

CIVIC CENTRE,
SUNDERLAND
25 February 2013

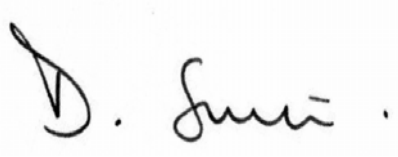
TO THE MEMBERS OF SUNDERLAND CITY COUNCIL

YOU ARE SUMMONED TO ATTEND A MEETING of Sunderland City Council to be held in the Council Chamber, Civic Centre, Sunderland, on **WEDNESDAY 6 MARCH 2013** at **2.00 p.m.**, at which it is proposed to consider and transact the following business, viz:-

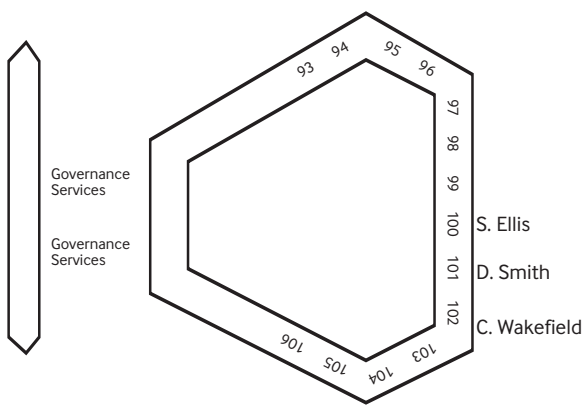
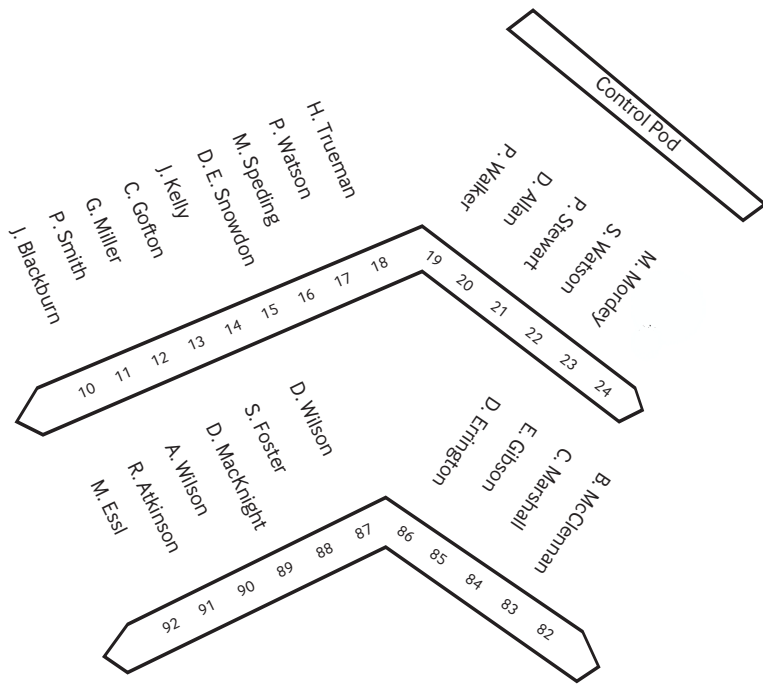
Item		Page
1.	To read the Notice convening the meeting.	
2.	To approve the minutes of the ordinary meeting of the Council held on 30 January 2013 (copy herewith).	3
3.	Receipt of Declarations of Interest.	
4.	Announcements (if any) under Rule 2(iv).	
5.	Apologies.	
6	Report of the Cabinet	19
	(i) Capital Programme 2013/2014 and Treasury Management Policy and Strategy 2013/2014, including Prudential Indicators for 2013/2014 to 2015/2016	
	(ii) Revenue Budget and Proposed Council Tax for 2013/2014 and Medium Term Financial Strategy 2013/2014 to 2015/2016	
	(iii) Determination of Council Tax 2013/2014	

7. To consider the undermentioned reports:-

- (i) Appointments to Committees and Outside Bodies – 209**
Appointments to Committees and Outside Bodies -
Establishment of a Local Authority Owned Parent
Company in respect of Care and Support Sunderland
Limited – Report of the Executive Director of
Commercial and Corporate Services (Copy herewith).

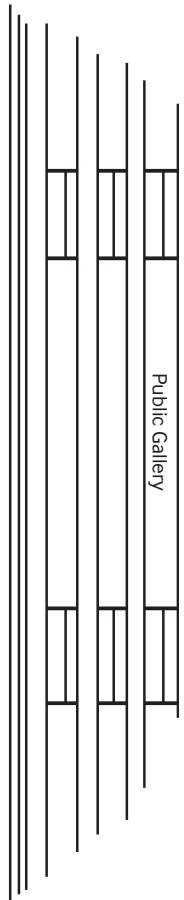
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CHIEF EXECUTIVE.



- 81 F. Anderson
- 80 D. Tate
- 79 D. Richardson
- 78 L. Scanlan
- 77 B. Price
- 76 R. Bell
- 75 R. Davison
- 74 A. Farr
- 73 A. Emerson

- 29 A. Lawson
- 30 J. Scott
- 31 P. Tye
- 32 P. Gibson
- 33 T. Wright
- 34 L. Smiles
- 35 S. Porthouse
- 36 D. Dixon
- 37 B. Curran
- 38 S. Bonallie
- 39 J. Jackson
- 40 T. Martin

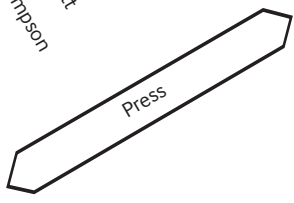


Head of Law and Governance
E. Waugh

Mayor
I W Kay

Chief Executive
D. Smith

Deputy Mayor
R. Heron



Minutes

Sunderland City Council

At a meeting of SUNDERLAND CITY COUNCIL held in the CIVIC CENTRE on WEDNESDAY, 30TH JANUARY, 2013 at 6.00 p.m.

Present: The Mayor (Councillor I. Kay) in the Chair
The Deputy Mayor (Councillor R. Heron)

Councillors	Allan	Fletcher	Oliver	Thompson
	Anderson	Forbes	Padgett	Trueman, D.
	Atkinson	Foster	Porthouse	Trueman, H.
	Ball	Gibson, E	Price	Turton
	Bell	Gibson, P	Richardson	Tye
	Blackburn	Gofton	Scanlan	Wakefield
	Bonallie	Jackson	Scaplehorn	Walker
	Copeland	Kelly	Scott	Waller
	Curran	Lauchlan	Shattock	Watson, P
	Davison	Lawson	Smiles	Watson, S.
	Dixon	MacKnight	Smith, D	Williams
	Ellis	Marshall	Smith, P.	Wilson, A.
	Emerson	Martin, L	Snowdon, D	Wilson, D.
	Errington	Martin, T	Snowdon, DE	Wiper
	Essl	Miller, F	Speding	Wood
	Farr	Miller, G	Stewart	Wright, N.
	Farthing	Morley	Tate	Wright, T.H

The notice convening the meeting was read.

Minutes

RESOLVED that the minutes of the ordinary meeting of the Council held on 28th November 2012 (copy circulated) be confirmed and signed as a correct record.

Declarations of Interest

Item 7(4) – Report of the Cabinet – Review of Non-Domestic Rates Discretionary Relief Policy to Academy and Voluntary Aided Schools

Councillor Ball
Governor of Ryhope Junior School
Governor of St Paul's CE Controlled Primary School

Councillor Bell
Governor of Redhouse Academy
Governor of Northern Saint Voluntary Aided CE School

	Councillor Dixon	Governor of Farringdon Academy
	Councillor Emerson	Governor of Ryhope Infant School
	Councillor Forbes	Governor of St Anthony's Academy
	Councillor P. Gibson	Governor of Farringdon School Sports College Governor of Portland College
	Councillor Kay	Governor of St Aidan's RC School
	Councillor Lawson	Governor of Our Lady Queen of Peace RC Primary School
	Councillor G. Miller	Governor of Holley Park Academy
	Councillor Porthouse	Governor of Farringdon Academy
	Councillor P. Smith	St Leonards RC Voluntary Aided School Plains Farm Primary School
	Councillor Paul Stewart	Governor of St John Bosco Primary School
	Councillor Williams	Governor of Oxclose Community Academy
	Councillor Wood	Governor of St Aidan's Voluntary Aided School
Item 7 – Cabinet Report – Business Rates Income Forecast 2013/14	Councillor Forbes	Board Member of Tyne and Wear Fire and Rescue Authority

Announcements

(i) Death of Former Councillors Kath Rolph, Denis Whalen, Iris Baxter and Hilda Mann.

The Mayor paid tribute to former Councillors and colleagues, Kath Rolph, Denis Whalen, Iris Baxter and Hilda Mann who had recently passed away. Members and Officers stood for a minute's silence as a mark of respect.

(ii) Outstanding Achievement in Procurement Award

At the invitation of the Mayor, Councillor Blackburn informed the meeting of the Council's success in gaining an award for Outstanding Achievement in Procurement, from the Society of Procurement Officers in Local Government.

The submission was submitted by the Council on behalf of the South Tyne and Wear Waste Management Partnership and outlined the process and challenges that were overcome during the procurement process to select the private sector partner.

The award recognized amongst other things that this is the largest ever infrastructure project by partner authorities, resulting in a £330m saving with potential for further savings via energy sales.

It would also result in 66 operational jobs and 250 construction jobs for the region and would ensure that 190,000 tonnes of residual waste per annum are diverted from landfill.

(iii) Events

The Mayor informed Council that a Charity Valentine's night would take place on Friday 15th February, 2013 at Usworth Working Mens Club, a Charity Concert would be held on Saturday 16th March, 2013 at St Josephs Church, Millfield and the Mayor's Charity Ball would be held on Friday 26th April, 2013 at the Sunderland Stadium of Light.

Reception of Petitions

There were no petitions received.

Apologies for Absence

Apologies for absence were submitted to the meeting on behalf of Councillors Francis, Howe, McClennan and Maddison.

The Cabinet reported and recommended as follows: -

1. Review of the Procurement Procedure Rules

That they had given consideration to a joint report of the Executive Director of Commercial and Corporate Services and Head of Law and Governance (copy attached) on proposed amendments to the Procurement Procedure Rules.

Accordingly the Cabinet recommended the Council to make amendments to the Procurement Procedure Rules, which were part of the Constitution, as set out in the report.

2. Localisation of Council Tax Support Scheme

That they had given consideration to a report of the Executive Director of Commercial and Corporate Services (copy attached) on the localisation of Council Tax Support Scheme, providing an update on the consultation results for the proposed Local Council Tax Support Scheme, explaining the implications of the Government's Transitional Grant Scheme and recommending that the Local Council Tax Support Scheme whose principal features were set out at Appendix B of the report, be implemented with effect from 1 April 2013. Further that they had agreed that the detailed scheme document – based upon the default scheme set out in the Council Tax Reduction Schemes (Default Scheme) Regulations 2012, modified as necessary to incorporate the features outlined in Appendix B of the report – be prepared by the Executive Director under delegated powers in consultation with the Leader and Cabinet Secretary, for submission to full Council.

Accordingly, the Cabinet recommended the Council to:-

- (i) Consider feedback received during the consultation period from
 - precepting authorities,
 - the public, including representatives/representative groups of Council Tax payers and Council Tax benefit claimants, voluntary organisations and community groups, and also consider the implications of the Government's Transitional Grant Scheme;
- (ii) approve the proposed Council Tax Support Scheme described in the report and now summarised in Appendix C and set out in full at www.sunderland.gov.uk/counciltaxsupport to take effect from 1st April 2013;
- (iii) authorise the Executive Director of Commercial and Corporate Services to administer the Local Council Tax Support Scheme including undertaking the consideration and determination of applications for support and authorise the Head of Law and Governance to amend the constitution accordingly to reflect this; and

- (iv) authorise the publication of the approved Scheme on the Council's website and in any additional manner determined by the Executive Director of Commercial and Corporate Services in consultation with the Leader of the Council and Cabinet Secretary.

3. Review of Discretionary Council Tax Discount on Empty Properties and Second Homes

That they had given consideration to a report of the Executive Director of Commercial and Corporate Services (copy attached) to review the policy on Council Tax discounts for Empty Properties and Second Homes as a result of the change in legislation to Exempt properties and the introduction of the Empty Homes Premium.

Accordingly the Cabinet recommended the Council to amend the current policy on Council Tax discounts for Empty Properties and Second Homes with effect from 1st April 2013 by:

- (i) Introducing the Empty Homes Premium of 150% on properties that have been empty and unfurnished for more than 2 years
- (ii) Awarding a discount of 25% on properties that have been empty for a period of up to 12 months that require, or are undergoing structural alterations.
- (iii) Awarding a discount of 25% on properties that are empty and unfurnished for up to 6 months with the exception of properties that are empty and unfurnished that are reoccupied within 1 month where the discount awarded will remain at 100%, and
- (iv) Reducing the discount on Second Homes from 10% to zero

4. Review of the Non-Domestic Rates Discretionary Relief Policy to Academy and Voluntary Aided Schools

That they had given consideration to a report of the Executive Director of Commercial and Corporate Services (copy attached) to review the current policy of Discretionary Relief for Non-Domestic Rates awarded to Academy and Voluntary Aided Schools.

Accordingly the Cabinet recommended the Council to amend the current policy on Non-Domestic Rates Discretionary Relief, by removing discretionary relief paid to Academy and Voluntary Aided Schools with effect from 1st April 2013.

5. Calculation of Council Tax Base

That they had given consideration to a report of the Executive Director of Commercial and Corporate Services (copy attached) seeking approval to the calculation of the Council Tax Base for 2013/2014 in accordance with the Local Government Finance Act 1992 and recommended to Council that:-

- (i) The report for the calculation of the Tax Bases for the City Council and Hetton Town Council for 2013/2014 be approved.
- (ii) That 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) (Amendment) (England) Regulations 2012 the amount calculated by Sunderland City Council as its Council Tax Base for the year 2013/2014, shall be £64,094 and for the area of Hetton Town Council shall be £3,122.

6. Business Rates Income Forecast 2013/14

That they had given consideration to a report of the Executive Director of Commercial and Corporate Services (copy attached) concerning the forecast income in respect of business rates for 2013/2014 which must be submitted to Government following Council approval no later than 31st January 2013. Further, that the income forecast included in the report should be amended if necessary taking into consideration further information notified by government about the calculation – and that the Executive Director of Commercial and Corporate Services be given delegated power to prepare the final version of the NNDR1 form in consultation with the Leader and Cabinet Secretary, for submission to full Council.

Accordingly the Cabinet was seeking Council approval to the amended NNDR1 form which estimated the business rates income for the coming financial year and recommended to Council that:-

Council approves the attached NNDR1 form (Appendix 1) of estimated business rates income for the year 2013/14 in accordance with new regulations which will form the basis of the necessary allocation of the estimated total business rate income for the year in the following proportions:

- Amount of NNDR to be paid to Central Government - £41,682,298;
- Amount of NNDR to be retained by Council - £40,885,578;
- Amount of NNDR to be passed to Tyne and Wear Fire and Rescue Authority - £834,400.

7. Revenue Budget Proposals 2013/2014

That they had given consideration to a joint report of the Chief Executive and Executive Director of Commercial and Corporate Services (copy attached) to advise of the provisional budget proposals for 2013/2014, as a basis for the continuation of budget consultation, prior to the receipt of the final Local Government Finance Settlement 2013/2014.

They also referred the report to the Scrutiny Committee for further advice and consideration. The Scrutiny Committee supported the Cabinet recommendation to recommend the Council to approve the provisional Revenue Budget proposals 2013/2014.

The Scrutiny Committee congratulated the Executive Director of Commercial and Corporate Services and his Finance Team on managing to present the provisional Revenue Budget proposals to the Council in the required budgetary timescales despite the very late notification of the provisional settlement from Government and final amendments to budget related documentation being needed following the receipt of further notified changes from Government.

Accordingly the Cabinet recommended the Council to approve the provisional budget proposals, as a basis for the continuation of budget consultation, prior to the receipt of the final Local Government Finance Settlement 2013/2014.

8. Revenue Budget Third Review 2012/2013

That they had given consideration to a report of the Executive Director of Commercial and Corporate Services on the overall Revenue position following the third review for 2012/2013 including proposed contingency transfers and budget transfers for the third quarter of 2012/2013.

In accordance with the Council's Budget and Policy Framework certain transfers require Council approval. The following extract refers to those transfer of funds:

'savings of £5million are anticipated to arise in respect of capital financing charges due to both slippage in the capital programme and additional income from interest on investments as a result of continued robust treasury management. These savings will be used to meet the in year service pressures if required at outturn, with the balance set aside in the Strategic Investment Reserve to meet transitional costs arising in 2012/13 and 2013/14 and/or potential Equal Pay liabilities. Any final underspendings on contingencies will also be transferred to support transitional costs arising from future years budgets.'

They also referred the above extract of the budget transfers to the Scrutiny Committee for further advice and consideration. The Scrutiny Committee supported the Cabinet recommendation to recommend the Council to approve the transfer of funds.

Accordingly the Cabinet recommended the Council to approve the budget transfers for the third quarter of 2012/2013 as set in the above extract.

9. Capital Programme - Third Review 2012/2013, Provisional Resources 2013/2014 and Treasury Management Review 2012/2013

That they had given consideration to a report of the Executive Director of Commercial and Corporate Services which detailed changes made to the Capital Programme 2012/2013 since the Second Capital Review, the inclusion of additional schemes and revisions to costs and resourcing for 2012/2013 since the Second Capital Review, the allocation of capital resources for 2013/2014, subject to any adjustments required when final resource announcements are made and the progress in implementing the Treasury Management Strategy for 2012/2013.

They also referred the report to the Scrutiny Committee for advice and consideration in the context of inclusion of an additional scheme for 2012/2013 costing over £250,000 which is set out in the attached extract. The Scrutiny Committee supported the Cabinet recommendation to recommend the Council to include the additional scheme for 2012/2013.

Accordingly, the Cabinet recommended the Council to approve the inclusion of the additional scheme for 2012/2013 and associated resourcing of the Capital Programme since the Second Review of the Capital Programme was approved by Council in October 2012.

10. Establishment of Sunderland Events Management Company

That they have given consideration to a joint report of the Director of Corporate Affairs and Communications and the Executive Director of Commercial and Corporate Services (copy attached) on a proposed approach to development of the Sunderland Events Management Company and the next steps for action in order to establish the company as a local authority owned company at the earliest opportunity.

Accordingly the Cabinet recommended the Council to appoint three Directors to the Board of the Company. The Leader proposed and it was agreed that Councillors Richardson, Scanlan and Walker be appointed to the Board of Directors of the Company.

During consideration of Item 4 of the Cabinet report, those Members who served on the Governing Body or the Board of Directors of an Academy or Voluntary Aided School left the meeting and the Deputy Mayor took the chair.

RESOLVED that item 4 of the report of the Cabinet be approved and adopted.

Those Members who had left the Chamber during consideration of item 4 returned to the meeting and the Mayor resumed the chair for the remaining items of the Cabinet report.

RESOLVED that the views of the Scrutiny Committee be noted and the remainder of the report of Cabinet be approved and adopted.

Written Questions under Rule 8.2

Pursuant to Rule 8.2 of the Council Rules of Procedure, Members of the Council asked questions of the Leader and Members of the Executive.

Action Taken on Petitions

The Council received the under mentioned report on the actions taken in relation to the petition which had been presented to Council.

(i) **Petition to provide additional parking facilities in the vicinity of Lakeside Towers – Presented by Councillor Porthouse on 26 September, 2012.**

The Head of Streetscene has considered the petition for additional parking places at Lakeside Towers and recognizes the issues, however, there is no opportunity to improve the facilities within the existing Highway Boundary and this limits the Council's ability to intervene.

The provision of new parking facilities must be considered the responsibility of the owner/developer of the site and therefore a copy of the petition and the Head of Streetscene's response has been copied to Gentoo for their consideration.

Councillor Porthouse, the Portfolio Holder Councillor Blackburn and the lead petitioner have been informed accordingly.

Notices of Motion

(i) **Notice of Motion – Sunderland Schools converting to Academy Status**

Councillor Oliver seconded by Councillor Wood, moved the following motion in relation to Sunderland Schools converting to Academy Status:-

“This Council welcomes the increasing number of schools in Sunderland converting to academy status.”

Councillor P. Smith, seconded by Councillor G. Miller moved the following amendment:-

After status add 'where it is in the best interests of the pupils involved.'

Upon being put to the vote the amendment was carried with 68 Members voting in favour, viz:-

The Mayor (Councillor I. Kay) in the Chair
The Deputy Mayor (Councillor R. Heron)

Councillors	Allan	Fletcher	Padgett	Trueman, D
	Anderson	Forbes	Porthouse	Trueman, H
	Atkinson	Foster	Price	Turton
	Ball	Gibson, E	Richardson	Tye
	Bell	Gibson, P	Scanlan	Wakefield
	Blackburn	Gofton	Scaplehorn	Walker
	Bonallie	Jackson	Scott	Waller
	Copeland	Kelly	Shattock	Watson, P
	Curran	Lauchlan	Smiles	Watson, S
	Davison	Lawson	Smith, D	Williams
	Dixon	MacKnight	Smith, P	Wilson, A
	Ellis	Marshall	Snowdon, D	Wiper
	Emerson	Martin, T	Snowdon, DE	Wood
	Errington	Miller, F	Speding	Wright, N
	Essl	Miller, G	Stewart	Wright, T.H
	Farr	Mordey	Tate	
	Farthing	Oliver	Thompson	

1 Members voting against, viz:-

Councillor L. Martin

The new substantive motion having then been put to the meeting, it was:-

RESOLVED that this Council welcomes the increasing number of schools in Sunderland converting to academy status where it is in the best interest of the pupils involved.

(ii) Notice of Motion – Meals at Full Council Meetings

Councillor Wakefield seconded by Councillor Ellis moved the following motion in relation to Meals at Full Council Meetings:-

'Given the continuing economic problems facing the residents of the City of Sunderland, we the undersigned believe the current practice of providing a substantial free meal to all Councillors and visitors after Full

Council meetings is no longer acceptable and urge all Members to vote to stop this practice effective from the next meeting of the Council and thereafter, with the exception of the annual meeting of the Council when the new Mayor takes office.'

Councillor Speding, seconded by The Deputy Leader moved the following amendment:-

'After City of Sunderland, delete 'we the undersigned believe' and replace with 'this Council believes that' after and delete 'urge all Members to vote to stop this practice effective from the next meeting of the Council and thereafter, with the exception of the annual meeting of the Council when the new Mayor takes office' and replace with 'therefore resolves to refer this issue along with the associated subsistence allowance provisions to the Independent Remuneration Panel for their earliest consideration.'

Upon being put to the meeting, the amendment was carried.

The new substantive motion having then been put to the meeting it was:-

RESOLVED that given the continuing economic problems facing the residents of the City of Sunderland, this Council believes that the current practice of providing a substantial free meal to all Councillors and visitors after Full Council meetings is no longer acceptable and therefore resolves to refer this issue along with the associated subsistence allowance provisions to the Independent Remuneration Panel for their earliest consideration.

(iii) Notice of Motion – Coalition Government Policies

Councillor Kelly seconded by Councillor T. Wright moved the following motion regarding the Coalition Government's Policies:-

'This Council notes with grave concern the devastating effect that this Governments' policies are having on the children and most vulnerable of this City and calls upon the Tory led coalition Government to stop their deliberate targeting of those least able to defend themselves

Upon being put to the vote the motion was carried with 59 Members voting in favour, viz:-

The Mayor (Councillor I. Kay) in the Chair
The Deputy Mayor (Councillor R. Heron)

Councillors	Allan	Gibson, E	Scanlan	Wakefield
	Atkinson	Gibson, P	Scaplehorn	Walker
	Ball	Gofton	Scott	Waller
	Bell	Jackson	Shattock	Watson, P.
	Blackburn	Kelly	Smiles	Watson, S.

Bonallie	Lauchlan	Smith, D	Williams
Copeland	Lawson	Smith, P.	Wilson, A.
Curran	MacKnight	Snowdon, D	Wright, N.
Davison	Marshall	Snowdon, DE	Wright, T.H
Dixon	Martin, T	Speding	
Emerson	Miller, F	Stewart	
Errington	Miller, G	Tate	
Essl	Padgett	Thompson	
Farthing	Porthouse	Trueman, D.	
Fletcher	Price	Trueman, H.	
Foster	Richardson	Tye	

4 Members voting against, viz:-

Councillors	Forbes	Oliver	Wiper	Wood
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1 Member abstained, viz:-

Councillor	Ellis
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It was therefore:-

RESOLVED that this Council notes with grave concern the devastating effect that this Governments' policies were having on the children and most vulnerable of this City and called upon the Tory led coalition Government to stop their deliberate targeting of those least able to defend themselves

Quarterly Report on Special Urgency Decisions

The Leader of the Council submitted a quarterly report (copy circulated) on executive decisions which had been taken under Regulation 11 of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012.

(For copy report – see original minutes)

RESOLVED that the content of the report be noted.

Arrangements for the Exercise of Executive Functions

The Leader of the Council submitted a report (copy circulated) advising that the Constitution provides that any amendments made by the Leader to the arrangements for the exercise of executive functions shall be reported to Council for information.

As a result of the changes to the senior management structure that were reported to the meeting of Council on 28 November 2012, appropriate amendments have been made to the delegations of executive functions to officers, in order to reflect the reallocation of responsibilities.

(For copy report – see original minutes)

RESOLVED that the report be noted.

Appointments to Committees and Outside Bodies – South Tyneside NHS Foundation Trust and Marine Activity Centre Board

The Executive Director of Commercial and Corporate Services submitted a report (copy circulated) requesting Council to consider appointments to the South Tyneside NHS Foundation Trust and the Marine Activity Centre Board.

(For copy report – see original minutes).

The Leader moved the recommendations contained within the report.

RESOLVED that approval be given to: -

- (i) the nomination of the Portfolio Holder for Public Health, Wellness and Culture to the Council of Governors of the South Tyneside NHS Foundation Trust; and
- (ii) the nomination of the Executive Director of Health, Housing and Adult Services to replace the Executive Director of City Services on the Marine Activity Centre Board.

(Signed) I. Kay
Mayor.

Report of the Cabinet

THE CABINET reports and recommends as follows:-

That they have referred the initial proposals on these matters to the Scrutiny Committee which supported the recommendations set out in the report to the Cabinet dated 16 January 2013.

That they have also subsequently, on 8 February 2013, submitted the attached report numbered 1 to the meeting of the Audit and Governance Committee and also the reports numbered 1, 2 and 3 to the Scrutiny Committee on 14 February 2013.

The Scrutiny Committee commented that, having monitored the development of the proposals, overall it was in support of the detail within the Budget and Service reports and therefore supported the Cabinet recommendation to recommend the Council to approve the budget proposals.

The Scrutiny Committee thanked the Executive Director of Commercial and Corporate Services and his Finance Team for the work they had done on the preparation of the 2013 /2014 budget proposals.

Subsequently the precept figures of the Tyne and Wear Fire and Rescue Authority (TWFR) and the Police and Crime Commissioner Northumbria (PCCN) have been confirmed as those set out in the report to Cabinet on 13 February 2013. For TWFR this will mean a freeze in the precept level for 2013/2014. For the PCCN this will mean an increase of 3.5% in the precept level for 2013/2014.

NOTE:

In relation to the report numbered 2 below entitled “Revenue Budget and Proposed Council Tax for 2013/2014 and Medium Term Financial Strategy 2013/2014 to 2015/2016”, Appendix D has not been printed with this item, but the recommendation, which includes all of the substantive content of the report, is set out in full at item 3 below.

1. Capital Programme 2013/2014 and Treasury Management Policy and Strategy 2013/2014, including Prudential Indicators for 2013/2014 to 2015/2016

That they have given consideration to the attached report of the Executive Director of Commercial and Corporate Services and recommend that approval be given to:

- (i) the proposed Capital Programme for 2013/2014;
- (ii) the Treasury Management Policy and Strategy for 2013/2014 (including specifically the Annual Borrowing and Investment Strategies);
- (iii) the Prudential Indicators for 2013/2014 to 2015/2016; and
- (iv) the Minimum Revenue Provision Statement for 2013/2014.

The Audit and Governance Committee was consulted specifically on the Treasury Management Strategy and Policy for 2013/2014 and was pleased to note that there were no major changes proposed to the overall Strategy and

that the careful and prudent approach adopted by the Council in previous years would continue.

The Committee also noted the Borrowing and Investment Strategies and the positive and prudent approach which was taken to both borrowing and investment by the Council which had resulted in the rate of return on investments being significantly higher than the benchmark rate.

The Committee were satisfied that the arrangements for Treasury Management were in an excellent position for the next and future years and resolved that the Council be advised accordingly.

2. Revenue Budget and Proposed Council Tax for 2013/2014 and Medium Term Financial Strategy 2013/2014 to 2015/2016

That they have given consideration to the attached joint report of the Chief Executive and the Executive Director of Commercial and Corporate Services on:

- the overall revenue budget position for 2013/2014;
- the projected balances position as at 31st March, 2013 and 31st March, 2014 and advise on their level;
- a risk analysis of the Revenue Budget 2013/2014;
- a summary of the emerging medium term financial position facing the Council from 2014/2015 to 2015/2016;
- views received from the North East Chamber of Commerce and Trade Unions.

They therefore recommend that the Revenue Budget for 2013/2014, as set out at Appendix I, be approved.

3. Determination of Council Tax 2013/2014

That they have given consideration to a report of the Executive Director of Commercial and Corporate Services making, subject to the approval of the Revenue Budget 2013/2014 (as set out at item 2 above), recommendations with respect to Council Tax levels for 2013/2014, and advising that the Council Tax is calculated using the tax bases for the areas of the City Council and Hetton Town Council as approved by Council on 30 January 2013, and setting out a number of resolutions required to be made to determine the Council Tax, including the confirmed precepts from the Major Precepting Authorities and the Parish of Hetton Town Council.

They therefore recommend that the report having advised of the statutory requirements to recommend to Council a proposed Council Tax Requirement which for Sunderland will mean a freeze to the Council Tax for 2013/2014, Council confirm the Council Tax Requirement for its own purposes is £76,012,920 (excluding Parish precepts), and

- i) it be noted that at its meeting on 30 January 2013 the Council approved the following amounts for the year 2013/2014 in accordance with the amended regulations made under Section 31B(3) of the Local Government Finance Act 1992 (the 'Act'):
- a) £64,094 being the amount calculated by the Council, in accordance with the above regulation of the Local Authorities (Calculation of Council Tax Base) Regulations 1992, as amended by Local Authorities (Calculation of Tax Base) (Amendment) (England) Regulations 2012, as its Council Tax Base for the year (Item T).
 - b) £3,122 being the amount calculated by the Council, in accordance with the Regulations, as the amount of it's Council Tax Base for the year for dwellings in the area of the Parish of Hetton Town Council.
- ii) That the Council Tax Leaflet be made available via the Council's website rather than enclosed with Council Tax bills which reflects a relaxation of the rules and that due to timings the final document be delegated to and finalised by the Executive Director of Commercial and Corporate Services in consultation with the Leader of the Council and the Cabinet Secretary.
- iii) That the following amounts be now calculated by the Council for the year 2013/2014 in accordance with Sections 31 to 36 of the Local Government and Finance Act 1992 as amended:
- (a) £694,729,777 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A (2) of the Act taking into account all precepts issued to it by Parish Councils.
 - (b) £618,675,928 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A (3) of the Act.
 - (c) £76,053,849 being the amount by which the aggregate at iii (a) above exceeds the aggregate at iii (b) above, calculated by the Council, in accordance with Section 31A (4) of the Act, as its Council Tax Requirement for the year including Parish Precepts (Item R in the formula in Section 31A(4) of the Act)

- (d) £1,186.5986 being the amount at iii (c) above (Item R) all divided by Item T (i (a) above), calculated by the Council, in accordance with Section 31B (1) of the Act, as the basic amount of its Council Tax for the year (including Parish precepts).
- (e) £40,929 being the precept notified by Hetton Town Council as a special item under Section 34 (1) of the Act.
- (f) £1,185.9600 being the amount at iii (d) above less the result given by dividing the amount at iii (e) above by the Item T (i (a) above), calculated by the Council, in accordance with Section 34 (2) of the Act, as the basic amount of its Council Tax for the year for dwellings in those parts of its area to which no Parish precept relates.
- (g) £1,199.0699 being the amount given by adding to the amount at iii (f) above the amount iii (e) divided by the amount at i (b) above, calculated by the Council in accordance with Section 34 (3) of the Act as the basic amounts of its Council Tax for the year for dwellings in the area of the Parish of Hetton Town Council.

