

CIVIC CENTRE,  
SUNDERLAND  
24 February 2020

**TO THE MEMBERS OF SUNDERLAND CITY COUNCIL**

**YOU ARE SUMMONED TO ATTEND A MEETING** of Sunderland City Council to be held in the Council Chamber, Civic Centre, Sunderland, on **WEDNESDAY 4 MARCH 2020** at 4.00 p.m. at which it is proposed to consider and transact the following business:-

Item	Page
1. To read the Notice convening the meeting.	-
2. To approve the minutes of the last ordinary meeting of the Council held on 29 January 2020 (copy herewith).	1
3. Receipt of Declarations of Interest.	-
4. Announcements (if any) under Rule 2(iv).	-
5. Apologies.	-
6. Report of the Cabinet.	17
(i) Capital Programme 2020/2021 to 2023/2024 and Treasury Management Policy and Strategy 2020/2021, including Prudential Indicators for 2020/2021 to 2023/2024	27
(ii) Revenue Budget and Proposed Council Tax for 2020/2021 and Medium Term Financial Plan 2020/2021 to 2023/2024	133

(iii) **Determination of Council Tax 2020/2021**

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A handwritten signature in blue ink, reading "P. Melia". The signature is written in a cursive style with a large, looped initial "P".

**PATRICK MELIA, CHIEF EXECUTIVE.**





## Sunderland City Council

At a meeting of SUNDERLAND CITY COUNCIL held in the CIVIC CENTRE on  
WEDNESDAY 29 JANUARY 2020 at 4.00pm

**Present:** The Mayor (Councillor David Snowdon) in the Chair  
The Deputy Mayor (Councillor H Trueman).

Councillors	Armstrong	Foster	Leadbitter	Snowdon, D E
	Atkinson	Francis	MacKnight, N	Stewart
	Bewick	Gibson, E	Mann	Thornton
	Blackburn	Gibson, P	McClennan	Trueman, D
	Blackett	Greener	McKeith	Turner
	Butler	Haswell	Miller, F	Tye
	Chequer	Heron	Miller, G	Walker, G
	Crosby	Hodson	Mordey	Walker, P
	Davison	Howe	Mullen	Waller
	Dixon, D	Hunt	O'Brien	Williams
	Dixon, M	Jackson	Oliver	Wilson, A
	Doyle	Jenkins	Rowntree	Wilson, D
	Essl	Johnston	Samuels	Wood, A
	Fagan	Kelly	Scanlan	Wood, K
	Farthing	Lauchlan	Smith, G	Wood, P
	Fletcher	Lawson	Smith, P	

### Also Present: -

Honorary Aldermen: - Greenfield  
Tate

The notice convening the meeting was read.

### Minutes

39. RESOLVED that the minutes of the Council Meeting held on 20 November 2019 be confirmed and signed as a correct record.

### Declarations of Interest

The following Councillors declared interests as follows: -

Item 9 – Report of the Cabinet – Council Tax Base 2020/2021	Councillor D Turner	Member of Hetton Town Council
Item 12 – Motions on Notice – Empire Theatre Tickets	Councillor Hunt	Trustee of Sunderland Empire Theatre Trust
	Councillor O'Brien	Employee of ATG

## **Announcements**

### **Holocaust Memorial Day**

Holocaust Memorial Day on 27 January had marked the 75<sup>th</sup> anniversary of the liberation of Auschwitz-Birkenau death camp and the 25<sup>th</sup> anniversary of the Genocide in Bosnia. The Mayor invited Council to join him in standing for a minute's silence as a mark of respect to remember the six million Jews murdered during the Holocaust, alongside the millions of other people killed under Nazi persecution and in subsequent genocides in Cambodia, Rwanda, Bosnia and Darfur.

### **Citywide approach to carbon reduction**

The Deputy Leader provided an update on the work which had been carried out in relation to the city's goal of becoming carbon neutral by 2030 and reducing Sunderland's carbon emissions.

The scope of the work had widened to focus on not just the City Council, but also working with partners and residents to deliver carbon reduction across the city as a whole. Key to the city-wide approach was the Shadow 2030 Board which brought together partners including Sunderland College, the University of Sunderland, South Tyneside and Sunderland NHS Foundation Trust, the Clinical Commissioning Group, Gentoo, the Department of Work and Pensions as well as Nexus and Transport NE. The first Shadow Board meeting had been held earlier in the month and had been very positive.

Within the Council, a 2030 Task Group continued its work on initiatives to drive forward carbon reduction internally. The Youth Council had agreed to focus its meeting in April on low carbon and the Deputy Leader would be in attendance to hear the thoughts and ideas of the young people involved.

A key area of work was establishing accurate baseline data on carbon emissions and once this was done, The Council would commission an updated City Carbon Reduction Plan.

The Deputy Leader also updated Members on further action being undertaken across the city including: -

- 48,000 LED street lights resulting in financial savings in excess of £3million per annum and a reduction in carbon dioxide emissions of 6,500 tonnes per annum;
- A heat network feasibility study for the City Centre/Riverside Sunderland;
- An award of £161,846.46 from the Urban Tree Challenge Fund (UTCf)
- Four electric cycles for employee business travel;
- Application for Energy Saving Trust funding for other sustainable transport modes for staff travel;
- Engagement with a charity to monitor carbon data and to benchmark and manage environmental impacts; and

- Further funding bids to support low carbon delivery.

The Deputy Leader would continue to provide updates to Council on this important priority for the City.

40. RESOLVED that the information be noted.

### **Reception of Petitions**

41. RESOLVED that the petitions listed below submitted by the Councillors named, be received and referred for consideration in accordance with the Council's Petitions Scheme: -

Councillor Haswell – Petition from residents of General Havelock Road calling on the Council to resurface General Havelock Road as part of the 2020/21 road repair programme;

Councillor Haswell – Petition from residents of Westmoor and Midmoor Road calling on the Council to include the roads in the priority gritting programme or to make alternative arrangements;

Councillor Turner – Petition calling on the Council to shorten the bus stop space at Smiths Terrace, Easington Lane; and

Councillor Lawson – Petition calling on the Council to install traffic calming measures at Bowes Lea and Briar Lea, Shiney Row.

### **Apologies**

Apologies for absence were submitted to the meeting on behalf of Councillors Cunningham, D MacKnight, Marshall, McDonough, Potts, Scaplehorn, Speding, Taylor and Watson together with Aldermen Arnott and Forbes. Councillors Essl and Tye had advised that they may arrive late, as they were attending a Gentoo Board meeting.

### **Written Questions under Rule 9**

Pursuant to Rule 9 of the Council Rules of Procedure, the Leader and Members of the Cabinet were asked questions which had been submitted by members of the public.

### **Report of the Cabinet**

The Cabinet reported and recommended as follows: -

#### **1. Review of Polling Districts, Polling Places and Polling Stations**

That they had given consideration to a report of the Chief Executive (copy attached) on the review of polling districts, polling places and polling stations

carried out as required by the Electoral Registration and Administration Act 2013.

Accordingly, the Cabinet had recommended Council to approve: -

- (a) The implementation of changes to the parliamentary polling districts and parliamentary polling places as detailed in Appendix 3 to apply to all elections, namely UK Parliamentary, Local Government and any other elections and referenda;
- (b) The authorisation of the Electoral Registration Officer to make the amendments to polling districts for the Electoral Register to be published on 1 February 2020;
- (c) The delegation to the Chief Executive to make, where necessary, alterations to the designation of any polling place prior to the next full review in consultation with ward Councillors and the portfolio holder; and
- (d) That due to the parish areas of Burdon (in Doxford ward) and Warden Law (in Copt Hill ward) being extremely small, with few electors, special circumstances apply for the purposes of the Representation of the People Act 1983, so that those parishes do not need to be separate polling districts.

## **2. Council Tax Base 2020/2021**

That they had given consideration to a report of the Executive Director of Corporate Services (copy attached) on the calculation of the Council Tax Base for 2020/2021 and seeking approval to recommend to Council the Council Tax Base for 2020/2021 in accordance with the Local Government Finance Act 1992 as amended by the Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012.

Accordingly, the Cabinet recommended to Council that: -

- (a) The report for the calculation of the Tax Bases for the City Council and Hetton Town Council for 2020/2021 be approved; and
- (b) That pursuant to the report and in accordance with the Local Authorities (Calculation of Tax Base) Regulations 1992 and the Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012, the amount calculated by Sunderland City Council as its Council Tax Base for the year 2020/2021, shall be 71,336 and for the area of Hetton Town Council shall be 3,868.

## **3. Local Council Tax Support Scheme**

That they had given consideration to a report and supplementary report of the Executive Director of Corporate Services (copy attached) requesting that Cabinet consider, for the purposes of paragraph 5 of Schedule 1A to the Local Government Finance Act (LGFA) 1992, whether the Local Council Tax Support Scheme (LCTSS) – which is the Council's Council Tax Reduction



Scheme under section 13A(2) LGFA 1992 – should be revised or replaced with another scheme for the financial year 1 April 2020 to 31 March 2021. Accordingly, the Cabinet recommended to Council that: -

- (i) The current LCTSS for the City of Sunderland, the main features of which are set out at Appendix A, be amended from 1 April 2020 to incorporate any legislative changes to the prescribed requirements for the Scheme but that it be not otherwise revised or replaced; and
- (ii) The approved LCTSS for the financial year 2020/2021 be published on the Council's website and in any additional manner determined by the Executive Director of Corporate Services in consultation with the Cabinet Secretary.

#### **4. Feed and Food Law Service Plan 2019/20**

That they had given consideration to a report of the Executive Director of Neighbourhoods (copy attached) on the Feed and Food Controls Service Plan for 2019/2020 to be used by the Feed and Food Safety Enforcement across the city, which had been formulated to comply with the current recommendations of the Food Standards Agency Framework Agreement and outlined the national priorities and standards for service delivery.

They also referred the matter to the Economic Prosperity Scrutiny Committee for advice and consideration. The Committee commended the hard work of the staff during the year and supported the Cabinet's recommendation to submit the Feed and Food Controls Service Plan for 2019/2020 to Council for final approval.

Cabinet also gave delegated authority to the Executive Director of Neighbourhoods, in consultation with the Portfolio Holder for Environment and Transport, to make any amendments to the plan that were considered appropriate in the light of comments from the Economic Prosperity Scrutiny Committee, prior to it being referred to Council for endorsement.

Accordingly, the Cabinet recommended Council to approve the Feed and Food Law Service Plan 2019/20.

#### **5. Adoption of Core Strategy and Development Plan 2015-2033**

That they had given consideration to a report of the Executive Director of City Development (copy attached) to seek approval to the adoption of the Core Strategy and Development Plan 2015-2033 (the Plan).

They also referred the matter to the Economic Prosperity Scrutiny Committee and the Planning and Highways Committee for advice and consideration. The Committees supported the recommendations of the report and thanked officers for all the work involved in the preparation of the Plan.

Accordingly, the Cabinet recommended that Council: -

- (i) Notes the Planning Inspector's Report on the Core Strategy and Development Plan (Appendix 1) and accepts the Main Modifications;

- (ii) Adopts the Core Strategy and Development Plan 2015-2033 including the Policies Map (Appendix 2) to take effect from 30 January 2020; and
- (iii) Notes that Cabinet agreed that the Supplementary Planning Documents set out in Appendix 3 to the report are revoked with effect from 30th January 2020 subject to Council's agreement to adopt the Core Strategy and Development Plan with effect from that date, with revised SPDs to be developed where appropriate.

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

Councillors were invited to vote on the recommendations in relation to Item 5 of the Report of the Cabinet, with 36 Members voting in favour: -

Councillors	Atkinson	Gibson, P	Miller, G	Trueman, D
	Blackburn	Heron	Mordey	Turner
	Butler	Jackson	Rowntree	Walker, G
	Chequer	Johnston	Samuels	Walker, P
	Davison	Kelly	Scanlan	Waller
	Dixon, D	Lauchlan	Smith, P	Williams
	Farthing	MackKnight, N	Snowdon, D E	Wilson, A
	Fletcher	McClennan	Stewart	Wilson, D
	Foster	Miller, F	Thornton	Wood, K

23 Members voting against: -

Councillors	Armstrong	Fagan	Jenkins	O'Brien
	Bewick	Francis	Lawson	Oliver
	Blackett	Greener	Leadbitter	Smith, G
	Crosby	Haswell	Mann	Wood, A
	Dixon, M	Hodson	McKeith	Wood, P
	Doyle	Howe	Mullen	

And two Members voting to abstain: -

Councillors	Gibson, E	Hunt
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Accordingly, it was: -

42. RESOLVED that Item 5 of the report of the Cabinet be approved and adopted.

The remainder of the items on the report of the Cabinet were then put to the meeting. Accordingly, it was: -

43. RESOLVED that the remaining items on the report of the Cabinet be approved and adopted.

## Written Questions under Rule 10.2

Pursuant to Rule 10.2 of the Council Rules of Procedure, Members of the Council asked questions of the Leader and Members of the Executive.

Councillor O'Brien, seconded by Councillor Oliver, moved an extension to the time for responding to written questions.

Upon being put to the vote, the motion was defeated with 21 Members voting in favour: -

Councillors	Armstrong	Fagan	Howe	O'Brien
	Bewick	Francis	Jenkins	Oliver
	Blackett	Greener	Leadbitter	Smith, G
	Crosby	Haswell	Mann	Wood, A
	Dixon, M	Hodson	Mullen	Wood, P
	Doyle			

And 39 Members voting against:

Councillors	Atkinson	Gibson, E	McClennan	Trueman, D
	Blackburn	Gibson, P	Miller, F	Turner
	Butler	Heron	Miller, G	Tye
	Chequer	Hunt	Mordey	Walker, G
	Davison	Jackson	Rowntree	Walker, P
	Dixon, D	Johnston	Samuels	Waller
	Essl	Kelly	Scanlan	Williams
	Farthing	Lauchlan	Smith, P	Wilson, A
	Fletcher	Lawson	Stewart	Wood, K
	Foster	MackKnight, N	Thornton	

## Action on Petitions

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

### (i) **Petition from residents calling on the reinstatement of the Go North East 36 Bus to serve the Houghton-Le-Spring – Herrington and Silksworth Areas.**

The Council had no powers in relation to bus services and were limited to lobbying the commercial operators and requesting Nexus to secure additional services to make good any gaps in the commercial network. The withdrawal of service 36 had been of concern to the Council due to the lost links as described in the petition and that this would particularly affect older and younger residents along with all others who were dependent on public transport.

Nexus was unable to address the problem of the 36 withdrawal which was covered by other services due to insufficient funds, however the existing service TB20 was extended to cover an unserved portion of the route in

Fencehouses. Following a subsequent meeting with the residents of Oakfield Court, East Herrington, Go North East had undertaken to resolve the situation of lost connectivity between East Herrington and Silksworth through registering a change to service 33. This link was restored with effect from 21 July and would resolve most of the points raised in the petition.

Councillor G Walker and the lead petitioner had been advised of the outcome.

**(ii) Petition requesting the introduction of traffic calming measures such as chicanes on St Luke's Road to reduce vehicle speeds**

Following consideration by Council Officers, the petition had been declined.

An examination of the accident and collision history for St Luke's Road over the last five years had indicated that the rate was considered good, particularly given the relatively high volumes of traffic using the route. The recent introduction of a 20mph speed limit on St Luke's Road as a traffic management measure would help reduce vehicle speeds and Northumbria Police would be asked to continue undertaking speed enforcement action on this road. It was not considered that additional traffic calming measures were considered necessary at this time.

The local ward councillors had been advised of the outcome.

**(iii) Petition requesting the upgrade to the Thompson Road/Carley Road junction on the grounds of safety.**

Following consideration by Council Officers, the petition had been declined.

The junction of Thompson Road/Carley Hill Road was not considered to be inherently unsafe and the proposals for traffic signals would lead to significant capacity issues at this junction and result in the formation of long vehicle queues and introduce unnecessary vehicle delay. This could lead to driver impatience occurring and potential red light running, both of which could increase accidents/collisions at this junction.

The local ward councillors, as lead petitioners, had been advised of the outcome.

**(iv) General condition of the footpaths and surfaces to Mayfield Road, South Hylton and in particular a block of lock up garages**

An inspection had been made of the properties and an approach made to the landowner, highlighting the main visual defects and asking if voluntary remedial works could be undertaken prior to a further inspection of the garages.

The second inspection found that works had been carried out to considerably improve the appearance of the garage block. These works were acknowledged and the lead petitioner and Councillor Mann advised that no further action was required.

**(v) Request to remove the bus lane at the Board Inn roundabout in Herrington**

Council Officers have investigated the operation of the No Car Lane at the Board Inn roundabout. Bus operators had a high frequency of services operating along this route and had benefitted significantly from the presence of the No Car Lane. The bus operators had also stated that the removal of any No Car Lanes could result in major service disruption.

The accident data record for the junction was good, considering that it was a busy urban route in and out of the city and there was no indication that the No Car Lane had had a negative impact on the overall road safety.

The introduction of No Car Lanes around the City allowed for better transport links and encouraged motorists to use alternative modes of sustainable transport to help to reduce Sunderland's carbon footprint. It was considered that the No Car Lane on Durham Road was operating successfully and had the full support of Nexus and the bus operators.

Following consideration by Council Officers, the petition had been declined and Councillor McDonough and the lead petitioner had been advised of the outcome.

44. RESOLVED the report detailing action on petitions be noted.

**Notices of Motion**

**(i) Alcohol Minimum Unit Pricing**

Councillor Chequer, duly seconded by Councillor Williams, moved the following motion: -

"This Council notes that alcohol remains one of the key drivers of health inequalities and one of the key causes of premature death in Sunderland. That Minimum Unit Pricing (MUP) can have a positive impact on reducing alcohol related deaths, alcohol related crimes and reducing health inequalities.

This council calls on the new government to introduce minimum unit pricing in England without delay."

Upon being put to the vote the motion was declared to be carried with 40 Members voting in favour: -

Councillors	Atkinson	Foster	McClennan	Thornton
	Blackburn	Gibson, E	Miller, F	Trueman, D
	Butler	Gibson, P	Miller, G	Turner
	Chequer	Heron	Mordey	Tye
	Crosby	Jackson	Rowntree	Walker, G
	Davison	Johnston	Samuels	Walker, P
	Dixon, D	Kelly	Scanlan	Williams
	Dixon, M	Lauchlan	Smith, P	Wilson, A

Essl  
Fletcher

Lawson  
MacKnight, N

Snowdon, D E  
Stewart

Wilson, D  
Wood, P

18 Members voting against: -

Councillors	Bewick	Greener	Leadbitter	O'Brien
	Blackett	Haswell	Mann	Oliver
	Doyle	Hodson	McKeith	Smith, G
	Fagan	Howe	Mullen	Wood, A
	Francis	Jenkins		

And one Member voting to abstain: -

Councillor Armstrong

The motion having been agreed it was: -

45. RESOLVED that: -

This Council notes that alcohol remains one of the key drivers of health inequalities and one of the key causes of premature death in Sunderland. That Minimum Unit Pricing (MUP) can have a positive impact on reducing alcohol related deaths, alcohol related crimes and reducing health inequalities.

This council calls on the new government to introduce minimum unit pricing in England without delay."

## **(ii) Moving the city forward**

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

"This Council notes the results of the general election in the three Sunderland constituencies and pledges to make the most of every opportunity to move the City forward under the Conservative Government."

The Leader, Councillor G Miller, duly seconded by the Cabinet Secretary, Councillor Stewart, moved the following amendment to the motion: -

"After "constituencies" add "and the returning of three Labour Members of Parliament"

Delete "under the Conservative Government" and add ", working with the Government and holding it to account".

So the amended motion would read: -

"This Council notes the results of the general election in the three Sunderland constituencies and the returning of three Labour Members of Parliament and pledges to make the most of every opportunity to move the City forward, working with the Government and holding it to account."

The amendment to the motion having been unanimously agreed, the Mayor read out the substantive motion.

Councillor Haswell, duly seconded by Councillor O'Brien, moved the following amendment to the substantive motion: -

After the last sentence, add the words:

This Council furthermore calls on the Government to commit adequate spending for local authorities like Sunderland, and reassure the Council and the residents of this city that it will work with and support the Council to mitigate any negative impacts of Brexit in the North East.

Councillor Miller raised a point of order under the Council Rules of Procedure on the basis that the proposal was not a true amendment, as it was not on the same issue as the original motion.

The Mayor ruled that the amendment would not be allowed.

The Mayor put the substantive motion to the meeting, which: -

46. RESOLVED that: -

This Council notes the results of the general election in the three Sunderland constituencies and the returning of three Labour Members of Parliament and pledges to make the most of every opportunity to move the City forward, working with the Government and holding it to account.

### **(iii) Holocaust Memorial Day in Sunderland**

Councillor Oliver, duly seconded by Councillor M Dixon, moved the following motion: -

“Seventy-five years after the liberation of Auschwitz-Birkenau, this Council pays tribute to residents of the City who have worked, for many years, to commemorate Holocaust Memorial Day in Sunderland.”

On the motion being put, it was declared to be carried unanimously and accordingly it was: -

47. RESOLVED that: -

Seventy-five years after the liberation of Auschwitz-Birkenau, this Council pays tribute to residents of the City who have worked, for many years, to commemorate Holocaust Memorial Day in Sunderland.

### **(iv) Empire Theatre Tickets**

Councillor Haswell, duly seconded by Councillor Fagan, moved the following motion: -

“The Empire Theatre is a key attraction in Sunderland holding a unique position in the North East cultural scene. In recent years the Empire Theatre,

under the management of ATG has hosted some of the best stage shows usually reserved for the West End and other major venues. The Sunderland Empire also attracts wide praise for its engagement in the community and efforts to work with groups across Sunderland, Washington, Houghton and Hetton.

This council notes that:

- Residents across the city have expressed dismay at the practice of free Empire Theatre tickets being taken by Councillors;
- Councillors accepting 'perks' such as free tickets impacts upon the reputation of elected representatives amongst residents of the city;
- Existing contractual terms between Sunderland City Council and ATG include the provision of free tickets for Councillors.

This council therefore resolves to:

- Respectfully decline free Empire Theatre tickets for Councillors until the end of the current term of the contract with ATG;
- Ensure that within any future contract for private business to run the Empire Theatre, free tickets for Councillors are not part of the agreement;
- Maintain existing arrangements as far as possible for tickets for tickets to be offered to community groups and good causes."

The Cabinet Secretary, Councillor Stewart, duly seconded by the Leader, Councillor G Miller, moved the following amendment: -

Throughout motion substitute "free" with "complimentary"

Paragraph 1, after "key" add "council owned"

Relating to the section "This council notes that:"

First Bullet before remove "being taken by Councillors" and add "being provided to the Council"

Second bullet: remove "perks such as"

Third bullet: remove "for councillors"

Add an additional fourth bullet "No complimentary Empire Theatre tickets have been supplied to the council for elected members since June 2019."

Relating to section "this council therefore resolves to:"

First bullet: before "respectfully" add "Continue to"

First Bullet: remove "for Councillors"

Second Bullet: remove "run" and replace with "manage"

Second Bullet: after "tickets" add "issued to the council" and remove "for Councillors"

Delete whole third Bullet point.

So the amended motion would read: -

The Empire Theatre is a key council owned attraction in Sunderland holding a unique position in the North East cultural scene. In recent years the Empire Theatre, under the management of ATG has hosted some of the best stage shows usually reserved for the West End and other major venues. The Sunderland Empire also attracts wide praise for its engagement in the community and efforts to work with groups across Sunderland, Washington, Houghton and Hetton.



This council notes that:

- Residents across the city have expressed dismay at the practice of complimentary Empire Theatre tickets being provided to the Council;
- Councillors accepting complimentary tickets impacts upon the reputation of elected representatives amongst residents of the city;
- Existing contractual terms between Sunderland City Council and ATG include the provision of complimentary tickets.
- No complimentary Empire Theatre tickets have been supplied to the council for elected members since June 2019.

This council therefore resolves to:

- Continue to respectfully decline complimentary Empire Theatre tickets until the end of the current term of the contract with ATG;
- Ensure that within any future contract for private business to run the Empire Theatre, complimentary tickets issued to the council are not part of the agreement.

The amendment to the motion having been put, it was declared to be carried with 41 Members voting in favour: -

Councillors	Armstrong	Foster	Mann	Stewart
	Atkinson	Gibson, E	McClennan	Thornton
	Bewick	Gibson, P	Miller, F	Trueman, D
	Blackburn	Heron	Miller, G	Turner
	Blackett	Jenkins	Mordey	Tye
	Butler	Johnston	Rowntree	Walker, G
	Dixon, D	Kelly	Samuels	Walker, P
	Dixon, M	Lauchlan	Scanlan	Williams
	Essl	Lawson	Smith, P	Wilson, A
	Farthing	MackKnight, N	Snowdon, D E	Wood, P
	Fletcher			

Four voting against: -

Councillors	Crosby	Fagan	Smith, G	Wood, A
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And seven voting to abstain: -

Councillor	Doyle	Greener	McKeith	Oliver
	Francis	Leadbitter	Mullen	

Councillor Haswell indicated that he had been unable to record his vote and stated that he had voted against the amendment.

On the substantive motion being put it was declared to be carried and accordingly it was: -

48. RESOLVED that: -

The Empire Theatre is a key council owned attraction in Sunderland holding a unique position in the North East cultural scene. In recent years the Empire

Theatre, under the management of ATG has hosted some of the best stage shows usually reserved for the West End and other major venues. The Sunderland Empire also attracts wide praise for its engagement in the community and efforts to work with groups across Sunderland, Washington, Houghton and Hetton.

This council notes that:

- Residents across the city have expressed dismay at the practice of complimentary Empire Theatre tickets being provided to the Council;
- Councillors accepting complimentary tickets impacts upon the reputation of elected representatives amongst residents of the city;
- Existing contractual terms between Sunderland City Council and ATG include the provision of complimentary tickets.
- No complimentary Empire Theatre tickets have been supplied to the council for elected members since June 2019.

This council therefore resolves to:

- Continue to respectfully decline complimentary Empire Theatre tickets until the end of the current term of the contract with ATG;
- Ensure that within any future contract for private business to run the Empire Theatre, complimentary tickets issued to the council are not part of the agreement.

### **Report on Special Urgency Decisions**

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

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

49. RESOLVED that the report be received and noted.

### **Designation of Statutory Officer and Proper Officer Positions**

The Chief Executive submitted a report seeking approval to the designation of certain posts in respect of statutory and proper officer functions.

As part of the Council's directorate and senior management restructure, in February 2019 the Human Resources Committee had approved the creation of the new post of Executive Director of Public Health and Joint Commissioning. It was proposed that the responsibilities of the postholder should include those of statutory director of public health and the Human Resources Committee recommended that Council formally approve this designation, with effect from the commencement in post of the Executive Director.

In addition, following consultation with the CCG with regard to the roles and responsibilities of the post, it was proposed that the post be retitled Executive

Director of Public Health and Integrated Commissioning and that the Directorate be retitled accordingly to Public Health and Integrated Commissioning.

The Human Resources Committee had agreed to the transfer of the Registration Service to Law and Governance Services in February 2019. The Council had subsequently approved to the reallocation of delegated functions to reflect the new management structure, however there was also a requirement to designate a 'proper officer' for certain registration functions. In recent years these functions had been split between different officers and it was recommended that the Council formally confirm that the Assistant Director of Law and Governance be the designated proper officer for registration services functions.

The Council therefore: -

50. RESOLVED that: -

- (i) the title of the post of Executive Director of Public Health and Joint Commissioning be amended to the Executive Director of Public Health and Integrated Commissioning and the post be designated as the statutory director of public health under Section 73A National Health Service Act 2006, with effect from the date of commencement in post of the first individual appointed to the position and to amend the title of the directorate to Public Health and Integrated Commissioning; and
- (ii) the post of Assistant Director of Law and Governance be designated as the proper officer for the exercise of registration functions under the various legislative provisions relating to births, deaths and marriages including the Registration Service Act 1953, the Marriage Act 1949 and Civil Partnership Act 2004 and to undertake all associated functions including those in respect of appointment of superintendent registrars, local schemes and other ceremonies including citizenship ceremonies.

### **Appointments to Committees**

The Assistant Director of Law and Governance submitted a report which requested the Council to consider appointments to the Planning and Highways Committee and the Development Control (Hetton, Houghton and Washington) Sub-Committee.

The Leader of the Council, Councillor G. Miller, duly seconded by the Deputy Leader, Councillor Mordey, moved the report and accordingly, it was: -

51. RESOLVED that: -

- (i) Councillor Jackson be appointed as Chair and Councillor D Wilson be appointed as Vice-Chair of the Planning and Highways Committee until the Annual Meeting of the Council on 20 May 2020; and
- (ii) Councillor Thornton be appointed as Vice-Chair of the Development Control (Hetton, Houghton and Washington) Sub-Committee until the Annual Meeting of the Council on 20 May 2020.

(Signed) D SNOWDON,  
Mayor.



# ***Report of the Cabinet***



## **THE CABINET reports and recommends as follows: -**

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

- On 7 November 2019, Scrutiny Co-ordinating Committee considered the Budget Planning Framework and MTFP 2020/2021 – 2023/2024 report which was referred from the October Cabinet meeting:

The Scrutiny Co-ordinating Committee recognised the continued work and commitment of Members and Officers in developing proposals for a balanced budget under the financial pressures and uncertainties outlined in the report. The Committee looked forward to receiving further budget reports including the outcome of the budget consultation and the provisional revenue support settlement over the coming months and had no further comments at present.

- On 16 January 2020, Scrutiny Co-ordinating Committee considered the Revenue Budget 2020/2021 – 2023/2024 Update and Provisional Revenue Support Settlement report which was referred from the January Cabinet meeting.

The Scrutiny Co-ordinating Committee was satisfied with the information presented including the update on the Local Government Finance Settlement, whilst acknowledging that a number of uncertainties remained.

- On 13 February 2020, Scrutiny Co-ordinating Committee considered the Revenue Budget and Proposed Council Tax for 2020/2021 and Medium Term Financial Plan 2020/2021 to 2023/2024 report which was referred from the February Cabinet meeting.

The Scrutiny Co-ordinating Committee welcomed the detailed budget report, noted the contents and were satisfied with the information as presented. The Committee would also put on record its thanks to the various departments, officers and members who have contributed to the finance report.

That they have also referred the proposals for Capital Programme Planning 2020/2021 – 2023/2024 to the Scrutiny Co-ordinating Committee

- On 7 November 2019, Scrutiny Co-ordinating Committee considered the Capital Programme Planning 2020/2021 to 2023/2024 and Capital Strategy report which was referred from the October Cabinet meeting:

The Scrutiny Co-ordinating Committee acknowledged the capital programme and the capital strategy and barring further detail on specific projects, was satisfied with the programme as presented.

- On 13 February 2020, Scrutiny Co-ordinating Committee considered the Capital Programme 2020/2021 to 2023/2024 and Treasury Management Policy and Strategy 2020/2021, including Prudential Indicators for 2020/2021 to 2023/2024 report which was referred from the February Cabinet meeting.

The Scrutiny Co-ordinating Committee welcomed the detailed capital report, noted the contents and were satisfied with the information as presented. The Committee would also put on record its thanks to the various departments, officers and members who have contributed to the finance report.

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

- On 7 February 2020, the Audit and Governance Committee was consulted specifically on the Treasury Management Policy and Strategy for 2020/2021.

The Committee noted the Treasury Management Policy and Strategy for 2020/2021 and the Prudential Treasury Management Indicators for 2020/2021 to 2023/2024.

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

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

Subsequently

The precept figures have been confirmed as those set out in the report to Cabinet on 11 February 2020:

- The precept figures of the Police and Crime Commissioner Northumbria (PCCN) will mean an increase of 1.99% in the precept level for 2020/2021;
- The precept figures of the Tyne and Wear Fire and Rescue Authority (TWFR) will mean an increase of 1.99% in the precept level for 2020/2021; and
- The precept figures of the Parish of Hetton Town Council will mean an increase of 0% in the precept level for 2020/2021.

The position set out at Item 3 of the report as Determination of Council Tax 2020/2021 reflects the above notified 2020/2021 precept levels in respect of all of the Precepting Authorities and the figures as reported remain unchanged.

**NOTE:**

**In relation to the report numbered 2 below entitled “Revenue Budget and Proposed Council Tax for 2020/2021 and Medium Term Financial Plan 2020/2021 to 2023/2024”, Appendix F has not been printed with this item, but the recommendation, which includes all of the substantive content of the report, is set out in full at item 3 below.**



**1. Capital Programme 2020/2021 to 2023/2024 and Treasury Management Policy and Strategy 2020/2021, including Prudential Indicators for 2020/2021 to 2023/2024**

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

- the proposed Capital Programme for 2020/2021;
- the Treasury Management Policy and Strategy for 2020/2021 (including specifically the Annual Borrowing and Investment Strategies);
- the Prudential Indicators for 2020/2021 to 2023/2024; and
- the Minimum Revenue Provision Statement for 2020/2021.

Accordingly, the Cabinet recommends the Council to approve: -

- (i) the proposed Capital Programme for 2020/2021;
- (ii) the Treasury Management Policy and Strategy for 2020/2021 (including specifically the Annual Borrowing and Investment Strategies);
- (iii) the Prudential Indicators for 2020/2021 to 2023/2024; and
- (iv) the Minimum Revenue Provision Statement for 2020/2021.

**2. Revenue Budget and Proposed Council Tax for 2020/2021 and Medium Term Financial Plan 2020/2021 to 2023/2024**

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

- (a) the overall revenue budget position for 2020/2021;
- (b) the projected reserves position as at 31 March 2020 and 31 March 2021 and advice on their level;
- (c) a risk analysis of the Revenue Budget 2020/2021;
- (d) a summary of the emerging medium term financial position facing the Council from 2020/2021 to 2023/2024, and associated Council Efficiency strategy; and
- (e) any views received from the local Business Sector, Trade Unions and Scrutiny Co-ordinating Committee.

Accordingly, the Cabinet recommends the Council to approve: -

- (i) the proposals set out in the report including the proposed Revenue Budget for 2020/2021 set out at Appendix J; and
- (ii) the Medium Term Financial Plan 2020/2021 to 2023/2024 including Efficiency Strategy as set out in Appendix G and the proposed use of Capital Receipts Flexibility set out at section 9 of the report.

### **3. Determination of Council Tax 2020/2021**

That they have given consideration to a report of the Executive Director of Corporate Services making, subject to the approval of the Revenue Budget 2020/2021 (as set out at item 2 above), recommendations with respect to Council Tax levels for 2020/2021, and advising that the Council Tax is calculated using the tax bases for the areas of the City Council and Hetton Town Council as approved by Council on 29 January 2020, and setting out a number of resolutions required to be made to determine the Council Tax, including the confirmed precepts from the Major Precepting Authorities and Hetton Town Council.

They therefore recommend to Council: -

- i) to confirm the Council Tax Requirement for its own purposes is £104,870,340 (excluding Parish precepts), representing a 3.99% increase in Council Tax for 2020/2021, including the social care precept of 2% which the Government allows councils to raise in addition to the basic council tax increase.
- ii) it be noted that at its meeting on 29 January 2020 the Council approved the following amounts for the year 2020/2021 in accordance with the amended regulations made under Section 31B(3) of the Local Government Finance Act 1992 (the 'Act'):
  - a) 71,336 being the amount calculated by the Council, in accordance with the above regulation of the Local Authorities (Calculation of Council Tax Base) Regulations 1992, as amended by Local Authorities (Calculation of Tax Base) (England) Regulations 2012, as its Council Tax Base for the year (Item T).
  - b) 3,868 being the amount calculated by the Council, in accordance with the Regulations, as the amount of its Council Tax Base for the year for dwellings in the area of Hetton Town Council.

- iii) That the following amounts be calculated by the Council for the year 2020/2021 in accordance with Sections 31 to 36 of the Local Government Finance Act 1992 as amended:
- a) £669,224,623 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A (2) of the Act taking into account all precepts issued to it by Parish Councils.
  - b) £564,298,352 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A (3) of the Act.
  - c) £104,926,271 being the amount by which the aggregate at (iii) (a) above exceeds the aggregate at (iii) (b) above, calculated by the Council, in accordance with Section 31A (4) of the Act, as its Council Tax Requirement for the year including Parish precepts (Item R in the formula in Section 31A(4) of the Act)
  - d) £1,470.8740 being the amount at (iii) (c) above (Item R) all divided by Item T ((ii) (a) above), calculated by the Council, in accordance with Section 31B (1) of the Act, as the basic amount of its Council Tax for the year (including Parish precepts).
  - e) £55,931 being the precept notified by Hetton Town Council as a special item under Section 34 (1) of the Act.
  - f) £1,470.0900 being the amount at (iii) (d) above less the result given by dividing the amount at (iii) (e) above by the Item T ((ii) (a) above), calculated by the Council, in accordance with Section 34 (2) of the Act, as the basic amount of its Council Tax for the year for dwellings in those parts of its area to which no Parish precept relates.
  - g) £1,484.5499 being the amount given by adding to the amount at (iii) (f) above, the amount at (iii) (e) divided by the amount at (ii) (b) above, calculated by the Council in accordance with Section 34 (3) of the Act as the basic amounts of its Council Tax for the year for dwellings in the area of the Parish of Hetton Town Council.

h) Charges relating to the Council

<b>Valuation Band</b>	<b>Hetton Town Council £</b>	<b>All other parts of the Council's area £</b>
A	989.70	980.06
B	1,154.65	1,143.40
C	1,319.60	1,306.74
D	1,484.55	1,470.09
E	1,814.45	1,796.78
F	2,144.35	2,123.46
G	2,474.25	2,450.15
H	2,969.10	2,940.18

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

- (iv) it be noted that for the year 2020/2021, Tyne and Wear Fire and Rescue Authority and the Police and Crime Commissioner for Northumbria have confirmed the following amounts in precepts issued to the Council, in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of dwellings as follows:

<b>Valuation Band</b>	<b>Police and Crime Commissioner for Northumbria £</b>	<b>Tyne and Wear Fire and Rescue Authority £</b>
A	91.33	55.98
B	106.56	65.31
C	121.78	74.64
D	137.00	83.97
E	167.44	102.63
F	197.89	121.29
G	228.33	139.95
H	274.00	167.94

- (v) having calculated the aggregate in each case of the amounts at (iii) (h) and (iv) above and having received confirmation of the precept in paragraph (iv), the Council, in accordance with Section 30 (2) of the Local Government Finance Act 1992, hereby sets the following amounts as the amounts of Council Tax for the year 2020/2021 for each of the categories of dwellings shown below.

<b>Valuation Band</b>	<b>Hetton Town Council £</b>	<b>All other parts of the Council's area £</b>
A	1,137.01	1,127.37
B	1,326.52	1,315.27
C	1,516.02	1,503.16
D	1,705.52	1,691.06
E	2,084.52	2,066.85
F	2,463.53	2,442.64
G	2,842.53	2,818.43
H	3,411.04	3,382.12

- (vi) To determine that under Section 52ZB of the Local Government Finance Act 1992, the Authority's relevant basic amount of Council Tax for 2020/2021 is not excessive in accordance with the principles determined under Section 52ZC(1) of the Act.

(i.e. the proposed Council Tax increase for 2020/2021 means that the Council does not need to hold a referendum on its proposed Council Tax. The provisions set out in Section 52ZC of the Local Government Finance Act 1992 require all billing authorities (councils and precepting authorities (i.e. Fire and Police authorities)) to hold a referendum on their proposed level of basic Council Tax each year if they exceed government guidelines set out annually.)



**CABINET – 11 FEBRUARY 2020**

**CAPITAL PROGRAMME 2020/2021 TO 2023/2024 AND TREASURY MANAGEMENT POLICY AND STRATEGY 2020/2021, INCLUDING PRUDENTIAL INDICATORS FOR 2020/2021 TO 2023/2024.**

**Report of the Executive Director of Corporate Services**

**1. Purpose of the Report**

- 1.1 To update Cabinet on the level of capital resources and commitments for the forthcoming financial year and seek a recommendation to Council to the overall Capital Programme 2020/2021 to 2023/2024 and the Treasury Management Policy and Strategy (including both borrowing and investment strategies) for 2020/2021, to approve the Prudential Indicators for 2020/2021 to 2023/2024 and the Minimum Revenue Provision Statement for 2020/2021.

**2. Description of Decision**

- 2.1 Cabinet is requested to recommend to Council approval of:
- the proposed Capital Programme for 2020/2021;
  - the Treasury Management Policy and Strategy for 2020/2021 (including specifically the Annual Borrowing and Treasury Investment Strategies);
  - the Prudential Indicators for 2020/2021 to 2023/2024; and
  - the Minimum Revenue Provision Statement for 2020/2021.

**3. Background**

- 3.1 The Council currently has an ambitious approved Capital Programme, with £185m spend profiled over the period 2020/2021 to 2023/2024 linked to the City Plan priorities.
- 3.2 On 15th October 2019 Cabinet approved an updated Capital Strategy and a suite of new start capital proposals commencing from 2020/2021 which had been developed in accordance with the updated Capital Strategy and City Plan. The delivery of the City Plan will drive transformation and economic regeneration in the City.
- 3.3 Since the October report to Cabinet, further work has progressed on the development of schemes and the programme now presented at Section 4 below includes additional proposed investment in Smart Cities Project, Clinton Place Car Park and Housing Delivery Plan, further details of which are set out at section 4.6 and Appendix 2 of this report.

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

- 4.1 The proposed Capital Programme for 2020/2021 to 2023/2024 has been set with the aim of delivering on the priorities set out in the City Plan including securing capital investment in the City in order to deliver growth and jobs.
- 4.2 The total proposed programme amounts to £456.246m, with £155.563m programmed in 2020/2021 is set out below:

Expenditure by Portfolio	Estimated Payments				
	2020/2021 £'m	2021/2022 £'m	2022/2023 £'m	2023/2024 £'m	Total £'m
Leader	0.000	0.000	0.000	0.000	0.000
Deputy Leader	13.323	41.037	23.887	5.204	83.451
Cabinet Secretary	8.578	16.733	2.540	3.250	31.101
Children's Learning and Skills	13.699	12.339	9.131	10.153	45.322
Community and Culture	4.841	11.078	10.577	0.000	26.496
Environment and Transport	62.663	38.892	14.067	4.565	120.187
Health and Social Care	4.337	2.155	0.000	0.000	6.492
Housing and Regeneration	48.122	44.410	18.083	32.582	143.197
<b>TOTAL CAPITAL EXPENDITURE</b>	<b>155.563</b>	<b>166.644</b>	<b>78.285</b>	<b>55.754</b>	<b>456.246</b>

4.3 Members will be aware that in 2019/2020 the Council committed resources towards a Capital Programme spanning 2019/2020 to 2022/2023. Therefore the 2020/2021 to 2023/2024 programme reflects:

- on-going capital scheme commitments from previous years of £185.648m (£91.887m in 2020/2021) as set out in Appendix 1;
- new starts / additional investment of £270.598m (£63.676m in 2020/2021) summarised at section 4.6 with further detail set out in Appendix 2.

The details of the full Capital Programme for 2020/2021 to 2023/2024 are set out in Appendix 3. The rest of this section of the report covers proposals for new starts / additional investments in more detail.

#### 4.4 Additional Capital Project Proposals 2020/2021 to 2023/2024 – Capital Strategy

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

4.4.2 The Capital Strategy is updated annually for approval by Council, with the latest revision approved by Council in November 2019.

4.4.3 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.

#### 4.5 Resources Available for New Starts / Additional Investments

##### 4.5.1 Resources - Grants

The availability of external funding from significant regional funding programmes, such as the Local Growth Fund, is now restricted. In addition, details of the proposed UK Shared Prosperity Fund are yet to emerge from government. Applications to the national Housing Infrastructure Fund, Future High Streets Fund and Transforming Cities Fund have been submitted and are progressing through the appraisal processes and will support major growth schemes should they be successful.

As in previous years, resources allocated in respect of Transport, Better Care Fund and Education specific purpose grants will be allocated to those services areas.

The table below details Government Grants announced for 2019/2020 onwards for Transport, Adult Social Care and Schools.

Funding Source	2019/2020	2020/2021	2021/2022
	£'000	£'000	£'000
Highways Capital Maintenance	2,660	2,660	tbc
Highways Capital Maintenance – Incentive Funding	554	554	tbc
Pot Hole Action Fund and Resilience Funding	203	tbc	tbc
Highways Integrated Transport	1,606	1,606	tbc
Nexus Allocation	42	42	tbc
Safer Roads Funding	0	783	tbc
Highways England Growth and Housing Fund	1,439	0	0
Transforming Cities Funding – Tranche 1	1,446	0	0
<b>Total Transport</b>	<b>7,950</b>	<b>5,645</b>	<b>0</b>
Better Care Fund (DFG)	3,574	tbc	tbc
<b>Total Adult Social Care</b>	<b>3,574</b>	<b>tbc</b>	<b>tbc</b>
Schools Condition Allocation	1,101	1,101 *	tbc
Education Basic Need	386	817	tbc
Schools Devolved Funding	324	tbc	tbc
Special Educational Needs and Disability grant	370	313	0
Education Funding Agency – Harry Watts Academy	2,021	3,903	383
<b>Total Department for Education</b>	<b>4,202</b>	<b>6,134</b>	<b>383</b>

\* provisional

The Council is awaiting further details of some grants that will be awarded to support the 2020/2021 Capital Programme, which will be reported to Cabinet in due course.

At this stage no allocations have been announced beyond 2020/2021, other than funding from the Education Funding Agency for Harry Watts Academy.

Appendix 2 sections 2 to 4 set out details of proposed use of the above 2020/2021 funding.

#### 4.5.2 Resources – Capital Receipts and Reserves

The Council continues to market sites for sale to maximise capital receipts and support operational requirements. Capital receipts are only earmarked for use once they are realised and will be either directed to support the Capital Programme or to support the delivery of the Council's savings programme agenda.

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

Following a review of available resources, it is proposed that £3.120m (£2.320m capital receipts and £0.800m capital reserves) is used to support the Capital Programme proposals (£1.165m in 2020/2021 and £1.955m in future years).

Elsewhere on the agenda, the Revenue Budget and Proposed Council Tax report for 2020/2021 sets out the Council's Efficiency Strategy for the period 2020/2021 to 2023/2024. In accordance with Government guidance on the availability of flexibility around the use of capital receipts for transformation purposes, the Strategy includes the option to use capital receipts to support transformation costs arising from implementing the Council's savings programme.

