

CABINET MEETING – 2 FEBRUARY 2023

EXECUTIVE SUMMARY SHEET – PART I

Title of Report:

MINUTES, PART I

Author(s):

Assistant Director of Law and Governance

Purpose of Report:

Presents the minutes of the meeting held on 19 January 2023, Part I.

Action Required:

To confirm the minutes as a correct record.

At a Meeting of the **CABINET** held in **CITY HALL (COUNCIL CHAMBER)** on **THURSDAY 19 JANUARY 2023** at **10.00a.m.**

Present:-

Councillor G. Miller in the Chair

Councillors Chequer, Farthing, K. Johnston, Stewart and Williams

Also present:-

Councillors F. Miller and Scott – Deputy Cabinet Members

Part I

Minutes

The minutes of the meeting of the Cabinet held on 8 December 2022, Part I (copy circulated) were submitted.

(For copy report – see original minutes).

1. RESOLVED that the minutes of the Cabinet meeting held on 8 December 2022, Part I, be confirmed and signed as a correct record.

Declarations of Interest

The following declarations of interest were made:-

Item 8 - Capital Programme Third Review 2022/2023 (including Treasury Management)	Councillor Farthing declared an interest as a member of the Education Partnership North East (Sunderland College) – Board of Corporation and withdrew from the meeting during consideration of the report.
Item 16 - Acquisition of 1 Nookside, Sunderland	The Director of Children's Services/Chief Executive of Together for Children (Jill Colbert) together with the Director of Strategy & Corporate Affairs (Jill Laverick), a director on the Board of Directors for Together for Children, declared interests and withdrew from the meeting during consideration of the report.

Apologies for Absence

Apologies for absence were submitted to the meeting on behalf of Councillors Rowntree, Price and P. Walker

Response from Scrutiny Coordinating Committee – 8 December 2022 – Capital Programme Planning 2023/24 to 2026/27

The Assistant Director of Law and Governance submitted a report (copy circulated) to advise the Cabinet of the comments of the Scrutiny Coordinating Committee on a report of the Assistant Director of Finance that detailed the level of capital resources and commitments for the forthcoming financial year within the current approved capital programme; and set out additional capital new start project proposals for inclusion in the Capital Programme 2023/2024 to 2026/2027 to be reported to Cabinet in February 2023.

(For copy report – see original minutes).

Councillor Stewart was pleased to report that the Scrutiny Coordinating Committee noted the report including the additional proposals outlined within it. He advised that the Committee would continue to monitor the capital programme through the regular updates that it received.

Consideration having been given to the report, it was:-

2. RESOLVED that the comments of the Scrutiny Coordinating Committee be noted.

Response from Scrutiny Coordinating Committee – 8 December 2022 – Budget Planning Framework and Medium-Term Financial Plan 2023/2024 - 2026/2027

The Assistant Director of Law and Governance submitted a report (copy circulated) to advise the Cabinet of the comments of the Scrutiny Coordinating Committee on a report of the Assistant Director of Finance that detailed the outcome of the Budget Planning Framework and Medium-Term Financial Plan 2023/2024 to 2026/2027.

(For copy report – see original minutes).

Councillor Stewart was pleased to report that the Scrutiny Coordinating Committee had accepted the report whilst noting a number of uncertainties remained around funding and the local government settlement which were expected to be resolved in due course. He advised that the Committee had also recommended that serious consideration was given to limiting any rises in council tax given the current financial climate and the impact this would have on residents of the City and the services they needed to access.

Cabinet Members were advised that the Committee also recommended that consideration was given to the way the Council communicated with residents in the future and if a printed newsletter was needed. The Scrutiny Coordinating Committee also acknowledged the hard work of officers and members in the preparation of the budget and the medium-term financial plan.

The Committee having advised that they would continue to monitor the budget through these reports and had no further comment to make at this time, it was:-

3. RESOLVED that the comments of the Scrutiny Coordinating Committee be noted.

North-East Devolution – Interim Report and Supplementary Report

The Chief Executive submitted a report (copy circulated) on an announcement by HM Government on 28 December 2022 that it was “minded to” do a devolution deal with the seven councils across the North East (i.e. Durham, Gateshead, Newcastle, North Tyneside, Northumberland, South Tyneside and Sunderland Councils).

(For copy report – see original minutes).