(h)

Valuation Band	Parts of the Council's Area	
	Hetton Town Council	All other parts of the Council's Area
A	£ 799.38	£ 790.64
B	£ 932.61	£ 922.41
C	£1,065.84	£1,054.19
D	£1,199.07	£1,185.96
E	£1,465.53	£1,449.51
F	£1,731.99	£1,713.05
G	£1,998.45	£1,976.60
H	£2,398.14	£2,371.92

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

- iv) it be noted that for the year 2013/2014, the Tyne and Wear Fire and Rescue Authority and the Police and Crime Commissioner for Northumbria have confirmed the following amounts in precepts issued to the Council, in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of dwellings as follows:

Valuation Bands	Precepting Authority	
	Police and Crime Commissioner for Northumbria	Tyne & Wear Fire and Rescue Authority
A	£ 57.74	£ 48.77
B	£ 67.36	£ 56.90
C	£ 76.99	£ 65.03
D	£ 86.61	£ 73.16
E	£105.86	£ 89.42
F	£125.10	£105.68
G	£144.35	£121.93
H	£173.22	£146.32

- v) having calculated the aggregate in each case of the amounts at (iii) h and (iv) above, and having received confirmation of the precept in paragraph (iv), the Council, in accordance with Section 30 (2) of the Local Government Finance Act 1992, hereby sets the following amounts as the amounts of Council Tax for the year 2013/2014 for each of the categories of dwellings shown below:

Valuation Band	Parts of the Council's Area	
	Hetton Town Council	All other parts of the Council's Area
A	£ 905.89	£ 897.15
B	£1,056.87	£1,046.67
C	£1,207.86	£1,196.21
D	£1,358.84	£1,345.73
E	£1,660.81	£1,644.79
F	£1,962.77	£1,943.83
G	£2,264.73	£2,242.88
H	£2,717.68	£2,691.46

- vi) to note that under Section 52ZB of the Local Government Finance Act 1992, the Authority's relevant basic amount of council tax for 2013/2014 is not excessive in accordance with the principles determined under Section 52ZC(1) of the Act.

(i.e. the proposed Council Tax Freeze for 2013/2014 means that the Council does not need to hold a referendum on its proposed council tax. The regulations set out in Section 52ZC of the Local government Finance Act 1992 requires all billing authorities (councils and precept authorities (i.e. Fire and Police authorities)) to hold a referendum on their proposed level of basic Council Tax each year if they exceed government guidelines set out annually.

For 2013/2014 the guideline increase for the council was 2.0%.

As the council is proposing a council tax freeze for 2013/2014 then the above regulations have no impact for 2013/2014.

It should be noted however that under revised government regulations, authorities which are considered by the government to be in the lowest quartile of council tax for their category can increase their council tax for 2013/2014 by more than 2.0% and up to a maximum increase of £5 at Band D before it is necessary to hold a referendum as required under Section 52ZC of the Local Government Finance Act 1992. The Police and Crime Commissioner for Northumbria falls into this category of authority in 2013/2014 and has approved an increase of 3.5% which equates to a £2.93 increase at Band D (which is within the £5 limit).

Cabinet - 13th February 2013

Capital Programme 2013/2014 and Treasury Management Policy and Strategy 2013/2014, including Prudential Indicators for 2013/2014 to 2015/2016.

Report of the Executive Director of Commercial and Corporate Services

1. Purpose of the Report

- 1.1 To update Cabinet on the level of capital resources and commitments for the forthcoming financial year and seek a recommendation to Council to the overall Capital Programme 2013/2014 and the Treasury Management Policy and Strategy for 2013/2014 (including both borrowing and investment strategies) and to set the Prudential Indicators for 2013/2014 to 2015/2016.

2. Description of Decision

- 2.1 Cabinet is requested to recommend to Council approval of:
- the proposed Capital Programme for 2013/2014
 - the Treasury Management Policy and Strategy for 2014/2015 (including specifically the Annual Borrowing and Investment Strategies)
 - the Prudential Indicators for 2013/2014 to 2015/2016
 - the Minimum Revenue Provision Statement for 2013/2014.

3. Capital Programme 2013/2014

General

- 3.1 The proposed Capital Programme for 2013/2014 is again strong and positive and reflects both the drive to deliver on the aims and priorities set out in the Economic Master Plan as well as the Council's increasingly commercial approach to secure capital investment in the City in order to secure growth and jobs. The total programme proposed amounts to £110.913m as set out below:

	Capital Programme 2013/2014
	£m
Children's Services	7.566
Transport	41.270
Health, Housing and Adult Services	6.211
Other Services	55.866
Total	110.913

- 3.2 Members will be aware that the Council has committed resources towards a substantial capital programme spanning a five year period. Therefore the 2013/14 programme reflects ongoing capital scheme commitments from previous years of £85.108m and new starts of £25.805m. The major elements of ongoing capital commitments anticipated to be spent in 2013/2014 are outlined in the table below.

	Capital Commitments into 2013/2014
	£m
Children's Services	6.313
SSTC/New Wear Bridge	35.282
Other Transport Schemes	0.927
Washington Managed Workspace	4.940
St Mary's Boulevard & Magistrates Square	5.974
City Centre Developments	2.000
Strategic Land Acquisitions	1.350
Seafront Developments	1.220
Roker Pier and Lighthouse	0.814
Area Renewal Schemes	2.388
Washington Leisure Centre	3.000
Football Investment Strategy	1.214
Property Planned Capital Maintenance	1.200
Old Sunderland Townscape Heritage Initiative	0.996
Provision for Economic Development	0.800
Other Capital Schemes	6.890
Capital Contingencies	9.800
Total	85.108

The details of the full Capital Programme for 2013/2014 are included as Appendix 2 and the proposed new starts are set out in Appendix 1. The rest of this section of the report covers proposals for new starts in more detail.

Resources Available for new Starts

Resources - Grants

- 3.3 As reported to Cabinet in January 2013 resources have been allocated for the main programme areas of Children's Services, Adult Services, Highways, and Housing on the basis of their specific government funding approvals and other service specific resources.

The table below details Government Grants announced for 2012/2013 onwards with provisional settlements announced beyond 2013/2014.

	2012-13 £000s	2013-14 £000s	2014-15 £000s
Highways Capital Maintenance *	2,919	3,397	3,052
Highways Integrated Transport	2,141	2,141	3,011
Local Sustainable Transport Fund	236		
Better Bus Fund	420		
Nexus - Public Transport	188	187	
Total Transport	5,904	5,725	6,063
Education Capital Maintenance	3,177		
Education Basic Need	1,635		
Schools Devolved Funding	726		
Two Year Old Offer**		553	
Total Education***	5,538	553	
Department of Health	845	843	860
CLG – Disabled Facilities Grant****	1,782	1,417	
Total Government Grants	14,069	8,538	6,923

* The Highways Capital Maintenance Grant includes additional one off funding of £0.804m (£0.520m in 2013/2014 and £0.238m in 2014/2015) allocated in the Chancellor's Autumn Statement on 5th December 2012, for which the Council must publish a short statement on its website at the end of each financial year setting out what and where this additional funding has been spent and how it has complemented planned highways capital expenditure.

** The Government awarded the Council a 'Two Year Old Offer' grant in late 2012 in order that early years providers can adapt their premises to create additional age-appropriate accommodation. Expenditure will take place in 2013/2014.

*** In addition the Department for Education had announced funding of £1.221m in 2012/2013 for which Voluntary Aided schools will have direct responsibility.

**** The 2013/2014 Disabled Facilities Grant has been estimated based on the initial allocation for the 2012/2013.

Resources – Capital Receipts

- 3.4 There has been a significant drop in value and market interest since the economic downturn. To mitigate this impact the Council has adopted an incremental (but prudent) approach of undertaking more prudential borrowing to fund capital schemes where ongoing costs are affordable and sustainable.

In line with previous decisions of Cabinet, the position in relation to marketing of sites will be kept under review and sites marketed when appropriate. At this stage no receipts are estimated to be taken into account to support the programme.

Resources – Revenue

- 3.5 To support the Other Services Block new starts an assessment has been made of the capital programme and a range of potential sources of funding including:

- Revenue budget and potential savings;
- Reallocation of existing reserves.

When assessing resources available for the capital programme in 2012/2013 the Council allocated £3.570m in 2012/2013 and £2.570m for each of the following 4 years. After reviewing the above and taking into account capital commitments and resources earmarked for specific purposes there are no additional revenue resources available to support new starts in 2013/2014 at this stage.

Resources – Borrowing

- 3.6 In addition to the above the Council has some flexibility in funding its capital programme through the use of prudential borrowing.

The budget includes prudent provision for capital financing charges that may arise from an additional £17.481m of prudential borrowing in 2013/2014 and £25.781m over the four year period to 2016/2017. However, it is important to note that much of this investment is anticipated to be recouped through commercial arrangements over time and some investments are linked to the generation of savings to support the revenue budget. In addition some areas of funding will be subject to grant funding and funding bids which are being developed. This position will therefore continue to be prudent, affordable, and sustainable into future years and within overall limits whilst still retaining flexibility.

Detailed Proposals for New Starts and Capital Programme 2013/2014

- 3.7 Since the January 2013 Cabinet meeting, consultation with the appropriate Cabinet Portfolio Holders has been undertaken on priorities for new starts taking into consideration available resources. The table below sets out a summary position for 2013/2014 in respect of new starts and continuing commitments. Full details of all proposed new capital projects to be included in the Council's 2013/2014 capital programme are detailed in Appendix 1. Education capital funding for 2013/2014 onwards has not yet been allocated by Government and therefore actual grant awarded will be added to the capital programme and reported to Cabinet once details become known.

In drawing up the Other Services capital programme new starts for 2013/2014 account was taken of the investment priorities to support meeting Economic Masterplan aims which support regeneration, service and community priorities whilst harnessing commercial opportunities. The following major schemes are proposed as new starts in respect of the capital programme for 2013/14 with further details set out in Appendix 1.

Project	Total Capital Programme £m	Spend 2013/2014 £m
Economic Masterplan Stimulus	5.000	0.500
Community Infrastructure Improvements	2.500	2.500
Property Rationalisation Works including Community Equipment Store relocation	1.000	1.000
Old North Pier Technical Investigation	0.150	0.150
Flood & Extreme Weather Mitigation Works	1.630	0.630
Crematorium Improvements	0.140	0.140
Herrington Park Infrastructure	0.150	0.150
Houghton Cut Safety Works	0.030	0.030
Waste Transfer Station	5.651	5.651
Port Infrastructure & Invest to save works	6.730	4.230
Children's Services Initiatives	0.700	0.700
Libraries Redesign	0.500	0.500
Parks Improvement Programme	3.000	0.000
Transport Schemes	14.142	4.021
Housing and Adults Schemes	10.361	3.150
Children's Services Two Year Old Offer	0.553	0.553
Capital Contingencies	1.900	1.900
	54.137	25.805

The recommended Capital Programme is included in full as Appendix 2 to this report.

Further Reports

- 3.8 In accordance with the Council's Constitution, prior to commencement of projects, details of all new schemes must be subject to a full capital investment appraisal. Those schemes with an estimated cost in excess of £250,000 must be reported for approval to Cabinet whilst for those schemes below £250,000 consultation must take place with the relevant Cabinet Portfolio Holder in advance of delegated decisions being taken to implement these schemes.

4. Prudential Framework and Code

- 4.1 One of the principal features of the Local Government Act 2003 is to provide the primary legislative framework to introduce a prudential regime for the control of Local Authority capital expenditure. The regime relies upon both secondary legislation in the form of regulations, and a prudential code issued and maintained by the Chartered Institute of Public Finance and Accountancy (CIPFA). The Prudential Code was reported to Council in March 2004.

- 4.2 Under the prudential framework local authorities are free to borrow without specific government consent if they can afford to service the debt without extra government support. The basic principle is that authorities are free to invest as long as their capital spending plans are affordable, sustainable and prudent. This allows the Council the freedom to manage and control its capital programme and how it is financed. The key elements of control and management of capital finance are through:
- capital expenditure plans – the Council's Capital Programme;
 - external debt - how the Council proposes to fund its Capital Programme;
 - treasury management – the management of the Council's investments, cash flows, banking, money market and capital market transactions, the effective control of risks associated with those activities and the pursuit of optimum performance consistent with those risks.
- 4.3 All authorities must follow the latest prudential code published by CIPFA. This involves setting various prudential limits and indicators that must be approved by the Council before the start of the relevant financial year as part of their budget setting process. The prudential and treasury management indicators have been prepared for the financial year 2013/2014, taking into account all matters specified in the code. Regular monitoring will take place during the year and reports made to Cabinet to show the council's performance and compliance with these indicators as part of the quarterly capital review reports as appropriate.
- 4.4 All of the indicators together with background information to these indicators and what they are seeking to assess, are detailed in Appendix 3 in full compliance with the code.
- 4.5 In addition regulations came into force on 31st March 2008 revoking secondary legislation to make a Minimum Revenue Provision (MRP) charge to the revenue account for the repayment of debt associated with expenditure incurred on capital assets. The legislation was replaced with a new duty for local authorities to set, each year, an amount of MRP it considers prudent. It also recommends that an annual statement of its policy on making a MRP in respect of the following financial year is submitted to full Council for approval.
- 4.6 The recommended Minimum Revenue Provision Statement for 2013/2014 for the Council is set out in Section 1.10 a) to d) of Appendix 4.

5. Treasury Management

5.1 General

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

5.2 Statutory requirements

The Local Government Act 2003 (the Act) requires the Council to adopt a Treasury Management Policy Statement (detailed in Appendix 5) and to set out its Treasury Management Strategy comprising the Council's strategy for borrowing and the Council's policies for managing its investments, and giving priority to the security and liquidity of those investments (set out in Appendix 6).

The Department of Communities and Local Government issued revised investment guidance which came into effect from 1 April 2010 and the Chartered Institute of Public Finance and Accountancy (CIPFA) updated its Treasury Management in the Public Services Code of Practice in November 2011. The Council has adopted and follows all of the recommendations contained in the CIPFA Code of Practice.

5.3 CIPFA Code of Practice requirements

The CIPFA Code of Practice on Treasury Management has been fully adopted by the Council.

The primary requirements of the Code are as follows:

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

The content of the policy statement is detailed in Appendix 5 and the TMP's follow the recommendations contained in Sections 6 and 7 of the Code, subject only to amendment where necessary to reflect the particular circumstances of the Council. Such amendments which are minor in nature do not result in the Council deviating from the Code's key principles.
2. The Council will receive reports on treasury management policies, practices and activities, including, as a minimum, an annual strategy and plan in advance of the year ahead, a mid-year review and an annual report after its close, in the form prescribed in its TMP's.
3. The Council delegates responsibility for the implementation and regular monitoring of its treasury management policies and practices to Cabinet, and for the execution and administration of treasury management decisions to the Executive Director of Commercial and Corporate Services, who acts in accordance with the organisation's Policy Statement, TMP's and CIPFA's Standard of Professional Practice on Treasury Management.
4. The Council's Audit and Governance Committee is responsible for ensuring effective scrutiny of the treasury management strategy and policies.

5.4 Treasury Management Strategy for 2013/2014

- 5.4.1 The Treasury Management Strategy comprises a Borrowing and an Investment Strategy. These set out the Council's policies for managing its borrowing and investments and for giving priority to the security and liquidity of investments.
- 5.4.2 There are no major changes being proposed to the overall Treasury Management Strategy in 2013/2014 which maintains the careful and prudent approach adopted by the Council in previous years. Particular areas that inform the strategy include the extent of potential borrowing included in the Council's capital programme, the availability of borrowing, and the current and forecast global and UK economic position, in particular forecasts relating to interest rates and security of investments.
- 5.4.3 The proposed Treasury Management Strategy Statement for 2013/2014 is set out in Appendix 6 and is based upon the views of the Executive Director of Commercial and Corporate Services, supplemented with money market data, market information and leading market forecasts and views provided by the Council's treasury adviser, Sector Treasury Services.
- 5.4.4 The strategy is subject to regular review to ensure compliance to the agreed treasury management strategy and that the strategy adapts to changing financial markets as appropriate. The Council's current average rate of borrowing at 3.51% is low in comparison with other local authorities whilst the current rate earned on investments at 1.89% is higher than the benchmark rate. Market conditions are also under constant review so that the Council can take a view on the optimum time to carry out further borrowing or debt rescheduling.

6. Reasons for Decision

- 6.1 To comply with statutory requirements.

7. Alternative Options

- 7.1 No alternative options are proposed.

8. Impact Analysis

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

9. List of Appendices

- 9.1 Appendix 1 - Capital Programme 2013/2014 New Starts
Appendix 2 – Capital Programme 2012/2013 to 2016/2017
Appendix 3 – Prudential and Treasury indicators 2013/2014 to 2015/2016
Appendix 4 – Minimum Revenue Provision Policy Statement 2013/2014
Appendix 5 - Treasury Management Policy Statement
Appendix 6 – Treasury Management Strategy Statement for 2013/2014

Capital Programme 2013/2014 – New Starts

1.0 Children's Services Capital Proposals 2013/2014

- 1.1 The Council has not been informed of 2013/2014 capital allocations for Education Services. These are anticipated to be released in late January 2013.

Details of the grant allocations for Sunderland in 2012/2013 are set out in the table below for information.

	2012/2013 Allocation £'000
Education – LA Block	
Capital Maintenance	3,177
Basic Need	1,635
	4,812
Schools Block	
Local Authority Devolved Formula Capital (Standards Fund)	726
Local Authority Voluntary Aided Devolved Formula Capital (Standards Fund)	222
Local Authority Co-Ordinated Voluntary Aided Programme	999
	1,947
All Capital Approvals	6,759

1.2 Proposals for Children's Services Capital Programme New Starts 2013/2014

- 1.2.1 The funding allocation for 2013/2014 had not been announced at the time this report was written. Details below show proposals that will be finalised once 2013/2014 grant awards are known. The voluntary-aided sector is allocated a share of grant funding based on pupil numbers, and reflecting the governors' 10 per cent contribution and eligibility for VAT for Capital Maintenance. Funding is held back centrally for academies which means that there is no call on the capital maintenance funds allocated to Local Authority schools.

Priority Schools Building Programme - £750,000 projected

- 1.2.2 In October 2011 the Council submitted bids for five schools (2 secondary and 3 primary schools) to the Priority Schools Build Programme (PSBP). Cabinet approved the submission on 5th October 2011. Schools in the programme can be funded in one of two ways. Either through Direct Grant or through a Private Finance Initiative (PFI) with the schools split in to 'Batches' to reflect the funding stream they are to access. Sunderland has one school (Usworth Grange Primary School) to be funded through the Direct Grant with the remaining four schools (Shiney Row Primary School, Hylton Castle Primary School, Hetton School and St Anthony's RC VA School) funded through PFI. These schools have been

identified as in the worst condition and in greatest need of capital redevelopment. All schools will be new builds.

- 1.2.3 For those schools in the PFI 'Batch', there is a requirement that Schools must accept being part of a long-term (approximately 27 year) private finance arrangement including Hard / Soft Facilities Management (FM). This includes a requirement for schools to make a contribution to the annual revenue payment. The cost per square metre is to be determined but it is currently estimated that the increased facilities management requirement involved in the programme is likely to cost an additional £200,000 per annum for a secondary school and for an average sized primary school £60,000 revenue spend per annum (there will be no additional contractual FM requirement made of Usworth Grange Primary School). As it would be extremely difficult for individual schools to meet this additional cost pressure an alternative way of funding the shortfall for the schools involved would be an increased allocation from the overall Dedicated Schools Grant (DSG). This would be an additional call on the DSG which would be effectively 'top-sliced' before schools receive their individual allocations. The Schools Forum agreed this proposal in principle at its 15th September 2011 meeting. However proposed changes to the schools funding formula means that the mechanism to do this must be revisited, although the principle is still in place.
- 1.2.4 It is proposed that 'setting up allowances' for furniture and ICT infrastructure are provided to the maintained schools in the programme through the Children's Services Capital Programme. These are not covered through PFI funding and will be funded by Capital Maintenance and/or Basic Need grants. The amount proposed is £300,000 for Hetton School and £150,000 for each of the three primary schools within the programme.
- 1.2.5 The DFE had anticipated the procurement process for the PFI batch of schools would commence in Spring 2013. However, this will now be subject to some delay with the eventual procurement process, once commenced, running for an estimated 15 months. The DFE have informed the Council that this delay does not apply to Usworth Grange Primary School for whom procurement should run to schedule. The PFI Batch delay may lead to further unplanned repairs being required on the existing school sites. However it is not anticipated that these sites will be subject to any major capital works in advance of the schools moving to their new buildings.

Basic Need

- 1.2.6 Sunderland City Council remains the responsible body for the city's Basic Need funding. This funding is for all publicly funded schools in the city (including Academies and VA schools). Basic Need funding, although not ring fenced, is intended to ensure additional school places are can be provided where needed.
- 1.2.7 The Council, working with partners has identified the following works as priority for the 2012/2013 – 2013/2014 funding cycle

Hylton Red House Primary School/ Hylton Red House Nursery - £570,200 in 2013/14

- 1.2.8 The proposed merger between Hylton Red House Primary School and Bishop Harland CE VA Primary School (subject to School Organisation Committee of Cabinet approval in January 2013) will lead to approximately 180 additional pupils accessing the Hylton Red House school site and a further 26 pupils requiring places at the nursery. There will be a capital requirement in order to accommodate the new pupils. The site will house a new Church of England Voluntary Aided School from September 2013 (based within the existing Hylton Red House Primary School Building).
- 1.2.9 Council conditioning survey's (November 2012) identified that the work required on the main school site to service areas such as structure and fabric, electrical, technical, heating and mechanical and suitability and sufficiency would cost an estimated £330,200 of capital works. This would address the immediate priority areas in the school pre-reorganisation. In addition to this a further £30,000 – £40,000 has been identified to adapt the site entrance to segregate children from vehicles, increase on site safety and to cater for the increased anticipated footfall.
- 1.2.10 A further estimated £200,000 has been projected in order to increase the accommodation at Hylton Red House Nursery so as to accommodate the children who will transfer for the existing Bishop Harland CE VA Primary School nursery provision.
- 1.2.11 This funding is to be further complimented by £450,000, committed by the Durham Diocesan Board of Finance and the Governors at Bishop Harland CE VA and Hylton Red House Primary School. This would provide approximately £820,200 for development of the new school and £200,000 for development of the Nursery

Barbara Priestman Special School - £650,000 in 2013/14

- 1.2.12 Barbara Priestman Special School has been identified as having significant capacity issues. The Council has evaluated the capacity required by the school to house the current number of pupils on roll (120) against both the PSBP floor space ratio and the previous net capacity evaluation tools used under BSF. On both occasions the class space available has been identified as insufficient to meet the current needs of the school.
- 1.2.13 To increase the school footprint to meet current space standards the existing school footprint will need to undergo both extension and alteration. The Council is proposing that this occurs in three phases. Phase 1 involves the creation of a new teaching block for pupils aged 16-19. Phase 2 and 3 would involve a series of internal alterations and adaptations to the existing estate in order to provide additional class bases and greater teaching space for up to 80 pupils aged 11 – 16.

- 1.2.14 The estimated value for the full scale of works at Barbara Priestman is £1,800,000. Given the impact that this would have on the wider Basic Need budget it is proposed that Phase 1 is completed during 2013/2014 through Basic Need funding with further discussions with the Ascent Academies Trust identifying the funding relationship and process for any additional phases of the programme. The value of Phase 1 is estimated at £650,000

Pupil Planning

- 1.2.15 In addition to the proposed works at Hylton Red House and Barbara Priestman School the Council is assessing those localities where pupil projections have indicated potential capacity problems. Particular focus is being given to primary places in parts of the Coalfields, Washington and West Sunderland as well as voluntary aided RC primary places. There is currently no identified need for further secondary investment using Basic Need.

Asset Management - £2,750,000 Projected in 2013/14

- 12..16 The Council is committed to carrying out an ongoing set of improvements across the maintained educational estate in the City. Academies and Voluntary Aided Schools are not eligible for Asset Management and Essential Conditioning funding held by the Council.

- 1.2.17 The priority for Children's Services is health and safety, keeping buildings wind and watertight, and thereby avoiding school closures. A contingency sum is therefore also required to address the numerous ad-hoc situations that arise in schools year on year. To achieve this an ongoing refurbishment programme is place focusing on the following areas:

- Window replacement
- Fire detection systems
- Boiler/ heating replacement
- Roofing works
- Asbestos removal
- Lighting renewals

- 1.2.18 In lieu of receipt of The Council's Capital Allocation for 2013-14 the assumption has been made for planning purposes that the allocation will remain relatively static. To that end it has been estimated that a minimum of £2,750,000 will be delegated against the ongoing improvement to the Sunderland's capital estate.

Nursery Place – Free Nursery Provision for Disadvantaged 2 Year Olds

- 1.2.19 Sunderland City Council has been provided a capital allocation of £552,914 in order to enable the expansion of existing local nursery sites in order to deliver the offer of 15 hours per week free Nursery provision to disadvantaged 2 year olds. Children's Services are in the process of identifying the scale of works required in order to deliver the 2 year old offer.

1.2.20 For a number of years Children's Services has relied upon temporary borrowing in lieu of capital receipts to support investment in new school builds. This is not sustainable moving forward and £1.000 million has been repaid from 2011/2012 funding allocations with £0.250 million allocated on an ongoing basis until repayments have been made (pending further government announcements concerning future capital allocations).

1.2.21 Devolved Formula Capital to schools which reduced by 75% in 2011/2012 is expected to remain at this level in 2013/2014.

2.0 Highways Capital Proposals 2013/2014

2.1 The Department for Transport (DfT) announced LTP allocations on 29th March 2012 for 2013/2014 and 2014/2015 which are set out below. The DfT also announced on 18th December 2012 additional allocations for Highways Maintenance for 2013/2014 and 2014/2015 which are included in the table below. In addition the Council receives a contribution from Nexus Allocation towards public transport initiatives.

	2012-13 £000s	2013-14 £000s	2014-15 £000s
Government Grants			
Highways Capital Maintenance	2,919	3,397	3,052
Highways Integrated Transport	2,141	2,141	3,011
Nexus Allocation	188	187	
Other Funding	1,000	1,000	1,000
Total Transport	6,248	6,725	7,063

Proposals for Highways Capital Programme New Starts 2013/2014

2.2.1 Both the Highways Capital Maintenance and Integrated Transport funding blocks are calculated through a needs-based formula and in Metropolitan Areas is allocated to the Integrated Transport Authority (ITA) in that area. It is up to the ITA to distribute funds to constituent authorities in their area and, in consultation with Districts they have agreed the allocations included in the table above.

2.2.2 The proposed capital programme for 2013/2014 and future years, excluding funding of the central transport team for Tyne and Wear and for ongoing commitments in relation to land costs associated with Southern Radial Route and New Wear Crossing, will leave £4.820m to support the following priorities

- the structural maintenance of highways and bridges – £2.761m.
- economic development and regeneration by managing congestion; support safe and sustainable communities by improving Road Safety and, improving access; address climate change by promoting sustainable travel - £1.872m
- public transport initiatives - £0.187m

3.0 **Health, Housing and Adult Services Capital Proposals 2013/2014**

- 3.1 The Council now receive a single Department of Health (DoH) capital grant on the basis of social care Relative Needs Formula. The allocation to Sunderland was £0.848 million in 2012/2013 and will be £0.843 million in 2013/2014 and £0.860m in 2014/2015. The grant is not ring fenced but is expected to be used to support three key areas which comprise of personalisation, reform and efficiency.
- 3.2 The amount of Disabled Facilities Grant for 2013/2014 is not anticipated to be announced until mid-February 2013 however CLG have confirmed that they will protect the overall level of DFG available nationally and it is anticipated the Council will receive a similar level to the initial £1.417m received in 2012/2013. The DFG grant is not ring fenced but is expected to be used to support individuals being able to remain in their own properties for as long as possible in a safe and secure environment.

The Council has an ongoing Area Renewal programme that will continue to be funded from Homes and Communities Agency grant received in advance.

3.3 **Proposals for Health, Housing and Adult Services Capital Programme New Starts 2013/2014**

A summary of the proposals proposed for inclusion in the 2013/2014 capital programme :

	£'000
Disabled Facilities Grant	2,346
Improvements to Care and Support	150
Document Management System	25
Reablement Services	629
Total Expenditure	3,150

Further detail is set out below;

3.3.1 **Housing**

Disabled Facilities Grant

It is proposed that the Disabled Facilities Grants budget for 2013/2014 remains at £2.346m, the same level as 2012/2013. This can be funded through a specific government grant of £1.417m (indicative allocation), a Council contribution of £0.570m, a Directorate revenue contribution of £0.190m, a contribution from Registered Social Landlords of £0.130m and DoH funding of £0.039m.

3.3.2 Adult Services

Refurbishment Works

Annually the Directorate reviews all establishments including those occupied by clients and a schedule of works that are required is drawn up to ensure that these establishments are maintained at an acceptable level. Directorate establishments refurbishment needs amounting to £0.150m have been identified to maintain standards of provision for residential and day care and enhancing service delivery.

IT Schemes

Continuous development of the Document Management System (Road Map) will ensure current systems support the modernisation agenda. A budget of £0.025m for each year 2013/2014 and 2014/2015 is proposed which can be met from the DoH grant.

Reablement Services

It is proposed to use the remaining £0.629m DoH grant to accelerate the expansion of reablement services in the City with Health Partners. This includes capital investment for Time to Think schemes, increased use of assistive technology to maintain people at home.

4.0 Other Services Capital New Start Proposals 2013/2014

Resources to support other services proposals for capital projects are set out in Section 3 of the main report. The following projects are proposed for inclusion in the 2013/2014 capital programme:

4.1 Smarter Working £1.000m in 2013/2014

Additional funding of £1.000m is needed for Phase 2 of this project to include relocation of the Community Equipment Store (CES) at Leechmere and dilapidations needed for the existing CES site (funded through contributions from the PCT), building demolitions, rationalisation of the Council's fuel storage facilities, and further depot and building schemes. Works proposed to be carried out supports rationalisation of the Council's operational building portfolio and will lead to ongoing revenue efficiencies.

4.2 Economic Masterplan Stimulus £5.000m (£0.500m in 2013/2014 and £1.500m pa in 2014/2015, 2015/2016 and 2016/2017)

Sunderland and the North East Local Enterprise Partnership are currently in the process of putting together a proposal for a City Deal. If accepted this Deal will provide the basis on which Government will allow the city and the wider north east new freedoms and flexibilities to deliver economic growth.

If the Council's Expression of Interest in City Deal is accepted, negotiation with Government will continue. However initial development work may need to be undertaken to stimulate proposals for development and therefore provision has been included although early stage and indicative at this stage.

4.3 Community Infrastructure Improvements £2.500m in 2013/2014

It is recommended that a provision of £2.5m is established to allow smaller infrastructure works to be completed within local communities. This provision will also support the continued development and delivery of the Community Leadership model within the Council.

4.4 Old North Pier Technical Investigation £0.150m in 2013/2014

This work covers the cost of specialist investigation work by external consultants to consider repairs necessary to the Old North Pier.

4.5 Flood and Extreme Weather Mitigation – Physical Works and Equipment £1.630m (£0.630 in 2013/2014, £0.500m in 2014/2015 and £0.500m in 2015/2016)

Capital investment is required for flooding works on council land. Experience from extreme weather conditions in 2012 has highlighted that the current nature of land is contributing to flooding incidents..

To avoid ongoing additional costs the following works are proposed; installation of new drainage systems, the repair of highways drainage networks and consolidation of unstable land, and creating physical barriers for surface run off from land. These are liabilities which fall outside of the remit of the Environment Agency and Northumbrian Water Ltd. The Council is still formulating detailed requirements and the value of £0.500m pa over 3 years is indicative at this stage. Equipment costs of £0.130m in 2013/2014 relate to procuring 6 high volume water pumps (one for each area response team).

4.6 Improvements to the Crematorium £0.140m in 2013/2014

Construction of a canopy on crematorium exits is proposed. This will improve appearance of the crematorium and lead to an increase in customer satisfaction with the service provided by the Council.

4.7 Herrington Park Infrastructure £0.150m in 2013/2014

Capital investment is proposed to replace roads and footpaths in the events area with a durable metalled surface. Three events have been cancelled in 2012/2013 due to existing infrastructure being unable to cope with the scale and frequency of events. The works proposed will also reduce revenue pressure on the Council's events programme and improve commercial income generation.

4.8 Houghton Cut Safety Works £0.030m in 2013/2014

Essential maintenance of netting and other consolidation works on the east side of Houghton cut.

4.9 Parks Improvement Programme £3.000m (£1.000m pa from 2014/2015 to 2016/2017)

A scheme in principle has been agreed at Rectory Park and other potential schemes include Bishopwearmouth Cemetery Chapel restoration. Heritage Lottery Fund (HLF) will fund 90% of capital improvement scheme works with the bid subject to a two stage bidding process. If successful, works will start on site in October 2014, however funding must be agreed in advance as the Council must provide HLF with written confirmation that the match funding is approved, secured and in place for the submission of the stage 1 funding bid in August 2013.

4.10 Waste Transfer Station £5.561m in 2013/2014

Gateshead, South Tyneside and Sunderland Council's formed the South Tyne and Wear Waste Management Partnership in 2006 with the authorities developing a 20 year Joint Municipal Waste Management Strategy. Part of the action required in the strategy is to create a new Waste Transfer Station on industrial land at Jack Crawford House, at Campdown in Wrekenton (including a visitor centre) and to improve the existing waste transfer station at Middlefields in South Shields. The Council has previously allocated £5.561m to fund its share of the anticipated capital costs.

4.11 Port of Sunderland

The Port has benefited in recent years from new capital investment which has facilitated the development and expansion of the commercial opportunities within the Port and a significantly improved trading position. Further capital investment detailed below, primarily on an invest to save basis, is proposed that will continue this development and enhance facilities available at the Port.

Port Infrastructure - £5.680m (£3.180m in 2013/2014 and £2.500m in 2014/2015) - Investment in the Port's Infrastructure will be undertaken to enable access to other commercial opportunities including increasing the range of cargos currently handled at the Port. Improvements and expansion of the Port's estate will provide more capacity to maximise commercial opportunities and reduce external costs.

Dock Gate Repairs - £0.600m in 2013/2014 – Initial investigation and preparatory works on No 1 gates has identified further essential capital maintenance works.