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

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

#### 4.5.4 Resources – Borrowing

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

The budget includes prudent provision for capital financing charges that may arise from an additional net £221.132m of prudential borrowing (£42.848m in 2020/2021 and £178.284m from 2021/2022). It is proposed to use this borrowing flexibly by switching with surplus capital receipts once realised. This would reduce planned capital finance charges that may arise from this borrowing.

#### 4.5.5 Resources – Other Funding – Enterprise Zones

The current Capital Programme includes for the three enterprise zones of the IAMP site, A19 Ultra Low Carbon Zone and part of the Port of Sunderland. All of the business rates growth generated on these enterprise zones for their 25 year life are payable to the North East 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.

#### **4.6 Detailed Proposals for New Starts and Capital Programme 2020/2021 to 2023/2024**

- 4.6.1 Following consultation with Portfolio Holders and approval by Cabinet in October 2019, and subsequent work developing investment proposals for Smart Cities Project, Clinton Place Car Park and Housing Delivery Plan, the projects in the table below are included in the Capital Programme for 2020/2021 to 2023/2024 with further details set out in Appendix 2.
- 4.6.2 In addition, following confirmation of specific grant approvals, these grants have been allocated to relevant service areas in the table below, with further details set out in Appendix 2.

Appendix 2 Ref	Project Name	Total Project Spend	Spend 2020/21	Spend Future Years	External Funding	Council Provision in Current Capital Programme	Additional Council Funding
		£m	£m	£m	£m	£m	£m
<b>Deputy Leader</b>							
1.1.1	Port Warehousing Developments	6.000	1.000	5.000	0.000	0.000	6.000
1.1.2	Port Mobile Crane Refurbishment	0.158	0.158	0.000	0.000	0.000	0.158
1.1.3	Scheme Feasibility & Design	6.761	4.124	2.637	0.000	0.000	6.761
1.1.4	Farringdon Row Phase 1	36.270	1.288	34.982	0.000	0.000	36.270
<b>Total</b>		<b>49.189</b>	<b>6.570</b>	<b>42.619</b>	<b>0.000</b>	<b>0.000</b>	<b>49.189</b>
<b>Cabinet Secretary</b>							
1.2.1	Planned Property Capital Maintenance	10.000	2.500	7.500	0.000	0.000	10.000
1.2.2	Jacky Whites Market Improvements	0.400	0.400	0.000	0.000	0.097	0.303
1.2.3	Replacement of End User ICT Devices	0.750	0.000	0.750	0.000	0.000	0.750
1.2.4	Smart Cities Project	10.000	0.920	9.080	0.000	0.000	10.000
<b>Total</b>		<b>21.150</b>	<b>3.820</b>	<b>17.330</b>	<b>0.000</b>	<b>0.097</b>	<b>21.053</b>
<b>Children, Learning and Skills</b>							
1.3.1	Sunningdale Primary School - new build	13.035	2.531	10.504	1.174	0.000	11.861
1.3.2	Thorney Close Primary School - new build	6.861	0.000	6.861	0.500	0.000	6.361
1.3.3	Hetton Primary School - new build	4.853	0.000	4.853	0.682	0.000	4.171
1.3.4	Newbottle Primary Academy Extension & ASD Unit	4.564	0.369	4.195	3.638	0.000	0.926
1.3.5	Barnes Junior School Dining Block Replacement and additional Studio Space	2.899	0.176	2.723	0.230	0.000	2.669
1.3.6	Children's Residential Homes	1.300	1.300	0.000	0.000	0.000	1.300
<b>Total</b>		<b>33.512</b>	<b>4.376</b>	<b>29.136</b>	<b>6.224</b>	<b>0.000</b>	<b>27.288</b>
<b>Environment and Transport</b>							
1.4.1	Vaux Multi-Storey Car Park	9.000	0.250	8.750	0.000	0.000	9.000
1.4.2	Dykelands Road Car Park	0.600	0.000	0.600	0.000	0.000	0.600
1.4.3	Park Lane Car Park Refurbishment	3.200	0.000	3.200	0.000	0.000	3.200
1.4.4	Clinton Place Car Park	2.200	1.500	0.700	0.000	0.000	2.200
1.4.5	City Gateways Large Screen Advertising	0.800	0.200	0.600	0.000	0.000	0.800
1.4.6	Sustainable Business Travel Hub	0.400	0.145	0.255	0.000	0.000	0.400
1.4.7	Specialist Vehicle/ Plant Replacement	0.470	0.470	0.000	0.000	0.000	0.470
1.4.8	Light Commercial Vehicle Fleet Replacement	0.700	0.350	0.350	0.000	0.000	0.700
1.4.9	Replacement Crematorium	7.500	1.500	6.000	0.000	0.000	7.500
1.4.10	Flood and Extreme Weather Mitigation	2.000	0.500	1.500	0.000	0.000	2.000
1.4.11	Roker Park Lodge	0.750	0.750	0.000	0.000	0.000	0.750
1.4.12	Herrington Country Park	0.650	0.650	0.000	0.000	0.000	0.650
<b>Total</b>		<b>28.270</b>	<b>6.315</b>	<b>21.955</b>	<b>0.000</b>	<b>0.000</b>	<b>28.270</b>
<b>Health and Social Care</b>							
1.5.1	Day Centre Transformation & Improvement	6.000	4.000	2.000	0.000	4.500	1.500
1.5.2	Bishopwearmouth Horticultural Nursery Carpark & Lighting Improvements	0.108	0.108	0.000	0.000	0.000	0.108
<b>Total</b>		<b>6.108</b>	<b>4.108</b>	<b>2.000</b>	<b>0.000</b>	<b>4.500</b>	<b>1.608</b>
<b>Housing and Regeneration</b>							
1.6.1	Strategic Acquisitions and Developments	44.100	22.000	22.100	1.000	3.600	39.500
1.6.2	Riverside Sunderland Infrastructure	15.070	0.600	14.470	0.000	0.000	15.070
1.6.3	Crowtree Square Retail Unit	7.474	2.406	5.068	0.000	0.000	7.474
1.6.4	Seaburn Public Realm	2.000	1.198	0.802	0.000	0.000	2.000
1.6.5	Housing Delivery and Investment Plan	59.000	7.558	51.442	21.750	0.000	37.250
<b>Total</b>		<b>127.644</b>	<b>33.762</b>	<b>93.882</b>	<b>22.750</b>	<b>3.600</b>	<b>101.294</b>
<b>Service New Grant Allocations</b>							
2.0	Transport (Highways) Schemes	4.045	4.045	0.000	4.045	0.000	0.000
3.0	Adult Social Care - awaiting Better Care Fund Allocation	0.000	0.000	0.000	0.000	0.000	0.000
4.0	Education	0.680	0.680	0.000	0.680	0.000	0.000
<b>Total</b>		<b>4.725</b>	<b>4.725</b>	<b>0.000</b>	<b>4.725</b>	<b>0.000</b>	<b>0.000</b>
<b>Total of Investment Proposals</b>		<b>270.598</b>	<b>63.676</b>	<b>206.922</b>	<b>33.699</b>	<b>8.197</b>	<b>228.702</b>
<b>Savings from Current Capital Programme</b>						<b>4.450</b>	<b>(4.450)</b>
<b>TOTAL NET ADDITIONAL INVESTMENT</b>		<b>270.598</b>	<b>63.676</b>	<b>206.922</b>	<b>33.699</b>	<b>12.647</b>	<b>224.252</b>

- 4.6.3 The proposed additional new starts investment totals £270.598m, (£63.676m in 2020/2021 and £206.922m in future years). Of the total £270.598m:
- £33.699m is externally funded;
  - £12.647m is existing Council funding already included in the current Capital Programme; and
  - The remaining balance of £224.252m is to be met from available Council resources, as follows:
    - £2.320m capital receipts;
    - £0.800m capital reserves; and
    - £221.132m prudential borrowing.

It is important to note that:

- Some of the above investment is anticipated to be recouped through either S106 or commercial arrangements over time; and
  - Some investments are linked to the generation of savings to support the revenue budget.
- 4.6.4 Planned funding sources for individual capital schemes may be subject to amendment to achieve best value for the Council and ensure the Capital Programme continues to be prudent, affordable, and sustainable into future years and within overall borrowing limits whilst still retaining flexibility.
- 4.6.5 The recommended Capital Programme is included in full as Appendix 3 to this report.
- 4.6.6 Additional capital project proposals were approved by Cabinet on 15th October 2019 for inclusion in this Capital Programme report. The Scrutiny Coordinating Committee on 7th November 2019 acknowledged the Capital Programme and is satisfied with the proposed variations to the Capital Programme.

## **5. Prudential Framework and Code**

- 5.1 One of the principal features of the Local Government Act 2003 is to provide the primary legislative framework to introduce a prudential regime for the control of Local Authority capital expenditure. The regime relies upon both secondary legislation in the form of regulations, and a prudential code issued and maintained by the Chartered Institute of Public Finance and Accountancy (CIPFA). The Prudential Code was first reported to Council in March 2004 and the latest version was issued by CIPFA in December 2017.
- 5.2 Under the prudential framework local authorities are free to borrow without specific government consent if they can afford to service the debt without extra government support, not just for the current year but also for future years. The basic principle is that authorities are free to invest as long as their capital spending plans are affordable, sustainable and prudent. This allows the Council the freedom to manage and control its Capital Programme and how it is financed. The key elements of control and management of capital finance are through:
- Capital expenditure plans – the Council's Capital Programme;
  - External debt - how the Council proposes to fund its Capital Programme;
  - Treasury management – the management of the Council's investments, cash flows, banking, money market and capital market transactions, the

effective control of risks associated with those activities and the pursuit of optimum performance consistent with those risks.

- 5.3 To demonstrate that the Council takes capital expenditure and investment decisions in line with service objectives and properly takes account of stewardship, value for money, prudence, sustainability and affordability, the Council has in place a Capital Strategy that sets out the long-term context in which capital expenditure and investment decisions are made and gives due consideration to both risk and reward and impact on the achievement of priority outcomes. The Capital Strategy was reported to Cabinet in October 2019 and approved by Council in November 2019. The Strategy forms a part of the Council's integrated revenue, capital and balance sheet planning.
- 5.4 All authorities must follow the latest prudential code published by CIPFA. This involves setting various prudential limits and indicators that must be approved by the Council before the start of the relevant financial year as part of their budget setting process. The prudential and treasury management indicators have been prepared for the financial year 2020/2021, taking into account all matters specified in the code. Regular monitoring takes place during the year and reports are made to Cabinet to show the Council's performance and compliance with these indicators as part of the quarterly capital review reports as appropriate.
- 5.5 All of the indicators together with background information to these indicators and what they are seeking to assess, are detailed in Appendix 4 in full compliance with the code.
- 5.6 Regulations came into force on 31<sup>st</sup> March 2008 which requires local authorities to repay an element of its capital financing requirement each year through a revenue charge known as the Minimum Revenue Provision (MRP). Local authorities have a statutory requirement to make a prudent level of provision and to have regard to Ministry of Housing, Communities and Local Government (MHCLG) guidance when assessing its MRP. MHCLG revised their MRP guidance in February 2018 and this guidance has been considered when setting the MRP policy for 2020/2021. Authorities must set, each year, an amount of MRP it considers prudent. It is also recommended that an annual statement of its policy on making a MRP in respect of the following financial year is submitted to full Council for approval.
- 5.7 Local authorities have significant discretion in determining the level of MRP which they consider to be prudent. The Council's MRP policy was reviewed as part of the budget setting process for 2017/2018 where it was determined that had the annuity basis used to calculate MRP, that was introduced from 2015/2016, been adopted from 1<sup>st</sup> April 2008 (being the date when regulations came into force) around £43.5m less MRP would have been charged between 1<sup>st</sup> April 2008 and 31<sup>st</sup> March 2016. Council approved that the £43.5m overprovision of MRP in previous years be used to reduce MRP for 20 years from 2016/2017 by a fixed amount of £2.176m each year until 2036/2037. Phasing over 20 years is the time period that the Government specify for expenditure to be treated as capital expenditure by virtue of direction under section 16(2)(b) of the 2003 Act. This is considered prudent, as taking previous overpayments over this longer period slows the increase to the Council's capital financing requirement, and therefore interest charges, whilst still giving additional certainty to the Council's debt charges budget. The proposal assisted the Council in addressing the impact of funding reductions as described in the Council's MTFP at that time.

- 5.8 It is proposed the Council continue the MRP policy used in 2019/2020 and the recommended Minimum Revenue Provision Statement for 2020/2021 is set out in Appendix 5.

## **6. Treasury Management**

### **6.1 General**

Treasury Management is defined as “the management of the local authority’s borrowing, investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.”

### **6.2 Statutory requirements**

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

- adopt a Treasury Management Policy Statement (detailed in Appendix 6), and
- to set out its Treasury Management Strategy comprising the Council's strategy for borrowing and the Council's policies for managing its investments and giving priority to the security and liquidity of those investments (set out in Appendix 7).

The MHCLG ‘Statutory Guidance on Local Government Investments’ was updated in February 2018 and CIPFA updated its Treasury Management in the Public Services Code of Practice in December 2017. The Council is statutorily required to have regard to this advice when setting its Treasury Management Policy Statement and Treasury Management Strategy. Changes to the MHCLG investment guidance focused particularly on non-treasury investments which are reported within the Commercial Activity – Investment Strategy section of the Capital Strategy rather than in the Treasury Management Strategy. This ensures the separation of the core treasury function where investments are made under security, liquidity and yield principles, and non-treasury commercial and strategic investments.

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

### **6.3 CIPFA Code of Practice requirements**

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

The primary requirements of the Code include that:

1. The Council will create and maintain, as the cornerstones for effective treasury management:
  - a treasury management policy statement, stating the policies, objectives and approach to risk management of its treasury management activities;
  - suitable treasury management practices (TMPs), setting out the way the Council will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.

The content of the treasury management policy statement is detailed in Appendix 6 and the TMPs follow the recommendations contained in Sections 6 and 7 of the Code, subject only to minor variations where necessary to

reflect the circumstances of the Council and these do not result in the Council materially deviating from the Code's key principles.

2. The Council will receive reports on its treasury management policies, practices and activities, including, as a minimum, an annual strategy and plan, in advance of the year ahead, a mid-year review and an annual report after its close, in the form prescribed in its TMPs.
3. The Council delegates responsibility for the implementation and regular monitoring of its treasury management policies and practices to Cabinet, and for the execution and administration of treasury management decisions to the Executive Director of Corporate Services, who acts in accordance with the Council's Treasury Management Policy Statement, TMPs and CIPFA's Standard of Professional Practice on Treasury Management.
4. The Council's Audit and Governance Committee is responsible for ensuring effective scrutiny of the treasury management strategy and policies.

#### **6.4 Treasury Management Strategy Statement for 2020/2021**

- 6.4.1 The Treasury Management Strategy Statement comprises a Borrowing and an Investment Strategy. These set out the Council's policies for managing its borrowing and investments in 2020/2021.
- 6.4.2 There are no major changes proposed to the overall Treasury Management Strategy in 2020/2021, which maintains the careful and prudent approach adopted by the Council in previous years. Areas that inform the strategy include the extent of potential borrowing included in the Capital Programme, the availability of borrowing, and the current and forecast global and UK economic positions, in particular forecasts relating to interest rates and security of investments.
- 6.4.3 The proposed Treasury Management Strategy Statement for 2020/2021 is set out in Appendix 7 and has been informed by market data, market information and leading market forecasts and views provided by the Council's treasury adviser, Link Asset Services.
- 6.4.4 The Council's treasury management practices are subject to regular review to ensure compliance to the agreed treasury management strategy and that the strategy adapts to changing financial markets as appropriate, so that the Council can take a view on the optimum time to carry out further borrowing or debt rescheduling.

#### **7. Reasons for Decision**

- 7.1 To comply with statutory requirements.

#### **8. Alternative Options**

- 8.1 No alternative options are proposed.

#### **9. Impact Analysis**

- 9.1 Impact assessments will be undertaken by Directorates to ensure programmes



are delivered within budget.

## **10. List of Appendices**

- 10.1 Appendix 1 - Capital Commitments into 2020/2021
- Appendix 2 - Capital Programme 2020/2021 New Starts / Additional Investments
- Appendix 3 - Capital Programme 2019/2020 to 2023/2024
- Appendix 4 - Prudential and Treasury indicators 2020/2021 to 2023/2024
- Appendix 5 - Minimum Revenue Provision Policy Statement 2020/2021
- Appendix 6 - Treasury Management Policy Statement
- Appendix 7 - Treasury Management Strategy Statement for 2020/2021

## **11. Background Papers**

Cabinet Report – 15<sup>th</sup> October 2019 - Capital Programme Planning 2020/2021 to 2023/2024 and Capital Strategy

## Current Approved Capital Programme Commitments from 2020/2021 to 2023/2024

Project	Existing Capital Programme		
	2020/2021 £m	2021/2022 to 2023/2024 £m	TOTAL £m
SSTC3 Road	22.842	9.259	32.101
Sunderland Museum, Winter Gardens and Library Major Redevelopment Scheme	0.200	21.155	21.355
International Advanced Manufacturing Park (IAMP)	0.000	20.749	20.749
Coastal Defence - Strategic Frontage 3 (SF3)	2.000	8.280	10.280
Highways Asset Investment Programme	2.750	5.500	8.250
Port Enterprise Zone	3.838	2.451	6.289
Redevelopment of Parsons Depot	4.257	1.536	5.793
Strategic Acquisitions & Developments	5.000	0.000	5.000
Replacement Household Waste and Recycling Centre	4.674	0.000	4.674
Willow Fields Primary School Relocation	3.300	1.232	4.532
Investment Corridor	1.965	2.409	4.374
Harry Watts Academy	3.903	0.383	4.286
City Hall - Furniture and Equipment	0.000	3.953	3.953
SSGA - Ryhope Doxford Link Road	2.848	1.000	3.848
Bridge Maintenance Investment Programme	1.800	2.000	3.800
Refuse Collection Vehicle Replacement Programme	0.000	3.780	3.780
Environmental Services Vehicles and Equipment	2.172	1.040	3.212
Redevelopment of Parsons & JCH Depot - Electric Vehicles Infrastructure	1.474	1.448	2.922
Solar PV Battery Storage	2.697	0.000	2.697
Railway Station including Public Realm	1.200	1.421	2.621
Parklife Football Hubs	2.571	0.000	2.571
Neighbourhood Renewal	1.970	0.500	2.470
ICT Schemes	0.940	1.240	2.180
Provision for Economic Development	0.700	1.400	2.100
SSGA - School Extensions to St Pauls & Benedict Biscop	0.912	0.872	1.784
Public Realm - former Crowtree Road Leisure Centre	1.600	0.000	1.600
Homeless Accommodation	1.590	0.000	1.590
Specialist (Large) Vehicle Replacement Programme	1.093	0.420	1.513
Cork Street Day Centre	1.365	0.000	1.365
Bishopwearmouth Townscape Initiative Phase 2	0.698	0.369	1.067
Other Schemes (<£1m)	11.528	1.364	12.892
<b>TOTAL CURRENT PROGRAMME</b>	<b>91.887</b>	<b>93.761</b>	<b>185.648</b>

## Capital Programme 2020/2021 to 2023/2024 – New Starts / Additional Investments

### 1. Other Capital New Start / Additional Investment Proposals 2020/2021 to 2023/2024

The following projects are proposed for inclusion in the 2020/2021 to 2023/2024 Capital Programme. Gross amounts represent the total estimated project cost. For projects with external funding provision, the net amounts represent the estimated net increase in the Council's financial investment after taking into account external funding / funding from non-Council sources or existing Capital Programme provision.

#### 1.1 Deputy Leader New Start Proposals

##### 1.1.1 Port Warehousing Developments £6.000m project cost (£1.000m in 2020/2021, £3.000m in 2021/2022 and £2.000m in 2022/2023)

Construction of industrial warehousing at the Port of Sunderland to meet expanding demand for both leased space and undercover cargo storage capacity that will improve the Port's commercial offer. This will also help position the Port to attract long term tenants linked to opportunities arising from recent Government announcements confirming the 'Contract for Difference' award to both Equinor and Innogy as potential developers of the Dogger Bank offshore wind farm.

Area Outcomes / Benefits and Contribution to Strategic Priorities:

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

- Dynamic City: more and better jobs.

##### 1.1.2 Port Mobile Crane Refurbishment £0.158m project cost in 2020/2021

Replacement of the crane's current slew bearing and undercarriage pipework which are nearing the end of their operational life. The effective operation and reliability of the Port's plant and machinery is of paramount importance in fulfilling the Port's cargo handling commercial offer.

Area Outcomes / Benefits and Contribution to Strategic Priorities:

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

- Dynamic City: more and better jobs

##### 1.1.3 Scheme Feasibility & Design £6.761m project cost (£4.124m in 2020/2021, £1.887m in 2021/2022 and £0.750m in 2022/2023)

Feasibility and Design works for a number of strategically important projects to support the economic regeneration of the City Centre and wider city including a new Wear Footbridge, additional Railway Station Development, Vaux Developments, Smart Connected Cities and Holmeside Developments including Leisure and Strategic Housing Developments.

Proposals to proceed with any of the above projects following feasibility will be reported to Cabinet for consideration at the appropriate time.

Area Outcomes / Benefits and Contribution to Strategic Priorities:

The investment will benefit the city-wide economy and supports the overall delivery of the City Plan.

#### **1.1.4 Farringdon Row Phase 1 £36.270m project cost (£1.288m in 2020/2021, £21.088m in 2021/2022 and £13.894m in 2022/2023)**

Development of a facility to be located at Farringdon Row to be supported by a long-term lease arrangement subject to agreement with the prospective tenant.

Area Outcomes / Benefits and Contribution to Strategic Priorities:

The investment will support the city-wide population through increased opportunities for footfall in the city centre, and will contribute to the following strategic priorities:

- Dynamic City: more and better jobs
- Dynamic City: stronger City Centre

### **1.2 Cabinet Secretary New Start Proposals**

#### **1.2.1 Planned Property Capital Maintenance £10.000m project cost (£2.500m in 2020/2021, £2.500m in 2021/2022, £2.500m in 2022/2023 and £2.500m in 2023/2024)**

Various essential construction, mechanical and electrical services required to maintain and/or improve the Council's property portfolio.

Area Outcomes / Benefits and Contribution to Strategic Priorities:

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

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

#### **1.2.2 Jacky Whites Market Improvements £0.400m gross project cost in 2020/2021, with £0.097m of this provided for in the current Capital Programme**

Refurbishment works to improve the physical fabric and viability of the market and provide an enhanced provision for traders and visitors.

Area Outcomes / Benefits and Contribution to Strategic Priorities:

The investment will benefit the city-wide population and out of city visitors via an improved facility, and will contribute to the following strategic priorities:

- Dynamic City: more and better jobs
- Dynamic City: a stronger city centre with more businesses
- Healthy City: more attractive city
- Vibrant City: more creative and cultural businesses
- Vibrant City: more residents participating in their community
- Vibrant City: more visitors visiting Sunderland

### **1.2.3 Replacement of End User ICT Devices £0.750m project cost in 2023/2024**

Provision to continue the replacement programme of physical end user devices (laptops, base units and mobile telephones) across the Council as they reach the end of their effective lifecycle.

Area Outcomes / Benefits and Contribution to Strategic Priorities:

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

### **1.2.4 Smart Cities Project £10.000m project cost (£0.920m in 2020/2021 and £9.080m in 2021/2022)**

Sunderland has set its vision that 'By 2030, Sunderland will be a connected, international city with opportunities for all'. To achieve this objective, next generation fibre and mobile infrastructure is vital to connect people and organisations, attract new businesses and private sector investment, increase local economic output and deliver a range of use cases to enable transformational change across public service delivery. This project will provide upfront investment to support delivery of the necessary fibre and 5G network infrastructure within the city and is the estimated Council contribution requirement for the overall city-wide project.

Area Outcomes / Benefits and Contribution to Strategic Priorities:

The project will benefit residents, business and visitors across the city improving network infrastructure, and will contribute to the following strategic priorities:

- Dynamic City: more and better jobs
- Dynamic City: stronger City Centre
- Dynamic City: low carbon and digital connectivity for all
- Vibrant City: more creative and cultural businesses
- Vibrant City: more visitors visiting Sunderland

## **1.3 Children, Learning and Skills New Start Proposals**

### **1.3.1 Sunningdale Primary School - new build £13.035m gross project cost, £11.861m net (£2.531m in 2020/2021, £9.132m in 2021/2022 and £1.372m in 2022/2023)**

Sunningdale Primary School provision to be relocated from Shaftoe Road, Springwell to a new building at Clinton Place, Doxford Park. The proposal seeks to increase the appropriateness of and the capacity of the provision, creating additional school places for the city's primary cohort with severe learning difficulties, profound and multiple learning difficulties and physical disabilities while also improving the resources for those children already accessing primary aged provision at Sunningdale School.

Area Outcomes / Benefits and Contribution to Strategic Priorities:

This project will directly support residents across the city, responds to the requirement for new and more appropriate school places 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: access to same opportunities and life chances
- Healthy City: more people living healthier for longer

**1.3.2 Thorney Close Primary School - new build £6.861m gross project cost, £6.361m net (£0.100m in 2021/2022, £0.356m in 2022/2023, £3.778m in 2023/2024 and £2.627m beyond 2023/2024)**

Relocation of the Thorney Close Primary School and provision of a new build on the existing Sunningdale Primary School site (subject to approval of the proposal to relocate Sunningdale Primary School to Clinton Place).

Area Outcomes / Benefits and Contribution to Strategic Priorities:

This project will directly support residents in the West area of Sunderland, responds to the requirement for new school places from housing developments and will contribute to the following strategic priorities:

- Dynamic City: more and better housing
- Dynamic City: more and better skills and qualifications

**1.3.3 Hetton Primary School - new build £4.853m gross project cost, £3.860m net (£0.132m in 2021/2022, £2.508m in 2022/2023 and £2.213m in 2023/2024)**

Replacement of the current CLASP Hetton Primary School buildings with a new expanded building. It will provide 70 additional school places and add a nursery provision to the existing school offer. The new school will be delivered on the current Hetton Primary School site with the current buildings remaining operational during the build period.

Area Outcomes / Benefits and Contribution to Strategic Priorities:

This project will directly support residents in the Coalfields area of Sunderland, responds to the requirement for new school places from housing developments and will contribute to the following strategic priorities:

- 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: access to same opportunities and life chances

**1.3.4 Newbottle Primary Academy Extension & Autism Spectrum Disorder (ASD) Unit £4.564m gross project cost, £0.926m net (£0.369m in 2020/2021, £0.064m in 2021/2022, £2.596m in 2022/2023 and £1.535m in 2023/2024)**

Extension of the current mainstream facilities at Newbottle Primary Academy and also the creation of Special Education Needs resourced provision for primary aged children from across the Coalfields and other areas of the City with Autism. It will expand the current capacity of the school from 420 to 630 places with a further 24 autism places.

Area Outcomes / Benefits and Contribution to Strategic Priorities:

This project will directly support the requirement for new school places in the area, including for Special Education Needs provision, and will contribute to the following strategic priorities:

- Dynamic City: more and better housing
- Dynamic City: more and better skills and qualifications

**1.3.5 Barnes Junior School Dining Block Replacement and additional Studio Space £2.899m gross project cost, £2.669m net (£0.176m in 2020/2021, £1.357m in 2021/2022 and £1.366m in 2022/2023)**

Replacement of the current kitchen and dining facilities at Barnes Junior School with a new kitchen and dining block. Additional studio space will be incorporated into the building to facilitate increased delivery of dance, drama and performing art provision at the school. It is anticipated that the footprint of the block can be reduced, increasing the proportion of available outdoor play space at the school.

Area Outcomes / Benefits and Contribution to Strategic Priorities:

This project will directly support residents in the West area of Sunderland, responds to the requirement for improved facilities 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: more people living healthier for longer
- Healthy City: cleaner and more attractive city and neighbourhoods

**1.3.6 Children's Residential Homes £1.300m project cost in 2020/2021**

An initial feasibility study to be undertaken leading to a 'design and build/refurbish' project for the creation of two new children's residential facilities of up to 6 beds. This would create local provision for future placement decisions and/or the re-patriation of children from external settings, both of which are intended to provide better outcomes for children. A revenue saving would be anticipated from the reduced use of costly external placements and the associated staff costs in supporting the children in those placements.

Area Outcomes / Benefits and Contribution to Strategic Priorities:

The project provides benefits for more vulnerable children across the city, and will contribute to the following strategic priorities:

- Healthy City: access to same opportunities and life chances
- Vibrant City: more resilient people
- Dynamic City: more and better jobs

**1.4 Environment and Transport New Start Proposals**

**1.4.1 Vaux Multi Storey Car Park £9.000m project cost (£0.250m in 2020/2021, £4.500m in 2021/2022 and £4.250m in 2022/2023)**

Establish a 500 space car park on the Vaux site to service the occupants and visitors to the development and the City Centre. The car park is proposed to include both pre-paid permits and pay & display parking and will provide the Council with a revenue stream.

Area Outcomes / Benefits and Contribution to Strategic Priorities:

The investment will result in increased income streams and will contribute to the following strategic priorities:

- Dynamic City: stronger City Centre
- 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

#### **1.4.2 Dykelands Road Car Park £0.600m project cost in 2021/2022**

Establish a 93 space car park, to be delivered by Siglion, to service the seafront area to replace in part the Ocean Park car park that will be removed as part of the sea front redevelopment project.

Area Outcomes / Benefits and Contribution to Strategic Priorities:

While the improvements are to infrastructure in the north of the city, the car park will be a city-wide asset, and will contribute to the following strategic priorities:

- Healthy City: city with great transport and travel links
- Vibrant City: more visitors visiting Sunderland and residents participating in events

#### **1.4.3 Park Lane Car Park Refurbishment £3.200m project cost in 2021/2022**

Full refurbishment of the Park Lane car park to provide enhanced facilities for the City Centre, proposed residential development and a Park and Ride facility for the Tyne and Wear Metro Network.

Area Outcomes / Benefits and Contribution to Strategic Priorities:

The investment will maintain income streams that will help to sustain city-wide services in the city, and will contribute to the following strategic priorities:

- Dynamic City: stronger City Centre
- Healthy City: city with great transport and travel links

#### **1.4.4 Clinton Place Car Park £2.200m project cost (£1.500m in 2020/2021 and £0.700m in 2021/2022)**

Establish a 500 space car park at Clinton Place, to provide additional parking facilities and support businesses on Doxford International Business Park. The car park is proposed to include both pre-paid permits and pay & display parking and will provide the Council with a revenue stream.

Area Outcomes / Benefits and Contribution to Strategic Priorities:

The investment will result in increased income streams and will contribute to the following strategic priorities:

- Dynamic City: more and better jobs
- Healthy City: city with great transport and travel links

#### **1.4.5 City Gateways Large Screen Advertising £0.800m project cost (£0.200m in 2020/2021, £0.200m in 2021/2022, £0.200m in 2022/2023 and £0.200m in 2023/2024)**

To install 4 large advertising screens at key gateways into the city, providing an additional revenue income stream for the Council.

Area Outcomes / Benefits and Contribution to Strategic Priorities:

The investment will provide an additional revenue income stream, and will contribute to the following strategic priorities:

- 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



**1.4.6 Sustainable Business Travel Hub £0.400m project cost (£0.145m in 2020/2021, £0.085m in 2021/2022, £0.085m in 2022/2023 and £0.085m in 2023/2024)**

To implement a staff pool car scheme and one-stop self-sufficient business travel hub for local travel to reduce grey fleet (use of an employee's own car) journeys, vehicle emissions across the city, costs of business travel and administration. This will increase sustainable business travel and contribute to the City Plan's objective to be carbon zero by 2030, and to be supported by new technology software to manage staff travel, fleet, bookings, administration, legislative requirements and data capture within one business unit.

Area Outcomes / Benefits and Contribution to Strategic Priorities:

The investment will support the city-wide population via contributing to the Council's objective to be carbon zero by 2030, and will contribute to the following strategic priorities:

- 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

**1.4.7 Specialist Vehicle / Plant Replacement £0.470m project cost in 2020/2021**

Purchase 4 crane wagons and 1 Mini Excavator for the Highways Operations service to reduce the reliance on, and cost of, using hired vehicles.

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: city with great transport and travel links

**1.4.8 Light Commercial Vehicle Fleet Replacement £0.700m project cost (£0.350m in 2020/2021 and £0.350m in 2021/2022)**

Provision to replace the fleet of 32 specialist light commercial vehicles, which are currently provided through a lease arrangement which is shortly due to expire. The replacement vehicles, funded by the lease cost savings, will facilitate the transition of a significant part of the specialised light commercial fleet from diesel to Ultra Low Carbon (ULC) electric powered vehicles.

Area Outcomes / Benefits and Contribution to Strategic Priorities:

The investment provides city-wide customer service delivery benefits and potential city wide environmental benefits through ULC electric powered vehicles options, and will contribute to the following strategic priorities:

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

**1.4.9 Replacement Crematorium £7.500m project cost (£1.500m in 2020/2021 and £6.000m in 2021/2022)**

Provision for a new purpose-built crematorium, with extended car parking facilities, that will be more efficient to operate and maintain than the existing facility. A new facility will

help improve the service provision for users whilst also affording the opportunity to reduce future running and maintenance costs.

Area Outcomes / Benefits and Contribution to Strategic Priorities:

The investment will support the city-wide population via an improved facility, and will contribute to the following strategic priorities:

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

#### **1.4.10 Flood and Extreme Weather Mitigation £2.000m project cost (£0.500m in 2020/2021, £0.500m in 2021/2022, £0.500m in 2022/2023 and £0.500m in 2023/2024)**

With heavy rainfall, linked to climate change, flooding is becoming increasingly more likely creating a greater risk than ever before to the City and wider areas with large flooding events now being recorded on a yearly basis since 2000. This investment will extend the current Capital Programme funding beyond the current financial year and provide match funding for external funding provided through central government for flood alleviation schemes to protect properties, businesses and infrastructure.

Area Outcomes / Benefits and Contribution to Strategic Priorities:

The investment will support the city-wide population through increased flood and weather mitigation, and will contribute to the following strategic priorities:

- Dynamic City: more and better skills and qualifications
- 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

#### **1.4.11 Roker Park Lodge £0.750m project cost in 2020/2021**

Restoration of Roker Park Lodge to provide a café on the ground floor with associated external improvements to provide an outside eating area and kitchen garden. The project will contribute to continued improvements in the seafront area.

Area Outcomes / Benefits and Contribution to Strategic Priorities:

While the improvements are to infrastructure in the north of the city, the Park is a city-wide asset, and will contribute to the following strategic priorities:

- Dynamic City: more and better jobs
- Vibrant City: more creative and cultural businesses
- Vibrant City: more visitors visiting Sunderland and residents participating in events

#### **1.4.12 Herrington Country Park £0.650m project cost in 2020/2021**

Delivery of a reconfigured Café and Events space within the site office at Herrington Country Park. The project will help make more effective use of the existing building at the park and generate an income stream.

Area Outcomes / Benefits and Contribution to Strategic Priorities:

While the improvements are to infrastructure in the Coalfields area of the city, the Park is a city-wide asset, and will contribute to the following strategic priorities:

- Dynamic City: more and better jobs
- Vibrant City: more creative and cultural businesses
- Vibrant City: more visitors visiting Sunderland and residents participating in events

## **1.5 Health and Social Care New Start Proposals**

### **1.5.1 Day Centre Transformation & Improvement £6.000m gross project cost (£4.000m in 2020/2021 and £2.000m in 2021/2022) with £4.500m of this currently provided for in the Capital Programme**

A newly built facility that will provide a resource centre offering care, social stimulation and day opportunities that is outcome focused but is able to meet the person's holistic health and social care needs. The service will be designed specifically to meet the needs of people with complex disabilities and behaviours, most of which are currently accessing current provision based in Washington and Fulwell.

Area Outcomes / Benefits and Contribution to Strategic Priorities:

Investment will provide physical benefits / support to residents across the city, and will contribute to the following 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 residents participating in the communities
- Vibrant City: more people feel safe in their neighbourhoods and homes
- Vibrant City: more resilient people

### **1.5.2 Bishopwearmouth Horticultural Nursery Carpark & Lighting Improvements £0.108m project cost in 2020/2021**

The project would provide improvements to the facilities at Bishopwearmouth Horticultural Nursey, namely the resurfacing of the existing aggregate car park and adjoining road with asphalt and the installation of outdoor lighting to car parks and outside work areas.

Area Outcomes / Benefits and Contribution to Strategic Priorities:

The investment will support the city-wide population via an improved facility, and will contribute to the following strategic priorities:

- Dynamic City: more and better jobs
- Dynamic City: more and better skills and qualifications
- Healthy City: more people living healthier for longer
- Healthy City: people enjoy independent lives

## **1.6 Housing and Regeneration New Start Proposals**

### **1.6.1 Strategic Acquisitions and Developments £44.100m gross project cost, £43.100m net of external funding (£22.000m in 2020/2021, £17.100m in 2021/2022, £nil in 2022/2023 and £5.000m in 2023/2024) with £6.000m of this currently provided for in the Capital Programme**

Provision for real estate investments to support strategic economic regeneration and the City Plan. Proposals will be brought forward in accordance with the Council policy for the acquisition of land and buildings, some of which will generate a rental income.

Area Outcomes / Benefits and Contribution to Strategic Priorities:

Project will benefit all areas of the city, and will contribute to the following strategic priorities:

- Dynamic City: more and better jobs
- Dynamic City: more and better housing
- Dynamic City: stronger City Centre

#### **1.6.2 Riverside Sunderland Infrastructure £15.070m project cost (£0.600m in 2020/2021, £7.420m in 2021/2022, £5.900m in 2022/2023 and £1.150m in 2023/2024)**

The enhancement of Riverside Sunderland (in an area also known as Galley's Gill) to form an improved and activated urban riverside green space, which preserves and interprets key landscape features, views and industrial heritage, and creates the infrastructure to support the new residential communities of the Vaux, Farringdon Row and Sheepfold sites. The scheme will consist of the construction of new and improved vehicular, pedestrian and cycle routes on both sides of the river to connect the new and existing surrounding communities to the green space, the river and surrounding cycle routes. The works will also seek to activate the area through the construction of infrastructure to support the delivery of events and celebrations within the park and on the river, as well as provide a greater sense of safety to promote use of the space.

Area Outcomes / Benefits and Contribution to Strategic Priorities:

The investment will support the city-wide population, and will contribute to the following strategic priorities:

- Dynamic City: more and better jobs
- Dynamic City: more and better housing
- Dynamic City: stronger City Centre
- Healthy City: access to same opportunities and life chances
- Healthy City: cleaner and more attractive city and neighbourhoods

#### **1.6.3 Crowtree Square Retail Unit £7.474m project cost (£2.406m in 2020/2021 and £5.068m in 2021/2022)**

Development of a retail unit(s) and associated car parking, access, public open space, service yard and stopping up of associated public highway on the site of the former Crowtree Leisure centre. The redevelopment scheme will bring into use a brownfield city centre site improving the overall city centre offer and provide a rental stream to the Council.

Area Outcomes / Benefits and Contribution to Strategic Priorities:

The investment will support the city-wide population through increased opportunities for footfall in the city centre, and will contribute to the following strategic priorities:

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

#### **1.6.4 Seaburn Public Realm £2.000m project cost (£1.198m in 2020/2021 and £0.802m in 2021/2022)**

The Public Realm investment at Ocean Park seeks to complement the previous investment at Seaburn as well as pipeline development projects at the site. The scheme will seek to deliver new equipped play facilities to replace the play area to the north of Cut Throat Dene, upgrade of paving to the west of Whitburn Road (Ocean Park frontage)

and the formation of a new east-west pedestrian link and public realm upgrades to Dykelands Road.

Area Outcomes / Benefits and Contribution to Strategic Priorities:

While the investment provides improvements in North Sunderland, there are benefits for all city residents given the seafront area is a city-wide asset, and will 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 residents participating in the communities
- Vibrant City: more visitors visiting Sunderland and residents participating in events

**1.6.5 Housing Delivery and Investment Plan £59.000m project cost, £37.250m net of external funding (£7.558m in 2020/2021, £12.839m in 2021/2022, £12.171m in 2022/2023, £12.981m in 2023/2024 and £13.451m in 2024/2025)**

Delivery of a 5-year Housing Delivery and Investment Plan. Cabinet approved on 19 November 2019 for the Council to become involved in the direct provision of new Social Housing with Investor Partner status. The Plan will bring empty homes back into use via the purchase and improvement of empty homes and will provide new affordable bungalows and further supported accommodation units. The Plan will be supported by external funding from Homes England, and the rental income streams arising from this investment will fund the initial borrowing costs as well as ongoing maintenance and management.

Area Outcomes / Benefits and Contribution to Strategic Priorities:

The project will benefit residents across the city improving housing and neighbourhoods, and will contribute to the following strategic priorities:

- Dynamic City: more and better housing
- Healthy City: more people living healthier for longer
- Healthy City: people enjoy independent lives

## **2.0 Highways Capital Funding 2020/2021**

### **2.1 Highways Maintenance & Local Transport Plan Allocations**

The Department for Transport (DfT) reviewed and revised the basis for allocating Highways Maintenance funding to councils via a Funding Model for 2015/2016 to 2020/2021. In addition to this in 2015, the DfT released details of the Incentive Fund scheme to reward Councils who demonstrate they are delivering value for money in carrying out cost effective improvements. Each local highway authority in England (excluding London) was invited to complete a self-assessment questionnaire, in order to establish the share of the Incentive fund they were eligible for from 2016/17, and included in the Highways Maintenance allocation, with reviews each year. The Council have been meeting the highest requirements (Level 3) since 2018/2019, which secures the most funding available.

For 2019/2020, the DfT announced additional Pot Hole and Flood Resilience funding of £0.203m. There are no allocations currently confirmed for 2020/2021.

Since the North of Tyne Combined Authority (NOTCA) was formed, a Joint Transport Committee was established for all transport matters covering all the 7 local authorities in the north east. The North East Combined Authority (NECA) and the NOTCA has received confirmation from the DfT on Integrated Transport allocations awarded to Tyne & Wear, Durham and Northumberland for 2020/2021.

The 2020/2021 funding arrangements for each local authority in NECA/NOTCA were agreed by the Joint Transport Committee. For the Council, the amount is £1.606m, being an allocation from the Tyne & Wear funding as in previous years. There is also a top-slice from this and the above Highways Maintenance to fund a regional transport team and a contribution to Urban Traffic Management Control (UTMC) centre, as well as to provide for the continuation of collaborative projects within the Tyne & Wear region.

### **2.2 Highway Maintenance Challenge Fund**

In the summer of 2019, the DfT announced the latest tranche of local authorities' highway maintenance challenge fund which enables Councils in England to bid for major maintenance projects that are otherwise difficult to fund through the usual formula funding allocations they receive from government. This tranche of the challenge fund will be available for 2019/2020 and 2020/2021, with a total of £198 million funding provided by the DfT.

The Council submitted a bid of £2.75m to the DfT for highway maintenance work to one of its major primary routes, the A690 Durham Road, between St Michael's Way and North Moor Road. It was expected that the successful bids would be announced by 31st December 2019, however to date, the outcome of the bid is still awaited.

### **2.3 Transforming Cities Fund**

The Transforming Cities Fund (TCF) builds on the Government's Industrial Strategy and provides city regions with the opportunity to access significant funds for strategic transport and infrastructure projects.

- Tranche 1. The Council's allocation is £1.446m towards 4 local cycleway schemes being delivered in 2019/2020.

- The final submission for Tranche 2 in November 2019 includes 7 schemes in Sunderland totalling £44.7m, supported by available / allocated Council match funding of £4.5m. The outcome is expected March 2020 and will span a period up to 2022/23.

## 2.4 Housing Infrastructure Fund (HIF)

A Housing Infrastructure Fund (HIF) bid to Ministry of Housing, Communities and Local Government was submitted March 2019, seeking £25.4m funding. The bid is seeking grant support towards vital infrastructure works, including highways and education infrastructure, required to bring forward the housing development in the Sunderland Southern Growth Area more quickly. The outcome of the bid is expected March 2020.

## 2.5 Safer Roads Funding

Safer Roads Funding of £0.783m has been awarded for 2020/21 to fund road safety improvements on the A1290 between the A19 and A184. The scheme will concentrate on junction improvements along with improvements to the existing cycling infrastructure.

## 2.6 Funding Allocations

The table below details the Highways Capital Funding announced for 2019/2020 to 2020/2021. There are currently no confirmed or indicative allocations from 2021/2022.

<b>Funding Source</b>	<b>2019/2020 £'000</b>	<b>2020/2021 £'000</b>
Highways Capital Maintenance	2,660	2,660
Highways Capital Maintenance – Incentive Funding	554	554
Pot Hole Action Fund and Resilience Funding	203	0
Highways Integrated Transport	1,606	1,606
Nexus Allocation	42	42
Safer Roads Funding	0	783
Highways England Growth and Housing Fund	1,439	0
Transforming Cities Funding – Tranche 1	1,446	0
<b>Total Transport</b>	<b>7,950</b>	<b>5,645</b>

The total confirmed funding for transport schemes for 2020/2021 from new grants is £5.645m.

## 2.7 Proposals for Highways Capital Programme New Starts 2020/2021

The proposed Capital Programme for 2020/2021, excluding funding for the on-going commitment in relation to the Sunderland Strategic Transport Corridor 3 (SSTC3) Road of £1.6m, will leave **£4.045m** to support the following priorities:

- The structural maintenance of highways – £1.564m;
- The structural maintenance of bridges – £0.392m;
- Economic development and regeneration by managing congestion; support safe and sustainable communities by improving Road Safety and, improving access; address climate change by promoting sustainable travel - £1.264m (including £0.063m contribution to fund the regional transport team);
- Public transport infrastructure improvements, Nexus funded - £0.042m; and
- A1290 Safety Improvements - £0.783m (Safer Roads Funding).

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

### 3.0 Adult Social Care Capital Proposals 2020/2021

- 3.1 The Better Care Fund allocation for 2019/2020 is £3.574m, with all of this funding supporting Disabled Facilities Grants. The Better Care Fund allocations for 2020/2021 have yet to be confirmed. Upon funding confirmation, proposals will be reported back to Cabinet for approval.

### 4.0 Children's Services - Education Capital Proposals 2020/2021

- 4.1 The table below details the Children's Education Government provisional and announced grants for 2020/2021 onwards, with a comparison to 2019/2020.