The Chair highlighted that after talks and negotiations with officials and ministers over the past year, on 28 December 2022 the Government announced a “minded to” devolution deal with the seven councils across the North East – the local authorities for Durham, Gateshead, Newcastle, North Tyneside, Northumberland, South Tyneside and Sunderland. He reported that the deal would see significant powers and funding devolved to a newly created mayoral combined authority, comprising the seven councils just mentioned, enabling the councils to pursue their shared ambitions for inclusive growth.

Cabinet Members were advised that if agreed, the deal would provide £4.2 billion of additional investment to the region over 30 years, including a £1.4 billion investment fund alongside significant funding for skills, transport, education and skills, housing and regeneration. Under the key themes set out in the appendix to the report, this would enable the councils to deliver projects that reflected the needs of local communities and create widespread opportunities for the two million people living in the region.

The Chair explained that the new combined authority for the North East would replace the two existing combined authorities, namely the North East Combined Authority (NECA) and the North of Tyne Combined Authority (NoTCA). He added that this report set out the findings of a statutory review regarding these proposed governance changes.

Cabinet Members were advised that if they were satisfied that the relevant criteria had been met, and they were content to endorse the ‘minded to’ deal, then the next step was to agree to publish the scheme for the implementation of the changes, and proceed to public consultation on the proposals.

With that, the Chair commended the report and the recommendations set out in the report, which would enable the Council, alongside the other six North East councils - to continue working towards a significant devolution deal for the region.

Councillor Farthing was delighted that the North East Councils had got to this point as she had been a campaigner for Devolution for many years and supported the Cabinet's decision to move forward with the recommendations outlined. She added that she did have a concern however, in relation to lack of emphasis on tackling child poverty considering that the North East had the highest levels of child poverty in the country. She was mindful that the level of working households was on the increase which would help to reduce child poverty but felt that more emphasis and focus was required to tackle the issue regionally.

Councillor Farthing also drew attention to the recent announcement that the British Volt battery factory, that had been planned in Northumberland, had collapsed into administration. She hoped that the site could still be developed as a much needed battery manufacturing site for the region and enquired whether there had been any discussions across the region about any other interested parties.

In response, the Chief Executive agreed that child poverty was a major issue in the North East and he assured that there would be conversations on how the Council could drive tackling this issue on behalf of the city. In relation to the battery factory, he advised that there was some interest in the site in Northumberland. He referred to the collapse of the scheme and lack of orders and drew attention to how the development of an advanced car battery gigafactory in Washington at the IAMP supplying Nissan Sunderland had been achieved in partnership to create an electric vehicle hub.

Councillor Williams was also supportive of the proposals. She hoped that it would achieve fair day-to-day funding of local authorities. She reminded Cabinet Members that Sunderland had been the first council in the region to develop football hubs and Newcastle was proposing to follow suit. She then referred to the announcement today of Levelling Up funding for Gateshead Quays. She requested that every effort be made to ensure Sunderland received its fair share of funding for arts and culture, to be able to work with other local authorities to host joint events and be proactive in driving a lead in tourism.

Councillor Scott was pleased with the proposal that would lead to billions of pounds investment in the North East and bring back better outcomes for residents and the councils. He noted that this deal came after the regional local authorities had been challenged with limited funding from Government over the past decade. He drew attention to Figure 12 on page 21 of the appendix that highlighted the indices of multiple deprivation; demonstrating a clear failure of this Government to address the issue.

The Chair concurred with his Cabinet colleagues. He agreed that the North East was unfortunately poverty stricken and that had not been helped by twelve years of this current Government. He reported that the Council had seen the outcomes of the impact of that Government every day. He was pleased to report that this devolution deal would start to give each council the levers by which to take ownership of those problems and address them across the region.

The Chair was saddened that British Volt had gone into administration and it was disappointing for the region. He commented that the company had had a difficult start with little investment and an untested product which had resulted in no orders being forthcoming. He reported that for the Government to achieve its carbon neutral targets, the technology was needed and between 10 and 15 gigafactories would be required across the country. He advised that the success of the development in Washington had been down to working in partnership with Envision AESC and Nissan.

The Chair concluded that this exciting Devolution deal would enable the councils to deliver projects that reflected the needs of local communities and create widespread opportunities for over two million people living in the region.

