CABINET **8 FEBRUARY 2022**

REVENUE BUDGET AND PROPOSED COUNCIL TAX FOR 2022/2023 AND MEDIUM TERM FINANCIAL PLAN 2022/2023 TO 2025/2026

Report of the Executive Director of Corporate Services

1. Purpose of Report

1.1 To report:

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

2. Description of Decision

2.1 Members are requested to:

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

3. Introduction

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

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

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

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

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

4. Final Funding Position February 2022

4.1 The January 2022 Cabinet report set out the provisional local government finance settlement for the Council and progress in relation to several outstanding uncertainties.

4.2 The final local government finance settlement, at the time of writing this report is yet to be received. Should the final settlement contain any revisions to the draft settlement or forecasts assumed within the budget presented in the report, these will be considered at the time of the first quarterly revenue review.

4.3 Further information about the grant changes in accordance with the provisional local government finance settlement is set out below, while section 5 sets out the final spending pressures and commitments to be taken into account in setting the budget for 2022/2023.

Local Government Finance Settlement

4.4 The Council awaits notification of the final settlement from the Government. Any changes required following receipt of the final settlement will be considered at the time of the first quarterly revenue review. As such there is currently no change to the position set out in the January Cabinet report.

4.5 The Government uses a measure known as the Core Spending Power (CSP) to indicate the impact of changes in funding. For 2022/2023, this measure includes:

- Settlement Funding Assessment (SFA) comprising:
    - Revenue Support Grant (RSG);

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

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

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

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

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

4.9 Improved Better Care Fund

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

4.10 New Homes Bonus (NHB)

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

4.11 Social Care Grant

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

4.12 Lower Tier Services Grant

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

4.13 Market Sustainability and Fair Cost of Care Fund

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

4.14 2022/2023 Services Grant

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

Funding Outside of Core Spending Power

4.15 Public Health Grant

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

4.16 Housing Benefit and Council Tax Administration Grants

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

4.17 Supporting Families Programme

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

4.18 Cyber Security Grant

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

4.19 Strengthening Local Delivery and Transparency

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

4.20 Homelessness Grant

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

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

Council Tax

4.22 In accordance with the Localism Act the public have the right to approve or veto excessive council tax rises. The Government have proposed that a referendum principle will apply to all principal local authorities, Police and Crime Commissioners and Fire and Rescue Authorities.

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

4.24 The 2021/2022 Council Tax Collection Fund position is reported elsewhere on this agenda. When setting the forecast council tax position for 2021/2022 the impact of Covid-19 pandemic and the related winding down of the Government's furlough support scheme were reflected, leading to a reduced council tax income assumption for the year. The actual impact of these factors coupled with the continuation of the Council Tax Hardship scheme have resulted in this income downturn being lower than anticipated. This has resulted in a forecast in-year surplus for the Council of £2.381m, which will be released from the collection fund to support the Council's budget position in 2022/2023. In addition, the variance from forecast and actual position of £0.160m for 2020/2021 will also be released to the budget position in 2022/2023. This impact has been reflected in the 2022/2023 budget and the Medium Term Financial Plan (MTFP).

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

Retained Business Rates

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

Schools' Funding

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

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

* Provisional Schools Block allocation excludes Growth Funding

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

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

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

4.30 The Local Funding Formula was submitted to the Education and Skills Funding Agency on 21st January 2022.

5 Spending Pressures and Commitments 2022/2023

5.1 When the Budget Planning Framework was approved in October 2021 and subsequently updated in December 2021 and January 2022, Cabinet agreed that the following spending commitments would be taken into account:

- provision in respect of pay awards and employer national insurance contribution increases;
- general contract inflation, including the likely impact on contract prices of the forecast increase in the National Living Wage;
- appropriate provision for ongoing budget pressures including the impact of Covid-19;
- the impact of demographic changes, complex needs and cost pressures in respect of adult social care;
- the impact of demand and costs pressures within Children's social care;
- transport levy contributions;
- funding to meet additional priorities, and
- provision for spending commitments in respect of debt charges and interest receipts.

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

Cross Cutting

5.3 Pay award

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

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

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

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

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

Deputy Leader

5.8 Waste Material Recovery Facility

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

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

5.9 Waste Collection and Recycling

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

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

5.10 Environmental Services

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

5.11 Neighbourhood Services – Loss of Income

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

5.12 Acceleration of Business Recovery in the City

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

Cabinet Secretary

5.13 Capital Financing / Debt Charge Pressures

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

5.14 Corporate Services - Service Pressures and Loss of Income

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

Children Learning and Skills

5.15 Inflationary increase

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

5.16 Demand and Cost Pressures - TfC

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

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

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

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

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

Health and Social Care

5.17 Adults Social Care Demand Pressures

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

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

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

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

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

5.18 Adult Social Care Inflationary increases

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

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

Dynamic City

5.19 Neighbourhood Services – Other Services Pressures

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

Spend Pressures and Commitments Summary

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

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

6 Budget Reduction Proposals

6.1 Additional budget reduction proposals were approved at December's Cabinet to be taken forward through the budget process for consideration by Scrutiny Coordinating Committee and for the purposes of consultation.

6.2 Taking account of the above, a suite of budget reductions, focused on 2022/2023 is included within the budget plans, as summarised by Portfolio in the table below. Further detail on each of the budget reduction proposals are set out at Appendix A, but these are broadly unchanged from previous Cabinet reports.

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

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

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

7 Proposed Council Tax Increase 2022/2023

7.1 In order to prevent further cuts to front line services, enable some essential investment in key priorities and minimise the use of reserves, it is proposed to increase the council tax and the social care precept for 2022/2023 in line with the Government's assumptions when determining funding levels for councils for 2022/2023.

7.2 Consultation undertaken as part the 2022/2023 budget setting process asked respondents whether they supported increases in council tax within the Government's referendum limit.

7.3 As set out in section 11, whilst it was clear from many comments that increases in council tax were not desirable, people did recognise the need for a balanced budget. 52% of respondents agreed with an increase of 3%.

7.4 The referendum limits set out in the local government settlement for 2022/2023 enable the combined council tax and social care precept to be increased by up to 2.99% without the need for a referendum.

7.5 For 2022/2023 it is proposed to increase core council tax by 1.99% and to increase the social care precept by 1%, resulting in a combined increase of 2.99% i.e., within the referendum limit permitted by the Government.

7.6 The formal decisions of the major precepting bodies are awaited regarding their precept proposals for 2022/2023. Consequently, the proposed council tax for 2022/2023 will follow as Appendix F to this report at the Cabinet meeting on 8th February 2022.

