 20 years	2%	23%	21%	0% - 100%
20 – 40 years	22%	45%	23%	0% - 100%
> 40years	64%	16%	48%	0% - 100%

5.5 Borrowing Limits

All external borrowing and investment undertaken is subject to the monitoring requirements of the Prudential Code. Under the Code, Authorities must set borrowing limits (Authorised Borrowing Limit for External Debt and Operational Boundary for External Debt) and must also report on the Council's performance for all of the other Treasury Management Prudential Indicators.

Further details are included within the Prudential and Treasury indicators 2020/2021 to 2023/2024 as approved by Council in March 2020.

5.6 Debt Repayments

The Council is required to repay an element of its capital financing requirement each year through a revenue charge known as the MRP. The Council must set a prudent amount of MRP in an annual MRP Policy Statement that is approved by Full Council each year.

5.7 Treasury Management Governance and Risks

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 treasury investments, which gives priority to the security and liquidity of those investments.

6 COMMERCIAL ACTIVITY – INVESTMENT STRATEGY

6.1 Since 2010 local government finances have been restricted by annual grant reductions, with much greater emphasis on self-sufficiency. The Council's Capital Strategy aims to support this agenda by increasing the physical and economic regeneration of the city, to generate more business rates and council tax to support Council services.

6.2 In recent years, a number of local authorities have increased their property portfolio for purely commercial / income reasons, often outside of their geographic area, in order to support existing Council budgets faced with

continued grant reductions. This practice has drawn concern from both CIPFA and the Ministry of Housing, Communities and Local Government (MHCLG) around the risk and security of funds from such commercial activity. MHCLG has subsequently updated its Statutory Investment Guidance, which requires that authorities:

- Prepare an investment strategy for approval by full Council once a year;
- Disclose the contribution that investments make “toward the service delivery objectives and / or place making role of the local authority”;
- Include indicators that enable assessment of the authority’s investments and decisions taken;
- Must not “borrow in advance of need” to profit from the investment of the sums borrowed. This requirement now applies to non-financial investments (e.g. investment in commercial property that is solely commercial) rather than financial instruments. In the past, investment in commercial property would have counted solely as capital expenditure and so could have been funded by borrowing; and
- If they do borrow in advance of need for profit, authorities must set out the reasons for their non-compliance in the strategy and their risk management arrangements.

6.3 To date, the Council has not entered into any investment decisions (outside of Treasury Management transactions) that solely focus on the commercial return of that investment. Whilst some capital developments and loan agreements in place have a commercial rate of return, and this is considered as part of any decisions approved, all such investments are principally to support the regeneration and economic sustainability of the city. The Council has no property assets defined as “investment assets” on its balance sheet.

6.4 The Council has prepared this investment strategy to comply with the statutory guidance issued by the MHCLG. In doing so, the overarching principles of any investment decisions are that;

- Investment decisions are made with the primary purpose of supporting the regeneration and economic resilience of the city, and that the benefit of such is set out as part of the decision making process. As such no borrowing “in advance of need” would be undertaken;
- Any proposals to undertake any such investment decisions would fully consider appropriate risks and security of funds as part of any decision making process and weigh up these risks against the anticipated benefits of the proposal;
- There would be a fully calculated and robust financial case of any proposal to be considered; and
- The approval for any such proposals follows the existing governance and approval process as set out in the Council’s constitution.

6.5 Any ongoing monitoring of investment decisions will be undertaken using existing channels i.e. revenue and capital monitoring. No additional mechanisms will be put in place given the Council does not intend to undertake any purely commercial activities.

- 6.6 This strategy and the related activity sits alongside the Treasury Management strategy referenced elsewhere, as well as having direct relationships with borrowing and Prudential Indicators. The Council will ensure that this policy is updated on an annual basis to be compliant with any such changes as required by CIPFA or the MHCLG.
- 6.7 Should the Council chose to undertake any investment decision in the future that is purely for commercial gain, full consideration of all financial and non-financial risks will be undertaken and subject to the appropriate approval process. The Investment Strategy would subsequently be updated to reflect any such change in approach.