Consideration having been given to the report it was:-

4. RESOLVED that:-

- (i) the “minded to” devolution deal (see Appendix 1, Annex A) be endorsed in principle;
- (ii) the findings of the governance review (Appendix 1) be agreed with, namely that the proposed creation of a new mayoral combined authority for the North East region to replace the existing combined authorities will improve the exercise of statutory functions across the region;
- (iii) it be agreed that the North East Councils shall publish a scheme for the delivery of these governance changes (Appendix 1, Annex B);
- (iv) it be agreed that the North East Councils shall undertake public consultation in connection with the proposals contained in the scheme as described in section 4.2 of this report;
- (v) it be agreed that the Chief Executive, in consultation with the Leader of Council, shall be authorised to take all steps necessary to implement the above proposals, including (but not limited to) making amendments to the draft scheme and the consultation exercise; and
- (vi) a further report be brought to Cabinet at the end of that consultation exercise.

Performance Report – Quarter 2 of 2022/23.

The Chief Executive submitted a report (copy circulated) to provide performance information in relation to Quarter 2 of 2022/23.

(For copy report – see original minutes).

Councillor Stewart highlighted that the report set out the progress made by the Council in delivering the City Plan, during Quarter 2 of 2022/23. He explained that the report, as usual, was aligned to the three key themes of the City Plan, namely Dynamic Smart City, Healthy Smart City and Vibrant Smart City as well as providing data in relation to performance against Council organisational health indicators.

Councillor Farthing, continuing the issue of child poverty, drew attention to the data on Vibrant Smart City which detailed that the number of residents supported by food banks was double the number for the same quarter in the previous year. She dreaded to think what future statistics would reveal as the cost-of-living crisis continued. She commended Together for Children that despite all that, they had continued to achieve reductions in the rates of children in need.

Consideration having been given to the report it was:-

5. RESOLVED that the performance information in relation to Quarter 2 performance of 2022/23 be accepted and noted.

Washington & Houghton Library Refurbishments

The Director of Children's Services submitted a report (copy circulated) to seek approval to procure and award a contract for refurbishment works at Washington central library and Houghton library.

(For copy report – see original minutes).

Councillor Williams highlighted that following asset management surveys at both Washington central library and Houghton library, there was a clear need to carry out key refurbishment and maintenance works at each property to ensure appropriate standards were maintained at the Council's libraries across the city. She reported that with the new Culture House planned for construction in central Sunderland, there was a need to also refurbish the internal spaces at Washington and Houghton to maintain appropriate standards at all libraries across the city.

Cabinet Members were advised that the total cost of these capital works was estimated at £900,000 inclusive of the main works contract and associated professional fees. These costs would be funded from the provision for Modernising Libraries and Changing Places grant within the approved Capital Programme.

The Chair welcomed the report and supported the recommendations to future proof library facilities for future generations.

Consideration having been given to the report it was:-

6. RESOLVED that the Director of Children's Services, in consultation with the Portfolio Holder for Vibrant City and the Director of Finance, be authorised to take all necessary steps to procure and award a contract for refurbishment works at Washington central library and Houghton library.

At this juncture, Councillor Farthing withdrew from the meeting during consideration of the following item as she had declared an interest as a member of the Education Partnership North East (Sunderland College) – Board of Corporation.

Capital Programme Third Review 2022/2023 (including Treasury Management)

The Director of Finance submitted a report (copy circulated) to detail:-

- (i) The outcome of the Third Capital Review for 2022/2023; and
- (ii) Progress in implementing the Treasury Management Borrowing and Investment Strategy for 2022/2023.

(For copy report – see original minutes).

Councillor Stewart in highlighting the report, drew attention to the anticipated spend for this financial year which had reduced by £17.6 million since the second capital review was reported. He explained that the overall reduction included:-

- the reprofiling of £12.2 million expenditure into future years because of:
 - External influences outside of the Council's control, including as a result of ongoing impacts from Covid-19 and the Ukrainian war, or
 - Internal influences within the Council's control including realignment of projects to ensure best value was achieved and/or a more realistic consideration to the expected project delivery timescales; and
- the addition of new schemes or variations to the value of schemes of £5.4 million within the Capital Programme.

Cabinet Members were advised that these variations were set out in Appendix A of the report. The revised capital investment budget would still see investment of £222 million in the city this year.