8 Overall Budget Position 2022/2023

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

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

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

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

9 Workforce Planning, Transformational Costs and Capital Receipts Flexibilities

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

9.2 At this stage it is proposed that any cost of redundancy payments and the release of pensions as required by the LGPS Regulations will be met from a combination of utilisation of capital receipts flexibilities (subject to detail being received from the Government on the extension to the existing flexibilities available to local authorities) and from within the overall corporate resource position.

9.3 The Council's Efficiency Strategy is set out at Appendix Gi) and supports the Government's requirements in making use of these flexibilities. The requirements in respect of prudential indicators are reflected in the Capital Programme 2022/2023 to 2025/2026 and Treasury Management Policy and Strategy 2022/2023 report elsewhere on this agenda. At this stage however, individual transformational projects that will require capital receipt support are not yet fully developed.

9.4 The position will be kept under review throughout the year as transformational costs and capital receipts generated are finalised. Final arrangements on funding transformational costs arising in each year will be considered as part of the outturn position each year, taking account of the overall corporate outturn position, available reserves, and capital receipts availability. Should the use of capital receipts be required, this will be reported, with project details.

10 Medium Term Financial Position

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

11 Budget Consultation Results 2022/2023

11.1 Cabinet agreed the proposed consultation and communication arrangements in October 2021 as part of the Budget Planning Framework 2022/2023.

11.2 As outlined in the October report to Cabinet, the budget consultation focused on feeling informed, the priorities within the City Plan and views on how Council budget priorities are allocated. With clear messages focusing on the longer-term budget challenge, the scale of what we do and how the money is spent formed part of this consultation.

11.3 Following December's Cabinet meeting the formal consultation was launched, running from 8th December 2021 and closed on 7h January 2022. Again, as with the previous year, due to the pandemic this was undertaken online with a range of communications to advertise the consultation via social media, with targeted campaigns, the Council website and via ward councillors. 126 responses were received. The results are set out in detail at Appendix C.

11.4 In general, people agreed with the proposals as set out, although it is important to note that there were a range of qualitative responses as well which provided further context. 52% of respondents agreed to a Council Tax increase of 3%, with the minority, 48%, preferring a lower increase.

11.5 Existing networks have been utilised to communicate and raise awareness of the consultation with a range of partners including Trades Unions, the North East Chamber of Commerce and Sunderland Business Improvement District, the Schools' Forum and the Change Council.

11.6 Feedback and commentary from the formal consultation with Trade Unions and Business representatives is set out at Appendix D.

11.7 At each stage in the budget process Scrutiny Committee is being consulted. Comments from Scrutiny Coordinating Committee are set out at Appendix E.

11.8 Several presentations have been given to the Schools Forum over the past 6 months, with a focus on the children's social care aspects. At the most recent meeting (13 January 2022) the Forum confirmed that they appreciated the update and that the financial challenges facing the Council supported the need for the increase in council tax. At the Change Council (19 January 2022) the session focused on explaining the way that the Council builds up its budget. Moving forwards, the members of the Change Council committed to provide ideas of activities and facilities that would be priority areas from the perspective of young people.

11.8 All of the feedback from the various consultations has been considered in bringing together the budget proposals in this report.

11.9 Reflections from the 2022/2023 budget consultation will help inform proposed arrangements for future budget consultations. Scrutiny Co-ordinating committee will be engaged in this process.

12 Equality and the Budget Proposals

12.1 The Equality Act 2010 places a specific duty on Local Authorities through the Public Sector Equality Duty. The Act requires Local Authorities to give 'due regard' to the three aims of the duty to: eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Equality Act; advance equality of opportunity between people who share a protected characteristic and those who do not; and to foster good relations between people who share a protected characteristic and those who do not. Understanding the effect of decisions on people with different protected characteristics is an important part of complying with the general equality duty.

12.2 The Council continues to seek to meet its obligations in relation to equality and diversity and has procedures in place at both a general and budget specific level to incorporate equality and diversity issues into decision making processes and the assessment of proposals.

12.3 In accordance with the approach followed in previous years, the Council continues to fully consider the impact of its plans by following a robust approach to equalities analysis (this is the Council's adopted approach to analysing and recording equality impacts). Each directorate has considered the equality impact of their proposals, their judgements along with full Equality Analysis assessments where applicable are outlined at Appendix A.

12.4 Elected Members must review Appendix A and B, and the associated documents as having regard to them will assist members in complying with the public sector equality duty when considering the proposals.

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

13 General Fund Balances and Position in Relation to Major Reserves

13.1 In considering the level of general balances as part of budget preparation decisions, regard is given to:

- known commitments against balances in future years; and
- financial risks faced by the Council and the measures in place to mitigate them or meet them financially.

13.2 The estimated level of general balances as at 31st March 2022 and 31st March 2023 is included within the detailed budget at Appendix J.

13.3 In accordance with best practice, including the Cipfa Financial Management Code and being cognisant of Cipfa's Resilience Index, an analysis of the major financial risks has been undertaken in order to inform the level of balances deemed necessary. These are detailed at Appendix H.

13.4 The Council has a range of earmarked reserves. The major earmarked reserves are set out at Appendix I for information. In accordance with best practice this includes details of the purpose of the reserve as well as their forecast balance as at 31st March 2022 and 31st March 2023. Reserves held with a value of under £1 million are consolidated for presentational purposes. Members will appreciate that the position on these reserves is dependent on a number of factors, not least the outturn position for 2021/2022 and the use of reserves to fund the capital programme. For forecasting purposes, a prudent approach is taken, with updates provided as part of the quarterly reviews to Cabinet.

13.5 In accordance with Part 2 of the Local Government Act 2003 there is a requirement for the Chief Financial Officer (CFO) to report upon the robustness of the estimates and the level of reserves. In making the statement, the CFO places reliance on information provided to him by other officers of the Council as part of the budget setting process. This process involves reasonable checks and other verification, which is undertaken in accordance with the overall system of internal control to validate the information provided.

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

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

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

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

14 Detailed Budget 2022/2023

14.1 As set out above, since the initial budget proposals were formulated, consideration has been given to the outcome of budget consultation, the final settlement, the collection fund position, the council tax base, the business rates income and Government guidance in relation to council tax levels.

14.2 The Total Budget Requirement to be approved by the Council is funded through:

- Revenue Support Grant;
- Retained business rates;
- Top Up Grant; and
- Council tax and Social Care Precept.

14.3 The general summary page of the revenue budget together with details of the proposed contingency and the detailed revenue budget 2022/2023 for each Portfolio is included as Appendix J. All changes have been incorporated into the Budget.