	2019/20 £'000	2020/21 £'000	2021/22 £'000
Schools Condition Allocation	1,101	1,101*	0
Education Basic Need	386	817	0
Schools Devolved Funding	324	0	0
Special Educational Needs and Disability (SEND) grant	370	313	0
Education Funding Agency – Harry Watts Academy	2,021	3,903	383
<b>Total Children's Services</b>	<b>4,202</b>	<b>6,134</b>	<b>383</b>

*\*provisional*

#### 4.1.1 Schools Conditions Allocation

The Schools Condition Allocation is provided to the Council for the maintenance / improvement of maintained schools. Academies and Voluntary Aided schools receive this funding direct from the Department of Education and determine their own spending plans. As of January 2020, the Council has not yet received the value of its Schools Condition Allocation for 2020/2021 but has estimated this to be the same as the current and previous financial year being £1.101m.

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

#### 4.1.2 Basic Need

The Council remains the responsible body for the city's Basic Need funding. This funding is for all publicly funded schools in the city (including Academies, Free Schools and VA schools). Basic Need funding, although not ring fenced, is intended to ensure additional school places can be provided where needed. The Council received a £0.386m Basic Need allocation for 2019/2020 and will receive a £0.817m for 2020/2021. The Council has not yet been notified of its allocation for 2021 - 2023/24.



#### 4.1.3 Funding Availability from 2020/2021

Current allocations:

There is £0.288m Education Capital grants (Schools Condition Allocation & Basic Needs) excluding the schools Devolved Formula Capital (DFC) grant from which schools will determine their own priorities from their allocations, that will be available from 2020/2021 for School Asset Management Priorities, projected to be brought-forward from 2019/2020. The £1.101m Schools Condition Allocation, estimated to be received in the 2020/2021 financial year, has £0.480m committed to supporting two new proposed projects in the capital programme from 2020/2021 onwards, leaving £0.621m not yet committed to projects and therefore available for new and emerging schools' asset management priorities from that year's allocation.

Of the £0.817m Basic Needs funding, £0.758m is committed to support the new proposed capital projects in the programme in 2020/2021.

The Council has a SEND grant allocation of £0.313m in 2020/2021. This grant is to be used to increase capacity in the SEND and alternative provision sector. This funding has been allocated towards costs associated with the proposed relocation and rebuild of Sunningdale Primary School.

#### 4.2 Children's Services Capital Programme New Starts Proposals

- 4.2.1 The Council is committed to carrying out an ongoing set of improvements across the maintained educational estate in the City. The focus of investment is health and safety, keeping buildings wind and watertight and thereby avoiding school closures. Upon confirmation of the allocation for 2020/2021, priorities will be identified and reported to Cabinet as required.
- 4.2.2 There are several major school works proposed in the period leading to 2025 that will utilise an element of the Schools Condition Allocation or Basic Needs Funding including:
- Expansion of the existing Sunningdale Primary School, to be complete in 2022;
  - Replacement of the Barnes Junior School Dining Block expected to be completed by 2022/23;
  - Expansion of Newbottle Primary School and development of onsite ASD provision expected to be completed by 2023/24; and
  - Replacement and relocation of Thorney Close Primary School (2024/25).
- 4.2.3 It is anticipated that £0.480m of Schools Condition Allocation and £0.758m Basic Need funding will be utilised to support the above programmes (£1.238m total), supplemented by the £0.313m SEND grant, £3.749m agreed S106 Education Contributions and prudential borrowing.
- #### 4.3 Additional Potential Proposed Works
- 4.3.1 The balance of funding available for further investment is therefore £0.968m from the grant allocations up to 2020/2021 (£0.288m 2019/20 balance plus **£0.680m 2020/21 allocations**):

<b>Funding</b>	<b>Amount £'000</b>
2019/2020 uncommitted grants	288
2020/2021 Schools Condition grant (SCA), estimate	1,101
2020/2021 Basic Need grant (BN), confirmed	817
Total (SCA/BN) Grants Available for 2020/2021	2,206
Less Committed to 2020/2021 new start projects	(1,238)
Available for further investment 2020/2021	968

- 4.3.2 Upon confirmation of further funding allocations and completion of any proposals, capital investment requirements will be submitted to Cabinet for approval, where required.

**Capital Programme**  
**Summary of Programme 2019/2020 to 2023/2024**

Expenditure by Portfolio	Gross Cost	Expend. to 31.3.19	Estimated Payments				
			2019/2020	2020/2021	2021/2022	2022/2023	2023/2024
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Deputy Leader	183,976	90,240	10,285	13,323	41,037	23,887	5,204
Cabinet Secretary	41,899	3,742	7,056	8,578	16,733	2,540	3,250
Children's Learning and Skills	58,024	5,402	7,300	13,699	12,339	9,131	10,153
Community and Culture	49,599	4,416	18,687	4,841	11,078	10,577	0
Environment and Transport	328,611	156,071	52,353	62,663	38,892	14,067	4,565
Health and Social Care	21,127	10,538	4,097	4,337	2,155	0	0
Housing and Regeneration	213,230	19,209	50,824	48,122	44,410	18,083	32,582
<b>TOTAL CAPITAL EXPENDITURE</b>	<b>896,466</b>	<b>289,618</b>	<b>150,602</b>	<b>155,563</b>	<b>166,644</b>	<b>78,285</b>	<b>55,754</b>

# CAPITAL PROGRAMME

Source of Finance	Estimated Resources				
	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000
<b>FROM EXTERNAL SOURCES</b>					
<b>Loans</b>					
Prudential Borrowing	59,574	121,806	148,278	59,938	38,654
Salix	4,500	200	0	0	0
<b>Government Grants</b>					
Local Growth Fund (LGF)	35,350	5,150	0	0	0
Department for Education (DfE) - School's Condition Allocation	1,670	941	230	0	250
DfE - Basic Need Grant	219	647	0	300	250
DfE - Schools DFC Grant	1,143	0	0	0	0
DfE - Special Educational Needs and Disability	370	313	0	0	0
Department for Transport (DfT) - Local Transport Plan (LTP)	3,952	5,386	0	0	0
DfT - National Productivity Investment Fund	246	0	0	0	0
DfT - Pothole Grant	199	0	0	0	0
DfT - Safer Roads Funding	126	783	0	0	0
Highways England	900	486	0	0	0
Environment Agency Coast Protection	1,308	0	0	2,930	0
Better Care Fund Grant	3,574	0	0	0	0
Department of Health (DoH) - Grants General	50	0	0	0	0
English Partnership/SHIP	195	0	0	0	0
BIG Coastal Communities Fund	0	452	0	0	0
Department of Energy Climate and Change (DECC)	163	0	0	0	0
Government Grants General	2,000	0	0	0	0
<b>Grants from Other Public Bodies</b>					
Homes England	373	4,509	4,679	4,479	9,774
Lottery - Heritage Lottery Fund (HLF)	2,233	686	8,105	7,777	0
Football Foundation	12,597	0	0	0	0
Education Funding Agency	2,021	3,903	383	0	0
European Regional Development Fund	168	2,092	724	0	0
Transformation Cities Fund	1,435	0	0	0	0
Historic England	50	293	42	5	0
Nexus	642	1,242	1,171	0	0
<b>Other External Funding</b>					
Gentoo	100	0	0	0	0
Other Capital Contributions	130	23	0	0	0
Other Grants General	206	0	0	0	0
<b>Total External Sources</b>	<b>135,494</b>	<b>148,912</b>	<b>163,612</b>	<b>75,429</b>	<b>48,928</b>
<b>FROM INTERNAL SOURCES</b>					
<b>Revenue Contributions</b>					
Strategic Initiative Budget	80	0	0	0	0
Directorate	35	10	41	0	0
<b>Reserves</b>					
Strategic Investment Reserve	3,927	1,331	660	450	200
Strategic Investment Plan Reserve	1,340	150	0	0	0
Capital Priorities Reserve	1,766	772	80	0	3,780
Commercial & Development Reserve	946	462	0	0	0
S106 Reserve	2,153	505	196	1,790	2,011
Other Capital Reserves	2,216	0	0	0	0
<b>Capital Receipts</b>	<b>2,645</b>	<b>3,421</b>	<b>2,055</b>	<b>616</b>	<b>835</b>
<b>Total Internal Sources</b>	<b>15,108</b>	<b>6,651</b>	<b>3,032</b>	<b>2,856</b>	<b>6,826</b>
<b>TOTAL FINANCING</b>	<b>150,602</b>	<b>155,563</b>	<b>166,644</b>	<b>78,285</b>	<b>55,754</b>

**DEPUTY LEADER  
CAPITAL PROGRAMME**

Project Ref.No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000
	<b>Continuing Projects</b>									
	<b>Strategic Economic Development</b>									
CP0203	Energy Masterplan & Feasibility Assessment (DECC)	A feasibility study to provide a city-wide understanding of current and future heat demands across industrial, commercial and domestic uses in Sunderland, offering an important evidence base for the Council and partners to develop appropriate solutions for improved energy management consumption, and the identify the necessary energy infrastructure requirements for key strategic sites.	M Jackson	290	31	259	0	0	0	0
CP0126	Vaux Site Cliff Works	Further potential infrastructure works to the cliff edge following prior infrastructure works in advance of the development of the former Vaux site.	A Crabb	1,466	1,158	308	0	0	0	0
CP0136	A19 Ultra Low Carbon Enterprise Zone	Highway infrastructure works at the Enterprise Zone Site 3 to unlocks 90,000sq.m of developable floor space, generate potential 1,500 new jobs in the manufacturing industry along with private sector investment of £55m.	M Jackson	23,340	22,860	480	0	0	0	0
CP0139	Investment Corridors	Infrastructure improvements in and around High Street West, including new street lighting and street furniture, new high-quality paving materials and crossing upgrades to St Michael's Way. The Holmeside Masterplan will be completed, and detailed designs commenced for public realm improvements in this area.	C Auld	9,200	4,641	185	1,965	2,409	0	0
CP0142	International Advanced Manufacturing Park (IAMP)	Development of an International Advanced Manufacturing Park (IAMP) set to create over 5,000 jobs and attract over £400 million investment, building on links with local businesses to create an advanced manufacturing centre of excellence for the North East. IAMP is a joint venture between Sunderland and South Tyneside Councils and is being jointly promoted by IAMP LLP, a JV company which includes both Local Authorities.	P McIntyre	57,753	36,229	775	0	9,252	6,293	5,204
CP0266	Vaux Phase 1	Development of the first office building on the former Vaux site which will be 60,000 sq. ft. over 5 floors, and infrastructure works to roads and footpaths.	A Crabb	25,812	22,144	3,668	0	0	0	0

**DEPUTY LEADER  
CAPITAL PROGRAMME**

Project Ref.No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000
	<b>Port</b>									
CP0145	Port Infrastructure	Investment in infrastructure, plant and equipment, in order to support the on-going efficient operation of the Port, including addressing minor plant & machinery investment, general infrastructure and health and safety requirements as they arise.	M Hunt	1,209	959	250	0	0	0	0
CP0313	Port Enterprise Zone	20 acres of land on two sites in the Port of Sunderland have been approved to form part of the North East's next wave of Enterprise Zones (round 2). Provision of enabling works will provide a development platform to prospective inward investors looking to take advantage of a port location and its multimodal operational facilities in sectors such as advanced manufacturing, automotive, construction and offshore renewable energy.	M Hunt	8,201	382	1,530	3,838	2,451	0	0
CP0439	Port Dock Gates & Associated Infrastructure	Planned full refurbishment of Number 3 Dock Gates & Associated Infrastructure at the Port of Sunderland following the urgent maintenance works.	M Hunt	1,564	14	1,550	0	0	0	0
CP0440	Port General Infrastructure, Equipment & Plant	Investment in infrastructure, plant and equipment will be used to support the on-going operational requirements of the Port, including addressing minor plant/machinery investment, health and safety, and general infrastructure requirements as they arise.	M Hunt	750	0	0	250	250	250	0
CP0149	Port Shed 2 Repair	Following interest from a prospective tenant, refurbishment works to Shed 2 at the Port are to be undertaken to facilitate this.	M Hunt	70	0	70	0	0	0	0
	<b>Economic Development Grants</b>									
CP0103	Provision for Economic Development	Provision for financial assistance for inward investment and job growth in order to lever significant job creation and private sector investments. Growth areas including Vaux and IAMP may require assistance packages over coming years.	C Auld	5,132	1,822	1,210	700	700	700	0
<b>TOTAL CONTINUING PROJECTS</b>				<b>134,787</b>	<b>90,240</b>	<b>10,285</b>	<b>6,753</b>	<b>15,062</b>	<b>7,243</b>	<b>5,204</b>

**DEPUTY LEADER  
CAPITAL PROGRAMME**

Project Ref.No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000
	<b>Projects Commencing 2020/21</b>									
	<b>Port</b>									
CP0491	Port Warehousing Developments	Construction of industrial warehousing at the Port of Sunderland to meet expanding demand for both leased space and undercover cargo storage capacity that will improve the Port's commercial offer. This will also help position the Port to attract long term tenants linked to opportunities arising from recent Government announcements confirming the 'Contract for Difference' award to both Equinor and Innogy as potential developers of the Dogger Bank offshore wind farm.	M Hunt	6,000	0	0	1,000	3,000	2,000	0
CP0492	Port Mobile Crane Refurbishment	Replacement of the crane's current slew bearing and undercarriage pipework which are nearing the end of their operational life. The effective operation and reliability of the Port's plant and machinery is of paramount importance in fulfilling the Port's cargo handling commercial offer.	M Hunt	158	0	0	158	0	0	0
	<b>Strategic Economic Development</b>									
CP0493	Scheme Feasibility & Design	Feasibility and Design works for a number of strategically important projects to support the economic regeneration of the City Centre and wider city including a new Wear Footbridge, additional Railway Station Development, Vaux Developments, Smart Connected Cities and Holmeside Developments including Leisure and Strategic Housing Developments. Proposals to proceed with any of the above projects following feasibility will be reported to Cabinet for consideration at the appropriate time.	A Crabb	6,761	0	0	4,124	1,887	750	0
CP0494	Farrington Row Phase 1	Development of a facility to be located at Farrington Row to be supported by a long-term lease arrangement subject to agreement with the prospective tenant.	A Crabb	36,270	0	0	1,288	21,088	13,894	0
<b>TOTAL PROJECTS COMMENCING 2020/21</b>				<b>49,189</b>	<b>0</b>	<b>0</b>	<b>6,570</b>	<b>25,975</b>	<b>16,644</b>	<b>0</b>
<b>TOTAL DEPUTY LEADER PORTFOLIO</b>				<b>183,976</b>	<b>90,240</b>	<b>10,285</b>	<b>13,323</b>	<b>41,037</b>	<b>23,887</b>	<b>5,204</b>

**DEPUTY LEADER  
CAPITAL PROGRAMME**

Source of Finance	Estimated Resources				
	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000
<b>FROM EXTERNAL SOURCES</b>					
<b>Loans</b>					
Prudential Borrowing	9,668	13,323	41,037	23,887	5,204
<b>Government Grants</b>					
Department of Energy Climate and Change (DECC)	163	0	0	0	0
DFT - Safer Roads Funding	126	0	0	0	0
<b>Total External Sources</b>	<b>9,957</b>	<b>13,323</b>	<b>41,037</b>	<b>23,887</b>	<b>5,204</b>
<b>FROM INTERNAL SOURCES</b>					
<b>Reserves</b>					
Strategic Investment Plan Reserve	87	0	0	0	0
Capital Priorities Reserve	71	0	0	0	0
Other Capital Reserves	170	0	0	0	0
<b>Total Internal Sources</b>	<b>328</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL FINANCING</b>	<b>10,285</b>	<b>13,323</b>	<b>41,037</b>	<b>23,887</b>	<b>5,204</b>



**CABINET SECRETARY  
CAPITAL PROGRAMME**

Project Ref.No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000
	<b>Continuing Projects</b>									
	<b>Management of Council Land and Buildings</b>									
CP0272	Energy Efficiency - Northumbrian Water Smart Metering Programme	Development of a multi utility software package to analyse half hourly energy data, now being commercialised by Northumbrian Water. The second phase of the programme is to develop a cost-effective smart water metering system.	P Davies	130	43	87	0	0	0	0
CP0314	Solar PV Battery Storage	Installation of solar PV and battery storage at Council buildings. This is expected to reduce electricity costs/carbon emissions and to access capacity auctions in conjunction with the National Grid. The buildings that would benefit by this investment are Jack Crawford, Evolve, Software Centre, Washington Business Centre and the Port.	P Davies	2,963	16	250	2,697	0	0	0
CP0317	Accommodation Review	Design and other preparatory works to inform options for either a new or a significantly refurbished Civic Centre and other key civic buildings.	A Crabb	251	113	138	0	0	0	0
CP0364	LED Lighting Energy Efficiency Works	Installation of energy efficient LED lighting at operational properties including Bunnyhill, Hetton Centre, Crematorium and Derwent Hill. The project is funded by 0% interest Salix loan which will be repaid using the first 5 years energy savings.	P Davies	500	31	469	0	0	0	0
CP0399	TFC Accommodation Move to Stansfield Business Centre	Costs associated with facilitating Together for Children's move to the Stansfield Business Centre.	J Ritchie	208	11	197	0	0	0	0
CP0417	City Hall - Furniture and Equipment	Furniture and equipment provision for the City Hall.	A Crabb	3,953	0	0	0	3,953	0	0
CP0418	Planned Property Capital Maintenance	Various essential construction, mechanical and electrical services based projects/works required to maintain/improve the Council's property portfolio.	P Davies	3,923	1,746	1,352	825	0	0	0
CP0470	Security Control Room	The provision of a new CCTV and Security Control Room. Options will be explored with partners to potentially share the facilities to minimise the Council's capital investment and ongoing revenue costs.	P Davies	400	0	104	296	0	0	0

**CABINET SECRETARY  
CAPITAL PROGRAMME**

Project Ref.No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000
	<b>ICT Projects</b>									
CP0286	Refresh of Essential Core ICT Infrastructure	A programme of activities aligned to a full review and rationalisation of the ICT estate to refresh end of life equipment and begin to transition to new on demand offerings.	L St Louis	4,141	1,581	2,560	0	0	0	0
CP0419	ICT Infrastructure	Five strands of investment into ICT services to provide efficiencies to support the Medium Term Financial Plan: o Replacement of End User Devices; o Replacement of Storage & Server Infrastructure; o Upgrade or Replacement of Virtualised Desktop Infrastructure; o Disaster Recovery/Secondary Data Centre Replacement; o Civica Revenues & Benefits System.	L St Louis	2,720	201	839	440	1,200	40	0
CP0460	Mobile Handsets	Replacement of handsets, tablets and laptops within the current estate to ensure operating systems remain fully secure and supported with active patch management with a 4-year life cycle as recommended by the National Cyber Security Centre.	L St Louis	750	0	250	500	0	0	0
CP0461	Backup Solution	Replacement of aging data backup infrastructure with a new solution to ensure the continuation of robust and resilient ICT Services with the ability to retrieve and restore data and systems in the event of an issue or incident. In addition, services are moving towards a hybrid Cloud / On-Premise model with projects such as Office 365 which will be fully supported via a replacement back-up solution.	L St Louis	500	0	500	0	0	0	0
CP0462	Smarter Cities Pilot	A pilot to develop a 5G City Centre ring, a proof of concept that will allow testing of some of the potential use cases in a live environment, as well as proving the ability and reliability of communications. The project will act as a launch pad for promoting the city's aspirations and support the initial stages of the digital ambition as set out in the City Plan for the provision of next generation city-wide fibre and mobile network infrastructure vital to connect people and organisations alongside the delivery of a number of city-wide projects.	L St Louis	250	0	250	0	0	0	0

**CABINET SECRETARY  
CAPITAL PROGRAMME**

Project Ref.No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000
CP0464	Fibre Upgrade	Extension of the Council's fibre optic network to the Port's Capstan House and the Port Control building to mitigate current networking issues.	L St Louis	60	0	60	0	0	0	0
<b>TOTAL CONTINUING PROJECTS</b>				<b>20,749</b>	<b>3,742</b>	<b>7,056</b>	<b>4,758</b>	<b>5,153</b>	<b>40</b>	<b>0</b>
	<b>Projects Commencing 2020/21</b>									
	<b>Management of Council Land and Buildings</b>									
CP0418	Planned Property Capital Maintenance	Various construction, mechanical and electrical services based projects / works required to maintain and improve the Council's property portfolio.	P Davies	10,000	0	0	2,500	2,500	2,500	2,500
CP0502	Jacky Whites Market Improvements	Refurbishment works to improve the physical fabric and viability of the market and provide an enhanced provision for traders and visitors.	P Davies	400	0	0	400	0	0	0
	<b>ICT Projects</b>									
CP0500	Replacement of End User ICT Devices	Provision to continue the replacement programme of physical end user devices (laptops, base units and mobile telephones) across the Council as they reach the end of their effective lifecycle.	L St Louis	750	0	0	0	0	0	750
CP0501	Smart Cities Project	Sunderland has set its vision that 'By 2030, Sunderland will be a connected, international city with opportunities for all'. To achieve this objective, next generation fibre and mobile infrastructure is vital to connect people and organisations, attract new businesses and private sector investment, increase local economic output and deliver a range of use cases to enable transformational change across public service delivery. This project will provide upfront investment to support delivery of the necessary fibre and 5G network infrastructure within the city and is the estimated Council contribution requirement for the overall city-wide project.	L St Louis	10,000	0	0	920	9,080	0	0
<b>TOTAL PROJECTS COMMENCING 2020/21</b>				<b>21,150</b>	<b>0</b>	<b>0</b>	<b>3,820</b>	<b>11,580</b>	<b>2,500</b>	<b>3,250</b>
<b>TOTAL CABINET SECRETARY PORTFOLIO</b>				<b>41,899</b>	<b>3,742</b>	<b>7,056</b>	<b>8,578</b>	<b>16,733</b>	<b>2,540</b>	<b>3,250</b>

**CABINET SECRETARY  
CAPITAL PROGRAMME**

Source of Finance	Estimated Resources				
	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000
<b>FROM EXTERNAL SOURCES</b>					
<b>Loans</b>					
Prudential Borrowing	1,358	5,775	15,533	2,500	2,500
Salix	469	0	0	0	0
<b>Grants from Other Public Bodies</b>					
European Regional Development Fund	127	1,355	0	0	0
<b>Other External Funding</b>					
Other Capital Contributions	30	0	0	0	0
<b>Total External Sources</b>	<b>1,984</b>	<b>7,130</b>	<b>15,533</b>	<b>2,500</b>	<b>2,500</b>
<b>FROM INTERNAL SOURCES</b>					
<b>Reserves</b>					
Strategic Investment Reserve	1,417	712	0	0	0
Strategic Investment Plan Reserve	1,207	150	0	0	0
Capital Priorities Reserve	182	0	0	0	0
Commercial & Development Reserve	316	146	0	0	0
Other Capital Reserves	1,095	0	0	0	0
<b>Capital Receipts</b>	855	440	1,200	40	750
<b>Total Internal Sources</b>	<b>5,072</b>	<b>1,448</b>	<b>1,200</b>	<b>40</b>	<b>750</b>
<b>TOTAL FINANCING</b>	<b>7,056</b>	<b>8,578</b>	<b>16,733</b>	<b>2,540</b>	<b>3,250</b>

**CHILDRENS LEARNING & SKILLS  
CAPITAL PROGRAMME**

Project Ref.No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000
	<b>Continuing Projects</b>									
	<b>School Devolved Fund Capital</b>									
CP0085	Schools Devolved Capital	Schools devolved formula capital allocations to address the priorities identified by schools in their own asset management plans.	S Mitchell	2,486	1,347	1,139	0	0	0	0
	<b>Major Schools' Asset Management</b>									
CP0350	SSGA - School Extensions to St Pauls & Benedict Biscop	Sunderland South Growth Area (SSGA) plans will generate demand for school places growth with 2 school extensions (105 places each) required to meet demand in advance of a new school requirement in the longer term. The investment will be funded by S106 contributions over the longer term. Extensions are planned to St Pauls CE VC Primary and Benedict Biscop Primary Academy.	S Mitchell	2,000	136	80	912	0	872	0
CP0454	Willow Fields Primary School Relocation	Relocation of the existing Willow Fields Primary School to a new build at the former Maplewood Special School site at Redcar Road. This will increase pupil place capacity from 140 to 315 and supports the new housing developments in the area.	S Mitchell	4,942	0	410	3,300	1,171	61	0
CP0448	Hudson Road / Broadway Juniors Primary Partial Roof Replacement	Hudson Road /Broadway Juniors Primary Partial Roof Replacement.	S Mitchell	173	0	173	0	0	0	0
CP0403	Harry Watts Academy	Development of a new Local Authority Commissioned Special Free School ('Harry Watts Academy') at the former Bishop Harland CE VA Primary School site, primarily funded by the Department for Education.	S Mitchell	6,373	66	2,021	3,903	383	0	0
CP0453	Sunningdale School New Build - Initial Development Works	Initial development works to support the Sunningdale School new build via alterations and adaptations at Thornhill Academy for the provision of new school places for children with special needs.	S Mitchell	210	0	210	0	0	0	0

**CHILDRENS LEARNING & SKILLS  
CAPITAL PROGRAMME**

Project Ref.No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000
<b>Other Schools' Asset Management Projects</b>										
CP0212	School AMP - Primary	Provision of window replacements, heating improvements, roofing works, electrical and technical and urgent health and safety works in primary schools.	S Mitchell	2,664	2,591	73	0	0	0	0
CP0213	School AMP - Secondary	Provision of window replacements, heating improvements, roofing works, electrical and technical and urgent health and safety works in secondary schools.	S Mitchell	45	0	45	0	0	0	0
CP0214	School AMP - Special	Provision of window replacements, heating improvements, roofing works, electrical and technical and urgent health and safety works in special schools.	S Mitchell	275	274	1	0	0	0	0
CP0396	Demolition of Former Maplewood School	Demolition of Former Maplewood School.	S Mitchell	105	43	62	0	0	0	0
CP0447	Dame Dorothy & Wessington Primary Schools Roof Works	Renewal of built up felt roofs at Dame Dorothy & Wessington Primary Schools.	S Mitchell	451	0	451	0	0	0	0
CP0451	Castleview Academy Internal Refurbishment	Castle View Enterprise Academy - internal refurbishment to increase number on roll from 900 pupils to 1050 pupils.	S Mitchell	240	0	70	170	0	0	0
CP0452	Oxclose Community Internal Refurbishment	Oxclose Community Academy - Internal/external refurbishment at Oxclose Academy to facilitate an increase to the number on roll from 1050 pupils to 1200 pupils. This includes the provision of a specialist teaching area and improvement of external sports facilities. Works are to be funded through use of S106 education contributions received by the Council.	S Mitchell	240	0	170	70	0	0	0
CP0205	Access Equipment	Purchase of equipment to assist children with disabilities to access school places.	S Mitchell	72	47	25	0	0	0	0
CP0204	Asbestos and Legionella Management	Asbestos and legionella management for schools.	S Mitchell	134	73	61	0	0	0	0
CP0327	New Condition Works / EAW	Delivery of electricity at work and schools condition surveys.	S Mitchell	105	60	45	0	0	0	0

**CHILDRENS LEARNING & SKILLS  
CAPITAL PROGRAMME**

Project Ref.No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000
CP0260	Schools' Asset Management Unallocated	School capital grants provision to continue to provide window replacements, heating improvements, roofing works, electrical and technical and urgent health and safety works.	S Mitchell	446	0	158	288	0	0	0
CP0386	Schools' Capital Maintenance Works	Capital maintenance works to schools including roof repairs / replacement and structural repairs.	S Mitchell	11	0	11	0	0	0	0
CP0088	Other Sites Miscellaneous	Management and grounds maintenance of vacant school sites.	S Mitchell	11	1	10	0	0	0	0
CP0449	Broadway Juniors Structural Works	Structural brickwork repair works and pointing.	S Mitchell	4	0	4	0	0	0	0
CP0458	Seaburn Dene Primary - Boiler Replacement	Seaburn Dene Boiler Replacement.	S Mitchell	46	0	46	0	0	0	0
CP0459	Schools Salix Projects	Lighting upgrades at Easington Lane and Dame Dorothy Primary Schools.	S Mitchell	62	0	62	0	0	0	0
CP0370	PRU Provision - Refurbishment of Former Springwell Dene School	Re-Provision of Pupil Referral Unit (PRU) services to increase and improve the capacity and facilities across the city to support children with Special Educational Needs and Disabilities (SEND).	S Mitchell	1,425	184	1,241	0	0	0	0
	<b>Mechanical Works</b>									
CP0387	School Mechanical Works	School Mechanical Works.	S Mitchell	612	400	212	0	0	0	0
	<b>Electrical Works</b>									
CP0388	School Electrical Works	School Electrical Works.	S Mitchell	155	137	18	0	0	0	0
	<b>Social Care</b>									
CP0437	Children's Home Compliance Work	Works to ensure that the four Council-owned Children's Homes are compliant with regulation and are fit for the future.	P Davies	80	1	79	0	0	0	0

**CHILDRENS LEARNING & SKILLS  
CAPITAL PROGRAMME**

Project Ref.No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000
<b>Other Children Services Projects</b>										
CP0348	Derwent Hill Campsite, Bungalow and Educational Centre	Derwent Hill improvements for: - Additional campsite accommodation, - Compliance works to the bungalow, and - Improved wheelchair access.	V French	165	42	123	0	0	0	0
CP0438	Derwent Hill Facilities Improvements	Additional improvements to Derwent Hill to drive bookings and therefore increase revenue.	V French	300	0	300	0	0	0	0
<b>TOTAL CONTINUING PROJECTS</b>				<b>23,832</b>	<b>5,402</b>	<b>7,300</b>	<b>8,643</b>	<b>1,554</b>	<b>933</b>	<b>0</b>
<b>Projects Commencing 2020/21</b>										
<b>Major School's Asset Management</b>										
CP0485	Sunningdale Primary School - new build	Sunningdale Primary School provision to be relocated from Shaftoe Road, Springwell to a new building at Clinton Place, Doxford Park. The proposal seeks to increase the appropriateness of and the capacity of the provision, creating additional school places for the city's primary cohort with severe learning difficulties, profound and multiple learning difficulties and physical disabilities while also improving the resources for those children already accessing primary aged provision at Sunningdale School.	S Mitchell	13,035	0	0	2,531	9,132	1,372	0
CP0486	Thorney Close Primary School - new build	Relocation of the Thorney Close Primary School and provision of a new build on the existing Sunningdale Primary School site (subject to approval of the proposal to relocate Sunningdale Primary School to Clinton Place).	S Mitchell	6,861	0	0	0	100	356	6,405
CP0487	Hetton Primary School - new build	Replacement of the current CLASP Hetton Primary School buildings with a new expanded building. It will provide 70 additional school places and add a nursery provision to the existing school offer. The new school will be delivered on the current Hetton Primary School site with the current buildings remaining operational during the build period.	S Mitchell	4,853	0	0	0	132	2,508	2,213



**CHILDRENS LEARNING & SKILLS  
CAPITAL PROGRAMME**

Project Ref.No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000
CP0488	Newbottle Primary Academy Extension & ASD Unit	Extension of the current mainstream facilities at Newbottle Primary Academy and also the creation of Special Education Needs resourced provision for primary aged children from across the Coalfields and other areas of the City with Autism. It will expand the current capacity of the school from 420 to 630 places with a further 24 autism places.	S Mitchell	4,564	0	0	369	64	2,596	1,535
CP0489	Barnes Junior School Dining Block Replacement and Additional Studio Space	Replacement of the current kitchen and dining facilities at Barnes Junior School with a new kitchen and dining block. Additional studio space will be incorporated into the building to facilitate increased delivery of dance, drama and performing art provision at the school. It is anticipated that the footprint of the block can be reduced, increasing the proportion of available outdoor play space at the school.	S Mitchell	2,899	0	0	176	1,357	1,366	0
<b>Other Schools' Asset Management Projects</b>										
CP0260	School's Asset Management Unallocated	School capital grants provision to continue to provide window replacements, heating improvements, roofing works, electrical and technical and urgent health and safety works.	S Mitchell	680	0	0	680	0	0	0
<b>Social Care</b>										
CP0490	Children's Residential Homes	An initial feasibility study to be undertaken leading to a 'design and build/refurbish' project for the creation of two new children's residential facilities of up to 6 beds. This could create local provision for future placement decisions and/or the re-patriation of children from external settings both of which should yield better outcomes for children. A revenue saving would be anticipated from the reduced use of costly external placements and the associated staff costs in supporting the children in those placements.	S Mitchell	1,300	0	0	1,300	0	0	0
<b>TOTAL PROJECTS COMMENCING 2020/21</b>				<b>34,192</b>	<b>0</b>	<b>0</b>	<b>5,056</b>	<b>10,785</b>	<b>8,198</b>	<b>10,153</b>
<b>TOTAL CHILDRENS LEARNING &amp; SKILLS PORTFOLIO</b>				<b>58,024</b>	<b>5,402</b>	<b>7,300</b>	<b>13,699</b>	<b>12,339</b>	<b>9,131</b>	<b>10,153</b>

**CHILDRENS LEARNING & SKILLS  
CAPITAL PROGRAMME**

Source of Finance	Estimated Resources				
	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000
<b>FROM EXTERNAL SOURCES</b>					
<b>Loans</b>					
Prudential Borrowing	605	7,390	11,530	6,550	7,642
Salix	22	0	0	0	0
<b>Government Grants</b>					
DfE - School's Condition Allocation Grant	1,670	941	230	0	250
DfE - Basic Need Grant	219	647	0	300	250
DfE - Schools DFC Grant	1,143	0	0	0	0
DfE - Special Educational Needs and Disability	370	313	0	0	0
<b>Grants from Other Public Bodies</b>					
Education Funding Agency	2,021	3,903	383	0	0
<b>Total External Sources</b>	<b>6,050</b>	<b>13,194</b>	<b>12,143</b>	<b>6,850</b>	<b>8,142</b>
<b>FROM INTERNAL SOURCES</b>					
<b>Reserves</b>					
Strategic Investment Reserve	79	0	0	0	0
S106 Reserve	521	505	196	1,790	2,011
<b>Capital Receipts</b>	650	0	0	491	0
<b>Total Internal Sources</b>	<b>1,250</b>	<b>505</b>	<b>196</b>	<b>2,281</b>	<b>2,011</b>
<b>TOTAL FINANCING</b>	<b>7,300</b>	<b>13,699</b>	<b>12,339</b>	<b>9,131</b>	<b>10,153</b>

**COMMUNITY & CULTURE  
CAPITAL PROGRAMME**

Project Ref.No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000
	<b>Continuing Projects</b>									
	<b>Community Services</b>									
CP0412	Neighbourhood Renewal	Provision for devolved priority investments into Neighbourhood Renewals.	S Mitchell	2,500	0	30	1,970	500	0	0
	<b>Events, Culture &amp; Sport</b>									
CP0309	Parklife Football Hubs	Provision of 3 football hub sites strategically located in areas of demand, geographically positioned and with good transport links.	V French	20,615	1,822	16,222	2,571	0	0	0
	<b>Culture and Tourism</b>									
CP0219	Canny Space Project	Council contribution to the Churches Conservation Trust for improvement/alterations at Holy Trinity Church which will transform into a new community/commercial venue and heritage attraction.	V French	300	100	100	100	0	0	0
CP0176	Hylton Castle Redevelopment Phase 2	Re-development of Hylton Castle so that it can be repurposed as a community led heritage centre.	V French	3,889	2,494	1,395	0	0	0	0
CP0405	Sunderland Museum, Winter Gardens and Library Major Redevelopment Scheme	A planned refurbishment of the Sunderland Museum and Winter Gardens to improve the cultural offer in the city and seek to refurbish many of the tired exhibits as well as ensuring that the museum and library delivery is fully integrated to ensure maximum opportunity for events, programme, exhibitions and learning lessons. The proposal is subject to securing circa £16m external funding.	V French	21,755	0	400	200	10,578	10,577	0
CP0442	Sunderland & Museum Winter Gardens Improvements Phase 2	Phase 2 improvement works to the Sunderland Museum and Winter Gardens following securement of funding from the Wolfson Foundation.	V French	290	0	290	0	0	0	0
CP0406	Festoon Lighting	New festoon lighting and lighting motifs to replace, due to age and condition, the lighting currently along the seafront. Additional lighting (festoon and motifs) to extend and connect the lighting from the seafront into the city centre, including Wearmouth Bridge. This will contribute to the city and city centre being dynamic and vibrant and will be complimented with the annual Festival of Light and Christmas events and programmes.	V French	250	0	250	0	0	0	0
<b>TOTAL CONTINUING PROJECTS</b>				<b>49,599</b>	<b>4,416</b>	<b>18,687</b>	<b>4,841</b>	<b>11,078</b>	<b>10,577</b>	<b>0</b>
<b>TOTAL COMMUNITY &amp; CULTURE PORTFOLIO</b>				<b>49,599</b>	<b>4,416</b>	<b>18,687</b>	<b>4,841</b>	<b>11,078</b>	<b>10,577</b>	<b>0</b>

**COMMUNITY & CULTURE  
CAPITAL PROGRAMME**

Source of Finance	Estimated Resources				
	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000
<b>FROM EXTERNAL SOURCES</b>					
Prudential Borrowing	4,321	4,694	3,301	2,800	0
<b>Grants from Other Public Bodies</b>					
Heritage Lottery Fund	1,089	147	7,777	7,777	0
Football Foundation	12,597	0	0	0	0
Other Capital Contributions	100	0	0	0	0
Other Grants General	156	0	0	0	0
<b>Total External Sources</b>	<b>18,263</b>	<b>4,841</b>	<b>11,078</b>	<b>10,577</b>	<b>0</b>
<b>FROM INTERNAL SOURCES</b>					
<b>Revenue Contributions</b>					
Strategic Initiative Budget	40	0	0	0	0
<b>Reserves</b>					
Strategic Investment Reserve	250	0	0	0	0
Commercial & Development Reserve	82	0	0	0	0
<b>Capital Receipts</b>	52	0	0	0	0
<b>Total Internal Sources</b>	<b>424</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL FINANCING</b>	<b>18,687</b>	<b>4,841</b>	<b>11,078</b>	<b>10,577</b>	<b>0</b>

**ENVIRONMENT & TRANSPORT  
CAPITAL PROGRAMME**

Project Ref.No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000
	<b>Continuing Projects</b>									
	<b>Strategic Economic Development</b>									
CP0137	Sunderland Railway Station	Redevelopment of the railway station in conjunction with Nexus and Network Rail who will complete the detailed design and redevelopment of the above ground concourse to Sunderland Station.	M Jackson	3,000	529	600	1,200	671	0	0
CP0288	Minster Quarter Access Road	Provision of a new access road that will provide a direct link from the Minster Quarter area onto St Mary's Way.	M Jackson	1,396	706	650	40	0	0	0
	<b>Major Highway Schemes</b>									
CP0003	Northern Spire (SSTC Ph2 - New Wear Crossing)	Construction of the 'Northern Spire' New Wear Crossing. The Crossing opened to the public August 2018, with the remaining budget required for finalisation of painting works and conclusion of land purchases.	M Jackson	106,200	104,572	1,628	0	0	0	0
CP0194	SSTC Ph3 Road	Construction of a new road linking the Northern Spire new wear crossing and the city centre. The road is planned to be open to traffic Autumn 2021.	M Jackson	70,800	15,735	22,964	22,842	9,259	0	0
CP0281	SSTC 4/5 Design	Design and bidding proposal costs for the SSTC Phases 4/5 and related projects.	M Jackson	250	152	98	0	0	0	0
	<b>Local Transport Plan</b>									
CP0024	Highway Maintenance	Implement the Highway Maintenance Programme of road resurfacing and footway reconstruction schemes.	M Jackson	12,786	9,508	3,278	0	0	0	0
CP0025	Bridge Maintenance	Annual programme of Structural Bridge maintenance.	M Jackson	2,008	1,085	585	338	0	0	0
CP0026	Integrated Transport	Annual programme for the implementation of Road Safety and Traffic Congestion improvement schemes.	M Jackson	6,668	4,622	1,602	444	0	0	0
CP0226	Northern Gateway	Improving access to the Wearmouth Bridge and the City Centre via a two-way traffic system.	M Jackson	6,000	4,411	1,589	0	0	0	0
CP0232	Parking Meters	The replacement and provision of parking meters for new locations in the City and an on-going programme of reviewing provision and introducing new locations for pay and display.	M Jackson	125	64	36	25	0	0	0

**ENVIRONMENT & TRANSPORT  
CAPITAL PROGRAMME**

Project Ref.No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000
CP0249	Southern Growth Area - Highways Design	Detailed design of highway infrastructure necessary to complete the Ryhope Doxford Link Road and to open up development land in South Sunderland (Southern Growth Area).	M Jackson	260	190	70	0	0	0	0
CP0279	Highways Maintenance Asset Management	Improvement of the Council's major highway assets including roads, bridges, footways and traffic signal equipment.	M Jackson	4,437	3,343	1,094	0	0	0	0
CP0342	A1231 Bridge Maintenance (Phase 1)	A programme of Structural maintenance to bridges on the Nissan Interchange and Low Barmston Access Bridge. Phase 1 involves re-waterproofing of the bridges.	M Jackson	791	790	1	0	0	0	0
CP0455	A182 Chartershaugh Bridge	Improvements to the A182 Chartershaugh Bridge through re-painting the deck steelwork of the river span, and repairs to the concrete piers and the bridge drainage.	M Jackson	467	0	177	290	0	0	0
CP0398	New City Boundary Signs	Provision of new city boundary signs.	M Jackson	150	0	150	0	0	0	0
CP0457	A1231 Bridge Maintenance (Phase 2)	A programme of Structural maintenance to bridges on the Nissan Interchange and Low Barmston Access Bridge. Phase 2 comprises works below the bridge decks, including concrete repairs and re-painting the steel beams of the road bridges and the adjacent Access Bridge.	M Jackson	714	0	150	564	0	0	0
CP0421	Highways Asset Investment Programme	Improvements to the condition of the Council's highway assets, including roads, footways and traffic signals and reduce the significant maintenance backlog.	M Jackson	11,000	0	2,750	2,750	2,750	2,750	0
CP0422	Bridge Maintenance Investment Programme	Improvements to the condition of the Council's stock of bridges and to reduce the significant maintenance backlog.	M Jackson	4,000	0	200	1,800	1,000	1,000	0
CP0456	City Wide Cycle Ways (Transformation Cities)	Four cycleways schemes funded by Tranche 1 of the Transforming Cities Fund: - B1522 Ryhope to Sunderland City Centre Route. - B1285 Hetton – Easington Lane to National Route 1 and Sunderland City Centre Route. - Essen Way Cycle Route. - Ferryboat Lane, Castletown link to IAMP and Nissan.	M Jackson	1,828	11	1,817	0	0	0	0

**ENVIRONMENT & TRANSPORT  
CAPITAL PROGRAMME**

Project Ref.No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000
	<b>Flood &amp; Coast Risk Management</b>									
CP0160	Flood and Extreme Weather Mitigation	Rolling programme of flood defence and flood alleviation schemes in accordance with the flood priority list and extreme weather repairs, as well as match funding flood studies jointly carried out by the Council, Northumbrian Water and the Environment Agency.	M Jackson	4,612	3,250	1,362	0	0	0	0
CP0357	Coastal Defence - Strategic Frontage 3	Coastal defence scheme situated around the east of the port which will protect the Port's infrastructure. The delivery of the project in full is reliant upon successful external funding bids.	M Jackson	10,500	170	50	2,000	4,000	4,280	0
CP0390	Pier Major Repair Works	Works to the South and Old North Piers following the storm damage March 2018. The emergency works are complete, following structural surveys there is to be further work to permanently remediate the piers.	M Jackson	1,600	689	150	761	0	0	0
CP0039	SF3 - Initial Development Works	Initial development works in advance of the major works to be delivered by the Strategic Frontage 3 project.	M Jackson	199	182	17	0	0	0	0
CP0431	Panns East Quay Replacement	Reconstruction of a 60m stretch of the Panns East Quay.	M Jackson	1,000	0	50	950	0	0	0
	<b>Infrastructure and Transportation</b>									
CP0009	Private Streetworks	Council contribution to the upgrade of private streets.	M Jackson	50	0	50	0	0	0	0
CP0310	LED Street Lighting Phase 2	Following on from the phase 1 installation of LED lights, a further 24,513 lamps of varying energy consumption are to be converted to LED lamps. The majority, over 20,000 units, are units currently burning between 100W and 250W of energy and the proposed replacements would burn at between 50W and 100W without detriment to required lighting levels.	M Jackson	7,900	3,691	4,009	200	0	0	0
CP0360	Roker Car Park Extension	Extension to the existing Roker car park will create an additional 25 spaces and disabled coach parking. Planned works will include improved signage, new bins and cycle parking.	M Jackson	150	0	125	25	0	0	0

**ENVIRONMENT & TRANSPORT  
CAPITAL PROGRAMME**

Project Ref.No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000
CP0361	SSGA - Ryhope Doxford Link Road	New road infrastructure which will support new homes in SSGA in advance of S106 funding. SSGA is to provide; 4,000 family and executive homes and will result in Council tax growth, 300 affordable homes and significant construction job creation/safeguards.	M Jackson	5,000	0	1,152	2,848	1,000	0	0
CP0362	A19/A690 Doxford Park Junction Improvement Scheme	Capacity improvement measures at the A19/A690 Doxford Park junction including upgrade of the A19 southbound off-slip road. The proposals will provide infrastructure to support the delivery of the SSGA. Match funding is provided from Highways England.	M Jackson	1,919	53	900	966	0	0	0
CP0425	Major Pipeline Scheme Design	Provision to ensure that sufficient resources are in place to develop designed solutions for the Council's infrastructure aspirations, which can be utilised to support external funds bidding processes.	M Jackson	1,000	0	250	250	250	250	0
CP0426	Replacement of Road Safety Vehicle	Replace the existing road safety vehicle, which is now 5 years old, used to carry out enforcement of bus stop and school keep clear areas.	M Jackson	20	0	20	0	0	0	0
CP0427	Holmeside Car Park	Creation of a surface 60 space car park on a site located on Holmeside, Sunderland to serve the Train, metro businesses, College and visitors to the City.	M Jackson	230	0	0	230	0	0	0
CP0428	Hillthorn Lorry Parking Facility	Infrastructure works to clear a vacant plot in Washington and to provide a hard-stand to be used as a lorry parking / lay-up area (including facilities) to accommodate 48 – 54 articulated HGVs).	M Jackson	750	0	750	0	0	0	0
<b>Environmental Services (Street Scene)</b>										
CP0161	Improvements to the Crematorium	Physical and structural improvements to the Crematorium.	C Curtis	140	60	80	0	0	0	0
CP0186	Replacement of Cremators	Replacement of the crematorium equipment, comprising three cremators, additional specialist equipment and associated emissions control system to ensure the reliable and compliant operation of the Council's bereavement service.	C Curtis	1,230	980	250	0	0	0	0
CP0285	Parks & Cemetery Infrastructure - Paths	A four-year repair inspection and maintenance programme from 2016/2017 in cemeteries and parks.	C Curtis	300	151	149	0	0	0	0