Moving on to the Treasury Management aspects of the report, Councillor Stewart reported that the economy generally had remained volatile over the 3rd quarter but hopefully as the Council moved into 2023, financial markets and the wider economy would begin to steady.

Councillor Stewart assured that there continued to be positive performance on investments with returns above the benchmark rate, whilst still adhering to the prudent policy agreed by the Council which helped with the revenue budget position.

Cabinet Members were reminded that they had previously agreed to provide a facility arrangement for Education Partnership North East, which included Sunderland College for 2020 and 2021. It was highlighted that this was not subsequently required however following a request from the Education Partnership North East it was proposed to provide a similar arrangement for 2023 and 2024.

Councillor Williams drew attention to successful development funding bid to the National Lottery Heritage Fund which would contribute to the redevelopment of the Sunderland Museum and Winter Gardens. She reported that this with the investment in the libraries detailed in the previous report and the development of Culture House in the city were exciting opportunities and would extend the offer to families to do more.

Consideration having been given to the report it was:-

7. RESOLVED that:-

- (i) in respect of the third capital review for 2022/2023, the inclusion of additional schemes or variations to existing schemes for 2022/2023 detailed at Appendix A, be approved as a variation to the Capital Programme; and
- (ii) in relation to the Treasury Management Strategy, the progress in implementing the 2022/2023 Treasury Management Strategy and Prudential Indicators be noted and the proposed facility for Education Partnership North East be approved.

Councillor Farthing was re-admitted to the meeting.

Third Revenue Budget Review 2022/2023

The Director of Finance submitted a report (copy circulated) on the overall Revenue Budget position following the third review for 2022/2023 including proposed contingency transfers 2022/2023.

(For copy report – see original minutes).

Councillor Stewart drew the attention of Cabinet Members to section 3 of the report which summarised the significant financial pressures arising in a number of budget areas. He reported that global factors such as Russia's invasion of the Ukraine coupled with ongoing high inflation was fuelling the cost-of-living crisis. He advised that significant financial strain was continuing the Council and also its residents and businesses through increasing energy prices and high inflation levels. He added that children's and adults' social care continued to see significant demand and inflation fuelled cost pressures. Winter pressures and the need to expedite hospital discharges were specifically impacting on adult social care.

Councillor Stewart then referred to the table in paragraph 3.1.3 of the report which outlined that in overall terms net revenue pressures of £1.733 million were forecast at this stage in the financial year; the full details by Portfolio were set out in Appendix 1.

Cabinet Members were advised that this forecast overspend position took into account some savings arising from Treasury Management activity which was linked to capital programme expenditure reprofiling and increased investment returns, as noted at section 3.6 of the report.

Councillor Stewart reminded Cabinet that they had set aside some specific funding as an 'Energy and General Inflation Reserve' as part of last year's outturn; £1.733 million of this was proposed to be utilised to help support the in-year position. He reported that the budget for this year was reliant on the inclusion of £5.8 million worth of savings initiatives. He advised that as noted in paragraph 3.3.2, of these savings plans, 84% had been delivered and the remaining 16% were making good progress.

Councillor Stewart concluded that in summary, the Council would continue to seek to mitigate the forecast overspend where possible, whilst ensuring it continued to play its full part in supporting residents and businesses through the cost-of-living crisis.

Councillor Farthing commended the Director of Finance and his team for the foresight in creating an energy and general inflation reserve.

Consideration having been given to the report it was:-

8. RESOLVED that:-

- (i) the contents of the report be noted; and
- (ii) the contingency transfers proposed at Section 3.4 of the report be approved.

Council Tax Base 2023/2024

The Director of Finance submitted a report (copy circulated) to detail the calculation of the Council Tax Base for 2023/2024 and to seek approval to recommend to Council the Council Tax Base for 2023/2024 in accordance with the Local Government Finance Act 1992 as amended by the Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012.

(For copy report – see original minutes).

Councillor Stewart highlighted that the calculations detailed in the report followed strict government regulation which specified the factors and formula to be applied and that the calculations must be based on all information available to the Council as at 30 November of each year.

Councillor Stewart reported that the tax base for the Council was proposed to be set at 73,619. He explained that this was an increase of 1,458 Band D equivalents from the 2022/23 base. He drew attention to paragraph 3.4 of the report, which clarified that the increase was primarily due to an anticipated reduced uptake of the Local Council Tax Support Scheme during 2023/24 compared with that assumed within the Council Tax Base for the current year, and also increases in house building across the City.