14.4 The formal decisions of the major precepting bodies are awaited regarding their precept proposals for 2022/2023. Consequently, the proposed council tax for 2022/2023 will follow as Appendix F to this report at the Cabinet meeting on 8th February 2022.

Service Reporting Code of Practice

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

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

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

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

Revised Estimates

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

15 Crime and Disorder

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

16 Suggested Reason for Decision

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

17 Alternative options to be considered and recommended to be rejected

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

Background Papers

Budget Planning Framework and Medium Term Financial Plan 2022/2023 - 2025/2026
(12 October 2021 Cabinet)

Budget Planning Framework and Medium Term Financial Plan 2022/2023 - 2025/2026
(7 December 2021 Cabinet)

Revenue Budget 2022/2023 to 2025/2026 – Update and Provisional Local Government Finance Settlement 2022/2023

Council Tax Base 2022/2023
(11 January 2022 Cabinet)

List of Appendices

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

Appendix A

Budget Savings Proposals

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

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

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

Equality Analysis

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

Link to Equality Impact Assessment DL1 - Car Parking Review

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

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

Equality Analysis

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

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

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

Equality Analysis

Equality Statement	Status
Equality analysis is complete and a positive impact has been identified	
Equality analysis is planned and a positive impact is anticipated	
Equality analysis is complete and neutral impact has been identified	✓1
Equality analysis is planned and a neutral impact is anticipated	
Equality analysis is complete and a negative impact has been identified	
Equality analysis is planned and a negative impact is anticipated	
Equality analysis is complete and both positive and negative impacts have been identified	
Equality analysis is planned and both positive and negative impacts are anticipated	
The savings is from staffing changes and therefore equality implications will be considered as part of the Workforce Planning arrangements	
No Equality Analysis Required	✓ 2,3,4

Additional Comment:

1) As part of original variable lighting tests, undertaken in 2016 in line with the first phase of variable lighting introduction, it was unanimously agreed by those in attendance (Councillors, Officers and Contractors) that reducing the lighting levels was not discernible due to the outside aspect and effects of lighting diffusion. Therefore, it is considered that there will be no impact on any of the protected category groups.

2) The ongoing digitisation of advertising assets is focussed on replacing existing advertising assets with new digital assets in the same location therefore no equality analysis is required as there will be no physical impact on the public. If there was a proposal to introduce a new venue for free standing digital advertising unit then this would be subject to the planning application process where the Transportation Development Team would provide input on the Planning Application with regards to its siting and the impact on highways accessibility with regard to footfall traffic and the Local Planning Authority would consider the impact of the unit from a health and safety perspective on sight impaired and disabled people. Planning would consider the implications of the proposal in relation to the amenity and the health safety of the public which would take into account those with disabilities.

3) It is proposed that a modest uplift in highways licence fees and permit fees will be implemented. These fees are aimed at businesses therefore there is no direct impact on the public and subsequently an Equality Analysis is not required.

4) The efficiency saving will arise from increased income being generated through the Highways Operations Team delivering an increased programme of highways works therefore no Equality Analysis is required.

Link to Equality Impact Assessment DL3 – Highways Networks & Street Lighting

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

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

Equality Analysis

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

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

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

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

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

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

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

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

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

Equality Analysis

Equality Statement	Status
Equality analysis is complete and a positive impact has been identified	✓
Equality analysis is planned and a positive impact is anticipated	
Equality analysis is complete and neutral impact has been identified	
Equality analysis is planned and a neutral impact is anticipated	
Equality analysis is complete and a negative impact has been identified	
Equality analysis is planned and a negative impact is anticipated	
Equality analysis is complete and both positive and negative impacts have been identified	
Equality analysis is planned and both positive and negative impacts are anticipated	
The savings is from staffing changes and therefore equality implications will be considered as part of the Workforce Planning arrangements	✓
No Equality Analysis Required	

Additional Comment:
The equality analysis had identified a positive impact on age through much enhanced and improved digital connectivity guided by digital inclusion [1] when redesigning customer journey business processes. A positive impact on disability has been identified as in the design of digital solutions, accessibility requirements for public bodies[2] are adhered to and form part of the design of digital facing solutions.

[1] Digital Inclusion https://digitalinclusionkit.org/
[2] Government Data Standards (GDS) Accessibility Requirements for Public Bodies: https://www.gov.uk/guidance/accessibility-requirements-for-public-sector-websites-and-apps

Link to Equality Impact Assessment CS1 - Corporate Support Review

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

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

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

Equality Analysis

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

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

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

Equality Analysis

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

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

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

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

Equality Analysis

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

Link to Equality Impact Assessment VC1 – Events

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

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

Equality Analysis

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

Appendix B

Equality and Budget Proposals

1 Equality in Decision Making

1.1 The Equality Act 2010 places a specific duty on Local Authorities through the Public Sector Equality Duty. The three aims of the equality duty are to:

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

1.2 Public authorities are required to give 'due regard' to the three aims of the duty when making decisions. Understanding the effect of decisions on people with different protected characteristics is an important part of complying with the general equality duty. Due regard means:

- consider the need to remove or minimise disadvantage or to meet particular needs;
- think about how to encourage participation in public life; and
- tackle prejudice and promote understanding.

2 How equality analysis informs the budget-setting process

2.1 Individual proposals for savings are reviewed to determine whether equality analysis is required. Where equality analyses are required, and negative impacts are identified, it is the responsibility of the services to minimise these as far as possible. A standard approach is taken each year to ensure:

- equality considerations are given to each new savings proposal;
- proposals agreed in previous years are reconsidered to ensure planned equality analysis has been completed or refreshed, where appropriate; and
- where equality analysis is finalised, a sampled quality assurance process takes place to ensure the relevant considerations are being made in a thorough manner.

3 Consultation

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

4 Key Messages

4.1 The equality considerations are summarised into key judgements, evidenced at Appendix A.

4.2 The assessment of impacts concluded that four of the proposals required an equality analysis to be carried out, these are;

- CS1 - Corporate Support Review
- VC1 - Events Reduction
- DL1 - Car Parking Review
- DL3 - Highways, Network and Street Lighting

4.3 Of the four proposals highlighted above, two concluded that there would be a neutral impact (i.e., no disproportionate impact on any of the protected characteristics) and two identified positive impacts. One of these will positively impact on age and disability whilst the other on age, disability, and pregnancy/maternity. Two proposals identified savings as a result of staffing changes and so equality implications will be considered as part of the workforce planning arrangements.