**ENVIRONMENT & TRANSPORT  
CAPITAL PROGRAMME**

Project Ref.No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000
CP0352	Replacement Household Waste and Recycling Centre	Provision of new household waste facility. Planned relocation of the main facility with a further micro-site at Coalfields.	C Curtis	5,000	26	300	4,674	0	0	0
CP0353	Refuse Collection Vehicle Replacement Programme	Planned replacement of the fleet of 20 refuse collection vehicles at the forecast end of life. Consideration will be given at time of purchase to electric / hybrid options.	C Curtis	3,780	0	0	0	0	0	3,780
CP0354	Specialist (Large) Vehicle Replacement Programme	Planned replacement of large specialist vehicle and plant fleet purchases in order to ensure most efficient use of resources. Consideration will be given at time of purchase to electric / hybrid options.	C Curtis	1,957	444	0	1,093	420	0	0
CP0355	Redevelopment of Parsons Depot	Provision of one operational depot at Parsons, Washington to replace South Hylton House and Houghton (Jack Crawford House would be retained). The project would include provision for an alternative location for the salt barn.	C Curtis	6,854	174	887	4,257	1,536	0	0
CP0424	Redevelopment of Parsons & JCH Depot - Electric Vehicles Infrastructure	To future proof depots by ensuring that site energy can be provided from renewable sources including solar, wind and through the use of electric vehicle battery charging, an electric vehicle infrastructure is proposed at both the new redeveloped Parsons depot and Jack Crawford House. This investment will support the operation and maintenance of the Council's future ultra-low carbon (electric) fleet through the provision of a range of standard and high-speed vehicle charging points and battery charging and storage facilities which work with the local electricity supply network and renewable energy generated on sites.	C Curtis	3,004	0	82	1,474	1,448	0	0

**ENVIRONMENT & TRANSPORT  
CAPITAL PROGRAMME**

Project Ref.No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000
CP0423	Environmental Services Vehicles and Equipment	A series of investments in vehicles and equipment is proposed to support the Place Management Service Operations including to: o Replace existing specialist vehicle and plant fleet which will come to the end of their planned operational life. o Purchase new additional vehicles and equipment to support planned changes in front line service delivery in line with Council priority to improve local environment quality. o Fit safety equipment to the fleet of large goods vehicles. o Replace wheel bin and recycling containers. o Provide a Vehicle and Equipment Management Information System to improve operational efficiency, track and inventory all equipment to ensure safe maintenance, operation and reduce asset loss.	C Curtis	3,950	20	718	2,172	288	752	0
CP0429	Riverside Animation	A programme of works establishing a focus for River based leisure activities with Sunderland University on the North Bank of the Wear adjacent to the St Peters Campus.	M Jackson	400	0	400	0	0	0	0
CP0503	Assistive Technology in Neighbourhoods Services	Given the proven benefits of technological advancements / investments into Adult Social Care, investment has been expanded to support service delivery and staff productivity improvements across other Neighbourhood Directorate service areas. Plans include the digitisation of services in relation to Housing Allocations and School Admissions as well as extending existing Bartec technology for refuse collection.	S Mitchell	300	0	55	110	135	0	0
CP0463	Landscaping & Grounds Improvements	Landscaping, grounds and parks improvements to several Council sites including Hylton Castle, Barley Mow Park and Barnes Park.	I Richardson	448	0	448	0	0	0	0
	<b>Play Provision</b>									
CP0299	Play and Urban Games Strategy	Improvement works to play areas across the city.	I Richardson	1,123	463	660	0	0	0	0
<b>TOTAL CONTINUING PROJECTS</b>				<b>296,296</b>	<b>156,071</b>	<b>52,353</b>	<b>52,303</b>	<b>22,757</b>	<b>9,032</b>	<b>3,780</b>

**ENVIRONMENT & TRANSPORT  
CAPITAL PROGRAMME**

Project Ref.No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000
	<b>Projects Commencing 2020/21</b>									
	<b>Local Transport Plan</b>									
CP0024	Highways Maintenance	Implement the Highway Maintenance Programme of road resurfacing and footway reconstruction schemes.	M Jackson	1,564	0	0	1,564	0	0	0
CP0025	Bridge Maintenance	Annual programme of Structural Bridge maintenance.	M Jackson	392	0	0	392	0	0	0
CP0026	Integrated Transport	Annual programme for the implementation of Road Safety and Traffic Congestion improvement schemes.	M Jackson	1,306	0	0	1,306	0	0	0
CP0471	A1290 Road Safety Improvement Scheme Ph2	Safety improvements to junctions and existing cycling infrastructure on A1290 between A19 and A184.	M Jackson	783	0	0	783	0	0	0
	<b>Environmental Services (Street Scene)</b>									
CP0472	Light Commercial Vehicle Fleet Replacement	Provision to replace the fleet of 32 specialist light commercial vehicles, which are currently provided through a lease arrangement which is shortly due to come to an end. The replacement vehicles, funded by the lease cost savings, will facilitate the transition of a significant part of the specialised light commercial fleet from diesel to Ultra Low Carbon (ULC) electric powered vehicles.	C Curtis	700	0	0	350	350	0	0
CP0473	Replacement Crematorium	Provision for a new purpose-built crematorium, with extended car parking facilities, that will be more efficient to operate and maintain than the existing facility. A new facility will help improve the experience for users whilst also affording the opportunity to reduce future running and maintenance costs.	I Richardson	7,500	0	0	1,500	6,000	0	0
CP0474	Roker Park Lodge	Restoration of Roker Park Lodge to provide a café on the ground floor with associated external improvements to provide an outside eating area and kitchen garden. The project will contribute to continued improvements in the seafront area.	I Richardson	750	0	0	750	0	0	0
CP0475	Herrington Country Park	Delivery of a reconfigured Café and Events space within the site office at Herrington Country Park. The project will help make more effective use of the existing building at the park and generate an income stream.	I Richardson	650	0	0	650	0	0	0

**ENVIRONMENT & TRANSPORT  
CAPITAL PROGRAMME**

Project Ref.No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000
	<b>Infrastructure and Transportation</b>									
CP0476	Specialist Vehicle / Plant Replacement	Purchase 4 crane wagons and 1 Mini Excavator for the Highways Operations service to reduce the reliance on, and cost of, using hired vehicles.	C Curtis	470	0	0	470	0	0	0
CP0160	Flood and Extreme Weather Mitigation	With heavy rainfall, linked to climate change, flooding is becoming increasingly more likely creating a greater risk than ever before to the City and wider areas with large flooding events now being recorded on a yearly basis since 2000. This investment will extend the current Capital Programme funding beyond 2019/2020 and provide match funding for external funding provided through central government for flood alleviation schemes to protect properties, businesses and infrastructure.	M Jackson	2,000	0	0	500	500	500	500
CP0477	City Gateways Large Screen Advertising	To install 4 large advertising screens at key gateways into the city, providing an additional revenue income stream for the Council.	M Jackson	800	0	0	200	200	200	200
CP0478	Sustainable Business Travel Hub	To implement a staff pool car scheme and one-stop self-sufficient business travel hub for local travel to reduce grey fleet journeys, vehicle emissions across the city, costs of business travel and administration. This will increase sustainable business travel and contribute to the City Plan's objective to be carbon zero by 2030, and to be supported by new technology software to manage staff travel, fleet, bookings, administration, legislative requirements and data capture within one business unit.	M Jackson	400	0	0	145	85	85	85
	<b>Infrastructure and Transportation - Parking</b>									
CP0479	Vaux Multi-Storey Car Park	Establish a 500 space car park on the Vaux site to service the occupants and visitors to the development and the City Centre. The car park is proposed to include both pre-paid permits and pay & display parking and will provide the Council with a revenue stream.	M Jackson	9,000	0	0	250	4,500	4,250	0

**ENVIRONMENT & TRANSPORT  
CAPITAL PROGRAMME**

Project Ref.No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000
CP0480	Dyklands Road Car Park	Establish a 93 space car park, to be delivered by Siglion, to service the seafront area to replace in part the Ocean Park car park that will be removed as part of the sea front redevelopment project.	M Jackson	600	0	0	0	600	0	0
CP0481	Park Lane Car Park Refurbishment	Full refurbishment of the Park Lane car park to provide enhanced facilities for the City Centre, proposed residential development and a Park and Ride facility for the Tyne and Wear Metro Network.	M Jackson	3,200	0	0	0	3,200	0	0
CP0482	Clinton Place Car Park	Create a 500 space car park at Clinton Place, to provide additional parking facilities and support businesses on Doxford Park.	M Jackson	2,200	0	0	1,500	700	0	0
<b>TOTAL PROJECTS COMMENCING 2020/21</b>				<b>32,315</b>	<b>0</b>	<b>0</b>	<b>10,360</b>	<b>16,135</b>	<b>5,035</b>	<b>785</b>
<b>TOTAL ENVIRONMENT AND TRANSPORT PORTFOLIO</b>				<b>328,611</b>	<b>156,071</b>	<b>52,353</b>	<b>62,663</b>	<b>38,892</b>	<b>14,067</b>	<b>4,565</b>

**ENVIRONMENT & TRANSPORT  
CAPITAL PROGRAMME**

Source of Finance	Estimated Resources				
	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000
<b>FROM EXTERNAL SOURCES</b>					
Prudential Borrowing	67	44,197	36,057	10,602	500
Salix	4,009	200	0	0	0
<b>Government Grants</b>					
Local Growth Fund (LGF)	35,350	5,150	0	0	0
DfT - Local Transport Plan (LTP)	3,952	5,386	0	0	0
DfT - National Productivity Investment Fund	246	0	0	0	0
DfT - Pothole Grant	199	0	0	0	0
DfT - Safer Roads Funding	0	783	0	0	0
Highways England	900	486	0	0	0
Environment Agency Coast Protection	1,308	0	0	2,930	0
<b>Grants from Other Public Bodies</b>					
Transforming Cities Fund	1,435	0	0	0	0
European Regional Development Fund	41	737	724	0	0
Nexus	642	1,242	671	0	0
<b>Other External Funding</b>					
Other Capital Contributions	0	23	0	0	0
Other Grants General	50	0	0	0	0
<b>Total External Sources</b>	<b>48,199</b>	<b>58,204</b>	<b>37,452</b>	<b>13,532</b>	<b>500</b>
<b>FROM INTERNAL SOURCES</b>					
<b>Revenue Contributions</b>					
Directorate	35	0	0	0	0
Strategic Initiative Budget	40	0	0	0	0
<b>Reserves</b>					
Strategic Investment Reserve	368	619	585	450	200
Capital Priorities Reserve	1,513	772	0	0	3,780
Commercial & Development Reserve	489	87	0	0	0
S106 Reserve	726	0	0	0	0
Other Capital Reserves	265	0	0	0	0
<b>Capital Receipts</b>	718	2,981	855	85	85
<b>Total Internal Sources</b>	<b>4,154</b>	<b>4,459</b>	<b>1,440</b>	<b>535</b>	<b>4,065</b>
<b>TOTAL FINANCING</b>	<b>52,353</b>	<b>62,663</b>	<b>38,892</b>	<b>14,067</b>	<b>4,565</b>

**HEALTH & SOCIAL CARE  
CAPITAL PROGRAMME**

Project Ref.No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000
	<b>Continuing Projects</b>									
	<b>Adult Services</b>									
CP0080	Disabled Facilities Grants	Provision of grants to support much needed adaptations to be carried out to properties allowing people to remain in their homes.	G King	13,879	10,205	3,674	0	0	0	0
CP0316	Introduction of Electronic Homecare Monitoring (EHM) System	The introduction of an EHM system will provide real time data, with carers using EHM logging in and out via mobiles at the time of the care call which will enable more accurate billing.	G King	148	79	69	0	0	0	0
CP0351	Assistive Technology in Adult Social Care	To delay vulnerable people requiring support and enabling them to remain in their own homes for longer. Research has shown the use of Assistive Technology can delay residential care by an average of 8 months. Investment includes: <ul style="list-style-type: none"> <li>• Provision of demonstration showrooms and training facilities at the Independent Living Centre;</li> <li>• Increased use of technology to transform service delivery and increase staff productivity; and</li> <li>• Provision of show rooms to promote technological solutions to improve resident's independence.</li> </ul>	S Mitchell	743	254	105	229	155	0	0
CP0433	Emergency Accommodation	Provision of self-contained apartments to include small kitchen areas, and emergency/temporary residential accommodation for young people aged 18-21 who have come through the leaving care system or are homeless.	G Scanlon	104	0	104	0	0	0	0
CP0434	Barnes Park Café (Coffee Shop) - Flood Defence Measures	Improvements to the Café, specifically on flood defence measures.	G King	25	0	25	0	0	0	0
CP0483	Bishopwearmouth Co-operative - Conversion of Lodge House into Tea Room	Conversion of the recently purchased adjacent lodge house into a tearoom which would enable Bishopwearmouth Co-operative Community Interest Company to provide catering employment / volunteering opportunities for adults with disabilities.	G King	120	0	120	0	0	0	0
<b>TOTAL CONTINUING PROJECTS</b>				<b>15,019</b>	<b>10,538</b>	<b>4,097</b>	<b>229</b>	<b>155</b>	<b>0</b>	<b>0</b>

**HEALTH & SOCIAL CARE  
CAPITAL PROGRAMME**

Project Ref.No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000
	<b>Projects Commencing 2020/21</b>									
	<b>Adult Services</b>									
CP0432	Day Centre Transformation & Improvement	A newly built facility that will provide a resource centre offering care, social stimulation and day opportunities that is outcome focused but is able to meet the person's holistic health and social care needs. The service will be designed specifically to meet the needs of people with complex disabilities and behaviours, most of which are currently accessing current provision based in Washington and Fulwell.	G King	6,000	0	0	4,000	2,000	0	0
CP0484	Bishopwearmouth Horticultural Nursery Carpark & Lighting Improvements	Improvements to the facilities at Bishopwearmouth Horticultural Nursey, namely the resurfacing of the existing aggregate car park and adjoining road with asphalt and the installation of outdoor lighting to car parks and outside work areas.	G King	108	0	0	108	0	0	0
<b>TOTAL PROJECTS COMMENCING 2020/21</b>				<b>6,108</b>	<b>0</b>	<b>0</b>	<b>4,108</b>	<b>2,000</b>	<b>0</b>	<b>0</b>
<b>TOTAL HEALTH &amp; SOCIAL CARE PORTFOLIO</b>				<b>21,127</b>	<b>10,538</b>	<b>4,097</b>	<b>4,337</b>	<b>2,155</b>	<b>0</b>	<b>0</b>



**HEALTH & SOCIAL CARE  
CAPITAL PROGRAMME**

Source of Finance	Estimated Resources				
	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000
<b>FROM EXTERNAL SOURCES</b>					
<b>Loans</b>					
Prudential Borrowing	249	4,108	2,000	0	0
<b>Government Grants</b>					
Better Care Fund Grant	3,574	0	0	0	0
<b>Other External Funding</b>					
Gentoo	100	0	0	0	0
<b>Total External Sources</b>	<b>3,923</b>	<b>4,108</b>	<b>2,000</b>	<b>0</b>	<b>0</b>
<b>FROM INTERNAL SOURCES</b>					
<b>Reserves</b>					
Strategic Investment Reserve	69	0	75	0	0
Strategic Investment Plan Reserve	46	0	0	0	0
Capital Priorities Reserve	0	0	80	0	0
Commercial & Development Reserve	59	229	0	0	0
<b>Total Internal Sources</b>	<b>174</b>	<b>229</b>	<b>155</b>	<b>0</b>	<b>0</b>
<b>TOTAL FINANCING</b>	<b>4,097</b>	<b>4,337</b>	<b>2,155</b>	<b>0</b>	<b>0</b>

**HOUSING & REGENERATION  
CAPITAL PROGRAMME**

Project Ref.No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.19 £'000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000
	<b>Continuing Projects</b>									
	<b>Management of Council Land and Buildings</b>									
CP0366	Former Usworth Comprehensive School Site Enabling Works	Enabling works on the former Usworth school site in advance of potential development of the site.	P Scrafton	510	26	484	0	0	0	0
	<b>Strategic Economic Development</b>									
CP0221	Railway Station Public Realm	As part of the wider Railway Station redevelopment public realm improvements will be undertaken to the area immediately in front of the station to provide an improved arrival and departure experience as well as ensuring the station is better integrated into the wider area.	M Jackson	750	0	0	0	750	0	0
CP0264	Public Realm - Former Crowtree Road Leisure Centre	As part of the redevelopment of the former Crowtree Road Leisure Centre site for retail use, works will be undertaken to create a public space to the north of the site and landscaping works above the car park that will provide an improved link to Town Park.	P Scrafton	1,750	48	102	1,600	0	0	0
CP0336	Commercial Road Development	Enabling works (access highway works and drainage) to facilitate four development plots.	P Scrafton	703	175	528	0	0	0	0
CP0363	Strategic Acquisitions & Developments	Provision for real estate investments to support strategic economic regeneration and the City Plan. Proposals will be brought forward in accordance with the Council policy for the acquisition of land and buildings, some of which will generate a rental income.	P Scrafton	33,532	5,008	23,524	5,000	0	0	0
CP0409	International Innovation Centre	Provision of an international innovation centre to support existing and future automotive and advanced manufacturing companies with a facility for innovation and research and development.	A Crabb	18,000	642	17,358	0	0	0	0
CP0411	Additional Growth Corridor	A scheme to support initial phases of emerging major economic development and cultural facilities in IAMP and the City Centre delivered with strategic partners.	P McIntyre	1,000	0	1,000	0	0	0	0
	<b>Housing Services</b>									
CP0072	Hetton Downs Regeneration	Acquisition and demolition of properties for housing renewal in the Hetton Downs area.	G Scanlon	9,111	8,852	259	0	0	0	0
CP0302	Hetton Downs Development Phase 2	To provide affordable housing units in the Hetton Downs Renewal area.	G Scanlon	289	4	285	0	0	0	0

**HOUSING & REGENERATION  
CAPITAL PROGRAMME**

Project Ref.No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.19 £'000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000
CP0343	Empty Properties Hetton Downs	Funding to Sunderland Housing Limited to acquire or lease empty homes in the Hetton Downs regeneration area with a focus on Fairy, Edward and Caroline Streets.	G Scanlon	300	134	166	0	0	0	0
CP0344	Bringing Empty Properties Back Into Use - Loan Funding	Loan to Back on the Map to acquire and refurbish empty homes.	G Scanlon	390	164	226	0	0	0	0
CP0345	Empty Properties - Bring Back Into Use	Financial assistance in the form of loans and/or grants to refurbish empty homes.	G Scanlon	224	6	218	0	0	0	0
CP0407	Empty Properties Programme	To extend the Hetton Downs empty homes pilot Citywide, targeting problematic empty properties to be refurbished, rented and therefore brought back into use. The investment will create assets that could be realised through disposal in the longer term whilst generating rental annual income until such disposal.	G Scanlon	3,000	0	900	2,100	0	0	0
CP0408	Homeless Accommodation	To develop bespoke, temporary and supported accommodation for small number of homeless people with the most complex needs. The accommodation will be staffed 24 hours with the aim of moving people into their own tenancies wherever this is possible. The project will support the Government's Rough Sleeper Strategy and accompanying Move On Fund which has the aim of freeing up hostel accommodation by creating move on accommodation for homeless people, either new build or through refurbishment. The project is subject to securing estimate of £1m via the Homes England Move On Fund.	G Scanlon	2,300	0	710	1,590	0	0	0
CP0467	Cork Street Day Centre	Replacement provision via a new purpose-built facility for people with physical disabilities who are eligible for support under the Care Act 2014, a statutory requirement for the Council. The development of the day centre will receive support from Northeast Disabilities Resource Centre (NDRC) who will run the service at the day centre and is part of a wider project that will deliver purpose-built bungalows for people with physical disabilities.	G Scanlon	1,400	0	35	1,365	0	0	0

**HOUSING & REGENERATION  
CAPITAL PROGRAMME**

Project Ref.No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.19 £'000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000
CP0392	Affordable Housing Contributions	Use of S106 affordable housing contributions for the provision and promotion of affordable housing across the City; specifically, through returning empty properties back to use.	G Scanlon	672	0	672	0	0	0	0
<b>Seafront Regeneration</b>										
CP0111	Roker Pier and Lighthouse	Lighthouse restoration works and provision of new tunnel entrance. All works now complete and to be opened up as a visitor attraction, to be managed by volunteers from the Roker Heritage Group.	C Auld	2,212	2,089	123	0	0	0	0
CP0223	Seafront Lighthouses	Seafront Lighthouses Improvements. Works to the lighthouse at Seaburn were completed in 2016. New railings and the restoration of railings on Roker Pier were completed in 2017. Further repairs were required following the storm damage in 2018.	C Auld	1,175	1,027	148	0	0	0	0
CP0274	Seafront Toilet Refurbishment	As part of the rolling programme of seafront toilet refurbishment, further works will be undertaken to refurbish the tram shelter toilets and Marine Walk north toilet block.	C Auld	300	288	12	0	0	0	0
CP0358	Sunderland Seafront Trust - CCF Round 5	Bring into use vacant assets as commercial premises as part of further development of assets in conjunction with the Seafront Trust, supported by funding from the Coastal Communities Round 5 fund.	C Auld	892	36	64	792	0	0	0
CP0359	Seaburn Public Realm - Whitburn Road	Works to bridge the gap in previous public realm works and planned Siglion works at the Sea Front in front of the amusements at the bottom of Dykelands road. The scheme will include new paving, seating, and steps.	C Auld	325	2	0	323	0	0	0
CP0416	Roker Promenade and Pier CCTV infrastructure	Over recent years the Council, external partners and private sector investment has seen the face of Roker completely change, with well over £5m of infrastructure, commercial developments and tourist attractions delivered. Following the successes of these previous schemes, this project will invest in security infrastructure in the area, protecting those investments made.	C Auld	55	0	55	0	0	0	0
<b>Regeneration Projects</b>										
CP0273	City Centre Way Finding	New way finding infrastructure will be installed to improve pedestrian navigation around the city centre which will be adopted by the Council and its partners. This will improve the appearance and visitor experience.	M Jackson	200	91	109	0	0	0	0

**HOUSING & REGENERATION  
CAPITAL PROGRAMME**

Project Ref.No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.19 £'000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000
CP0275	Investment Corridors - MAC Trust Contribution	Council contribution to works which commenced in 2016 on the development of the former Dun Cow fire station to create a performing arts centre. Grant funding is also being provided to the MAC Trust from the Heritage Lottery Fund, and further funds are being sought from the Arts Council.	C Auld	690	320	370	0	0	0	0
CP0326	Chester Road - Highways	Loan agreement with Gentoo to deliver 500 new homes on the former Pennywell estate. The Council will fund initial infrastructure works necessary to create a new access to the site and receive a profit share plus the return of its investment from the first phase of the scheme.	M Jackson	2,000	264	1,236	500	0	0	0
CP0413	Heritage Action Zone Partnership Grant Scheme	The Partnership Grant Scheme will deliver key elements of the HAZ Delivery Plan by securing the repair, restoration and enhancement of key landmark listed building City Blocks of Hutchinson's Buildings / Mackie's Corner and 170-175 High Street West together with wider conservation area enhancement through traditional shop front reinstatements. Part funded by Historic England funding, and also supplemented by third party contributions to the grants provided by the Council.	C Auld	890	0	424	392	62	12	0
CP0414	Regeneration Feasibilities	Provision of a Regeneration Feasibilities fund to support early planning and options appraisal for future potential capital projects.	C Auld	580	0	580	0	0	0	0
CP0415	Hendon Health Centre Demolition	Demolition of building no longer required and to mitigate holding costs.	P Davies	125	0	125	0	0	0	0
CP0397	Bishopwearmouth Townscape Heritage Phase 2	Phase 2 of the Bishopwearmouth Townscape Heritage Initiative commenced late summer 2018 and will run for 5 years providing grants to owners / tenants to repair and restore historic properties and funding an enhancement scheme for Town Park and activities and events.	C Auld	2,211	33	1,111	698	369	0	0
<b>TOTAL CONTINUING PROJECTS</b>				<b>85,586</b>	<b>19,209</b>	<b>50,824</b>	<b>14,360</b>	<b>1,181</b>	<b>12</b>	<b>0</b>

**HOUSING & REGENERATION  
CAPITAL PROGRAMME**

Project Ref.No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.19 £'000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000
	<b>Projects Commencing 2020/21</b>									
	<b>City Development (Land &amp; Investment)</b>									
CP0495	Strategic Acquisitions and Developments	Provision for real estate investments to support strategic economic regeneration and the City Plan. Proposals will be brought forward in accordance with the Council policy for the acquisition of land and buildings, some of which will generate a rental income.	P Scrafton	44,100	0	0	22,000	17,100	0	5,000
	<b>Regeneration Projects</b>									
CP0496	Riverside Sunderland Infrastructure	The enhancement of Riverside Sunderland (in the area also known as Galley's Gill) to form an improved and activated urban riverside green space, which preserves and interprets key landscape features, views and industrial heritage, and creates the infrastructure to support the new residential communities of the Vaux, Farringdon Row and Sheepfold sites. The scheme will consist of the construction of new and improved vehicular, pedestrian and cycle routes on both sides of the river to connect the new and existing surrounding communities to the green space, the river and surrounding cycle routes. The works will also seek to activate the area through the construction of infrastructure to support the delivery of events and celebrations within the park and on the river, as well as provide a greater sense of safety to promote use of the space.	A Crabb	15,070	0	0	600	7,420	5,900	1,150
CP0497	Crowtree Square Retail Unit	Development of a retail unit(s) and associated car parking, access, public open space, service yard and stopping up of associated public highway on the site of the former Crowtree Leisure centre. The redevelopment scheme will bring into use a brownfield city centre site improving the overall city centre offer and provide a rental stream to the Council.	P Scrafton	7,474	0	0	2,406	5,068	0	0

**HOUSING & REGENERATION  
CAPITAL PROGRAMME**

Project Ref.No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.19 £'000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000
	<b>Seafront Regeneration</b>									
CP0498	Seaburn Public Realm	The Public Realm investment at Ocean Park seeks to complement the previous investment at Seaburn as well as pipeline development projects at the site. The scheme will seek to deliver new equipped play facilities to replace the play area to the north of Cut Throat Dene, upgrade of paving to the west of Whitburn Road (Ocean Park frontage) and the formation of a new east-west pedestrian link and public realm upgrades to Dykelands Road.	C Auld	2,000	0	0	1,198	802	0	0
	<b>Housing Services</b>									
CP0499	Housing Delivery and Investment Plan	Delivery of a 5-year Housing Delivery and Investment Plan. Cabinet approved on 19 November 2019 for the Council to become involved in the direct provision of new Social Housing with Investor Partner status. The Plan will bring empty homes back into use via purchase and improvement of empty homes and will provide new affordable bungalows and further supported accommodation units. The Plan will be supported by external funding from Homes England, and the rental income streams arising from this investment will fund the initial borrowing costs as well as ongoing maintenance and management.	G Scanlon	59,000	0	0	7,558	12,839	12,171	26,432
<b>TOTAL PROJECTS COMMENCING 2020/21</b>				<b>127,644</b>	<b>0</b>	<b>0</b>	<b>33,762</b>	<b>43,229</b>	<b>18,071</b>	<b>32,582</b>
<b>TOTAL HOUSING &amp; REGENERATION</b>				<b>213,230</b>	<b>19,209</b>	<b>50,824</b>	<b>48,122</b>	<b>44,410</b>	<b>18,083</b>	<b>32,582</b>

**HOUSING & REGENERATION  
CAPITAL PROGRAMME**

Source of Finance	Estimated Resources				
	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000
<b>FROM EXTERNAL SOURCES</b>					
Prudential Borrowing	43,306	42,319	38,820	13,599	22,808
<b>Government Grants</b>					
BIG Coastal Communities Fund	0	452	0	0	0
DoH - Grants General	50	0	0	0	0
English Partnership/SHIP	195	0	0	0	0
Government Grants General	2,000	0	0	0	0
<b>Grants from Other Public Bodies</b>					
Heritage Lottery Fund	1,144	539	328	0	0
Historic England	50	293	42	5	0
Homes England	373	4,509	4,679	4,479	9,774
<b>Other External Funding</b>					
Nexus	0	0	500	0	0
<b>Total External Sources</b>	<b>47,118</b>	<b>48,112</b>	<b>44,369</b>	<b>18,083</b>	<b>32,582</b>
<b>FROM INTERNAL SOURCES</b>					
<b>Revenue Contributions</b>					
Directorate	0	10	41	0	0
<b>Reserves</b>					
Strategic Investment Reserve	1,744	0	0	0	0
S106 Reserve	906	0	0	0	0
Other Capital Reserves	686	0	0	0	0
<b>Capital Receipts</b>	370	0	0	0	0
<b>Government Grants</b>	<b>3,706</b>	<b>10</b>	<b>41</b>	<b>0</b>	<b>0</b>
<b>TOTAL FINANCING</b>	<b>50,824</b>	<b>48,122</b>	<b>44,410</b>	<b>18,083</b>	<b>32,582</b>



**PROJECT SPONSOR KEY  
CAPITAL PROGRAMME**

<b>Project Sponsor</b>	<b>Job Title</b>
A Crabb	Project Director
C Auld	Assistant Director of Economic Regeneration
C Curtis	Interim Assistant Director of Environmental Services (1)
I Richardson	Interim Assistant Director of Environmental Services (2)
G King	Assistant Director Adult Services / Chief Operating Officer Sunderland Care & Support
G Scanlon	Assistant Director of Housing Services
J Ritchie	Executive Director of Corporate Services
L St Louis	Assistant Director of Digital and Customer Services
M Hunt	Port Director
M Jackson	Assistant Director of Infrastructure, Planning and Transportation
P Davies	Assistant Director of Business and Property Services
P McIntyre	Executive Director City Development
P Scrafton	Development Director (Land and Investment)
S Mitchell	Assistant Director of Community Resilience
V French	Assistant Director of Culture and Events

## Prudential and Treasury Indicators 2020/2021 to 2023/2024

All of the prudential indicators fully reflect regulatory requirements. Should any of the Council's prudential indicators be exceeded during the year then they will be reported to Cabinet and where appropriate full Council at the next appropriate meeting following the change.

The indicators that must be taken into account are set out below:

- P1 Actual capital expenditure incurred in 2018/2019 was £80.876 million and the estimates of capital expenditure to be incurred for the current and future years that are recommended for approval are:

	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Estimated Capital Expenditure	150,602	155,563	166,644	78,285	55,754

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

The Government has introduced flexibility around the use of capital receipts to support transformation costs arising from implementing the Council's savings programme for 2016/2017 to 2021/2022. Any proposals to use finance from capital receipts and to treat costs as capital expenditure under sections 16(2)b and 20 of the Local Government Act 2003 will be reported to Council.

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

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

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

Estimates of the proportion of financing costs to net revenue stream for the current and future years, and the actual figures for 2018/2019 are:

<b>Estimates of financing costs to net revenue stream</b>					
<b>2018/2019 Actual</b>	<b>2019/2020 Estimate</b>	<b>2020/2021 Estimate</b>	<b>2021/2022 Estimate</b>	<b>2022/2023 Estimate</b>	<b>2023/2024 Estimate</b>
8.83%	8.68%	9.81%	12.46%	14.66%	15.72%

The estimates of financing costs include current commitments and the proposals in the revenue budget and capital programme reports. The forecasts provide an indication of the impact of the capital investment plans on the Council's overall finances. They show increases to the ratio as a result of additional planned prudential borrowing for strategic priorities approved in the Capital Programme. The indicators do not show additional revenue income that has been received, or that is forecast to be generated from the Council's Capital Programme.

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

- P3 Estimates of the end of year Capital Financing Requirement for the Council for the current and future years and the actual Capital Financing Requirement at 31st March 2019 are:

**Capital Financing Requirement**

<b>31/03/19 £'000 Actual</b>	<b>31/03/20 £'000 Estimate</b>	<b>31/03/21 £'000 Estimate</b>	<b>31/03/22 £'000 Estimate</b>	<b>31/03/23 £'000 Estimate</b>	<b>31/03/24 £'000 Estimate</b>
434,055	488,859	598,999	793,231	835,679	852,063

The Capital Financing Requirement is the historic outstanding capital expenditure which has not yet been paid for from revenue or capital resources. It measures the Council's underlying need to borrow for a capital purpose. It does not increase indefinitely as it is decreased by the Minimum Revenue Provision which broadly reduces the borrowing need in line with assets lives. The increase in the Capital Financing Requirement reflects the underlying borrowing need in respect of funding proposals in the capital programme reports.

The Capital Financing Requirement includes other long-term liabilities e.g. Private Finance Initiative (PFI) schemes and leases (including the proposed lease agreement with Legal and General in respect of the new City Hall). Whilst this increases the Capital Financing Requirement, and therefore the Council's borrowing requirement, these types of schemes include a borrowing facility and so the Council is not required to separately borrow for these schemes. The Council had £78.341 million of such schemes included in its Capital Financing Requirement at 31<sup>st</sup> March 2019.

- P4 CIPFA's Prudential Code for Capital Finance in Local Authorities includes the following comparator between gross debt and the capital financing requirement as a key indicator of prudence:

"In order to ensure that over the medium-term debt will only be for a capital purpose, the local authority should ensure that debt does not, except in the short term, exceed the total of the capital financing requirement in the preceding year plus the estimates of any additional capital financing requirement for the current and next two financial years."

The Council had no difficulty meeting this requirement in 2018/2019, nor are there any difficulties envisaged for the current or future years. This view takes into account current commitments, existing plans, and the proposals in this report and the report elsewhere on today's agenda on the Revenue Budget and Proposed Council Tax 2020/2021.

- P5 In respect of its external debt, it is recommended that the Council approves the following authorised limits for its total external debt (gross of investments) for the next four financial years. These limits must separately identify borrowing from other long-term liabilities such as PFI schemes and finance leases. The Council is asked to approve these limits and to delegate authority to the Executive Director of Corporate Services, within the total limit for any individual year, to effect movement between the separately agreed limits for borrowing and other long-term liabilities, in accordance with option appraisal and best value for the authority. Any such changes made will be reported to Cabinet and the Council at the next available meeting.

	<b>Authorised Limit for External Debt</b>				
	<b>2019/2020</b>	<b>2020/2021</b>	<b>2021/2022</b>	<b>2022/2023</b>	<b>2023/2024</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Borrowing	598,239	767,185	787,608	802,633	817,906
Other long-term liabilities	75,388	75,058	125,341	120,002	114,479
<b>Total</b>	<b>673,627</b>	<b>842,243</b>	<b>912,949</b>	<b>922,635</b>	<b>932,385</b>

The above authorised limits are consistent with the Council's current commitments, existing plans and the proposals in this report for capital expenditure and financing, and with its approved treasury management policy statement and practices. They are based on the estimate of most likely, prudent, but not worst-case scenario, with, in addition, sufficient headroom over and above this to allow for operational management, for example unusual cash movements, commercial investments/non-financial investments and refinancing of all internal borrowing. Risk analysis and risk management strategies have been taken into account, as have plans for capital expenditure, estimates of the Capital Financing Requirement and estimates of cash flow requirements for all purposes.

The Council also undertakes investment and borrowing on behalf of external bodies such as Tyne and Wear Fire and Rescue Authority. Treasury Management undertaken on behalf of other authorities is included in the Council's borrowing limits, however it is excluded when considering financing costs and when calculating net borrowing for the Council. A specific element of risk has also been taken into account for these bodies. The capital expenditure and borrowing of companies where the Council has an interest such as International Advanced Manufacturing Park (IAMP LLP), Siglion, Sunderland Care and Support Ltd, Sunderland Lifestyle Partnership Ltd and Together for Children Sunderland Ltd is not included within the Council's prudential indicators, however regard to the financial commitments and obligations to those bodies is taken into account when deciding whether borrowing is affordable.

In taking its decisions on the Revenue Budget and Capital Programme for 2020/2021, the Council is asked to note that the authorised limit determined for 2020/2021 will be the statutory limit determined under section 3(1) of the Local Government Act 2003.

- P6 The Council is also asked to approve the following operational boundary for external debt for the same time period. The proposed operational boundary for external debt is based on the same estimates as the authorised limit, but reflects directly the estimate of the most likely, prudent but not worst-case scenario level, without the additional headroom included within the authorised limit to allow for example for unusual cash flow movements. It equates to the projected maximum external debt and represents a key management tool for in year monitoring. Within the operational boundary, figures for borrowing and other long-term liabilities are separately identified. The Council is also requested to delegate authority to the Executive Director of Corporate Services, within the total operational boundary for any individual year, to effect movement between the separately agreed figures for borrowing and other long-term liabilities, similar to the authorised limit set out in P5.

The operational boundary limit will be closely monitored, and a report will be made to Cabinet if it is exceeded at any point in the financial year ahead. It is generally only expected that the actual debt outstanding will approach the operational boundary when all of the long-term borrowing needed to support the Councils Capital Programme has been undertaken for that particular year and the next two financial years and that it will only be exceeded temporarily as a result of the timing of debt rescheduling.

#### **Operational Boundary for External Debt**

	<b>2019/2020</b>	<b>2020/2021</b>	<b>2021/2022</b>	<b>2022/2023</b>	<b>2023/2024</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Borrowing	573,239	742,185	762,608	777,633	792,906
Other long-term liabilities	75,388	75,058	125,341	120,002	114,479
<b>Total</b>	<b>648,627</b>	<b>817,243</b>	<b>887,949</b>	<b>897,635</b>	<b>907,385</b>

- P7 The Council's actual external debt at 31<sup>st</sup> March 2019 was £456.877 million and was made up of borrowing of £378.535 million and other long-term liabilities of £78.342 million.

The Council includes an element for long-term liabilities relating to PFI schemes and leases in its calculation of the operational and authorised boundaries to allow further flexibility over future financing. It should be noted that actual external debt is not directly comparable to the authorised limit and operational boundary, since the actual external debt reflects the position at any one point in time and allowance needs to be made for internal borrowing and cash flow variations.

- P8 The Council is no longer required to formally indicate if it has adopted the CIPFA Code of Practice on Treasury Management. However, the revised Code was adopted on 3<sup>rd</sup> March 2010 by full Council and is re-affirmed annually.

The objective of the Prudential Code is to provide a clear framework for local authority capital finance that will ensure for individual local authorities that:

- (a) capital expenditure plans are affordable;
- (b) all external borrowing and other long-term liabilities are within prudent and sustainable levels;
- (c) treasury management and investment decisions are taken in accordance with professional good practice and in full understanding of the risks involved;  
and that in taking decisions in relation to (a) to (c) above the local authority is accountable, by providing a clear and transparent framework.

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

- (a) local strategic planning;
- (b) local asset management planning; and
- (c) proper option appraisal.

In exceptional circumstances the objective of the Code is to provide a framework that will demonstrate that there is a danger of not ensuring the above, so that the Authority can take timely remedial action.

#### **CIPFA Treasury Management in the Public Services Code of Practice - Indicators 2020/2021 to 2023/2024**

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

Amount of projected borrowing maturing in each period expressed as a percentage of total projected borrowing at the start of the period:

	Upper limit	Lower limit
Under 12 months	50%	0%
12 months and within 24 months	60%	0%
24 months and within 5 years	80%	0%
5 years and within 10 years	100%	0%
10 years and within 20 years	100%	0%
20 years and within 30 years	100%	0%
30 years and within 40 years	100%	0%
40 years and within 50 years	100%	0%
over 50 years	100%	0%

- P10 A maximum maturity limit of £75 million is set for each financial year (2020/2021, 2021/2022, 2022/2023 and 2023/2024) for long-term investments (those over 365 days), made by the Council. This gives additional flexibility to the Council in undertaking its Treasury Management function. Should the Council appoint any external fund managers during the year, these limits will be apportioned accordingly. The types of investments to be allowed are detailed in the Annual Investment Strategy (Appendix 7).

At present the Council has £29.571m of long-term investments. This is £16.553m for the value of share capital held in NIAL Holdings PLC (a 9.62% share), a £12.350m equity investment in Siglion (a 100% share), a £0.500m equity share in Sunderland Lifestyle Partnership Ltd (a 50% share) and the Council also holds £0.168m in shares and unit trusts.

## Minimum Revenue Provision Policy Statement 2020/2021

- 1.1 The Council is required to repay an element of its capital financing requirement each year through a revenue charge known as the Minimum Revenue Provision (MRP). Until 2007/2008 the basis of calculation for the MRP was specified in legislation. However, from 31<sup>st</sup> March 2008 onwards the statutory requirement is simply for local authorities to make a prudent level of provision and the Ministry of Housing for Communities and Local Government (MHCLG) has instead provided statutory guidance on the methodology to use, which local authorities are required to 'have regard to' when assessing an appropriate MRP. The guidance recommends that authorities must submit to full Council an annual statement of its policy on making a MRP in respect of the following financial year. Any subsequent revisions to that policy should also be approved by full Council. The latest guidance has been considered when setting the MRP policy for 2020/2021.
- 1.2 Local authorities have significant discretion in determining the level of MRP which they consider to be prudent. A review of the Council's MRP policy in 2015/2016 identified changes to the way in which MRP was calculated that reduces the pressure on its revenue budget but still ensures that a prudent level of provision is set aside. A further review was undertaken in 2016/2017 to determine how much additional MRP has been charged to the revenue account had the annuity basis used to calculate MRP, that was introduced from 2015/2016, been adopted from 1<sup>st</sup> April 2008.
- 1.3 It was established that around £43.512m less MRP would have been charged between 1<sup>st</sup> April 2008 and 31<sup>st</sup> March 2016 had the annuity basis been adopted during this period. Council approved that the overprovision of MRP in previous years be used to reduce MRP for 20 years from 2016/2017 by a fixed amount of £2.176m each year until 2036/2037. Phasing over 20 years is the time period that the Government specify for expenditure to be treated as capital expenditure by virtue of direction under section 16(2)(b) of the 2003 Act and is considered to be prudent as taking previous overpayments over this longer period slows the increase to the Council's capital financing requirement, and therefore interest charges, whilst still giving additional certainty to the Council's debt charges budget.
- 1.4 This document sets out the MRP policy for 2020/2021.
- 1.5 The statutory guidance issued by the MHCLG considers the broad aim of a prudent MRP policy as being "to require local authorities to put aside revenue over time to cover their capital financing requirement. In doing so local authorities should align the period over which they charge MRP to one that is commensurate with the period over which their capital expenditure provides benefits", or in the case of borrowing supported by Government Revenue Support Grant (RSG) "to put funds aside over a period commensurate with the period implicit in the determination of that grant." The MHCLG guidance considers that the asset life over which debt should be repaid should normally not exceed 50 years except where an appropriately qualified professional advisor assesses the useful life will exceed 50 years, or in the case of a lease or PFI asset where the length of the lease or contract exceeds 50 years. The

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

- 1.6 The four options for calculating MRP which are set out in the guidance can be summarised as follows:
- Option 1 – Regulatory Method: applying the statutory formula set out in the 2003 Regulations before it was revoked in 2008.
  - Option 2 – Capital Financing Requirement (CFR) Method: multiplying the CFR at the end of the preceding financial year by 4%. This method calculates a similar amount of MRP to Option 1.
  - Option 3 – Asset Life Method: amortising expenditure over an estimated useful life for the relevant assets created. An assessment must be made of the asset life at the outset of the capital scheme and MRP is charged to revenue in either equal annual instalments or by an annuity method over the estimated life of the asset. The MRP charge will commence in the financial year following the one in which the asset comes into service.
  - Option 4 – Depreciation Method: making charges to revenue in accordance with the standard rules for depreciation accounting for the particular asset being created or enhanced.
- 1.7 Although four options are included in the guidance produced by MHCLG other approaches are not meant to be ruled out, provided that they are fully consistent with the statutory duty to make prudent revenue provision. It is the responsibility of each authority to decide on the most appropriate method of making a prudent provision, after having regard to the guidance.
- 1.8 The Council used Option 1 (the Regulatory Method) for government supported borrowing until 2015/2016 where MRP was calculated on all loan advances and repayments through the Council's consolidated advances and borrowing pool at 4% of the opening 'credit ceiling' balance.
- 1.9 The method of calculating MRP on government supported borrowing was changed in 2015/2016 so that all debt is repaid in full over a 50 year period. Guidelines state that the period debt is repaid over for government supported borrowing should be "over a period commensurate with the period implicit in the determination of that grant". Since business rates reform in 2013/2014, the changes made to the funding formula for RSG mean that there is no component of grant determining an implicit level of support for debt repayment. As a result, it is no longer possible to relate grant received to any particular level or period of annual debt repayment that supports borrowing. Additionally, grants distributed to local authorities is controlled to a national limit which has been reduced substantially in recent years irrespective of the outstanding supported borrowing levels a Council may have.