Cabinet Members were advised that the Council must also calculate the Tax Base for Hetton Town Council which was to be set at 4,185 for 2023/24, an increase of 133.

Consideration having been given to the report, it was:-

9. RESOLVED that it be recommended to Council that:-

- (i) the report for the calculation of the Tax Bases for the City Council and Hetton Town Council for 2023/2024 be approved; and
- (ii) pursuant to the report and in accordance with the Local Authorities (Calculation of Tax Base) Regulations 1992, as amended by Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012 the amount calculated by Sunderland City Council as its Council Tax Base for the year 2023/2024, shall be 73,619 and for the area of Hetton Town Council shall be 4,185.

Local Council Tax Support Scheme

The Director of Finance submitted a report (copy circulated) to request Cabinet to consider, for the purposes of paragraph 5 of Schedule 1A to the Local Government Finance Act (LGFA) 1992, whether the Local Council Tax Support Scheme (LCTSS), which was the Council's Council Tax Reduction Scheme under section 13A(2) LGFA 1992, should be revised or replaced with another scheme for the financial year 1 April 2023 to 31 March 2024.

(For copy report – see original minutes).

Councillor Stewart highlighted that the report advised of the proposed Local Council Tax Support Scheme for 2023/24 which remained unaltered from the scheme currently in place. He reported that under the scheme, working age claimants would continue to have their council tax support entitlement calculated and reduced by 8.5%, while pensioners, as legislation requires, would remain protected and could still qualify for 100% support in relation to their annual charge.

Cabinet Members were advised that the scheme looked to balance the financial position of the Council, with the ability of the individual to pay, while everyone of working age would pay something.

Councillor Stewart assured that during 2023/2024 further work would be undertaken with regard to developing potential models for a banded scheme as part of considering a scheme for 2024/2025.

Councillor Stewart advised Cabinet Members that the Scheme supported over 30,000 claimants and that served as a reminder of how much needed this scheme was. The Chair and Councillor Scott having agreed it was a much needed scheme for the vulnerable residents in the city and were happy to support the recommendations.

Consideration having been given to the report, it was:-

10. RESOLVED that it be recommended to Council that:-

- (i) no changes are made to the current LCTSS, the main features of which are set out at Appendix A, for the City of Sunderland, except as required to incorporate any regulations laid down by the Department for Levelling Up, Housing and Communities; and
- (ii) the approved LCTSS for the financial year 2023/2024 be published on the Council's website and in any additional manner determined by the Director of Finance in consultation with the Cabinet Secretary.

Revenue Budget 2023/2024 to 2026/2027 – Update and Provisional Local Government Finance Settlement 2023/2024

The Director of Finance submitted a report (copy circulated) to provide an update on the budget position for 2023/2024 to 2026/2027 including the impact of the Provisional Local Government Finance Settlement, prior to the receipt of the Final Local Government Finance Settlement 2023/2024.

(For copy report – see original minutes).

Councillor Stewart reported that the content of the provisional settlement was largely in keeping with the headlines that emerged from the Government's Autumn Statement in November. He advised that using the Government's Core Spending Power calculation, the Council would see a 10.69% increase in available funding for 2023/24 compared to a 9.17% increase nationally. He commented that whilst this increase in spending power was welcome, to be clear this was not all government funding; the Government's Core Spending Power calculation assumed that local authorities would increase Council Tax by the maximum allowable within the referendum limit, which for 2023/24 was set at a 5% increase. This included 2% in relation to the Adult Social Care precept.

Cabinet Members were advised that the Government was quite clear in indicating that the Council should be increasing council tax by 5% for next year. He considered that a 5% increase was unrealistic and the Government was simply trying to make residents pay for their incompetence. He advised that because of the impact on residents of the cost of living crisis, the Council had consulted on the basis of a 2.99% increase. The final proposal on council tax will be made to Budget Council meeting later in February.

Councillor Stewart expressed concern that councils continued to be drip fed one-year settlements in late December each year, which made it very difficult to plan. He reported that although the grant increases confirmed in the settlement for 2023/24 were positive, the expectation of any significant further funding from the Government in the medium term was low as they attempted to balance their books. He assured that the Council would continue to lobby the Government to provide the long term, sustainable funding that all councils required to deliver services for their residents.

