

CABINET MEETING – 11 FEBRUARY 2020

EXECUTIVE SUMMARY SHEET – PART I

Title of Report:

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

Author(s):

Executive Director of Corporate Services

Purpose of Report:

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.

Description of Decision:

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 Investment Strategies);
- the Prudential Indicators for 2020/2021 to 2023/2024; and
- the Minimum Revenue Provision Statement for 2020/2021.

Is the decision consistent with the Budget/Policy Framework?

No – this report

is integral in reviewing and amending the Budget and Policy Framework

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

Suggested reason(s) for Decision:

To comply with Statutory requirements.

Alternative options to be considered and recommended to be rejected:

No alternative options are submitted for Cabinet consideration.

Impacts analysed;

Equality ☒ Privacy ☒ Sustainability ☒ Crime and Disorder ☒

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

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

Yes

Is it included in the 28 day Notice of Decisions?

Yes

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
TOTAL CAPITAL EXPENDITURE	155.563	166.644	78.285	55.754	456.246

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
Total Transport	7,950	5,645	0
Better Care Fund (DFG)	3,574	tbc	tbc
Total Adult Social Care	3,574	tbc	tbc
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
Total Department for Education	4,202	6,134	383

* 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
Deputy Leader							
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
Total		49.189	6.570	42.619	0.000	0.000	49.189
Cabinet Secretary							
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
Total		21.150	3.820	17.330	0.000	0.097	21.053
Children, Learning and Skills							
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
Total		33.512	4.376	29.136	6.224	0.000	27.288
Environment and Transport							
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
Total		28.270	6.315	21.955	0.000	0.000	28.270
Health and Social Care							
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
Total		6.108	4.108	2.000	0.000	4.500	1.608
Housing and Regeneration							
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
Total		127.644	33.762	93.882	22.750	3.600	101.294
Service New Grant Allocations							
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
Total		4.725	4.725	0.000	4.725	0.000	0.000
Total of Investment Proposals		270.598	63.676	206.922	33.699	8.197	228.702
Savings from Current Capital Programme						4.450	(4.450)
TOTAL NET ADDITIONAL INVESTMENT		270.598	63.676	206.922	33.699	12.647	224.252

- 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 31st March 2008 which requires local authorities to repay an element of its capital financing requirement each year through a revenue charge known as the Minimum Revenue Provision (MRP). Local authorities have a statutory requirement to make a prudent level of provision and to have regard to 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 1st April 2008 (being the date when regulations came into force) around £43.5m less MRP would have been charged between 1st April 2008 and 31st March 2016. Council approved that the £43.5m overprovision of MRP in previous years be used to reduce MRP for 20 years from 2016/2017 by a fixed amount of £2.176m each year until 2036/2037. Phasing over 20 years is the time period that the Government specify for expenditure to be treated as capital expenditure by virtue of direction under section 16(2)(b) of the 2003 Act. This is considered prudent, as taking previous overpayments over this longer period slows the increase to the Council's capital financing requirement, and therefore interest charges, whilst still giving additional certainty to the Council's debt charges budget. The proposal assisted the Council in addressing the impact of funding reductions as described in the Council's MTFP at that time.

- 5.8 It is proposed the Council continue the MRP policy used in 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 – 15th 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
TOTAL CURRENT PROGRAMME	91.887	93.761	185.648

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.

Funding Source	2019/2020 £'000	2020/2021 £'000
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
Total Transport	7,950	5,645

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
Total Children's Services	4,202	6,134	383

**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**):

Funding	Amount £'000
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
TOTAL CAPITAL EXPENDITURE	896,466	289,618	150,602	155,563	166,644	78,285	55,754

CAPITAL PROGRAMME

Source of Finance	Estimated Resources				
	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000
FROM EXTERNAL SOURCES					
Loans					
Prudential Borrowing	59,574	121,806	148,278	59,938	38,654
Salix	4,500	200	0	0	0
Government Grants					
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
Grants from Other Public Bodies					
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
Other External Funding					
Gentoo	100	0	0	0	0
Other Capital Contributions	130	23	0	0	0
Other Grants General	206	0	0	0	0
Total External Sources	135,494	148,912	163,612	75,429	48,928
FROM INTERNAL SOURCES					
Revenue Contributions					
Strategic Initiative Budget	80	0	0	0	0
Directorate	35	10	41	0	0
Reserves					
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
Capital Receipts	2,645	3,421	2,055	616	835
Total Internal Sources	15,108	6,651	3,032	2,856	6,826
TOTAL FINANCING	150,602	155,563	166,644	78,285	55,754