4.4 The completed equalities analysis for each of the above is provided as a weblink within the respective proposal at Appendix A.

5 Conclusions

5.1 The Council continues to seek to meet its obligations in relation to equality and diversity and has procedures in place at both a general and budget specific level to incorporate equality and diversity issues into decision making processes and the assessment of proposals.

5.2 Services and directorates are responsible for updating their equality analyses, continuing to assess how any identified impacts can be mitigated during the development of the detailed proposals and ensuring these considerations are presented to decision makers.

Appendix C

Budget Consultation 2022/2023 Results

1. Background and Context

1.1 This year's consultation process utilised existing networks such as 'Let's Talk' and social media to communicate with both geographic communities and communities of interest. In addition to residents, there were communications with a range of partners and stakeholders.

1.2 Following the December 2021 Cabinet meeting, the formal consultation on; priority spend areas, service savings proposals (£5.821m of efficiencies) and the level of potential council tax increase commenced. Consultation ran from 8th December 2021 until 7th January 2022. Due to the pandemic this was undertaken using existing networks and social media platforms to communicate with both geographic communities and communities of interest online.

1.3 The engagement process focusing on people's priorities for spend asked the respondents to allocate a notional £50 across Council services to indicate their priority services areas and an appropriate budget split. This was restricted to the areas of the council where spend can be influenced and as such excluded Schools and benefit payments.

1.4 Response levels were lower than last year with 126 consultation responses received, compared to 213 previously. Whilst mixed, the general message from the responses was that they were broadly in agreement with the proposals.

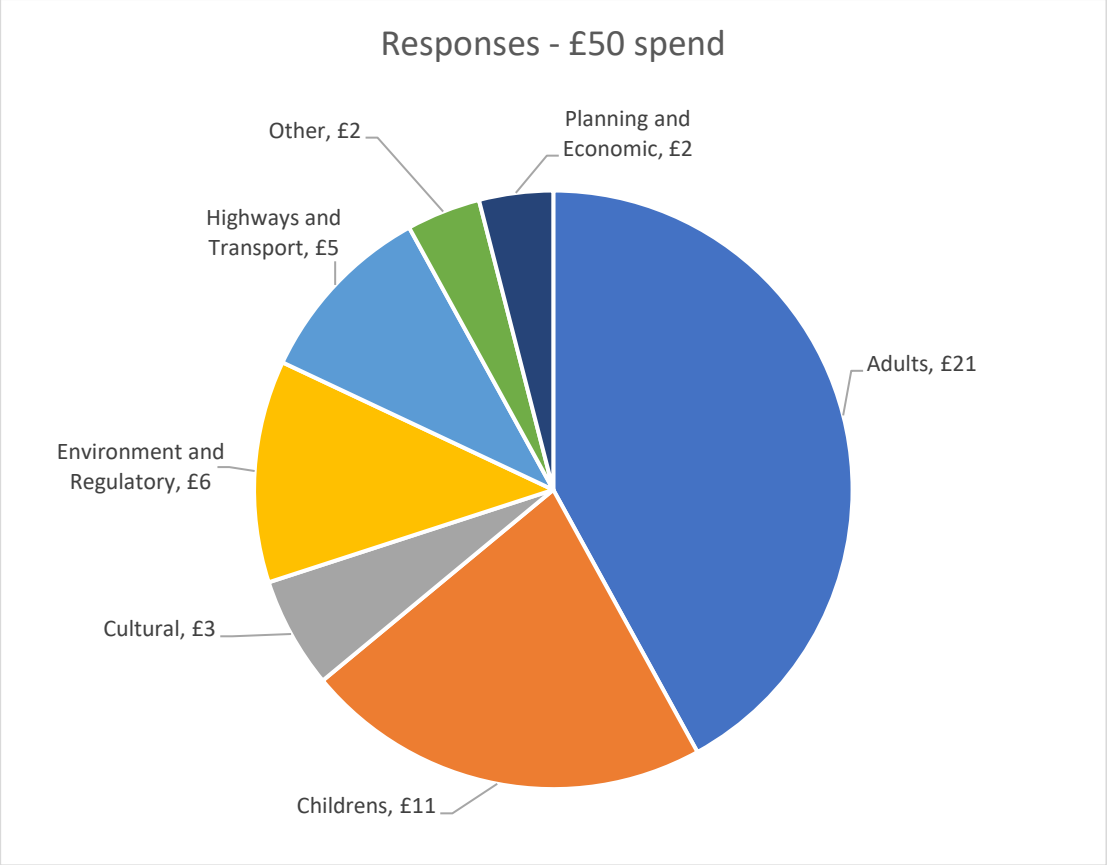
1.5 In addition to the above, briefings to the following stakeholders were given:

- Finance Directors of Sunderland College, South Tyneside and Sunderland NHS Foundation Trust, University and Clinical Commissioning Group and Gentoo;
- North East Chamber of Commerce, representatives of business ratepayers and Sunderland Business Improvement District;
- Schools' Forum; and
- Change Council

1.6 The budget engagement and consultation exercise aimed to increase and assess awareness of the financial challenges the Council faces and the scale of services provided. In addition, questions were included to assess support for a council tax increase in line with the Government's expectations.

2. Results

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



2.2 The consultation responses received correlated overall with the proportions of spend for Adults and Children's Social Care combined. Although some qualitative responses did refer to targeting a greater proportion of funding to Children's Social Care with the aim of reducing the need for intervention in the longer term. The priorities for spend in all other service areas were broadly in line with current budget levels with no significant variations.

2.3 The majority of respondents agreed with the savings proposals as set out in the December 2021 Cabinet report, although it is important to note that there were a range of qualitative responses as well which provided further context. In many cases, people acknowledged the difficult decisions that the Council faced, and that ideally no further reductions would be required.