Road Repairs & Lighting – £0.100m in 2013/2014 - On-going capital maintenance is required to ensure the Port's road and lighting is fit-for-purpose.

Plant and Equipment Purchase - £0.350m in 2013/2014 – The Port have identified plant and equipment requirements that are necessary to assist with the operations of the Port.

4.12 Children's Services Initiatives - £0.700m in 2013/2014

In order to meet government requirements for the provision of looked after children further capital investment is required. This will help the Council with its strategy to mitigate the cost of expensive external out of area placements.

4.13 Library Redesign £0.500m in 2013/2014

Over the past few years the occupancy of the City Library and Arts Centre has changed in support of priorities in council service delivery and efficiency savings. In order to meet the terms of the lease capital maintenance is required to update public areas and capital works are required to improve space within the Sound and Vision service and to improve the service provided by the Local Studies Library. Purchase of self operated microfiche reader / printers and replacement of map cabinets in the Local Studies Library will lead to further revenue efficiencies.

Costs are indicative at this stage but refurbishment of the main library and arts centre is estimated to be £0.360m and minor works in other library buildings £0.140m.

4.14 Capital Contingencies

Resources are currently provisionally allocated as capital contingencies to a number of outline schemes which it is intended will be brought forward subject to the consideration of the individual business case. These schemes support the Council's key priorities in terms of regeneration plans and strategic priorities and include

- 'invest to save' schemes in partnership with the private sector to support investment in the City and enable future strategic developments to take place
- other major regeneration capital works or site acquisitions within the City that will provide efficiencies and support the five Aims of the Sunderland Economic Masterplan

CAPITAL PROGRAMME

Summary of Programme
2012/13 to 2016/17

Expenditure by Portfolio	Gross Cost £'000	Expend to 31.3.12 £'000	Estimated Payments				
			2012/13 £'000	2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000
Leader	92,701	12,380	24,628	20,134	16,033	11,026	8,500
Deputy Leader	13,440	9,789	1,865	1,786			
Cabinet Secretary	28,042	4,836	6,746	9,610	5,250	800	800
Children's Services	35,998	18,516	9,674	7,566	242		
Health, Housing and Adult Services	29,511	9,722	6,367	6,211	2,977	2,117	2,117
Public Health, Wellness and Culture	17,895	2,618	1,887	5,550	7,840		
City Services	206,850	56,561	13,658	48,256	53,498	28,598	6,279
Responsive Services and Customer Care	400	130	170	100			
Contingencies	26,530		2,782	11,700	11,862	186	
TOTAL CAPITAL EXPENDITURE	451,367	114,552	67,777	110,913	97,702	42,727	17,696

CAPITAL PROGRAMME

Source of Finance	Estimated Payments				
	2012/13 £'000	2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000
From External Sources					
Loans					
- Supported Borrowing	5,396				
- Unsupported Borrowing	31,682	47,336	43,133	14,002	6,200
Government Grants					
- Disabled Facilities	1,471	1,417	1,417	1,417	1,417
- Department for Communities and Local Government	330	330			
- Department of Health	1,550	843	860		
- Department for Education - Capital Maintenance	1,538	2,271			
- Department for Education - Basic Needs	1,074	2,748			
- Department for Education - Devolved Formula Grant	1,971	1,144	242		
- Department for Education - Two Year Old Offer		553			
- Department for Education - Other	54	150			
- Department for Transport - Transport Grant	5,916	6,096	6,063	5,779	5,779
- Department for Transport - S31 Transport Grant		28,073	36,867	17,623	
- Department for Transport - Local Sustainability	83	153			
- Department for Culture, Media and Sport	12				
- Coast Protection	351	137	132	283	700
- Single Housing Investment Pot	264	94			
- New Homes Bonus	1,213	336			
- Cluster of Empty Homes Grant	135	337			
- Better Bus Fund	410	10			
Heritage Lottery Fund	163	2,417	2,900	900	900
European Grants	1,079	3,699	548	23	
Grants from Other Public Bodies					
- Homes and Communities Agency	2,306	2,336			
- Football Foundation	61	245			
- Sport England		275			
- Nexus	215	187			
- School Governors Contribution	5				
Other External Funding	318	730	130	130	130
Total External Sources	57,597	101,917	92,292	40,157	15,126
From Internal Sources					
Revenue Contributions					
- General Fund	1,115	2,790	2,570	2,570	2,570
- Children's Services	20				
- Office Of the Chief Executive	150				
- Health Housing and Adult Services	1	190			
- City Services	24	19			
- Strategic Initiatives Budget	167	36			
Capital Receipts	720	679			
Reserves					
- Strategic Investment Reserve	3,388	811			
- Strategic Investment Plan	660	814	40		
- Unutilised RCCO Reserve	1,386	242			
- Port Reserve	124				
- Working Neighbourhoods Reserves	1,651	1,940			
- Business Transformation Reserve	61				
- Modernisation Reserve		1,000			
- Sunderland Railway Station Reserve		200	2,800		
- Other Capital Reserves	713	275			
Total Internal Sources	10,180	8,996	5,410	2,570	2,570
TOTAL CAPITAL FINANCING	67,777	110,913	97,702	42,727	17,696

LEADER CAPITAL PROGRAMME

CAPITAL INVESTMENT PLANS AND LINKAGES TO SERVICE OBJECTIVES, STRATEGIC PRIORITIES, THE CAPITAL STRATEGY AND ASSET MANAGEMENT PLAN

The Leader capital programme will contribute towards meeting the five Aims of the Sunderland Economic Masterplan:

- A new kind of university city
- A national hub of the low-carbon economy
- A prosperous and well-connected waterfront city centre
- An inclusive city economy for all ages
- A one city approach to economic leadership

OUTCOMES FROM COMPLETED CAPITAL SCHEMES

- Purchase of strategic assets within the City that will enable further regeneration within the City to take place.
- Software City workspace has been completed and opened with the aim of providing world class telecommunications infrastructure and business premises.

KEY MEDIUM TERM PRIORITIES

- To provide leadership to the council on all matters and particularly all major strategic, corporate and cross-cutting and commercially sensitive issues.

HOW THE PROGRAMME CONTRIBUTES TO VALUE FOR MONEY AND EFFICIENCY

In developing measures to improve economic prosperity, value for money will be achieved through a range of measures including:

- Maximising external funding.
- Work with internal and external partners to improve services for local businesses.
- Efficiencies through improved procurement techniques and monitoring arrangements.

CAPITAL INVESTMENTS FOR THE YEAR AHEAD

Ongoing Commitments

- Interim works to the former Vaux Site has progressed comprising of grass seeding and the provision of temporary footpaths and parking facilities. Remedial works are required to reinstate walls and footpath lost due to landslip.
- The Washington Managed Workspace scheme will provide a high quality managed workspace that will encourage the start-up of new, small and medium enterprises and support their early growth by providing a purpose-built business centre.
- Smarter Working has resulted in 17 building closures to date and the delivery of revenue savings, enabled by capital investment.
- Enterprise Zone Infrastructure - Works are planned to complete feasibility and master planning study in relation to Council-owned land within the Enterprise Zone to determine infrastructure requirements, costs and delivery timescales. Also identification of potential off-site highway improvements required to deliver the objectives of Sunderland's Enterprise Zone.
- Sunderland Railway Station Contribution - work with Network Rail will continue with the objective of securing commitment towards the redevelopment of the above ground concourse to Sunderland Station.
- St Mary's Boulevard & Magistrates Square - Commence construction of infrastructure works to deliver improved access to city centre, a major new civic space, and facilitate development in accordance with the Council's ambitions for the city centre.
- Investment Corridors - This programme will deliver physical improvements to the city centre helping to increase footfall and improve the attractiveness of the city centre as place in which to live and work by providing excellent public realm and supporting the development of new retail and leisure facilities.

New Starts

- Works carried out as part of the smarter working programme will support rationalisation of the Council's operational building portfolio and lead to ongoing efficiencies. Works proposed include demolition of properties, relocation of the Community Equipment Store and rationalisation of the Council's fuel storage facilities.
- Initial development work to provide stimulus to the Council's Economic Masterplan if new freedoms and flexibilities to deliver economic growth are supported by government.
- A provision will be established to allow smaller infrastructure works to be completed within local communities.

**LEADER
CAPITAL PROGRAMME**

SUMMARY

Project Description	Gross Cost £'000	Expend to 31.3.12 £'000	Estimated Payments				
			2012/13 £'000	2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000
MAIN BLOCK							
Continuing Projects	24,337	12,380	6,190	5,767			
Projects Commencing 2012/2013	59,864		18,438	10,367	14,533	9,526	7,000
Projects Commencing 2013/2014	8,500			4,000	1,500	1,500	1,500
Projects Commencing 2014/2015							
Projects Commencing 2015/2016							
Projects Commencing 2016/2017							
TOTAL CAPITAL EXPENDITURE	92,701	12,380	24,628	20,134	16,033	11,026	8,500

METHOD OF FINANCING ESTIMATED CAPITAL EXPENDITURE

Source of Finance	Estimated Resources				
	2012/13 £'000	2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000
FROM EXTERNAL SOURCES					
Loans - Unsupported Borrowing	19,586	13,134	12,485	9,803	7,300
European Grants	1,079	3,699	548	23	
Other External Funding - PCT		600			
Total External Sources	20,665	17,433	13,033	9,826	7,300
FROM INTERNAL SOURCES					
Revenue Contributions					
- General Fund	50		200	1,200	1,200
Reserves					
- Strategic Investment Reserve	1,672	561			
- Unutilised RCCO Reserve	250				
- Working Neighbourhoods Reserves	1,651	1,940			
- Sunderland Railway Station Reserve		200	2,800		
- Strategic Investment Plan	340				
Total Internal Sources	3,963	2,701	3,000	1,200	1,200
TOTAL FINANCING	24,628	20,134	16,033	11,026	8,500

**LEADER
CAPITAL PROGRAMME**

Project Ref	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.12 £'000	Estimated Payments				
					2012/13 £'000	2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000
	Continuing Projects								
	Strategic Economic Development								
CP0126	Ex Vaux Site Advance Site Works	C Clark	2,000	389	1,050	561			
CP0127	Strategic Land Acquisition Provision	C Clark	1,750	389	1,361				
CP0128	St Mary's Way Preliminary design works	L Clark	100	78	22				
	Business Investment								
CP0129	Washington Managed Workspace	I Williams	6,050		1,110	4,940			
CP0130	Software Centre	I Williams	8,882	7,447	1,435				
CP0131	Software City Ph2 (Evolve)	I Williams	16	16					
	Strategic Improvement Programmes								
CP0132	Smarter Working Phase 1	C Clark	1,727	861	600	266			
	City Centre								
CP0133	Sunnyside Public Realm	C Clark	2,222	2,200	22				
CP0134	Market Square	C Clark	1,127	700	427				
CP0135	City Centre Improvements	L Clark	463	300	163				
TOTAL CONTINUING PROJECTS			24,337	12,380	6,190	5,767			
	Projects Commencing 2012/13								
	Strategic Economic Development								
CP0136	Enterprise Zone Infrastructure	I Williams	21,000			328	5,873	7,799	7,000
CP0127	Strategic Land Acquisition Provision	C Clark	3,000		1,650	1,350			
CP0137	Sunderland Railway Station Contribution	C Clark	3,000			200	2,800		
CP0138	St Mary's Boulevard & Magistrates Square	I Williams	11,864		1,778	5,974	3,935	177	
CP0139	Investment Corridors	C Clark	4,000		10	515	1,925	1,550	
CP0140	City Centre Hotel Contribution	C Clark	2,000			2,000			
CP0141	Newcastle Airport Refinancing	M Page	15,000		15,000				
TOTAL PROJECTS COMMENCING 2012/13			59,864		18,438	10,367	14,533	9,526	7,000
	Projects Commencing 2013/14								
CP0132	Smarter Working Phase 2	C Clark	1,000			1,000			
CP0142	Economic Masterplan Stimulus	I Williams	5,000			500	1,500	1,500	1,500
CP0143	Community Infrastructure Improvements	L Clark	2,500			2,500			
TOTAL PROJECTS COMMENCING 2013/14			8,500			4,000	1,500	1,500	1,500
TOTAL CAPITAL PROGRAMME			92,701	12,380	24,628	20,134	16,033	11,026	8,500

DEPUTY LEADER CAPITAL PROGRAMME

CAPITAL INVESTMENT PLANS AND LINKAGES TO SERVICE OBJECTIVES, STRATEGIC PRIORITIES, THE CAPITAL STRATEGY AND ASSET MANAGEMENT PLAN

The Deputy Leader capital programme will contribute towards meeting the five Aims of the Sunderland Economic Masterplan:

- A new kind of university city
- A national hub of the low-carbon economy
- A prosperous and well-connected waterfront city centre
- An inclusive city economy for all ages
- A one city approach to economic leadership

OUTCOMES FROM COMPLETED CAPITAL SCHEMES

- Power Supply to Data Centre - an upgrade of the power supply to the data centre has enabled further income to be generated from external hosting arrangements.
- Corporate Computer Model - The first phase of the CCM project is completed and all server based applications have been moved on to the new virtual infrastructure reducing the quantity of infrastructure used and releasing further hosting space within the data centre.
- Network and Telephony upgrades - the unsupported Cisco telephony system has been replaced bringing all telephony onto the Avaya VoIP system. This will eliminate the external call costs previously associated to calls between the two telephony systems.

KEY MEDIUM TERM PRIORITIES

- ICT medium term priorities include assisting the Council to meet its Smarter City objectives through the roll out of the Corporate Desktop which will provide a flexible, agile approach to computing resources.
- To facilitate efficiencies and improvements to IT systems and working practices within the Council.

HOW THE PROGRAMME CONTRIBUTES TO VALUE FOR MONEY AND EFFICIENCY

In developing measures to improve economic prosperity, value for money will be achieved through a range of measures including:

- The investment in Employee Self Service will facilitate improved process and cost reductions through improved work flow and a reduction in paper based processes underpinning the HR and Payroll services.
- The investment in Electronic Document Management will improve document and information flow across the council, reducing the cost of document handling.
- The Cloud Computing Model is expected to reduce the Councils operational costs by £1.4m annually over the next five years, in the delivery of IT services through a reduction in hardware, software, maintenance and improved IT management.

CAPITAL INVESTMENTS FOR THE YEAR AHEAD

Ongoing Commitments

- Modernisation Improvements - Employee Self Service involves the automation of the process that underpin the HR and Payroll services through the use of interactive forms. This will reduce the volume of paper documentation that currently exists within the Shared Services area and will improve the quality of data within the HR system.
- Modernisation Improvements - Electronic Document Management, Automated Court Bundling and SAP archiving involves the introduction of work flow, version control, storage and classification of documents and records. This will reduce the reliance on paper documentation, improve the ability for employees to work from any location and improve Information Governance through the correct classification and control of documentation.
- Digital Challenge will continue to improve digital skills across the city, in particular supporting the take up of services as they move to a self-service model delivered by the Internet.
- Phase 2 of the Revenue and Benefits system upgrade involves public access via the web allowing customers to access account information without contacting the Council.
- Flexible Working Solutions will include the authentication of employees and the adoption of Smart Card technology to improve security when accessing council ICT systems.
- Complaints and Freedom of Information Act will involve the development of work flow within the Dynamics system, improving the efficiency of processes and reporting for Complaints and FOIs.

**DEPUTY LEADER
CAPITAL PROGRAMME**

SUMMARY

Project Description	Gross Cost £'000	Expend to 31.3.12 £'000	Estimated Payments				
			2012/13 £'000	2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000
MAIN BLOCK							
Continuing Projects	12,190	9,786	1,618	786			
Projects Commencing 2012/2013	1,250	3	247	1,000			
Projects Commencing 2013/2014							
Projects Commencing 2014/2015							
Projects Commencing 2015/2016							
Projects Commencing 2016/2017							
TOTAL CAPITAL EXPENDITURE	13,440	9,789	1,865	1,786			

METHOD OF FINANCING ESTIMATED CAPITAL EXPENDITURE

Source of Finance	Estimated Resources				
	2012/13 £'000	2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000
FROM EXTERNAL SOURCES					
Loans -					
Loans - Supported Borrowing	150				
Government Grants					
- Department for Communities and Local Government	330	330			
Total External Sources	480	330			
FROM INTERNAL SOURCES					
Revenue Contributions					
- Office of the Chief Executive	150				
- Health Housing and Adult Services	1				
Reserves					
- Strategic Investment Reserve	861				
- Strategic Investment Plan	20	214			
- Unutilised RCCO Reserve	241	242			
- Modernisation Reserve		1,000			
- Other Reserve	112				
Total Internal Sources	1,385	1,456			
TOTAL FINANCING	1,865	1,786			

**DEPUTY LEADER
CAPITAL PROGRAMME**

Project Ref	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.12 £'000	Estimated Payments				
					2012/13 £'000	2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000
	Continuing Projects								
	ICT								
CP0112	Telephony Upgrade	D Downey	1,917	1,717	200				
CP0113	Complaints and Freedom of Information Act	E Waugh	110	62		48			
CP0114	Flexible Working Solutions	D Downey	100	41		59			
CP0115	Digital Challenge	D Downey	3,391	2,731	330	330			
CP0116	SAP Infrastructure	D Downey	100	73	27				
CP0117	Revenue and Benefits system Phase 2	F Brown	400	166	20	214			
CP0116	SAP Archiving	D Downey	105			105			
CP0118	Call Manager Replacement	D Downey	387	237	150				
CP0119	Automated Court Bundle	E Waugh	30			30			
CP0120	Corporate Computing Model	D Downey	5,620	4,759	861				
CP0121	Network Upgrade	D Downey	30		30				
TOTAL CONTINUING PROJECTS			12,190	9,786	1,618	786			
	Projects Commencing 2012/13								
	ICT								
CP0122	Employee Self Service	D Downey	500			500			
CP0123	Electronic Document Management	D Downey	500			500			
CP0124	SAP Development	S Tognarelli	100	3	97				
CP0125	Software Licences	D Downey	150		150				
TOTAL PROJECTS COMMENCING 2012/13			1,250	3	247	1,000			
TOTAL CAPITAL PROGRAMME			13,440	9,789	1,865	1,786			

CAPITAL INVESTMENT PLANS AND LINKAGES TO SERVICE OBJECTIVES, STRATEGIC PRIORITIES, THE CAPITAL STRATEGY AND ASSET MANAGEMENT PLAN

The Cabinet Secretary capital programme will contribute towards meeting the five Aims of the Sunderland Economic Masterplan:

- A new kind of university city
- A national hub of the low-carbon economy
- A prosperous and well-connected waterfront city centre
- An inclusive city economy for all ages
- A one city approach to economic leadership

OUTCOMES FROM COMPLETED CAPITAL SCHEMES

- Port Workshops Relocation has rationalised the Port estate, thereby providing additional land for potential new business development and to facilitate potential inward investment opportunities.
- Port Infrastructure Improvements to facilitate efficiencies in the provision of both marine and shore side services.
- The acquisition of a Tug Boat for the Port will facilitate the efficient operation of the Port's marine services.
- Provisions for Economic Development funding offers financial assistance in the form of grants for business to start up and grow their business through supporting investment in premises and equipment, linked to job creation. Statistics for the last full year of the programme have demonstrated that support was offered to 61 companies which created 1,036 full time equivalent jobs. This in turn contributes to sustaining the local economy.
- Seafront Toilet Refurbishments - the comprehensive refurbishment of the toilet block at the cat and dog steps was completed in summer 2012.
- The Planned Property Capital Maintenance programme has seen an investment in more major building improvements including mechanical repairs, which together with property rationalisation is part of the longer term strategy to reduce the maintenance backlog.
- Approximately 200kW of solar PV has been installed at 8 sites. This is estimated to save £20,000 per annum in reduced electricity consumption as well as generating income in excess of £50,000 per annum for the Council via the Feed In Tariff mechanism.
- Improving energy management via the installation of 33 Building Management Systems controlling the heating in operational properties and a boiler replacement at Fulwell Resource Centre.

KEY MEDIUM TERM PRIORITIES

- It is proposed to continue to invest in the Seafront public realm so as to improve its appearance and maintain its attractiveness both for continuing use by residents and visitors, and to ensure a high quality environment that will act as a catalyst for new investment in the area.
- Property Planned Capital Maintenance will allow ongoing investment in major capital works required to maintain a fit for purpose operational and administrative property portfolio. Coupled with a strategy to rationalise and dispose of property by smarter working and more efficient use of space, this ongoing capital investment stems the degradation of the retained portfolio and enables the disposal of surplus and unsustainable elements of the portfolio.
- The Port Board's Improvement Plan and the capital investment programme will enable the development of the Port, allowing further expansion of trading activity, commercial and strategic development, and improved capacity to maximise the market potential including inward investment opportunities on the Port Estate.

HOW THE PROGRAMME CONTRIBUTES TO VALUE FOR MONEY AND EFFICIENCY

- The rationalisation of the property portfolio has resulted in the closure of 17 buildings to date and the projected delivery of £3.018m revenue efficiencies by the end of March 2014.
- The investment in energy efficiency will save approximately £100,000 per annum through reduced consumption and income from the Feed-In Tariff scheme.
- The energy efficiency investment also helps to lower maintenance costs and also reduce the Council's carbon footprint by 260 tonnes per annum.
- As part of continuing efforts to sustain the improvement of the trading position of the Port of Sunderland, investment in infrastructure and equipment will safeguard existing operational standards, reduce equipment hire costs and provide the necessary resources to enable the Port to better respond to market opportunities and spot trade which invariably come at short notice.

CAPITAL INVESTMENTS FOR THE YEAR AHEAD

Ongoing Commitments

- Seafront - Marine Walk Masterplan Phase 2 continues to deliver the Seafront Regeneration Strategy by continuation of physical improvements to the Seafront with the aim of generating and supporting private sector investment in line with the approved Seaburn and Marine Walk Masterplans.
- Property Planned Capital Maintenance will maintain the approach to building improvement and will over the medium to long term, enable the delivery of a fit for purpose operational property portfolio.
- Accelerated Low Water Corrosion is affecting riverside and coastal structures supporting footpaths and other infrastructure. The programme of assessment and repair will prevent these structures from deteriorating and failing.
- As part of the Seafront Regeneration Strategy restoration work to the Grade II listed Roker Pier and Lighthouse will commence in 2013.
- The Old Sunderland Townscape Heritage Initiative includes the renovation of The Orphanage (Grade II Listed building) and development of an extra care scheme in the grounds. This scheme will provide 38 apartments for people with a dementia diagnosis and new accommodation for the Community Association.
- Various works to the Port of Sunderland including the acquisition of a new heavy lift crane that will assist the Port to protect its current market share, facilitate the continued commercial development of the Port and provide capacity to take advantage of inward investment opportunities.

New Starts

- A specialist investigation to determine the best long-term option for stabilising the Old North Pier.
- Investment in Port Infrastructure to enable access to other commercial opportunities and allow expansion and more productive utilisation of the Port Estate.
- Repairs are required to No 1 Dock Gates to ensure vessels can continue to safely navigate and berth vessels within the Port's enclosed Hudson & Hendon Docks.
- Further capital schemes within the Port to purchase plant and other equipment and to carry out planned capital maintenance that will provide medium term efficiencies and help prevent the ongoing degradation of the asset portfolio.

**CABINET SECRETARY
CAPITAL PROGRAMME**

SUMMARY

Project Description	Gross Cost £'000	Expend to 31.3.12 £'000	Estimated Payments				
			2012/13 £'000	2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000
MAIN BLOCK							
Continuing Projects	7,458	4,836	1,626	996			
Projects Commencing 2012/2013	13,704		5,120	4,234	2,750	800	800
Projects Commencing 2013/2014	6,880			4,380	2,500		
Projects Commencing 2014/2015							
Projects Commencing 2015/2016							
Projects Commencing 2016/2017							
TOTAL CAPITAL EXPENDITURE	28,042	4,836	6,746	9,610	5,250	800	800

METHOD OF FINANCING ESTIMATED CAPITAL EXPENDITURE

Source of Finance	Estimated Resources				
	2012/13 £'000	2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000
FROM EXTERNAL SOURCES					
Loans - Unsupported Borrowing	3,554	6,144	3,450		
Government Grants					
- New Homes Bonus	500				
Heritage Lottery Fund	163	417			
Grants from Other Public Bodies					
- Homes and Communities Agency	37				
Other External Funding	160				
Total External Sources	4,414	6,561	3,450		
FROM INTERNAL SOURCES					
Revenue Contributions					
- General Fund	880	2,220	1,800	800	800
Reserves					
- Port Reserve	124				
- Strategic Investment Reserve	800	250			
- Strategic Investment Plan	64				
- Strategic Initiatives Budget	19				
- Unutilised RCCO Reserve	321				
- Other Capital Reserves - Highways Reserve	117				
Capital Receipts	7	579			
Total Internal Sources	2,332	3,049	1,800	800	800
TOTAL FINANCING	6,746	9,610	5,250	800	800

**CABINET SECRETARY
CAPITAL PROGRAMME**

Project Ref	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.12 £'000	Estimated Payments				
					2012/13 £'000	2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000
	Continuing Projects								
	Port								
CP0093	Port Workshops Relocation	M Hunt	362	230	132				
CP0094	Port Equipment	M Hunt	248	236	12				
CP0095	Port Entrance	M Hunt	300	46	254				
	Planning and Land Use								
CP0096	Old Sunderland Townscape Heritage Initiative	C Clark	2,327	668	663	996			
	Carbon Management								
CP0097	Solar PV Panels	C Clark	722	712	10				
C90098	Improving Energy Management of Buildings	C Clark	150	106	44				
	Seafront								
CP0099	Seafront Regeneration Strategy	C Clark	60	59	1				
CP0100	Seafront - Marine Walk Masterplan Ph1	C Clark	1,500	1,341	159				
CP0101	Seafront - Seaburn Public Realm Improvements	C Clark	237	231	6				
CP0102	Seafront - Toilets refurbishment	C Clark	141	5	136				
	Economic Development Grants								
CP0103	Provision for Economic Development	I Williams	589	427	162				
	Management of Council Land and Buildings								
CP0104	West Area Shopping Improvements (SIP)	C Clark	30	20	10				
CP0105	Sheepfolds Acquisitions	C Clark	792	755	37				
TOTAL CONTINUING PROJECTS			7,458	4,836	1,626	996			
	Projects Commencing 2012/13								
	Management of Council Land and Buildings								
CP0106	Property Planned Capital Maintenance	C Clark	3,000		800	1,200	1,000		
CP0107	Low Water Corrosion / Riverside Repairs	C Clark	200			200			
	Economic Development Grants								
CP0103	Provision for Economic Development	I Williams	3,950		750	800	800	800	800
	Port								
CP0108	Dock Gate Capital Repairs	M Hunt	80		80				
CP0109	Tug Boat	M Hunt	150		150				
CP0110	Equipment	M Hunt	124		124				
CP0152	Harbour Mobile Crane	M Hunt	3,000		3,000				
	Seafront								
CP0111	Roker Pier and Lighthouse	C Clark	1,350		86	814	450		
CP0100	Seafront - Marine Walk Masterplan Ph2	C Clark	1,850		130	1,220	500		
TOTAL PROJECTS COMMENCING 2012/13			13,704		5,120	4,234	2,750	800	800

**CABINET SECRETARY
CAPITAL PROGRAMME**

Project Ref	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.12 £'000	Estimated Payments				
					2012/13 £'000	2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000
	Projects Commencing 2013/14								
CP0144	Old North Pier Technical Investigation	L Clark	150			150			
	Port								
CP0145	Infrastructure	M Hunt	5,680			3,180	2,500		
CP0146	Dock Repairs	M Hunt	600			600			
CP0147	Road Repairs and Lighting	M Hunt	100			100			
CP0148	Miscellaneous Capital Plant and Equipment	M Hunt	350			350			
TOTAL PROJECTS COMMENCING 2013/14			6,880			4,380	2,500		
TOTAL CAPITAL PROGRAMME			28,042	4,836	6,746	9,610	5,250	800	800

CAPITAL INVESTMENT PLANS AND LINKAGES TO SERVICE OBJECTIVES, STRATEGIC PRIORITIES, THE CAPITAL STRATEGY AND ASSET MANAGEMENT PLAN

Children's Services Capital Programme will contribute towards meeting the five Aims of the Sunderland Economic Masterplan:

- A new kind of university city
- A national hub of the low-carbon economy
- A prosperous and well-connected waterfront city centre
- An inclusive city economy for all ages
- A one city approach to economic leadership

The Children and Young People's Plan priorities are:

- Achieving their education.
- Enjoy sport, leisure and play.

National and local outcomes and indicators of which the most relevant to capital investment are:

- Achievement at all the key stages of educational attainment including the Early Years Foundation Stage (EYFS), Key Stage 2 (year 6 pupils), Key Stage 4 (year 11 pupils) and Key Stage 5 (year 13 pupils). In 2012 Sunderland schools made significant improvements in each key measure.
- Percentage of schools providing access to extended services for children, families and communities.
- Narrowing the gap between the lowest achieving 20% of pupils and the rest.
- The Children's Services Asset Management Plan (AMP), which contains updated information about the condition, suitability and sufficiency priorities for all school buildings.
- The Government's Priority Schools Building Programme (PSBP).
- The current position with both primary and secondary school places to identify future priorities for capital investment, taking into account the current pupil roll and projected future school rolls.
- Schools being allocated devolved capital funding. The LA provides support to schools in assisting them in planning this expenditure to achieve school development priorities.
- Partnership working which is key to making right investment choices and to supporting the wider regeneration agenda in Sunderland.
- Providing children in care with appropriate residential accommodation and supporting young people leaving care to independent living.

OUTCOMES FROM COMPLETED CAPITAL SCHEMES

- Two primary schools (St Joseph's RC Primary School and Maplewood Special School) have been replaced under the previous Governments Primary Strategy for Change and were opened during 2012.
- Capital works to reconfigure accommodation at Wessington Primary School were completed in 2012.
- Two all weather pitches were reconfigured and resurfaced at Farrington and Biddick Schools.
- Capital works to provide window replacements, heating improvements, roofing works and fire safety works, to meet with asset management priorities, at a number of primary, secondary and special schools were completed as part of an ongoing programme to address urgent maintenance priorities.

KEY MEDIUM TERM PRIORITIES

- To continue to address the most urgent condition priorities, health and safety work and major capitalised repairs in the secondary, primary and nursery sector as identified from Children's Services AMP data.
- To address pressure on primary school places in particular areas of the City to ensure there are sufficient school places to meet demand for reception places.
- To support schools in using the reduced level of devolved formula capital allocations to address the priorities identified in their asset management plans.
- Extend supported accommodation for vulnerable young people
- To maintain children's homes to a standard required to meet at least the minimum standards against which Sunderland are inspected by OFSTED twice per annum, and also to fulfill the requirements of the council as Corporate Parents.

HOW THE PROGRAMME CONTRIBUTES TO AN EFFICIENT AND EFFECTIVE COUNCIL

- Children's Services is participating in a corporate wide review of accommodation with a view to rationalising property. The first stage of this had involved moving towards integrated working in each of the five localities in 2011/12. The second phase of this will look to further integration in the functions of council buildings and accommodation used by the public, including Children's Services buildings e.g. children's centres. Schools are also being asked to consider how their buildings can be used for community purposes.

CAPITAL INVESTMENTS FOR THE YEAR

Ongoing Commitments

- The Priority Schools Building Programme (PSBP), a national Private Finance Initiative (PFI) was announced in July 2011. The Council submitted a bid on behalf of Hetton Secondary School and on behalf of Shiney Row, Hylton Castle and Usworth Grange Primary Schools. St Anthony's Girls RC Academy also submitted a bid. These were successful - Usworth Grange Primary School will be the first to be built with grant funding, other schools will follow with the programme anticipated to complete in 2016. The Council will support its schools through the process and will provide capital funding in relation to furniture and fittings to equip the new schools.
- Continuation of capital works to meet asset management priorities that commenced in schools during 2012/2013.

New Starts

- Investment that will meet government requirements for the provision of looked after children and help the Council with its strategy to mitigate the cost of expensive external out of area placements.
- 2013/2014 schools capital allocations to be announced in January 2013. Priorities for new starts in 2013/2014 are proposed to include:
 - Capital works to provide window replacements, heating improvements, roofing works and urgent health and safety works, to meet with asset management priorities, at a number of primary, secondary and special schools will completed as part of an ongoing programme to address urgent maintenance priorities;
 - Programme of works to be developed to address potential shortfall in places in particular areas of the city where there is an ongoing rise in pupil numbers e.g. Washington, Coalfields, Sunderland West.
- Capital works in relation to the government's 'Two Year Old Offer' in order that early years providers, including nurseries, can adapt their premises to create additional age-appropriate accommodation.