7 OTHER LONG-TERM LIABILITIES

- 7.1 Councils may take on liabilities and hold investments explicitly in the course of service delivery including regeneration. Whilst not included within the Capital Programme or the Treasury Management Strategy, they are included within the wider capital strategy to give an overarching view of the Council's financial position.
- 7.2 As at 31st March 2020 the Council held £69.781m long-term liabilities in respect of Private Finance Initiative schemes:
- Waste Management Partnership £48.105m
 - Street Lighting and Highways Signs £15.188m; and
 - Sandhill View £6.488m.
- 7.3 The Council also held finance leases liabilities of £8.263m at 31st March 2020 mainly in respect of Sunnyside Multi Storey car park and the City Library building and embedded vehicle leases.
- 7.4 The Council has entered into a number of joint venture partnerships and provided loans to the following;
- Sunderland Lifestyle Partnership - In June 2015 the Council entered into a joint venture (JV) partnership, known as Sunderland Lifestyle Partnership, with Sports & Leisure Management Ltd (SLM), to manage and operate the city's leisure facilities. The JV is a private company limited by shares and is owned by the Council and SLM in equal shares (50:50) and is managed by a board of directors with an equal number of representatives from each party; and
 - IAMP LLP - This joint venture has been established with South Tyneside Council in order to deliver the International Advanced Manufacturing Park to the north of Nissan. Both parties own 50% of the LLP. Land currently held by IAMP LLP has been financed through Local Growth Funding grant and member loans in the form of Loan Notes.

The Council also has the following Financial Guarantees in place;

- Future possible payments may be required to Gentoo (formerly the Sunderland Housing Group) under the terms of the Transfer Agreement established between the Council and Gentoo for claims relating to non-environmental and environmental warranties. This agreement was drawn up as part of the Large Scale Voluntary Transfer which took place on 26th March 2001 which transferred all Council Housing and related assets to Gentoo;
- In addition to this, the Council acts as a guarantor to the Tyne and Wear Pension Fund in respect of pensions for employees who were originally employed by the Council but transferred to Gentoo in March 2001; and
- The Council also acts as a joint guarantor (along with other councils) to the Tyne and Wear Pension Fund in respect of pensions for employees of several bodies such as the Association of North East Councils (ANEC) and the North East Regional Employers Organisation (NEREO). The councils involved have agreed with the Pension Fund administrators that, in the unlikely event of any of these bodies failing, any pension deficit would be repaid over an agreed repayment period. Independently, the Council has similar arrangements in place for possible pension deficits with several other organisations.

These guarantees have all been judged to be insurance contracts and have been valued accordingly.

- 7.5 All other long-term liabilities are subject to Council approval and detailed business cases are provided prior to approval being given. This includes clear identification and quantification of financial risks and any implied subsidy included in the proposals. All long-term liabilities are closely monitored for changes to assumptions made and the probability of financial guarantees being called upon.

8 KNOWLEDGE AND SKILLS

- 8.1 The respective disciplines which support the implementation of the capital strategy across the Council i.e. finance, legal, property, etc. are delivered by officers with the necessary skills and professional standing. Officers regularly attend training courses, seminars and conferences provided by CIPFA, RICS and other bodies to ensure they are up to date with emerging issues, regulatory changes and best practice.
- 8.2 To ensure appropriate skill levels are available within the Council, suitable officers are provided with the opportunity to undertake professional training. The introduction of the Government's Apprenticeship Levy initiative is now supporting the financing of such development opportunities.

- 8.3 The Council uses Link Asset Services as its external treasury management advisers. The Council recognises that responsibility for treasury management decisions remain with the Council at all times and ensures that undue reliance is not placed upon our external service providers. It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources.
- 8.4 Where deemed necessary, external advisers / consultants will be engaged to support Council officers. These engagements may cover work packages including; business case development, regulatory consideration / compliance, project appraisal and specialist project delivery advice and support.
- 8.5 New Councillors are provided with financial training as part of their induction programme by internal Finance Officers. In addition, existing councillors can opt to receive refresher training as and when required, for example when they have a change in responsibility.