Turning to section 4 of the report, Councillor Stewart highlighted that the Government had provided some new grant funding mainly directed towards social care, although the details of any conditions attached to some of this additional funding was currently unknown. He reported that some grant allocations were still awaited, including the Public Health grant allocation. He advised that any updates to the funding position would be included within the Budget report brought to Cabinet in February.

Cabinet Members were advised that the Government also confirmed the allocations of funding for schools which was based on October 2022 data. The Sunderland Schools' Forum had met and developed a set of principles to be implemented for the 2023/2024 Sunderland local funding formula which were set out in paragraph 5.7, alongside also agreeing to transfer funding from the Schools Block to the High Needs Block in line with the permitted flexibility.

Councillor Stewart then referred to Section 7 of the report which outlined the need to direct additional significant resources in to both adults and children's social care, to protect services for the most vulnerable, as inflation, provider costs and demand continued to rise. He reported that the Council was also directing resource to support residents through the further extension of free pest control services, free replacements for stolen bins and access to bulky waste collections.

In respect of the overall budget position, after taking into account of the provisional finance settlement and based upon our financial planning, Cabinet Members were advised that the budget for 2023/24 still relied on the planned use of £9 million of reserves to achieve a balanced position. This use of the previously accrued reserves was in line with the approach agreed in prior budget planning reports.

Councillor Stewart reported that looking forward, there remained significant uncertainty with regards to local authority funding and also the Government's plans for the delayed elements of their Social Care Reform package. He advised that the development, consultation and implementation of the long-awaited fair funding review was still yet to take place; at present the financial planning assumption was that the impact of any changes on the Council would be neutral.

Cabinet Members were requested to note that there remained a significant forecast budget shortfall in the medium term and reserves could only temporarily support the position. Without additional funding being made available by the Government, reductions and changes to services would be required in the coming years.

Councillor Farthing expressed concern at the Government's repeated inability to give local authorities an indication of future funding. She commented that the Government were out of touch and demonstrated a complete lack of foresight and understanding of planning budgets and of residents living on the edge of poverty.

The Chair concurred with Councillor Farthing and added that over its tenure, Government had continued to mismanage the economy, failed to deliver any dividends over Brexit and the impact of the war in Ukraine had left authorities struggling to deal with the Government's decisions and reductions in public sector funding. He added that even after all this time, the Government was still implementing austerity politics. He hoped that there would be a change in government soon and reinvestment in the public sector.

Consideration having been given to the report, it was:-

11. RESOLVED that:-

- (i) the update to the Government funding position, including the outcome of the Provisional Local Government Finance Settlement set out at section 4 of the report, be noted;
- (ii) the update on the 2023/2024 to 2026/2027 budget planning, as set out at sections 5 to 11 of the report, be noted; and
- (iii) in relation to the Sunderland Schools' local funding formula, approval be given to the following in principle, subject to final modelling and verifying affordability, to be implemented for the 2023/2024 Sunderland local funding formula:
 - The National Funding Formula (NFF), made up of fifteen different funding elements, to be implemented with the following local adjustments:
 - The Minimum Funding Guarantee applied at 0.5% in line with the NFF value;
 - A transfer of 0.5% (c£1m) to the High Needs Block in recognition of ongoing pressures; and
 - A further adjustment to be determined by the Schools' Forum following the outcome of consultation with schools which will either adjust the Low Prior Attainment factor as in 2022/2023 or the Basic Entitlement Factor as set out in paragraph 5.7.

Independent Remuneration Panel and Members' Allowances Schemes - 2022/2023 and 2023/2024

The Director of Finance and the Assistant Director of Law and Governance submitted a joint report (copy circulated) to present the report and recommendations of the Independent Remuneration Panel regarding:

- a proposed amendment, and backdating of the amendment, in respect of the Members' Allowances Scheme for 2022/2023 and
- the Members' Allowances Scheme for 2023/2024,

in order for Cabinet to make appropriate recommendations to Council.

(For copy report – see original minutes).