**CHILDREN'S SERVICES
CAPITAL PROGRAMME**

SUMMARY

Project Description	Gross Cost £'000	Expend to 31.3.12 £'000	Estimated Payments				
			2012/13 £'000	2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000
MAIN BLOCK							
Continuing Projects	28,907	18,516	8,874	1,517			
Projects Commencing 2012/2013	5,838		800	4,796	242		
Projects Commencing 2013/2014	1,253			1,253			
Projects Commencing 2014/2015							
Projects Commencing 2015/2016							
Projects Commencing 2016/2017							
TOTAL CAPITAL EXPENDITURE	35,998	18,516	9,674	7,566	242		

METHOD OF FINANCING ESTIMATED CAPITAL EXPENDITURE

Source of Finance	Estimated Resources				
	2012/13 £'000	2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000
FROM EXTERNAL SOURCES					
Loans					
- Supported Borrowing	5,246				
- Unsupported Borrowing		700			
Government Grants					
- Department for Education - Capital Maintenance	1,538	2,271			
- Department for Education - Basic Needs	1,074	2,748			
- Department for Education - Other - Standards Fund	20	100			
- Department for Education - Devolved Formula Grant	1,971	1,144	242		
- Department for Education - Other - Short Breaks	34	50			
- Department for Education - Other - Two Year Old Offer		553			
- School Governors Contribution	5				
- Football Foundation	6				
Other External Funding	10				
Total External Sources	9,904	7,566	242		
FROM INTERNAL SOURCES					
Revenue Contributions					
- Children's Services	20				
Reserves					
- Strategic Investment Reserve	(250)				
Total Internal Sources	(230)				
TOTAL FINANCING	9,674	7,566	242		

**CHILDREN'S SERVICES
CAPITAL PROGRAMME**

Project Ref	Project Description	Project Sponsor	Gross Cost £'000	Expend To 31.3.12 £'000	Estimated Payments				
					2012/13 £'000	2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000
	Continuing Projects								
CP0085	Schools Devolved Capital 2009/2010 to 2011/2012	B Scanlon	7,120	4,994	1,714	412			
CP0086	St Josephs RC Primary	B Scanlon	6,000	5,103	897				
CP0087	Maplewood School	B Scanlon	5,330	3,841	1,489				
CP0088	Farringdon School - upgrade of all weather pitch	D Thornton	532	526	6				
CP0089	Capita One V4 Upgrade	C Ross	185	165	20				
CP0090	St Benets - TCF Kitchen & Dining	B Scanlon	191	186	5				
CP0091	Biddick school - upgrade of all weather pitch	B Scanlon	367	357	10				
CP0155	Barbara Priestman School - Specialist Status	C Barker	100			100			
CP0085	Schools Devolved Capital	B Scanlon	505		257	248			
CP0088	Primary School Asset Management	B Scanlon	3,320	1,491	1,829				
CP0088	Secondary School Asset Management	B Scanlon	5,157	1,837	2,613	707			
CP0092	Short Breaks Provision for Disabled Children	B Scanlon	100	16	34	50			
TOTAL CONTINUING PROJECTS			28,907	18,516	8,874	1,517			
	Projects Commencing 2012/13								
CP0085	Schools Devolved Capital 2012/2013	B Scanlon	726			484	242		
CP0088	Secondary School Asset Management	B Scanlon	226			226			
CP0088	Primary School Asset Management	B Scanlon	830			830			
CP0088	Nursery School Asset Management	B Scanlon	200			200			
CP0088	Special School Asset Management	B Scanlon	1,000			1,000			
CP0088	EAW - School Asset Management	B Scanlon	90			90			
CP0088	School Asset Management Programmes - unallocated	B Scanlon	2,466		500	1,966			
CP0088	Sunningdale School Hydrotherapy	B Scanlon	200		200				
CP0088	Derwent Hill	B Scanlon	100		100				
TOTAL PROJECTS COMMENCING 2012/13			5,838		800	4,796	242		
	Projects Commencing 2013/14								
CP0153	Children's Services Initiatives	B Scanlon	700			700			
CP0154	Two Year Old Offer	B Scanlon	553			553			
TOTAL PROJECTS COMMENCING 2013/14			1,253			1,253			
TOTAL CAPITAL PROGRAMME			35,998	18,516	9,674	7,566	242		

HEALTH, HOUSING AND ADULT SERVICES CAPITAL PROGRAMME

CAPITAL INVESTMENT PLANS AND LINKAGES TO SERVICE OBJECTIVES, STRATEGIC PRIORITIES, THE CAPITAL STRATEGY AND ASSET MANAGEMENT PLAN

The Health, Housing and Adults Services capital programme will contribute towards meeting the five Aims of the Sunderland Economic Masterplan:

- A new kind of university city
- A national hub of the low-carbon economy
- A prosperous and well-connected waterfront city centre
- An inclusive city economy for all ages
- A one city approach to economic leadership

It aims to do this by:

- Delivering long term housing solutions as required by the Enabling Independence Strategy which enables the development of supported accommodation to meet the needs of older people and other vulnerable client groups within our communities, with a further choice of care to be tailored to the needs of the household to enable them to live independently for as long as possible.
- More Core and Cluster facilities for people with disabilities.
- Developing the Housing Related Support in-reach services
- Modernising Adult Services ICT systems to improve departmental and council communications.
- The Financial Assistance Policy which aims to be innovative, obtain value for money and reinforce that homeowners should accept responsibility for their own housing investment through a range of loans led and grant supported products. The council will also utilise its resources to fulfill ambitions in the private rented sector by improving the living conditions and its management.
- Continue the delivery of Disabled Facilities Grants.
- Researching and sourcing funding for the development of leisure facilities and services in partnership with other service providers.

OUTCOMES FROM COMPLETED CAPITAL SCHEMES

- Modernisation of ICT systems (AIS, Telecare System, Telehealth equipment) allows easier transfer of information between staff and helps deliver both planned and unplanned care more effectively.
- Area Renewal programme has contributed towards a sustainable community and neighbourhood through an increase in housing choice with the development of 65 new housing units in Phase 1 in Castletown which will be completed by March 2013. There have been an additional 3 acquisitions of homes at Hetton Downs through SHIP and Homes and Communities Agency (HCA) funding. These have contributed to assign sites for new housing.
- Private Sector Renewal Grants - £250,000 was agreed by Cabinet for empty property refurbishment work. 1 equity loan has been granted to refurbish an empty property and bring it back into use. A further 15 equity loans have been committed and are awaiting the outcome of the financial assessment. The whole fund has now been committed.
- Empty Properties Fund - £327,000 has been awarded to Back on the Map to acquire and refurbish 5 empty properties.
- Expansion of Farmborough Court to support hospital discharge and establishment of 'hub' for all reablement services.
- 640 Disabled Facilities Grants have been awarded allowing much needed adaptations to be carried out to properties.
- 9 decent homes loans have been awarded allowing people to bring their homes up to the decent homes standard.
- Extra Care Schemes – Acquisition of 3 apartments to provide reablement from within an extra care housing environment.

KEY MEDIUM TERM PRIORITIES

- To enable the provision of housing solutions including improving the delivery of home improvement, minor alterations and adaptations for people with a care and support need as outlined within the Enabling Independence Strategy for households including older people; people with a mental health; learning disabilities and physical disabilities.
- Review the use of our buildings based services and move to more community based services. This will include the use of technology such as Telecare and Telehealth to allow people to live in their own homes for longer.
- To ensure that assets where people live as their home are updated and fit for purpose.
- To concentrate the Care and Support service onto one main site
- Identify opportunities within the Governments reform of Health Services to improve health of residents in the homes they live in and the services provided to them.

HEALTH, HOUSING AND ADULT SERVICES CAPITAL PROGRAMME

- Explore opportunities of further energy efficiency measures being extended into the private rented sector.
- Continue to upgrade ICT systems internally and with partners to improve management information, deliver e-government, support the delivery of personalisation and promote the integration agenda and increase the opportunity for customers to self serve.
- Continue with the development and implementation of Sunderland's Housing Priorities Plan linked to the delivery of the Economic Masterplan and the on-going development of the Core Strategy / Local Development Framework.
- Developing long-term housing solutions for households with a support need through the delivery of the Enabling Independence Strategy, which will help to enable delivery of Extra Care housing, in partnership with both the Homes and Communities Agency and Providers.
- Improving the quality and choice of affordable accommodation, with emphasis being placed upon Council Renewal Areas.
- Continue to improve the housing stock in terms of decency and fitness for habitation in the private housing sector particularly targeting standards in the private rented sector.
- Encourage more private landlords to become accredited and raise housing conditions and standards in the private sector.
- Bring empty properties back into use.

HOW THE PROGRAMME CONTRIBUTES TO VALUE FOR MONEY AND EFFICIENCY

- The Directorate aims to reduce placements into residential care provision and increase the use of assistive technology, alongside reducing costs associated with care and support services and operation of buildings used for supported housing provision. Enabling the development and provision of supported housing solutions with alternative providers to secure efficiencies for the Council while providing a choice of effective housing and care solutions in a safe environment, while supporting sustainable communities.
- The directorate is also looking to use capital to develop low level solutions as alternatives to traditional services such as home care and day care.
- The reablement at home service has shown that for new clients going through the service the long term care costs for individuals is reduced significantly.
- Adult Services is part of the Smarter Working initiative. Work is currently underway to consolidate the Care and Support service on the Leechmere site which will allow for a relocation of the Community Equipment Service and closure of other satellite buildings.
- The development of Joint Ventures and Funding Agreements such as in Castletown and Hetton Downs creates the environment for the council to work with funding and development partners to attract resources into developing and creating sustainable communities.
- Identify areas of low housing demand and develop action plans to assist in reversing trends.
- Continue to encourage and develop investment opportunities in the housing market.

CAPITAL INVESTMENTS FOR THE YEAR AHEAD

Ongoing Commitments

- Area Renewal continues with the acquisition of properties at Maudlin Street, the Springboard property and Gentoo sites at Hetton Downs.
- Empty Homes Clusters Scheme - £472,105 New Homes Bonus funding and £472,105 HCA funding has been awarded to refurbish 80 properties by March 2014. To date 6 applications have been made for the loan/grant.
- A traveller's stop-over site will assist in dealing with unauthorised encampments more efficiently and effectively. The provision will ensure that our obligations are met and that we conform to the requirements around our Core Strategy.
- Decent homes assistance linked to the Financial Assistance Policy.

New Starts

- It is proposed to accelerate the expansion of reablement services in the City with Health Partners. This includes capital investment for Time to Think schemes, increased use of assistive technology to maintain people at home.
- Disabled Facilities Grants carry out adaptations to disabled person's properties helps to ensure that people can remain in their own properties for as long as possible in a safe and secure environment.

**HEALTH, HOUSING AND ADULT SERVICES
CAPITAL PROGRAMME**

SUMMARY

Project Description	Gross Cost £'000	Expend to 31.3.12 £'000	Estimated Payments				
			2012/13 £'000	2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000
MAIN BLOCK							
Continuing Projects	15,585	9,722	3,475	2,388			
Projects Commencing 2012/2013	3,565		2,892	673			
Projects Commencing 2013/2014	3,150			3,150			
Projects Commencing 2014/2015	2,977				2,977		
Projects Commencing 2015/2016	2,117					2,117	
Projects Commencing 2016/2017	2,117						2,117
TOTAL CAPITAL EXPENDITURE	29,511	9,722	6,367	6,211	2,977	2,117	2,117

METHOD OF FINANCING ESTIMATED CAPITAL EXPENDITURE

Source of Finance	Estimated Resources				
	2012/13 £'000	2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000
FROM EXTERNAL SOURCES					
Government Grants					
- Department of Health - IT Grant	201				
- Department of Health	1,349	843	860		
- Single Housing Investment Pot	264	94			
- Disabled Facilities	1,471	1,417	1,417	1,417	1,417
- New Homes Bonus	713	336			
- Cluster of Empty Homes Grant	135	337			
Grants from Other Public Bodies					
- Homes and Communities Agency	1,769	2,294			
Other External Funding	130	130	130	130	130
Total External Sources	6,032	5,451	2,407	1,547	1,547
FROM INTERNAL SOURCES					
Revenue Contributions					
- General Fund	185	570	570	570	570
- Health Housing and Adult Services		190			
Reserves					
- Other Capital Reserves - Energy Fund Reserve	50				
Capital Receipts	100				
Total Internal Sources	335	760	570	570	570
TOTAL FINANCING	6,367	6,211	2,977	2,117	2,117

**HEALTH, HOUSING AND ADULT SERVICES
CAPITAL PROGRAMME**

Project Ref	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.12 £'000	Estimated Payments				
					2012/13 £'000	2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000
	Continuing Projects								
	Adult Services								
CP0060	Swift Enhancements	G King	820	756	64				
CP0061	Managing Income	G King	22	12	10				
CP0062	Telecare	G King	100		100				
CP0063	Adults Information System	G King	50	8	42				
CP0064	Document Management System (Road Map)	G King	75	66	9				
CP0065	Private Sector Renewal Grants	A Caddick	300	283	17				
CP0066	Mobile Portal	G King	200	182	18				
CP0067	Regional Loans Scheme	A Caddick	483	339	144				
CP0069	Sunderland Energy Efficiency Program (SEEP)	A Caddick	86	12	74				
CP0070	Extra Care Schemes	P Corner	446	114	332				
	Housing Services								
CP0071	Eppleton (SHIP)	A Caddick	1,070	817	159	94			
CP0072	Hetton Downs (HCA)	A Caddick	8,038	3,975	1,769	2,294			
CP0073	Castletown Block Improvements	A Caddick	611	551	60				
CP0074	Extra Care Housing	P Corner	2,607	2,607					
CP0075	Travellers Site	A Caddick	100		100				
CP0077	Empty Property Action Plan	A Caddick	577		577				
TOTAL CONTINUING PROJECTS			15,585	9,722	3,475	2,388			
	Projects Commencing 2012/13								
	Adult Services								
CP0078	Minor Works (Improvements to Care and Support)	P Foster	150		150				
CP0079	Document Management System (Road Map)	G King	25		25				
CP0080	Disabled Facilities Grants 2012/13	A Caddick	2,346		2,346				
CP0081	Regional Loans Scheme	A Caddick	100		100				
	Housing Services								
CP0083	Cluster of Empty Homes	A Caddick	944		271	673			
TOTAL PROJECTS COMMENCING 2012/13			3,565		2,892	673			
	Projects Commencing 2013/14								
	Adult Services								
CP0078	Minor Works (Improvements to Care and Support)	P Foster	150			150			
CP0079	Document Management System (Road Map)	G King	25			25			
CP0080	Disabled Facilities Grants 2013/14	A Caddick	2,346			2,346			
CP0157	Reablement Services	A Caddick	629			629			
TOTAL PROJECTS COMMENCING 2013/14			3,150			3,150			

**HEALTH, HOUSING AND ADULT SERVICES
CAPITAL PROGRAMME**

Project Ref	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.12 £'000	Estimated Payments				
					2012/13 £'000	2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000
	Projects Commencing 2014/15								
	Adult Services								
CP0078	Minor Works (Improvements to Care and Support)	P Foster	150				150		
CP0079	Document Management System (Road Map)	G King	25				25		
CP0080	Disabled Facilities Grants 2014/15	A Caddick	2,117				2,117		
CP0157	Housing and Adult Schemes	A Caddick	685				685		
TOTAL PROJECTS COMMENCING 2014/15			2,977				2,977		
	Projects Commencing 2015/16								
	Adult Services								
SS96013	Minor Works (Improvements to Care and Support)	P Foster							
SS97008	Disabled Facilities Grants 2015/16	A Caddick	2,117					2,117	
TOTAL PROJECTS COMMENCING 2015/16			2,117					2,117	
	Projects Commencing 2016/17								
	Adult Services								
CP0080	Disabled Facilities Grants 2016/17	A Caddick	2,117						2,117
TOTAL PROJECTS COMMENCING 2016/17			2,117						2,117
TOTAL CAPITAL PROGRAMME			29,511	9,722	6,367	6,211	2,977	2,117	2,117

PUBLIC HEALTH, WELLNESS AND CULTURE CAPITAL PROGRAMME

CAPITAL INVESTMENT PLANS AND LINKAGES TO SERVICE OBJECTIVES, STRATEGIC PRIORITIES, THE CAPITAL STRATEGY AND ASSET MANAGEMENT PLAN

The Public Health, Wellness and Culture capital programme will contribute towards meeting the five Aims of the Sunderland Economic Masterplan:

- A new kind of university city
- A national hub of the low-carbon economy
- A prosperous and well-connected waterfront city centre
- An inclusive city economy for all ages
- A one city approach to economic leadership

It aims to do this by:

- Sourcing funding and establishing key partnerships to further develop the Council's sporting and cultural offer to residents.

OUTCOMES FROM COMPLETED CAPITAL SCHEMES

- The capital investment in the Library Materials Fund has supported access to reading, information and learning, as well as supporting heritage and local studies. In addition the investment has provided programming opportunities for learning, social inclusion and improved residents health and wellbeing.
- Pilot illumination project of Roker Park from September to November 2012 resulted in over 30,000 visitors over a 6 week period.

KEY MEDIUM TERM PRIORITIES

- To ensure that the Council's sporting and cultural assets are fit for purpose.
- To provide sporting and cultural facilities that increase uptake and provide opportunities for participation.
- Review of sporting and cultural facilities that will meet the needs of the residents and visitors to Sunderland.

HOW THE PROGRAMME CONTRIBUTES TO VALUE FOR MONEY AND EFFICIENCY

In developing measures to improve economic prosperity, value for money will be achieved through a range of measures including:

- Maximising external funding.
- Work with internal and external partners to improve community safety.
- Efficiencies will be achieved through improved procurement techniques and monitoring arrangements.

CAPITAL INVESTMENTS FOR THE YEAR AHEAD

Ongoing Commitments

- Continue to deliver the city's Football Investment Strategy new changing pavilions will be developed at the Billy Hardy Sports Complex and at Northern Area Playing Field, Washington. Depending on funding allocations from the Football Foundation, the final development within the current Football Investment Strategy will see facility improvements at either Plains Farm Primary School or Ryhope Recreation.
- Provision of a new leisure centre within Washington containing a sports hall, a 25m swimming pool, learner pool, Wellness Centre, steam/sauna and outdoor football facilities. This will replace existing leisure facilities that are contained in buildings requiring a high level of maintenance and will provide long term efficiency savings.
- World Heritage Status site for St Peter's Church - the project will deliver the Landscape Vision for St Peter's Riverside, with improvements focusing on the grounds of St Peter's church and the immediate surrounds.
- Ongoing commitment to support the Bowes Railway Museum's wagonshop repairs.

New Starts

- Various works are to be undertaken within the City Library and Arts Centre to update public areas. This includes optimising space within the Sound and Vision service area and improving the self operated service provided within the Local Studies Library.

**PUBLIC HEALTH, WELLNESS AND CULTURE
CAPITAL PROGRAMME**

SUMMARY

Project Description	Gross Cost £'000	Expend to 31.3.12 £'000	Estimated Payments				
			2012/13 £'000	2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000
MAIN BLOCK							
Continuing Projects	5,790	2,618	1,082	2,050	40		
Projects Commencing 2012/2013	11,605		805	3,000	7,800		
Projects Commencing 2013/2014	500			500			
Projects Commencing 2014/2015							
Projects Commencing 2015/2016							
Projects Commencing 2016/2017							
TOTAL CAPITAL EXPENDITURE	17,895	2,618	1,887	5,550	7,840		

METHOD OF FINANCING ESTIMATED CAPITAL EXPENDITURE

Source of Finance	Estimated Resources				
	2012/13 £'000	2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000
FROM EXTERNAL SOURCES					
Loans - Unsupported Borrowing	1,323	4,260	7,800		
Government Grants					
- Department for Culture, Media and Sport	12				
Grants from Other Public Bodies					
- Football Foundation	55	245			
- Sport England		275			
Total External Sources	1,390	4,780	7,800		
FROM INTERNAL SOURCES					
Revenue Contributions					
- City Services	1	19			
- Strategic Initiatives Budget		1			
Reserves					
- Strategic Investment Plan	41	600	40		
- Section 106 Reserve		150			
- Unutilised RCCO Reserve	150				
- Strategic Investment Reserve	305				
Total Internal Sources	497	770	40		
TOTAL FINANCING	1,887	5,550	7,840		

**PUBLIC HEALTH, WELLNESS AND CULTURE
CAPITAL PROGRAMME**

Project Ref	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.12 £'000	Estimated Payments				
					2012/13 £'000	2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000
	Continuing Projects								
	Sports Facilities								
CP0043	Washington Leisure Centre	J Gray	132	120	12				
CP0044	Football Investment Strategy	J Gray	1,368	59	55	1,214	40		
CP0045	Houghton Primary Care Centre	M Poulter	2,400	2,324	76				
CP0046	Football Pavilion Improvements Ford Quarry	J Gray	19	13		6			
CP0047	Football Pavilion Improvements Silksworth Park	J Gray	23	21		2			
CP0048	Football Pavilion Imps Ryhope Colliery Welfare	J Gray	42	41	1				
CP0049	Football Pavilion Improvements Leyburn Grove	J Gray	70	2		68			
	Culture and Tourism								
CP0050	Restore Memorial Fountain - Roker Park	C Clark	1	1					
CP0051	World Heritage Site Public Realm - Wearmouth Jarrow	C Clark	1,700	37	903	760			
CP0052	Bowes Railway Museum Wagonshop Repairs	C Alexander	35		35				
TOTAL CONTINUING PROJECTS			5,790	2,618	1,082	2,050	40		
	Projects Commencing 2012/13								
	Sports Facilities								
CP0053	Washington Leisure Centre	J Gray	11,300		500	3,000	7,800		
	Culture and Tourism								
CP0055	Illuminations	C Alexander	75		75				
CP0056	Library Books	C Alexander	230		230				
TOTAL PROJECTS COMMENCING 2012/13			11,605		805	3,000	7,800		
	Projects Commencing 2013/14								
CP0158	Library Redesign	C Alexander	500			500			
TOTAL PROJECTS COMMENCING 2013/14			500			500			
TOTAL CAPITAL PROGRAMME			17,895	2,618	1,887	5,550	7,840		

CITY SERVICES CAPITAL PROGRAMME

CAPITAL INVESTMENT PLANS AND LINKAGES TO SERVICE OBJECTIVES, STRATEGIC PRIORITIES, THE CAPITAL STRATEGY AND ASSET MANAGEMENT PLAN

The City Services capital programme will contribute towards meeting the five Aims of the Sunderland Economic Masterplan:

- A new kind of university city
- A national hub of the low-carbon economy
- A prosperous and well-connected waterfront city centre
- An inclusive city economy for all ages
- A one city approach to economic leadership

It aims to do this by:

- Maintaining the existing highway including its bridges and structures in a safe and serviceable condition.
- Securing the safe and efficient movement and appropriate access for goods and people using the city's highways.
- Securing improvements to existing highways and the construction of new highways.
- Maintaining and enhancing coastal and seafront structures.
- Sourcing funding and establishing key partnerships to further develop the Council's play and urban games facilities for children and young people.

OUTCOMES FROM COMPLETED CAPITAL SCHEMES

Transport:

- Completion of the Highway Maintenance Programme which included over 80 road strengthening and footway reconstruction schemes.
- Improvement and development of cycling routes with the completion of schemes at Newport (Silksworth) and Southwick.
- Design and implementation of Local Safety Schemes including Castle Road and Barmston; 20 mph zones at Silksworth, the roads surrounding Barnes Junior and Infants Schools; new traffic signals at the former Wheatsheaf gyratory, Blue Bell junction, Stockton Road/Belvedere Road junction and Penshaw Bridge; improved pedestrian crossing facilities at Barnes Park Road, improved traffic management on the A690 Houghton Cut.
- Installation of further electric vehicle charging points across the city.

Play Provision:

- The Play Pathfinder programme is now completed with 28 new or significantly refurbished play areas. The Play and Urban Games Strategy (updated in 2007), indicated that just 19% of children & young people had access to high quality play 1km from their door. By the end of March 2012, this had increased to 70%.
- Significant play area updates have also been completed at Hylton Castle, Billy Hardy Sports Complex and also the South Hylton Environmental Project.

KEY MEDIUM TERM PRIORITIES

- Structural highway maintenance works on classified roads.
- Continue to support plans for the regeneration of the City Centre, River Corridor and Enterprise Zone.
- Coast Protection Works to protect coastal assets.
- Development of the Sunderland Strategic Transport Corridor (SSTC) which will contribute to reducing congestion, improving quality of the environment, economic success and reducing social exclusion. The transport corridor will extend from West Wear Street at the south side of the Wearmouth Bridge to the A19/A1231 including a new Wear Bridge crossing.
- Deliver the Local Sustainable Transport Fund project to support economic growth and reduce carbon emissions, delivering cleaner environments and improved air quality, enhanced safety and reduced congestion.
- Development of a programme of flood defence and drainage measures in response to increased flooding incidents.
- Improve cycling provision across the city.

HOW THE PROGRAMME CONTRIBUTES TO VALUE FOR MONEY AND EFFICIENCY

- Many of the capital schemes contribute to improving traffic flows and reducing congestion within the city. This enables more efficient access to key sites contributing to the continued economic development of the city.
- Highway and bridge maintenance schemes ensure that the asset is maintained to a good condition to ensure the network can be used safely and conveniently by all users.

CITY SERVICES CAPITAL PROGRAMME

CAPITAL INVESTMENTS FOR THE YEAR AHEAD

Ongoing Commitments

- Continue the programme of investment in schemes to improve the safety of highway users.
- Improvements to pedestrian and cycling facilities through the Local Sustainable Transport Fund.
- Commence the construction of the first phase of the Sunderland Strategic Transport Corridor (New Wear Bridge).
- Continue the programme of investment in schemes to improve conditions for cyclists.
- Continue the programme of investment in schemes to improve the condition of highways and their structures.
- Development of Route Action Plans for network management enhancements on Whitburn Road, Ryhope Road, Chester Road and Durham Road.
- Better Bus improvement scheme to optimize accessibility to the city centre along Borough Road.
- Implementation of a programme of Vehicle actuated speed signs throughout the city.
- Completion of Penshaw Bridge refurbishment scheme.
- Construction of Hendon Burn Culvert access shaft to allow ongoing maintenance of significant length of underground culverted waterways.
- Coast protection works at South Bents to Seaburn that will provide a rear flood protection wall to the promenade, affording protection to the A183 highway and adjacent residential and business properties.
- Coast protection works to prevent coastal erosion and flooding that may adversely impact on business at the Port of Sunderland.
- Continue a programme of play and urban games investment in schemes to improve facilities at Kirklee Playing Field. In addition, a new wheeled sports park will be developed in Downhill at the Community North Sports Complex. Priority play area developments will also be identified as part of a refresh to the existing Play and Urban Games Strategy Addendum 2010-2012.

New Starts

- Purchase of high volume water pumps and works that will mitigate the effect of extreme weather conditions such as the installation of new drainage systems, repair highways drainage networks, consolidation of unstable land and creating physical barriers for surface water to run off land.
- Works to improve the physical appearance of Sunderland Crematorium.
- Replacement of roads and footpaths in the events area at Herrington Country Park with a durable metalled surface to enable planned events to proceed causing whilst minimising damage to structures within the park.
- Installation of netting and other consolidation works at Houghton Cut to reduce potential accident risks.
- Improvement works to refurbish various historic parks to be carried out subject to successful Heritage Lottery Fund grant applications.
- A contribution to South Tyne and Wear Waste Management Partnership as part of the agreed strategy to create a new Waste Transfer Station on industrial land at Jack Crawford House, at Campdown in Wrekenton (including a visitor centre) and to improve the existing waste transfer station at Middlefields in South Shields.
- Continue the programme of investment in schemes to improve the safety of highway users.
- Continue the programme of investment in schemes to improve conditions for cyclists.
- Continue the programme of investment in schemes to improve the condition of highways and their structures.

**CITY SERVICES
CAPITAL PROGRAMME**

SUMMARY

Project Description	Gross Cost £'000	Expend to 31.3.12 £'000	Estimated Payments				
			2012/13 £'000	2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000
MAIN BLOCK							
Continuing Projects	167,498	56,561	6,682	35,771	46,335	22,149	
Projects Commencing 2012/2013	10,609		6,976	863	1,100	670	1,000
Projects Commencing 2013/2014	15,622			11,622	1,500	1,500	1,000
Projects Commencing 2014/2015	4,563				4,563		
Projects Commencing 2015/2016	4,279					4,279	
Projects Commencing 2016/2017	4,279						4,279
TOTAL CAPITAL EXPENDITURE	206,850	56,561	13,658	48,256	53,498	28,598	6,279

METHOD OF FINANCING ESTIMATED CAPITAL EXPENDITURE

Source of Finance	Estimated Resources				
	2012/13 £'000	2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000
FROM EXTERNAL SOURCES					
Loans - Unsupported Borrowing	4,437	13,398	9,536	4,013	(1,100)
Government Grants					
- LTP Transport Grant	5,916	6,096	6,063	5,779	5,779
- LTP Section 31 Transport Grant		28,073	36,867	17,623	
- Local Sustainability Transport Fund	83	153			
- Coast Protection	351	137	132	283	700
- Better Bus Fund	410	10			
Other Contributions	18				
Heritage Lottery Fund			900	900	900
Grants from Other Public Bodies					
- Homes and Communities Agency	500	42			
Nexus	215	187			
Total External Sources	11,930	48,096	53,498	28,598	6,279
FROM INTERNAL SOURCES					
Revenue Contributions					
- City Services	23				
- Strategic Initiatives Budget	148	35			
Reserves					
- Strategic Investment Plan	195				
- Other Capital Reserve	175				
- Other Capital Reserve - Section 38	60				
- Other Capital Reserve - Section 106	199	125			
- Unutilised RCCO Reserve	324				
Capital Receipts	604				
Total Internal Sources	1,728	160			
TOTAL FINANCING	13,658	48,256	53,498	28,598	6,279

**CITY SERVICES
CAPITAL PROGRAMME**

Project Ref	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.12 £'000	Estimated Payments				
					2012/13 £'000	2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000
	Continuing Projects								
CP0001	Southern Radial Route	L Clark	40,861	40,115	542	204			
CP0002	Central Route - Scheme Development & Land Costs	L Clark	2,215	1,793	422				
CP0003	SSTC Ph2 (New Wear Bridge)	J Johnson	117,642	9,751	4,125	35,282	46,335	22,149	
	Local Transport Plan								
CP0004	Penshaw Bridge	L Clark	561	155	406				
CP0005	Integrated Transport - Electric Vehicle Charging Points	L Clark	163	123	40				
CP0006	Public Transport Schemes	L Clark	247	225	22				
CP0007	Local Safety Schemes (SIB/SIP)	L Clark	182	143	39				
CP0008	Washington Road Safety Measures	L Clark	541	527	14				
	Street Scene								
CP0009	Private Streetworks	L Clark	50		50				
CP0010	Ryhope Beach Access	L Clark	325	315	10				
CP0011	Central Car Park Demolition	L Clark	2,751	2,487	264				
CP0012	Recycling Bring Sites	L Clark	118	116	2				
CP0013	Sunderland Crematorium	L Clark	750	571	179				
	Coast Protection								
CP0014	Coastal Strategy Review Ph2	L Clark	105	90	15				
CP0015	Deptford Culvert Flood Risk Assessment	L Clark	24	1	23				
CP0016	Hendon Burn Culvert Safety Works	L Clark	364	39	200	125			
CP0017	Hendon Burn Culvert Flood Risk Assessment	L Clark	21	1	20				
CP0018	Hydrographic Survey	L Clark	53	7	46				
	Play Provision								
CP0019	Oxclose Play Area (SIB/SIP)	J Gray	45	36	9				
CP0020	Play and Urban Games Strategy :								
CP0021	South Hylton Environmental Project	J Gray	200	66	134				
CP0022	Hylton Castle play upgrade	J Gray	100		100				
CP0022	Kirklee Field	J Gray	100		20	80			
CP0023	North Area Skate Park	J Gray	80			80			
TOTAL CONTINUING PROJECTS			167,498	56,561	6,682	35,771	46,335	22,149	

**CITY SERVICES
CAPITAL PROGRAMME**

Project Ref	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.12 £'000	Estimated Payments				
					2012/13 £'000	2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000
	Projects Commencing 2012/13								
	Local Transport Plan								
CP0024	Highway Maintenance	L Clark	2,326		2,326				
CP0025	Bridge Maintenance	L Clark	745		745				
CP0026	Integrated Transport - Economy	L Clark	842		690	152			
CP0027	Integrated Transport - Place	L Clark	864		647	217			
CP0028	Integrated Transport - People	L Clark	753		564	189			
CP0029	Public Transport Schemes	L Clark	65		65				
CP0030	Local Sustainable Transport Fund - Safer School Routes	L Clark	236		83	153			
CP0031	Cycleways	L Clark	55		55				
CP0032	Upgrade of C2C Cycleway (HCA)	L Clark	542		500	42			
CP0033	Coalfields Cycle Route	L Clark	60		60				
CP0034	Better Bus Areas Fund :- - Borough Road	L Clark	595		585	10			
CP0035	- Intelligent Transport Systems	L Clark	50		50				
CP0036	Additional Transport priorities	L Clark							
	Parks								
CP0037	Thompson Park - Former Park Keepers House	C Clark	49		49				
	Coast Protection								
CP0038	South Bents to Seaburn (SF1)	L Clark	920		20	100	800		
CP0039	Port Area - Phase 1	L Clark	1,020		50		300	670	
CP0159	Port - Phase 2 indicative	L Clark	1,000						1,000
	Street Scene								
CP0040	Waste Containers	L Clark	175		175				
CP0041	Tractors and Mowers	L Clark	312		312				
TOTAL PROJECTS COMMENCING 2012/13			10,609		6,976	863	1,100	670	1,000
	Projects Commencing 2013/14								
	Local Transport Plan								
CP0024	Highway Maintenance	L Clark	2,261			2,261			
CP0025	Bridge Maintenance	L Clark	500			500			
CP0026	Integrated Transport - Economy	L Clark	863			863			
CP0027	Integrated Transport - Place	L Clark	485			485			
CP0028	Integrated Transport - People	L Clark	725			725			
CP0006	Public Transport Schemes	L Clark	187			187			
CP0163	Houghton Cut Safety Works	L Clark	30			30			
	Flood & Coast Risk Management								
CP0160	Flood and Extreme Weather Mitigation	L Clark	1,630			630	500	500	
	Street Scene								
CP0165	Waste Transfer Station	L Clark	5,651			5,651			
CP0161	Improvements to the Crematorium	L Clark	140			140			
	Parks								
CP0162	Herrington Park Infrastructure	L Clark	150			150			
CP0164	Parks Improvement	L Clark	3,000				1,000	1,000	1,000
TOTAL PROJECTS COMMENCING 2013/14			15,622			11,622	1,500	1,500	1,000

**CITY SERVICES
CAPITAL PROGRAMME**

Project Ref	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.12 £'000	Estimated Payments				
					2012/13 £'000	2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000
	Projects Commencing 2014/15								
	Local Transport Plan								
CP0024	Highway Maintenance	L Clark	2,175				2,175		
CP0025	Bridge Maintenance	L Clark	350				350		
CP0026	Integrated Transport - Economy	L Clark	774				774		
CP0027	Integrated Transport - Place	L Clark	494				494		
CP0028	Integrated Transport - People	L Clark	770				770		
TOTAL PROJECTS COMMENCING 2014/15			4,563				4,563		
	Projects Commencing 2015/16								
	Local Transport Plan								
CP0024	Highway Maintenance	L Clark	1,891					1,891	
CP0025	Bridge Maintenance	L Clark	350					350	
CP0026	Integrated Transport - Economy	L Clark	774					774	
CP0027	Integrated Transport - Place	L Clark	494					494	
CP0028	Integrated Transport - People	L Clark	770					770	
TOTAL PROJECTS COMMENCING 2015/16			4,279					4,279	
	Projects Commencing 2016/17								
	Local Transport Plan								
CP0024	Highway Maintenance	L Clark	1,891						1,891
CP0025	Bridge Maintenance	L Clark	350						350
CP0026	Integrated Transport - Economy	L Clark	774						774
CP0027	Integrated Transport - Place	L Clark	494						494
CP0028	Integrated Transport - People	L Clark	770						770
TOTAL PROJECTS COMMENCING 2016/17			4,279						4,279
TOTAL CAPITAL PROGRAMME			206,850	56,561	13,658	48,256	53,498	28,598	6,279

RESPONSIVE SERVICES AND CUSTOMER CARE CAPITAL PROGRAMME

CAPITAL INVESTMENT PLANS AND LINKAGES TO SERVICE OBJECTIVES, STRATEGIC PRIORITIES, THE CAPITAL STRATEGY AND ASSET MANAGEMENT PLAN

The Responsive Services and Customer Care capital programme will contribute towards meeting the five Aims of the Sunderland Economic Masterplan:

- A new kind of university city.
- A national hub of the low-carbon economy.
- A prosperous and well-connected waterfront city centre.
- An inclusive city economy for all ages.
- A one city approach to economic leadership.