**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
	Continuing Projects									
	Strategic Economic Development									
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
	Port									
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
	Economic Development Grants									
CP0103	Provision for Economic Development	Provision for financial assistance for inward investment and job growth in order to lever significant job creation and private sector investments. Growth areas including Vaux and IAMP may require assistance packages over coming years.	C Auld	5,132	1,822	1,210	700	700	700	0
TOTAL CONTINUING PROJECTS				134,787	90,240	10,285	6,753	15,062	7,243	5,204

**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
	Projects Commencing 2020/21									
	Port									
CP0491	Port Warehousing Developments	Construction of industrial warehousing at the Port of Sunderland to meet expanding demand for both leased space and undercover cargo storage capacity that will improve the Port's commercial offer. This will also help position the Port to attract long term tenants linked to opportunities arising from 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
	Strategic Economic Development									
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	Farringdon Row Phase 1	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.	A Crabb	36,270	0	0	1,288	21,088	13,894	0
TOTAL PROJECTS COMMENCING 2020/21				49,189	0	0	6,570	25,975	16,644	0
TOTAL DEPUTY LEADER PORTFOLIO				183,976	90,240	10,285	13,323	41,037	23,887	5,204

**DEPUTY LEADER
CAPITAL PROGRAMME**

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

**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
	Continuing Projects									
	Management of Council Land and Buildings									
CP0272	Energy Efficiency - Northumbrian Water Smart Metering Programme	Development of a multi utility software package to analyse half hourly energy data, now being commercialised by Northumbrian Water. The second phase of the programme is to develop a cost-effective smart water metering system.	P Davies	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
	ICT Projects									
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
TOTAL CONTINUING PROJECTS				20,749	3,742	7,056	4,758	5,153	40	0
	Projects Commencing 2020/21									
	Management of Council Land and Buildings									
CP0418	Planned Property Capital Maintenance	Various construction, mechanical and electrical services based projects / works required to maintain and improve the Council's property portfolio.	P Davies	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
	ICT Projects									
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
TOTAL PROJECTS COMMENCING 2020/21				21,150	0	0	3,820	11,580	2,500	3,250
TOTAL CABINET SECRETARY PORTFOLIO				41,899	3,742	7,056	8,578	16,733	2,540	3,250

**CABINET SECRETARY
CAPITAL PROGRAMME**

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

**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
	Continuing Projects									
	School Devolved Fund Capital									
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
	Major Schools' Asset Management									
CP0350	SSGA - School Extensions to St Pauls & Benedict Biscop	Sunderland South Growth Area (SSGA) plans will generate demand for school places growth with 2 school extensions (105 places each) required 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
	Other Schools' Asset Management Projects									
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
	Mechanical Works									
CP0387	School Mechanical Works	School Mechanical Works.	S Mitchell	612	400	212	0	0	0	0
	Electrical Works									
CP0388	School Electrical Works	School Electrical Works.	S Mitchell	155	137	18	0	0	0	0
	Social Care									
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
Other Children Services Projects										
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
TOTAL CONTINUING PROJECTS				23,832	5,402	7,300	8,643	1,554	933	0
Projects Commencing 2020/21										
Major School's Asset Management										
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
Other Schools' Asset Management Projects										
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
Social Care										
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
TOTAL PROJECTS COMMENCING 2020/21				34,192	0	0	5,056	10,785	8,198	10,153
TOTAL CHILDRENS LEARNING & SKILLS PORTFOLIO				58,024	5,402	7,300	13,699	12,339	9,131	10,153

**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
FROM EXTERNAL SOURCES					
Loans					
Prudential Borrowing	605	7,390	11,530	6,550	7,642
Salix	22	0	0	0	0
Government Grants					
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
Grants from Other Public Bodies					
Education Funding Agency	2,021	3,903	383	0	0
Total External Sources	6,050	13,194	12,143	6,850	8,142
FROM INTERNAL SOURCES					
Reserves					
Strategic Investment Reserve	79	0	0	0	0
S106 Reserve	521	505	196	1,790	2,011
Capital Receipts	650	0	0	491	0
Total Internal Sources	1,250	505	196	2,281	2,011
TOTAL FINANCING	7,300	13,699	12,339	9,131	10,153