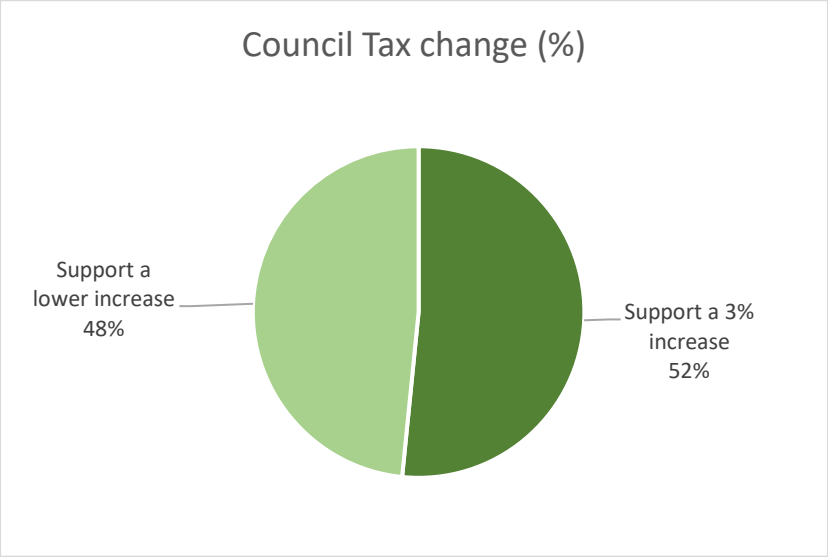
2.4 In addition to the savings proposals put forward, 13% of responses included suggestions to reduce the costs associated with councillors through a combination of:

- a reduction in numbers of councillors in each ward from 3 to 2; and
- placing a cap of the maximum value of expenses which can be claimed.

2.5 In relation to council tax increases, the survey outlined the current position in Sunderland relative to the Government's national referendum threshold, with the potential for up to a 3% increase to be applied, 2% for core council tax and 1% for the adult social care precept in line with the Government's assumptions. It highlighted that a council tax increase of 3% would benefit the city by generating a further £3 million to support local services. The survey presented two options:

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

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



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

Appendix D

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

Council Representatives

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

Trade Union Representatives

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

Apologies

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

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

Questions and Comments

1. John Kelly, Unite (JK) asked for clarification of the Neighbourhood Services growth figure of £545,000. JR explained it included a range of items, for instance, as some of the schools have academized they are no longer buying back services in terms of school catering and cleaning and general cost pressures across the wider directorate that weren't explicitly referred to elsewhere.

2. JK asked about the Events programme and impact on staffing. JR said the major impact on staffing in the proposal is from Corporate Support item but on Events no staffing changes were highlighted at this stage.

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

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

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

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

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

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

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

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

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

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

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

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

JR ended the meeting and thanked the participants.

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

Council Representatives

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

Business Representatives

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

Apologies

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

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

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

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

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

Questions and Comments

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

2. Cllr Claire Rowntree, Deputy Leader of the Council supported the comments made by the Leader and said obviously nobody wants to raise Council Tax especially at a time when people are under financial pressure, but Cabinet are responsible for proposing a balanced budget.

3. Jonathan Walker, NEE Chamber of Commerce (JW) highlighted a couple of points:

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

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

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

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

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

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

5. Cllr Miller responded it is remarkable that we are still pretty much on track with developments over the last 2 years given the public health crisis and he is pleased that as a Council we have still managed to continue to deliver that broad spectrum of activity for renewal and support for the business community in the City centre. He is looking forward to seeing it continue through 2022 and into 2023.

6. PM added he thinks the sessions SA referred to in terms of meeting with businesses are really important and he would like to continue the contact. It has been good to respond to some issues and also explain the things we cannot do.

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

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

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

Appendix E

Scrutiny Coordinating Committee Consultation on the Budget 2022/2023

Comments of Scrutiny Coordinating Committee

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

   Scrutiny Coordinating Committee commented as follows:

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

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

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

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

   Scrutiny Coordinating Committee commented as follows:

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

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

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

Appendix F

Proposed Council Tax for 2022/2023

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

Appendix G

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

1 Purpose of the MTFP

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

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

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

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

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

1.4 The MTFP provides background planning assumptions covering:

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

2 National Funding and Economic Outlook

2.1 The Bank of England's (BoE) Monetary Policy Committee (MPC) meeting on 16th December voted to raise the Base Rate by 0.15% from 0.10% to 0.25% and unanimously decided to make no changes to its programme of quantitative easing purchases due to finish in December 2021 at a total of £895bn. The financial markets had expected the rise in November, but the BoE decided to wait until statistics were available to show how the economy had fared since the end of the furlough scheme on 30th September 2021.

2.2 The Office for National Statistics (ONS) estimates GDP grew by a disappointing 0.1% in October since the previous month and is 0.5% below its pre-Covid level in February 2020. This indicates economic growth had slowed significantly even before the emergence of the Omicron variant in late November. Early indicators suggest the data for November could be marginally better, but at such low growth levels the impact of the Government's "Plan B" restrictions could cause the economy to contract in December 2021.

2.3 ONS data shows the annualised Consumer Price Index (CPI) inflation rate at 5.4% in December 2021, up from 5.10% in November, confirming how inflationary pressures have been building rapidly. This rise occurred despite the Covid-19 Omicron variant causing a sharp fall in world oil and other commodity prices – with gas and electricity inflation typically accounting for 60% of the increase in inflation in advanced western economies. The BoE now expects inflation to peak at between 5% and 6% by April 2022, significantly higher than its 2% target, but believes much of the inflationary pressures are transitory and that inflation will fall sharply in the second half of 2022. For this reason they continue their view that only a modest tightening of monetary policy is required, and therefore the scale and number of further interest rate rises may be less that the financial markets currently anticipate. Adding to the uncertainty is the likelihood of further Covid mutations, and whether Government policy in dealing with the pandemic changes, as well as concerns on how trade with the EU will evolve post-pandemic now that the UK no longer has tariff-free access to EU markets.

2.4 The Government's medium to longer term approach to addressing its financial position is still being developed and the one-year funding settlement for local government again provides limited certainty for the Council.

2.5 The Council continues to make representations, including through SIGOMA and ANEC, to highlight the inadequacy and unfair distribution of local government funding, as well as the short-term nature of the funding announcements which makes financial planning difficult. Whilst the local government settlement did little to provide reassurance that these messages are being heard, the March budget will provide an indication of any possible funding boost or funding shift to local government or the region in the near future.

3 Local Funding Position

Core Spending Power

3.1 The Government uses a measure known as the Core Spending Power (CSP) to indicate the impact of changes in funding. For 2022/2023, this measure includes:

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

3.2 In December 2021, as part of the Provisional Local Government Finance Settlement 2022/2023, the Government provided details of their assumptions on CSP for 2022/2023.

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

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

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

Business Rates

3.5 Current funding mechanism

3.5.1 Under the current funding mechanism, the expected local income from business rates is divided between the central and local share:

- 50% of business rates are paid to Central Government as the national 'central' share to be redistributed to pay RSG and police funding; and
- 50% is retained locally. Of this 50% the Council must distribute 1% to the Tyne and Wear Fire and Rescue Authority.