It aims to do this by:

- Developing the infrastructure that supports the delivery of the Council's improvement priorities.
- Providing a seamless customer interface across all channels of access that resolves demand at the earliest possible opportunity and at the lowest cost to the Council providing accessible, consistent, responsive and high quality services.

KEY MEDIUM TERM PRIORITIES

- Implementation of the Customer Service and Access Strategy action plan key principles.
- Delivery of the Customer Services Work programme.

HOW THE PROGRAMME CONTRIBUTES TO VALUE FOR MONEY AND EFFICIENCY

- The delivery of integrated customer services supports value for money by increasing first point of contact resolution, leading to less dual handling and increased efficiency.
- The implementation of the integrated technology platform will enable the wide-scale development of web self serve and the associated benefits of channel shift.

CAPITAL INVESTMENTS FOR THE YEAR AHEAD

Ongoing Commitments

- Provision of a customer services technology platform to improve the quality and accessibility of services.

**RESPONSIVE SERVICES AND CUSTOMER CARE
CAPITAL PROGRAMME**

SUMMARY

Project Description	Gross Cost £'000	Expend to 31.3.12 £'000	Estimated Payments				
			2012/13 £'000	2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000
MAIN BLOCK							
Continuing Projects	400	130	170	100			
Projects Commencing 2012/2013							
Projects Commencing 2013/2014							
Projects Commencing 2014/2015							
Projects Commencing 2015/2016							
Projects Commencing 2016/2017							
TOTAL CAPITAL EXPENDITURE	400	130	170	100			

METHOD OF FINANCING ESTIMATED CAPITAL EXPENDITURE

Source of Finance	Estimated Resources				
	2012/13 £'000	2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000
FROM EXTERNAL SOURCES					
Total External Sources					
FROM INTERNAL SOURCES					
Reserves					
- Business Transformation Reserve	61				
- Unutilised RCCO Reserve	100				
Capital Receipts	9	100			
Total Internal Sources	170	100			
TOTAL FINANCING	170	100			

**RESPONSIVE SERVICES AND CUSTOMER CARE
CAPITAL PROGRAMME**

Project Ref	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.12 £'000	Estimated Payments				
					2012/13 £'000	2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000
CP0057	Continuing Projects								
	Customer Care Customer Service Network Platform	L St Louis	400	130	170	100			
TOTAL CONTINUING PROJECTS			400	130	170	100			
TOTAL CAPITAL PROGRAMME			400	130	170	100			

Appendix 3

Prudential and Treasury Indicators 2013/2014 to 2015/2016

It should be noted that all of the prudential indicators continue to fully reflect the requirements of International Financial Reporting Standards (IFRS) which were introduced from 1st April 2010. Should any of the Council's prudential indicators be exceeded during the year then they will be reported to Cabinet and where appropriate full Council at the next appropriate meeting following the change.

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

- P1 Actual capital expenditure incurred in 2011/2012 was £56.847 million and the estimates of capital expenditure to be incurred for the current and future years that are recommended for approval are:

	2012/13	2013/14	2014/15	2015/16
	£'000	£'000	£'000	£'000
Estimated Capital Expenditure	67,777	110,913	97,702	42,727

An estimate has been made of future spend on the basis of indicative grants approved for 2013/2014 onwards. The profile of expenditure will be updated in the quarterly capital reviews to Cabinet as further projects are approved.

- P2 Estimates of the ratio of financing costs to net revenue stream for the current and future years, and the actual figures for 2011/2012 are:

Ratio of financing costs to net revenue stream				
2011/2012	2012/2013	2013/2014	2014/2015	2015/2016
Actual	Estimate	Estimate	Estimate	Estimate
6.93%	7.13%	8.77%	10.43%	12.05%

The estimates of financing costs include current commitments and the proposals in the revenue budget and capital programme reports. The forecasts provide an indication of the impact of the capital investment plans on the Council's overall finances. They show an increase in anticipated ratios of financing costs to net revenue stream in future years as a result of forecast reductions in future years Government Funding allocations but also additional prudential borrowing proposed in the capital programme for strategic priorities.

The indicators also show an increase reflecting the fact that significant amounts of expenditure are planned to be financed from earmarked reserves which will lead to investment levels reducing over time.

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

- P3 Estimates of the end of year Capital Financing Requirement for the Council for the current and future years and the actual Capital Financing Requirement at 31st March 2012 are:

Capital Financing Requirement				
31/03/12	31/03/13	31/03/14	31/03/15	31/03/16
£000	£000	£000	£000	£000
Actual	Estimate	Estimate	Estimate	Estimate
239,073	262,374	306,802	348,932	363,470

The Capital Financing Requirement measures the authority's underlying need to borrow for a capital purpose. In accordance with best practice, Sunderland City Council does not associate individual borrowing taken out with particular items or types of expenditure. The Authority has an integrated Treasury Management Strategy and has fully adopted the CIPFA Code of Practice for Treasury Management in the Public Services. The City Council has, at any point in time, a number of cash flows both positive and negative, and manages its treasury position in terms of its borrowings and investments in accordance with its approved Treasury Management Strategy and practices. In day to day cash management, no distinction can be made between revenue cash and capital cash. External borrowing arises as a consequence of all the financial transactions of the authority and not simply those arising from capital spending. In contrast, the Capital Financing Requirement reflects the authority's underlying need to borrow for a capital purpose. The increase in the Capital Financing Requirement reflects the underlying borrowing need in respect of funding proposals in the capital programme reports.

Following accounting changes the Capital Financing Requirement includes other long term liabilities (e.g. PFI schemes and finance leases) brought onto the balance sheet. Whilst this increases the Capital Financing Requirement, and therefore the Council's borrowing requirement, these types of scheme include a borrowing facility and so the Council is not required to separately borrow for these schemes. The Council had £33.560 million of such schemes included in its Capital Financing Requirement at 31st March 2012.

- P4 CIPFA's Prudential Code for Capital Finance in Local Authorities includes the following comparator between gross debt and the capital financing requirement as a key indicator of prudence (indicator revised in 2012):

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

The Authority had no difficulty meeting this requirement in 2011/2012, nor are there any difficulties envisaged for the current or future years. This view takes into account current commitments, existing plans, and the proposals in this report and the report elsewhere on today's agenda on the Revenue Budget and Proposed Council Tax 2013/2014.

- P5 In respect of its external debt, it is recommended that the Council approves the following authorised limits for its total external debt, gross of investments for the next three financial years, and agrees the continuation of the previously agreed limit for the current year since no change to this is necessary. These limits separately identify borrowing from other long-term liabilities such as PFI schemes and finance leases. The Council is asked to approve these limits and to delegate authority to the Executive Director of Commercial and Corporate Services, within the total limit for any individual year, to effect movement between the separately agreed limits for borrowing and other long term liabilities, in accordance with option appraisal and best value for the authority. Any such changes made will be reported to Cabinet and the Council at the next meetings following the change.

	Authorised Limit for External Debt			
	2012/2013	2013/2014	2014/2015	2015/2016
	£000	£000	£000	£000
Borrowing	342,396	366,139	406,525	417,700
Other long term liabilities	34,928	32,463	31,893	30,294
Total	377,324	398,602	438,418	447,994

The Executive Director of Commercial and Corporate Services reports that these authorised limits are consistent with the Authority's current commitments, existing plans and the proposals in this report for capital expenditure and financing, and with its approved treasury management policy statement and practices. The Executive Director of Commercial and Corporate Services also confirms that they are based on the estimate of most likely, prudent, but not worst case scenario, with, in addition, sufficient headroom over and above this to allow for operational management, for example unusual cash movements. Risk analysis and risk management strategies have been taken into account, as have plans for capital expenditure, estimates of the Capital Financing Requirement and estimates of cash flow requirements for all purposes. It should be noted that the Council undertakes investment and borrowing on behalf of external bodies such as Tyne and Wear Fire and Rescue Authority. Treasury Management undertaken on behalf of other authorities is included in Sunderland's borrowing limits, however it is excluded when considering financing costs and when calculating net borrowing for the Council. A specific element of risk has also been taken into account for these bodies.

In taking its decisions on the Revenue Budget and Capital Programme for 2013/2014, the Council is asked to note that the authorised limit determined for 2013/2014, (see P5 above), will be the statutory limit determined under section 3(1) of the Local Government Act 2003.

- P6 The Council is also asked to approve the following operational boundary for external debt for the same time period and agrees the continuation of the previously agreed limit for the current year since no change to this is necessary. The proposed operational boundary for external debt is based on the same estimates as the authorised limit, but reflects directly the estimate of the most likely, prudent but not worst case scenario level, without the additional headroom included within the authorised limit to allow for example for unusual cash movements, and equates to the maximum of external debt projected by this estimate. The operational boundary represents a key management tool for in year monitoring. Within the operational boundary, figures for borrowing and other long-term liabilities are separately identified. The Council is also asked to delegate authority to the Executive Director of Commercial and Corporate Services, within the total operational boundary for any individual year, to effect movement between the separately agreed figures for borrowing and other long term liabilities, similar to the authorised limit set out above.

The operational boundary limit will be closely monitored and a report will be made to Cabinet if it is exceeded at any point. In any financial year, it is generally only expected that the actual debt outstanding will approach the operational boundary when all of the long-term borrowing has been undertaken for that particular year and will only be broken temporarily as a result of the timing of debt rescheduling.

	Operational Boundary for External Debt			
	2012/2013	2013/2014	2014/2015	2015/2016
	£000	£000	£000	£000
Borrowing	304,083	322,863	363,852	375,606
Other long term liabilities	34,928	32,463	31,893	30,294
Total	339,011	355,326	395,745	405,900

- P7 The Council's actual external debt at 31st March 2012 was £251.142 million and was made up of actual borrowing of £217.582 million and actual other long term liabilities of £33.560 million

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

- P8 The estimate of the incremental impact of new capital decisions proposed in this report, over and above capital investment decisions that have previously been taken by the Council are:

<u>For Band D Council Tax</u>		
2013/2014	2014/2015	2015/2016
£5.54	£23.03	£29.76

The estimates show the net revenue effect of all capital expenditure from all schemes commencing in 2012/2013 and the following two financial years.

These forward estimates that the Council is not committed to. They are based on the existing commitments, current plans and the capital plans detailed in this report. The cumulative effect of full year debt charges will have an additional impact of £31.65 in 2016/2017. There are no known significant variations beyond the above timeframe that would result from past events and decisions or the proposals in the budget report.

- P9 The Council is also required to indicate if it has adopted the CIPFA Code of Practice on Treasury Management. The revised Code was adopted on 3rd March 2010 by full council.

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

- (a) capital expenditure plans are affordable;
- (b) all external borrowing and other long term liabilities are within prudent and sustainable levels;
- (c) treasury management decisions are taken in accordance with professional good practice;

and that in taking decisions in relation to (a) to (c) above the local authority is

- (d) accountable, by providing a clear and transparent framework.

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

- (e) local strategic planning;
- (f) local asset management planning;
- (g) proper option appraisal.

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

CIPFA Treasury Management in the Public Services Code of Practice - Indicators 2012/2013 to 2014/2015

- P10 It is recommended that the Council sets an upper limit on its fixed interest rate exposures of £235 million in 2013/2014, £295 million in 2014/2015 and £300 million in 2015/2016.

P11 It is further recommended that the Council sets an upper limit on its variable interest rate exposures of £50 million in 2013/2014, £60 million in 2014/2015 and £60 million in 2015/2016.

P12 It is recommended that the Council sets upper and lower limits for the maturity structure of its borrowings as follows:

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

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

P13 A maximum maturity limit of £75 million is set for each financial year (2013/2014, 2014/2015 and 2015/2016) for long term investments, (those over 364 days), made by the authority. This gives additional flexibility to the Council in undertaking its Treasury Management function. Should the Council appoint any external fund managers during the year, these limits will be apportioned accordingly. Type of investments to be allowed are detailed in the Annual Investment Strategy (Appendix 6).

At present the Council has £16.787 million of long-term investments. This is £16.767 million for the value of share capital held in NIAL Holdings PLC. This equates to a 9.62% share in Newcastle International Airport. The Council also holds £0.020 million in government securities, other shares and unit trusts.

Minimum Revenue Provision Policy Statement 2013/2014

The Department for Communities and Local Government (DCLG) has provided statutory guidance on the methodology to use, which local authorities 'must have regard to' when assessing an appropriate Minimum Revenue Provision (MRP). The guidance recommends that authorities must submit to full Council an annual statement of its policy on making a MRP in respect of the following financial year and highlight which of the various options set out in their guidance will be followed.

- 1.1 Provision for the repayment of debt is considered to be prudent where the period of repayment is either reasonably commensurate with that over which the capital expenditure to which it relates provides benefits, or in the case of borrowing supported by Government Grant, reasonably commensurate with the period implicit in the determination of that grant. The major proportion of the MRP for 2013/14 will relate to the supported historic debt liability.
- 1.2 The four options for calculating MRP which were set out in the guidance can be summarised as follows:
 - Option 1 – Regulatory Method: applying the statutory formula set out in the 2003 Regulations before it was revoked in 2008.
 - Option 2 – Capital Financing Requirement (CFR) Method: multiplying the CFR at the end of the preceding financial year by 4%.
 - Option 3 – Asset Life Method: amortising expenditure over an estimated useful life for the relevant assets created. An assessment must be made of the asset life at the outset of the capital scheme and MRP is charged to revenue in either equal annual instalments or by an annuity method over the estimated life of the asset. The MRP charge will commence in the financial year following the one in which the asset comes into service.
 - Option 4 – Depreciation Method: making charges to revenue in accordance with the standard rules for depreciation accounting for the particular asset being created or enhanced.
- 1.3 Estimated life periods will be determined under delegated powers. As some types of capital expenditure incurred by the Council are not capable of being related to an individual asset, such as IT infrastructure, asset lives will be assessed on a basis which most reasonably reflects the anticipated period of benefit that arises from the expenditure. Also, whatever type of expenditure is involved, it will be grouped together in a manner which reflects the nature of the main component of expenditure and will only be divided up in cases where there are two or more major components with substantially different useful economic lives. The Council also reserves the right to determine useful life periods and prudent MRP in exceptional circumstances where the recommendations of the guidance would not be appropriate.

- 1.4 For 2013/2014, having considered all of the options available to the Council, it is proposed that the Council use Option 1 (the Regulatory Method) for government supported borrowing.

This is a continuation of the method currently used by the Council (using regulations 28 and 29 of the Capital Finance Regulations and the Local Government Act 2003) where MRP is calculated with regard to the 'credit ceiling' of the authority. This takes into account all loan advances and repayments through the Council's consolidated advances and borrowing pool with MRP being calculated at 4% of the opening 'credit ceiling' balance.

Option 1 is preferred as this option takes the formulae used by the government in calculating revenue support grant as its basis and better reflects the actual funding provided by government.

- 1.5 Neither of the two options recommended for future borrowing, for which no government support is being given and is therefore self-financed (options 3 and 4), reflect existing Council policy to accelerate debt repayments on unsupported borrowing through an increased voluntary MRP. The depreciation method for calculating MRP is also subject to volatility when asset lives are reassessed as part of the revaluation process.

- 1.6 The Council currently follows the criteria set out below for all unsupported borrowing and provides an increased voluntary MRP:

- In the case of invest to save schemes MRP is based on the payback period for any borrowing taken out (this requirement is relaxed where unsupported borrowing is taken out on behalf of trading services and areas which are subject to market pressures, to ensure that these services would not be put at an unfair disadvantage in comparison to any potential competitors);
- In cases where a full option appraisal shows borrowing to offer better value for money than leasing, MRP is based on the payment period that would have arisen had a lease been taken out instead of a loan;
- In the case of any form of grants, deposits or loans made for capital purposes that have been given in earlier years and any new grants, deposits or loans that may be made for which borrowing is taken out. MRP is based on the actual principal repayment schedule relating to the grant, deposit or loan provided. This option is used for spend such as existing loans provided to Wearside College, mortgages provided in earlier years to householders under Right to Buy regulations, and capital spend in relation to loans, deposits and other grants made to support economic regeneration:

In other cases where unsupported borrowing is used to finance capital schemes then the option 3 asset life method of determining MRP is used with MRP charge commencing in the financial year following the one in which the asset comes into service.

- 1.7 Given budget pressures, it is proposed that opportunities for utilising the prudential framework be restricted to a level where provision has been made within the revenue budget and where the expenditure will either be used to support the Council's key priorities in terms of regeneration plans and strategic priorities, to fund invest to save schemes, or to support asset

purchases where option appraisal of funding through borrowing instead of leasing is appropriate. The revenue budget is framed to enable such levels to be affordable and sustainable into future years.

- 1.8 For the purposes of the proposed regulations Option 3 is recommended for self-financed borrowing as this method is subject to less potential variation than Option 4. It is also recommended to continue existing practice for making MRP repayments using the criteria detailed in 6.6 above.
- 1.9 In addition, revised accounting guidelines to comply with IFRS were introduced for the financial year 2010/2011. The new standards had the effect of reclassifying operational leases, finance leases and PFI contracts and required these assets to be brought onto the Council's balance sheet. MRP policy used by the Council will ensure that there will be no impact on council taxpayers from revisions to accounting standards and that the amount of MRP to be made will be set to ensure that the finance charge and MRP for finance leases and on-balance sheet PFI schemes is equal to the rental or service charge payable in the income and expenditure account for the year, which writes down the balance sheet liability of those assets i.e. the annual MRP charge will be an amount equal to the amount that has been taken to the balance sheet to reduce the liability for that asset.
- 1.10 In summary, it is recommended that the Council approves the following Minimum Revenue Provision Statement 2013/2014:
 - a) For all government supported borrowing the Council will adopt Option 1 as set out in the government guidance which is a continuation of the basis upon which the Council currently calculates MRP.
 - b) For all unsupported borrowing the Council will adopt Option 3 and make MRP repayments using the equal instalment method with the estimated useful life of an asset being assessed by the Executive Director of Commercial and Corporate Services in consultation with appropriate officers.
 - c) For MRP payments in relation to finance leases and PFI contracts, the amount of MRP to be made will be set to ensure that the finance charge and MRP for finance leases and on-balance sheet PFI schemes is equal to the rental or service charge payable in the income and expenditure account for the year, which writes down the balance sheet liability of those assets.
 - d) The Council will vary MRP payments to that indicated by the adoption of Option 3, with reference to the Council's framework detailed in 1.6 above. Any requirement to make additional voluntary MRP payments may be relaxed by the Executive Director of Commercial and Corporate Services where appropriate, in particular for any unsupported borrowing taken out on behalf of trading services, which are subject to market pressures.

Treasury Management Policy Statement

In line with CIPFA recommendations, on the 3rd March 2010 the Council adopted the following Treasury Management Policy Statement, which defines the policies and objectives of its treasury management activities:

- The Council defines its treasury management activities as: “The management of the Council’s investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks”.
- The Council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation, and any financial instruments entered into to manage these risks.
- The Council acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable comprehensive performance measurement techniques, within the context of effective risk management.

The Council has an agreed Borrowing and Investment Strategy, the high level policies of which are as follows:

The basis of the agreed Borrowing Strategy is to:

- continuously monitor prevailing interest rates and forecasts;
- secure long-term funds to meet the Council’s future borrowing requirement when market conditions are favourable;
- use a benchmark financing rate of 4.50% for long term borrowing (i.e. all borrowing for a period of one year or more);
- take advantage of debt rescheduling opportunities, as appropriate.

The general policy objective for the Council in considering potential investments is the prudent investment of its treasury balances.

- the Council’s investment priorities in order of importance are:
 - 1) The security of capital
 - 2) The liquidity of its investments and then
 - 3) The Council aims to achieve the optimum yield on its investments but this is commensurate with the proper levels of security and liquidity
- the Council has a detailed Lending List and criteria must be observed when placing funds – these are determined using expert TM advice, view of money market conditions and using detailed rating agency information as well as using our own market intelligence.

Appendix 5

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

The Council also re-affirms its commitment to the Treasury Management Policy and Strategy Statement each year.

Treasury Management Strategy Statement for 2013/2014

1. Introduction

- 1.1 The Local Government Act 2003 and subsequent guidance requires the Council to set out its Treasury Management Strategy for Borrowing and to prepare an Annual Investment Strategy. This sets out the Council's policies for managing its investments and for giving priority to the security and liquidity of those investments.

The suggested strategy for 2013/2014 is set out below and is based upon the Executive Director of Commercial and Corporate Services views on interest rates, supplemented with leading market forecasts and other financial data available and advice provided by the Council's treasury adviser, Sector Treasury Services.

- 1.2 The treasury management strategy covers:

A. Borrowing Policy and Strategy

- treasury limits for 2013/2014 to 2015/2016
- current treasury management position
- the borrowing requirement 2013/2014
- prudential and treasury management Indicators for 2013/14 to 2015/16
- prospects for interest rates
- the borrowing strategy
- policy on borrowing in advance of need
- debt rescheduling

B. Annual Investment Policy and Strategy

- Investment policy and objectives
- the investment strategy
- investment types
- investments defined as capital expenditure
- investment limits
- provision for credit related losses
- creditworthiness policy
- monitoring of credit ratings
- past performance and current position
- outlook and proposed investment strategy
- external fund managers
- policy on use of external service providers

2. Borrowing Policy and Strategy

2.1 Treasury Limits for 2013/14 to 2015/16

It is a statutory duty under Section 3 of the Local Government Act 2003 and supporting regulations, for the Council to determine and keep under review how much it can afford to borrow. The amount so determined is termed the "Affordable Borrowing Limit". In England and Wales the Authorised Limit represents the legislative limit specified in the Act.

The Council must have regard to the Prudential Code when setting the Authorised Limit, which essentially requires it to ensure that total capital investment remains within sustainable limits and, in particular, that the impact upon its future council tax and council rent levels is 'acceptable'.

Whilst termed an "Affordable Borrowing Limit", the capital plans to be considered for inclusion incorporate financing by both external borrowing and other forms of liability, such as credit arrangements. The Authorised Limit is set, on a rolling basis, for the forthcoming financial year and two successive financial years and details can be found in Appendix 3 of this report. The Council is asked to approve these limits and to delegate authority to the Executive Director of Commercial and Corporate Services, within the total limit for any individual year, to action movement between the separately agreed limits for borrowing and other long term liabilities where this would be appropriate. Any such changes made will be reported to Cabinet and the Council at their next meetings following the change.

Also, the Council is asked to approve the Operational Boundary Limits which are included in the Prudential Indicators (Appendix 3). This operational boundary represents a key management tool for in year monitoring. Within the operational boundary, figures for borrowing and other long-term liabilities are separately identified and the Council is also asked to delegate authority to the Executive Director of Commercial and Corporate Services, within the total operational boundary for any individual year, to action movement between the separately agreed figures for borrowing and other long-term liabilities, in a similar fashion to the authorised limit.

2.2 Current Treasury Management Position

2.2.1 Interest Rates 2012/2013

The Bank of England Base Rate has remained at 0.50% since 5th March 2009 and Economists are united in their forecasts for the Bank Base Rate, with no change to the current 0.5% predicted until after the December 2014 quarter at the earliest. PWLB rates and bond yields remain extremely unpredictable and there are still exceptional levels of volatility which are highly correlated to the sovereign debt crisis and to political developments in the Eurozone. This uncertainty is expected to continue into the medium term.

The government announced in the March 2012 budget plans to introduce a 0.20% discount on PWLB loans under the prudential borrowing regime for those authorities that provided 'improved information and transparency on their locally determined long-term borrowing and associated capital spending plans' and who successfully applied and were eligible for the lower rate. The Council successfully applied to access loans at the lower PWLB certainty rate, which came into effect on 1st November 2012 and eligibility lasts until 31st October 2013 when authorities must reapply to access the PWLB certainty rate for the following 12 months.

Loan Type	31st March 2012 %	31st December 2012* %	Difference %
7 Day Notice	0.46	0.36	(0.10)
1 Month	0.57	0.37	(0.20)
PWLB – 1 Year	1.28	1.03	(0.25)
5 Years	2.05	1.70	(0.35)
10 Years	3.21	2.64	(0.57)
25 Years	4.32	3.87	(0.45)
50 Years	4.36	4.03	(0.33)

*Rates at 31/12/12 take into account a 0.2% discount to PWLB rates available to eligible authorities that came into effect on 1st November 2012.

2.2.2 Long Term Borrowing 2012/2013

The Council's strategy for 2012/2013 is to adopt a pragmatic approach in identifying the low points in the interest rate cycle at which to borrow and to respond to any changing circumstances to seek to secure benefit for the Council. A benchmark financing rate of 4.50% for long-term borrowing was set in the Treasury Management Policy and Strategy Statement for 2012/2013. Due to high levels of volatility in the financial markets, with borrowing rates still forecast to remain low over the short term, no new borrowing has been undertaken in the current financial year up to 16th January 2013, and no debt rescheduling has been undertaken as rates have not been considered sufficiently favourable.

The Council has nine market Lender's Option / Borrower's Option (LOBO) loans totalling £39.5 million. The lender has the option to alter the rate on these loans at set intervals and the Council can either accept the new rate or repay the loan without penalty. The following table shows the LOBO's that were subject to a potential rollover this financial year. No changes have been received and none are expected for the outstanding 2 roll over period LOBO's with Dexia.

<u>Roll Over Dates</u>	Lender	Amount £m	Rate %	Roll Over Periods
21/04/2012 and 21/10/2012	Barclays	5.0	4.50	Every 6 months
29/09/2012	Dexia	5.0	4.32	every 3 years
03/02/2013	Dexia	5.0	4.37	every 3 years
22/02/2013	Dexia	5.0	4.38	every 3 years
Total		20.0		

2.2.3 Current Portfolio Position

The Council's treasury portfolio position at 31st December 2012 comprised:

		Principal (£m)	Total (£m)	Average Rate (%)
Borrowing				
Fixed Rate Funding	PWLB	142.9		
	Market (LOBO's)	24.5		
	Other	0.3	167.7	3.90
Variable Rate Funding	PWLB	0.0		
	Market (LOBO's)	15.0		
	Temporary / Other	29.2	44.2	2.01
Total Borrowing			211.9	3.51
Total Investments				
	In House—short term*		238.9	1.89
	long term		14.9	8.60
	Total Investments		253.8	
Net Position			41.9	

* The total investments figure includes monies invested on behalf of the North Eastern Local Enterprise Partnership for whom Sunderland City Council is the accountable body.

The Council currently has an excess of £41.9 million representing the difference between gross debt and total investments. However this position is expected to change over the next few years as the Council has to manage its finances with significantly less government funding. This could impact in the form of increased borrowing and reductions to reserves, with the result that the net borrowing position of the Council will increase.

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

Benefits of having a high level of investments are;

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

Risks associated with holding a high level of investments are;

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

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

2.3 Borrowing Requirement 2013/2014

The Council's borrowing requirement is as follows:

		2013/14 £m	2014/15 £m	2015/16 £m
1.	Capital Borrowing (potential)	44.4	42.2	14.6
2.	Replacement borrowing (PWLB)	5.0	10.0	0.0
3.	Replacement borrowing (Market)	0.0	0.0	0.0
4.	Market LOBO replacement (potential)	10.0	19.5	20.0
TOTAL – KNOWN (2+3)		5.0	10.0	0.0
TOTAL – POTENTIAL (1+4)		54.4	61.7	34.6

2.4 Prudential and Treasury Management Indicators for 2013/2014 – 2015/2016

Prudential and Treasury Indicators (as set out in Appendix 3) are a requirement of the CIPFA Prudential Code and are relevant for the purposes of setting an integrated treasury management strategy and to ensure that treasury management decisions are taken in accordance with good professional practice.

The Council is also required to indicate if it has adopted the CIPFA Code of Practice on Treasury Management. The original 2001 Code was adopted on 20th November 2002 and the revised 2009 Code was adopted by the full Council on 3rd March 2010. The Code has been revised in November 2011 and the Council re-affirms its full adherence to the code annually (as set out in Appendix 5).

2.5 Prospects for Interest Rates

The Council's treasury advisors are Sector Treasury Services and part of their service is to assist the Council to formulate a view on interest rates. A number of current City forecasts for short term (Bank Rate) and longer fixed interest rates are set out in Annex A. The following gives the Sector Treasury Services Bank Rate forecast for the next 4 financial years.

- 2012/2013 0.50%
- 2013/2014 0.50%
- 2014/2015 0.50% - 0.75%
- 2015/2016 0.75% - 1.75%

There are downside risks to these forecasts (increase in Bank Rate is delayed further) if economic growth remains weaker for longer than expected. However, should the pace of growth pick up more sharply than expected there could be upside risk, particularly if Bank of England inflation forecasts for two years ahead exceed the Bank of England's 2% target rate. A detailed view of the current economic background is contained within Annex B to this report. The position will be closely monitored to ensure the Council takes appropriate action as necessary under either scenario.

2.6 Borrowing Strategy

2.6.1 Borrowing rates

The Sector forecast in respect of interest rates for loans charged by the PWLB is as follows: -

Annual Average %	Bank Rate	PWLB Borrowing Rates (including certainty rate adjustment)		
		5 year	25 year	50 year
March 2013	0.50	1.50	3.80	4.00
June 2013	0.50	1.50	3.80	4.00
Sept 2013	0.50	1.60	3.80	4.00
Dec 2013	0.50	1.60	3.80	4.00
March 2014	0.50	1.70	3.90	4.10
June 2014	0.50	1.70	3.90	4.10
Sept 2014	0.50	1.80	4.00	4.20
Dec 2014	0.50	2.00	4.10	4.30
March 2015	0.75	2.20	4.30	4.50
June 2015	1.00	2.30	4.40	4.60
Sept 2015	1.25	2.50	4.60	4.80
Dec 2015	1.50	2.70	4.80	5.00
March 2016	1.75	2.90	5.00	5.20

A more detailed forecast from Sector is included in Annex A.

The main sensitivities of the forecast are likely to be;

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

Council officers, in conjunction with the Council's treasury advisers, monitor both the prevailing interest rates and the market forecasts. With long-term interest rate forecasts set to remain around their current levels the Executive Director of Commercial and Corporate Services, taking into account the advice of the Council's treasury adviser considers a benchmark financing rate of 4.50% for any further long-term borrowing for 2013/2014 to be appropriate

Consideration will be given to various options, including utilising some investment balances to fund the borrowing requirement in 2013/2014. The need to adapt to changing circumstances and revisions to profiling of capital expenditure is required, and flexibility needs to be retained to adapt to any changes that may occur.

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

2.7 Policy on borrowing in advance of need

The Council will not borrow more than or in advance of its needs purely to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be assessed within the relevant Capital Financing Requirement calculations / estimates, and will be considered carefully to ensure value for money can be demonstrated and that the Council can ensure the security of such funds.