**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
	Continuing Projects									
	Community Services									
CP0412	Neighbourhood Renewal	Provision for devolved priority investments into Neighbourhood Renewals.	S Mitchell	2,500	0	30	1,970	500	0	0
	Events, Culture & Sport									
CP0309	Parklife Football Hubs	Provision of 3 football hub sites strategically located in areas of demand, geographically positioned and with good transport links.	V French	20,615	1,822	16,222	2,571	0	0	0
	Culture and Tourism									
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
TOTAL CONTINUING PROJECTS				49,599	4,416	18,687	4,841	11,078	10,577	0

TOTAL COMMUNITY & CULTURE PORTFOLIO		49,599	4,416	18,687	4,841	11,078	10,577	0
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**COMMUNITY & CULTURE
CAPITAL PROGRAMME**

Source of Finance	Estimated Resources				
	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000
FROM EXTERNAL SOURCES					
Prudential Borrowing	4,321	4,694	3,301	2,800	0
Grants from Other Public Bodies					
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
Total External Sources	18,263	4,841	11,078	10,577	0
FROM INTERNAL SOURCES					
Revenue Contributions					
Strategic Initiative Budget	40	0	0	0	0
Reserves					
Strategic Investment Reserve	250	0	0	0	0
Commercial & Development Reserve	82	0	0	0	0
Capital Receipts	52	0	0	0	0
Total Internal Sources	424	0	0	0	0
TOTAL FINANCING	18,687	4,841	11,078	10,577	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
	Continuing Projects									
	Strategic Economic Development									
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
	Major Highway Schemes									
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
	Local Transport Plan									
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
	Flood & Coast Risk Management									
CP0160	Flood and Extreme Weather Mitigation	Rolling programme of flood defence and flood alleviation schemes in accordance with the flood priority list and extreme weather repairs, as well as 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
	Infrastructure and Transportation									
CP0009	Private Streetworks	Council contribution to the upgrade of private streets.	M Jackson	50	0	50	0	0	0	0
CP0310	LED Street Lighting Phase 2	Following on from the 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
	Environmental Services (Street Scene)									
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
	Play Provision									
CP0299	Play and Urban Games Strategy	Improvement works to play areas across the city.	I Richardson	1,123	463	660	0	0	0	0
TOTAL CONTINUING PROJECTS				296,296	156,071	52,353	52,303	22,757	9,032	3,780

**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
	Projects Commencing 2020/21									
	Local Transport Plan									
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
	Environmental Services (Street Scene)									
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
	Infrastructure and Transportation									
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
	Infrastructure and Transportation - Parking									
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
TOTAL PROJECTS COMMENCING 2020/21				32,315	0	0	10,360	16,135	5,035	785
TOTAL ENVIRONMENT AND TRANSPORT PORTFOLIO				328,611	156,071	52,353	62,663	38,892	14,067	4,565

**ENVIRONMENT & TRANSPORT
CAPITAL PROGRAMME**

Source of Finance	Estimated Resources				
	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000
FROM EXTERNAL SOURCES					
Prudential Borrowing	67	44,197	36,057	10,602	500
Salix	4,009	200	0	0	0
Government Grants					
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
Grants from Other Public Bodies					
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
Other External Funding					
Other Capital Contributions	0	23	0	0	0
Other Grants General	50	0	0	0	0
Total External Sources	48,199	58,204	37,452	13,532	500
FROM INTERNAL SOURCES					
Revenue Contributions					
Directorate	35	0	0	0	0
Strategic Initiative Budget	40	0	0	0	0
Reserves					
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
Capital Receipts	718	2,981	855	85	85
Total Internal Sources	4,154	4,459	1,440	535	4,065
TOTAL FINANCING	52,353	62,663	38,892	14,067	4,565

**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
	Continuing Projects									
	Adult Services									
CP0080	Disabled Facilities Grants	Provision of grants to support much needed adaptations to be carried out to properties allowing people to remain in their homes.	G King	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: • Provision of demonstration showrooms and training facilities at the Independent Living Centre; • Increased use of technology to transform service delivery and increase staff productivity; and • Provision of show rooms to promote technological solutions to improve resident's independence.	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
TOTAL CONTINUING PROJECTS				15,019	10,538	4,097	229	155	0	0

**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
	Projects Commencing 2020/21									
	Adult Services									
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
TOTAL PROJECTS COMMENCING 2020/21				6,108	0	0	4,108	2,000	0	0
TOTAL HEALTH & SOCIAL CARE PORTFOLIO				21,127	10,538	4,097	4,337	2,155	0	0