9 **CONCLUSION**

- 9.1 The Council has a long-established history of strong financial management. This Capital Strategy does not, in itself, introduce any new controls, but serves as a useful document as it summarises all of the arrangements in place around our capital activities. It highlights the comprehensive arrangements in place to ensure that the Council can balance the need for continued investment in the city with the requirement to set a balanced MTFP and address the on-going financial challenges that the Council faces.

Capital Programme 2021/2022 to 2024/2025 – New Starts / Additional Investments

Capital New Start / Additional Investment Proposals 2021/2022 to 2024/2025

The following projects are proposed for inclusion in the 2021/2022 to 2024/2025 capital programme. Gross amounts represent the total estimated project cost. For projects with other external or other funding provision, the net amounts represent the estimated net increase in Council financial investment.

2.1 Leader New Start Proposals

2.1.1 Elemore Green Space and Social Enterprise Development - £1.000m gross, £0.500m net

This project will provide funding to undertake a feasibility study (including significant resident and community consultation) to determine potential opportunities to develop the former Elemore Golf Course at Hetton. Following completion of the feasibility study and all planning restriction requirements, external funding will be sought alongside support from the Coalfield Area Neighbourhood Investment capital programme. The £1m project cost is reliant upon securing £0.5m external funding, and if successful, to then undertake capital improvement works 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.

Area Outcomes / Benefits and Contribution to Strategic Priorities

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

2.2 Deputy Leader New Start Proposals

2.2.1 Sunderland Central Station Redevelopment & Car Park - £27.989m gross, £3.470m net (£20.157m external funding and £4.362m already in existing programme)

Redevelopment of the Sunderland Central Station & car park. 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. The project is expected to be supported by external funding from the Transforming Cities Fund (Tranche 2).

Area Outcomes / Benefits and Contribution to Strategic Priorities:

The investment to rebuild the station at concourse level, to provide modern, attractive facilities for a better passenger experience will also serve as a gateway focal point for the retail core of Sunderland, with the corresponding benefits to businesses, commuters and visitors to the city. It's aspiration as a university hub also means an enhanced railway station has potential to serve more students and help drive the growth of the fledgling knowledge industry and promote low carbon travel. Establishing a 500-space car park on the nearby Holmeside site will facilitate both pre-paid permits and pay & display parking and will provide the Council with a revenue stream. Although its primary benefit will be to offer park and ride support to heavy rail users the car park will be a city-wide asset for the occupants and visitors to the City Centre. In addition, the project will contribute to the following strategic priorities:

- Dynamic City: more and better jobs
- Dynamic City: stronger City Centre
- Dynamic City: low carbon city and digital connectivity for all
- Healthy City: access to same opportunities and life chances
- Healthy City: more people living healthier for longer
- Healthy City: people enjoy independent lives
- Healthy City: cleaner and more attractive city and neighbourhoods
- Healthy City: city with great transport and travel links
- Vibrant City: more creative and cultural businesses
- Vibrant City: more visitors visiting Sunderland and residents participating in events
- Vibrant City: more people feel safe in their neighbourhoods and homes

2.2.2 Holmeside Bus Rationalisation and Priority Measures – £1.135m gross, £0.255m net (£0.880m external funding)

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. The project is expected to be supported by external funding from the Transforming Cities Fund (Tranche 2).

Area Outcomes / Benefits and Contribution to Strategic Priorities:

The investment will help with congestion reduction, ensure bus journey time improvements and enhance road safety for all highway users. Infrastructure improvements will enhance the travelling experience for bus passengers and encourage the take up of this mode of travel. The measures will also contribute to the following strategic priorities:

- Dynamic City: more and better jobs
- Dynamic City: stronger City Centre
- Dynamic City: low carbon city and digital connectivity for all
- Healthy City: access to same opportunities and life chances
- Healthy City: more people living healthier for longer
- Healthy City: people enjoy independent lives
- Healthy City: cleaner and more attractive city and neighbourhoods
- Healthy City: city with great transport and travel links
- Vibrant City: more creative and cultural businesses
- Vibrant City: more visitors visiting Sunderland and residents participating in events
- Vibrant City: more people feel safe in their neighbourhoods and homes

2.2.3 Strategic Cycle Network - £5.609m gross, £1.203m net (£4.406m external funding)

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. The project is expected to be supported by external funding from the Transforming Cities Fund (Tranche 2).