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

2.8 Debt Rescheduling

The reasons for any rescheduling of debt will include:

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

In previous years, debt rescheduling has achieved significant savings in interest charges and discounts and these interest savings have been secured for many years to come. For example, since November 2008 the Council has rescheduled debt worth £59.5 million with an ongoing reduction in interest costs of just under £1.0 million per annum. The introduction by the PWLB in 2007 of a spread between the rates applied to new borrowing and repayment of debt, which has now been compounded since 20 October 2010 by a considerable further widening of the difference between new borrowing and repayment rates, has meant that PWLB debt restructuring is much less attractive than it was before both of these measures were introduced. Consideration will also be given to other options where interest savings may be achievable by using LOBO (Lenders Option Borrowers Option) loans, and / or other market loans, in rescheduling exercises rather than solely using PWLB borrowing as the source of replacement financing but this would only be the case where this would represent best value to the Council.

The latest interest rate projections for 2013/2014 show short term borrowing rates will be considerably cheaper than longer term rates and as such there may be potential for some opportunities to generate savings by switching from long term debt to short-term debt. However, these savings will need to be considered in the light of the current treasury position and the size of the cost of debt repayment (premiums incurred), their short term nature, and the likely cost of refinancing those short term loans, once they mature, compared to the current rates of longer term debt in the existing debt portfolio.

The Council is keeping a watching brief on market conditions in order to secure further debt rescheduling when, and if, appropriate opportunities arise. The timing of all borrowing and investment decisions inevitably includes an element of risk, as those decisions are based upon expectations of future interest rates. The policy to date has been very firmly one of risk spread and this prudent approach will be continued.

Any rescheduling undertaken will be reported to Cabinet, as part of the agreed treasury management reporting arrangements.

3. Annual Investment Policy and Strategy

3.1 Investment Policy and Objectives

When considering its investment policy and objectives, the Council has taken regard to the Department of Communities and Local Government's (CLG) Guidance on Local Government Investments ("the Guidance") and the CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes ("the CIPFA TM Code").

The Council's investment objectives are: -

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

The Council also aims to achieve the optimum return on its investments but commensurate with proper levels of security and liquidity. The risk appetite of the Council is regarded as low in order to give priority to security of its investments.

The borrowing of monies purely to invest or on-lend and make a return is unlawful and the Council will not engage in such activity.

3.2 Investment Strategy

This Strategy sets out:

- the procedures for determining the use of each class of investment (advantages and associated risk), particularly if the investment falls under the category of "non-specified investments";
- the maximum periods for which funds may be prudently committed in each class of investment;
- the amount or percentage limit to be invested in each class of investment;

- whether the investment instrument is to be used by the Council's in-house officers and/or by the Council's appointed external fund managers, (if used); and, if non-specified investments are to be used in-house, whether prior professional advice is to be sought from the Council's treasury advisers;
- the minimum amount to be held in short-term investments (i.e. an investment which the Council may require to be repaid or redeemed within 12 months of making the investment).

3.3 Investment Types

The Council is allowed to invest in two types of investment, namely Specified Investments and Non-specified Investments.

Specified Investments are those investments that are for a period of less than one year, are not classed as capital expenditure, and are placed with high credit rated counterparties. Within these bodies and in accordance with the Code, the Council has set additional criteria to set the time and amount of monies that will be invested with these bodies.

Non-specified Investments are any investments which are not classified as specified investments. As the Council only uses high credit rated counterparties this means in effect that any investments placed with those counterparties for a period of one year or more will be classed as Non-specified Investments. Any investment by the Council in this type of investment whether classed as capital expenditure (see 3.4 below) or as a simple revenue investment will be subject to a full appraisal and reported to Cabinet for approval.

The type of investments to be used by the in-house team will be limited to term deposits, interest bearing accounts, Money Market Funds, treasury bills and gilt edged securities and will follow the criteria as set out in Annex C.

3.4 Investments Defined as Capital Expenditure

The acquisition of share capital in any body corporate is defined as capital expenditure under Section 16(2) of the Local Government Act 2003. Such investments have to be funded out of capital or revenue resources and are classified as 'non-specified investments'.

A loan or grant by this Council to another body for capital expenditure by that body is also deemed by regulation to be capital expenditure by the Council. It is therefore important for the Council to clearly identify if the loan has been made for policy reasons or if it is an investment for treasury management purposes. Only the latter will be governed by the framework set by the Council for 'specified' and 'non-specified' investments.

3.5 Investment Limits

One of the recommendations of the Code is that local authorities should set limits for the amounts of investments that can be placed with institutions by country, sector and group. These limits are applied in the Council's Counterparty criteria set out in Annex C.

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

A maximum limit of £75 million is to be set for in-house non-specified investments over 364 days up to a maximum period of 2 years. This amount has been calculated by reference to the Council's cash flows, including the potential use of earmarked reserves. The Executive Director of Commercial and Corporate Services will monitor long-term investment rates and identify any investment opportunities if market conditions change.

3.6 Provisions for Credit Related Losses

If any of the Council's investments appear at risk of loss due to default, (i.e. a credit-related loss, and not one resulting from a fall in price due to movements in interest rates), then the Council will make revenue provision of an appropriate amount in accordance with proper accounting practice or any prevailing government regulations, if applicable. This position has not occurred and the Council mitigates this risk with its prudent investment policy.

3.7 Creditworthiness policy

The creditworthiness policy adopted by this Council takes into account not only the credit ratings issued by all three credit rating agencies (Fitch, Moody's and Standard & Poor's), but also, available market data and intelligence such as Credit Default Swap levels and share prices, the level of government support to financial institutions and advice from its Treasury Management advisors.

Set out in Annex D is the detailed criteria that will be used, subject to approval, in determining the level of investments that can be invested with each counterparty or institution. Where a counterparty is rated differently by any of the 3 rating agencies, the lowest rating will be used to determine the level of investment.

3.8 Monitoring of Credit Ratings

- All credit ratings are monitored on a daily basis. The Council has access to all three credit ratings agencies and is alerted to changes through its use of the Sector Treasury Services credit worthiness service.

- If a counterparty's rating is downgraded with the result that it no longer meets the Council's minimum criteria, the Council will cease to place funds with that counterparty. The Council will also immediately inform its external fund manager(s), if used, to cease placing funds with that counterparty.
- If a counterparty's rating is downgraded with the result that, their rating is still sufficient for the counterparty to remain on the Approved Lending List, then the counterparty's authorised investment limit will be reviewed accordingly. A downgraded credit rating may result in the lowering of the counterparty's investment limit and vice versa. The Council will also immediately inform its external fund manager(s), if used, of any such change(s).

Should fund managers be employed by the Council, the Council will establish with its fund manager(s) their credit criteria and the frequency of their monitoring of credit ratings so as to be satisfied as to their adherence to the Council's policy.

The ratings agencies have reaffirmed the UK's AAA sovereign rating. They have, though, warned that this could be reviewed if Government policy were to change, or was seen to be failing to achieve its desired outcome. Should the UK Government AAA sovereign rating be withdrawn the Council's Investment Strategy and Lending List criteria will be reviewed and any changes necessary will be reported to Cabinet.

3.9 Past Performance and Current Position

During 2012/2013 the Council did not employ any external fund managers, all funds being managed by the in-house team. The performance of the fund by the in-house team is shown below and compares this with the relevant benchmarks and performance from the previous year:

	2011/12 Return %	2011/12 Benchmark %	To date 2012/13 Return %	To date 2012/13 Benchmark %
Council	1.62	0.49	1.89	0.41

During 2013/2014 the Council will continue to review the optimum arrangements for the investment of its funds whilst fully observing the investment strategy in place. The Council uses the 7 day London Interbank Bid (LIBID) rate as a benchmark for its investments. The performance of the Council compared well with other local authorities and is in the top quartile.

3.10 Outlook and Proposed Investment Strategy

Based on its cash flow forecasts, the Council anticipates its fund balances in 2013/2014 are likely to range between £100 million and £250 million. This represents a cautious approach and provides for funding being received in excess of the level budgeted for, and also for unexpected and unplanned levels of capital underspending in the year or reprofiling of spend into future years. In 2013/2014, with short-term interest rates forecast to be materially below long-term rates, it is possible that some investment balances may be used to fund some long-term borrowing or used for debt rescheduling. Such funding is wholly dependent upon market conditions and will be assessed and reported to Cabinet if and when the appropriate conditions arise.

The Council is not committed to any investments, which are due to commence in 2013/2014, (i.e. it has not agreed any forward deals).

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

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

The Executive Director of Commercial and Corporate Services, in conjunction with the Council's treasury adviser Sector Treasury Services, and taking into account the minimum amount to be maintained in short-term investments, will continue to monitor investment rates closely and to identify any appropriate investment opportunities that may arise.

It is proposed that delegated authority continues for the Executive Director of Commercial and Corporate Services, in consultation with the Cabinet Portfolio holder for Resources, to vary the Lending List Criteria and Lending List itself should circumstances dictate, on the basis that changes be reported to Cabinet retrospectively, in accordance with normal treasury management reporting procedures.

3.11 External fund managers

At present the Council does not employ any external fund managers.

Should the Council appoint any external fund managers in the future, they will have to agree to strict investment limits and investment criteria. These external fund managers will work to the following parameters:

- The institutions on the Approved Lending list of the external manager must correspond to those agreed with Sunderland City Council (i.e. only institutions on Sunderland City Council's Approved Lending List to be included as shown in Annex D);
- they will be allowed to invest in term deposits, Certificates of Deposit (CD's) and government gilt securities;
- An investment limit of £3 million per institution (per manager);
- A maximum limit of 50% fund exposure to government gilts;
- A maximum proportion of the fund invested in instruments carrying rates of interest for periods longer than 364 days shall not exceed 50%. It is proposed to only recommend the use of fixed term deposits up to a maximum of 2 years.

3.12 Policy on the use of external service providers

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

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

4. Scheme of delegation

- 4.1 The Treasury Management Strategy Statement has been prepared in accordance with the revised Code. Accordingly, the Council's Treasury Management Strategy (TMS) is approved annually by the full Council and receives, as a minimum, a mid-year TMS report and an annual Treasury Management outturn report for the previous year by no later than the 30th September of the following year. In addition quarterly reports are made to Cabinet and the Audit and Governance Committee and monitoring reports are reviewed by members in both executive and scrutiny functions respectively. The aim of these reporting arrangements is to ensure that those with ultimate responsibility for the treasury management function appreciate fully the implications of treasury management policies and activities, and that those implementing policies and executing transactions have properly fulfilled their responsibilities with regard to delegation and reporting.

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

Appendix 6

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

5. The Treasury Management Role of the Section 151 Officer

- 5.1 The Executive Director of Commercial and Corporate Services is the Council's Section 151 Officer and has specific delegated responsibility in the Council's Constitution to manage the borrowing, financing, and investment requirements of the Council in accordance with the Treasury Management Policy agreed by the Council. This includes;
- recommending clauses, treasury management policy/practices for approval, reviewing the same regularly, and monitoring compliance
 - submitting regular treasury management policy reports
 - submitting budgets and budget variations
 - receiving and reviewing management information reports
 - reviewing the performance of the treasury management function
 - ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function
 - ensuring the adequacy of internal audit, and liaising with external audit
 - recommending the appointment of external service providers.

Interest Rate Forecasts

The data set out overleaf shows a variety of forecasts published by Sector Treasury Services, Capital Economics (an independent forecasting consultancy) and UBS (which represents summarised figures drawn from the population of all major City banks and academic institutions).

The forecast within this strategy statement has been drawn from these diverse sources and officers' own views.

1. Interest Rate Forecasts

Sector's Interest Rate View															
	Now	Dec-12	Mar-13	Jun-13	Sep-13	Dec-13	Mar-14	Jun-14	Sep-14	Dec-14	Mar-15	Jun-15	Sep-15	Dec-15	Mar-16
Sector's Bank Rate View	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.75%	1.00%	1.25%	1.50%	1.75%
3 Month LIBID	0.40%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.60%	0.60%	0.70%	0.80%	1.10%	1.40%	1.70%	1.90%
6 Month LIBID	0.56%	0.70%	0.70%	0.70%	0.70%	0.70%	0.70%	0.80%	0.90%	1.00%	1.10%	1.30%	1.60%	1.90%	2.20%
12 Month LIBID	0.92%	1.00%	1.00%	1.00%	1.00%	1.00%	1.10%	1.10%	1.20%	1.30%	1.30%	1.50%	1.80%	2.10%	2.40%
5yr PW LB Rate	1.66%	1.50%	1.50%	1.50%	1.60%	1.60%	1.70%	1.70%	1.80%	2.00%	2.20%	2.30%	2.50%	2.70%	2.90%
10yr PW LB Rate	2.64%	2.50%	2.50%	2.50%	2.60%	2.60%	2.70%	2.70%	2.80%	3.00%	3.20%	3.30%	3.50%	3.70%	3.90%
25yr PW LB Rate	3.88%	3.70%	3.80%	3.80%	3.80%	3.80%	3.90%	3.90%	4.00%	4.10%	4.30%	4.40%	4.60%	4.80%	5.00%
50yr PW LB Rate	4.04%	3.90%	4.00%	4.00%	4.00%	4.00%	4.10%	4.10%	4.20%	4.30%	4.50%	4.60%	4.80%	5.00%	5.20%
Bank Rate															
Sector's View	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.75%	1.00%	1.25%	1.50%	1.75%
UBS	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	-	-	-	-	-
Capital Economics	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	-	-	-	-	-
5yr PW LB Rate															
Sector's View	1.66%	1.50%	1.50%	1.50%	1.60%	1.60%	1.70%	1.70%	1.80%	2.00%	2.20%	2.30%	2.50%	2.70%	2.90%
UBS	1.66%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital Economics	1.66%	1.30%	1.30%	1.30%	1.30%	1.30%	1.30%	1.30%	1.50%	1.60%	-	-	-	-	-
10yr PW LB Rate															
Sector's View	2.64%	2.50%	2.50%	2.50%	2.60%	2.60%	2.70%	2.70%	2.80%	3.00%	3.20%	3.30%	3.50%	3.70%	3.90%
UBS	2.64%	2.80%	3.00%	3.10%	3.20%	3.40%	3.50%	3.60%	3.70%	3.80%	-	-	-	-	-
Capital Economics	2.64%	2.30%	2.30%	2.30%	2.30%	2.30%	2.30%	2.30%	2.30%	2.30%	-	-	-	-	-
25yr PW LB Rate															
Sector's View	3.88%	3.70%	3.80%	3.80%	3.80%	3.80%	3.90%	3.90%	4.00%	4.10%	4.30%	4.40%	4.60%	4.80%	5.00%
UBS	3.88%	4.00%	4.20%	4.30%	4.40%	4.50%	4.50%	4.50%	4.50%	4.50%	-	-	-	-	-
Capital Economics	3.88%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	-	-	-	-	-
50yr PW LB Rate															
Sector's View	4.04%	3.90%	4.00%	4.00%	4.00%	4.00%	4.10%	4.10%	4.20%	4.30%	4.50%	4.60%	4.80%	5.00%	5.20%
UBS	4.04%	4.10%	4.30%	4.40%	4.50%	4.60%	4.60%	4.60%	4.60%	4.60%	-	-	-	-	-
Capital Economics	4.04%	3.80%	3.80%	3.80%	3.80%	3.80%	3.80%	3.80%	3.80%	3.80%	-	-	-	-	-

ANNEX A

2. Survey of Economic Forecasts

HM Treasury January 2013

The current Q4 2012 and 2013 base rate forecasts are based from samples of both City and non-City forecasters included in the HM Treasury December 2012 report.

BANK RATE FORECASTS	quarter ended		annual average Bank Rate		
	Q4 2012	Q4 2013	ave. 2014	ave. 2015	ave. 2016
Median	0.49%	0.53%	0.74%	1.44%	2.04%
Highest	0.50%	1.50%	1.60%	4.02%	3.60%
Lowest	0.25%	0.25%	0.25%	0.50%	0.50%

Economic Background

1.1 Global economy

The Eurozone debt crisis has continued to depress growth in most countries within the World. This has impacted on the UK economy which is unlikely to grow significantly in 2012 and is creating problems that may hamper recovery in 2013. Quarter 2 of 2012 was the third quarter of contraction in the UK economy and this recession is the worst and slowest recovery of any of the five recessions experienced since 1930. A return to growth of around 1% in quarter 3 is unlikely to prove anything more than a temporary improvement before a return to weak, or negative, growth in quarter 4.

Eurozone

The Eurozone sovereign debt crisis has abated following the European Central Bank's (ECB) pledge to buy unlimited amounts of bonds of countries which require a bailout. The immediate target for this action was Spain which continues to prevaricate on making such a request (for a national bailout) and so surrendering its national sovereignty to IMF supervision. However, the situation in Greece is heading towards a critical point as the Eurozone faces up to having to relax the time frame for Greece reducing its total debt level below 120% of GDP and providing yet more financial support to enable it to do that. Many experts still view a Greek exit from the Euro as inevitable as total debt now looks likely to reach 190% of GDP i.e. unsustainably high, unless the Eurozone were to accept a major write down of Greek debt. The possibility of a write down has now been raised by the German Chancellor, but not until 2014-15, and provided the Greek annual budget is in balance.

Sentiment in financial markets has improved considerably since this ECB action and the recent Eurozone renewed commitment to support Greece and to keep the Eurozone intact. However, the foundations to this solution to the Eurozone debt crisis are still weak and events could easily conspire to put this into reverse.

United States

The US economy has only been able to manage weak growth in 2012 despite huge efforts by the Federal Reserve to stimulate the economy with large amounts of quantitative easing (QE) combined with a commitment to a continuation of very low interest rates into 2015. Unemployment levels have been slowly reducing but against a background of a fall in the numbers of those available for work. The fiscal cliff facing the President at the start of 2013 has been a major dampener to economic growth discouraging business from spending on investment and increasing employment more significantly in case there is a sharp contraction in the economy if not resolved. However, the housing market does look as if it has reached the bottom and house prices are now on the up.

Emerging Markets

Hopes for a broad based recovery have, therefore, focused on the emerging markets. However, there are increasing concerns over

warning signs in various parts of the Chinese economy that indicate it could be in risk of heading for a hard landing rather than a gradual slow down.

1.2 UK economy

The Government's austerity measures, aimed at getting the public sector deficit into order, have now had to be extended (in the autumn statement) over a longer period than the original four years now into 2017/18. Achieving this new extended time frame will still be dependent on the UK economy returning to a reasonable pace of growth towards the end of this period. It was important for the Government to carry out these measures to retain investor confidence in the UK.

Currently, the UK is enjoying a major financial benefit from some of the lowest sovereign borrowing costs in the world as the UK is seen as a safe haven from Eurozone debt. There is little evidence that consumer confidence levels are recovering nor that the manufacturing sector is picking up. On the positive side, growth in the services sector rebounded in Q3 and banks have made huge progress since 2008 in shrinking their balance sheets to more manageable levels and also in reducing their dependency on wholesale funding. However, availability of credit remains tight in the economy and the Funding for Lending scheme, which started in August 2012, has not yet had time to make a significant impact. Finally, the housing market remains weak and the outlook is for house prices to be little changed for a prolonged period.

Economic Growth

Economic growth has remained flat since the election of 2010 and, worryingly, the economic forecasts for 2012 and beyond were revised substantially lower in the Bank of England Inflation quarterly report for August 2012 and were then further lowered in the November Report. Quantitative Easing (QE) was increased again by £50bn in July 2012 to a total of £375bn. Many forecasters are expecting the MPC to vote for a further round of QE to stimulate economic activity regardless of any short-term optimism. The announcement in November 2012 that £35bn will be transferred from the Bank of England's Asset Purchase Facility to the Treasury (representing coupon payments to the Bank by the Treasury on gilts held by the Bank) is also effectively a further addition of QE.

Unemployment

The Government's austerity strategy has resulted in a substantial reduction in employment in the public sector. Despite this, total employment has increased to the highest level for four years as over one million jobs have been created in the private sector in the last two years.

Inflation and Bank Rate

Inflation has fallen sharply during 2012 from a peak of 5.2% in September 2011 to 2.2% in September 2012. However, inflation increased back to 2.7% in October though it is expected to fall back to reach the 2% target level within the two year horizon.

AAA rating

The UK continues to enjoy an AAA sovereign rating. However, the credit rating agencies will be carefully monitoring the rate of growth in the economy as a disappointing performance in that area could lead to a major derailment of the plans to contain the growth in the total amount of Government debt over the next few years.

1.3 Economic Forecast

Economic forecasting remains difficult with so many external influences weighing on the UK. There does, however, appear to be consensus among analysts that the economy remains relatively fragile and whilst there is still a broad range of views as to potential performance, expectations have all been downgraded during 2012. Key areas of uncertainty include:

- the potential for the Eurozone to withdraw support for Greece at some point if the Greek government was unable to eliminate the annual budget deficit and the costs of further support were to be viewed as being prohibitive, so causing a worsening of the Eurozone debt crisis and heightened risk of the breakdown of the bloc or even of the currency itself;
- inter government agreement on how to deal with the overall Eurozone debt crisis could fragment; the impact of the Eurozone crisis on financial markets and the banking sector;
- the impact of the Government's austerity plan on confidence and growth and the need to rebalance the economy from services to manufactured goods;
- the under-performance of the UK economy which could undermine the Government's policies that have been based upon levels of growth that are unlikely to be achieved;
- the risk of the UK's main trading partners, in particular the EU and US, falling into recession ;
- stimulus packages failing to stimulate growth;
- elections due in Germany in 2013;
- potential for protectionism i.e. an escalation of the currency war / trade dispute between the US and China.
- the potential for action to curtail the Iranian nuclear programme
- the situation in Syria deteriorating and impacting other countries in the Middle East

The focus of so many consumers, corporates and banks on reducing their borrowings, rather than spending, will continue to act as a major headwind to a return to robust growth in western economies.

Given the weak outlook for economic growth, The Councils Treasury Advisers, Sector, sees the prospects for any changes in Bank Rate before 2015 as very limited. There is potential for the start of Bank Rate increases to be even further delayed if growth disappoints.

Sector believes that the longer run trend is for gilt yields and PWLB rates to rise due to the high volume of gilt issuance in the UK, and the high volume of debt issuance in other major western countries. The interest rate forecast in this report represents a balance of downside and upside risks. The downside risks have already been commented on. However, there are specific identifiable upside risks as follows to PWLB rates and gilt yields, and especially to longer term rates and yields: -

- UK inflation being significantly higher than in the wider EU and US causing an increase in the inflation premium in gilt yields
- Reversal of QE; this could initially be allowing gilts held by the Bank to mature without reinvesting in new purchases, followed later by outright sale of gilts currently held
- Reversal of Sterling's safe haven status on an improvement in financial stresses in the Eurozone
- Investors reverse de-risking by moving money from government bonds into shares in anticipation of a return to worldwide economic growth
- The possibility of a UK credit rating downgrade (Moody's has stated that it will review the UK's Aaa rating at the start of 2013).

Lending List Criteria

ANNEX C

Counterparty Criteria

The Council takes into account not only the individual institution's credit ratings issued by all three credit rating agencies (Fitch, Moody's and Standard & Poor's), but also all available market data and intelligence, the level of government support and advice from its Treasury Management advisors.

Set out below are the criteria to be used in determining the level of funds that can be invested with each institution. Where an institution is rated differently by the rating agencies, the lowest rating will determine the level of investment.

Fitch / S&P's Long Term Rating	Fitch Short Term Rating	S&P's Short Term Rating	Moody's Long Term Rating	Moody's Short Term Rating	<u>Maximum Deposit £m</u>	<u>Maximum Duration</u>
AAA	F1+	A1+	Aaa	P-1	90	2 Years
AA+	F1+	A1+	Aa1	P-1	50	2 Years
AA	F1+	A1+	Aa2	P-1	40	364 days
AA-	F1+ / F1	A1+ / A-1	Aa3	P-1	20	364 days
A+	F1	A-1	A1	P-1	10	364 days
A	F1 / F2	A-1 / A-2	A2	P-1 / P-2	10	364 days
A-	F1 / F2	A-2	A3	P-1 / P-2	5	6 months
Local Authorities (limit for each local authority)					30	2 years
UK Government (including debt management office, gilts and treasury bills)					90	2 years
Money Market Funds Maximum amount to be invested in Money Market Funds is £80 million with a maximum of £40 million in any one fund.					80	Liquid Deposits
Local Authority controlled companies (# duration limited to 20 years in accordance with Capital Regulations)					20	# 20 years

Where the UK Government holds a shareholding in an institution the UK Government's credit rating of AAA will be applied to that institution to determine the amount the Council can place with that institution for a maximum period of 2 years.

Where any banks / building societies have been a part of the UK Government's Credit Guarantee scheme (marked with * in the Approved Lending List), these counterparties will have an AA rating applied to them thus giving them a credit limit of £40 million for a maximum period of 364 days

The Code of Practice for Treasury Management in the Public Services recommends that consideration should also be given to country, sector, and group limits in addition to the individual limits set out above, these new limits are as follows:

ANNEX C**Country Limit**

It is proposed that only countries with a minimum sovereign credit rating of AA+ by all three rating agencies will be considered for inclusion on the Approved Lending List.

It is also proposed to set a total limit of £40 million which can be invested in other countries provided they meet the above criteria. A separate limit of £350 million will be applied to the United Kingdom and is based on the fact that the government has done and is willing to take action to protect the UK banking system.

Country	Limit £m
UK	350
Non UK	40

Sector Limit

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

Sector	Limit £m
Central Government	350
Local Government	350
UK Banks	350
UK Building Societies	150
Money Market Funds	80
Foreign Banks	40

Group Limit

Where institutions are part of a group of companies e.g. Lloyds Banking Group, Santander and RBS, then total limit of investments that can be placed with that group of companies will be determined by the highest credit rating of a counterparty within that group, unless the government rating has been applied. This will apply provided that:

- the government's guarantee scheme is still in place;
- the UK continues to have a sovereign credit rating of AAA; and
- that market intelligence and professional advice is taken into account.

Proposed group limits are set out in Annex D

Appendix 6

Approved Lending List

ANNEX D

	Fitch				Moody's			Standard & Poor's			
	L Term	S Term	Individual	Support	L Term	S Term	Fin Strength	L Term	S Term	Limit £m	Max Deposit Period
UK	AAA				Aaa			AAA		350	2 years
Lloyds Banking Group (see Note 1)										Group Limit 90	
Lloyds Banking Group plc	A	F1	bbb	1	A3	-	-	A-	A-2	90	2 years
Lloyds TSB Bank Plc	A	F1	bbb	1	A2	P-1	C-	A	A-1	90	2 years
Bank of Scotland Plc	A	F1	-	1	A2	P-1	D+	A	A-1	90	2 years
Royal Bank of Scotland Group (See Note 1)										Group Limit 90	
Royal Bank of Scotland Group plc	A	F1	bbb	1	Baa1	P-2	-	A-	A-2	90	2 years
The Royal Bank of Scotland Plc	A	F1	bbb	1	A3	P-2	D+	A	A-1	90	2 years
National Westminster Bank Plc	A	F1	-	1	A3	P-2	D+	A	A-1	90	2 years
Ulster Bank Ltd	A-	F1	ccc	1	Baa2	P-2	D-	BBB+	A-2	90	2 years
Santander Group *										Group Limit 40	
Santander UK plc	A	F1	a	1	A2	P-1	C-	A	A-1	40	364 days
Cater Allen	-	-	-	-	-	-	-	-	-	40	364 days
Barclays Bank plc *	A	F1	a	1	A2	P-1	C-	A+	A-1	40	364 days
HSBC Bank plc *	AA-	F1+	a+	1	Aa3	P-1	C	AA-	A-1+	40	364 days

Appendix 6

ANNEX D (continued)											
	Fitch				Moody's			Standard & Poor's			
	L Term	S Term	Individual	Support	L Term	S Term	Fin Strength	L Term	S Term	Limit £m	Max Deposit Period
Nationwide BS *	A+	F1	a+	1	A2	P-1	C	A+	A-1	40	364 days
Standard Chartered Bank *	AA-	F1+	aa-	1	A1	P-1	B-	AA-	A-1+	40	364 days
Clydesdale Bank / Yorkshire Bank **/**	A	F1	bbb	1	A2	P-1	C-	BBB+	A-2	0	
Co-Operative Bank Plc	BBB+	F2	bbb+	3	A3	P-2	C-	-	-	0	
Virgin Money ***	BBB	F3	bbb	5	-	-	-	BBB+	A-2	0	
Top Building Societies (by asset value)											
Nationwide BS (see above)											
Yorkshire BS ***	BBB+	F2	bbb+	5	Baa2	P-2	C-	A-	A-2	0	
Coventry BS	A	F1	a	5	A3	P-2	C	-	-	5	6 Months
Skipton BS ***	BBB-	F3	bbb-	5	Ba1	NP	D+	-	-	0	
Leeds BS	A-	F2	a-	5	A3	P-2	C	-	-	5	6 Months
West Bromwich BS ***	-	-	-	-	B2	NP	E+	-	-	0	
Principality BS ***	BBB+	F2	bbb+	5	Ba1	NP	D+	-	-	0	
Newcastle BS ***	BB+	B	bb+	5	-	-	-	-	-	0	
Nottingham BS ***	-	-	-	-	Baa2	P-2	C-	-	-	0	
Foreign Banks have a combined total limit of £40m											
Australia	AAA	-	-	-	Aaa	-	-	AAA		40	364 Days
National Australia Bank	AA-	F1+	aa-	1	Aa2	P-1	B-	AA-	A-1+	20	364 Days
Australia and New Zealand Banking Group Ltd	AA-	F1+	aa-	1	Aa2	P-1	B-	AA-	A-1+	20	364 Days
Commonwealth Bank of Australia	AA-	F1+	aa-	1	Aa2	P-1	B-	AA-	A-1+	20	364 Days
Westpac Banking Corporation	AA-	F1+	aa-	1	Aa2	P-1	B-	AA-	A-1+	20	364 Days

Appendix 6

ANNEX D (continued)											
	Fitch				Moody's			Standard & Poor's			
	L Term	S Term	Individual	Support	L Term	S Term	Fin Strength	L Term	S Term	Limit £m	Max Deposit Period
Canada	AAA				Aaa			AAA		40	364 Days
Bank of Nova Scotia	AA-	F1+	aa-	1	Aa2	P-1	B-	A+	A-1	20	364 Days
Royal Bank of Canada	AA	F1+	aa	1	Aa3	P-1	C+	AA-	A-1+	20	364 Days
Toronto Dominion Bank	AA-	F1+	aa-	1	Aa1	P-1	B	AA-	A-1+	20	364 Days
Money Market Funds										80	Liquid
Prime Rate Stirling Liquidity	AAA							AAA		40	Liquid
Insight Liquidity Fund					AAA			AAA		40	Liquid
Ignis Sterling Liquidity	AAA							AAA		40	Liquid

Notes

Note 1

Nationalised / Part Nationalised

The counterparties in this section will have the UK Government's AAA rating applied to them thus giving them a credit limit of £90 million

* Banks / Building Societies which are part of the UK Government's Credit Guarantee scheme. The counterparties in this section will have an AA rating applied to them thus giving them a credit limit of £40 million

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

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

Any bank which is incorporated in the United Kingdom and controlled by the FSA is classed as a UK bank for the purposes of the Approved Lending List.

CABINET

13 FEBRUARY, 2013

Revenue Budget and Proposed Council Tax for 2013/2014 and Medium Term Financial Strategy 2012/2013 to 2015/2016

Report of the Chief Executive and Executive Director of Commercial and Corporate Services

1. Purpose of Report

- 1.1 To report:
- the overall revenue budget position for 2013/2014;
 - the projected balances position as at 31st March, 2013 and 31st March, 2014 and advise on their level;
 - a risk analysis of the Revenue Budget 2013/2014;
 - a summary of the emerging medium term financial position facing the Council from 2014/2015 to 2015/2016;
 - any views received from the North East Chamber of Commerce and Trade Unions.

2. Description of Decision

- 2.1 Members are requested to:
- recommend to Council the proposed Revenue Budget for 2013/2014 set out at Appendix I;
 - note the medium term financial strategy 2012/2013 to 2015/2016 as set out in Appendix E
 - recommend to Council the proposed Council Tax for 2013/2014 - see item 3 of Cabinet Report in the Council Summons;
 - note the views, expressed by the North East Chamber of Commerce and Trade Unions at Appendix C.

3. Introduction

- 3.1 Cabinet will be aware that it approved budget proposals for the purposes of ongoing budget consultation at its January 2013 meeting. At that stage there were a number of uncertainties still to be resolved primarily;
- transitional costs in relation to the implementation of savings proposals;
 - the outcome of the final Local Government Revenue Support Grant Settlement for 2013/2014 and related grant announcements;
 - the forecast Income from Business Rates
 - the final Collection Fund position.

3.2 In presenting the Revenue Budget 2013/2014 this report covers the following areas

- Current Overall Position 2013/2014 to 2015/2016;
- Adjustments/Final position February 2013;
- Proposals To Meet Funding Reductions;
- Overall Position;
- Outcome of Budget Consultation;
- Summary Budget.
- Medium Term Financial Position;
- Balances and Reserves;
- Presentation of the Detailed Revenue Budget;

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 I, including the proposed use of balances and the position in relation to major reserves, for recommendation to Council.

4. Current Overall Position 2013/2014 to 2015/2016

4.1 The January Cabinet report set out the provisional settlement for the Authority and confirmed that when cost pressures were taken into account reductions to budgets amounting to £37.0 million in 2013/2014 and 31.7m in 2014/15 were required. The report also referred to progress at that stage in relation to proposals to address the position.