- 1.10 Given this lack of visibility on the level of grant support provided for debt and the known reductions to RSG in recent years it is estimated that only around 50% of the required 4% is now provided for i.e. 2%. This extended the repayment to 50 years which is considered reasonable given the Councils' asset portfolio to which the debt relates.
- 1.11 For borrowing where no support has been provided from the government, known as unsupported borrowing, the Council has previously used the Asset Life Method (option 3) for calculating MRP, with the MRP charge commencing in the financial year following the one in which the capital scheme the borrowing relates to is complete and the asset has come into service. It is felt that the depreciation method for calculating MRP (option 4) is subject to too much volatility when asset lives are reassessed as part of the revaluation process.
- 1.12 Estimated asset life periods will be determined under delegated powers. As some types of capital expenditure schemes incurred by the Council are not capable of being related to an individual asset, such as IT infrastructure, asset lives will be assessed on a basis which most reasonably reflects the anticipated period of benefit that arises from the expenditure. Also, whatever type of expenditure is involved, it will be grouped together in a manner which reflects the nature of the main component of expenditure and will only be divided up in cases where there are two or more major components with substantially different useful economic lives. The Council also reserves the right to determine useful life periods and prudent MRP in exceptional circumstances where the recommendations of the guidance would not be appropriate, for example in the case of the Northern Spire bridge which has been assessed as having an asset life of over 50 years.
- 1.13 It is proposed that the Council continues to use the Asset Life Method (option 3) for calculating MRP on unsupported borrowing with the exception of any grants, deposits or loans made for capital purposes for which borrowing is taken out. In these cases, it is proposed that MRP is based on the actual principal repayment schedule relating to the grant, deposit or loan provided.
- 1.14 It is proposed that MRP for both supported and unsupported borrowing continues to be calculated using an annuity method. The interest rate used to profile the MRP under the annuity method will be 3.50% which is the discount rate used by the government in its Green Book when assessing long term projects and is similar to the Council's current interest paid on fixed rate borrowing (3.05%). Government guidelines support the use of the annuity method to calculate MRP for option 3 and the interest rate used to profile MRP will be reviewed annually to ensure that it is still appropriate.
- 1.15 Use of the annuity method means the MRP that is applied to Council borrowing will increase each year until the borrowing is repaid at the end of the asset life (or after 50 years in the case of supported borrowing). This method means that provision for debt repayments better reflects the time value of money i.e. where paying £100 in 20 years' time is less of a burden than paying £100 now and it means that costs will be spread more evenly amongst the Council Tax payers that will receive benefit from the capital expenditure. It is therefore considered the fairest method to use.

- 1.16 Use of the annuity method does not increase overall levels of debt but does mean that the level of capital expenditure financed by borrowing, the Capital Financing Requirement (CFR) will initially reduce more slowly than using the equal instalment method as the amount of MRP applied in early years is lower. The consequence of debt being repaid more slowly will be that the Council incurs a higher interest cost (although the net present value of the additional costs incurred compared to other methods of providing from MRP is neutral).
- 1.17 A major benefit of the recommended policy is that the Council's Capital Financing requirement for supported borrowing will be eliminated more quickly than under MHCLG options 1 or 2. The proposed method will fully write down the CFR for supported borrowing to zero over the 50 years period whereas options 1 and 2 would leave a balance remaining in perpetuity. These proposals for MRP therefore ensure that prudence is maintained and strengthened as debts are provided for more quickly and more transparently.
- 1.18 Given budget pressures, it is proposed that opportunities for utilising the prudential framework by taking out additional borrowing, be restricted to a level where provision has been made within the revenue budget and where the expenditure will either be used to support the Council's key priorities in terms of regeneration plans and strategic priorities, to fund invest to save schemes, or to support asset purchases where option appraisal of funding through borrowing instead of leasing is appropriate. The revenue budget is framed to enable such levels to be affordable and sustainable into future years.
- 1.19 Accounting standards require assets purchased through leases and PFI contracts to be included on the Council's balance sheet. MRP policy used by the Council will ensure that there will be no impact on Council taxpayers from revisions to accounting standards. The amount of MRP to be made will be set to ensure that the finance charge and MRP for leases and on-balance sheet PFI schemes is equal to the rental or service charge payable in the income and expenditure account for the year, which writes down the balance sheet liability of those assets i.e. the annual MRP charge will be an amount equal to the amount that has been taken to the balance sheet to reduce the liability for that asset.
- 1.20 In summary, it is recommended that the Council approves the Minimum Revenue Provision Statement for 2020/2021:
- a. For all government supported borrowing the Council will continue its policy of repaying borrowing over 50 years using the annuity method with the interest rate used to profile MRP being set at 3.5%;
  - b. For all unsupported borrowing the Council will adopt Option 3 and make MRP repayments using the annuity method with the interest rate used to profile MRP being set at 3.5%. The estimated useful life of an asset will be assessed by the Executive Director of Corporate Services in consultation with appropriate officers. The MRP charge will commence in the financial year following the one in which the capital scheme the borrowing relates to is complete and the asset has come into service;

- c. For MRP payments in relation to leases and PFI contracts, the amount of MRP to be made will be set to ensure that the finance charge and MRP for leases and on-balance sheet PFI schemes is equal to the rental or service charge payable in the income and expenditure account for the year, which writes down the balance sheet liability of those assets;
- d) The Council will vary MRP payments to that indicated by the adoption of Option 3 where it has taken out unsupported borrowing to provide grants, deposits or loans for capital purposes. In these cases, it is proposed that MRP is based on the actual principal repayment schedule relating to the grant, deposit or loan provided. The likely repayment of these loans will be assessed as part of the budget monitoring process and if it is estimated that there is likely to be a default on repayments then alternative arrangements will be made to repay any shortfall through an increase in MRP;
- e) That the Council continue its policy of reducing MRP for 20 years from 2016/2017 by a fixed amount of £2.176m each year until 2036/2037. This reduction is in respect of overprovision of MRP made for the period 1<sup>st</sup> April 2008 to 31<sup>st</sup> March 2016 had the Council followed its current policy for calculating MRP; and
- f) Changes to the Council's MRP policy will be made where the Executive Director of Corporate Services determines that such a revision will reduce future years' debt repayment requirements and provide value to the Council. This action, if used, would be reported to Cabinet accordingly.

## Treasury Management Policy Statement

- 1.1 In line with CIPFA recommendations, on the 3<sup>rd</sup> March 2010 the Council adopted the following Treasury Management Policy Statement, which defines the policies and objectives of its treasury management activities:
- The Council defines its treasury management activities as: “The management of the Council’s investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks”.
  - The Council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation, and any financial instruments entered into to manage these risks.
  - The Council acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable comprehensive performance measurement techniques, within the context of effective risk management.
- 1.2 The Council has an agreed Borrowing and Investment Strategy, the high-level policies of which are as follows:
- 1.2.1 The basis of the agreed Borrowing Strategy is to:
- continuously monitor prevailing interest rates and forecasts;
  - secure long-term funds to meet the Council’s future borrowing requirement when market conditions are considered favourable;
  - use a benchmark financing rate of 4.25% for long term borrowing (i.e. all borrowing for a period of one year or more); and
  - take advantage of debt rescheduling opportunities, as appropriate.
- 1.2.2 The general policy objective for the Council in considering potential investments is the prudent investment of its treasury balances.
- the Council’s investment priorities in order of importance are:
    - 1) The security of its capital
    - 2) The liquidity of its investments and then
    - 3) The Council aims to achieve the optimum yield on its investments, but this is commensurate with the proper levels of security and liquidity
  - the Council has a detailed Lending List and criteria must be observed when placing funds – these are determined using expert treasury management advice, view of money market conditions and using detailed rating agency information as well as using our own market intelligence.

- Limits are also placed on the amounts that can be invested with individual and grouped financial institutions based on the Lending List and detailed criteria which is regularly reviewed.

1.3 The Council re-affirms its commitment to the Treasury Management Policy and Strategy Statement in 2020/2021 as it does every year.

## Treasury Management Strategy Statement for 2020/2021

### 1. Introduction

- 1.1 The Local Government Act 2003 and subsequent guidance requires the Council to set out its Treasury Management Strategy for Borrowing and to prepare an Annual Investment Strategy. This sets out the Council's policies for managing both its borrowing and its investments, which gives priority to the security and liquidity of those investments.
- 1.2 The suggested strategy for 2020/2021 is set out below and is based upon the Treasury Management team's views on interest rates, supplemented with leading market forecasts and other financial data available and advice provided by the Council's treasury adviser, Link Asset Services.
- 1.3 In December 2017 CIPFA issued a revised Treasury Management Code of Practice and Cross-Sectoral Guidance Notes, and a revised Prudential Code. In February 2018 MHCLG revised their Guidance on Local Government Investments and also their Statutory Guidance on Minimum Revenue Provision. A particular focus of these revised codes is how to deal with local authority investments which are not treasury type investments e.g. by investing in purchasing property in order to generate income for the authority at a higher level than can be attained by treasury investments. This report deals solely with financial investments managed by the Council's Treasury Management function. Non-financial investments, essentially the purchase of income yielding assets, are covered in the Capital Strategy which was approved by Council in November 2019. This ensures the separation of the core treasury function where investments are made under security, liquidity and yield principles, and non-treasury commercial and strategic investments.
- 1.4 The treasury management strategy covers the:
  - current treasury management position;
  - treasury indicators and limits;
  - prospects for interest rates;
  - the borrowing strategy;
  - policy on borrowing in advance of need;
  - policy on debt rescheduling;
  - investment policy and strategy;
  - creditworthiness policy; and
  - policy on use of external service providers.

## 2. Treasury Management Strategy

### Borrowing

#### 2.1 Current Treasury Management Position

The Council's treasury portfolio position at 31<sup>st</sup> December 2019 comprised:

		Principal (£m)	Total (£m)	Average Rate (%)
<b>Treasury external borrowing</b>				
Fixed Rate Funding	PWLB	343.7		
	Market	39.6		
	Other	9.5	392.8	3.05
Variable Rate Funding	Temporary / Other		27.6	0.65
<b>Total external borrowing</b>			<b>420.4</b>	<b>2.89</b>
<b>Total treasury investments</b>				
	In house – short term		<b>216.7</b>	<b>1.01</b>
<b>Net treasury borrowing</b>			<b>203.7</b>	

The Council currently has a net deficit of £203.7m which represents the difference between gross debt and total investments and is significantly lower than the Council's capital financing requirement (capital borrowing need).

#### 2.2 Treasury Indicators and Limits

- 2.2.1 Prudential and Treasury Indicators (as set out in Appendix 4) are a requirement of the CIPFA Prudential Code and are relevant for the purposes of setting an integrated treasury management strategy and to ensure that treasury management decisions are taken in accordance with good professional practice. It is a statutory duty under Section 3 of the Local Government Act 2003 and supporting regulations, for the Council to determine and keep under review how much it can afford to borrow. The amount so determined is termed the "Affordable Borrowing Limit". In England and Wales the Authorised Limit represents the legislative limit specified in the Act.
- 2.2.2 The Council must have regard to the Prudential Code when setting the Authorised Limit, which essentially requires it to ensure that total capital investment remains within sustainable limits and, in particular, that the impact upon its future Council Tax (and Council rent levels where relevant) is 'acceptable'.

- 2.2.3 Whilst termed an “Affordable Borrowing Limit”, the capital plans to be considered for inclusion incorporate financing by both external borrowing and other forms of liability, such as credit arrangements. The Authorised Limit is set, on a rolling basis, for the forthcoming financial year and two successive financial years and details can be found in Appendix 4 (P5) of this report. The Council is asked to approve these limits and to delegate authority to the Executive Director of Corporate Services, within the total limit for any individual year, to action movement between the separately agreed limits for borrowing and other long-term liabilities where this would be appropriate. Any such changes made will be reported to Cabinet and the Council at their next meetings following the change.
- 2.3.4 Also, the Council is requested to approve the Operational Boundary Limit (P6) which is included in the Prudential Indicators set out in Appendix 4. This operational boundary represents a key management tool for in year monitoring. Within the operational boundary, figures for borrowing and other long-term liabilities are separately identified and the Council is also asked to delegate authority to the Executive Director of Corporate Services, within the total operational boundary for any individual year, to action movement between the separately agreed figures for borrowing and other long-term liabilities, in a similar fashion to the authorised limit.
- 2.3.5 The requirement for the Council to indicate it has adopted the CIPFA Code of Practice on Treasury Management was removed in the revised 2017 edition of the code. However, this is still considered to be good practice. The original 2001 Code was adopted on 20<sup>th</sup> November 2002 and the revised Code in 2011 was adopted by the full Council on 3<sup>rd</sup> March 2012. The Council re-affirms its full adherence to the latest 2017 edition of the Code and will continue to do so annually (as set out in Appendix 6).

## **2.3 Prospects for Interest Rates**

- 2.3.1 At its meeting on 19<sup>th</sup> December 2019, the BoE Monetary Policy Committee (MPC) voted by a margin of 7-2 to maintain Bank Rate at 0.75%. The two dissenting committee members voted for a reduction in rates to 0.5%, having concerns over global growth. If economic growth were to weaken considerably, with bank rates at the low level of 0.75%, the MPC has relatively little room to make a big impact, although recent comments by BoE governor Mark Carney, and by other members of the MPC suggest that if economic growth does not improve the MPC will cut the Bank Rate. An alternative would be for the Chancellor to provide help to support growth by way of a fiscal boost using measures such as tax cuts, increases to government department budgets and expenditure on infrastructure projects. The Government has already made moves in this direction and made significant promises in its election manifesto to increase government spending by up to £20bn pa by investing primarily in infrastructure. This is likely to be announced in the next Budget which will take place on 11<sup>th</sup> March 2020. The Chancellor also amended the fiscal rules in November to allow for an increase in government expenditure.



- 2.3.2 In its November quarterly inflation report the MPC revised its inflation forecasts down to 1.25% in 2019, 1.5% in 2020, and 2.0% in 2021. Inflation reduced from 1.5% to 1.3% in December and at these low levels the potential to reduce the Bank Rate has increased. The MPC may wait until after the March budget before cutting rates as any fiscal relaxation may generate inflationary pressures on the economy
- 2.3.3 With regard to the labour market, growth in numbers employed has been stable through 2019. The unemployment rate held steady at a 44-year low of 3.8% on the Independent Labour Organisation measure in October and wage inflation has been steadily falling from a high point of 3.9% in July to 3.5% in October. This means that in real terms, (i.e. wage rates higher than CPI inflation), earnings grew by about 2.0%. As the UK economy is very much services sector driven, an increase in household spending power is likely to feed through into providing some support to the overall rate of economic growth in the coming months. The other message from the fall in wage growth is that employers are beginning to find it easier to hire suitable staff, indicating that supply pressure in the labour market is easing, although this may change depending on how negotiations with the EU progress.
- 2.3.4 Link Asset Services, the Authority's treasury advisors, think the next increase of 0.25% in Bank Rate will be in March 2021, followed by a further increase of 0.25% in June 2022. This forecast assumes that there is agreement on the terms of trade between the UK and EU, at some point in time. The result of the general election has provided political certainty but there are still concerns around whether agreement can be reached with the EU on a trade deal within the short time to December 2020, as the prime minister has pledged. Until that major uncertainty is removed, or the period for agreeing a deal is extended, they feel that it is unlikely that the MPC would raise Bank Rate.
- 2.3.5 There have again been high levels of volatility in the financial markets during 2019/2020. Uncertainty surrounding world economic growth and also over the outcome of Brexit negotiations led to gilt yields decreasing as investors moved from riskier assets such as shares and into bonds. During the first 10 months of 2019 there was a sharp fall in longer term PWLB rates to completely unprecedented historic low levels.
- 2.3.6 However, on 9<sup>th</sup> October 2019 the government took the decision to increase the interest rate for the Public Works Loan Board (PWLB) by 1%, meaning the rate for a 50-year maturity loan increased with immediate effect from 1.80% to 2.80%. No notice was provided, nor any specific reason for the increase given, but it is thought to have taken place because of high levels of borrowing by local authorities in the preceding months and to discourage local authorities from borrowing to fund commercial investments.

- 2.3.7 Since then, fears of a slowdown in world economic growth partially subsided and gilt yields and PWLB rates began to rise further until renewed geo-political concerns arose between the United States and Iran in January 2020. Link Asset Services predict a gradual rise in PWLB rates reaching 2.40%, 2.70%, 3.30% and 3.20% for 5, 10, 25 and 50 year durations respectively by 31<sup>st</sup> March 2020 with further increases of 0.20% to 0.30% each year for the following three years. With so many external influences weighing on the UK economic, interest rate forecasting remains difficult. From time to time, gilt yields, and consequently PWLB rates, can be subject to exceptional levels of volatility which could occur at any time during the forecast period. In addition, PWLB rates are subject to ad hoc decisions by the UK Government to change the margin over gilt yields charged in PWLB rates. Such changes could be up or down and it is not clear that if gilt yields were to rise back up again by over 1% within the next year or so, whether the Government would remove the extra 1% margin implemented in October.
- 2.3.8 The above forecasts, and MPC decisions, will be liable to further amendment depending on how economic data and developments in financial markets transpire over the next year. High levels of volatility in PWLB rates and bond yields are expected to continue during 2020.
- 2.3.9 The government introduced a 0.20% discount on PWLB loans under the prudential borrowing regime in March 2012 for those authorities that provided 'improved information and transparency on their locally determined long-term borrowing and associated capital spending plans'. The Council applied to access PWLB loans at a discount of 0.20% and has been successful in extending its access to the PWLB certainty rate until 31<sup>st</sup> October 2020.
- 2.3.10 The following table shows the average PWLB rates for Quarters 1, 2 and 3 and the figures for Quarter 4 to 8<sup>th</sup> January 2020.

<b>2019/2020</b>	<b>Qtr 1* (Apr - Jun) %</b>	<b>Qtr 2* (Jul - Sep) %</b>	<b>Qtr 3* (Oct – Dec) %</b>	<b>Qtr 4* (rates to 8<sup>th</sup> Jan 2020) %</b>
7 days notice	0.57	0.56	0.57	0.57
1 year	1.48*	1.32*	2.30*	2.41*
5 year	1.54*	1.21*	2.18*	2.38*
10 year	1.85*	1.42*	2.38*	2.58*
25 year	2.41*	2.02*	2.95*	3.09*
50 year	2.26*	1.89*	2.79*	2.92*

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

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

Date	Bank Rate %	PWLB Borrowing Rates (including certainty rate adjustment) %		
		5 year	25 year	50 year
March 2020	0.75	2.40	3.30	3.20
June 2020	0.75	2.40	3.40	3.30
Sept 2020	0.75	2.50	3.40	3.30
Dec 2020	0.75	2.50	3.50	3.40
March 2021	1.00	2.60	3.60	3.50
June 2021	1.00	2.70	3.70	3.60
Sept 2021	1.00	2.80	3.70	3.60
Dec 2021	1.00	2.90	3.80	3.70
March 2022	1.00	2.90	3.90	3.80
June 2022	1.25	3.00	4.00	3.90
Sept 2022	1.25	3.10	4.00	3.90
Dec 2022	1.25	3.20	4.10	4.00
March 2023	1.25	3.20	4.10	4.00

2.3.12 The main sensitivities of the forecast are likely to be;

- if it were felt that there was a significant risk of a much sharper rise in long and short term rates than that currently forecast, perhaps arising from an acceleration in the rate of increase in central rates in the US and UK, an increase in world economic activity or a sudden increase in inflation risks, then the portfolio position will be re-appraised with the likely action that fixed rate borrowing will be undertaken whilst interest rates are still lower than they will be in the next few years.
- if it were felt that there was a significant risk of a sharp fall in long and short-term rates, e.g. due to a marked increase of risks around a relapse into recession, or a risk of deflation, then long term borrowings will be postponed, and potential rescheduling from fixed rate funding into short term borrowing will be considered.

## 2.4 Borrowing Strategy

2.4.1 The Council's strategy for 2019/2020 was to adopt a pragmatic approach in identifying the low points in the interest rate cycle at which to borrow and to respond to any changing circumstances to seek to secure benefit for the Council. A benchmark financing rate of 3.50% for long-term borrowing was set considering the views prevalent at the time the Treasury Management policy was set in March 2019.

2.4.2 There have again been high levels of volatility in the financial markets during 2019/2020 with PWLB borrowing rates reducing to historic low levels. In line with discussions with the Council's economic advisors, the Council took advantage of low borrowing rate troughs that occurred and undertook £50 million of new borrowing during August and September, which will benefit the revenue budget over the longer term. The new borrowing is summarised in the following table:

<b>Duration</b>	<b>Date of the transaction</b>	<b>Start</b>	<b>Matures</b>	<b>Rate %</b>	<b>Loan Amount £m</b>
50 years	13/08/2019	15/08/2019	15/08/2069	1.89	20.0
50 years	06/09/2019	10/09/2019	10/09/2069	1.82	30.0

2.4.3 The government have said that they will monitor the impact of their change to PWLB borrowing rates made in October 2019 and will keep its rates policy under review, although the Government see the PWLB rates as being favourable and a further policy change is not anticipated in the short-term. The impact of this change will have the effect of increasing revenue costs by over £2 million pa over the medium term, based on the current Capital Programme and local authority bodies are lobbying for the decision to be reversed.

2.4.4 PWLB rates continue to be volatile, with the overall longer-term expectation being for gilt yields and PWLB rates to rise. The Treasury Management team continues to closely monitor rates to assess the value of possible further new borrowing in line with future Capital Programme requirements. Consideration will be given to various funding options depending on prevailing interest rates, including taking out shorter term borrowing, utilising investment balances to fund the Council's borrowing requirement and use of other financial institutions to provide borrowing facilities. The degree to which alternative options are more cost effective than PWLB rates is still evolving and all options available to support the Council's capital programme will be assessed in conjunction with our treasury advisors.

2.4.5 The Council has seven market Lender's Option / Borrower's Option (LOBO) loans totalling £39.5 million. The lender has the option to alter the rate on these loans at set intervals and the Council can either accept the new rate or repay the loan without penalty. The following table shows the LOBOs that were subject to a potential rollover this financial year. No changes to loan rates have been received and so these arrangements will continue.

<b>Roll Over Dates</b>	<b>Lender</b>	<b>Amount £m</b>	<b>Rate %</b>	<b>Roll Over Periods</b>
14/08/2019	Barclays	5.0	4.45	Every 3 years
21/04/2019 And 21/10/2019	Barclays	5.0	4.50	Every 6 months
<b>Total</b>		<b>10.0</b>		

2.4.6 The capital expenditure plans set out in Appendix 2 provide details of the service activity of the Council. The treasury management function ensures that the Council's cash is organised in accordance with the relevant professional codes, so that sufficient cash is available to meet this service activity. This involves both the organisation of the cash flow and, where capital plans require, the organisation of appropriate borrowing facilities. The strategy covers the relevant treasury / prudential indicators, the current and projected debt positions and the annual investment strategy.

2.4.7 The Council's potential borrowing requirement is as follows:

		<b>2020/21 £m</b>	<b>2021/22 £m</b>	<b>2022/23 £m</b>
<b>1.</b>	Capital Programme Borrowing	<b>122.0</b>	<b>148.3</b>	<b>59.9</b>
<b>2.</b>	Replacement borrowing (PWLb)	<b>4.0</b>	<b>5.0</b>	<b>5.0</b>
<b>3.</b>	Replacement LOBO	<b>19.5</b>	<b>20.0</b>	<b>10.0</b>
<b>TOTAL:</b>		<b>145.5</b>	<b>173.3</b>	<b>74.9</b>

2.4.8 The Council currently has net treasury borrowing of £203.7m which represents the difference between gross debt and total investments. This means that the capital borrowing need (the capital financing requirement) has not been fully funded with loan debt, as cash supporting the Council's reserves, balances and cash flow has been used as a temporary measure. This strategy is prudent as investment returns are low and it also reduces counterparty risk. Consideration will be given to continue utilising some investment balances to fund the borrowing requirement in 2020/2021. This policy has served the Council well over the last few years as investment returns continue to be low. As a result, the Council is currently maintaining a large under-borrowed position. This position will be carefully reviewed to avoid incurring higher borrowing costs over the long term whilst ensuring that financing is available to support capital expenditure plans.

2.4.9 There are a number of risks and benefits associated with having both a large amount of debt whilst at the same time having a considerable amount of investments.

2.4.10 Benefits of having a high level of investments are;

- liquidity risk – having a large amount of investments means that the Council is at less of a risk should money markets become restricted or borrowing less generally available, this mitigates against liquidity risk;
- interest is received on investments which helps the Council to address its Strategic Priorities; and
- of more importance, the Council has greater freedom in the timing of its borrowing as it can afford to wait until the timing is right rather than be subject to the need to borrow at a time when interest rates are not advantageous.

2.4.11 Risks associated with holding a high level of investments are;

- the counterparty risk – institutions cannot repay the Council investment placed with them; and
- interest rate risk – the rate of interest earned on the investments will be less than that paid on debt, thus causing a loss to the Council.

2.4.12 The Council has mitigated these risks by having a risk averse Treasury Management Investment Strategy and by detailed monitoring of counterparties through its borrowing and investment strategies and treasury management working practices and procedures.

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

2.4.14 The Council, taking advice from the Council's treasury advisers will continue to monitor rates closely, and whilst implementing the borrowing strategy, will adopt a pragmatic approach in identifying the low points in the interest rate cycle at which to borrow, wherever possible.

2.4.15 Taking into account potential market volatility and the advice of the Council's treasury adviser, a benchmark financing rate of 4.25% for any further long-term borrowing for 2020/2021 is considered to be appropriate.

## **2.5 Policy on borrowing in advance of need**

2.5.1 The Council will not borrow more than or in advance of its needs purely to profit from treasury investments of the extra sums borrowed. Any decision to borrow in advance will be assessed within forward approved Capital Financing Requirement estimates, with regard to current policies, and will be considered carefully to ensure value for money can be demonstrated and that the Council can ensure the security of such funds.

2.5.2 Risks associated with any borrowing in advance of activity will be subject to appraisal and any borrowing undertaken will be reported to Cabinet as part of the agreed reporting arrangements.

## **2.6 Debt Rescheduling**

2.6.1 The reasons for any rescheduling of debt will include:

- the generation of cash savings at minimum risk;
- in order to help fulfil the Treasury Management Strategy; and
- in order to enhance the balance of the long-term portfolio (by amending the maturity profile and/or the balance of volatility).

2.6.2 In previous years, debt rescheduling has achieved significant savings in interest charges and discounts and these interest savings have been secured for many years to come. However, in 2007 the PWLB introduced a spread between the rates applied to new borrowing and repayment of debt which was compounded in 2010 and has again been compounded in 2019 as the 1.00% increase in PWLB rates only applied to new borrowing rates and not to premature debt repayment rates.

2.6.3 This means that PWLB debt restructuring is much less attractive than it was before both of these measures were introduced. Consideration will also be given to other options where interest savings may be achievable by using LOBO (Lenders Option Borrowers Option) loans, and / or other market loans, in rescheduling exercises rather than solely using PWLB borrowing as the source of replacement financing but this would only be the case where this would represent best value to the Council.

- 2.6.4 Following consultation and advice from the Council's treasury advisers the Council has taken the decision to borrow over longer term periods and much of the Council borrowing is for periods over 40 years. This borrowing has been taken out where it offers good value and to allow for the potential to benefit from refinancing debt in the future. A further benefit is that it reduces risk by giving certainty of borrowing rates over the long term. The latest interest rate projections for 2020/2021 show short term borrowing rates will be cheaper than longer term rates and as such there may be potential for some opportunities to generate savings by switching from long term debt to short-term debt. These potential savings will need to be considered in the light of the current treasury position and the size of the cost of debt repayment premiums incurred, their short-term nature, and the likely cost of refinancing those short-term loans, once they mature, compared to the current rates of longer term debt in the existing debt portfolio.
- 2.6.5 The Council is keeping a watching brief on market conditions in order to secure further debt rescheduling when, and if, appropriate opportunities arise. The timing of all borrowing and investment decisions inevitably includes an element of risk, as those decisions are based upon expectations of future interest rates. The policy to date has been very firmly one of risk spread and this prudent approach will be continued.
- 2.6.6 Any rescheduling undertaken will be reported to Cabinet, as part of the agreed treasury management reporting arrangements.

## **Annual Investment Policy and Strategy**

### **2.7 Investment Policy and Management of Risk**

- 2.7.1 When considering its investment policy and objectives, the Council has taken regard to the MHCLG Guidance on Local Government Investments ("the Guidance"), CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes 2017 ("the CIPFA TM Code"), and CIPFA Treasury Management Guidance Notes 2018.
- 2.7.2 The MHCLG and CIPFA have extended the meaning of investments to include both financial and non-financial investments. This report deals solely with financial investments (as managed by the Council's Treasury Management function). Non-financial investments, essentially the purchase of income yielding assets, are covered within the Capital Strategy approved by Council in November 2019.

The Council's investment objectives are:-

- (a) the security of capital, and
- (b) the liquidity of its investments.

The Council also aims to achieve the optimum return on its investments but this is commensurate with proper levels of security and liquidity.

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

- apply minimum acceptable credit criteria (detailed in Annex B) in order to generate a list of highly creditworthy counterparties which also enables diversification and thus avoidance of risk. The risk appetite of the Council is regarded as low in order to give priority to security of its investments;
- monitor credit ratings daily. The Council has access to all three credit ratings agencies and is alerted to changes through its use of Link Asset Services' counterparty service. If a counterparty's rating is downgraded with the result that it no longer meets the Council's minimum criteria, the Council will cease to place funds with that counterparty. If a counterparty's rating is downgraded with the result that their rating is still sufficient for the counterparty to remain on the Approved Lending List, then the counterparty's authorised investment limit will be reviewed accordingly. A downgraded credit rating may result in the lowering of the counterparty's investment limit and vice versa;
- not use ratings as the sole determinant of the quality of an institution. The Council will continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To this end the Council will engage with its advisors to monitor market pricing such as "credit default swaps" and overlay that information on top of the credit ratings provided;
- use other information source including the financial press, share price and other such information pertaining to the banking sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties;
- define the type of investment instrument that the treasury management team are authorised to use. The Council is allowed to invest in two types of investment, namely Specified Investments and Non-Specified Investments:
  - Specified Investments are sterling investments that are for a period of not more than one-year maturity, or those which could be for a longer period but where the Council has the right to be repaid within 12 months if it wishes. These are placed with high rated counterparties and are considered low risk assets where the possibility of loss of principal or investment income is small. Within these bodies and in accordance with the Code, the Council has set additional criteria to limit the time and amount of monies that will be invested with these bodies
  - Non-Specified Investments are any investments which are not classified as Specified Investments. As the Council only uses investment grade high credit rated counterparties for treasury management investments this means in effect that any investments placed with those counterparties for a period over one year will be classed as Non-Specified Investments. A limit on the amount of investments which are can be invested for longer than 365 days is set in the Councils creditworthiness policy.
- the type of investments to be used by the in-house treasury management team will be limited to Certificates of Deposit, fixed term deposits, interest bearing accounts, Money Market Funds, Government debt instruments, floating rate notes, corporate bonds, municipal / local authority bonds,



bond funds, gilt funds, and gilt-edged securities and will follow the criteria as set out in Annex B;

- assess the risk of default and if any of the Council's investments appear at risk of loss due to default, (i.e. a credit-related loss, and not one resulting from a fall in price due to movements in interest rates), then the Council will make revenue provision of an appropriate amount in accordance with proper accounting practice or any prevailing government regulations, if applicable. This position has not occurred and the Council mitigates this risk with its prudent investment policy;
- set an approved lending list which shows lending limits and the maximum duration of any investment for each counterparty (detailed in annex C). These are set using the agreed lending list criteria (detailed in annex B);
- only place investments with counterparties from countries with a specified minimum sovereign rating as set out in the agreed lending list criteria (detailed in annex B). Should the UK Government AA sovereign rating be withdrawn the Council's Investment Strategy and Lending List criteria will be reviewed and any changes necessary will be reported to Cabinet; and
- engage external consultants to provide expert advice on how to optimise an appropriate balance of security, liquidity and yield, given the risk appetite of this authority in the context of the expected level of cash balances and need for liquidity throughout the year.

2.7.4 As a result of a change in accounting standards for 2018/19 under IFRS9, the Council will consider the implications of investment instruments which could result in an adverse movement in the value of the amount invested and resultant charges at the end of the year to the General Fund. In November 2018 MHCLG concluded a consultation for a temporary override to allow English Local Authorities time to adjust their portfolio of all pooled investments by announcing a statutory override for five years commencing from 1<sup>st</sup> April 2018.

2.7.5 The prudential code states that authorities must not borrow more than or in advance of their needs purely in order to profit from the investment of the extra sums borrowed. The Council will not engage in such activity without full consideration of all financial and non-financial risks and subject to the appropriate approval process. The Investment Strategy would subsequently be updated to reflect any such change in approach.

## 2.8 **Creditworthiness policy**

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

- 2.8.2 Following the financial crisis of 2008 it was recognised that investors, who largely remained unaffected through this period, should share the burden in future by making them forfeit part of their investment to “bail in” a bank before taxpayers are called upon. Regulatory changes that have been made in the banking sector are designed to see greater stability, lower risk and reduce expectations of Government financial support should an institution fail. To reflect these changes the three credit rating agencies have carried out a wider reassessment of methodologies. In addition to the removal of implied government support, new methodologies are now taking into account additional factors, such as regulatory capital levels.
- 2.8.3 While the Council understands the changes that have taken place, it will continue to specify a minimum sovereign rating of AA. This is due to the fact that the underlying domestic and where appropriate, international, economic and wider political and social background will still have an influence on the ratings of a financial institution.
- 2.8.4 In keeping with the agencies’ new methodologies, the rating element of the Council’s credit assessment process now focuses solely on the Short and Long Term ratings of an institution.
- 2.8.5 The largest UK banks, (those with more than £25bn of retail/Small and Medium-sized Enterprise (SME) deposits), are required, by UK law, to separate core retail banking services from their investment and international banking activities. This is known as “ring-fencing” and is a regulatory initiative created in response to the global financial crisis. It mandates the separation of retail and SME deposits from investment banking, in order to improve the resilience and resolvability of banks by changing their structure. In general, simpler, activities offered from within a ring-fenced bank will be focused on lower risk, day-to-day core transactions, whilst more complex and “riskier” activities are required to be housed in a separate entity, a non-ring-fenced bank. This is intended to ensure that an entity’s core activities are not adversely affected by the acts or omissions of other members of its group.
- 2.8.6 While the structure of the banks included within this process may have changed, the fundamentals of credit assessment have not. The Council will continue to assess the new-formed entities in the same way that it does others and those with sufficiently high ratings, (and any other metrics considered), will be considered for investment purposes.
- 2.8.7 It is important to stress the ongoing regulatory changes made in the UK and the rest of Europe are designed to make the financial system sounder. Banks are now expected to have sufficiently strong balance sheets to be able to withstand foreseeable adverse financial circumstances without government support. In many cases, the balance sheets of banks are now much more robust than they were before the 2008 financial crisis when they had higher ratings than now.
- 2.8.8 One of the recommendations of the Code is that local authorities should set limits for the amounts of investments that can be placed with institutions by country, sector and group. These limits are applied in the Council’s Counterparty criteria set out in Annex B.

2.8.9 Set out in Annex C is the detailed criteria that will be used, subject to approval, in determining the level of investments that can be invested with each counterparty or institution. Where a counterparty is rated differently by any of the 3 rating agencies, the lowest rating will be used to determine the level of investment. If the Council's own banker, National Westminster Bank plc, should fail to meet the minimum credit criteria to allow investments from the Council then balances will be minimized as far as possible.

2.8.10 The Executive Director of Corporate Services will monitor long-term investment rates and identify any investment opportunities if market conditions change. It is proposed that delegated authority continues for the Executive Director of Corporate Services, in consultation with the Cabinet Secretary, to vary the Lending List Criteria and Lending List itself should circumstances dictate, on the basis that changes be reported to Cabinet retrospectively, in accordance with normal treasury management reporting procedures.

## **2.9 Outlook and Proposed Treasury Investment Strategy**

2.9.1 Based on its cash flow forecasts, the Council anticipates its fund balances in 2020/2021 are likely to range between £50 million and £200 million. This represents a cautious approach and provides for funding being received in excess of the level budgeted for, and also for unexpected and unplanned levels of capital underspending in the year or reprofiling of spend into future years. In 2019/2020 short-term interest rates have been materially below long-term rates and some investment balances have been used to fund some long-term borrowing requirements. It is likely that this will continue into 2020/2021 with investment balances being used to fund some long-term borrowing or used for debt rescheduling. Such funding is wholly dependent upon market conditions and will be assessed and reported to Cabinet if and when the appropriate conditions arise.

2.9.2 Activities likely to have a significant effect on investment balances are:

- Capital expenditure during the financial year, (dependent upon timing), will affect cash flow and short-term investment balances;
- Any reprofiling of capital expenditure from, and to, other financial years will also affect cash flow, (no reprofiling has been taken into account in current estimates);
- Any unexpected capital receipts or other income;
- Timing of new long-term borrowing to fund capital expenditure;
- Possible funding of long-term borrowing from investment balances (dependent upon appropriate market conditions).

2.9.3 The minimum amount of overall investments that the Council will hold in short-term investments (less than one year) is £50 million. As the Council has decided to restrict most of its investments to term deposits, it will maintain liquidity by having a minimum of 30% of the total value of short-term investments maturing within 6 months.

- 2.9.4 A maximum limit of £75 million is to be set for in-house Non-Specified Investments over 365 days up to a maximum period of 2 years (excluding non-treasury management investments and all other investments defined as capital expenditure). This amount has been calculated by reference to the Council's cash flows, including the potential use of earmarked reserves.
- 2.9.5 The Council is not committed to any investments which are due to commence in 2020/2021 (i.e. it has not agreed any forward deals).
- 2.9.6 European Financial Directives known as MiFID II came into force in January 2018. These directives are designed to strengthen transparency and investor protection in financial markets across the EU. Under the directives each client is classed as either retail or professional. All Local Authorities are initially classified as de facto retail counterparties under MiFID II but with the option to ask to opt up to professional status subject to meeting qualitative and quantitative criteria. The Council has opted up to professional client status with a number of financial institutions to allow access to specific products and will seek to opt up to with others where this is appropriate.
- 2.9.7 The Council, in conjunction with the Council's treasury adviser Link Asset Services and taking into account the minimum amount to be maintained in short-term investments, will continue to monitor investment rates closely and to identify any appropriate investment opportunities that may arise.
- 2.9.8 During 2019/2020 the Council did not employ any external fund managers; all funds being managed by the in-house team. The performance of the fund by the in-house team is shown below and compares this with the relevant benchmarks and performance from the previous year:

<b>Return</b>	<b>2018/19 Benchmark %</b>	<b>2018/19 Return %</b>	<b>To date 2019/20 Benchmark %</b>	<b>To date 2019/20 %</b>
Council	0.51	0.93	0.57	1.01

Investment returns are likely to remain low during 2020/21 and are likely to remain low until the Bank base rate increases.

- 2.9.9 During 2020/2021 the Council will continue to review the optimum arrangements for the investment of its funds whilst fully observing the investment strategy in place. The Council uses the 7 day London Interbank Bid (LIBID) rate as a benchmark for its investments. Performance is significantly above the benchmark rate, whilst still adhering to the prudent policy agreed by the Council, in what remains a very challenging market. The Council's treasury management advisor reports the rate of return achieved compares favourably with their other local authority clients.
- 2.10 Policy on the use of external service providers**
- 2.10.1 At present the Council does not employ any external fund managers.

2.10.2 Should the Council appoint any external fund managers in the future, they will have to agree to strict investment limits and investment criteria. These will be reported to Cabinet for agreement prior to any external fund manager being appointed.

2.10.3 The Council uses Link Asset Services as its external treasury management advisors. The Council recognises that responsibility for treasury management decisions remain with the Council at all times and will ensure that undue reliance is not placed upon our external service providers.

2.10.4 It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subject to regular review.

## **2.11 Non - Treasury Investments**

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

2.11.2 Investments that may be made for policy reasons outside of normal treasury management activities may include;

- service investments held clearly and explicitly in the course of the provision, and for the purposes, of operational services, including regeneration. This may include loans to local enterprises as part of a wider strategy for local economic growth
- commercial investments which are taken for mainly financial reasons. These may include investments arising as part of business structures, such as shares and loans in subsidiaries or other outsourcing structures; or investments explicitly taken with the aim of making a financial surplus for the Council. Commercial investments also include non-financial assets which are held primarily for financial benefit, such as investment properties.

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

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

2.11.5 Non-treasury investments are covered within the Capital Strategy approved by Council in November 2019.

### 3. **Scheme of delegation**

3.1 The Treasury Management Strategy Statement has been prepared in accordance with the revised Code. Accordingly, the Council's Treasury Management Strategy (TMS) is approved annually by the full Council. In addition, quarterly reports are made to Cabinet and the Audit and Governance Committee and monitoring reports are reviewed by members in both executive and scrutiny functions respectively. The aim of these reporting arrangements is to ensure that those with ultimate responsibility for the treasury management function appreciate fully the implications of treasury management policies and activities, and that those implementing policies and executing transactions have properly fulfilled their responsibilities with regard to delegation and reporting.

3.2 The Council has the following reporting arrangements in place in accordance with the requirements of the Code: -

<b>Area of Responsibility</b>	<b>Council/ Committee/ Officer</b>	<b>Frequency</b>
Treasury Management Policy Statement	Full Council	Reaffirmed annually and updated as appropriate
Treasury Management Strategy / Annual Investment Strategy	Full Council	Annually before the start of the year
Treasury Management Strategy / Annual Investment Strategy –updates or revisions at other times	Full Council	As appropriate
Treasury Management Monitoring Reports	Executive Director of Corporate Services	Monthly
Treasury Management Practices	Executive Director of Corporate Services	Annually
Scrutiny of Treasury Management Strategy	Cabinet / Audit and Governance Committee	Annually before Full Council
Scrutiny of Treasury Management Performance	Cabinet / Audit and Governance Committee	Quarterly
Annual Treasury Management Outturn Report	Cabinet / Audit and Governance	Annually by 30/9 after the end of the financial year

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

4.1 The Executive Director of Corporate Services is the Council's Section 151 Officer and has specific delegated responsibility in the Council's Constitution to manage the borrowing, financing, and investment requirements of the Council in accordance with the Treasury Management Policy agreed by the Council. This includes;

- recommending clauses, treasury management policy/practices for approval, reviewing the same regularly, and monitoring compliance;
- submitting regular treasury management policy reports;
- submitting budgets and budget variations;
- receiving and reviewing management information reports;
- reviewing the performance of the treasury management function;
- ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function;
- ensuring the adequacy of internal audit, and liaising with external audit;
- recommending the appointment of external service providers;
- preparing a capital strategy to include capital expenditure, capital financing, non-financial investments and treasury management, with a long-term timeframe;
- ensuring that the capital strategy is prudent, sustainable, affordable and prudent in the long term and provides value for money;
- ensuring that due diligence has been carried out on all treasury and non-financial investments and is in accordance with the risk appetite of the Council;
- ensuring that the Council has the appropriate legal powers to undertake expenditure on non-financial assets and their financing;
- ensuring the proportionality of all investments so that the Council does not undertake a level of investing which exposes the Council to an excessive level of risk compared to its financial resources;
- ensuring that an adequate governance process is in place for the approval, monitoring and ongoing risk management of all non-financial investments and long-term liabilities;
- providing to members a schedule of all non-treasury investments including material investments in subsidiaries, joint ventures, loans and financial guarantees;
- ensuring that members are adequately informed and understand the risk exposures taken on by the Council; and
- ensuring that the Council has adequate expertise, either in house or externally provided, to carry out the above.

**1. Interest Rate Forecasts**

- 1.1 The data set out overleaf shows a variety of forecasts published by Link Asset Services and Capital Economics (an independent forecasting consultancy).
- 1.2 The forecast within this strategy statement has been drawn from these diverse sources and officers' own views.



Bank Rate														
	NOW	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23
Link Asset Services	0.75%	0.75%	0.75%	0.75%	0.75%	1.00%	1.00%	1.00%	1.00%	1.00%	1.25%	1.25%	1.25%	1.25%
Capital Economics	0.75%	0.75%	0.75%	0.75%	0.75%	-	-	-	1.00%	-	-	-	-	-
5yr PWLB Rate														
	NOW	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23
Link Asset Services	2.34%	2.40%	2.40%	2.50%	2.50%	2.60%	2.70%	2.80%	2.90%	2.90%	3.00%	3.10%	3.20%	3.20%
Capital Economics	2.34%	2.40%	2.50%	2.50%	2.60%	-	-	-	2.80%	-	-	-	-	-
10yr PWLB Rate														
	NOW	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23
Link Asset Services	2.55%	2.70%	2.70%	2.70%	2.80%	2.90%	3.00%	3.10%	3.20%	3.20%	3.30%	3.30%	3.40%	3.50%
Capital Economics	2.55%	2.60%	2.70%	2.80%	2.80%	-	-	-	3.10%	-	-	-	-	-
25yr PWLB Rate														
	NOW	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23
Link Asset Services	3.07%	3.30%	3.40%	3.40%	3.50%	3.60%	3.70%	3.70%	3.80%	3.90%	4.00%	4.00%	4.10%	4.10%
Capital Economics	3.07%	3.00%	3.10%	3.20%	3.20%	-	-	-	3.40%	-	-	-	-	-
50yr PWLB Rate														
	NOW	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23
Link Asset Services	2.90%	3.20%	3.30%	3.30%	3.40%	3.50%	3.60%	3.60%	3.70%	3.80%	3.90%	3.90%	4.00%	4.00%
Capital Economics	2.90%	3.00%	3.10%	3.20%	3.20%	-	-	-	3.50%	-	-	-	-	-

## 2. Survey of Economic Forecasts

### 2.1 HM Treasury December 2019

The current 2019 base rate forecasts are based from samples of both City and non-City forecasters included in the HM Treasury December 2019 report.

BANK RATE FORECASTS	Annual Average Bank Rate				
	Ave. 2019	Ave. 2020	Ave. 2021	Ave. 2022	Ave. 2023
<b>Average</b>	0.75%	0.78%	0.95%	1.24%	1.44%
<b>Highest</b>	0.75%	1.20%	1.75%	2.25%	2.50%
<b>Lowest</b>	0.75%	0.50%	0.13%	0.05%	0.05%

Source: HM Treasury: Forecasts for the UK Economy Dec. 2019 (No.389, Table M4)

## Lending List Criteria

### 1. Counterparty Criteria

- 1.1 The Council takes into account not only the individual institution's credit ratings issued by all three credit rating agencies (Fitch, Moody's and Standard & Poor's), but also all available market data and intelligence, the level of government support and advice from its Treasury Management advisers.
- 1.2 Set out below are the criteria to be used in determining the level of funds that can be invested with each institution. Where an institution is rated differently by the rating agencies, the lowest rating will determine the level of investment.