Area Outcomes / Benefits and Contribution to Strategic Priorities:

The investment will support economic regeneration, broader labour market access for employers, modal shift for short-medium length trips, equitable access to travel solutions, and encourage increasingly active living for health reducing health care costs and will contribute to the following strategic priorities:

- Dynamic City: more and better jobs
- Dynamic City: stronger City Centre
- Dynamic City: low carbon city and digital connectivity for all
- Healthy City: access to same opportunities and life chances
- Healthy City: more people living healthier for longer
- Healthy City: people enjoy independent lives
- Healthy City: cleaner and more attractive city and neighbourhoods
- Healthy City: city with great transport and travel links
- Vibrant City: more creative and cultural businesses
- Vibrant City: more visitors visiting Sunderland and residents participating in events

- Vibrant City: more people feel safe in their neighbourhoods and homes

2.2.4 Energy and Carbon 2030 Development - £3.200m gross

A feasibility study was undertaken aligned to implementing the Carbon 2030 policy and to secure energy conservation and reduction in costs set against the move away from fossil fuels to renewables. 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. 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 for:

- The IAMP Employment Catchment (including Nissan, IAMP Phase 1 and 2, Gigaplant, Washington Meadows, Hillthorn Business Park); and
- Riverside Sunderland and the City Catchment working with the investors to achieve the carbon neutral targets.

Area Outcomes / Benefits and Contribution to Strategic Priorities:
The investment will:

- secure existing manufacturing jobs within the catchment area by reducing energy costs, attract more investment into that area bringing more jobs and boosting the economy,
- give Sunderland the strategic direction required for the next 20 years to 2040 and place Sunderland at the centre of the Government climate emergency and carbon reduction strategy, and
- change the City in the way we live and work with Riverside Sunderland developing as the model for the new way of living and the City into the future.

Overall it will contribute to the following strategic priorities:

- Dynamic City: more and better jobs
- Dynamic City: more and better housing
- Dynamic City: more and better skills and qualifications
- Dynamic City: stronger City Centre
- Dynamic City: low carbon city and digital connectivity for all
- Healthy City: more people living healthier for longer

- Healthy City: people enjoy independent lives
- Healthy City: cleaner and more attractive city and neighbourhoods
- Vibrant City: more creative and cultural businesses
- Vibrant City: more residents participating in the communities
- Vibrant City: more visitors visiting Sunderland and residents participating in events
- Vibrant City: more people feel safe in their neighbourhoods and homes
- Vibrant City: more resilient people

2.2.5 Open Spaces and Allotment Improvements - £2.500m gross, £2.303m net (£0.197m external funding)

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. The project is supported by £0.197m developer contributions towards the provision of allotments.

Area Outcomes / Benefits and Contribution to Strategic Priorities:

The investment will support residents in being more physically and socially active through the provision of additional allotment plots and community gardens to grow produce, whilst improvements will also be made to parks and open spaces infrastructure, and will contribute to the following strategic priorities:

- Healthy City: access to same opportunities and life chances
- Healthy City: more people living healthier for longer
- Healthy City: people enjoy independent lives
- Healthy City: cleaner and more attractive city and neighbourhoods
- Vibrant City: more residents participating in the communities
- Vibrant City: more people feel safe in their neighbourhoods and homes
- Vibrant City: more resilient people

2.2.6 Vehicle Actuated Signs Programme - £0.200m gross

Purchase of new and replacement Vehicle Actuated Signs (VAS) as part of the citywide VAS programme.