4.2 A detailed technical analysis of the data from the provisional settlement has now been undertaken and confirmed via receipt of the final Local Government Settlement on 4 February. The table below sets out variations in individual elements of funding compared to 2012/13 to reflect the actual changes in resource levels between the years:

Summary of Government Funding Changes from 2012/2013 to 2013/2014

	£m	£m
Government Grant Reductions		
Reduction in Start Up Funding notified by government	5.3	
Other Relevant Changes to Funding		
Impact of Council Tax Freeze Grant Transferred into start up funding -not included in 2012/13 government figures	2.7	8.0
Reduction in Early Intervention Grant transferred to DSG		3.0
Reduction in grant as a result of LACSEG Topslice		1.1
Reduction in Council Tax Benefit Support Grant		2.4
Council Tax Support Transitional Relief (one off)		-0.6
Adjusted Net Reduction in Grant		13.9
Cost Pressures		23.1
Total Impact of Funding Changes and Cost Pressures		37.0

When all relevant variations to funding are taken into account the funding gap remains at £37m for 2013/2014 with reductions of circa £98.1m estimated required over the three years to 2015/2016. Paragraph 5 below sets out further information about the grant changes and explains where changes to grants reflect increased responsibilities.

5. Adjustments /Final Position February 2013

Collection Fund

- 5.1 The Collection Fund position is reported elsewhere on this agenda. The Collection Fund position remains positive despite the challenging fiscal climate and the surplus available to the Council to be taken into account in the budget and council tax calculations has been estimated at £500,000.

Council Tax Base

- 5.2 The Council, at it's meeting on 30th January, 2013, approved the Council Tax Base for the area covered by Hetton Town Council (£3,122) and the City Council area (£64,094).

Retained Business Rates

- 5.3 The Council, at it's meeting on 30th January, 2013, approved the Business Rate income forecast for 2013/14 and the amount to be retained by the Council is forecast to be £40.886m.

Local Government Finance Settlement

- 5.4 The final position on the Local Government Finance Settlement for 2013/2014 was announced on 4th February 2013. The Government have made some presentational changes to the Revenue Spending Power calculation, and included an indicative additional amount for New Homes Bonus of £0.636m..

- 5.5 The key issues affecting Sunderland are set out below:

- The Councils final Start up Funding assessment level is £187.771m representing a reduction of £5.613m compared to 2012/13;
- The final settlement has confirmed Revenue Support Grant (RSG) of £112.757m in 2013/2014;
- Sunderland's final baseline funding level is therefore £75.014m and within this the Government have assessed the level of Retained Business Rates income which the Council will collect and retain as £40.414m;
- The Council will therefore receive Government Top Up Grant of £34.600m;

- The Safety Net Threshold, set by Government at 92.5% of a Council's baseline funding level, equates to £69.388m for Sunderland;
- An updated position in respect of changes to other Government funding is set out at section 5.7;
- The position in respect of schools funding is set out at section 5.10.

Council Tax

- 5.6 In accordance with the Localism Act the public have the right to approve or veto excessive council tax rises, thereby making this a local decision rather than being dealt with through 'capping'. As part of the settlement Government proposed that a 2% percent referendum principle will apply to all principal local authorities, Police and Crime Commissioner and Fire and Rescue Authorities. This means any increase above this level will require a referendum to give the local electorate the opportunity to approve or veto the increase.

Changes to Grants from 2012/2013

- 5.7 The table below sets out the impact of changes to Council Revenue Spending Power Calculation which includes Revenue Support Grant and Core Grants compared to 2012/2013 following the final settlement. This shows the final reduction to available spending power before Public Health Grant of £4.090m (-1.5%) and start up funding reduction of £5.613m (-2.9%).

	2012/13 Adjusted £m	2013/14 Final £m	Change £m	Change %
Council Tax excl Parish Precepts	96.302	96.302	0.000	0.0%
Less Council tax Support	-21.313	-20.981	0.332	-1.6%
Top Up Grant		34.600		
Assumed business rates based on proportionate shares		40.414		
Revenue Support Grant		112.757		
Start Up Funding Assessment	193.384	187.771	-5.613	-2.9%
Council Tax Freeze Grant 12/13	2.408	0.000	-2.408	-100.0%
Council Tax Freeze Grant 13/14	0.000	0.967	0.967	100.0%
Inshore Fisheries Conservation	0.014	0.014	0.000	0.0%
Lead Local Flood Authorities	0.037	0.037	0.000	0.0%
Social Fund Admin Grant	0.273	0.254	-0.019	-7.0%
Community Right To Challenge	0.009	0.009	0.000	0.0%
Community Right to Bid	0.005	0.008	0.003	60.0%
New Homes Bonus	1.152	1.704	0.552	47.9%
New Homes Bonus Adjustment (estimated)	0.000	0.636	0.636	100.0%
Local Reform and Community Voices DH	0.272	0.275	0.003	1.1%
NHS Funding to Support Social Care and Benefit Health	4.154	5.611	1.457	35.1%
Revenue Spending Power Excluding Public Health Grant	276.697	272.607	-4.090	-1.5%
Public Health Grant	20.093	20.656	0.563	2.8%
Revenue Spending Power Including Public Health Grant	296.790	293.263	-3.527	-1.2%

- 5.8 In addition to changes in grants included in the Revenue Spending Power set out above, notification has also been received in relation to the following Specific Grants outside of the Revenue Spending Power Calculation.

	2012/13 £'m	2013/14 £'m
Housing and Council Tax Support Administration Grant	3.162	2.882
New Burdens - Council Tax Support Scheme	0.000	0.216
Community Safety	0.157	0.000
Extended Rights to Free Travel	0.191	TBC
Weekly Collection Support Grant	1.010	2.231
Education Services Grant	0.000	TBC
Social Fund Set Up grant	0.012	0.000
Social Fund - programme	0.000	1.202
	4.532	6.531

Notification is outstanding in relation to the Education Services Grant (replacing LACSEG) the PFI core grant and the Extended Rights to Free Travel Grant.

Impact of Changes to Specific and Core Grant

5.9 In accordance with the budget planning framework and as reported to Cabinet in January, changes in specific and core grants have been addressed as follows:

- The Council Tax Freeze grant for 2013/2014 has only been offered to compensate those Authorities who decide not to increase their Council tax in that year. As the funding is not of a permanent nature any use of the grant to support on going revenue expenditure will require alternative funding to be identified in the following years should the Council decide to access and accept the grant.
- Local Reform and Community Voices funding has been passported to Health Housing and Adult services to support responsibilities transferring from the NHS including Independent Mental Health Advocacy and Complaints Advocacy Services.
- New Homes Bonus Grant of £1.704m is being used to support the overall budget position in 2013/14 in accordance with the Budget Planning framework with appropriate housing related investment factored into both revenue budget and capital programme proposals. The additional indicative amount of £0.636m estimated by Government for 2013/14 as part of the final settlement will be used to meet transitional costs once the amount is confirmed.
- Additional NHS funding to support Social Care and Benefit Health Grant of £1.457m has been built into planning assumptions.
- Public Health Funding of £20.656m in 2013/14 and £21.234m in 2014/15 has been confirmed. Funding will be used to fund new Public Health responsibilities transferring from PCT's from April 2013 including commissioning services associated with anti-smoking campaigns, interventions to tackle obesity, NHS health check assessments, alcohol and drug misuse services and comprehensive sexual health services.
- A reduction in Housing and Council Tax Benefit Administration grant of £0.280m has been built into the planning assumptions.
- New Burdens funding for the Local Council Tax Support Scheme of £0.216m has been taken into account in assessing the impact of Welfare Reform.
- Weekly Collection Support grant to retain weekly refuse collection arrangements of £2.231m in 2013/2014 was taken into account in budget planning assumptions for waste collection.

- Social Fund Grant of £1.202m in respect of DWP Care and Crisis Loans activities (former Social Fund) and the related administration grant of £0.254m was taken into account in assessing the impact of the Governments Welfare Reform agenda as part of the budget planning assumptions.

Schools Funding

5.10 As a result of the additional resources through pupil premium, the continued operation of protection to the funding of schools with falling rolls and some additional funding in respect 15 hours free nursery education to a greater number of 2 year old children, the overall quantum of schools funding will increase in 2013/2014. Details are set out below:

5.10.1 Schools Funding Formula

The Government is to continue to apply a national protection arrangement for schools whereby no school will see a per pupil reduction compared to its 2012/2013 budget (excluding sixth form funding) of more than 1.5 per cent before the pupil premium is applied.

5.10.2 Dedicated Schools Grant

The October 2012 census data shows that pupil numbers have decreased by 330 and consequently school block funding has reduced by £1.495m.

In 2013/2014 the expansion of the offer of 15 hours free nursery education to a greater number of 2 year old children who meet criteria for deprivation will be implemented. Sunderland's Early Years DSG will be increased by £3.142m. Part of this funding is movement of funding from the Early Intervention Grant into the Dedicated Schools Grant.

5.10.3 Pupil Premium Funding

The Pupil Premium level of funding for 2013/2014 for Sunderland Schools and Academies is estimated to be £11.346m, based on January 2012 pupil numbers representing an increase of £3.488m compared to 2012/2013.

5.10.4 Education Services Grant

Following consultation during the summer, the Department for Education has announced that a new grant, the Education Services Grant is to replace the Local Authority Central Spend Equivalent Grant (LACSEG) from September 2013. This is not additional funding.

Provisional local authority Education Services Grant allocations are still to be announced. Current planning assumes funding of £3.0m will be received.

6. Spending Pressures and Commitments 2013/2016

The following table summarises the estimated position concerning spending pressures and commitments over the period:

	2013/14 £m	2014/15 £m	2015/16 £m
Total Pay Price and other pressures	6.76	7.55	4.95
Welfare Reform	1.34	-0.27	0.02
Financing Charges	2.50	0.50	3.00
Replacement of prior year one off savings & end to end review savings	4.40	4.52	2.00
HHA demand pressures	5.37	1.59	2.69
Childrens demand pressures	1.68	0.23	-
Waste Disposal	1.05	0.99	-
Total Pressures	23.10	15.11	12.66

6.1 Cabinet Secretary

Pay ,Prices and Other Inflationary Cost Pressures

Pay and Prices

Beyond 2012/2013 the Government has indicated a limit on public sector pay of a 1.0% pay increase. For planning purposes a prudent provision has been built into the MTFS from 2013/2014.

Pensions

The results of the Actuarial review of the Local Government Pension Scheme 2010, was implemented in 2011/2012 covering three years to 2013/2014. There is an increase of 5.3% for 2013/2014.

Other Pressures

Other inflationary impacts have been provided for including those relating to payments to independent providers of adult and social care and utilities costs .

6.1.1 Welfare Reform

Provision of £1.34m is included for Welfare Reform changes, the majority of which impact in April and October 2013. These include the implementation of new responsibilities resulting from the transfer of former Social Fund responsibilities to Local Authorities, measures that seek to mitigate against the significant adverse impacts anticipated across the city and changes to internal administration and support arrangements.

6.1.2 Capital Financing

Provision of £2.5m has been included to enable potential borrowing under the prudential framework for known investments and to enable strategic priorities of the Council to be addressed.

6.1.3 Replacement of One off Resources and Planned savings

Provision is included for the replacement of £2.26m one off resources utilised in setting the 2012/2013 budget and the need to replace planned £2.14m savings from end to end service reviews with alternative savings in 2013/2014.

6.2 Adults Health and Housing

6.2.1 Adult Services Demand / Demographic Issues

The increasing longevity of the national and specifically, the city's, population continues to place significant pressure on Adult Social Services budgets. In addition, increasing demand to support clients with complex needs to enable clients to maintain independent living, is requiring reconfigured services and additional investment.

A sum of £5.37m for cost pressures have been factored into the 2013/2014 budget with contingencies being provided to reflect timing of the delivery of the three year improvement plan.

6.3 Children and Learning City

6.3.1 Safeguarding – External Placements

There continues to be increasing demand pressures in relation to safeguarding and specifically external placements and an additional £1.68m is included in 2013/2014 for this purpose.

6.4 City Services

6.4.1 Waste Disposal

The impact of cost variations in relation to waste disposal have been factored into the Medium Term Financial Strategy including landfill tax, volume of waste, recycling implications, and the impact of implementing the Waste Disposal Strategic Solution. A sum of £1.05m is included for 2013/2014.

7. Proposals to meet the funding gap 2013/2014

- 7.1 The overall estimated position is set out below taking into account Government funding changes and cost pressures ;

	2012/13	2013/14	2014/15	2015/16
	£m	£m	£m	£m
Government Funding Changes and Spending Pressures	28.1	37.0	31.7	29.4

- 7.2 As part of the Budget Planning Framework for 2013/2014 Cabinet agreed in October 2012 to progress the approach to meeting the funding gap by:

- Progressing the existing improvement programme of savings which aims to meet needs and achieve savings while protecting as far as possible frontline services and maximising non frontline savings. Throughout the programme Strategic and Shared Services are being refocused and reduced by an average 50%.
- Continuing to protect so far as possible front line services which are being reshaped and refocused to:
 - Ensure services are responsive to local needs
 - Protect core services particularly those most vulnerable
 - Target resources rather than universal service provision.

- 7.3 The proposals to meet the funding gap reflect measures being implemented through the refreshed improvement framework focussing on the Community Leadership role of the Council which seeks to understand and meet most important community needs through:

- Demand Management - Developing the strategies and actions that enable the Council to manage demand and deliver services in a different and more agile way within communities;
- Cost of Supply and Customer Services Network (CSN) development - Increased focus on the CSN as the gateway and connector of demand and supply for services with the aim of targeting resources to areas of greatest need alongside continued delivery of efficiencies within Council services;
- Development of Alternative Service Delivery Models for services – continuing to look at the most effective and efficient models of provision for services over the short to medium term and increased collaboration with partners;
- Strategic Services and Fixed Assets – further and continual review to meet the future needs of the Council and its communities, maximise use of assets and deliver significant savings.

- 7.4 The settlement has confirmed the need to make ongoing reductions of £37.0m to meet the funding gap for 2013/2014. Proposed reductions are summarised in the following table together with an indication of plans for future years.

	2012/13 £'m	2013/14 £'m	2014/15 £'m
Corporate and Cross Cutting			
Strategic and Shared Services	7.49	7.19	0.53
People Based Commissioning Reviews		1.00	3.00
Voluntary and Community Sector Review		0.49	
Integration of Public Health		2.00	
Corporate Resources (ITA /NHB / corporate)	2.70	2.70	0.50
SWITCH Resource Repatriated		5.10	3.20
	10.19	18.48	7.23
Improvement Plans			
Place and Economy	4.78	5.12	0.41
People - Children's Services	2.14	3.76	1.25
People - Health Housing and Adult Services	8.68	5.12	2.45
	15.60	14.00	4.11
Use of One off savings			
Capitalisation of Highways and Repairs spend		1.00	1.00
Temporary Use of balances and potential grant	2.27	3.52	1.00
	2.27	4.52	2.00
Total Ongoing Programmed Savings	28.06	37.00	13.34

Further work is continuing to develop a full suite of proposals to meet the 2014/2015 Funding Gap as well as the further savings forecast to be required in 2015/16 and beyond.

Further updates will be provided to Cabinet in due course and the MTFS 2013-16 will be refined and updated in parallel as this work progresses.

7.5 Ongoing Programmed Savings

7.5.1 Corporate and Cross Cutting (£18.476m)

- **Strategic and Shared Services (£7.190m)**

A further reconfiguration of support services to meet the future requirements of the Council and deliver efficiencies involving continued refinement and implementation of new ways of delivering support services by redesigning processes and using ICT to maximise efficiencies.

- **People Based Commissioning Reviews (£1.0m)**
Efficiencies through re-commissioning and integrated working with children's, families adults and health services will deliver savings estimated at £1million in 2013/2014.
- **Review of Voluntary and Community Sector (£0.486m)**
Savings will be achieved through reviewing commissioning arrangements with the voluntary sector on a strategic basis.
- **Integration of Public Health (£2.0m)**
Efficiency savings will be achieved through integration of public health arrangements. The proposed savings are based on unallocated spending within the current budget and also forecast savings on overheads when the service transfers from the PCT to the Council.
- **Corporate Resources Savings (£2.7m)**
Given the Government have top sliced formula grant to support the New Homes Bonus it is proposed that the allocation for New Homes Bonus anticipated in 2013/2014 is used to support the budget. In addition savings arising from the ITA levy can also be taken into account to support the budget.
- **SWITCH Resource Repatriated (£5.1m)**
Following the implementation of the Severance Scheme and the cessation of SWITCH an updated approach to workforce planning will be implemented alongside the 2013/2014 budget proposals. Budget resources of £5.1m can therefore be released to support the budget for 2013/2014.

7.5.2 Place and Economy (£5.113m)

- **Smarter Working (Utilisation of premises) (£0.905m)**
The review of smarter working has already identified savings in premises costs (utilities, repairs and renewals etc.) through the planned closure of administrative buildings and this programme will continue as well as the review focussing on delivering savings from operational buildings as well as opportunities for collaborative service working and co-location.
- **Income Generation and Cost Reduction across Office of the Chief Executive (£0.467m)**
Planning and Property Services have identified a number of initiatives aimed at increasing income and reducing costs including in relation to additional income from nationally-set planning fees, income delivered by the Control Room, Cash in Transit and Property Services as well as through rent reviews of the Council's property portfolio.

- **Establish New Events Company (£0.115m)**
Through establishing a new Events Company, appropriate partnership arrangements will be entered into which will generate additional commercial opportunities and income.
- **Review of Transport and Fleet (£0.866m)**
Savings are being realised through better utilisation of vehicles, removing vehicles in line with changes in service in the council, more efficient hire and maintenance arrangements and alternative service delivery of the fleet stores function.
- **Waste Collection (weekly collection and demand management (£0.998m))**
Savings will be achieved following the successful bid for Government funding to retain weekly waste collection arrangements. In addition, measures are proposed to better manage customer demand in two services currently provided free of charge in respect of bulky items collection and wheelie bin replacements. Savings will be achieved through reduced waste disposal costs, fee income and lower staff and vehicle costs.
- **Review of Highways and Network Management (including maintenance) (£0.409m)**
Savings will be achieved by maximising income earning opportunities, better prioritisation of activity with a focus on fee earning activity, and the evaluation of alternative Service Delivery Models. Additional savings will be delivered from the highways maintenance programme through developing more streamlined processes to carry out repairs, and utilisation of more cost effective materials.
- **Income Generation (Bereavement Services and Car Parking) (£0.288m)**
A review of Bereavement Services charges has identified efficiency savings in relation to the simplification of charges and a requirement to offset the cost of installing and operating mercury abatement technology required to meet new legislative requirements. Opportunities to increase car parking income through increasing usage will also be considered.
- **Responsive Local Services (RLS) and Parks Phase II (£0.468m)**
Savings will be achieved following the further integration of the Parks function.
- **Management Restructure (£0.270m)**
This saving arises from senior management restructuring.

- **Other Streetscene Reviews, including regulatory Services (£0.327m)**

A review of regulatory activities is ongoing and the shape of services is currently being re-examined in light of the new corporate structure. A number of other reviews are being delivered in Streetscene including in relation to a restructure of the Commissioning and Change Management function following the disestablishment of City Services, better procurement of Pathology and Laboratory Services for the Coroner's Service, a restructure of the Registrar's Service and the introduction of a permit system for vans and trailers using the household waste recycling site to reduce incidents of illegal use of the site by traders.

7.5.3 Children's Services Reviews (£3.764m)

- **Full Year Impact of previous year's decisions (£1.059m)**

This is the full year impact of previous year's agreed savings decisions, all of which have been implemented in the current financial year.

- **Review of Children's Services Structures (£0.756m)**

Review of management structures.

- **Children Looked after Strategy (Ongoing) (£0.817m)**

The Council has invested significantly over the past 3 years in foster care recruitment. This strategy is now paying dividends through the gradual reduction in the number of children in Independent Fostering Agency placements.

- **Safeguarding structures (Ongoing) (£0.494m)**

This is linked to the review of management structures that was implemented in 2012/2013 and the flexibilities afforded through the improved stability of the Social Work workforce.

- **Cessation of Childcare sufficiency funding (£0.120m)**

Nationally plans are in place to extend the offer of 15 hours free nursery education to a greater number of 2 year old children who meet criteria for deprivation. This will significantly increase demand for places in 2013/2014 and further in 2014/2015, providing £2m of additional funding in 2013/2014 to fund places in appropriate settings. This should allow all settings to be sustainable and therefore financial support is proposed to be withdrawn.

- **Review of Commissioning & Family, Adult and Community Learning Teams (£0.200m)**

The Family, Adult and Community Learning and Children's Services commissioning functions review will amalgamate teams and produce efficiencies.

- **Review of Home to School Transport (£0.318m)**

A careful and full review of Home to School Transport to include the consideration of non-statutory 'discretionary' transport costs and a detailed review of how the current statutory home to school transport policy is applied.

7.5.4 Health Housing and Adult Services Reviews (£5.122m)

- **Future Models of Care and Support (£0.374m)**

Continuing review of existing Care and Support services for Adult Social Care with the aim of developing alternative models of care to meet customer need. The review will look to provide more community based activity and will look to maximise the usage of existing building based facilities.

- **Expansion of Reablement Model on new customers (£0.115m)**

The on-going development of the Adult Social Care Re-ablement services to ensure more people maintain their independence within their own homes. Expansion of this service will reduce reliance upon, and the cost of on-going services such as home care and ultimately prevent admissions to residential and nursing care.

- **Further Implementation of Personalisation (£0.836m)**

The further implementation of personalisation will allow individuals to have choice and control in respect of the care and support they receive to meet their assessed need and prevent admissions to residential and nursing care.

- **Managing the Provider Market (£0.640m) and Demand Management in Social Care (£2.000m)**

This review will continue to work with the Adult Social Care provider market and partners to develop cost effective solutions to meet peoples care and support needs. This will include reaching agreements with the independent provider market and other partners for services for all client groups that incentivises quality but contains costs.

- **Culture, Sport and Leisure - review of Libraries, Heritage, Arts, Sport, Leisure and Wellness services (£1.052m)**

A commercial model is being developed for Sport and Leisure services to ensure that the current level of subsidisation for services is reduced through a combination of increasing income, shifting and maximising demand from peak times and through reducing costs. The model will also identify opportunities for alternative service delivery.

In relation to the Libraries service, the focus will be on re-provisioning services with a greater community focus for reading, learning and giving access to information. With regard to Heritage and Museums, new arrangements will involve the Council in leading the delivery of the museums service and include the opportunity for extended working with other partners.

- **Culture, Sport and Leisure – other savings proposals (£0.105m)**
This will include a focus on developing a relationship with schools and other organisations whereby they commission sports and wellness related services, reviewing operations at F Pit and Fulwell Mill and looking at the potential from invest to save initiatives to enhance income streams.

7.6 Use of One Off Resources

After taking account of total ongoing programmed savings for 2013/2014 of £32.5m, there remains a funding gap of £4.5m. It is proposed to utilise one off funding in terms of £1.0m through capitalisation of Highways expenditure and using £3.5m of transitional funding held in balances on a temporary basis pending achievement of additional savings in 2014/2015.

7.7 Projects Supporting Savings Plans 2013/2014 and 2015/2016

A range of cross cutting projects are being progressed through the Council's Improvement Programme to support the delivery of savings into the medium term including

- Community development - to work within communities and the voluntary sector to help build resilient and sustainable communities
- Customer Insight – to understand community views and needs to form the basis of service transformation
- Website and Intranet Development – to refresh content and on line facilities for advice, guidance and payment services
- Workforce Development – In order to ensure timely delivery of savings proposals a refreshed approach to workforce planning
- Integrated Commissioning – to enable a cross cutting approach to future commissioning of People and place based services

In addition an intensive Customer Service and Demand Management Programme is being developed to transform the customer experience displacing demand where appropriate and resolving demand at the earliest opportunity and at the lowest cost to the council to provide consistent responsive high quality services.

In conjunction with the above, all services are considering alternative delivery models in order to attempt to sustain as many services as possible through the most cost effective route.

8. Overall Position

- 8.1 The overall position after taking account of the issues set out in sections 5 to 7 above is set out in the table below which shows a balanced budget position for 2013/2014:

	2012/13	2013/14	2014/15	2015/16
	£m	£m	£m	£m
Government Funding Changes and Spending Pressures	28.1	37.0	31.7	29.4
Total Savings Proposals	-25.9	-32.5	-11.3	
Net Funding Gap	2.2	4.5	20.4	29.4
One off Capitalisation of Highways		-1.0	-1.0	
Temporary Use of Balances	-2.2	-3.5	-1.0	
NET POSITION	0.0	0.0	18.4	29.4

9.0 Outcome of Budget Consultation

- 9.1 The Budget and Policy Framework procedure rules contained within the Constitution of the Council requires consultation on budget proposals to take place. In October 2012 Cabinet approved proposals regarding the consultation strategy and framework for the budget for 2013/2014 and proposed briefings to the following stakeholders:
- Trade Unions;
 - North East Chamber of Commerce / Representatives of Business Ratepayers;
 - Voluntary Sector;
 - Youth Parliament;
 - Schools Forum, Head Teachers and Governors.
- 9.2 In addition to the above stakeholder consultation, a survey was undertaken to gain an understanding of views on the overall approaches to meeting the budget challenge.
- 9.3 To supplement the survey, workshops were held, with Community Spirit panel members and representatives from the voluntary and community sector, in different locations throughout the city.
- 9.4 Budget consultation with these groups has concentrated on the overall approaches to meeting the budget challenge to gain views. Further detailed consultation in relation to each of the proposals will be undertaken as each proposal is developed.
- 9.5 At each stage in the budget preparation process Scrutiny Committee is being consulted.
- 9.6 The findings from consultation undertaken indicate that the budget proposals in this report are consistent with the summary findings. More details of the findings of the consultation are included in Appendix B.

9.7 All of the feedback from the various consultations has been considered. The budget proposals in this report, including the necessary proposals for reductions in spending, fully recognise the identified need to prioritise resource allocation accordingly.

9.8 The Revenue Budget Report to January Cabinet formed the basis for second stage consultation. The notes of the meetings with the representatives of business ratepayers and trades unions to meet statutory obligations to consult on the proposed budget are included as Appendix C.

10. Equality and the Budget Proposals

10.1 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.

10.2 Actions arising from the equality analysis carried out to date will be taken forward by directorates.

11. Detailed Budget 2013/14

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

11.2 The Net Budget Requirement to be approved by the Council is funded through:

- Revenue Support Grant
- Retained Business Rates
- Top Up Grant
- any projected surplus on the Collection Fund and
- Council Tax.

11.3 The General Summary page of the Revenue Budget together with details of the proposed contingency and allocations proposed for investment in strategic priorities are included in Appendix I.

12. Medium Term Financial Position

- 12.1 In considering the Revenue Budget for 2013/2014 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 Medium Term Financial Strategy 2013/2014 to 2015/2016 is set out at Appendix E. This will be refined in parallel with ongoing work regarding savings proposals for 2014/15 and future years.

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;
 - 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, 2013 and 31st March, 2014 is set out at Appendix F. This takes into account estimated savings arising in 2012/2013 in relation to Interest on Balances and Debt Charges and planned contingency savings previously reported.
- 13.3 As agreed previously these will be transferred to the Strategic Investment Reserve to fund the one off spending pressures in respect of transitional costs associated with the Improvement Programme. Any further savings arising from contingency underspendings and other measures will also be earmarked for this purpose and reported to Cabinet as part of revenue budget monitoring reporting as appropriate.
- 13.4 In accordance with best practice 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 G.
- 13.5 In addition the Council has a range of earmarked reserves e.g. the Strategic Investment Reserve. The major earmarked reserves are also set out at Appendix H.
- 13.6 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.

13.7 Based upon the information used in determining this Revenue Budget 2013/2014 report, including specifically:

- the Medium Term Financial Position;
- the outcome of budget consultation set out at Appendix B;
- the Statement of General Balances set out in Appendix F;
- the Risk Analysis set out in Appendix G;
- the Major Reserves set out in Appendix H;

The Revenue Budget is considered robust and the level of reserves considered to be adequate for 2013/2014 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 £7.570m to the end of 2013/2014 are in accordance with the existing policy and are considered prudent and robust given the overall level of reserves.

14. Presentation of the Revenue Budget

General

- 14.1 Appendix I sets out the detailed Revenue Budget 2013/2014 for each Portfolio. All changes with the exception of the adjustments relating to final considerations of council tax levels, have been incorporated into the Budget.

Service Reporting Code of Practice

- 14.2 The presentation of the budget reflects the requirements of the Service Reporting Code of Practice (SerCOP), published by CIPFA. The purpose of the Code is to standardise the way Local Authorities account for expenditure so that comparisons can be made with other Authorities and external providers. The Code defines 'best practice' for the purposes of financial reporting and therefore assumes the status of statutory guidance. Compliance with the requirements of the Code is therefore mandatory.

- 14.3 It should be noted that variations between the budget for 2012/2013 and 2013/2014 have arisen as a result of:

- the implementation of the budget reductions referred to in the report;
- the implementation of the new business operating model and the associated realignment of budgets to the new service providers;
- a review of charging for central support services, necessary as the new operating model has embedded to reflect the new ways of working and changes to services provided. While having no overall impact on the Council budget position, charges to individual services have been realigned;
- technical adjustments in relation to IAS19 pensions accounting and the impact of revaluation of assets.

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 during this period of transition to the new Business Operating model.

Revised Estimates

- 14.4 Quarterly budget reports have been reported to Cabinet during the year. The revised estimates reflect changes notified within those reports. In addition the revised estimate reflects variations in asset charges arising from revaluation of assets, the revised approach to central support costs referred to above and a number of technical adjustments e.g. contingency transfers

15. **Suggested Reason for Decision**

- 15.1 To comply with statutory requirements.

16. **Alternative options to be considered and recommended to be rejected**

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

Background Papers

Cabinet Reports 16th January 2013

- Provisional Revenue Support Grant Settlement for 2013/2014 and Indicative Settlement 2014/2015
- Revenue Budget 2013/2014
- Council Tax Base 2013/2014
- Business Rate Income Forecast 2013/14

Final Settlement 2013/2014

Impact for Sunderland

The position for Sunderland is largely unchanged as a result of the final settlement:

- There are no changes to the key funding elements for 2013/14. The amounts previously notified set out below:
 - Start up Funding Assessment, £187.771m
 - Revenue Support Grant £112.757m
 - Baseline Funding Level £75.014m
 - Retained Business Rates Income £40.414m
 - Top up Grant £34.600m
 - Safety Net Threshold £69.388m

There are no changes to the indicative amounts previously notified for 2014/15 for the above key funding elements.

- Changes by Government to the methodology for calculating Revenue Spending Power have resulted in a net decrease in revenue spending power before Public Health Grant of £4.090m (-1.5%) compared to 2012/2013 or £3.527m (-1.2%) after Public Health Grant. (previously £4.757m or -1.6%).
- The final position for 2013/14 includes for an estimated additional allocation of New Homes Bonus for Sunderland of £0.636m. The indicative settlement for 2014/15 includes for a further additional estimated amount of £0.495m (total additional £1.131m).

Budget Consultation Results**1. Introduction**

The Budget Consultation for 2013/2014 was undertaken within the context of the need to significantly reduce spending for a third year in light of the Government funding reductions. The Budget Consultation process has therefore had the following objectives:

- To improve people's knowledge and understanding of the budget position and council's approach to budget setting
- To gain people's views on meeting the budget challenge overall
- To explore views on what we are doing/planning to do, what else we can do to meet the budget challenge and areas for improvement.

2. Background

The annual budget consultation commenced during October / November 2012 comprising a survey and workshops.

Presentations on the budget planning framework were made to a range of stakeholder groups in accordance with the approach to Budget Consultation agreed by Cabinet in October 2012, and feedback was noted.

The following stakeholder groups were consulted:

- Trade Unions;
- North East Chamber of Commerce;
- Youth Parliament;
- Schools Forum, Head Teachers and Governors;

In addition to the presentations, members of Sunderland's citizens' panel, and voluntary and community sector were invited to take part in a self completion survey to ascertain residents' views on the issues set out at 1 above. The survey was also available online for completion by the general public.

3. The survey

A total of 611 respondents completed the survey including 589 Community Spirit panellists. The remaining 22 respondents largely comprised residents, and representatives of VCS organisations.

4. Workshops

Workshops were held across Sunderland with Community Spirit panel members and representatives from the voluntary and community sector (VCS) during November 2012. The workshops comprised:

- A presentation about the budget context followed by an opportunity to ask questions.

- An opportunity for participants to discuss with council officers their views on what we are doing/planning to do, what else we can do to meet the budget challenge and areas for improvement in relation to:
 - Children's Services
 - Street Scene Services
 - Culture, Sport and Leisure
 - Adult Social Care

Four workshops were held with Community Spirit panellists and a total of 62 panellists attended. One workshop was held with representatives from the VCS. A total of 15 small groups participated in the group discussions across the five workshops.

With regard to the workshops, participant feedback was positive. Of the 54 respondents who expressed an opinion, 98% were very/fairly satisfied overall

5. The findings

Findings of the survey and discussions at the workshops are summarised in sections 6 to 11 below. In summary, the findings demonstrate general support amongst respondents for the councils overall approach to making savings.

6. The councils overall approach to meeting the budget challenge

The survey findings:

Overall Approach	Extent of agreement %		
	Agree	Disagree	Don't Know
Supporting Business and encouraging investment in Sunderland to support job creation and employment	96	3	1
Reorganising the way we deliver services so that we have local teams who are able to deliver a wider range of services	90	6	4
Placing services together in one location instead of having dedicated standalone buildings	87	10	3
Focussing Resources on those families and individuals who are most in need	79	19	3
Making further savings in all back office and support services	69	23	8
Encouraging customers to access services using the internet rather than by telephone or in person	56	42	2
Introducing and / or increasing charges for some free or subsidised council services	48	46	6

The table above shows the majority of respondents are in agreement with each of the overall approaches to meeting the budget challenge.