<b>Fitch / S&amp;P's Long-Term Rating</b>	<b>Fitch Short Term Rating</b>	<b>S&amp;P's Short-Term Rating</b>	<b>Moody's Long-Term Rating</b>	<b>Moody's Short-Term Rating</b>	<b>Maximum Deposit £m</b>	<b>Maximum Duration</b>
AAA	F1+	A1+	Aaa	P-1	120	2 Years
AA+	F1+	A1+	Aa1	P-1	100	2 Years
AA	F1+	A1+	Aa2	P-1	80	2 Years
AA-	F1+ / F1	A1+ / A-1	Aa3	P-1	75	2 Years
A+	F1	A-1	A1	P-1	70	365 days
A	F1 / F2	A-1 / A-2	A2	P-1 / P-2	65	365 days
A-	F1 / F2	A-2	A3	P-1 / P-2	50	365 days
<b>Local Authorities</b> (limit for each local authority)					30	2 years
<b>UK Government</b> (including debt management office, gilts and treasury bills)					300	2 years
<b>Money Market Funds (CNAV, LVNAV and VNAV)</b> Maximum amount to be invested in Money Market Funds is £120m with a maximum of £50m in any one fund.					120	Liquid Deposits
<b>Local Authority controlled companies</b>					40	20 years

- 1.3 Where the UK Government holds a shareholding in an institution the UK Government's credit rating of AA will be applied to that institution to determine the amount the Council can place with that institution for a maximum period of 2 years.
- 1.4 The Code of Practice for Treasury Management in the Public Services recommends that consideration should also be given to country, sector, and group limits in addition to the individual limits set out above. These limits are as follows:

## 2. Country Limit

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

Country	Limit £m
UK	300
Non-UK	50

## 3. Sector Limit

- 3.1 The Code recommends a limit be set for each sector in which the Council can place investments. These limits are set out below:

Sector	Limit £m
Central Government	300
Local Government	300
UK Banks	300
Money Market Funds	120
UK Building Societies	100
Foreign Banks	50

## 4. Group Limit

- 4.1 Where institutions are part of a group of companies e.g. Lloyds Banking Group, Santander and RBS, then total limit of investments that can be placed with that group of companies will be determined by the highest credit rating of a counterparty within that group, unless the government rating has been applied. This will apply provided that:
- the UK continues to have a sovereign credit rating of AA; and
  - that market intelligence and professional advice is taken into account.
- 4.2 Proposed group limits are set out in Annex 6.

## Annex C

### Approved Lending List

	Fitch		Moody's		Standard & Poor's			
	L Term	S Term	L Term	S Term	L Term	S Term	Limit £m	Max Deposit Period
<b>UK</b>	AA	-	Aa2	-	AA	-	350	
<b>Lloyds Banking Group</b>							Group Limit 70	
Lloyds Bank Plc (RFB)	A+	F1	Aa3	P-1	A+	A-1	70	365 days
Lloyds Bank Corporate Markets plc (NRFB)	A	F1	A1	P-1	A	A-1	70	365 days
Bank of Scotland Plc (RFB)	A+	F1	Aa3	P-1	A+	A-1	70	365 days
<b>Royal Bank of Scotland Group</b> (See Note 1)							Group Limit 80	
The Royal Bank of Scotland Plc (RFB)	A+	F1	A1	P-1	A	A-1	80	2 years
National Westminster Bank Plc (RFB)	A+	F1	A1	P-1	A	A-1	80	2 years
NatWest Markets plc (NRFB)	A	F1	Baa2	P-2	A-	A-2	80	2 years
Santander UK plc	A+	F1	Aa3	P-1	A	A-1	65	365 days
Barclays Bank plc (NRFB)	A+	F1	A2	P-1	A	A-1	65	365 days
Barclays Bank plc (RFB)	A+	F1	A1	P-1	A	A-1	65	365 days
Clydesdale Bank *	A-	F2	Baa1	P-2	BBB+	A-2	0	
Co-Operative Bank Plc	B	B	B3	NP	-	-	0	
Goldman Sachs International Bank	A	F1	A1	P-1	A+	A-1	65	365 days
HSBC Bank plc (NRFB)	A+	F1+	Aa3	P-1	AA-	A-1+	70	365 days
HSBC UK Bank plc (RFB)	A+	F1+	-	-	AA-	A-1+	70	365 days
Nationwide BS	A	F1	Aa3	P-1	A	A-1	65	365 days
Standard Chartered Bank	A+	F1	A1	P-1	A	A-1	65	365 days
Top Building Societies (by asset value)								
Nationwide BS (see above)								
Coventry BS	A-	F1	A2	P-1	-	-	50	365 days
Leeds BS	A-	F1	A3	P-2	-	-	50	365 days
Nottingham BS **	-	-	Baa1	P-2	-	-	0	

	Fitch		Moody's		Standard & Poor's			
	L Term	S Term	L Term	S Term	L Term	S Term	Limit £m	Max Deposit Period
Principality BS **	BBB+	F2	Baa2	P-2	-	-	0	
Skipton BS **	A-	F1	Baa1	P-2	-	-	0	
West Bromwich BS **	-	-	Ba3	NP	-	-	0	
Yorkshire BS **	A-	F1	A3	P-2	-	-	50	365 days
<b>Money Market Funds</b>							120	Liquid
Prime Rate Stirling Liquidity	AAA				AAA		50	Liquid
Insight Liquidity Fund	AAA		-		AAA		50	Liquid
Aberdeen Liquidity Fund (Lux)	AAA		AAA		AAA		50	Liquid
Deutsche Managed Sterling Fund	AAA		Aaa		AAA		50	Liquid
Foreign Banks have a combined total limit of £50m								
<b>Australia</b>	AAA		Aaa		AAA		50	
Australia and New Zealand Banking Group Ltd	AA-	F1+	Aa3	P-1	AA-	A-1+	50	2 years
Commonwealth Bank of Australia	AA-	F1+	Aa3	P-1	AA-	A-1+	50	2 years
National Australia Bank	AA-	F1+	Aa3	P-1	AA-	A-1+	50	2 years
Westpac Banking Corporation	AA-	F1+	Aa3	P-1	AA-	A-1+	50	2 years
<b>Canada</b>	AAA		Aaa		AAA		50	
Bank of Nova Scotia	AA-	F1+	Aa2	P-1	A+	A-1	50	365 days
Royal Bank of Canada	AA	F1+	Aa2	P-1	AA-	A-1+	50	2 years
Toronto Dominion Bank	AA-	F1+	Aa1	P-1	AA-	A-1+	50	2 years
<b>Denmark</b>	AAA		Aaa		AAA		50	
Danske A/S	A	F1	A2	P-1	A	A-1	50	365 days
<b>Finland</b>	AA+		Aa1		AA+		50	
OP Corporate Bank plc	WD	WD	Aa3	P-1	AA-	A-1+	50	2 years
<b>Germany</b>	AAA		Aaa		AAA		50	
DZ Bank AG (Deutsche Zentral-Genossenschaftsbank)	AA-	F1+	Aa1	P-1	AA-	A-1+	50	2 years
Landwirtschaftliche Rentenbank	AAA	F1+	Aaa	P-1	AAA	A-1+	50	2 years
NRW Bank	AAA	F1+	Aa1	P-1	AA	A-1+	50	2 years
<b>Netherlands</b>	AAA		Aaa		AAA		50	
Bank Nederlandse Gemeenten	AAA	F1+	Aaa	P-1	AAA	A-1+	50	2 years

	Fitch		Moody's		Standard & Poor's			
	L Term	S Term	L Term	S Term	L Term	S Term	Limit £m	Max Deposit Period
Cooperatieve Centrale Raiffeisen Boerenleenbank BA (Rabobank Nederland)	AA-	F1+	Aa3	P-1	A+	A-1	50	365 days
Nederlandse Waterschapsbank N.V	-	-	Aaa	P-1	AAA	A-1+	50	2 years
<b>Singapore</b>	AAA		Aaa		AAA		50	
DBS Bank Ltd	AA-	F1+	Aa1	P-1	AA-	A-1+	50	2 years
Oversea Chinese Banking Corporation Ltd	AA-	F1+	Aa1	P-1	AA-	A-1+	50	2 years
United Overseas Bank Ltd	AA-	F1+	Aa1	P-1	AA-	A-1+	50	2 years
<b>Sweden</b>	AAA		Aaa		AAA		50	
Svenska Handelsbanken AB	AA	F1+	Aa2	P-1	AA-	A-1+	50	2 years
<b>Switzerland</b>	AAA		Aaa		AAA		50	
Credit Suisse AG	A	F1	A1	P-1	A+	A-1	50	365 days
UBS AG	AA-	F1+	Aa2	P-1	A+	A-1	50	365 days
<b>USA</b>	AAA		Aaa		AA+		50	
Bank of New York Mellon	AA	F1+	Aa1	P-1	AA-	A-1+	50	2 years
JP Morgan Chase Bank NA	AA	F1+	Aa1	P-1	A+	A-1	50	365 days
Wells Fargo Bank NA	AA-	F1+	Aa1	P-1	A+	A-1	50	365 days

## Notes

### Note 1 Nationalised / Part Nationalised

The counterparties in this section will have the UK Government's AA rating applied to them thus giving them a credit limit of £80m.

\* The Clydesdale Bank (under the UK section) is owned by National Australia Bank

\*\* These will be revisited and used only if they meet the minimum criteria (ratings of A- and above)

Any bank which is incorporated in the United Kingdom and controlled by the Prudential Regulation Authority (PRA) is classed as a UK bank for the purposes of the Approved Lending List.





**CABINET**

**11 FEBRUARY 2020**

**REVENUE BUDGET AND PROPOSED COUNCIL TAX FOR 2020/2021 AND  
MEDIUM TERM FINANCIAL PLAN 2020/2021 TO 2023/2024**

**Report of the Executive Director of Corporate Services**

**1. Purpose of Report**

**1.1 To report:**

- the overall revenue budget position for 2020/2021;
- the projected reserves position as at 31<sup>st</sup> March 2020 and 31<sup>st</sup> March 2021 and advise on their sufficiency;
- a risk analysis of the Revenue Budget 2020/2021;
- a summary of the emerging medium term financial position facing the Council from 2020/2021 to 2023/2024 and associated Council Efficiency strategy; and
- any views received from the local Business Sector, Trade Unions and Scrutiny Coordinating Committee.

**2. Description of Decision**

**2.1 Members are requested to:**

- recommend to Council the proposals set out in the report including the proposed Revenue Budget for 2020/2021 set out at Appendix J;
- recommend to Council the Medium Term Financial Plan 2020/2021 to 2023/2024 including Efficiency Strategy as set out in Appendix G and the proposed use of Capital Receipts Flexibility set out at section 9 of the report;
- recommend to Council the proposed council tax for 2020/2021 at Appendix F (paper to be tabled); and
- note the views, expressed by the local Business Sector, Trade Unions and Scrutiny Coordinating Committee.

**3. Introduction**

**3.1 In January 2020 Cabinet received an update on the budget position following the Indicative Local Government Finance Settlement 2020/2021. At that stage there were a number of uncertainties still to be resolved, primarily:**

- the outcome of the final Local Government Revenue Support Grant Settlement for 2020/2021 and related grant announcements;
- the estimation of business rates resources;
- the final Collection Fund position for both council tax and business rates;
- confirmation of the 2020/2021 local government pay award;
- a number of pay and prices uncertainties that were still to be confirmed; and
- inherent uncertainty and risk around deliverability of the savings proposals, and any transitional costs required in their delivery.

3.2 In presenting the Revenue Budget 2020/2021 this report covers the following areas:

- Final funding position at February 2020 (section 4);
- Spending Pressures and Commitments (section 5);
- Budget Reduction Proposals (section 6);
- Proposed Increase to council tax (section 7);
- Overall Budget Position 2020/2021 (section 8);
- Workforce Planning, Transformational costs and Capital Receipts Flexibilities (section 9);
- Medium Term Financial Position and associated Efficiency Strategy (section 10);
- Budget Consultation (section 11);
- Equality and the Budget Proposals (section 12);
- Balances and Reserves (section 13); and
- Detailed Revenue Budget 2020/2021(section 14).

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

#### **4. Final Funding Position February 2020**

4.1 The January Cabinet report set out the provisional settlement for the Council and set out progress in relation to a number of outstanding uncertainties.

4.2 The final settlement has yet to be received. Should the final settlement contain any revisions to the draft settlement, these will be considered at the first quarterly review.

4.3 Further information about the grant changes in accordance with the indicative settlement is set out below, while section 5 sets out the final spending pressures and commitments to be taken into account in setting the budget for 2020/2021.

#### **Local Government Finance Settlement**

4.4 The Council awaits notification of the final settlement. Any changes in the final settlement will be considered at the first quarterly review. As such there is no change to the position set out in the January Cabinet report and its subsequent addendum.

4.5 The Government uses a measure known as the Core Spending Power (CSP) to indicate the impact of changes in funding. For 2020/2021, this measure includes:

- Settlement Funding Assessment (SFA) comprising:
  - Revenue Support Grant (RSG);
  - Baseline Funding (Top Up Grant);
  - Assumed retained business rates;
- Compensation for the historic under-indexing of the Business Rates Multiplier;

- Council tax income, which assumes a 4% increase is applied in addition to a continued increase in the council tax base;
- Local government element of the Improved Better Care Fund;
- Adult Social Care Winter Pressures Grant (rolled into the Improved Better Care Fund in 2020/2021);
- Social Care Support Grant (rolled into the new Social Care Grant in 2020/2021);
- Social Care Grant; and
- New Homes Bonus.

4.6 CSP will increase by an average 6.34% nationally in 2020/2021. This represents the first real-terms increase in CSP since 2010. For Sunderland the increase is 6.24%. It is noted that the Government's CSP measure takes into account assumed income generated through council tax, the Social Care council tax precept and an assumed increase in the base position.

	2019/20 £m	2020/21 £m	change £m	change %
<i>Revenue Support Grant</i>	27.507	27.955	0.448	1.63%
<i>Baseline Funding (Top Up Grant)</i>	43.023	43.724	0.701	1.63%
<i>Assumed Business Rates</i>	41.470	42.146	0.676	1.63%
<b>Settlement Funding Assessment</b>	<b>112.000</b>	<b>113.825</b>	<b>1.825</b>	<b>1.63%</b>
Compensation for under-indexing Business Rates Multiplier (Section 31 Grant)	2.753	3.442	0.689	25.03%
Council Tax of which;				
<i>Council Tax Requirement excluding parish precepts (including base growth and levels increasing by CPI)</i>	92.105	95.472	3.367	3.66%
<i>additional revenue from referendum principle for social care</i>	7.402	9.695	2.293	30.98%
Improved Better Care Fund	16.567	18.135	1.568	9.46%
Winter Pressures Grant	1.568	0.000	-1.568	-100.00%
Social Care Support Grant	2.678	0.000	-2.678	-100.00%
Social Care Grant	0.000	10.249	10.249	N/A
New Homes Bonus	2.957	2.070	-0.887	-30.00%
<b>Sunderland Total Core Spending Power</b>	<b>238.030</b>	<b>252.888</b>	<b>14.858</b>	<b>6.24%</b>

*Memorandum National Position*

6.34%

4.7 For Sunderland there is a 1.63% increase for 2020/2021 in its SFA, which is in line with the national average increase since the Government has applied a consistent inflationary increase to all authorities, based on the increase in the business rate multiplier. It should be noted that actual business rates received will be dependent on the Council's own position which will be confirmed within the NNDR1 form to be submitted by 31<sup>st</sup> January 2020.

4.8 The Government will continue to compensate councils for any changes to nationally determined reliefs allowed for in the Business Rate regime. This includes the business rates Retail Discount Scheme. The CSP includes an assumed allocation of £3.442m Section 31 grant in 2020/2021, with the actual figure received dependent on the Council's own position confirmed within the NNDR1 form to be submitted by 31<sup>st</sup> January 2020.

#### 4.9 Improved Better Care Fund / Social Care Grants

The Improved Better Care Fund (IBCF) allocation has continued at its current level. The increase shown within the CSP is as a result of the previously ringfenced Winter Pressures grant being rolled into the IBCF grant.

NHS Better Care Funding (BCF) is included in allocations to Health. Pooled BCF budgets for the 2020/2021 allocations will be agreed by the Health and Wellbeing Board in due course.

Similarly, the previous grant allocation of £2.678m for social care support grant has been rolled into the new social care grant allocation of £7.571m. This additional funding, whilst not ringfenced, will be used to meet demand pressures within Social Care budgets.

#### 4.10 New Homes Bonus

The New Homes Bonus Grant of £2.070m is being used to support the overall budget position in 2020/2021 in accordance with the Budget Planning framework, with appropriate housing related investment factored into both the revenue budget and capital programme proposals.

#### 4.11 Homelessness Grant

The Homelessness Grant was due to end in March 2020, but this will now continue for another year into 2020/2021. The overall grant funding for the Council has increased by £0.058m and has been passported to the service area.

#### 4.12 Public Health Grant

At the time of writing the allocation for the Public Health grant remains outstanding. Planning continues based on the intelligence gained from the Spending Round that a real terms increase will be applied. The final grant allocation will be amended once known.

#### 4.13 Housing Benefit and Council Tax Administration Grants

Notification of the Housing Benefits and Council Tax Administration grants, comes outside of the settlement. A provisional allocation has been received for both grants, and the budget position has been amended accordingly.

#### 4.14

At the time of preparing this report a number of minor grant allocations are still to be announced by the Government. The outcome of allocations for these grants will be considered once received, and if any action required reported to Cabinet as part of the quarterly review process.

## Council Tax

- 4.15 In accordance with the Localism Act the public have the right to approve or veto excessive council tax rises. The Government have proposed that a referendum principle will apply to all principal local authorities, Police and Crime Commissioners and Fire and Rescue Authorities.
- 4.16 In the Settlement, the Government confirmed the referendum threshold for 2020/2021, being that the core element is subject to a maximum increase of up to 2%. Social Care authorities can levy an additional 2% in respect of the social care precept. Any increase above the core council tax limit will require a referendum to give the local electorate the opportunity to approve or veto the increase.
- 4.17 The 2019/2020 Collection Fund position is reported elsewhere on this agenda. The position is positive with the surplus available to the Council being £835,304. This surplus, will enable £500,000 to be taken into account in supporting the 2020/2021 budget, with the balance being available to support future Medium Term Financial Plan (MTFP) requirements.
- 4.18 The Council, at its meeting on 29<sup>th</sup> January 2020, approved the council tax base for the area covered by Hetton Town Council (3,868) and the City Council area (71,336).

## Retained Business Rates

- 4.19 The NNDR1 form sets out the Business Rate income forecast for 2020/2021 and was submitted to the Government on 31<sup>st</sup> January 2020 in accordance with regulations. The amount of business rates to be retained by the Council for 2020/2021 is forecast to be £46.400m.

## Schools Funding

- 4.20 The School Funding announcement on 20<sup>th</sup> December 2019 confirmed the following information based on the October Schools Census data. The change from the provisional funding allocation to the settlement information reflects changes in pupil numbers from October 2018 to October 2019:

	Provisional Funding Allocations 2020/21 £m	Settlement Information 2020/21 £m	Change in Funding £m
Schools Block	171.969*	173.055	1.086
High Needs Block	28.177	28.426	0.249
Central Services Block	1.246	1.245	-0.001
<b>Total</b>	<b>201.392</b>	<b>202.726</b>	<b>1.334</b>
Early Years	N/A	19.275	N/A

\* Provisional Schools Block allocations excluded Growth funding.

- 4.21 The Early Years Block comprises funding for the free early education entitlements for 3 and 4-year-olds and disadvantaged 2-year-olds. The figures are initial allocations for this block as early years funding is based on the January 2019 census data. The pupil premium amounts per pupil are unchanged.

4.22 Cabinet agreed in January to the principles proposed by the Sunderland Schools Forum for the 2020/2021 Sunderland local funding formula. The National Funding Formula (NFF) is to be implemented with the following local adjustments, which were modelled so as to give an equitable settlement to all Sunderland schools whilst moving towards the NFF:

- The Minimum Funding Guarantee applied at 1.84% in line with the NFF value;
- The Free School Meal Indicator set at a reduced rate of £373.90 per pupil (NFF £450);
- Lump sum reduced from £130,000 to £114,400 in line with the NFF value; and
- Transfer of 0.5% (£865,000) to the High Needs Block in recognition of ongoing pressures.

4.23 The Local Funding Formula was submitted to the Education and Skills Funding Agency on 21<sup>st</sup> January 2020. School Funding briefings were held with all schools and academies on 23<sup>rd</sup> January 2020.

## **5 Spending Pressures and Commitments**

5.1 When the Budget Planning Framework was approved in October 2019, Cabinet agreed that the following spending commitments would be taken into account:

- provision in respect of a pay-award at 2%;
- general contract inflation, including the likely impact on contract prices of the forecast increase in the National Living Wage;
- appropriate provision for ongoing budget pressures;
- the impact of demographic changes and complex needs in respect of adult social care;
- the impact of demand pressures within Children's social care;
- funding to allow the Council to develop and implement a carbon reduction plan following the declaration of a climate emergency;
- provision for costs to support a series of transformation projects to be undertaken within the Council;
- an increase to the Public Health budget, corresponding to the anticipated increase in grant allocation;
- funding to meet additional priorities, specifically enforcement activity and street scene; and
- provision for spending commitments in respect of debt charges and interest receipts.

5.2 In addition, in January 2020 Cabinet agreed as part of the Budget Update report to make amended provision in respect of:

- pay and price pressures arising from the latest budgetary position;
- additional funding for social care following an anticipated increase in the new social care grant;
- transitional and priorities provision to meet one-off or short term transformation and improvement priorities; and

- additional provision for debt charges in the light of the Government's increase to the interest rate on Public Rates Loan Board borrowing by 1%.

5.3 In this context it is proposed to make provision to address a number of spending commitments and pressures as set out below.

### **Cross Cutting**

#### **5.3.1 Pay award**

Trade unions previously accepted a two year pay offer for local government covering the period to 31 March 2020. At this stage, no formal pay offer has been made for 2020/2021 or future years. Pending a formal offer, the impact of a 2% pay award has been factored into the budget planning, with the budget position kept under review. Minimal additional provision has been included in the contingency budget to cover any potential variation from a straight line 2% award.

The impact of pay progression through annual increments within pay bands is already provided for within the budget planning.

#### **5.3.2 Inflationary Increases**

Prudent provision is included within the budget planning for the impact of general contract inflation and utility volatility.

#### **5.3.3 Budget pressures**

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

#### **5.3.4 Capacity to Deliver Change**

Whilst the Spending Round has only for one financial year, it does provide the Council with the opportunity to undertake a series of transformation projects to ensure that sustainable financial savings can be made to address future known pressures. To that effect, a Capacity to Deliver Change fund of £2.250m has been created. Its precise use has not yet been established, but this will be used to resource the transformation work, any required investment in new equipment or systems and to fund restructure costs.

### **Deputy Leader**

#### **5.3.5 Port Trading (Budget Priorities)**

As in recent years, the previous 12 months has seen over capacity in the regional market for the general provision of port services and infrastructure leading to a highly competitive trading market. This has been exacerbated by commercial opportunities at a regional and national level reducing given the wider economic context and uncertainty around Brexit. Whilst there may be greater certainty post the General Election, this is unlikely to lead to an immediate upturn in trading opportunities, which is more likely over the medium to longer term thereby impacting upon the trading position of the Port during 2020/2021. Provision of £0.432m is included within the budget to reflect this position and is based on the budget report to the Port Board in January.

## **Cabinet Secretary**

### **5.3.6 Capital Financing**

Prudential borrowing costs of £5 million have been provided for within the medium term financial position in relation to known investments over the period, including for the impact of additional capital programme proposals set out elsewhere on today's agenda.

## **Children Learning and Skills**

### **5.3.7 Inflationary increase**

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

### **5.3.8 Demand Pressures**

As agreed by Cabinet as part of the Budget Planning Framework in October, the budget includes prudent provision of £1 million for the impact of additional costs associated with demand in Looked after Children numbers including an increasing complexity of need which has continued to be experienced during 2019/2020.

## **Communities and Culture**

### **5.3.8 Museums – Cultural Offer (Budget Priorities)**

Proposals relating to the development of a cultural offer within the city are subject to continued consideration to ensure the most appropriate and fit for purpose model is progressed. As highlighted as part of the quarterly revenue budgets, the associated savings targets from previous years of £0.548m are, therefore, unlikely to be achieved. The budget has been amended to reflect this likelihood.

### **5.3.9 Leisure – Joint Venture (Budget Priorities)**

The budget provides for a sum of £0.250m following commercial discussions at the Sunderland Lifestyle Partnership Board. The income projected by SLM, the operator, at the start of the contract has not been achieved in full. This is primarily as a result of the significant level of competition in the leisure facilities market within the city in the last 5 years both in number of facilities and opportunities available, but also the monthly membership fee. This has impacted negatively on public leisure centre income levels.

## **Environment and Transport**

### **5.3.10 Waste Collection and Charging - Bulky Waste (Budget Priorities)**

The budget allows for investment of £0.250m, allocated from the transformation and improvement priorities sum, to progress a reduction in the charge for the bulky waste collection service from £22.50 to £10. This will assist residents in the management and appropriate disposal of household waste, with an anticipated improvement in the local environmental quality across neighbourhoods.



#### 5.3.11 Local Services – Deep Clean (Budget Priorities)

Additional revenue budget has been provided in recent years to address resource issues for programmed environmental maintenance activity citywide and from 2019/2020 to provide the required enhanced level of maintenance to support investment in the City Centre. In order to further address and improve the street scene, additional resource of £0.400m is being allocated within the budget.

#### 5.3.12 Public Protection – Environmental Health (Budget Priorities)

The Food Standards Agency sets out the statutory requirements for food safety intervention and enforcement by local authorities. The increased number, risk rating, and high turnover of premises in Sunderland, together with the review of national codes of practice, has placed additional demand for inspections of food premises in the City. Additional resource of £0.100m will add capacity to this service and enable the creation of two additional Senior Environmental Health Officer posts enabling the Council to meet this growing demand.

#### 5.3.13 Housing Enforcement (Budget Priorities)

Additional regulation and enforcement activity in the private sector have led to a significant increase in the level of complex investigation, case preparation, legal process compliance and recovery of civil penalties. In order to meet this growing demand, the budget allows for investment of £0.152m.

#### 5.3.14 Carbon Reduction

Following the Council's declaration of a climate emergency on the 27 March 2019, additional provision is included within the budget to support this agenda within the Council and the wider city. An implementation plan is currently being prepared, but it is recognised that funding will be required to establish a dedicated team to lead on the development of proposals, with appropriate funding to ensure effective implementation. Funding of £1 million has been allowed for within the budget at this stage.

### **Health and Social Care**

#### 5.3.15 Demand pressures

Pressures in both the NHS and Adult Social Care sector continue with the increasing longevity of population continuing to place pressure on Adult Social Care Services' budgets. In addition, client expectations and increasing demand to support clients with complex needs to enable them to maintain independent living requires reconfigured services and additional investment.

Demand for social care packages to support hospital discharges has increased significantly over recent years, and this is likely to continue given the national focus on delayed transfers of care and the requirement of Sunderland to maintain its good level of performance.

The budget includes prudent provision of £6 million to provide for increases in demand and cost for 2020/2021.

#### 5.3.16 Inflationary increases

The Government implemented the National Living Wage with effect from April 2016 at £7.20. This has increased annually and the Government announced on the 31<sup>st</sup> of December that they have accepted the Low Pay Commission's recommendations on the National Living Wage. This means a headline increase for people over 25 of 6.2% from £8.21 per hour to £8.72 from April 2020. The National Living Wage represents a significant additional cost pressure for councils through external contract suppliers passing the cost on through increased contract prices. This is particularly applicable for Adult Social Care. Appropriate provision for contract inflation has been factored into the budget planning.

### **Housing and Regeneration**

#### 5.3.17 Enforcement Activity (Budget Priorities)

The Council's Housing Stock Condition Model indicates the levels of privately rented properties in the City have risen to 26% of the total housing stock and that there are significant numbers of properties, which are predicted by the model, to be currently presenting hazards to tenants. The Council has a legal responsibility to deal with unsatisfactory housing and ensure that standards in the private rented sector are met.

In addition, a range of housing related enforcement powers have recently been introduced by the Government which have been adopted by the Council as part of a Private Rented Housing Enforcement Policy.

In order to address these matters, additional resource of £0.400m has been allocated within the budget.

#### 5.3.18 Anti-Social Behaviour (Budget Priorities)

Additional funding of £0.074m will enable two Anti-Social Behaviour Officers posts. One officer will be dedicated to the City Centre to enable targeted focused work in hot-spot areas, with the other officer dedicated to locality areas across the City to ensure anti-social behaviour issues are tackled at the earliest opportunity and that there is a named officer in each locality.

#### 5.3.19 A summary of the spending pressures and commitments set out in section 5.3 is set out in the following table:

	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m	Total £m
<b>Spending Pressures and Additional investment</b>					
Pay, Prices and Other Pressures including Contract Inflation	11.18	8.53	8.30	8.44	36.45
Neighbourhoods - Adults Demand Pressures	6.00	0.50	0.50	0.50	7.50
Together for Children - Demand Pressures	1.00	0.50	0.50	0.50	2.50
Pensions Actuarial Review	(9.45)	0.00	0.00	0.00	(9.45)
Carbon Reduction Priority	1.00	0.00	0.00	0.00	1.00
Capacity to Deliver Change	2.25	0.00	0.00	0.00	2.25
Additional Budget Priorities	2.61	0.00	0.00	0.00	2.61
Ringfenced Public health growth	0.64	0.00	0.00	0.00	0.64
Debt Charges	5.00	3.00	3.00	3.00	14.00
<b>Total On-Going Funding Gap</b>	<b>20.23</b>	<b>12.53</b>	<b>12.30</b>	<b>12.44</b>	<b>57.50</b>

## 6 Budget Reduction Proposals

- 6.1 As part of the previous year's budget process, an initial suite of savings plans for 2020/2021 to 2022/2023 were approved by Council. The previously approved plans have been subject to stringent review and verification to ensure continued deliverability and adjusted where no longer considered deliverable as originally envisaged.
- 6.2 Additional savings plans were approved at October Cabinet to be taken forward through the budget process for consideration by Scrutiny Coordinating Committee and for the purposes of consultation.
- 6.3 Taking account of the above, a suite of budget reductions, focused on 2020/2021 is included for within the budget plans, as summarised in the table below, with further detail on each of the budget reductions set out at Appendix A.

	2020/21 £'m	2021/22 £'m	2022/23 £m	2023/24 £m	Total £m
<b>Current Savings Plans to Meet the Funding Gap</b>					
Previously Approved Savings (Appendix A.1)	(0.91)	(0.03)	0.00	0.00	(0.94)
Leader (Appendix A.2)	(0.14)	0.00	0.00	0.00	(0.14)
Deputy Leader (Appendix A.3)	0.00	0.00	0.00	0.00	0.00
Cabinet Secretary (Appendix A.4)	(0.93)	0.00	0.00	0.00	(0.93)
Children, Learning and Skills (Appendix A.5)	0.00	0.00	0.00	0.00	0.00
Communities and Culture (Appendix A.6)	0.00	0.00	0.00	0.00	0.00
Environment and Transport (Appendix A.7)	0.00	0.00	0.00	0.00	0.00
Health and Social Care (Appendix A.8)	0.00	0.00	0.00	0.00	0.00
Housing and Regeneration (Appendix A.9)	(1.25)	0.00	0.00	0.00	(1.25)
<b>Total Current Savings Programme</b>	<b>(3.23)</b>	<b>(0.03)</b>	<b>0.00</b>	<b>0.00</b>	<b>(3.26)</b>

- 6.4 Those savings previously approved by Council are presented for information only at section 1 together with the relevant web-link to the March Council Budget report and associated Equalities Analysis.

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

## **7 Proposed Council Tax Increase 2020/2021**

- 7.1 In order to prevent further cuts to front line services and enable some investment in key priorities, it is proposed to increase the council tax and the social care precept for 2020/2021 in line with the Government's assumptions when determining funding levels for councils for 2020/2021.
- 7.2 Consultation undertaken as part the 2020/2021 budget setting process asked respondents whether they supported increases in council tax within the Government's referendum limit.
- 60% of respondents to the question supported an increase in council tax:
- 45% supported an increase in council tax within the Government's set referendum limit; and
  - 15% supported an increase above the referendum limit.
- 7.3 The referendum limits set out in the local government settlement for 2020/2021 enable the combined council tax and social care precept to be increased by up to 3.99% without the need for a referendum.
- 7.4 For 2020/2021 it is proposed to increase core council tax by 1.99% and to increase the social care precept by 2%, resulting in a combined increase of 3.99% i.e. within the referendum limit permitted by the Government.
- 7.5 The formal decisions of the major precepting bodies are awaited regarding their precept proposals for 2020/2021. Consequently, the proposed council tax for 2020/2021 will be tabled as Appendix F to this report at the Cabinet meeting on 11th February 2020.

## **8 Overall Budget Position 2020/2021**

- 8.1 The overall budget position is set out below, taking into account Government funding changes, cost pressures and proposals to meet the funding gap. This shows a balanced budget position for 2020/2021 taking into account proposed council tax and social care precept increases and use of reserves. There remains a budget gap of £24.72m for 2021/2022 to 2023/2024.

	2020/21 £m	2021/22	2022/23 £m	2023/24 £m	Total £m
Government Grant Changes	(9.64)	(0.68)	(0.40)	(0.45)	(11.17)
On-going Spending Pressures	20.23	12.53	12.30	12.44	57.50
<b>Total Gross Funding Gap</b>	<b>10.59</b>	<b>11.85</b>	<b>11.90</b>	<b>11.99</b>	<b>46.33</b>
<b>Savings Proposals to meet funding gap:</b>					
Previously Approved Savings (Appendix A.1)	(0.91)	(0.03)	0.00	0.00	(0.94)
Leader (Appendix A.2)	(0.14)	0.00	0.00	0.00	(0.14)
Deputy Leader (Appendix A.3)	0.00	0.00	0.00	0.00	0.00
Cabinet Secretary (Appendix A.4)	(0.93)	0.00	0.00	0.00	(0.93)
Children, Learning and Skills (Appendix A.5)	0.00	0.00	0.00	0.00	0.00
Communities and Culture (Appendix A.6)	0.00	0.00	0.00	0.00	0.00
Environment and Transport (Appendix A.7)	0.00	0.00	0.00	0.00	0.00
Health and Social Care (Appendix A.8)	0.00	0.00	0.00	0.00	0.00
Housing and Regeneration (Appendix A.9)	(1.25)	0.00	0.00	0.00	(1.25)
<b>Total Current Savings Proposals</b>	<b>(3.23)</b>	<b>(0.03)</b>	<b>0.00</b>	<b>0.00</b>	<b>(3.26)</b>
<b>On-Going Funding Gap after previously approved budget cuts and additional savings proposals</b>	<b>7.36</b>	<b>11.83</b>	<b>11.90</b>	<b>11.99</b>	<b>43.08</b>
Assumed Council Tax Increase (inc Social Care levy)	(3.97)	(2.02)	(2.06)	(2.10)	(10.15)
Council Tax Base Increase	(1.39)	(0.59)	(0.60)	(0.61)	(3.19)
Business Rates - Base and Inflationary Increase (inc one-off 2018/19 surplus)	(2.00)	(0.18)	(1.41)	(1.43)	(5.02)
<b>MTFP Gap @ February 2020</b>	<b>0.00</b>	<b>9.04</b>	<b>7.83</b>	<b>7.85</b>	<b>24.72</b>

8.2 It is noted that this position assumes that when fair funding and the proposed revised system of 75% retained business rates is implemented in 2021/2022, the Government will take action to ensure a 'status quo' impact on the funding position for each council through the top-ups and tariffs system and damping to ensure no detrimental impact on each council's overall funding position.

8.3 The Council's response to addressing the MTFP funding gap needs to be through the delivery of ongoing sustainable savings. Therefore, work on the Council's transformation programme is continuing to identify a new operating model and additional efficiencies, to support the budget position going forward. The Chief Executive chairs a Transformation Board that is overseeing this work, and a further update will be provided to Members in due course.

## 9 Workforce Planning, Transformational Costs and Capital Receipts Flexibilities

9.1 At this stage, it is not envisaged that significant one-off transformational costs will arise through workforce planning arrangements in order to assist in delivering the reduction proposals for 2020/2021. However, as work on the Council's transformation programme continues, and proposals to address the future years' budget position are progressed, transformational costs may arise. These costs may be ICT systems or other one-off costs and not just workforce planning costs.

9.2 As part of the 2018/2019 Settlement, the Government extended the flexibilities allowing capital receipts generated in each year through to 2021/2022 to be used to fund transformational costs incurred in those years.

- 9.3 It is proposed to continue the approach adopted in recent years in relation to the capital receipts flexibility in order to ensure maximum flexibility in funding options available, with the capital receipts received potentially being utilised to meet workforce planning arrangements and other transformation costs arising in 2020/2021 and 2021/2022.
- 9.4 The Council's Efficiency Strategy is set out at Appendix Gi) and supports the Government's requirements in making use of these flexibilities. The requirements in respect of prudential indicators are reflected in the Capital Programme 2020/2021 to 2023/2024 and Treasury Management Policy and Strategy 2020/2021 report elsewhere on this agenda. At this stage however, individual transformational projects that will require capital receipt support are not yet developed.
- 9.5 The position will be kept under review throughout the year as transformational costs and capital receipts generated are finalised. Final arrangements on funding transformational costs arising in each year will be considered as part of the outturn position each year, taking account of the overall corporate outturn position, available reserves, and capital receipts availability. Should the use of capital receipts be required, this will be reported, with project details.

## **10 Medium Term Financial Position**

- 10.1 In considering the Revenue Budget for 2020/2021, the latest information regarding reductions to public spending, and estimated pressures over the medium term were taken into account and summarised in this report. This position is subject to on-going update as information emerges. The latest updated MTFP 2020/2021 to 2023/2024 is set out at Appendix G.

## **11 Budget Consultation Results 2020/2021**

- 11.1 Cabinet agreed the proposed consultation and communication arrangements in October 2019 as part of the Budget Planning Framework 2020/2021. At this point it was recognised that the initial 2020/2021 savings proposals included in the report do not have direct resident impact, other than the planning assumption relating to raising council tax and the social care precept. The budget consultation in 2019 therefore specifically included questions about this. It also asked questions about feeling informed, the priorities within the City Plan and views on how Council budget priorities are allocated.
- 11.2 The consultation was launched on 15<sup>th</sup> October and closed on 15<sup>th</sup> December 2019. The survey results are set out in detail at Appendix C. In general, the findings demonstrate support for the Council's plans for the city and for a council tax increase to support the budget planning assumptions. Just over 60% of respondents indicated that they would support an increase in council tax; 45.17% in favour of an increase within the Government's set referendum limit and 15.26% for an increase above this limit.

- 11.3 Existing networks have been utilised to communicate and raise awareness of the consultation with a range of partners including Trades Unions, North East Chamber of Commerce and Sunderland Business Improvement District, the voluntary and community sector and the city's Equality Forums.
- 11.4 Feedback and commentary from the formal consultation with Trade Unions and Business representatives is set out at Appendix D.
- 11.5 At each stage in the budget process Scrutiny Committee is being consulted. Comments from Scrutiny Coordinating Committee on 16<sup>th</sup> January 2020 are set out at Appendix E.
- 11.6 All of the feedback from the various consultations has been considered in bringing together the budget proposals in this report.
- 11.7 Reflections from the 2020/2021 budget consultation will help inform proposed arrangements for future budget consultations. Scrutiny Co-ordinating committee will be engaged in this process.

## **12 Equality and the Budget Proposals**

- 12.1 The Equality Act 2010 places a specific duty on Local Authorities through the Public Sector Equality Duty. The Act requires Local Authorities to give 'due regard' to the three aims of the duty to: eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Equality Act; advance equality of opportunity between people who share a protected characteristic and those who do not; and to foster good relations between people who share a protected characteristic and those who do not. Understanding the effect of decisions on people with different protected characteristics is an important part of complying with the general equality duty.
- 12.2 The Council continues to seek to meet its obligations in relation to equality and diversity and has procedures in place at both a general and budget specific level to incorporate equality and diversity issues into decision making processes and the assessment of proposals.
- 12.3 In accordance with the approach followed in previous years, the Council continues to fully consider the impact of its plans by following a robust approach to equalities analysis (this is the Council's adopted approach to analysing and recording equality impacts). Each directorate has considered the equality impact of their proposals:
- For existing proposals (previously agreed by Council), equality analysis that support the decision making are available via the links in Appendix A. In each case the equality position has been reconsidered to ensure the position is current. Should there be instances where there are further significant changes, new or updated equality analysis will be completed in relation to the proposal at the appropriate time.
  - In relation to additional proposals agreed by Cabinet in November 2019, Directorates have considered whether equality is relevant to their budget proposals. The judgements are outlined at Appendix A.

- 12.4 Elected Members must review Appendix A and B, and the associated documents as having regard to them will assist members in complying with the public sector equality duty when considering the proposals. Copies have also been deposited in the Elected Members' group rooms.

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

### **13 General Fund Balances and Position in Relation to Major Reserves**

- 13.1 In considering the level of general balances as part of budget preparation decisions, regard is given to:
- known commitments against balances in future years; and
  - financial risks faced by the Council and the measures in place to mitigate them or meet them financially.
- 13.2 The estimated level of general balances as at 31<sup>st</sup> March 2020 and 31<sup>st</sup> March 2021 is included within the detailed budget at Appendix J.
- 13.3 In accordance with best practice, including the new Cipfa financial management code and being cognisant of Cipfa's resilience index, an analysis of the major financial risks has been undertaken in order to inform the level of balances deemed necessary. These are detailed at Appendix H.
- 13.4 The Council has a range of earmarked reserves. The major earmarked reserves are set out at Appendix I for information. In accordance with best practice this includes details of the purpose of the reserve as well as their forecast balance as at 31<sup>st</sup> March 2020 and 31<sup>st</sup> March 2021. Reserves held with a value of under £1 million are consolidated for presentational purposes. Members will appreciate that the position on these reserves is dependent on a number of factors, not least the outturn position for 2019/2020 and the use of reserves to fund the capital programme. For forecasting purposes, a prudent approach is taken, with updates provided as part of the quarterly reviews to Cabinet.
- 13.5 In accordance with Part 2 of the Local Government Act 2003 there is a requirement for the Chief Financial Officer (CFO) to report upon the robustness of the estimates and the level of reserves. In making the statement, the CFO places reliance on information provided to him by other officers of the Council as part of the budget setting process. This process involves reasonable checks and other verification, which is undertaken in accordance with the overall system of internal control to validate the information provided.
- 13.6 For Sunderland, the CFO is the Executive Director of Corporate Services, who can confirm that:

Based upon the information used in determining this Revenue Budget 2020/2021 report, including specifically:

- the approach to budget consultation;
- the medium term financial position set out in Appendix G;
- the risk analysis set out in Appendix H;
- the earmarked reserves set out in Appendix I; and



- the statement of general balances and detailed budget (Appendix J);

the Revenue Budget is considered robust and the level of reserves considered to be adequate for 2020/2021 after an assessment of the financial risks and future plans of the Council have been taken into account. The underlying level of General Fund Balances at £12.0m to the end of 2019/2020 is in accordance with the existing policy and is considered prudent and robust given the overall level of reserves.

## **14 Detailed Budget 2020/2021**

- 14.1 As set out above, since the initial budget proposals were formulated, consideration has been given to the outcome of budget consultation, the final settlement, the collection fund position, the council tax base, the business rates income and Government guidance in relation to council tax levels.
- 14.2 The Total Budget Requirement to be approved by the Council is funded through:
- Revenue Support Grant;
  - Retained business rates;
  - Top Up Grant; and
  - Council tax and Social Care Precept.
- 14.3 The general summary page of the revenue budget together with details of the proposed contingency and the detailed revenue budget 2020/2021 for each Portfolio is included as Appendix J. All changes have been incorporated into the Budget.
- 14.4 The formal decisions of the major precepting bodies are awaited regarding their precept proposals for 2020/2021. Consequently, the proposed council tax for 2020/2021 will be tabled as Appendix F to this report at the Cabinet meeting on 11<sup>th</sup> February 2020.

### **Service Reporting Code of Practice**

- 14.5 The presentation of the budget book shows delegated budget only against services, rather than the full cost of services, including support service costs. Support service costs, IAS19 (Pensions) and asset charges have been appropriately distributed to each portfolio and are shown for information only at the foot of each page. This approach ensures the budget book fully reflects internal management responsibilities and thereby aids transparency of individual budgets. It does not, therefore, reflect external reporting requirements which will contain apportionment of support service costs.
- 14.6 It should be noted that variations between the budget for 2019/2020 and 2020/2021 have arisen as a result of:
- temporary budget adjustments in 2019/2020;
  - the implementation of spending pressures referred to in this report;
  - the implementation of the budget reductions referred to in this report; and
  - realignment between budgets and services to reflect changed operational requirements.

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

### **Revised Estimates**

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

### **15 Crime and Disorder**

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

### **16 Suggested Reason for Decision**

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

### **17 Alternative options to be considered and recommended to be rejected**

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

### **Background Papers**

Cabinet Reports January 2020

- Revenue Budget 2020/2021 to 2023/2024 - Update and Provisional Revenue Support Settlement
- Council Tax Base 2020/2021

Cabinet Report October 2019

- Budget Planning Framework and MTFP 2020/2021-2023/2024

### **List of Appendices**

Appendix A – Budget Savings Proposals

Appendix B – Equality and Budget Proposals

Appendix C – Budget Consultation 2020/2021 Results

Appendix D – Formal Budget Consultation Meetings

Appendix E – Scrutiny Co-ordinating Committee Consultation on the Budget 2020/2021

Appendix F – Proposed Council Tax for 2020/2021

Appendix G – Medium Term Financial Plan (MTFP) 2020/2021 – 2023/2024

Appendix Gi) – Efficiency Strategy

Appendix Gii) – MTFP 2020/2021 to 2023/2024 Risk Assessment

Appendix H – General Balances – Financial Risk Analysis

Appendix I – Earmarked Reserves – Position Statement

Appendix J – Revenue Budget 2020/2021

## Budget Savings Proposals

## 1. Previously Agreed Savings Plans 2019/2020 to 2021/2022 (For Information Only)

Council Report 06/03/2019 Appendix A ref	Proposal	2020/21 £m	2021/22 £m	2022/23 £m	Total £m
	<b>Cabinet Secretary</b>				
3.2	Review of Financial Management Overheads	(0.048)	0.000	0.000	(0.048)
3.6	Review of External Funding, Revenues and Commercial Finance Structure	(0.034)	0.000	0.000	(0.034)
3.13	Undertake a mini review of Fawcett Street property holdings	(0.255)	0.000	0.000	(0.255)
	<b>Environment and Transport</b>				
6.1	Street Lighting - Phase 2 of LED replacements	(0.300)	0.000	0.000	(0.300)
6.7	Street Lighting - Phase 2 of LED replacements reversal of one-off management fee recovery.	0.250	0.000	0.000	0.250
6.9	Increased income from digital advertising	(0.108)	0.000	0.000	(0.108)
6.12	Review of fleet arrangements and greater use of carpooling	(0.050)	0.000	0.000	(0.050)
6.13	Review of standby arrangements across the Council and cleaning standards within Council buildings	(0.005)	0.000	0.000	(0.005)
6.15	Introduction of a Trade Waste Permit Scheme	0.000	(0.025)	0.000	(0.025)
6.19	Develop a joint CCTV facility in conjunction with South Tyneside Metropolitan Borough Council	(0.037)	0.000	0.000	(0.037)
	<b>Health and Social Care</b>				
7.1 (5.9 sub)	Long Term Care (Integrated) - SCAS Telecare Charges	(0.143)	0.000	0.000	(0.143)
7.9	Improved use of technology enabled care	(0.150)	0.000	0.000	(0.150)
	<b>Housing and Regeneration</b>				
8.2	Review of staffing arrangements within planning and Regeneration and maximise external funding	(0.029)	0.000	0.000	(0.029)
		<b>(0.909)</b>	<b>(0.025)</b>	<b>0.000</b>	<b>(0.934)</b>

Details in relation to the above previously agreed savings plans were contained within Appendix A of item 6 of the Council agenda for 6<sup>th</sup> March 2019, using the reference in the table above. A link to the agenda is as follows:

[March 2019 Council Report](#)

## **2. Leader Proposals – Total Budget Saving £0.140m (£0.140m 2020/2021)**

### **2.1 Review of Special Responsibility Allowances - Saving £0.140m in 2020/2021**

Cabinet is proposing to revise the number of Special Responsibility Allowances (SRAs) which will result in a saving of £0.140m. This was the subject of a separate Council agenda item in November 2019, and took into account the findings from the Independent Remuneration Panel's (IRP) annual review.