**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
FROM EXTERNAL SOURCES					
Loans					
Prudential Borrowing	249	4,108	2,000	0	0
Government Grants					
Better Care Fund Grant	3,574	0	0	0	0
Other External Funding					
Gentoo	100	0	0	0	0
Total External Sources	3,923	4,108	2,000	0	0
FROM INTERNAL SOURCES					
Reserves					
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
Total Internal Sources	174	229	155	0	0
TOTAL FINANCING	4,097	4,337	2,155	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
	Continuing Projects									
	Management of Council Land and Buildings									
CP0366	Former Usworth Comprehensive School Site Enabling Works	Enabling works on the former Usworth school site in advance of potential development of the site.	P Scafton	510	26	484	0	0	0	0
	Strategic Economic Development									
CP0221	Railway Station Public Realm	As part of the wider Railway Station redevelopment public realm improvements will be undertaken to the area immediately in front of the station to provide an improved arrival and departure experience as well as ensuring the station is better integrated into the wider area.	M Jackson	750	0	0	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 Scafton	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 Scafton	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 Scafton	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
	Housing Services									
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
Seafront Regeneration										
CP0111	Roker Pier and Lighthouse	Lighthouse restoration works and provision of new tunnel entrance. All works now complete and to be opened up as a visitor attraction, to be managed by volunteers from the Roker Heritage Group.	C Auld	2,212	2,089	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
Regeneration Projects										
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
TOTAL CONTINUING PROJECTS				85,586	19,209	50,824	14,360	1,181	12	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
	Projects Commencing 2020/21									
	City Development (Land & Investment)									
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
	Regeneration Projects									
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
	Seafront Regeneration									
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
	Housing Services									
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
TOTAL PROJECTS COMMENCING 2020/21				127,644	0	0	33,762	43,229	18,071	32,582
TOTAL HOUSING & REGENERATION				213,230	19,209	50,824	48,122	44,410	18,083	32,582

**HOUSING & REGENERATION
CAPITAL PROGRAMME**

Source of Finance	Estimated Resources				
	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000
FROM EXTERNAL SOURCES					
Prudential Borrowing	43,306	42,319	38,820	13,599	22,808
Government Grants					
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
Grants from Other Public Bodies					
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
Other External Funding					
Nexus	0	0	500	0	0
Total External Sources	47,118	48,112	44,369	18,083	32,582
FROM INTERNAL SOURCES					
Revenue Contributions					
Directorate	0	10	41	0	0
Reserves					
Strategic Investment Reserve	1,744	0	0	0	0
S106 Reserve	906	0	0	0	0
Other Capital Reserves	686	0	0	0	0
Capital Receipts	370	0	0	0	0
Government Grants	3,706	10	41	0	0
TOTAL FINANCING	50,824	48,122	44,410	18,083	32,582

**PROJECT SPONSOR KEY
CAPITAL PROGRAMME**

Project Sponsor	Job Title
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:

	2019/20	2020/21	2021/22	2022/23	2023/24
	£000	£000	£000	£000	£000
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:

Estimates of financing costs to net revenue stream					
2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024
Actual	Estimate	Estimate	Estimate	Estimate	Estimate
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

31/03/19	31/03/20	31/03/21	31/03/22	31/03/23	31/03/24
£'000	£'000	£'000	£'000	£'000	£'000
Actual	Estimate	Estimate	Estimate	Estimate	Estimate
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 31st 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.

	Authorised Limit for External Debt				
	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024
	£'000	£'000	£'000	£'000	£'000
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
Total	673,627	842,243	912,949	922,635	932,385

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

	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024
	£'000	£'000	£'000	£'000	£'000
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
Total	648,627	817,243	887,949	897,635	907,385

- P7 The Council's actual external debt at 31st 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 3rd 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 31st 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 1st April 2008.
- 1.3 It was established that around £43.512m less MRP would have been charged between 1st April 2008 and 31st March 2016 had the annuity basis been adopted during this period. Council approved that the overprovision of MRP in previous years be used to reduce MRP for 20 years from 2016/2017 by a fixed amount of £2.176m each year until 2036/2037. Phasing over 20 years is the time period that the Government specify for expenditure to be treated as capital expenditure by virtue of direction under section 16(2)(b) of the 2003 Act and is considered to be prudent as taking previous overpayments over this longer period slows the increase to the Council's capital financing requirement, and therefore interest charges, whilst still giving additional certainty to the Council's debt charges budget.
- 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 1st April 2008 to 31st March 2016 had the Council followed its current policy for calculating MRP; and
- f) Changes to the Council's MRP policy will be made where the Executive Director of Corporate Services determines that such a revision will reduce future years' debt repayment requirements and provide value to the Council. This action, if used, would be reported to Cabinet accordingly.