Area Outcomes / Benefits and Contribution to Strategic Priorities:

The investment in new signs will further support the existing VAS programme of work by enabling the upgrade of signs coming to the end of their working life and also allow the expansion of the VAS programme to areas of the city

where there are community concerns of inappropriate vehicle speeds and conventional signing and/or enforcement has not been effective. The signs will also contribute to the following strategic priorities:

- Healthy City: cleaner and more attractive city and neighbourhoods
- Healthy City: city with great transport and travel links
- Vibrant City: more people feel safe in their neighbourhoods and homes

2.2.7 Fleet - Bulky Waste Collection Service - £0.150m gross

Action to improve the bulky household waste collection offer has been extremely successful. To cope with anticipated sustained demand into next year and onwards two additional specialist service vehicles to collect this waste will be purchased. It is expected that this investment will also reduce the level of fly tipping or waste in rear lanes and making the service more accessible by reducing service lead in times.

Area Outcomes / Benefits and Contribution to Strategic Priorities:

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

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

2.3 Cabinet Secretary New Start Proposals

2.3.1 Internet Filtering, Firewall and Monitoring Solution and Upgrade to Gigabit Capable Fibre Connectivity - £1.000m gross

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.

Area Outcomes / Benefits and Contribution to Strategic Priority:

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

2.3.2 Salix Decarbonisation Fund - £1.000m gross, £nil net (£0.500m external Salix funding and £0.500m ring-fenced Salix reserve)

Creation of a recycling decarbonisation fund for energy conservation and renewable energy technology measures (e.g. solar panels) in Council 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. 50% of the fund will be resourced via accessing funding from Department for Business, Energy and Industrial Strategy (BEIS) via Salix Finance who administer the funding on behalf of BEIS.

Area Outcomes / Benefits and Contribution to Strategic Priorities:
The investment will reduce energy consumption, energy cost and carbon emissions, and will contribute to the following strategic priorities:

- Dynamic City: more and better jobs
- Dynamic City: more and better skills and qualifications
- Dynamic City: low carbon city and digital connectivity for all
- Healthy City: cleaner and more attractive city and neighbourhoods

2.3.3 Re-procurement of AutoCAD licences - £0.600m gross

Provision for the replacement of computer aided design (CAD) software for use by the Council's architect, engineering and construction teams. This design software supports the operational and capital development delivery across the Council.

Area Outcomes / Benefits and Contribution to Strategic Priorities:
The investment will underpin the effective delivery of a number of key Council services, and will contribute to the following strategic priorities:

- Dynamic City: more and better housing
- Dynamic City: stronger City Centre
- Dynamic City: low carbon city and digital connectivity for all
- Healthy City: cleaner and more attractive city and neighbourhoods
- Healthy City: city with great transport and travel links
- Vibrant City: more visitors visiting Sunderland and residents participating in events

2.4 Children, Learning and Skills New Start Proposals

2.4.1 Barnes Junior School Refurbishment - £2.500m gross, £2.100m net (£0.400m external funding)

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. Project to be supported, in part, by the schools' capital grants provided for this purpose.

Area Outcomes / Benefits and Contribution to Strategic Priorities:
This project will directly benefit residents in the west area of the city. It will improve the condition of the maintained school sector and ensure that more children in Sunderland are able to learn in safe, modern learning environments and will contribute to the following strategic priorities:

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

2.4.2 Fulwell Junior School Refurbishment - £2.500m gross, £2.100m net (£0.400m external funding)

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. Project to be supported, in part, by the schools' capital grants provided for this purpose.

Area Outcomes / Benefits and Contribution to Strategic Priorities:

This project will directly benefit residents in the North area of the city. It will enable the pupils at the school to access education in safe and healthy buildings, increase the access to hot, healthy school meals for pupils on roll, modernise teaching facilities and reduce the risk of unplanned closures due to major condition failures and will contribute to the following strategic priorities:

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

2.4.3 School Meals Kitchen Equipment Replacement - £0.150m gross

A condition survey of school meals equipment across all schools where the school meals service is provided by the Council's in-house catering team has identified the need for an upgrade to equipment inventory. This project will replace all equipment identified from that survey.