3.5.2 The Council must determine for itself the level of forecast Business Rate income to take into account in setting its budget taking account of the latest information available. The MTFP takes into account the current impact of the Covid-19 pandemic and prudent growth in the base income position, based on anticipated new developments over the period. As regeneration activity accelerates in line with the City Plan, the growth projections will be kept under review.

3.6 Risk arising from Appeals

3.6.1 The outcome of valuation appeals continues to be volatile. Whilst good progress has been made, a significant number of lodged appeals remain outstanding with the Valuation Office Agency. Under the current system, successful appeals reduce the base income collectable for future years with the Council losing income to the value of 49% of the value of successful appeals. The Government introduced a new appeal system from April 2017 with a check, challenge and appeal system intended to make appeals quicker and more efficient and to reduce speculative appeals.

3.6.2 The Government will only fund losses on business rates collection through the safety net mechanism after a certain level of loss has been incurred. Based on our assumptions on business rates income collection, business rates collected would have to fall by £13m (2022/2023 position) before the threshold is triggered and the Council receives any safety net funding from the Government.

3.8 Top Up Grant / Tariff

3.8.1 A system of Top Up Grant and Tariffs allows locally retained business rates to be redistributed from high business yield authorities to low yield authorities. Sunderland is a Top Up authority, receiving £43.724m in 2022/2023. Top Up grant is generally increased annually by inflation.

3.8.2 The Government has indicated that a system of Top Up and Tariffs will continue following the Business Rates Review in order to ensure a degree of equalisation in the allocation of resources across councils. The outcome of this will be critical for the Council in understanding its future funding and financial sustainability.

3.9 Section 31 Grant - Business Rates

3.9.1 The Government has made a number of changes to the business rate retention system since its introduction in 2013/2014, including capping of annual increases, increases in Small Business Rate relief and significant reliefs to support businesses during the pandemic. The Government have confirmed an extension to the Retail, Hospitality & Leisure reliefs grant in to 2022/2023 in response to the ongoing impact of the Covid-19 pandemic on these sectors.

3.9.2 The Government will continue to fully compensate councils for any consequential shortfall in income through Section 31 grant. The amount of grant due to the Council is dependent on the NNDR1, submitted to the Government at the end of January and any subsequent business rates reliefs announced by the Government.

Other Core Grant and Revenue Funding

3.10 Improved Better Care Fund (IBCF)

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

3.11 Social Care Funding

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

3.12 New Homes Bonus

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

3.13 Lower Tier Services Grant

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

3.14 Market Sustainability and Fair Cost of Care Fund

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

3.15 2022/2023 Services Grant

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

3.16 Public Health Grant

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

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

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

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

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

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

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

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

Locally Raised Income

3.19 Council Tax

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

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

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

3.20 Local Council Tax Support Scheme

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

3.21 Schools Funding

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

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

4 Spending Pressures and Commitments

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

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

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

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

4.4 In addition, the outcome of the next Triennial Actuarial Review of the Local Government Pension Scheme will be effective from April 2023. The potential impact on the Council budget will be kept under review as details emerge and the provision updated within the MTFP as appropriate.

4.5 The cost pressures and commitments across the MTFP period are summarised below:

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

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

5.1 In relation to the period beyond 2022/2023 at this stage no information has been released by the Government on funding levels either on a national or individual council basis. Therefore, for the purposes of preparing an MTFP at this stage, an assumption has been made that when any revised system of retained business rates is implemented and the impact of the fair funding review are fully worked through, the Government will take action to ensure a 'status quo' impact on the funding position for each council through the top-ups and tariffs system or damping, to ensure no detrimental impact on each council's overall funding position.

5.2 Taking into account the issues set out in section 3, and section 4 and the assumptions at 5.1, the overall position for funding changes for Sunderland and spending pressures and commitments is assumed as set out below:

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

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

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

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

6.2 In addition, the following table shows that:

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

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

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

6.3 The Council's approach to delivering the savings requirement is encapsulated in the Efficiency Strategy 2022/2023 to 2025/2026 (attached as Appendix Gi).

6.4 Further updates on the Efficiency Strategy will be provided to Cabinet in light of the emerging funding framework and the MTFP 2022/2023 to 2025/2026 will be refined and updated as this work progresses.

7 Capital and Prudential Borrowing

7.1 The revenue implications of the Council's Capital Programme are considered as part of the process for setting the Capital Programme. The revenue impact of the Capital Programme is reflected in the MTFP, in particular the costs associated with the level of prudential borrowing required to deliver the Capital Programme.

7.2 The four year Capital Programme for 2022/2023 to 2025/2026 was set to take account of the reductions in available external funding and the increased pressure on the Council's resources.

7.3 New capital schemes for 2022/2023 and beyond, which meet key priority objectives will be considered in light of available resources as the budget process progresses. The Council's Capital Strategy reflects the Council's approach to prioritisation of projects for investment, while the borrowing strategy reflects appropriate parameters to ensure value for money considerations are safeguarded.

8 Reserves and Balances, and Reserves Policy

8.1 The Local Government Finance Act 1992 requires local authorities to have regard to the level of reserves needed for meeting estimated future expenditure when calculating the budget requirement.

8.2 In establishing reserves, the Council must comply with the Code of Practice on Local Authority Accounting in the United Kingdom. The Chief Finance Officer will consider the level of reserves as part of the budget setting process and provide a statement on the adequacy of reserves.

8.3 The Council's policy on reserves is as follows:

- The Council will maintain its general reserve at a minimum of £12.0m to cover any major unforeseen expenditure. The Council will aim to balance its revenue budget over the period of the MTFP without reliance on the use of the general reserve; and
- The Council will maintain earmarked reserves for specific purposes which are consistent with achieving its key priorities and these will be kept under regular review.

8.4 Other than the General Reserve, all reserves are earmarked for specific purposes. The forecast balances on earmarked reserves at 31st March 2022 and 31st March 2023 are attached at Appendix I for information.

8.5 A general reserve of £12m is held to provide a level of contingency and meet any unforeseen expenditure and support the budget as currently agreed as set out in Appendix F. A full analysis of reserves is included annually in the Statement of Accounts. A financial risk analysis in respect of the level of general reserve is set out at Appendix H.

9 Budget Consultation and Equality Analysis

9.1 The budget process for 2022/2023 included a consultation exercise that concluded on the 7th January 2022. A summary of the response to the consultation is set out at Appendix C of the main report.

9.2 The Council continues to fully consider the impact of its plans by following a robust approach to equalities analysis. The Council continues to seek to meet its obligations in relation to equality and diversity and has procedures in place at both a general and budget specific level to incorporate equality and diversity issues into decision making processes and the assessment of proposals.