#### **Equality Analysis**

Equality Statement	Status
Equality analysis is complete and a positive impact has been identified	
Equality analysis is planned and a positive impact is anticipated	
Equality analysis is complete and neutral impact has been identified	
Equality analysis is planned and a neutral impact is anticipated	
Equality analysis is complete and a negative impact has been identified	
Equality analysis is planned and a negative impact is anticipated	
Equality analysis is complete and both positive and negative impacts have been identified	
Equality analysis is planned and both positive and negative impacts are anticipated	
The saving is from staffing changes and therefore workforce equality implications will be considered as part of the redundancy consultation for this service area	
No Equality Analysis Required	✓
Additional Comment:	

**3. Cabinet Secretary Proposals – Total Budget Savings £0.926m (£0.926m 2020/2021)**

**3.1 Cease contribution to the MTFP smoothing reserve - Saving £0.926m in 2020/2021**

The Council has for several years contributed into a MTFP smoothing reserve as part of its base budget. This approach was adopted in recognition of the greater risks and uncertainties that arose upon implementation of the Business Rate Retention Scheme in 2013/2014. In recent years the reserve has provided flexibility in smoothing the introduction of savings proposals. Given the scheme has been in operation for several years and, notwithstanding the proposed changes from 2021/2022, it is considered there is sufficient certainty to remove this budget requirement.

**Equality Analysis**

Equality Statement	Status
Equality analysis is complete and a positive impact has been identified	
Equality analysis is planned and a positive impact is anticipated	
Equality analysis is complete and neutral impact has been identified	
Equality analysis is planned and a neutral impact is anticipated	
Equality analysis is complete and a negative impact has been identified	
Equality analysis is planned and a negative impact is anticipated	
Equality analysis is complete and both positive and negative impacts have been identified	
Equality analysis is planned and both positive and negative impacts are anticipated	
The saving is from staffing changes and therefore workforce equality implications will be considered as part of the redundancy consultation for this service area	
No Equality Analysis Required	✓
Additional Comment: The proposal is removal of a contribution to reserves budget and has no equality impact.	

#### 4. Housing and Regeneration Proposals – Total Budget Savings £1.250m (£1.250m 2020/2021)

##### 4.1 Additional Siglion Distribution - Saving £0.500m in 2020/2021

Following the acquisition by the Council of Carillion (Maple Oak) Limited's member interest in Siglion LLP, the Council will receive 100% of future distributions. Taking together with the forecast profitability of Siglion, the Council will receive an additional £0.5m per annum.

#### Equality Analysis

Equality Statement	Status
Equality analysis is complete and a positive impact has been identified	
Equality analysis is planned and a positive impact is anticipated	
Equality analysis is complete and neutral impact has been identified	
Equality analysis is planned and a neutral impact is anticipated	
Equality analysis is complete and a negative impact has been identified	
Equality analysis is planned and a negative impact is anticipated	
Equality analysis is complete and both positive and negative impacts have been identified	
Equality analysis is planned and both positive and negative impacts are anticipated	
The saving is from staffing changes and therefore workforce equality implications will be considered as part of the redundancy consultation for this service area	
No Equality Analysis Required	✓
Additional Comment:	

## 4.2 Additional Income from Regeneration Properties - Saving £0.750m in 2020/2021

Following the purchase of a number of properties in the city centre as part of future redevelopment plans, additional income generation through rental income will accrue to the Council for the foreseeable future. It is proposed to take this income into account in setting the budget for 2020/2021. When redevelopment proposals are brought forward, the impact of the loss of this income will be taken into account in the MTFP at that time.

### Equality Analysis

Equality Statement	Status
Equality analysis is complete and a positive impact has been identified	
Equality analysis is planned and a positive impact is anticipated	
Equality analysis is complete and neutral impact has been identified	
Equality analysis is planned and a neutral impact is anticipated	
Equality analysis is complete and a negative impact has been identified	
Equality analysis is planned and a negative impact is anticipated	
Equality analysis is complete and both positive and negative impacts have been identified	
Equality analysis is planned and both positive and negative impacts are anticipated	
The saving is from staffing changes and therefore workforce equality implications will be considered as part of the redundancy consultation for this service area	
No Equality Analysis Required	✓
Additional Comment: The proposal is bringing into the budget new rental income and as such there is no equality impact.	

## Equality and Budget Proposals

### 1 Equality in Decision Making

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

### 2 How equality analysis informs the budget-setting process

- 2.1 Individual proposals for savings are reviewed to determine whether equality analysis is required. Where equality analyses are required, and negative impacts are identified, it is the responsibility of the services to minimise these as far as possible. A standard approach is taken each year to ensure:
- equality considerations are given to each new savings proposal;
  - proposals agreed in previous years are reconsidered to ensure planned equality analysis has been completed or refreshed, where appropriate; and
  - and where equality analysis is finalised, a sampled quality assurance process takes place to ensure the relevant considerations are being made in a thorough manner.
- 2.2 The detail of the analysis is dependent on the nature of the proposal and its stage of development. For 2020/2021 financial planning, there is limited public facing impact. Some previously agreed proposals will continue to realise ongoing savings in 2020/2021 and the equality considerations have already been presented with previous decision papers.



### **3 Consultation**

- 3.1 The consultation approach is outlined at paragraph 8 of the main report. Surveys are carried out to inform key plans and activity in the Council and they also collect demographic data. This is analysed to help inform equality considerations, where possible. Communications and consultations are focussed on a range of groups and communities to maximise involvement. This includes contact with representatives of the Area Voluntary and Community Sector Networks and city-wide Equality Forums which cover a range of protected characteristics including disability, sexual orientation and gender identity, faith and belief, race and age.

### **4 Key Messages**

- 4.1 The equality considerations are summarised into key judgements, evidenced at Appendix A.
- 4.2 The assessment of impacts as at publication date has concluded that the four proposals do not need an equality analysis.

### **5 Conclusions**

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

## Budget Consultation 2020/2021 Results

### 1 Background and Context

- 1.1 The budget consultation that took place in 2019 built on a larger scale consultation process carried out in previous years. New proposals for 2020/2021 are not considered to have a direct impact on the public. Therefore the 2019 consultation focussed on the planning assumption that council tax and the social care precept would rise. The consultation also asked questions about feeling informed, priorities within the City Plan and views on how Council budget priorities are allocated.
- 1.2 The consultation was launched in the local media, on the Council website and through promotion on social media. In addition, links to the survey were shared with a variety of existing networks, including people registered on our on-line consultation portal, voluntary and community sector organisations, the city's equality forums and partner organisations. Partner organisations and groups were asked to cascade the message to their wider networks and share with their employees. The consultation was also promoted to the Council's workforce. Promotion via social media continued throughout the consultation period.
- 1.3 In addition, briefings to the following stakeholders were given:
- Trade Unions;
  - North East Chamber of Commerce, representatives of business ratepayers and Sunderland Business Improvement District; and
  - Schools Forum.

### 2 Methodology and analysis

- 2.1 The budget consultation exercise aimed to increase and assess awareness of the financial challenges the Council faces and the scale of services provided. In addition, questions were included to assess support for a council tax increase and the aims of the City Plan.
- 2.2 Promotions for the survey included a press release, video, leaflet and quiz that were aimed to help residents understand the financial challenge, the scale of services the Council provides and how the Council have listened to residents to develop the City Plan. All promotions also provided a link to an electronic survey (paper copies were offered on request).

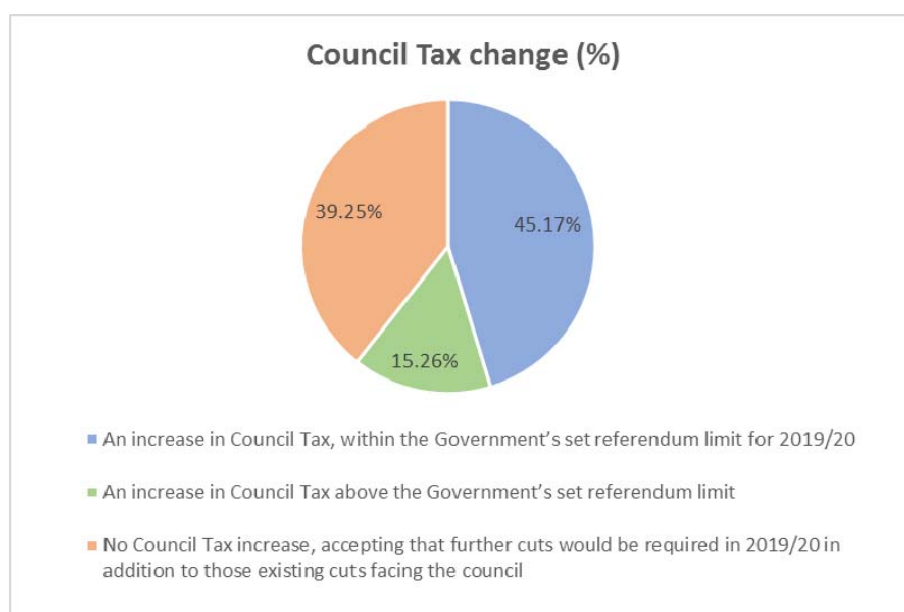
### 3 Response Rates

- 3.1 In total, 334 surveys were completed. Various methods of communicating the survey were assessed as part of the consultation in order to inform future activity. No requests were made for paper surveys.

## 4 Results

- 4.1 Feedback on how informed people feel about the financial challenges and the scale of what we do, as well as feedback on the City Plan will be reported through appropriate channels to shape future activity.
- 4.2 In relation to council tax, the survey outlined the current position in Sunderland relative to the Government's national threshold. It highlighted that a council tax increase would benefit the city by generating a further £4 million, without which further cuts to the Council's budget would be required. The survey presented three options: an increase within the Government's set referendum limit (anticipated to be 4%), an increase above the Government's set referendum limit, and no council tax increase.
- 4.3 60% supported an increase in council tax, with 15% being in favour of this increase being above the Government's set referendum limit and 45% within the limit. 39% of respondents opposed an increase in council tax, accepting that further cuts would have to be made in 2020/2021.

Percent of respondents supporting a council tax change:

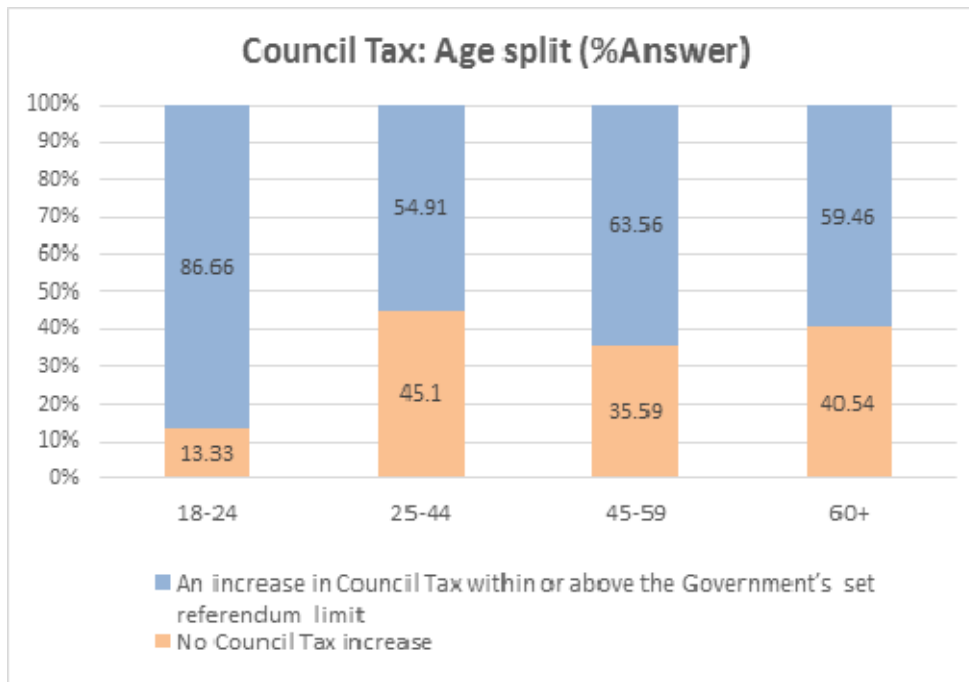


(Note: figures are slightly under 100% due to one unknown value)

- 4.4 Demographic information was examined to determine whether the survey respondents were generally reflective of the population and whether there were differences in view between different groups.
- 4.5 Generally, due to low diversity in Sunderland, it is difficult to compare data across different groups, even when the demographics of the respondents are proportionate to the population. However, age profile is interesting. When respondents were asked to identify which age bracket they belong to 4.49% of respondents were aged 18-24 (compared with 8.5% of the Sunderland population) 30.84% were aged 25-44 (compared with 24.8% of the population), 36.83% were aged 45-59 (compared with 21% of the population)

and 23.05% over the age of 60 (compared with 25.9% of the population)<sup>1</sup>. This suggests 18-24 year olds are slightly under-represented, whilst 25-59 year olds are over-represented amongst respondents.

- 4.6 When age is analysed in relation to views on council tax it is interesting to note that younger age groups are more likely to support a council tax increase. However, these results should be treated with some caution because of the lower numbers of respondents within this age category (15 responses).



## 5 Conclusion

- 5.1 Support for a council tax increase has been gauged through self-selecting surveys since 2015. Surveying in this manner should be taken as a general indication of views for council tax support and cannot be generalised to the wider population given the self-selecting sampling method.

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<sup>1</sup> 2018 ONS population estimates extracted from NOMIS 10 Jan 2020

**Formal Budget Consultation Meetings held at Sunderland Civic Centre on Wednesday 15<sup>th</sup> January 2020.**

Representatives for Business Improvement District (BID), North East Chamber of Commerce (NECC) and Trade Unions attended separate meetings where a presentation was given.

**Council Representatives**

Cllr Graeme Miller	-	Leader of the Council
Cllr Michael Mordey	-	Deputy Leader of the Council
Cllr Paul Stewart	-	Cabinet Secretary
Jon Ritchie	-	Executive Director of Corporate Services
Paul Wilson	-	Assistant Director of Finance

**Business Improvement District Representative**

Kirsty Currie

**North East Chamber of Commerce Representatives**

Jack Simpson	-	NECC
Michael Dickinson	-	NECC
Natasha McDonough	-	MMC Ltd
Ralph Saelzer	-	Liebherr
David Pluse	-	WSP
Steve Reay	-	Springboard
Amy Goodall	-	Springboard
Kevin Coade	-	Designer Children's Wear
David Howell	-	NE BIC
Giles McCourt	-	Muckles
James Holloway	-	North East Fund
Phil Wood	-	Marelli
Scott Wilson-Laing	-	WL Distillery
Andy Trafford	-	MacDonald Martin Ltd
Brian Logan	-	Baldwins
John White	-	Baldwins
Brian Tones	-	Fershill Hose

**Trade Union Representatives**

Diane Peacock	-	Unison
Conor McArdle	-	Unison
George Pearson	-	Unison
David Riddle	-	GMB
John Kelly	-	Unite

The Executive Director of Corporate Services, Jon Ritchie (JR) gave a brief presentation in relation to the revenue budget, MTFP and the capital programme highlighting context and headline points.

JR concluded his presentation and invited questions and comments from each group.

## Questions and Comments

Both groups recognised that the budget proposals were significantly different to the previous year's proposals. In particular, that there was not a significant number of proposals that had a direct impact on employees or service delivery.

- 1 Natasha McDonough from MMC enquired in terms of investment, growth and business opportunities, what financial support will there be to attract businesses to Sunderland through Make it Sunderland.

JR confirmed that the Council continues to provide support through its Business Investment Team which engages and supports both new and existing businesses in relation to advice and guidance as well as direct financial support subject to state aid limitations. In addition, there is wider support to funding for businesses through the North East Local Enterprise Partnership and through European funding programmes. In terms of successor funding programmes to replace the European funding, Cllr Graeme Miller (Leader of the Council) confirmed that the Government has previously indicated that the same / a similar level of funding would be included within the proposed UK Shared Prosperity Fund. At this stage, however, details are yet to be confirmed by the Government in relation to the size of the fund (potentially it could be up to c. £4bn if it matches the existing funding through the various European programmes and includes a continuing national amount in respect of the Local Growth Fund), how it is to be distributed across the country and any constraints on its use.

- 2 David Howell from NE BIC enquired if the Council will be looking into providing more support for Social Enterprise.

Cllr Paul Stewart (Cabinet Secretary) confirmed that supporting this sector is important to the Council and that the Council is keen to work with Social Enterprises. JR also confirmed that there is funding available in the base budget to support the development and growth of social enterprises. In addition, JR confirmed that the Council was continually looking at ways to promote and engage with Sunderland businesses for example through its own procurement where it sought to spend with local businesses where possible so that funding remains within the City.

Andy Trafford from MacDonald Martin supported this viewpoint adding that as a local supplier and by receiving additional work from the Council it is work that is supporting the employment of local people.

In relation to the development of the City generally, David Pluse from WSP commented on the noticeable increase in regeneration activity within the City over the last 18 months and that this was building a momentum which was positive for the economic prospects of the City.

- 3 Cllr Michael Mordey (Deputy Leader) enquired whether it would be useful to hold Budget Consultation meetings at the beginning of the budget process in October as well as when proposals become more developed.

JR agreed, and the group welcomed the opportunity to be engaged at the beginning of the process.

- 4 Conor McArdle enquired who will operate the Children's Residential Homes included within the capital programme proposals.

JR confirmed that this is part of the overall provision that the Council and Together for Children are seeking to put in place to best meet the needs of the City's Looked after Children. It was intended that the provision would be operated by Together for Children.

- 5 CMc enquired if the new civic building operates in the same way as a Private Finance Initiative (PFI) scheme.

JR confirmed that the arrangements for the City Hall were different to the PFI. JR explained that Legal and General were providing the capital investment for the City Hall to be built which the Council would then lease and pay a rent for 35 years. The Council would have responsibility for maintaining and operating the City Hall rather than the private sector which is the case under the PFI.

**Scrutiny Coordinating Committee Consultation on the Budget 2020/2021**

**Comments of Scrutiny Coordinating Committee**

1. On 7<sup>th</sup> November 2019, Scrutiny Coordinating Committee considered the Budget Planning Framework and MTFP 2020/2021 – 2023/2024 report which was referred from the October Cabinet meeting.

Scrutiny Coordinating Committee commented as follows:

“The Scrutiny Coordinating Committee would like, at this point, to recognise the continued work and commitment of Members and Officers in developing proposals for a balanced budget under the financial pressures and uncertainties outlined in the report. The Committee looks forward to receiving further budget reports including the outcome of the budget consultation and the provisional revenue support settlement over the coming months and has no further comments at present.”

2. On 16<sup>th</sup> January 2020, Scrutiny Coordinating Committee considered the Revenue Budget 2020/2021 – 2023/2024 Update and Provisional Revenue Support Settlement report which was referred from the January Cabinet meeting.

Scrutiny Coordinating Committee commented as follows:

“The Scrutiny Coordinating Committee is satisfied with the information presented including the update on the Local Government Finance Settlement, whilst acknowledging that a number of uncertainties remain.”



**Proposed Council Tax for 2020/2021**

*As detailed in the Council Report – Determination of Council Tax 2020/2021*

## Medium Term Financial Plan (MTFP) 2020/2021 – 2023/2024

### 1 Purpose of the MTFP

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

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

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

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

1.3 While the following MTFP reflects the settlement data for 2020/2021 released by the Government, there is considerable uncertainty over the impact of the Spending Review 2020, Fair Funding Review and the proposed move to 75% business rates retention in 2021/2022. The plan will be kept under review and updated as further details emerge.

1.4 The MTFP provides background planning assumptions covering:

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

## **2 National Funding and Economic Outlook**

- 2.1 At its meeting on 19<sup>th</sup> December 2019, the BoE Monetary Policy Committee (MPC) voted by a margin of 7-2 to maintain Bank Rate at 0.75%. If economic growth were to weaken, with bank rates at the current low level of 0.75%, the MPC has relatively little room to make a big impact on the economy, although recent comments by BoE governor Mark Carney, and by other members of the MPC suggest that if economic growth does not improve the MPC will cut the Bank Rate.
- 2.2 In its November quarterly inflation report the MPC revised its inflation (Consumer Price Index) forecasts down to 1.25% in 2019, 1.5% in 2020, and 2.0% in 2021. Inflation reduced from 1.5% to 1.3% in December 2019 and at these low levels the potential to reduce the Bank Rate has increased. The MPC may wait until after the March budget before cutting rates as any fiscal relaxation through Government policies may generate inflationary pressures on the economy. If there is a hard or no deal Brexit, inflation could rise further towards 4%, primarily because of additional costs of imports on the back of a weakening pound.
- 2.3 Economic forecasting is difficult, with post-Brexit trade negotiations due to take place in 2020 likely to impact on market sentiment on how the UK economy will perform, along with other external factors over which the UK Government has limited influence. Forecasts will therefore be liable to further amendment depending on how economic data and developments in financial markets transpire over the next year.
- 2.4 An alternative means to boost economic growth would be for the Chancellor to provide help to support growth by way of a fiscal boost using measures such as tax cuts, increases to Government department budgets and increased expenditure on infrastructure projects. The Government has already made moves in this direction and it made significant promises in its election manifesto to increase Government spending by up to £20bn pa through investing primarily in infrastructure. This is likely to be announced in the next Budget which will take place on 11<sup>th</sup> March 2020. The Chancellor has also amended the fiscal rules in November to allow for an increase in Government expenditure.
- 2.5 The Council continues to make representations, including through SIGOMA and ANEC, to highlight the inadequacy and unfair distribution of local government funding. Whilst the local government settlement did little to provide reassurance that these messages are being heard, the 11<sup>th</sup> March budget will provide an early indication of any possible funding boost or funding shift to local government or the region following the general election.

## **3 Local Funding Position**

### **Core Spending Power**

- 3.1 The Government uses a measure known as the Core Spending Power (CSP) to indicate the impact of changes in funding. For 2020/2021, this measure includes:

- Settlement Funding Assessment (SFA) comprising:
  - Revenue Support Grant (RSG);
  - Baseline Funding (Top Up Grant);
  - Assumed retained business rates;
- Compensation for the historic under-indexing of the Business Rates Multiplier;
- Council tax income, which assumes a 4% increase is applied in addition to a continued increase in the council tax base;
- Local government element of the Improved Better Care Fund;
- Adult Social Care Winter Pressures Grant (rolled into the Improved Better Care Fund in 2020/2021);
- Social Care Support Grant (rolled into the new Social Care Grant in 2020/2021);
- Social Care Grant; and
- New Homes Bonus.

3.2 In December 2019, as part of the Provisional Local Government Finance Settlement 2020/2021, the Government provided details of their assumptions on CSP for 2020/2021.

	2019/20 £m	2020/21 £m	change £m	change %
<i>Revenue Support Grant</i>	27.507	27.955	0.448	1.63%
<i>Baseline Funding (Top Up Grant)</i>	43.023	43.724	0.701	1.63%
<i>Assumed Business Rates</i>	41.470	42.146	0.676	1.63%
<b>Settlement Funding Assessment</b>	<b>112.000</b>	<b>113.825</b>	<b>1.825</b>	<b>1.63%</b>
Compensation for under-indexing Business Rates Multiplier (Section 31 Grant)	2.753	3.442	0.689	25.03%
Council Tax of which;				
<i>Council Tax Requirement excluding parish precepts (including base growth and levels increasing by CPI)</i>	92.105	95.472	3.367	3.66%
<i>additional revenue from referendum principle for social care</i>	7.402	9.695	2.293	30.98%
Improved Better Care Fund	16.567	18.135	1.568	9.46%
Winter Pressures Grant	1.568	0.000	-1.568	-100.00%
Social Care Support Grant	2.678	0.000	-2.678	-100.00%
Social Care Grant	0.000	10.249	10.249	N/A
New Homes Bonus	2.957	2.070	-0.887	-30.00%
<b>Sunderland Total Core Spending Power</b>	<b>238.030</b>	<b>252.888</b>	<b>14.858</b>	<b>6.24%</b>

*Memorandum National Position*

6.34%

3.3 CSP will increase by an average 6.34% nationally in 2020/2021. This represents the first real-terms increase in CSP since 2010. For Sunderland the increase is 6.24%. It is noted that the Government's CSP measure takes into account assumed income generated through council tax, the Social Care council tax precept and an assumed increase in the base position.

3.4 For Sunderland there is a 1.63% increase for 2020/2021 in its SFA, which is in line with the national average increase since the Government has applied a consistent inflationary increase to all authorities, based on the increase in the business rate multiplier. It should be noted that actual business rates received will be dependent on the Council's own position which will be confirmed within the NNDR1 form to be submitted by 31 January 2020.

- 3.5 Figures beyond 2020/2021 will be dependent upon the Spending Review 2020, the Fair Funding Review and the proposed move to 75% retained business rates in 2020/2021.

### **Business Rates**

#### 3.6 Current funding mechanism

- 3.6.1 Under the current funding mechanism, the expected local income from business rates is divided between the central and local share:

- 50% of business rates are paid to Central Government as the national 'central' share to be redistributed to pay RSG and police funding; and
- 50% is retained locally. Of this 50% the Council must distribute 2% to the Tyne and Wear Fire and Rescue Authority.

- 3.6.2 The Council must determine for itself the level of forecast Business Rate income to take into account in setting its budget taking account of the latest information available. The MTFP takes into account prudent growth in the base income position, based on anticipated new developments over the period. As regeneration activity accelerates in line with the city plan, the growth projections will be kept under review.

#### 3.7 Risk arising from Appeals

- 3.7.1 The outcome of valuation appeals continues to be volatile. Whilst good progress has been made, a significant number of lodged appeals remain outstanding with the Valuation Office Agency<sup>7</sup>. Under the current system, successful appeals reduce the base income collectable for future years with the Council losing income to the value of 49% of the value of successful appeals. The Government introduced a new appeal system from April 2017 with a check, challenge and appeal system intended to make appeals quicker and more efficient and to reduce speculative appeals. To date, this has significantly reduced the number of appeals lodged against the new 2017 list, however, uncertainty remains as to whether this trend will continue.

- 3.7.2 The Government will only fund losses on business rate collection through the safety net mechanism after a certain level of loss has been incurred. Based on our assumptions on business rate income collection, business rates collected would have to fall by £11m (2019/2020 position) before the threshold is triggered and the Council receives any safety net funding from the Government.

#### 3.8 Top Up Grant / Tariff

- 3.8.1 A system of Top Up Grant and Tariffs allows locally retained business rates to be redistributed from high business yield authorities to low yield authorities. Sunderland is a Top Up authority, receiving £43.724m in 2020/2021. Top Up grant is increased annually by inflation.

3.8.2 The Government has indicated that a system of Top Up and Tariffs will continue following the Business Rates Review in order to ensure a degree of equalisation in the allocation of resources across councils. The outcome of this will be critical for the Council in understanding its future funding and sustainability.

### 3.9 Section 31 Grant - Business Rates

3.9.1 The Government has made a number of changes to the business rate retention system since its introduction in 2013/2014, including capping of annual increases, the doubling of Small Business Rate relief and the retail relief announced as part of the 2018 budget statement and proposals for further reliefs likely to take effect from 1<sup>st</sup> April 2020.

3.9.2 The Government will continue to compensate councils for any consequential shortfall in income through Section 31 grant. The amount of grant due to the Council is dependent on the NNDR1, submitted to the Government at the end of January.

### **Other Core Grant and Revenue Funding**

#### 3.10 Improved Better Care Fund (IBCF)

3.10.1 The Improved Better Care Fund (IBCF) allocation has continued at its current level. The increase shown within the CSP is as a result of the previously ringfenced Winter Pressures grant being rolled into the IBCF grant.

3.10.2 NHS Better Care Funding (BCF) is included in allocations to Health. Pooled BCF budgets for use of the 2020/2021 allocations will be agreed by the Health and Wellbeing Board in due course.

3.10.3 Similarly, the previous grant allocation of £2.678m for social care support grant has been rolled into the new social care grant allocation of £7.571m. This additional funding, whilst not ringfenced, will be used to meet demand pressures within Social Care budgets.

#### 3.11 New Homes Bonus

3.11.1 The Council's New Homes Bonus will reduce from the £2.957m received in 2019/2020 to £2.070m in 2020/2021.

3.11.2 There is a clear indication that the Government will phase New Homes Bonus out by 2023/2024. The 2020/2021 allocation will therefore only be paid for one year (instead of the usual four years) with the previous years' allocations being phased out over the next two years. This could result in the loss of £2.070m of grant over the next three-year period dependent on any proposals for its replacement or whether the funding is subsumed back into the needs based formula, which would benefit the Council

3.11.3 The Government is proposing to replace the New Homes Bonus with something more “targeted”, with a consultation exercise planned for the Spring. The Council has consistently made the case that this funding should be allocated based on need and will consider the proposals in the consultation exercise as appropriate. In the meantime, the MTFP will not be amended pending the consultation exercise. This approach is consistent with the approach taken with the Fair Funding implementation whereby a neutral position is assumed until details emerge to the contrary.

### 3.12 Public Health Grant

3.12.1 At the time of writing the allocation for the Public Health grant remains outstanding. Planning continues based on the intelligence gained from the Spending Round that a real terms increase will be applied. The final grant allocation will be amended once known.

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

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

### 3.13 Housing and Council Tax Benefit Administration and Local Council Tax Support Administration Grant

3.13.1 Notification of the Housing Benefits and Council Tax Administration grants, comes outside of the settlement. A provisional allocation has been received for both grants, and the budget position has been amended accordingly. Provision for a further reduction in funding of 10% per annum has been included within the MTFP in line with reductions experienced in recent years. The position will be kept under review and the MTFP updated as more details emerge.

### 3.14 Impact of Spending Review, Fair Funding Review and proposed 75% retained business rates

3.14.1 The outcome of the proposals to change the way local government is funded with 75% retention of business rates by 2021/2022, full cessation of RSG, and a transfer of responsibilities which will need to be funded from retained business rates will be critical to the future sustainability for Council services.

3.14.2 The Government has set up a number of working groups to progress this agenda and various consultation documents have been released and responded to.

3.14.3 Following the General Election it is anticipated that progress on these funding changes will gather pace, with further details and technical consultations expected throughout 2020. As and when more details emerge, the MTFP will be updated accordingly.

### **Locally Raised Income**

#### **3.15 Council Tax**

3.15.1 In the Settlement, the Government confirmed the referendum threshold for 2020/2021, being that the core element is subject to a maximum increase of up to 2%. Social Care authorities can levy an additional 2% in respect of the social care precept. Any increase above the core council tax limit will require a referendum to give the local electorate the opportunity to approve or veto the increase.

3.15.2 At this stage there is no indication of the Government approach to council tax increases or Social Care Precept beyond 2020/2021. Decisions on application of options available will be made as part of the detailed budget planning on an annual basis.

#### **3.16 Local Council Tax Support Scheme**

3.16.1 The current local council tax support scheme was introduced in 2013/2014, with only minor changes since that time. The scheme supports council tax payers in need of financial help. The main feature of the current scheme is that working age people who receive help pay a minimum of 8.5% of their council tax bill. The scheme will be subject to review to ensure its continued appropriateness in the current economic climate.

#### **3.17 Schools Funding**

3.17.1 Cabinet agreed in January 2020 to the principles proposed by the Sunderland Schools Forum for the 2020/2021 Sunderland local funding formula. The National Funding Formula (NFF) is to be implemented with the following local adjustments, which were modelled so as to give an equitable settlement to all Sunderland schools whilst moving towards the NFF:

- The Minimum Funding Guarantee applied at 1.84% in line with the NFF value;
- The Free School Meal Indicator set at a reduced rate of £373.90 per pupil (NFF £450);
- Lump sum reduced from £130,000 to £114,400 in line with the NFF value; and
- Transfer of 0.5% (£865,000) to the High Needs Block in recognition of ongoing pressures.

## **4 Spending Pressures and Commitments**

4.1 Spending pressures and commitments for 2020/2021 are detailed in section 5 of the Cabinet Report.

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



- Pay and price increases, including contract inflation and pay award;
- Demand pressures for both Adults and Childrens Social Care; and
- The impact of capital priorities both in terms of debt charges and any associated operational costs.

- 4.3 The continued pressure on both Adult and Childrens Social Care budgets will be kept under review throughout the MTFP period and additional provision included where necessary.
- 4.4 In addition, the outcome of the next Triennial Actuarial Review of the Local Government Pension Scheme will be effective from April 2023. The potential impact on the Council budget will be kept under review as details emerge and provision included within the MTFP as appropriate.
- 4.5 The cost pressures and commitments across the MTFP period are summarised below:

	2020/21	2021/22	2022/23	2023/24	Total
	£m	£m	£m	£m	£m
<b>Spending Pressures and Additional investment</b>					
Pay, Prices and Other Pressures including Contract Inflation	11.18	8.53	8.30	8.44	<b>36.45</b>
Neighbourhoods - Adults Demand Pressures	6.00	0.50	0.50	0.50	<b>7.50</b>
Together for Children - Demand Pressures	1.00	0.50	0.50	0.50	<b>2.50</b>
Pensions Actuarial Review	(9.45)	0.00	0.00	0.00	<b>(9.45)</b>
Carbon Reduction Priority	1.00	0.00	0.00	0.00	<b>1.00</b>
Capacity to Deliver Change	2.25	0.00	0.00	0.00	<b>2.25</b>
Additional Budget Priorities	2.61	0.00	0.00	0.00	<b>2.61</b>
Ringfenced Public health growth	0.64	0.00	0.00	0.00	<b>0.64</b>
Debt Charges	5.00	3.00	3.00	3.00	<b>14.00</b>
<b>Total On-Going Funding Gap</b>	<b>20.23</b>	<b>12.53</b>	<b>12.30</b>	<b>12.44</b>	<b>57.50</b>

## 5 Summary Overall Budget Gap 2020/2021 to 2023/2024

- 5.1 In relation to the period beyond 2020/2021 at this stage no information has been released by the Government on funding levels either on a national or individual council basis. Therefore for the purposes of preparing an MTFP at this stage, an assumption has been made that when a revised system of 75% retained business rates is implemented and the impact of the fair funding review and spending review 2020 are fully worked through, the Government will take action to ensure a 'status quo' impact on the funding position for each council through the top-ups and tariffs system or damping, to ensure no detrimental impact on each council's overall funding position.
- 5.2 Taking into account the issues set out in section 3, and section 4 and the assumptions at 5.1, the overall position for funding changes for Sunderland and spending pressures and commitments is assumed as set out below:

	2020/21	2021/22	2022/23	2023/24	Total
	£m	£m	£m	£m	£m
Government Grant Changes	(9.64)	(0.68)	(0.40)	(0.45)	(11.17)
Total On-going Spending Pressures	20.23	12.53	12.30	12.44	57.50
Total Funding Gap	10.59	11.85	11.90	11.99	46.33

- 5.3 Based on high level assumptions, the on-going funding gap for 2020/2021 to 2023/2024 is in the region of £46.3million. However, this position is subject to change given the significant uncertainties in the funding system at present.

## 6 Addressing the Budget Gap and Efficiency Strategy 2020/2021 to 2023/2024

- 6.1 As reported to Cabinet in October 2019, plans have been developed to seek to address the funding gap in 2020/2021. Further detail on the savings plans is set out in Appendix A of the main Budget report and further plans will be developed to address the remaining 2021/2022 to 2023/2024 budget gap of £35.74m.

- 6.2 In addition, the following table shows:

- Council tax and Social Care Precept increases in line with referendum principles would generate a further £10.15m of resources to support the budget position over the four years to 2023/2024. While decisions on council tax and social care precept increases will be taken as part of the budget process on an annual basis.
- Assumed increases in the council tax and business rate bases as a result of new home growth and regeneration activity over the three years will further support the budget by £8.21m.

Taken together, this will reduce the overall budget gap to £24.72m by 2023/2024.

	2020/21	2021/22	2022/23	2023/24	Total
	£m		£m	£m	£m
Government Grant Changes	(9.64)	(0.68)	(0.40)	(0.45)	(11.17)
On-going Spending Pressures	20.23	12.53	12.30	12.44	57.50
<b>Total Gross Funding Gap</b>	<b>10.59</b>	<b>11.85</b>	<b>11.90</b>	<b>11.99</b>	<b>46.33</b>
<b>Savings Proposals to meet funding gap:</b>					
Previously Approved Savings (Appendix A.1)	(0.91)	(0.03)	0.00	0.00	(0.94)
Leader (Appendix A.2)	(0.14)	0.00	0.00	0.00	(0.14)
Deputy Leader (Appendix A.3)	0.00	0.00	0.00	0.00	0.00
Cabinet Secretary (Appendix A.4)	(0.93)	0.00	0.00	0.00	(0.93)
Children, Learning and Skills (Appendix A.5)	0.00	0.00	0.00	0.00	0.00
Communities and Culture (Appendix A.6)	0.00	0.00	0.00	0.00	0.00
Environment and Transport (Appendix A.7)	0.00	0.00	0.00	0.00	0.00
Health and Social Care (Appendix A.8)	0.00	0.00	0.00	0.00	0.00
Housing and Regeneration (Appendix A.9)	(1.25)	0.00	0.00	0.00	(1.25)
<b>Total Current Savings Proposals</b>	<b>(3.23)</b>	<b>(0.03)</b>	<b>0.00</b>	<b>0.00</b>	<b>(3.26)</b>
<b>On-Going Funding Gap after previously approved budget cuts and additional savings proposals</b>	<b>7.36</b>	<b>11.83</b>	<b>11.90</b>	<b>11.99</b>	<b>43.08</b>
Assumed Council Tax Increase (inc Social Care levy)	(3.97)	(2.02)	(2.06)	(2.10)	(10.15)
Council Tax Base Increase	(1.39)	(0.59)	(0.60)	(0.61)	(3.19)
Business Rates - Base and Inflationary Increase (inc one-off 2018/19 surplus)	(2.00)	(0.18)	(1.41)	(1.43)	(5.02)
<b>MTFS Gap @ February 2020</b>	<b>0.00</b>	<b>9.04</b>	<b>7.83</b>	<b>7.85</b>	<b>24.72</b>

- 6.3 The savings plans reflected in 6.2 and set out at Appendix A of the main budget report involve further transforming service delivery, reducing service commissioned activity and prioritising resources to support statutory requirements, key priorities and the Council's core principles.
- 6.4 The Council's approach to delivering the savings requirement is encapsulated in the Efficiency Strategy 2020/2021 to 2023/2024 (attached as Appendix Gi).
- 6.5 Further updates on the Efficiency Strategy will be provided to Cabinet in light of the emerging funding framework and the MTFP 2020/2021 to 2023/2024 will be refined and updated as this work progresses.

## 7 Capital and Prudential Borrowing

- 7.1 The revenue implications of the Council's Capital Programme are considered as part of the process for setting the Capital Programme. The revenue impact of the Capital Programme is reflected in the MTFP, in particular the costs associated with the level of prudential borrowing required to deliver the Capital Programme.
- 7.2 The four year Capital Programme for 2020/2021 to 2023/2024 was set to take account of the reductions in available external funding and the increased pressure on the Council's resources.
- 7.3 New capital schemes for 2021/2022 and beyond, which meet key priority objectives will be considered in light of available resources as the budget process progresses. The Council's Capital Strategy reflects the Council's approach to prioritisation of projects for investment, while the borrowing strategy reflects appropriate parameters to ensure VFM considerations are safeguarded.

## **8 Reserves and Balances, and Reserves Policy**

- 8.1 The Local Government Finance Act 1992 requires local authorities to have regard to the level of reserves needed for meeting estimated future expenditure when calculating the budget requirement.
- 8.2 In establishing reserves, the Council must comply with the Code of Practice on Local Authority Accounting in the United Kingdom. The Chief Finance Officer will consider the level of reserves as part of the budget setting process and provide a statement on the adequacy of reserves.
- 8.3 The Council's policy on reserves is as follows:
- The Council will maintain its general reserve at a minimum of £12m to cover any major unforeseen expenditure. The Council will aim to balance its revenue budget over the period of the MTFP without reliance on the use of the general reserve; and
  - The Council will maintain earmarked reserves for specific purposes which are consistent with achieving its key priorities and these will be kept under regular review.
- 8.4 Other than General Reserve, all reserves are earmarked for specific purposes. The forecast balances on earmarked reserves at 31<sup>st</sup> March 2020 and 31<sup>st</sup> March 2021 are attached at Appendix I for information.
- 8.5 A general reserve of £12m is held to provide a level of contingency and meet any unforeseen expenditure and support the budget as currently agreed as set out in Appendix F. A full analysis of reserves is included annually in the Statement of Accounts. A financial risk analysis in respect of the level of general reserve is set out at Appendix H.

## **9 Budget Consultation and Equality Analysis**

- 9.1 The budget process for 2020/2021 included a consultation exercise that concluded on the 15<sup>th</sup> December 2019. The approach recognised that the initial 2020/2021 savings proposals included in the report do not have direct resident impact. In general, the findings demonstrate support for the Council's plans for the city and for a council tax increase to support the budget planning assumptions.
- 9.2 The Council continues to fully consider the impact of its plans by following a robust approach to equalities analysis. The Council continues to seek to meet its obligations in relation to equality and diversity and has procedures in place at both a general and budget specific level to incorporate equality and diversity issues into decision making processes and the assessment of proposals.

## **10 Risk Assessment**

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

## **11 Conclusion**

- 11.1 The Government has announced funding levels for 2020/2021 but as yet has provided no indications of funding beyond that year. The impact of the Spending Review 2020, the Fair Funding Review, and proposed move to 75% retained business rates could all have a significant impact on the future funding level available for services in Sunderland. The planning assumes at this stage that the Government will take action through the Top Up and Tariffs or damping arrangements so that no council is significantly adversely affected by the combined impact of the changes. However even with this assumption, the Council faces the requirement for significant budget reductions as a result of the unfunded spending pressures which the Council faces each year, with a three year on-going savings requirement for 2020/2021 to 2023/2024 in the region of £24.72m, after assumed increases in council tax. This is in addition to over £315m savings already achieved in the period 2010/2011 to 2019/2020.
- 11.2 Government and regional support for capital investment also continues to be restricted over the life of the MTFP, with potential further impacts arising as a result of Brexit. If the Council wants to continue to invest in capital projects to deliver priorities, it needs to be even more self-sufficient and raise income or reduce service costs to support borrowing.
- 11.3 In seeking to minimise the impact on residents and the city, the Council, will increasingly need to take a citywide approach with partners in health, education and the business sector together with our communities to collectively reshape services to enable the best response for the city. The Council's role will increasingly need to shift from delivering services to enabling individuals, communities and other organisations in the public, private and voluntary sectors to work together to address the needs of the city in new ways and to encourage people to be more self-supporting.
- 11.4 In the short term, all funding options, including budget savings and council tax levels and commitments against reserves, will be considered to allow a balanced and sustainable budget over the period to 2023/2024 to be agreed.

## **Efficiency Strategy 2020/2021 to 2023/2024**

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

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

It is recognised that the impact of the Spending Review 2020, the Fair Funding Review and the proposed move to 75% business rates could have a significant effect on the assumptions within the MTFP as set out at Appendix G, which in turn will impact upon the approach set out in this Efficiency Strategy. The Strategy will therefore be kept under review and the approach updated as required throughout 2020/2021.

### **1 Purpose**

- 1.1 The Efficiency Strategy 2020/2021 to 2023/2024 sets out the overall approach to the delivery of the required savings to address the reductions in funding and spending pressures during the period.

### **2 Objectives of the Strategy**

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

### 3 Context

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

### 4 The Financial Challenge - Medium Term Financial Plan

- 4.1 The MTFP set out at Appendix G shows savings requirements of £46.33m through to 2023/2024 as follows:

	2020/21	2021/22	2022/23	2023/24	Total
	£m	£m	£m	£m	£m
Government Grant Changes	(9.64)	(0.68)	(0.40)	(0.45)	(11.17)
Total On-going Spending Pressures	20.23	12.53	12.30	12.44	57.50
Total Funding Gap	10.59	11.85	11.90	11.99	46.33

After assumed increases to council tax, additional ongoing savings of £24.72m are estimated to be required over the period to 2023/2024. This is in addition to more than £315m savings already achieved in the period 2010/2011 to 2019/2020.

- 4.2 The Revenue Budget and Proposed Council Tax for 2020/2021 report to February 2020 Cabinet includes proposals to meet the funding gap for 2020/2021. Section 5 below sets out the approach to develop a full suite of proposals to meet the remaining funding gap through to 2023/2024.
- 4.3 A further suite of proposals to balance the budget over the medium term will be considered by Cabinet in due course and form the basis of future consultation.