Area Outcomes / Benefits and Contribution to Strategic Priorities:

This project will replace a number of pieces of school meals equipment and will contribute to the following strategic priority:

- Healthy City: more people living healthier for longer

2.5 Dynamic City New Start Proposals

2.5.1 Riverside Sunderland Infrastructure - £32.000m gross

Riverside Sunderland is located to the east of the city, lying north of the City Centre with the River Wear running through it. The area for regeneration includes Sheepfolds and Bonnersfield to the north, Vaux, Farringdon Row, Galley's Gill, Riverside Park and High Street West to the south. The Riverside Sunderland Masterplan was launched November 2019. This Plan will play a big part in achieving the goals of the City Plan, helping us to become a dynamic, healthy and vibrant international city. 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 square foot of commercial

development, a number of 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. This funding will supplement the funding approved last year for this purpose.

Area Outcomes / Benefits and Contribution to Strategic Priorities:

The investment will support the city-wide population through improved public infrastructure in the city, by providing better connections and movement between the surrounding residential neighbourhoods and employment opportunities, ensuring the Park is a city-wide asset, and will contribute to the following strategic priorities:

- Dynamic City: more and better jobs
- Dynamic City: stronger City Centre
- Dynamic City: low carbon city and digital connectivity for all
- Healthy City: cleaner and more attractive city and neighbourhoods
- Healthy City: city with great transport and travel links
- Vibrant City: more creative and cultural businesses
- Vibrant City: more visitors visiting Sunderland and residents participating in events
- Vibrant City: more people feel safe in their neighbourhoods and homes

2.5.2 Vaux Housing - £38.404m gross, £31.247m net (£7.157m external funding)

This project funds the design and development of a new residential scheme on the former Vaux site consisting of carbon neutral dwellings for rent and sale. The housing development will complement the wider masterplan for Riverside Sunderland and the investment already made in 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. The project is expected to be supported by grants from Homes England, and the commercial case business demonstrates the recovery of the capital investment over a 25-year period from rental income and property sales.

Area Outcomes / Benefits and Contribution to Strategic Priorities:

The investment will provide a new high-quality housing offer in a vibrant well-connected community, creating a place where people want to live. It will support the repopulation of the city centre and the associated economic growth. It will also contribute to the following strategic priorities:

- Dynamic City: more and better housing
- Dynamic City: stronger City Centre
- Dynamic City: low carbon city and digital connectivity for all
- Healthy City: more people living healthier for longer

- Healthy City: cleaner and more attractive city and neighbourhoods
- Vibrant City: more residents participating in the communities
- Vibrant City: more visitors visiting Sunderland and residents participating in events
- Vibrant City: more people feel safe in their neighbourhoods and homes

2.5.3 Northern Spire Park - £23.003m gross, £8.759m net (£14.244m external funding)

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. 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.

Area Outcomes / Benefits and Contribution to Strategic Priorities:

The investment 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. It will provide a mixed tenure housing solution, using factory manufactured and highly sustainable new homes, that provide high quality and affordable edge of city living. It will contribute to the following strategic priorities:

- Dynamic City: more and better jobs
- Dynamic City: more and better housing
- Dynamic City: more and better skills and qualifications
- Dynamic City: low carbon city and digital connectivity for all
- Healthy City: more people living healthier for longer
- Healthy City: people enjoy independent lives
- Healthy City: cleaner and more attractive city and neighbourhoods
- Vibrant City: more residents participating in the communities
- Vibrant City: more people feel safe in their neighbourhoods and homes

2.5.4 Housing Other Sites - £3.999m gross, £2.499m net (£1.500m external funding)

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.