10 Risk Assessment

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

11 Conclusion

11.1 The Government has announced funding levels for 2022/2023 but as yet has provided no indications of funding beyond that year. The impact of the Fair Funding Review, and any proposed changes to the retained business rates could all have a significant impact on the future funding level available for services in Sunderland. The financial planning assumes at this stage that the Government will take action through the Top Up and Tariffs or damping arrangements so that no council is significantly adversely affected by the combined impact of the changes. However, even with this assumption, the Council faces the requirement for significant budget reductions as a result of the unfunded spending pressures which the Council faces each year, with a three year ongoing savings requirement for 2023/2024 to 2025/2026 in the region of £32.449m, after assumed increases in council tax.

11.2 In seeking to minimise the impact on residents and the city, the Council, will increasingly need to take a citywide approach with partners in health, education and the business sector together with our communities to collectively reshape services to enable the best response for the city. The Council's role will increasingly need to shift from delivering services to enabling individuals, communities and other organisations in the public, private and voluntary sectors to work together to address the needs of the city in new ways and to encourage people to be more self-supporting.

11.3 In the short term, all funding options, including budget savings and council tax levels and commitments against reserves, will be considered to allow a balanced and sustainable budget over the period to 2025/2026 to be agreed.

Appendix Gi)

Efficiency Strategy 2022/2023 to 2025/2026

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

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

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

1 Purpose

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

2 Objectives of the Efficiency Strategy

2.1 The Efficiency Strategy is intended to:

- enable a balanced budget to be achieved throughout the period of the MTFP;
- ensure the best use of resources available;
- ensure the financial resilience of the Council is maintained; and
- comply with the Government's requirements in relation to proposed use of Capital Receipts Flexibility.

2.2 The Council is committed to delivering continual improvement and to providing services that represent good value for money to its residents. Through planning and financial and performance management arrangements the Council ensures that value for money is embedded into the culture of the Council's activities and its arrangements with partners.

2.3 The approach set out reflects the Council's approach and arrangements for delivery of savings as part of medium term financial planning.

3 Context

3.1 This Efficiency Strategy integrates the Council's commitment to strengthening its Community Leadership role in the city. As a democratically elected body, the Council will continue to be:

- a champion and advocate for Sunderland communities and interests; and
- a focal point of leadership for partners to work together to deliver on priority outcomes.

4 The Financial Challenge - Medium Term Financial Plan

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

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

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

4.2 The Revenue Budget and Proposed Council Tax for 2022/2023 report to February 2022 Cabinet includes proposals to meet the funding gap for 2022/2023. Section 5 below sets out the approach to develop a full suite of proposals to meet the remaining funding gap through to 2025/2026.

4.3 A further suite of proposals to balance the budget over the medium term will be considered by Cabinet in due course and form the basis of future consultation.

5 The Approach to meeting the funding gap

5.1 To deliver the scale of reductions faced by the Council over the medium term it is necessary to consider the role of the Council as change will be required to the way the Council operates in the future. This will inevitably impact on the services provided to communities.

5.2 This involves further transforming service delivery, reviewing service standards and commissioned activity and prioritising resources to support statutory requirements and key priorities as set out in the City Plan.

5.3 Programme of service activity

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

For all service areas this includes consideration of:

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

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

5.4 Income maximisation

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

Retained Business Rates

5.4.2 Under the current retained business rates mechanism for funding local government, the Government makes assumptions about the level of Business Rates which will be achieved and retained by a local authority in determining its SFA. However, the Council must determine for itself the anticipated level of Business Rate Income collection. The Business Rate income for 2022/2023 to be retained by the Council is £40.416m (after reductions for S31 Covid related reliefs).

5.4.3 The regeneration activity delivered to date and the implementation of the Council's Capital Strategy will help grow the business rates base within the city.

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

Council Tax

5.4.5 Recent years have seen sustained growth in the council tax base as new houses have been built, bringing with it benefits in terms of both increased council tax income and New Homes Bonus grant. The impact of the regeneration activity and the Capital Strategy will further help grow the availability of housing in the city resulting in additional council tax income which will assist in meeting the cost of services. Over the medium to long term there are a number of proposed residential developments including Siglion's proposed developments at Seaburn, Potters Hill and Vaux as well as the South Sunderland Growth Area. Such development activity will take on even greater importance as the Government removes core grant funding in favour of local self-sufficiency.

5.4.6 The Efficiency Strategy and the MTFP assumes growth in the council tax base through to 2025/2026 to recover to levels pre the Covid-19 pandemic and growth based upon historical experience and known development activity which will impact during the period of the MTFP.

5.4.7 The provisional Local Government Finance Settlement for 2022/2023 includes assumptions that councils will raise council tax annually in line with the level allowed without a local referendum in addition to applying the maximum social care precept. The Council will consider the position regarding council tax as part of each annual budget process.

Fees and Charges

5.4.8 A review of all fees and charges takes place on an annual basis in accordance with the Council Fees and Charges Review Policy to ensure that opportunities to maximise resources are followed through.

5.4.9 Opportunities for new charges continue to be actively pursued by Executive Directors as part of the improvement planning process and these will be reflected within future savings plans to be considered by Cabinet in due course.

5.5 Capital Programme and Regeneration Activity

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

5.5.2 The key themes to achieving our ambition are that:

- By 2030 Sunderland will be a **dynamic smart city** with more and better jobs, a low carbon economy and a great choice of housing. It will be a leading digital city, deploying smart and sustainable technologies for the benefit of residents, business, and visitors;

- Sunderland will be a **healthy smart city** where people will live healthier, independent lives for longer. It will be a clean and attractive city with great transport and travel links; and

- Sunderland will be a **vibrant smart city** with more resilient people feeling safe in their homes and neighbourhoods. There will be a range of opportunities for people to participate in their communities and in cultural events and activities.

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

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

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

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

5.6 Leverage of External Funding

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

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

5.6.3 With the Local Growth Fund and European funding programmes now committed in the North East Local Enterprise Partnership (North East LEP) area, the Council continues to access and investigate funding opportunities linked to the UK's Industrial Strategy and the Levelling Up agenda. Capital funding secured for major projects include support from the Housing Infrastructure Fund for the South Sunderland Growth Area project, Transforming Cities Fund support for the redevelopment of Central Station, and Future High Streets Fund support for a city centre transformation programme. The Council has also secured Getting Building Fund approval for two capital projects to support digital and strategic infrastructure in the city centre and riverside areas, and for investment in additional energy infrastructure on the Hillthorn Business Park site in Washington.