Treasury Management Policy Statement

- 1.1 In line with CIPFA recommendations, on the 3rd 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 31st December 2019 comprised:

		Principal (£m)	Total (£m)	Average Rate (%)
Treasury external borrowing				
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
Total external borrowing			420.4	2.89
Total treasury investments				
	In house – short term		216.7	1.01
Net treasury borrowing			203.7	

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 20th November 2002 and the revised Code in 2011 was adopted by the full Council on 3rd 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 19th 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 11th 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 9th 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 31st 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 31st 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 8th January 2020.

2019/2020	Qtr 1* (Apr - Jun) %	Qtr 2* (Jul - Sep) %	Qtr 3* (Oct – Dec) %	Qtr 4* (rates to 8th Jan 2020) %
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 1st 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:

Duration	Date of the transaction	Start	Matures	Rate %	Loan Amount £m
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.

Roll Over Dates	Lender	Amount £m	Rate %	Roll Over Periods
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
Total		10.0		

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:

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

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 1st 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:

Return	2018/19 Benchmark %	2018/19 Return %	To date 2019/20 Benchmark %	To date 2019/20 %
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: -

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

4. The Treasury Management Role of the Section 151 Officer

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

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

1. Interest Rate Forecasts

- 1.1 The data set out overleaf shows a variety of forecasts published by Link Asset Services and Capital Economics (an independent forecasting consultancy).
- 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
Average	0.75%	0.78%	0.95%	1.24%	1.44%
Highest	0.75%	1.20%	1.75%	2.25%	2.50%
Lowest	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.

Fitch / S&P's Long-Term Rating	Fitch Short Term Rating	S&P's Short-Term Rating	Moody's Long-Term Rating	Moody's Short-Term Rating	Maximum Deposit £m	Maximum Duration
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
Local Authorities (limit for each local authority)					30	2 years
UK Government (including debt management office, gilts and treasury bills)					300	2 years
Money Market Funds (CNAV, LVNAV and VNAV) Maximum amount to be invested in Money Market Funds is £120m with a maximum of £50m in any one fund.					120	Liquid Deposits
Local Authority controlled companies					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
UK	AA	-	Aa2	-	AA	-	350	
Lloyds Banking Group							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
Royal Bank of Scotland Group (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
Money Market Funds							120	Liquid
Prime Rate Stirling Liquidity	AAA				AAA		50	Liquid
Insight Liquidity Fund	AAA		-		AAA		50	Liquid
Aberdeen Liquidity Fund (Lux)	AAA		AAA		AAA		50	Liquid
Deutsche Managed Sterling Fund	AAA		Aaa		AAA		50	Liquid
Foreign Banks have a combined total limit of £50m								
Australia	AAA		Aaa		AAA		50	
Australia and New Zealand Banking Group Ltd	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
Canada	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
Denmark	AAA		Aaa		AAA		50	
Danske A/S	A	F1	A2	P-1	A	A-1	50	365 days
Finland	AA+		Aa1		AA+		50	
OP Corporate Bank plc	WD	WD	Aa3	P-1	AA-	A-1+	50	2 years
Germany	AAA		Aaa		AAA		50	
DZ Bank AG (Deutsche Zentral-Genossenschaftsbank)	AA-	F1+	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
Netherlands	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
Singapore	AAA		Aaa		AAA		50	
DBS Bank Ltd	AA-	F1+	Aa1	P-1	AA-	A-1+	50	2 years
Oversea Chinese Banking Corporation Ltd	AA-	F1+	Aa1	P-1	AA-	A-1+	50	2 years
United Overseas Bank Ltd	AA-	F1+	Aa1	P-1	AA-	A-1+	50	2 years
Sweden	AAA		Aaa		AAA		50	
Svenska Handelsbanken AB	AA	F1+	Aa2	P-1	AA-	A-1+	50	2 years
Switzerland	AAA		Aaa		AAA		50	
Credit Suisse AG	A	F1	A1	P-1	A+	A-1	50	365 days
UBS AG	AA-	F1+	Aa2	P-1	A+	A-1	50	365 days
USA	AAA		Aaa		AA+		50	
Bank of New York Mellon	AA	F1+	Aa1	P-1	AA-	A-1+	50	2 years
JP Morgan Chase Bank NA	AA	F1+	Aa1	P-1	A+	A-1	50	365 days
Wells Fargo Bank NA	AA-	F1+	Aa1	P-1	A+	A-1	50	365 days

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.