Area Outcomes / Benefits and Contribution to Strategic Priorities:

The investment will help to unlock stalled development sites, support regeneration and placemaking, and ensure the delivery of a high quality housing offer across the city. It will contribute to the following strategic priorities:

- Dynamic City: more and better jobs
- Dynamic City: more and better housing
- Dynamic City: more and better skills and qualifications
- Dynamic City: stronger City Centre
- Dynamic City: low carbon city and digital connectivity for all
- Healthy City: more people living healthier for longer
- Healthy City: cleaner and more attractive city and neighbourhoods
- Healthy City: city with great transport and travel links
- Vibrant City: more residents participating in the communities
- Vibrant City: more visitors visiting Sunderland and residents participating in events
- Vibrant City: more people feel safe in their neighbourhoods and homes

2.5.5 Willowfield Supported Village - £16.000m gross, £12.500m net (£3.500m external funding)

The project will provide 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.

Area Outcomes / Benefits and Contribution to Strategic Priorities:

The investment will ensure a range of specialist and supported accommodation is available in the City for vulnerable groups, and will contribute to the following strategic priorities:

- Dynamic City: more and better jobs
- Dynamic City: more and better housing
- Dynamic City: low carbon city and digital connectivity for all
- Healthy City: more people living healthier for longer
- Healthy City: people enjoy independent lives
- Vibrant City: more people feel safe in their neighbourhoods and homes

2.5.6 Inspiring Futures Programme - Delivering a new approach to Homelessness Services and Accommodation - £7.229m gross, £2.894m net (£1.935m external funding and £2.400m already in existing programme)

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 Ministry for Housing, Communities and Local Government, and the net investment is expected to be recouped by rental income.

Area Outcomes / Benefits and Contribution to Strategic Priorities:

The investment will ensure a range of supported accommodation is available in the City for vulnerable groups, and will contribute to the following strategic priorities:

- Dynamic City: more and better jobs
- Dynamic City: more and better housing
- Healthy City: access to same opportunities and life chances
- Healthy City: more people living healthier for longer
- Healthy City: people enjoy independent lives
- Vibrant City: more people feel safe in their neighbourhoods and homes
- Vibrant City: more resilient people

2.5.7 HICSA (Housing Innovation Construction & Skills Academy) - £10.950m gross, £5.475m net (£5.475m external funding)

Provision for the 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 expected to be supported by central government grants.

Area Outcomes / Benefits and Contribution to Strategic Priorities:

The investment will help to educate and train the housing workforce of the future, allowing Sunderland to build on its manufacturing heritage and create new and alternative employment opportunities for local people. It will provide a critical link between academia and industry and will support the creation of a new regional off-site manufacturing hub within Sunderland. It will contribute to the following strategic priorities:

- Dynamic City: more and better jobs
- Dynamic City: more and better housing
- Dynamic City: more and better skills and qualifications
- Healthy City: access to same opportunities and life chances
- Vibrant City: more residents participating in the communities

2.5.8 Commercial Road Development - £4.000m gross

The project will undertake the development of a site at Commercial Road, providing:

- A mixture of industrial and trade counter units;
- Promotion of the regeneration of the Commercial Corridor and 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.

The cost of investment, including financing, will be recouped from lease income from the units and is also planned to provide a positive return. The Council will seek pre-lets to ensure the risk of voids is minimised and income is secured on a long-term lease.

Area Outcomes / Benefits and Contribution to Strategic Priorities:

The investment 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 and will contribute to the following strategic priorities:

- Dynamic City: more and better jobs
- Healthy City: cleaner and more attractive city and neighbourhoods
- Vibrant City: more resilient people

2.5.9 City Centre Highways Improvements - £3.000m gross, £1.500m net (£1.500m external funding)

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. External funding is anticipated to be provided through grants from Homes England.

Area Outcomes / Benefits and Contribution to Strategic Priorities:

The investment will support the delivery of high quality and effective public realm, optimising accessibility and connectivity of the city centre, Mowbray Park and the civic centre site, and maintaining an appropriate balance between pedestrian and vehicle routes. It will contribute to the following strategic priorities:

- Dynamic City: more and better housing
- Dynamic City: stronger City Centre
- Dynamic City: low carbon city and digital connectivity for all
- Healthy City: more people living healthier for longer
- Healthy City: people enjoy independent lives
- Healthy City: cleaner and more attractive city and neighbourhoods
- Vibrant City: more residents participating in the communities
- Vibrant City: more people feel safe in their neighbourhoods and homes

2.6 Healthy City New Start Proposals

2.6.1 ICT / Assistive Technology - £1.400m gross

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.