### 5 The Approach to meeting the funding gap

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

### 5.3 Programme of service activity

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

For all service areas this includes consideration of:

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

### 5.4 Income maximisation

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

#### Retained Business Rates

5.4.2 Under the current retained business rates mechanism for funding local government, the Government makes assumptions about the level of Business Rates which will be achieved and retained by a Local Authority in determining its SFA. However, the Council must determine for itself the anticipated level of Business Rate Income collection. The Business Rate income for 2020/2021 to be retained by the Council is £46.400m.

5.4.3 The impact of the Regeneration activity and the Council's Capital Strategy will help grow the business rates base within the city. This takes on even greater



relevance in light of the Government's proposed move to 75% retained business rates by 2020.

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

#### Council Tax

- 5.4.5 Recent years have seen sustained growth in the council tax base as new houses have been built, bringing with it benefits in terms of both increased council tax income and New Homes Bonus grant. The impact of the Regeneration activity and Capital Strategy will further help grow the availability of housing in the city resulting in additional council tax income which will assist in meeting the cost of services. Over the medium to long term there are a number of proposed residential developments including Siglion's proposed developments at Seaburn and Potters Hill as well as the South Sunderland Growth Area. Such development activity will take on even greater importance as the Government removes core grant funding in favour of local self-sufficiency.
- 5.4.6 The Efficiency Strategy assumes growth in the council tax base of circa £0.6m per annum through to 2023/2024 based on historical experience of growth in the base and known development activity which will impact during the period of the MTFP.
- 5.4.7 The Local Government Finance Settlement for 2020/2021 includes assumptions that councils will raise council tax annually in line with the level allowed without a local referendum in addition to applying a social care precept. The Council will consider the position regarding council tax as part of each annual budget process.

#### Fees and Charges

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

#### 5.5 Capital Programme and Regeneration Activity

- 5.5.1 The Council's approach to capital planning is set out in the Capital Strategy, approved by Council in November 2019. This encompasses the aims of the City Plan with an overall ambition that by 2030 Sunderland will be a connected, international city with opportunities for all.
- 5.5.2 The key themes to achieving our ambition are that:

- 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. We want residents to feel happy in the neighbourhoods where they live and feel safe.

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

5.5.4 A key priority of the Capital programme 2020/2021 to 2023/2024 is to continue to support plans for the regeneration of the City Centre, River Corridor, IAMP, Enterprise Zones, the continued development of city wide infrastructure and to support housing delivery and growth.

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

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

## 5.6 Leverage of External Funding

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

5.6.2 Significant investment has been secured to date from Central Government and regional funds to support the Council's current infrastructure priorities, including the International Advanced Manufacturing Park (IAMP), Sunderland

Strategic Transport Corridor Phase 3 (SSTC3), Vaux Phase 1 and the Port of Sunderland Enterprise Zone.

- 5.6.3 With the Local Growth Fund now largely committed in the North East Local Enterprise Partnership (NELEP) area, the Council continues to investigate funding opportunities linked to the UK's Industrial Strategy. Major projects in the pipeline include the development of key infrastructure to unlock the South Sunderland Growth Area (Homes England - Housing Infrastructure Fund), key strategic transport projects (Department for Transport - Transforming Cities Fund) and a city centre focused proposal seeking support from the Future High Street Fund (Ministry of Housing, Communities & Local Government).
- 5.6.4 Continued investment in the city's heritage, tourism, sporting and cultural assets is also being pursued through the Heritage Fund, Historic England, Arts Council, Coastal Communities Fund, Department for Culture, Media and Sport, the Football Foundation and other major funders. This investment builds on the early progress of Sunderland Culture, working in partnership with the Council, in securing National Portfolio Organisation status for 2018-2022 through the Arts Council. Development work is on-going to identify a pipeline of future projects to enhance the city's overall cultural offer, including redevelopment of the Sunderland Museums and Winter Gardens.
- 5.6.5 In addition, the Council has continued to secure external funding for projects which support the most vulnerable members of the community. These include 15 local projects funded through Sunderland's Community Led Local Development programme, additional funding secured to support domestic abuse victims, people with physical and mental health issues, and a range of local educational and skills projects supported.
- 5.6.6 The Council continues to monitor the post-Brexit funding position. In December 2017, the EU and UK Government agreed that the EU Structural Funds would continue to operate as normal in the UK up until the end of 2020, with approved projects to continue until 2022 or 2023. It is expected that opportunities to access EU funding programmes will continue into 2020 until all remaining funds are committed.
- 5.6.7 Local government and regional partners continue to lobby for a significant UK successor programme that will operate beyond 2020. Early consultation work on the UK Shared Prosperity Fund (UKSPF) began in summer 2018 with a series of regional workshops. However, the Government is yet to formally issue a consultation or further details on the proposed fund. Current thinking is that the UKSPF will operate from 2021 and that its coverage will reflect regional priorities set out in new Local Industrial Strategies and in updated Strategic Economic Plans.

## 5.7 Other Options for Future Funding

- 5.7.1 The reduction in both revenue and capital funding requires the Council to focus on new and existing opportunities for funding for example:
- Capital Funding - Bonds, Tax Increment Financing, asset backed partnerships, joint working with partners, infrastructure investment for enterprise zones underpinned by business rates growth
  - Trading opportunities

- Alternatives to revenue funding
- 5.7.2 The Council will seek to maximise opportunities for funding priority spending. Some avenues have already been explored and implemented for example the formation of Sunderland Care and Support Limited, the formation of a Local Asset Backed Vehicle (Siglion) to bring forward and develop priority regeneration sites, the formation of Sunderland Lifestyle Partnership to develop, manage and operate a number of leisure facilities across the city. Other opportunities will continue to be explored and proactively developed as part of improvement planning activity in order to enable the Council to meet the on-going challenges.
- 5.8 Partnership / Collaboration / Joint working activity
- 5.8.1 The Council's Community Leadership programme places increasing focus on working in partnership with public, third sector and private partners to deliver city-wide aims, priorities and strategies.
- 5.8.2 This includes consideration of how public money is spent across the city and regionally and working with partners to ensure combined spending generates the best possible value for the city in terms of both the city's infrastructure and asset base and services delivered to residents.
- The Capital Programme reflects on-going work with key partners to review physical assets on a city-wide basis and maximise the potential benefits and opportunities of wider capital and infrastructure; and
  - The Council alongside the CCG and Health partners have formed the All Together Better Alliance to further integrate health and social care in the community to improve outcomes for patients and social care users while reducing cost.
- 5.8.3 Opportunities for joint working and collaboration with other Local Authorities to reduce costs will also be considered where appropriate.
- 5.9 Reserves and Balances
- 5.9.1 Regular review of all commitments against reserves is undertaken. Reserves earmarked for specific purposes may be reprioritised in light of the delivery of savings plans proposals with consideration given to the release of such reserves to support the overall budget position and transformational costs as necessary.
- 5.10 Good housekeeping and general on-going actions
- 5.10.1 The following actions are embedded within the budget management responsibilities of accountable officers to ensure savings are maximised at all stages:
- Continuous review of costs and planned spend to minimise non-essential spend and maximise savings;
  - Challenge of all spending, working practises and culture;
  - Understanding that spending pressures are to be contained within directorate existing budgets; and

- Annual refresher with Budget Managers to ensure their roles and responsibilities as Budget Managers are clearly understood.

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

- 6.1 Some future savings may require some initial up-front investment to enable savings to be delivered - examples include investment in technology to enable improved productivity and reduced cost, or investment in extra care facilities to reduce numbers entering residential nursing care. Such Invest to Save proposals are considered on a case by case basis and subject to development of a business case with the investment recouped through savings generated over a period of time.
- 6.2 Use of Capital Receipts Flexibility to support transformational costs
- 6.2.1 At this stage, it is not envisaged that one-off transformational costs will arise through workforce planning arrangements in order to assist in delivering the budget savings proposals for 2020/2021. However, as work on the Council's transformation programme continues, and proposals to address the future years budget position are progressed, transformational costs may arise. These costs may be ICT systems or other one-off costs and not just workforce planning costs.
- 6.2.2 As part of the 2018/2019 Settlement, the Government extended the flexibilities allowing capital receipts generated in each year through to 2021/2022 to be used to fund transformational costs incurred in those years.
- 6.2.3 It is proposed to continue the approach adopted in recent years in relation to the capital receipts flexibility in order to ensure maximum flexibility in funding options available, with the capital receipts received potentially being utilised to meet workforce planning arrangements and other transformation costs arising in 2020/2021 and 2021/2022.
- 6.2.4 The Council's Efficiency Strategy supports the Government requirements in making use of these flexibilities. The requirements in respect of prudential indicators are reflected in the Capital Programme 2020/2021 to 2023/2024 and Treasury Management Policy and Strategy 2020/2021 report elsewhere on this agenda. At this stage however, individual transformational projects that will require capital receipt support are not yet developed.
- 6.2.5 The position will be kept under review throughout the year as transformational costs and capital receipts generated are finalised. Final arrangements on funding transformational costs arising in each year will be considered as part of the outturn position each year, taking account of the overall corporate outturn position, available reserves, and capital receipts availability. Should the use of capital receipts be required, this will be reported, with project details to Cabinet as appropriate.

## **7 Governance and Monitoring arrangements**

- 7.1 The strategy will be robustly managed to ensure financial resilience is maintained. Progress on the delivery of savings required will be closely monitored and reported upon. The arrangements include:

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

## MTFP 2020/2021 to 2023/2024 Risk Assessment

<b>Risk</b>	<b>Likelihood</b>	<b>Impact</b>	<b>Risk Management</b>
1. Future available resources less than notified. The MTFP is based on data as known, but this does not reflect any potential impact of the Government Fair Funding review and proposed move to 75% retained business rates. This is likely to be a key impact on the level of funding available in future.	Likely	High	Settlement confirmed RSG funding for 2020/2021 with forecasts beyond 2020/2021 based on an assumption that the Government will use Top up and Tariff mechanisms and damping to smooth impact on individual authorities of spending review, fair funding review and implementation of 75% retained business rates. The MTFP is regularly updated to reflect latest intelligence. Annual review of reserves and reserves policy to identify available future resources.
2. Changes to Government policy.	Possible	High	Source alternative funding options including short term use of reserves. Pressures factored into the MTFP. Latest funding cut indications reflected in the MTFP.
3. Pay Awards and price inflation higher than assumed.	Possible	Medium	Provision included in the MTFP based on assumed pay award of 2%. Limited contingencies available should the award be higher.
4. Future spending plans underestimated, including increased social care demand.	Likely	High	Service planning process and regular MTFP review identifies future budget pressures.
5. Anticipated savings not achieved.	Possible	High	Regular monitoring and reporting take place. In relative terms limited reductions for 2020/2021, but the size of the funding cuts increases the likelihood of this risk into the future. None achievement of savings would require compensating reductions in planned spending within services. Principles to maintain General Reserve at £12m.

<b>Risk</b>	<b>Likelihood</b>	<b>Impact</b>	<b>Risk Management</b>
6. Revenue implications of capital programmes not fully anticipated.	Unlikely	Low	Revenue impacts considered in framing the capital programme. Capital programme links to the Council's priorities through the City Plan.
7. Income Targets for business rates and council tax not achieved	Possible	High	Prudent approach taken in setting the forecast income levels. Monitoring processes in place, including through quarterly reviews to identify forecast shortfall and remedial action to be taken. Provisions held for both appeals and bad debts.
8. Other Miscellaneous Income targets not achieved	Possible	Medium	Economic climate potential impact mitigated by potential short term use of reserves. Regular monitoring / reporting and previous review of fees and charges undertaken.
9. Budget monitoring not effective	Unlikely	High	Monthly monitoring / reporting in line with corporate performance management framework. Action plans developed to address problem areas.
10. Exit strategies for external funding ceasing/tapering not met.	Possible	Medium	Regular monitoring and reporting. Government policy has largely removed ring fencing providing greater flexibility. External Funding Strategy in place.
11. Loss of principal deposit.	Unlikely	Medium	Limited by the controls in the Treasury Management Strategy which focus on security of deposit rather than returns. Impact limited due to the strategy of a diverse portfolio and top rated institutions.
12. Interest rates lower than expected.	Unlikely	Low	Regular review, monitoring and reporting on interest rates. Prudent assumptions on likely interest rates for 2020/2021 onwards factored into the MTFP.
13. All MTFP risks not adequately identified.	Unlikely	Low	The Council's Risk Management Profile ensures all operational and strategic risks identified as part of annual service planning process.



## General Balances – Financial Risk Analysis

### Financial Planning

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

This is unlikely to arise due to:

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

### Inflation

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

This remains a risk given potential for contract inflation increases following the increase to the Living Wage. It is mitigated by the realistic prudent provisions made:

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

### Contingencies

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

This is unlikely to occur due to:

- prudent estimates have been included in respect of each category of contingency provision and specific contingencies have been created for known spending pressures in 2020/2021; and
- the total contingency provision should be considered in the context of the net revenue budget.

## **Debt Charges**

*Risk is that Debt Charges will be greater than budgeted.*

This is unlikely to arise due to:

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

## **Revenue Budget - Budgetary Control**

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

Whilst the scale of changes in the budget and levels of savings are significant, robust monitoring arrangements are in place to deal with the increased risks associated with this including;

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

## **Risk Management**

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

This is unlikely to occur due to:

- the Council has in place a Risk and Assurance Map supported by detailed Strategic and Corporate Risk Profiles, which are regularly and formally reviewed, and action is taken to mitigate and manage risks;
- Risk Profiles are developed for all major Projects;
- Risks are considered as part of the development of significant changes recommended to Cabinet;
- comprehensive self and external insurance arrangements are in place, including adequate self-insurance funds including both provisions and reserves; and
- existence of Bellwin Scheme.

## **Capital Programme Implications**

*Risk is that funding will not be available as planned or that unexpected over spending may occur.*

This is unlikely to happen due to:

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

## Earmarked Reserves - Position Statement

Reserves	Purpose of the Reserve	Opening Balance 01.04.2019 £m	Forecast Movement in Year £m	Forecast Closing Balance 31.03.2020 £m	Forecast Movement in Year £m	Forecast Closing Balance 31.03.2021 £m
General Fund	General Fund of the Council	12.000	0.000	12.000	0.000	12.000
School Balances	Balances held by schools under a scheme of delegation	7.758	(1.528)	6.230	(0.612)	5.618
<b>Earmarked General Fund Reserves – Capital</b>						
Riverside Transfer	Reserve established to fund capital works associated with the Homes and Communities Agency land transferred to the Council.	9.188	0.000	9.188	0.000	9.188
Capital Priorities Reserve	A reserve established to address some of the Council's key capital developments and strategic priorities.	7.179	(1.766)	5.413	(0.772)	4.641
Section 106 Reserves	These reserves relate to monies paid over by the developers of new housing estates, under Section 106 of the Town and Country Planning Act 1990. The contributions are used to provide play equipment, pupil places and affordable housing on the housing developments.	6.254	(1.856)	4.398	(0.698)	3.700
Strategic Investment Reserve (Capital)	A reserve established to address some of the Council's key developments, strategic priorities and address other major liabilities.	5.422	(2.745)	2.677	(1.367)	1.310
Strategic Investment Plan Reserve	This reserve is necessary to fund part of the Council's contribution to its Strategic Investment Plan approved by Council in April 2008.	1.656	(1.501)	0.155	(0.155)	0.000
Commercial and Economic Development Activity	Reserve established to take advantage of commercial and economic development opportunities that will meet priorities of the Council.	1.452	(0.946)	0.506	(0.462)	0.044
Other Earmarked Capital Reserves	Funding set aside to fund future capital projects previously approved.	2.969	(2.157)	0.812	(0.050)	0.762
<b>Earmarked General Fund Reserves – Revenue</b>						
Strategic Investment Reserve (Revenue)	A reserve established to address some of the Council's key developments, strategic priorities and address other major liabilities.	23.565	(4.320)	19.245	(3.413)	15.832

Reserves	Purpose of the Reserve	Opening Balance 01.04.2019 £m	Forecast Movement in Year £m	Closing Balance 31.03.2020 £m	Forecast Movement in Year £m	Forecast Closing Balance 31.03.2021 £m
Service Reduction Reserve	This reserve is to provide temporary transitional funding relating to the implementation of planned service reductions (the Service pressures reserve has been amalgamated with this reserve in 2019/2020)	9.653	(5.553)	4.100	0.000	1.608
Medium Term Planning Smoothing Reserve	This reserve was established to address any potential impact arising from increased risk and uncertainty with the Business Rate Retention Scheme. It is being used to smooth the impact of Government austerity measures.	5.602	0.926	6.528	0.000	6.528
Insurance Reserve	This reserve has been established to provide for potential future claims or claim increases.	4.721	0.000	4.721	0.000	4.721
Street Lighting and Highway Signs PFI Smoothing Reserve	The reserve was established to smooth the financial impact of the contract across the 25 years of the contract life.	4.476	(0.295)	4.181	(0.300)	3.881
HCA Stadium Transfer	Reserve established to fund ongoing maintenance of Homes and Communities Agency land transferred to the Council.	3.101	0.000	3.101	0.000	3.101
SIB Reserve	A reserve held to fund future allocations through the Strategic Initiatives Budget.	2.883	0.000	2.883	(0.860)	2.023
Service Pressures Reserve	A reserve established to meet known service pressures ongoing into future financial years.	2.492	(2.492)	0.000	0.000	0.000
Sandhill Centre PFI Smoothing Reserve	The reserve was established to smooth the financial impact of the contract across the 25 years of the contract life.	2.328	(0.135)	2.193	(0.150)	2.043
Housing Benefit Smoothing Reserve	This reserve has been established to smooth any potential impact of outstanding debtors as housing benefit is subsumed within universal credit.	1.908	0.000	1.908	(0.300)	1.608
Education Redundancy Reserve	The reserve was established to meet the anticipated costs of redundancies as a result of falling pupil rolls within maintained schools.	1.678	(0.150)	1.528	(0.200)	1.328
Riverside Transfer	Reserve established to fund ongoing maintenance of Homes and Communities Agency land transferred to the Council.	1.419	(0.113)	1.306	(0.105)	1.201
House Sale Income	The reserve relates to the sale of clients' homes that will be utilised to support future support needs of those clients.	1.407	0.000	1.407	0.000	1.407

Reserves	Purpose of the Reserve	Opening Balance 01.04.2019 £m	Forecast Movement in Year £m	Closing Balance 31.03.2020 £m	Forecast Movement in Year £m	Forecast Closing Balance 31.03.2021 £m
Collection Fund Surplus Reserve	Reserve established as part of 2018/19 budget setting to smooth the collection fund surplus benefit into future years.	1.345	(0.147)	1.198	0.335	1.533
Levy Transitional Reserve	A reserve established from the redistribution of Business Rates Levy surpluses by the Government. Earmarked for one off transitional costs.	1.296	0.000	1.296	0.000	1.296
DSG Surplus	This reserve is the underspend from the Dedicated Schools Grant that will be utilised to support schools funding in future years.	1.162	(1.162)	0.000	0.000	0.000
Other Earmarked Revenue Reserves	Numerous small revenue reserves set up for specific purposes.	19.107	(4.389)	14.718	(4.055)	10.663
<b>Total General Fund Reserves</b>		<b>142.021</b>	<b>(30.329)</b>	<b>111.692</b>	<b>(13.164)</b>	<b>98.538</b>
Capital Receipts Reserve	Balance of capital receipts held, pending use to fund the capital programme.	6.527	1.163	7.690	(3.421)	4.269
Capital Grants Unapplied	Balance of capital grants held pending expenditure on capital programme.	5.474	0.000	5.474	0.000	5.474
<b>Total Usable Reserves</b>		<b>154.022</b>	<b>(29.166)</b>	<b>124.856</b>	<b>(16.585)</b>	<b>108.281</b>

# REVENUE BUDGET 2020/2021

**SUNDERLAND CITY COUNCIL  
REVENUE ESTIMATES 2020/2021  
GENERAL SUMMARY**

**Appendix J**

<b>Revised Estimate 2019/20 £</b>		<b>Estimate 2020/21 £</b>
4,000,656	Leader	4,840,802
3,167,569	Deputy Leader	3,054,394
13,706,989	Cabinet Secretary	11,056,295
74,809,946	Children, Learning and Skills	73,769,347
12,563,371	Community and Culture	13,020,714
44,995,792	Environment and Transport	47,183,356
79,342,373	Health and Social Care	84,619,325
4,013,292	Housing and Regeneration	3,458,880
4,507,071	Provision for Contingencies	10,288,964
	Capital Financing Costs	
20,107,926	- Debt Charges	25,432,670
(580,000)	- Interest on balances	(580,000)
(1,253,000)	- Interest on Airport long term loan notes	(1,253,000)
	Transfer to/from Reserves	
926,047	- Medium Term Planning Smoothing Reserve	0
0	- Collection Fund Surplus Reserve	335,304
(146,801)	- Use of Collection Fund Surplus Reserve	0
(1,250,000)	- Use of Strategic Investment Reserve	0
(29,152,996)	Technical Adjustments: IAS19 and Reversal of Capital Charges	(28,634,879)
<u>229,758,235</u>		<u>246,592,172</u>
<b>LEVIES</b>		
14,998,556	North East Combined Authority Transport Levy	14,916,061
226,940	Environment Agency	230,998
63,357	North East Inshore Fisheries Conservation Authority	63,357
<u>15,288,853</u>		<u>15,210,416</u>
<b>Less Grants</b>		
(16,566,645)	Improved Better Care Fund	(18,134,423)
(1,567,778)	Adult Social Care Grant – Winter Pressures Grant	0
(2,678,287)	Social Care Support Grant	(10,248,830)
(6,486,626)	Section 31 Grants – Business Rates and Brexit Grant (19/20 Only)	(7,561,568)
(2,956,926)	New Homes Bonus	(2,069,869)
(13,781)	Inshore Fisheries Conservation Authority	(13,781)
<u>214,777,045</u>	<b>TOTAL NET EXPENDITURE / LOCAL BUDGET REQUIREMENT</b>	<u>223,774,117</u>
66,591	Hetton Town Council	67,776
<u>214,843,636</u>	<b>TOTAL BUDGET REQUIREMENT</b>	<u>223,841,893</u>
<b>Deduct Grants etc.</b>		
27,507,383	Revenue Support Grant	27,955,383
44,398,085	National Non-Domestic Rates/Retained Business Rates	46,400,234
43,022,701	Top up Grant	43,724,701
353,199	Collection Fund Surplus - Council Tax	835,304
<u>115,281,368</u>		<u>118,915,622</u>
<u>99,562,268</u>	<b>LOCAL COUNCIL TAX REQUIREMENT INCLUDING PARISH PRECEPT</b>	<u>104,926,271</u>
<u>99,507,522</u>	<b>LOCAL COUNCIL TAX REQUIREMENT EXCLUDING PARISH PRECEPT</b>	<u>104,870,340</u>



**SUNDERLAND CITY COUNCIL  
CONTINGENCIES 2020/2021**

**Appendix J**

	<b>£m</b>
Pay and Cost Pressures	5.739
Capacity to Deliver Change	2.250
General Contingency	1.500
Service Pressures and Economic Downturn	0.500
Winter Maintenance	0.300
<b>Total Contingency</b>	<b>10.289</b>

**STATEMENT OF GENERAL BALANCES**

	<b>£m</b>
<b>Balances as at 31st March 2019</b>	
<b>Use / Addition to Balances 2019/2020</b>	<b>12.000</b>
<b>Use of Balances 2019/2020</b>	
- Contribution to Revenue Budget	(1.250)
<b>Addition to Balances 2019/2020</b>	
- Transfer from Strategic Investment Reserve to support the 2019/2020 budget	1.250
<b>Estimated Balances 31st March 2020</b>	<b>12.000</b>
<b>Use of Balances 2020/2021</b>	
- Contribution to Revenue Budget	0.000
<b>Addition to Balances 2020/2021</b>	
- Transfer from Strategic Investment Reserve to support the 2020/2021 budget	0.000
<b>Estimated Balances 31st March 2021</b>	<b>12.000</b>

## **ROLES AND RESPONSIBILITIES**

Primary overview of Council priorities:

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

## **FINANCIAL**

<b>OBJECTIVE SUMMARY</b>			
<b>Ref.</b>	<b>Assistant Director Ref.</b>	<b>Revised Estimate 2019/2020 £</b>	<b>Estimate 2020/2021 £</b>
<b>Corporate Services</b>			
1	EDCS	275,591	284,133
2	ADLG	1,417,501	1,275,166
3	ADF	755,954	1,776,304
4	ADLG	481,149	494,882
		<b>2,930,195</b>	<b>3,830,485</b>
<b>City Development</b>			
5	EDCD	160,000	249,000
		<b>160,000</b>	<b>249,000</b>
<b>People, Communities and Partnerships</b>			
6	ADEP	1,132,870	1,159,670
		<b>1,132,870</b>	<b>1,159,670</b>
		<b>4,223,065</b>	<b>5,239,155</b>
<b>TOTAL DELEGATED BUDGET</b>			
<b>Non Delegated Budgets</b>			
7		191,191	9,169
8		1,487,282	1,551,080
9		(1,903,730)	(1,961,450)
10		2,848	2,848
		<b>4,000,656</b>	<b>4,840,802</b>
<b>TOTAL PORTFOLIO BUDGET</b>			

The budget service lines do not include support service costs or other non-delegated costs. As such they do not reflect external reporting requirements which will contain apportionment of support service costs.

## **PORTFOLIO GLOSSARY**

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

## ROLES AND RESPONSIBILITIES

Primary overview of Council priorities:

- To support the Leader as appropriate, working collectively with the Cabinet and Deputy Cabinet Members.
- To support the Leader in the approach to strategic economic, social and physical regeneration activity in the City.
- To provide political leadership in relation to communications and corporate affairs.
- To provide political leadership to the Council's approach to equalities, safer communities and social inclusion including the work in the city with the armed forces.
- To ensure that the Council's approach to people management and development is enabling and effective.

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

## FINANCIAL

### OBJECTIVE SUMMARY

Ref.	Assistant Director Ref.	Revised Estimate 2019/2020 £		Estimate 2020/2021 £
			<b>City Development</b>	
1	ADER	845,903	Business and Investment	889,338
2	PD	(1,309,765)	Port of Sunderland	(890,961)
		<b>(463,862)</b>	<b>Total City Development</b>	<b>(1,623)</b>
			<b>Neighbourhoods</b>	
3	ADCR	259,560	Safer Communities	266,225
		<b>259,560</b>	<b>Total Neighbourhoods</b>	<b>266,225</b>
			<b>People, Communities and Partnerships</b>	
4	SMCAMC	795,277	Corporate Affairs and Communications	1,078,499
5	ADEP	44,826	Equalities and integration	44,826
6	ADEP	10,828	Local Strategic Partnership	10,828
7	ADPM	1,992,272	Strategic and Operational HR	2,180,596
		<b>2,843,203</b>	<b>Total People, Communities and Partnerships</b>	<b>3,314,749</b>
		<b>2,638,901</b>	<b>TOTAL DELEGATED BUDGET</b>	<b>3,579,351</b>
			<b>Non Delegated Budgets</b>	
8		664,725	IAS19 (Pensions)	47,395
9		2,293,806	Support Service Costs - received from other services	2,407,040
10		(4,207,723)	Support Service Costs - charged to other services	(4,753,841)
11		1,777,860	Asset Charges	1,774,449
		<b>3,167,569</b>	<b>TOTAL PORTFOLIO BUDGET</b>	<b>3,054,394</b>

The budget service lines do not include support service costs or other non-delegated costs. As such they do not reflect external reporting requirements which will contain apportionment of support service costs.

## PORTFOLIO GLOSSARY

ADER	Assistant Director of Economic Regeneration
PD	Port Director
ADCR	Assistant Director of Community Resilience
SMCAMC	Senior Manager Corporate Affairs, Marketing and Communications
ADEP	Assistant Director of Economic Policy
ADPM	Assistant Director of People Management

**ROLES AND RESPONSIBILITIES**

Primary overview of Council priorities:

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

Policy Oversight to include:

- Corporate Services and Data Protection functions.

**FINANCIAL**

**OBJECTIVE SUMMARY**

Ref.	Assistant Director Ref.	Revised Estimate 2019/2020 £		Estimate 2020/2021 £
<b>Corporate Services</b>				
1	ADBPS	(218,045)	Area Facilities	(177,372)
2	ADBPS	642,548	Asset Management	717,793
3	ADBPS	1,946,200	Audit, Risk and Assurance	2,016,900
4	ADF	70,175	Benefits Service	152,152
5	ADBPS	2,347,607	Business Support	2,561,080
6	ADBPS	1,547,233	Civic Buildings	1,289,013
7	ADBPS	230,861	Civil Contingencies	240,217
8	ADF	13,607,669	Corporate Management	2,687,576
9	ADDCS	1,986,375	Customer Service Network	2,064,504
10	ADLG	634,183	Electoral Services	646,423
11	ADF	1,899,326	Financial Management	2,097,999
12	ADLG	540,220	Governance Services	565,694
13	ADDCS	6,321,956	ICT	6,484,180
14	ADBPS	30,185	Information Governance	37,912
15	ADLG	838,938	Legal Services	999,456
16	ADBPS	325,401	Procurement	373,478
17	ADBPS	465,038	Purchase to Pay	483,496
18	ADBPS	2,180,141	Repairs and Renewals	2,221,321
19	ADF	536,935	Revenues	313,758
20	ADBPS	1,091,371	Security Services	1,252,002
21	ADF	298,817	Strategic External Funding Unit	329,337
22	ADDCS	620,329	Transformational Change Team	627,058
		<b>37,943,463</b>	<b>Total Corporate Services</b>	<b>27,983,977</b>
<b>City Development</b>				
23	ADIPT	(218,311)	Capital Project Team	(205,960)
		<b>(218,311)</b>	<b>Total City Development</b>	<b>(205,960)</b>
<b>People, Communities and Partnerships</b>				
24	DPO	173,456	Data Protection Office	180,600
		<b>173,456</b>	<b>Total People, Communities and Partnerships</b>	<b>180,600</b>
		<b>37,898,608</b>	<b>TOTAL DELEGATED BUDGET</b>	<b>27,958,617</b>
<b>Non Delegated Budgets</b>				
25		(10,696,036)	IAS19 (Pensions)	(2,153,493)
26		14,982,485	Support Service Costs - received from other services	15,601,956
27		(30,770,196)	Support Service Costs - charged to other services	(32,180,727)
28		2,292,128	Asset Charges	1,829,942
		<b>13,706,989</b>	<b>TOTAL PORTFOLIO BUDGET</b>	<b>11,056,295</b>

The budget service lines do not include support service costs or other non-delegated costs. As such they do not reflect external reporting requirements which will contain apportionment of support service costs.

**PORTFOLIO GLOSSARY**

ADBPS	Assistant Director of Business & Property Services
ADF	Assistant Director of Finance
ADDCS	Assistant Director of Digital & Customer Services
ADLG	Assistant Director of Law & Governance
ADIPT	Assistant Director of Infrastructure, Planning & Transportation
DPO	Data Protection Officer

## **ROLES AND RESPONSIBILITIES**

Primary overview of Children, Learning and Skills priorities:

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

Policy Oversight to include:

- Children, Learning and Skills functions.

## **FINANCIAL**

### **OBJECTIVE SUMMARY**

<b>Ref.</b>	<b>Assistant Director Ref.</b>	<b>Revised Estimate 2019/2020 £</b>		<b>Estimate 2020/2021 £</b>
<b>Director of Childrens Services</b>				
1	CETFC	58,529,295	DSG and Other Grant – Schools	56,879,118
2	CETFC	692,050	DSG and Other Grant – Central School Services	661,511
3	CETFC	19,227,526	DSG Early Years Block	19,274,800
4	CETFC	18,042,801	DSG High Needs Block	22,116,361
5	CETFC	(97,074,672)	DSG and Other School Grants	(99,514,790)
6	CETFC	60,858,568	Together for Children	62,941,568
7	CETFC	38,484	Director of Children’s Services	41,864
		<b>60,314,052</b>	<b>Total Director of Childrens Services</b>	<b>62,400,432</b>
<b>Neighbourhoods</b>				
8	ADCR	2,178,896	Retained Activity – Schools and Learning	2,218,625
9	ADCR	59,067	Parent Partnership	59,067
10	ADCR	239,184	Sunderland Safeguarding Children’s Board	247,582
11	ADCR	(127,554)	Learning and Skills	(126,380)
12	ADCE	431,122	Trading Operations – Derwent Hill*	372,141
		<b>2,780,715</b>	<b>Total Neighbourhoods</b>	<b>2,771,035</b>
		<b>63,094,767</b>	<b>TOTAL DELEGATED BUDGET</b>	<b>65,171,467</b>
<b>Non Delegated Budgets</b>				
13		3,287,312	IAS19 (Pensions)	194,360
14		507,642	Support Service Costs - received from other services	534,144
15		(247,484)	Support Service Costs - charged to other services	(250,864)
16		8,167,709	Asset Charges	8,120,240
		<b>74,809,946</b>	<b>TOTAL PORTFOLIO BUDGET</b>	<b>73,769,347</b>

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

## **PORTFOLIO GLOSSARY**

CETFC	Chief Executive Together for Children
ADCR	Assistant Director of Community Resilience
ADCE	Assistant Director of Culture and Events

## **ROLES AND RESPONSIBILITIES**

Primary overview of Community priorities:

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

Policy Oversight to include:

- Communities and Culture functions, including tourism and heritage.

## **FINANCIAL**

### **OBJECTIVE SUMMARY**

<b>Ref.</b>	<b>Assistant Director Ref.</b>	<b>Revised Estimate 2019/2020 £</b>		<b>Estimate 2020/2021 £</b>
<b>Neighbourhoods</b>				
1	ADCR	861,297	Area Arrangements	903,275
2	ADCE	103,106	Arts and Creative Development	106,027
3	ADCE	677,792	Community Sports and Physical Activity Development	675,928
4	ADCE	1,401,417	Events	1,399,305
5	ADCE	62,189	Grants to Community Projects and Miscellaneous Contributions	62,189
6	ADCE	133,252	Heritage	141,121
7	ADCE	701,502	Libraries	725,661
8	ADCE	302,175	Museums and Archives Service	854,038
9	ADCE	(14,500)	Resorts	(14,830)
10	ADCE	458,221	Sport and Leisure Facilities	468,221
11	ADCR	2,276,666	Strategic Initiative Budget / Community Chest Grant	2,276,666
12	ADCE	332,747	Theatre	340,719
13	ADCE	79,204	Tourism	79,204
		<b>7,375,068</b>	<b>TOTAL DELEGATED BUDGET</b>	<b>8,017,524</b>
<b>Non Delegated Budgets</b>				
14		305,078	IAS19 (Pensions)	20,681
15		1,838,084	Support Service Costs - received from other services	1,946,488
16		(830,662)	Support Service Costs - charged to other services	(833,424)
17		3,875,803	Asset Charges	3,869,445
		<b>12,563,371</b>	<b>TOTAL PORTFOLIO BUDGET</b>	<b>13,020,714</b>

The budget service lines do not include support service costs or other non-delegated costs. As such they do not reflect external reporting requirements which will contain apportionment of support service costs.

## **PORTFOLIO GLOSSARY**

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

## **ROLES AND RESPONSIBILITIES**

Primary overview of Environment and Transport priorities:

- To provide political leadership to the Council's approach to the priorities of environment and transport, ensuring that the City is as attractive, sustainable and accessible for all.
- To ensure that the Council's approach to Environment and Transport agenda is integrated, enabling and effective and the Council fulfils its strategic and statutory roles in relation to these functions. This includes improving the physical environment and its connectivity for sustainable living, working and visiting the City.
- To provide political leadership to the Council's approach to environment and transport, sustainability and energy and partnerships.

Policy Oversight to include:

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

## **FINANCIAL**

### **OBJECTIVE SUMMARY**

<b>Ref.</b>	<b>Assistant Director Ref.</b>	<b>Revised Estimate 2019/2020 £</b>		<b>Estimate 2020/2021 £</b>
<b>Corporate Services</b>				
1	ADLG	721,449	Coroners Court	870,933
2	ADLG	(195,157)	Registrars	(136,155)
		<b>526,292</b>	<b>Total Corporate Services</b>	<b>734,778</b>
<b>City Development</b>				
3	ADER	210,786	Business Development	159,184
4	AD IPT	0	Carbon Reduction	1,000,000
5	AD IPT	952,978	Infrastructure and Transportation*	1,274,446
6	AD IPT	(1,210,908)	Parking Services	(1,203,216)
7	EDCD	138,025	Strategic Management	207,968
8	AD IPT	6,699,116	Street Lighting	6,391,307
		<b>6,789,997</b>	<b>Total City Development</b>	<b>7,829,689</b>
<b>Neighbourhoods</b>				
9	ADES	(2,550,811)	Bereavement	(2,570,054)
10	ADES	938,588	Building Cleaning	1,020,599
11	ADES	186,859	Building Services*	107,881
12	ADES	75,714	Civic Catering	73,448
13	ADES	566,521	Depots	569,168
14	ADES	3,826,930	Fleet	3,634,351
15	ADES	7,383,548	Local Services	8,113,013
16	ADES	175,615	Public Conveniences	160,969
17	ADHS	680,779	Public Protection and Regulatory Services	1,405,939
18	ADES	(214,939)	School Meals	108,666
19	ADES	1,030,414	Waste Collection and Recycling	1,374,179
20	ADES	9,743,557	Waste Disposal	10,413,720
		<b>21,842,775</b>	<b>Total Neighbourhoods</b>	<b>24,411,879</b>
		<b>29,159,064</b>	<b>TOTAL DELEGATED BUDGET</b>	<b>32,976,346</b>
<b>Non Delegated Budgets</b>				
21		2,043,088	IAS19 (Pensions)	160,115
22		13,355,870	Support Service Costs - received from other services	13,793,323
23		(10,542,042)	Support Service Costs - charged to other services	(10,596,500)
24		10,979,812	Asset Charges	10,850,072
		<b>44,995,792</b>	<b>TOTAL PORTFOLIO BUDGET</b>	<b>47,183,356</b>

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



**PORTFOLIO GLOSSARY**

ADLG	Assistant Director of Law & Governance
ADER	Assistant Director of Economic Regeneration
ADIPT	Assistant Director of Infrastructure, Planning & Transportation
EDCD	Executive Director of City Development
ADES	Assistant Director of Environmental Services (Interim)
ADHS	Assistant Director of Housing Services

## ROLES AND RESPONSIBILITIES

Primary overview of Adults priorities:

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

Policy Oversight to include:

- Adult and Public Health functions.

## FINANCIAL

### OBJECTIVE SUMMARY

Ref.	Assistant Director Ref.	Revised Estimate 2019/2020 £		Estimate 2020/2021 £
<b>Neighbourhoods</b>				
1	ADAS	44,672,312	Adult Social Care, including Older People, People with Physical, Learning and Mental Health Disabilities	50,988,671
2	ADAS	27,082,827	Strategic Commissioning	27,187,134
3	ADCR	473,355	Welfare Reform	481,327
		<b>72,228,494</b>	<b>Total Neighbourhoods</b>	<b>78,657,132</b>
<b>Joint Commissioning and Public Health</b>				
4	DPH	(4,029,361)	Public Health	(4,027,636)
		<b>(4,029,361)</b>	<b>Total Joint Commissioning and Public Health</b>	<b>(4,027,636)</b>
		<b>68,199,133</b>	<b>TOTAL DELEGATED BUDGET</b>	<b>74,629,496</b>
<b>Non Delegated Budgets</b>				
5		1,479,047	IAS19 (Pensions)	96,570
6		38,648,652	Support Service Costs - received from other services	38,679,740
7		(29,192,612)	Support Service Costs - charged to other services	(28,847,432)
8		208,153	Asset Charges	60,951
		<b>79,342,373</b>	<b>TOTAL PORTFOLIO BUDGET</b>	<b>84,619,325</b>

The budget service lines do not include support service costs or other non-delegated costs. As such they do not reflect external reporting requirements which will contain apportionment of support service costs.

## PORTFOLIO GLOSSARY

ADAS	Assistant Director of Adult Services
ADCR	Assistant Director of Community Resilience
DPH	Director of Public Health

## **ROLES AND RESPONSIBILITIES**

Primary overview of Housing and Regeneration priorities:

- To provide political leadership to the Council's approach to the priorities of Housing, Regeneration and Planning priorities, ensuring that the City achieves the best outcomes from physical and economic regeneration including business and housing growth.
- To ensure that the Council's approach to Housing and Regeneration agenda is integrated, enabling and effective and the Council fulfils its strategic and statutory roles in relation to these functions.
- To provide political leadership to the Council's approach to partnerships relating to housing and regeneration.

Policy Oversight to include:

- Regeneration and Housing functions, including dealing with homelessness.

## **FINANCIAL**

### **OBJECTIVE SUMMARY**

<b>Ref.</b>	<b>Assistant Director Ref.</b>	<b>Revised Estimate 2019/2020 £</b>		<b>Estimate 2020/2021 £</b>
			<b>Corporate Services</b>	
1	ADBPS	(4,457,035)	Miscellaneous Land, Property and Industrial Estates	(5,623,948)
2	ADBPS	(310,320)	Retail Market	(308,871)
		<b>(4,767,355)</b>	<b>Total Corporate Services</b>	<b>(5,932,819)</b>
			<b>City Development</b>	
3	ADIPT	(83,246)	Building Control	(54,977)
4	ADIPT	(235,755)	Development Control	(194,622)
5	ADER	748,533	Planning Implementation	1,068,594
6	DD (LI)	(131,330)	Commercial Development	(123,927)
7	DD (LI)	213,142	Regeneration Properties	(67,794)
		<b>511,344</b>	<b>Total City Development</b>	<b>627,274</b>
			<b>Neighbourhoods</b>	
8	ADHS	639,293	Access to Housing	1,067,303
9	ADCR	127,318	Anti-Social Behaviour	318,215
10	ADHS	600,000	Supporting People	600,000
		<b>1,366,611</b>	<b>Total Neighbourhoods</b>	<b>1,985,518</b>
		<b>(2,889,400)</b>	<b>TOTAL DELEGATED BUDGET</b>	<b>(3,320,027)</b>
			<b>Non Delegated Budgets</b>	
11		398,633	IAS19 (Pensions)	28,407
12		2,951,671	Support Service Costs - received from other services	3,200,377
13		0	Support Service Costs - charged to other services	0
14		3,552,388	Asset Charges	3,550,123
		<b>4,013,292</b>	<b>TOTAL PORTFOLIO BUDGET</b>	<b>3,458,880</b>

The budget service lines do not include support service costs or other non-delegated costs. As such they do not reflect external reporting requirements which will contain apportionment of support service costs.

## **PORTFOLIO GLOSSARY**

**REVENUE BUDGET 2020/2021  
HOUSING AND REGENERATION**

**Appendix J**

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

## EQUALITY ANALYSIS

You must complete this in conjunction with reading Equality Analysis Guidance

**Name of Policy/Decision/Project/Activity:**

Proposed Council Tax Increase

Date: 06/02/20

Version Number: v1

Equality Analysis completed by:

Name/Job title: James Magog (Chief Accountant)

Responsible Officer or Group:

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

Is the Activity:

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

## 1. Purpose and scope

### Purpose

In this section outline briefly:

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

Council Tax raises circa 15% of total council income, inclusive of the social care levy. It goes towards providing a wide range of services to the people of Sunderland and 2016/17 was the first increase since the 2010/2011 financial year. Increases since have been within the government's referendum limits. The current Band D Council Tax in Sunderland in respect of the Council is £1,414. The Council Tax paid to Sunderland City Council is the lowest in both Tyne and Wear (average £1,589) and the wider North East region (average £1,621), and compares favourably to the metropolitan council average (£1,500)

The proposed 3.99% increase, inclusive of the social care precept, is allowable without contravening the government imposed referendum limit. The increase will add 72p a week for the majority of households in Sunderland who are in a Band A property. It will raise £4.0m that will be used to provide vital local services, including adults and children's social care.

All Council Tax payers will be affected by the increase; however, those on lower incomes are likely to experience a greater impact on their ability to pay. This could disproportionately affect the young, disabled people and low income pensioners. To mitigate this impact, the Council operates a Council Tax Support scheme and the eligibility criteria remains unchanged so enabling some of those affected to claim support. Whilst pensioners' entitlement to Council Tax Support is protected, Sunderland's localised scheme entitles claimants of working age who submit a claim for Council Tax Support to receive up to a maximum of 91.5 % reduction in respect of their Council Tax liability depending on their circumstances. None of the protected groups are restricted from claiming Council Tax Support. Their eligibility is determined by their financial and personal circumstances. The current caseload is 32,893 of which 13,159 are pensioners and 19,734 are working age claimants. The impact of the proposed increase equates to an increase of 9p per week for those working age claimants who are in receipt of maximum Council Tax Support in a Band D property, or 6p per week for the majority of households in Sunderland who are of working age and in receipt of maximum Council Tax Support in a Band A property. As the support scheme works on a percentage of Council Tax, it is recognised that there will still be an impact even for those receiving support

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

## Intelligence and Analysis

Please describe:

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

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

The budget consultation undertaken showed that, of those that responded, 60% supported an increase in council tax. 45% agreed that an increase within the government's referendum limit would be acceptable, with a further 15% supporting an increase above the referendum limit.

## Gaps in intelligence and information

Having analysed the information available to you:

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

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

## Additional Impacts

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

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

## 2. Analysis of impact on people

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

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

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

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

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



Low income groups			People on low income who are applicable will continue to receive support through the Council Tax Support scheme, which will significantly mitigate any financial impact. In a minority of cases, there will potentially be some impact albeit, at a small value.
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Please add any additional groups mentioned in “additional impacts” above to this table.

### 3. Response to Analysis, Action Plan and Monitoring

In this section please outline what actions you propose to take to minimise the negative, and maximise the positive, impacts that have been identified through the analysis. By considering and implementing these actions the policy or action can be refined to make sure that the greatest benefits are achieved for the people of Sunderland. The performance monitoring process should also be set out to explain how ongoing progress is going to be followed to make sure that the aims are met.

From the analysis four broad approaches can be taken, (No major change; continue with the policy/action despite negative implications; adjust the policy/decision/action; or stop the policy/action). Please indicate, using the list below, which is proposed.

No Major Change ( x )

Continue Despite Negative Implications ( )

Adjust the Policy/Decision/Project/Activity ( )

Stop ( )

#### Action Plan

ACTION	WHO	WHEN	MONITORING ARRANGEMENTS
Monitor the impact through payment and arrears statistics	Sharon Holden (Revenues Manager)	Quarterly	As part of routine Council Tax performance monitoring