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

5.6.5 The Council and its partners continue to access and explore new opportunities to invest in the city's heritage, tourism, sporting and cultural assets. This involves pursuing funding opportunities through the National Lottery Heritage Fund, Historic England, National Lottery Community Fund, Arts Council England, Sport England and other major funders. The Council will continue to support the work of Sunderland Culture to ensure that National Portfolio Organisation funding status from Arts Council England is maintained and consolidated for a further 4 years from 2023 onwards. Development work is ongoing to identify a pipeline of future projects to enhance the city's overall cultural offer, including redevelopment of the Sunderland Museums and Winter Gardens.

5.6.6 In addition, the Council has continued to secure external funding for projects which support the most deprived communities and most disadvantaged groups within the city. These include more than 30 local projects funded through Sunderland's Community Led Local Development and Community Renewal Fund programmes, additional funding secured to support domestic abuse victims, people with physical and mental health issues, and a range of local educational and skills projects supported funded through the Adult Education Budget.

5.6.7 Apart from a number of existing capital projects that are due to be completed by the end of 2023, there are no further opportunities to access EU funding, and specifically the European Regional Development Fund.

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

5.7 Other Options for Future Funding

5.7.1 The reduction in both revenue and capital funding requires the Council to focus on new and existing opportunities for funding for example:

- Capital Funding - Bonds, Tax Increment Financing, asset backed partnerships, joint working with partners, infrastructure investment for enterprise zones underpinned by business rates growth;
- Trading opportunities; and
- Alternatives to revenue funding.

5.7.2 The Council will seek to maximise opportunities for funding priority spending. Some avenues have already been explored and implemented for example the formation of Sunderland Care and Support Limited, the formation of Siglion to bring forward and develop priority regeneration sites, the formation of Sunderland Lifestyle Partnership to develop, manage and operate a number of leisure facilities across the city. Other opportunities will continue to be explored and proactively developed as part of improvement planning activity in order to enable the Council to meet the ongoing challenges.

5.8 Partnership / Collaboration / Joint working activity

5.8.1 The Council's Community Leadership programme places increasing focus on working in partnership with public, third sector and private partners to deliver city-wide aims, priorities and strategies.

5.8.2 This includes consideration of how public money is spent across the city and regionally and working with partners to ensure combined spending generates the best possible value for the city in terms of both the city's infrastructure and asset base and services delivered to residents.

- The Capital Programme reflects ongoing work with key partners to review physical assets on a city-wide basis and maximise the potential benefits and opportunities of wider capital and infrastructure; and
- The Council alongside the CCG and Health partners have formed the All Together Better Alliance to further integrate health and social care in the community to improve outcomes for patients and social care users while reducing cost.

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

5.9 Reserves and Balances

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

5.10 Good housekeeping and general ongoing actions

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

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

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

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

6.2 Use of Capital Receipts Flexibility to support transformational costs

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

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

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

6.2.4 The Council's Efficiency Strategy supports the Government's requirements in making use of these flexibilities. The requirements in respect of prudential indicators are reflected in the Capital Programme 2022/2023 to 2025/2026 and Treasury Management Policy and Strategy 2022/2023 report elsewhere on this agenda.

6.2.5 The position will be kept under review throughout the year as transformational costs and capital receipts generated are finalised. Final arrangements on funding transformational costs arising in each year will be considered as part of the outturn position each year, taking account of the overall corporate outturn position, available reserves, and capital receipts availability. Should the use of capital receipts be required, this will be reported, with project details to Cabinet as appropriate.

7 Governance and Monitoring arrangements

7.1 The strategy will be robustly managed to ensure financial resilience is maintained. Progress on the delivery of savings required will be closely monitored and reported upon. The arrangements include:

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

Appendix Gii)

MTFP 2022/2023 to 2025/2026 Risk Assessment

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

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

Appendix H

General Balances – Financial Risk Analysis

Financial Planning

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

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

Inflation

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

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

Contingencies

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

This is unlikely to occur due to:

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

Debt Charges

Risk is that Debt Charges will be greater than budgeted.

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

Revenue Budget - Budgetary Control

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

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

Risk Management

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

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

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

Capital Programme Implications

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

This is unlikely to happen due to:

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

Appendix I

Earmarked Reserves - Position Statement

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

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

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

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

REVENUE BUDGET 2022/2023

SUNDERLAND CITY COUNCIL **APPENDIX J**

REVENUE ESTIMATES 2022/2023
GENERAL SUMMARY

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

SUNDERLAND CITY COUNCIL **APPENDIX J**

CONTINGENCIES 2022/2023

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

STATEMENT OF GENERAL BALANCES

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

REVENUE BUDGET 2022/2023 **APPENDIX J**
LEADER

ROLES AND RESPONSIBILITIES
Primary overview of Council priorities:

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

FINANCIAL

OBJECTIVE SUMMARY

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

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

PORTFOLIO GLOSSARY

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

ROLES AND RESPONSIBILITIES

Primary overview of Council priorities:

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

Policy Oversight to include:

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

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

REVENUE BUDGET 2022/2023 **APPENDIX J**
DEPUTY LEADER

FINANCIAL

OBJECTIVE SUMMARY

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

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

PORTFOLIO GLOSSARY

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

ROLES AND RESPONSIBILITIES

Primary overview of Council priorities:

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

Policy Oversight to include:

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

FINANCIAL

OBJECTIVE SUMMARY

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

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

PORTFOLIO GLOSSARY

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

REVENUE BUDGET 2022/2023 **APPENDIX J**
CHILDREN, LEARNING AND SKILLS

ROLES AND RESPONSIBILITIES

Primary overview of Children, Learning and Skills priorities:

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

Policy Oversight to include:

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

FINANCIAL

OBJECTIVE SUMMARY

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

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PORTFOLIO GLOSSARY

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

ROLES AND RESPONSIBILITIES

Primary overview of Vibrant City priorities:

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

Policy Oversight to include:

- Communities and Culture functions, including tourism and heritage.

FINANCIAL

OBJECTIVE SUMMARY

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

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PORTFOLIO GLOSSARY

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

ROLES AND RESPONSIBILITIES

Primary overview of Healthy City priorities:

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

Policy Oversight to include:

- Adult and Public Health functions.

FINANCIAL

OBJECTIVE SUMMARY

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

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PORTFOLIO GLOSSARY

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

ROLES AND RESPONSIBILITIES

Primary overview of Dynamic City priorities:

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

Policy Oversight to include:

- Housing and Regeneration functions, including dealing with homelessness.

FINANCIAL

OBJECTIVE SUMMARY

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

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PORTFOLIO GLOSSARY

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