Area Outcomes / Benefits and Contribution to Strategic Priorities:

- Dynamic City: more and better jobs
- Healthy City: more people living healthier for longer
- Healthy City: people enjoy independent lives
- Vibrant City: more people feel safe in their neighbourhoods and homes
- Vibrant City: more resilient people

2.7 Vibrant City New Start Proposals

2.7.1 Culture House - £27.225m gross, £13.058m net (£14.167m external funding)

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 Council objectives of being Carbon Zero by 2030. The project is subject to the successful outcome of a bid for external funding from the Future High Street Fund, with the outcome expected to be confirmed by the end of 2020.

Area Outcomes / Benefits and Contribution to Strategic Priorities:

Project will benefit the city's residents, businesses and visitors via the provision of a new and improved facility which will provide access to enhanced educational and cultural services, increasing footfall in the city centre, and will contribute to the following strategic priorities:

- Dynamic City: more and better skills and qualifications
- Dynamic City: stronger City Centre
- Dynamic City: low carbon city and digital connectivity for all
- Healthy City: access to same opportunities and life chances
- Healthy City: more people living healthier for longer
- Healthy City: people enjoy independent lives
- Healthy City: cleaner and more attractive city and neighbourhoods
- Vibrant City: more creative and cultural businesses
- Vibrant City: more residents participating in the communities
- Vibrant City: more visitors visiting Sunderland and residents participating in events
- Vibrant City: more resilient people

2.7.2 Washington F Pit Heritage Visitor Centre and Albany Park Improvements - £4.650m gross

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.

Area Outcomes / Benefits and Contribution to Strategic Priorities:

- Healthy City: more people living healthier for longer
- Healthy City: cleaner and more attractive city and neighbourhoods
- Vibrant City: more residents participating in the communities
- Vibrant City: more visitors visiting Sunderland and residents participating in events
- Vibrant City: more people feel safe in their neighbourhoods and homes
- Vibrant City: more resilient people

2.7.3 Digitisation of Local History & Library collections - £0.650m gross

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.

Area Outcomes / Benefits and Contribution to Strategic Priorities:

The project is a long-term commitment and investment, to protect collections that are either fragile or unique, that need to be protected but also to gradually open up the collection to everyone. There will be opportunities to maximise the collection to enrich key projects and events around the city, for example as projections, films, reminiscence, commercialisation and merchandise. This will contribute to the following strategic priorities:

- Dynamic City: stronger City Centre
- Dynamic City: low carbon city and digital connectivity for all
- Healthy City: access to same opportunities and life chances
- Healthy City: more people living healthier for longer
- Healthy City: people enjoy independent lives
- Vibrant City: more creative and cultural businesses
- Vibrant City: more residents participating in the communities
- Vibrant City: more visitors visiting Sunderland and residents participating in events

2.7.4 Redesign and Replacement of City Centre Christmas Lighting - £0.150m gross

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.

Area Outcomes / Benefits and Contribution to Strategic Priorities:

The investment will replace the current lighting that has aged and no longer has the desired effect of creating a visual impact during the Christmas period of welcoming and encouraging visitors to the city centre, and will contribute to the following strategic priorities:

- Dynamic City: stronger City Centre
- Vibrant City: more visitors visiting Sunderland and residents participating in events

2.7.5 Festival of Light - £0.600m gross

Refresh of the lighting offer for the Festival of Light, to support the delivery of the event over a 4-year period.

Area Outcomes / Benefits and Contribution to Strategic Priorities:

The investment will allow for new lighting features to refresh the lighting offer annually to ensure the event doesn't become stagnant using the same lighting stock for a prolonged period, and will contribute to the following strategic priorities:

- Dynamic City: stronger City Centre
- Vibrant City: more residents participating in the communities
- Vibrant City: more visitors visiting Sunderland and residents participating in events