The Chair highlighted that on this occasion, the Panel had recommended that the basic allowance for 2023/2024 be increased to £8,995, in line with the staff pay award. He reported that the Panel had also recommended that the allowances for the Chair and Vice Chair of the Planning and Highways Committee be aligned with those for the Chair and Vice Chair of the Licensing and Regulatory Committee. He explained that as the single Planning and Highways Committee came into being with effect from Annual Council last year, the Panel had recommended that this change also be implemented in this financial year, by amendment of the current Scheme and backdating of that amendment.

The Chair referred to the Panel's recommendation in respect of the basic allowance and requested Cabinet Members to support him in recommending that Council does not increase the allowance at this time and that the basic allowance remained unchanged for 2023/2024.

Regarding the Chair and Vice Chair of Planning and Highways Committee, the Chair reported that whilst he requested Cabinet to recommend Council to approve the Panel's recommendations, both in respect of next year's Scheme and with regard to the current Scheme, he confirmed that he could not claim the allowance in respect of his role as Vice Chair of that Committee, in addition to the Leader's allowance.

The Chair therefore requested the Cabinet to recommend Council to accept the recommendations of the Independent Remuneration Panel, other than its recommendation in respect of increasing the basic allowance, and that Cabinet recommend Council to leave the basic allowance unchanged at this time.

Consideration having been given to the report, it was:-

12. RESOLVED it be recommended to Council:-

- (i) to note the report of the Independent Remuneration Panel; and
- (ii) to accept the recommendations of the Independent Remuneration Panel, other than its recommendation in respect of increasing the basic allowance and that it remain unchanged.

Council Housing Rent Increase 2023/24

The Executive Director of Health, Housing and Communities submitted a report (copy circulated) to seek approval to increase housing rents for Sunderland City Council tenants with effect from 3 April 2023.

(For copy report – see original minutes).

Councillor Johnston reported that the Government's Rent Policy and Rent Standard outlined that Registered Providers could increase rents by Consumer Price Index (CPI) plus 1% per annum and that it was the Government's intention to leave this policy in place until 2025. He advised that it was recognised that with the Cost-of-Living Crisis this policy needed to be reviewed as if the CPI + 1% policy was applied, it would have meant a rent increase for social housing tenants of 11.1%.

Cabinet Members were advised that a national consultation exercise with all Registered Providers was undertaken. This consultation suggested consideration of a threshold cap on social housing rents at either 3%, 5% or 7%. The consultation outcome was that the Government propose a threshold cap on social housing rents for 2023/24 at 7%. This was announced in the Autumn Statement in November 2022.

Councillor Johnston reported that a rent increase at this time was difficult however the Council must ensure that it was protecting its Council tenants, as to deliver a housing service well relied on the income from rents. He explained that setting rents below 7% would put at risk the Council's ability to provide its services and meet the needs of tenants with regards to repairs and maintenance, future home improvement programmes and housing management services. He added that this would create a position where the Council would be at risk of not meeting the regulatory requirements set by the Regulator of Social Housing.

Councillor Farthing commented that it was unpalatable to have to consider increasing the rents by 7%, especially during a cost of living crisis, however if it did not happen, the residents would end up with a poorer service. She explained that the increase would be necessary to cover the repairs and maintenance costs of the homes.

Councillor Stewart reminded Cabinet Members that the reason for the original housing stock transfer to Gentoo had been down to the Council not being able to fund repairs and maintenance, not being able to even fix basic things like windows or fencing, due to the pressure to keep rents low. He reported that the aim now was for the Council to maintain quality housing stock.

Consideration having been given to the report, it was:-

13. RESOLVED that the increase in Council housing rents of 7% be approved with effect from 3 April 2023 following the outcome of the Government consultation of rent setting for 2023/24 and the subsequent rent cap determination.

Local Government (Access to Information) (Variation) Order 2006

At the instance of the Chairman, it was: -

14. RESOLVED that in accordance with the Local Government (Access to Information) (Variation) Order 2006 the public be excluded during consideration of the remaining business as it was considered to involve a likely disclosure of exempt information relating to the financial or business affairs of any particular person (including the authority holding that information) (Local Government Act 1972, Schedule 12A, Part 1, Paragraph 3). The public interest in maintaining this exemption outweighs the public interest in disclosing the information.

(Signed) G. MILLER,
Chair.

Note:-

The above minutes comprise only those relating to items during which the meeting was open to the public.

Additional minutes in respect of other items are included in Part II.