7. Further use of approaches to providing council services in the future

The survey findings:

Further use of Approaches	Extent of agreement %		
	Agree	Disagree	Don't Know
Encouraging communities to do more for themselves such as keeping their areas clean and tidy	83	13	4
The use of volunteers, where possible and appropriate, to help deliver services alongside trained staff	69	24	7
Charities, voluntary and community sector organisations and other providers delivering some services on behalf of the council	62	27	11

The table above shows the majority of respondents are in agreement with the three approaches

8. Importance of maintaining quality of services

The survey findings:

Mean score where 5 is critically important and 1 is not important at all

	Average score of importance
Social Care Services for Children and disabled and vulnerable adults	4.68
Refuse Collection	4.48
Maintenance of Roads, pavements and cycleways	4.39
Street Cleaning	4.32
Street Lighting	4.22
Recycling Services	4.18
Environmental Protection Services	4.02
Homelessness and Housing advice	4.02
Facilities and activities for Children	3.74
Parks and open spaces	3.66
Sport and Leisure Centres	3.66
Libraries	3.65
Facilities and activities for young people	3.52
Car Parks	3.51
Tourism and events across the city	3.47
Museums and Heritage	3.44

As can be noted, social care services for children and disabled and vulnerable adults is perceived to be the most important service to maintain quality followed by refuse collection and a number of street scene services.

9. Acceptability of options for meeting the budget challenge in service areas

Survey respondents were asked which, if any, of three different options might be acceptable to help meet the budget challenge for a range of services. The options are:

- Focus the service on those most in need/where most needed
- Provide the service less frequently
- Introduce/increase charges.

They were also asked for any additional comments or further suggestions to help meet the budget challenge. In addition participants at the workshops were asked for their views on what we are doing and suggestions as to what else we can do to meet the budget challenge. The sections below provide feedback in respect of these questions.

9.1 Services for adults, families and children

9.1.1 Children's services and Adult Social Care

The acceptability of different options in respect of children's and adult's services is shown below. The option of focusing the service on those most in need is the most commonly selected option for these services. The option to provide the service less frequently is acceptable to around one-fifth of respondents for all services except social care services (5%). Introducing/increasing charges is only acceptable to a minority in terms of social care services and homelessness and housing advice services but a greater proportion of respondents in terms facilities and activities for young people (26%) and children (16%).

	Focus on those most in need	Provide less frequently	Introduce / increase charges	None are acceptable
Social care services for children and disabled and vulnerable adults	79%	5%	9%	12%
Homelessness and housing advice services	65%	20%	5%	9%
Facilities and activities for children	48%	21%	16%	15%
Facilities and activities for young people	42%	20%	26%	14%

- In terms of feedback from the workshops and qualitative survey comments, in overall terms the importance of children's and adults social care and need to protect/focus on the young, old and vulnerable/most in need was recognised and there was support for the Council approach of affording children's and adults social care high priority.

How are we responding?

The feedback suggests we are on the right track in terms of early intervention as an approach, better targeting of services and extending the use of services where possible.

It was generally agreed that facilities should be used for wider community benefit and so we will progress this work.

9.1.2 Sport, leisure and cultural services

The acceptability of different options in respect of sport, leisure and cultural services is more evenly divided as shown below. Introducing / increasing charges tends to be more acceptable for these services than others and is most acceptable for sport and leisure centres. Whereas the option of providing services less frequently is less acceptable for sport/leisure centres.

	Focus on those most in need	Provide less frequently	Introduce / increase charges	None are acceptable
Sport and leisure centres	33%	14%	41%	13%
Libraries	35%	23%	24%	19%
Museums and heritage	27%	23%	33%	18%
Tourism and events across the city	28%	24%	35%	14%

In terms of feedback from the workshops and qualitative survey comments, the most popular aspects arising relate to:

- A range of suggestions about how best to provide sport and leisure services in a sustainable way including aspects such as making greater use of them, the need for accessible leisure activities, pricing and promotion, partnership working and private investment.
- A range of suggestions about how best to provide library services in a sustainable way including aspects such as co-location, making greater use of them, private investment, support from volunteers, opening hours and the importance of accessibility.
- Positive comments about tourism and events and support in the main for the need to do more to encourage visitors to the city and generate income
- The need for more/better information about activities, facilities and events.

How are we responding?

The feedback suggests that the Council is on the right track as far as looking at a range of options:

Sport, leisure and wellness services

With regard to the provision of more leisure activities within facilities the new Centre at Washington is being designed to provide a modern, fun, affordable, leisure destination. This will include leisure features within the swimming pool - including hydro slides. In addition to swimming and learner pools, a sports hall, sauna and steam facility, squash courts and soft play are included within the development brief along with external football pitches. The intention is that the new facility will provide an accessible leisure destination for the whole family.

Pricing, marketing and communications

In response to queries surrounding the price of activities and the programming of facilities, new arrangements are under development and will be introduced in 2013/14. These new arrangements will take account of the feedback in relation to charging and the view that services should be focused on those who would most benefit. As such we will continue to promote affordable access for all and have regard to the times of the day the different sectors of our community wish to participate. Having regard to the prevailing economic environment we will additionally be taking a more commercial approach to promoting the service and incentivising participation through marketing activity and special offers.

Provision for children and young people

We are updating our Play and Urban Games Strategy and will continue to develop and improve local play areas where there is evidence of need and we are able to secure investment.

Libraries

We are developing proposals for Sunderland's Future Library Services. It is intended that the new service model will promote access for all to high quality reading materials and learning environments, that will embrace modern technological and e-based service developments and incorporate these within the overall service offer. We are also proposing to take services into local communities, to engender reading and learning. A variety of locations such as schools, children's centres, community centres, and other neighbourhood venues that local people have affinity with and that are accessible to them will be used to deliver these services. This approach has the potential to increase the overall number of locations where the Library services are accessible. Our residents and partners will be fully engaged in developing these proposals so that we can ensure that needs are met – in particular for those who would most benefit from the service.

Tourism and events

The planned establishment of a Local Authority Trading Company will help us to continue to increase the number of events within the city, attract more visitors and maximise opportunities to attract commercial partners.

The council has also recently introduced a Visitor Information Service (VIS) to expand the information provided throughout Sunderland and make it easier for visitors and residents across the city to obtain information about events and attractions in the city. The new VIS is available in the ten main Customer Service outlets. The new service reflects the growing trend for people to access information through digital media, such as websites and mobile applications. With this in mind Sunderland's on-line offer is being refreshed and improved for visitors, as are core materials. How Sunderland promotes itself to attract visitors is also being refreshed and the outcome of this work will be seen over the coming months.

9.2 Street scene services

The acceptability of different options in respect of street scene services is shown below. The option of focusing resources on those most in need is the most commonly selected option for all street scene services, and is most popular for maintenance of roads, pavements and cycleways (70%) and street lighting (61%). Introducing / increasing charges is virtually unacceptable for all services except car parks (27%) and environmental protection services (15%). The acceptability of providing the service less frequently is lowest for the maintenance of roads, pavements and cycleways (9%) and environmental protection services (12%) and highest for recycling services (30%) and refuse collection (26%). These two services are also the two to have the greatest proportion of respondents thinking that none of the options are acceptable (refuse collection - 32% and recycling services - 28%).

	Focus on those most in need	Provide less frequently	Introduce / increase charges	None are acceptable
Environmental protection services	58%	12%	15%	17%
Car parks	38%	17%	27%	17%
Maintenance of roads, pavements and cycleways	70%	9%	2%	20%
Street cleaning	58%	21%	2%	22%
Street lighting	61%	16%	1%	23%
Parks and open spaces	43%	24%	4%	24%
Recycling services	39%	30%	4%	28%
Refuse collection	40%	26%	2%	32%

In terms of feedback from the workshops and qualitative survey comments, the most popular aspects arising relate to:

- The opportunity for less frequent refuse collections although there were also some concerns about the potential impact on large families, and fly-tipping
- Positive comments about progress on recycling, suggestions about increasing recycling, minimising costs and maximising income
- The importance of/need for improvements to clean streets including aspects around dog fouling and litter and also some positive comments about services
- The potential to dim or switch off street lights to make savings whilst ensuring safety aspects are addressed
- The importance of road and footpath maintenance
- Suggestions around the need for cheaper or free parking to encourage visitors and also some parking issues

How are we responding?

Refuse collection arrangements

The Council was successful in securing £4.7m grant from DCLG to retain weekly refuse collection, which will continue for at least the next four financial years under the terms of the grant. The grant offsets the financial burden on the Council keeping weekly collections.

Recycling and handling waste

In respect of improving recycling - all residents will get an information pack on the increased range of items that can go in the blue bin included cartons and yogurt pots from December 2012.

Litter and dog fouling

In terms of dog bins / enforcement, these issues are discussed regularly at Place Boards and targeted actions undertaken where issues in localities are identified.

Road and footpath maintenance

In respect of maintaining roads and footpaths we will try and minimise the impact of inefficiencies by working smarter and getting better value from our procurement of supplies.

Customer service and communications

In respect of increasing public awareness and education around litter and other environmental issues, this is clearly in line with our "Love Where You Live" campaign engaging communities in taking greater responsibility for their local environment.

Street lighting

In respect of Street Lighting we are currently in discussion with our PFI provider on how the energy bill can be reduced through better controls and introducing new technology.

Positive comments about the service

Positive comments in the respect of general service provision is further vindication that the Responsive Local Service approach is working

Notes of Budget Consultation meeting between representatives of the Council and the Chamber of Commerce held at Sunderland Civic Centre on Friday 1 February 2013 at 10.00am

Present:

Council Representatives

Councillor Henry Trueman	-	Deputy Leader of the Council
Councillor Mel Speding	-	Cabinet Secretary
Dave Smith	-	Chief Executive
Janet Johnson	-	Deputy Chief Executive
Malcolm Page	-	Executive Director, Commercial and Corporate Services
Sonia Tognarelli	-	Head of Financial Resources
John Rawling	-	Deputy Director of Human Resources and Organisational Development

Chamber of Commerce Representatives

Jonathan Walker	-	NECC
David John Parker	-	Stagecoach North East
Hirohito Imakoji	-	Liebherr Sunderland Works Ltd
Sheila Bamber	-	Sunderland Minster
Nicola Johnston	-	Sunderland Marriott
David Cook	-	TTR Barnes
Mike Smith	-	Ashmore Consulting

The Deputy Leader of the Council welcomed representatives from the Chamber of Commerce and thanked them for their attendance. He asked Malcolm Page, the Executive Director of Commercial and Corporate Services to outline the current position with regard to the Council's revenue budget for 2013/2014 and the Medium Term Financial Strategy 2013 – 2016.

The Executive Director of Commercial and Corporate Services outlined the context within which the Council was working and highlighted that there was a clear link between the national economic outlook and public sector finances. The scale of budget reductions had increased greatly and they were expected to last until at least 2018. The system of financing local government had been overhauled in recent months and there had been changes to schools and health funding as well as council tax benefit.

The Council had received its provisional settlement from the Government on 19 December 2012 and having worked this through, the authority now estimated it would need to make spending reductions of around £100million over the period 2013-2016. The Executive Director explained how reductions in Government funding had to be

combined with unavoidable cost pressures from areas such as waste disposal, children's services and adult social care to arrive at an overall sum for reductions to budgets.

The Council's approach to meeting the savings requirement continued to be strategically focused and based on robust and prudent financial management. The approach would also include:

- Continued aggressive targeting of Strategic and Shared Services
- Increasingly commercial approach bringing significant benefits – LABV, Airport, Port, ICT, Regeneration etc.
- Balanced approach to Income Generation opportunities
- Creative with our Corporate Resources
- Financial resilience maintained
- Financial grip tightened
- Front line services shielded in 2013/2014 draft proposals
- Updated approach to workforce planning.

The Executive Director provided detail on the Improvement Plans for Place and Economy, Children's Services and Health, Housing and Adult Services and also highlighted existing Capital Programme projects and new priorities for investment and growth.

The Council's Cabinet would consider the Revenue Budget, Capital Programme and Council Tax proposals at its meeting on 13 February 2013 and the reports would be taken to Council on 6 March 2013.

The Deputy Leader of the Council invited views and comments from the Chamber of Commerce representatives.

Jonathan Walker asked about the Council's resilience in relation to other authorities in the region and the Executive Director stated that Sunderland had a strong financial management culture which had led to it having a strong and robust balance sheet and to be in a better position for reserves and contingencies than some other councils. He also highlighted that the Council was prepared to take risks and make the right kind of investments to support the development of the City.

It was asked how successful the Council had been in developing partnerships for projects which form part of the Capital Programme. The Deputy Chief Executive advised that wherever possible the Council would seek to maximise its investment with a combination of commercial and non-commercial partners. The Executive Director added that the Local Asset Backed Vehicle (LABV) was designed to bring in private expertise and finance whilst using the local authority investment as a cornerstone.

Councillor Speding commented that there was a long period ahead, with difficult choices to be made but the Council had made a commitment with its Capital Programme which demonstrated how it wanted to move forward.

Mike Smith highlighted that there were developments in the private sector coming forward and through his work on the Business Improvement District (BID) he had observed a willingness and commitment on behalf of the private sector to take

ownership of the scheme. He had noticed momentum building in the City and local businesses were being inspired by the Capital Programme. Jonathan Walker echoed these comments and noted that there was an appetite in the private sector to design services which were good for all the residents of the city.

The Chief Executive referred to the Voluntary and Community Sector and that the Council's core spend in this area had not altered in the last three years while spending reductions had been made elsewhere. This would not be a sustainable position in three years time and dialogue was required in the city on how the voluntary and community sector could reconfigure to become more efficient.

Jonathan Walker asked if representations were being made by the Council and its neighbouring authorities about the disproportionate impact of the cuts in the region. Councillor Speding indicated that he was making this case at every opportunity and that the Leader of the Council, in his capacity as Chair of the Association of North East Councils (ANEC), was also making these points with politicians and civil servants.

The Chief Executive highlighted that although Members would work hard to demonstrate the unfairness of the settlement, the Council still had to find ways to balance the budget with the least impact on services. He reported that against the backdrop of £100million savings over the last three years, the Council had achieved high levels of satisfaction both within the city and from elected Members and staff. The business community had never been as strong as it was currently and the voluntary and community sector was also very robust and dynamic. There were good relationships between elected Members and local community groups and these were just some of the things which should inspire energy and confidence in the City.

The Deputy Leader thanked those present for their attendance and their comments which would be taken into consideration by the Cabinet. He stated that the Council was always glad to hear the views of the Chamber of Commerce and valued their contribution. The Deputy Leader then closed the meeting.

Notes of Budget Consultation meeting between representatives of the Council and the Trade Unions held at Sunderland Civic Centre on Friday 1 February 2013 at 11.30am

Present:

Council Representatives

Councillor Henry Trueman	-	Deputy Leader of the Council
Councillor Mel Speding	-	Cabinet Secretary
Dave Smith	-	Chief Executive
Malcolm Page	-	Executive Director, Commercial and Corporate Services
Sonia Tognarelli	-	Head of Financial Resources
John Rawling	-	Deputy Director of Human Resources and Organisational Development

Trade Union Representatives

John Kelly	-	UNITE
Dave Riddle	-	GMB
Maxine Bartholomew	-	GMB
Alyson Bryan	-	GMB
Tom Usher	-	UCATT
Helen Coomer	-	Unison
Lisa Foot	-	Unison
George Pearson	-	Unison
Keith Ratcliffe	-	NUT
Gillian Mitchell	-	NUT

The Deputy Leader of the Council welcomed representatives from the Trade Unions and thanked them for their attendance. He asked Malcolm Page, the Executive Director of Commercial and Corporate Services to outline the current position with regard to the Council's revenue budget for 2013/2014 and the Medium Term Financial Strategy 2013 – 2016.

The Executive Director of Commercial and Corporate Services outlined the context within which the Council was working and highlighted that there was a clear link between the national economic outlook and public sector finances. The scale of budget reductions had increased greatly and they were expected to last until at least 2018. The system of financing local government had been overhauled in recent months and there had been changes to schools and health funding as well as council tax benefit.

The Council had received its provisional settlement from the Government on 19 December 2012 and having worked this through, the authority now estimated it would need to make spending reductions of around £100million over the period 2013-2016. The Executive Director explained how reductions in Government funding had to be combined with unavoidable cost pressures from areas such as waste disposal,

children's services and adult social care to arrive at an overall sum for reductions to budgets.

The Council's approach to meeting the savings requirement continued to be strategically focused and based on robust and prudent financial management. The approach would also include:

- Continued aggressive targeting of Strategic and Shared Services
- Increasingly commercial approach bringing significant benefits – LABV, Airport, Port, ICT, Regeneration etc.
- Balanced approach to Income Generation opportunities
- Creative with our Corporate Resources
- Financial resilience maintained
- Financial grip tightened
- Front line services shielded in 2013/2014 draft proposals
- Updated approach to workforce planning.

The Executive Director provided detail on the Improvement Plans for Place and Economy, Children's Services and Health, Housing and Adult Services and also highlighted existing Capital Programme projects and new priorities for investment and growth.

The Council's Cabinet would consider the Revenue Budget, Capital Programme and Council Tax proposals at its meeting on 13 February 2013 and the reports would be taken to Council on 6 March 2013.

The Deputy Leader of the Council invited views and comments from the Trade Union representatives.

Gillian Mitchell commented that the pressures which the Council was under were fully appreciated, however there would be a point where there would be nothing left to cut and she expressed concern that this would have a negative impact on the quality of services offered to schools. She highlighted that some schools were buying in services from other sources and this would affect income for the authority.

The Executive Director stated that although there had been a reduced requirement from schools in some areas of service, there had also been an increase in buy back from some schools. As part of the strategic approach, there had been success in re-engineering services to be more efficient without a loss in quality. The Head of Financial Services added that there was a lot of work going on with schools so that their needs and the market for services in the future was fully understood.

Helen Coomer expressed concern about the development of alternative service delivery models and that if services were placed outside of the Council now, should there be opportunities for reinvestment in the future, there would not be anything to build upon. The Chief Executive stated that unfortunately, the Council could not wait and hope for a change in external factors but would continue to discuss and negotiate how alternative service delivery would be implemented. The Council was committed to working in partnership with staff, trade unions and partners.

The SWITCH programme had been very successful in achieving savings for the Council over the last three years, however it was acknowledged that this model would not be able to deliver in the same way over the next three year period and new solutions would have to be developed. The Council would involve the trade unions in all discussions and accepted the points made about the communication of messages about this to staff.

Keith Ratcliffe noted that, from his experience in Children's Services, it was important to retain expertise within the city, as making savings in certain areas would result in more money being spent on services outside the authority. The Executive Director agreed that this was the case and that it was planned to make some investment into services which would achieve efficiencies and reduce out of city placements for looked after children. It was up to professionals and management to find the right balance for children and young people and for the Council.

The Deputy Leader thanked those present for their attendance and their comments which would be taken into consideration by the Cabinet. He stated that the Council was always glad to hear the views of the Trade Unions and noted the concerns which had been expressed. The Deputy Leader then closed the meeting.

Medium Term Financial Strategy 2012/2013 – 2015/2016

Report of the Executive Director of Commercial and Corporate Services

1. Purpose of the MTFS

- 1.1 The MTFS is a key part of the Council's Budget Policy framework which aims to ensure that significantly reduced resources are aligned to ensure that the residents of Sunderland are offered the best possible public services in future through the development of the Community Leadership approach which looks at opportunities to deliver services in new ways. The MTFS 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 dynamic changes in local government finance. The key objectives of the strategy are:

- Continued strong financial resilience of the authority
- To identify and draw together strands of activity that will meet the savings requirement
- Continue to facilitate investment in alternative forms of service delivery and key priorities.

This summary draws out the current financial position and underpinning strategies and actions being followed to address the budget challenge.

2. National Funding Position

2.1 Deficit Reduction Plan

The Government confirmed in the December 2012 Autumn Statement that it intends to continue to address the deficit by following its deficit reduction plan. The latest position shows overall reductions of 3.9% in 2013/2014 and 10.7% in 2014/2015 with public sector funding reductions envisaged until at least 2017/2018.

2.2 Local Government Resource Review

As part of the 2011/2012 settlement, the government confirmed there were to be changes to the local government finance system from 2013/14 arising from its Local Government Resource Review (LGRR). The key funding elements to support the Council revenue budget from 2013/14 comprise:

2.2.1 Start Up Funding

- Retained Business Rates – the Business Rates Retention system replaces formula grant funding from 2013/14. Key features are:
 - 50% of Business rates will form part of the national 'central' share retained by Central Government to be redistributed; 50% will be retained locally.
 - A safety net arrangement is included with the intention of protecting Authorities from significant falls in their Business Rates income which has been set at 92.5% of their base line funding limit.

- Revenue Support Grant - From 2013/14 a number of Core revenue grant funding allocations have been incorporated into the new Business Rates Retention system including Formula Grant, Early Years Intervention, Learning Disabilities, Council Tax Support and Preventing Homelessness.
- Top up Grant - 'Top up' councils such as Sunderland will have their allocations fixed but will be index linked to RPI each year.

2.2.2 Other Core Grant and Revenue Funding

The significant core and revenue grants which remain separate to Revenue Support Grant include New Homes Bonus, Social Fund Grant, Public Health Grant; NHS funding to support Social Care and Benefit Health Grant; Education Support Services Grant.

2.2.3 Council Tax

- From 2013/14 the government has also implemented the Localisation of Council Tax support which means those who might have benefited from the previous Council tax benefit support scheme may need to pay towards Council tax from April 2013.
- As part of the settlement government proposed that a two percent referendum principle will apply to all principal local authorities. This means any increase above this level will require a referendum to give the local electorate the opportunity to approve or veto the increase.

3.0 Local Funding Position

Government Funding

- 3.1 The overall position in terms of grant income changes for Sunderland are set out below

	2013/14	2014/15	2015/16	Total
	£m	£m	£m	£m
Government Funding Changes	13.9	16.6	16.7	47.2

Spending Pressures and Commitments

- 3.2 A summary of the financial implications of spending pressures and commitments is set out below

	2013/14 £m	2014/15 £m	2015/16 £m
Total Pay Price and other pressures	6.76	7.55	4.95
Welfare Reform	1.34	-0.27	0.02
Financing Charges	2.50	0.50	3.00
Replacement of prior year one off savings & end to end review savings	4.40	4.52	2.00
HHA demand pressures	5.37	1.59	2.69
Children's demand pressures	1.68	0.23	-
Waste Disposal	1.05	0.99	-
Total Pressures	23.10	15.11	12.66

The detail relating to spending pressures for 2013/14 are included in the Cabinet Report attached

3.3 Overall Local Position 2013/2014 to 2015/2016

The final Local Government Finance settlement for 2013/2014 confirmed a savings requirement of £37m for 2013/2014 and £29.4m for 2014/2015 and three year savings requirement for 2013/14 to 2015/16 is likely to be in the region of £98million. However, this position may change as the government provide further updated information as part of the next spending review.

The settlement covered the two year period 2013/14 and 2014/15 and estimates have been made for 2015/2016 based on high level data provided.

	2013/14 £m	2014/15 £m	2015/16 £m	Total £m
Government Funding Changes	13.9	16.6	16.7	47.2
Spending Pressures	23.1	15.1	12.7	50.9
Overall position / Funding Gap	37.0	31.7	29.4	98.1

4.0 Strategy for meeting the Funding Gap

4.1 As part of the Budget Planning Framework for 2013/2014 reported in October 2012, Cabinet agreed to progress the approach to meeting the funding gap for 2013/14 and the medium term by:

- Progressing the existing improvement programme of savings which aims to meet needs and achieve savings while protecting as far as possible frontline services and maximising non frontline savings. Throughout the programme Strategic and Shared Services are being refocused and reduced by an average 50%.
- Continuing to protect so far as possible front line services which are being reshaped and refocused to:
 - Ensure services are responsive to local needs
 - Protect core services particularly those most vulnerable
 - Target resources rather than universal service provision.

4.2 Proposed reductions are summarised in the following table together with an indication of plans for future years.

	2012/13 £'m	2013/14 £'m	2014/15 £'m
Corporate and Cross Cutting			
Strategic and Shared Services	7.49	7.19	0.53
People Based Commissioning Reviews		1.00	3.00
Voluntary and Community Sector Review		0.49	
Integration of Public Health		2.00	
Corporate Resources (ITA /NHB / corporate)	2.70	2.70	0.50
SWITCH Resource Repatriated		5.10	3.20
	10.19	18.48	7.23
Improvement Plans			
Place and Economy	4.78	5.12	0.41
People - Children's Services	2.14	3.76	1.25
People - Health Housing and Adult Services	8.68	5.12	2.45
	15.60	14.00	4.11
Use of One off savings			
Capitalisation of Highways and Repairs spend		1.00	1.00
Temporary Use of balances and/ or grant	2.27	3.52	1.00
	2.27	4.52	2.00
Total Ongoing Programmed Savings	28.06	37.00	13.34

4.3 The proposals reflect measures being implemented through the new improvement programme framework including through:

- CSN development and Demand Management - The objective of the programme is to manage demand and cut the cost of the supply chain and in doing so deliver high quality and consistent customer service, gathering valuable

customer intelligence to shape future delivery arrangement, meet need and improve outcomes. The programme will look for opportunities to:

- Migrate or deepen customer contact and assess and decide activity split between services that are currently delivered within the Customer Service Network and those which are, at present delivered within the host directorate – This involves enabling decision making at the earliest point in the customer interaction. It relies on all channels of access being managed consistently and via generic processes such as; making an appointment, assessing need / eligibility etc.
- Cut the cost of the supply chain – This involves removing all non-value adding activity from the customer journey by ensuring as much contact is resolved at the first contact with any interactions that require specialist support being issued directly to the service delivery agent without the need for re-work, re-checking, re-assessing etc. This involves removing where possible, any administrative layers and leveraging the use of mobile technologies. It also includes enhancing community and alternative provision so customers can be signposted away from the Council as appropriate.
- Enhancing e-enablement / automation – This includes improving web content, developing 'request it', 'report it', 'apply for it' type services and where appropriate, enabling customers to access personal data and transact via service systems directly i.e. Libraries system, Planning portal. This area of work will also include pursuing automated telephony options.
- Development of Alternative Service Delivery Models for services – continuing to look at the most effective and efficient models of provision for services over the short to medium term as the Council is clear that to ensure the residents of Sunderland are offered the best possible public services in future that the development of ASDMs draws together our public sector ethos with opportunities to deliver services in new ways, whilst putting elected members and customers (and their insight) at the centre of decision-making. All this has to be done within the continuing budget reductions which in the period 2009-15 will be in the region of £200m. To support the development of ASDM, a dedicated team of staff that are working with and supporting Directors and Heads of Service on the development of a programme pipeline including individual project areas to focus over the next 36 months. The team will bring excellence in transformation activity, project management and business planning together with the experience and expertise in other parts of the council to ensure all ASDM are supported to deliver sustainable, high quality services in the future.
- Strategic Services and Fixed Assets – further and continual review to meet the future needs of the Council and its communities, maximise use of assets and deliver significant savings.

The framework has led to a range of cross cutting projects which are being progressed through the Council's Improvement Programme to support the delivery of savings into the medium term including:

- Community development - to work within communities and the voluntary sector to help build resilient and sustainable communities that can also support the delivery of services in the future
- Customer Insight and Intelligence – to support greater understanding of demand and trend analysis alongside understanding community views and needs to form the basis of service transformation
- Website and Intranet Development – to refresh content and grow the demand for low cost, on-line facilities for advice, guidance and a range of transactional services such as making a payment
- Workforce Development – In order to ensure timely delivery of savings proposals a refreshed approach to workforce planning
- Integrated Commissioning – to enable a cross cutting approach to future commissioning of People and Place based services to ensure the council commission services that meets changing needs whilst reducing the overall cost of the function

5.0 Strategy for Maximising Income Levels

In addition to pursuing strategies to meet the budget requirement focus needs to be made on maximising income levels given the significant risks inherent in the new system of funding for local government.

5.1 Retained Business Rates

Business Rates and Local Council Tax Support Scheme

- 5.1.1 Under the new local government funding arrangements, the Government makes assumptions about the level of Business Rates which will be achieved and retained by a Local Authority in determining its Start Up Funding Assessment. However the Council must determine for itself the anticipated level of Business Rate Income collection. The Council, at it's meeting on 30th January, 2013, approved the Business Rate income forecast for 2013/14 and the amount to be retained by the Council is forecast to be £40.886m. This compares to a £40.414m government assessed level .
- 5.1.2 The Government will only fund losses on business rate collection after a certain level of loss has been incurred through the Safety Net mechanism. Based on our assumptions on business rate income collection, income retained by the Council could fall by up to £6.1m before the Government will provide 100% safety net funding. This means that business rates collected would have to fall by £12.4m circa 15% before the threshold is triggered and the Council receives any safety net funding.
- 5.1.3 An increased focus on monitoring and management of the various strands that impact on levels of income collection will require strong performance management in order to ensure that income levels are maximised . This will involve collaboration across the Council to gain intelligence about potential growth or reduction in the

business rate base, performance and trends in terms of collection as well as gaining external intelligence from the Valuation office and Gentoo. New processes and procedures are being introduced to ensure that the position can be understood and action taken as appropriate. A reserve will be established in 2013/2014 to reflect the uncertainty of income levels in this first year of the new system.

5.2 Other Core Grant and Revenue Funding

Grant funding will be considered in the context of overall funding position and additional responsibilities.

5.3 Council Tax Levels

The Council Tax Freeze grant for 2013/14 (and 2014/15) has only been offered to compensate those Authorities who decide not to increase their Council tax in 2013/14. As the funding is not of a permanent nature any use of the grant to support on going revenue expenditure will require alternative funding to be identified in the following years should the Council decide to access and accept the grant.

5.4 Fees and Charges

In 2013/14, the Council is budgeting for in excess of £54m from sales, fees and charges. Benchmarking studies have identified the Council to be in the highest quartile compared to single tier local authorities outside of London. In addition compared to other ANEC authorities, the Council generated the second highest level of sales, fees and charges income. A review of all fees and charges takes place on an annual basis to ensure that opportunities to maximise resources are followed through. Areas where comparative data suggests lower charges compared to others will continue to be reviewed to consider potential opportunities for increased or additional charges.

Opportunities for new charges continue to be actively pursued by Directors as part of the improvement planning process.

5.5 Other External Funding

The availability of external funding for public authorities to undertake economic regeneration has reduced significantly within the government's public expenditure framework. The government's emphasis is to involve the private sector directly in stimulating economic recovery, through mechanisms such as the Regional Growth Fund and the creation of Local Enterprise Partnership's which are being allocated additional resources such as through the Growing Places Fund. These avenues will continue to be pursued and factored into medium term planning assumptions.

5.6 Other Options for Future Funding

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, TIF, asset backed partnerships, European support
- Trading opportunities
- Alternatives to revenue funding

This will be used as a checklist for the Council and services to maximise opportunities for funding priority spending.

Some avenues are already being explored and will be proactively developed as part of improvement planning activity.

6.0 Community Budgets

6.1 Community Budgets were announced as part of the Spending Review 2010 and the first 16 Community Budgets were launched in April 2011. On 21st December 2011 14 Community Budget areas were announced, 4 Whole-Place and 10 Neighbourhood-Level Community Budget Pilots.

6.2 In December 2012 the LGA reported that in their view 'the work of the pilots indicates that community budgets offer a way of living within smaller budgets that will not only make savings and protect public services but make outcomes better'.

6.3 The Secretary of State for Communities and Local Government, the Minister for Health, and the Head of the Civil Service have stated publicly that they are persuaded that the pilots' proposals were worth pursuing and committed themselves to support a move to implement community budgets. In addition the Autumn Statement identified community budgets as an important factor in enabling the local public sector to live within its available funding.

6.4 The impact of Community budgets will be factored into plans as the initiative develops.

7.0 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 MTFs, 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 2013/14 to 2016/17 was set to take account of the reductions in available external funding and the increased pressure on the Council's resources.

- 7.3 A number of proposed capital schemes are currently being considered to ensure that the Council continues to achieve and promote economic regeneration and other key priorities. The borrowing strategy sets out parameters to ensure VFM considerations are safeguarded.

8.0 Reserves and Balances

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.

In establishing reserves, the Council must comply with the Code of Practice on Local Authority Accounting in the United Kingdom. The Executive Director of Commercial and Corporate Services is required, as part of the budget setting process, to provide a statement on the adequacy of reserves.

8.1 Reserves Policy

The Council's policy on reserves is as follows:

- The Council will maintain its general reserve at a minimum of £7m to cover any major unforeseen expenditure. The Council will aim to balance its revenue budget over the period of the MTFS without reliance on the use of the general reserve.
- The Council will maintain earmarked reserves for specific purposes which are consistent with achieving its key priorities. The use of earmarked reserves will be in line with the principles set out in the MTFS and reviewed annually.

All reserves are earmarked for specific purposes.

A general reserve of £7.6m is held to provide a level of contingency and meet any unforeseen expenditure and support the budget as planned as set out in Appendix F. A full analysis of reserves is included annually in the Statement of Accounts.

9.0 Budget Consultation and Equalities Impact

- 9.1 The annual budget consultation commenced during October / November 2012 comprising a survey and workshops. In summary, the findings demonstrate general support amongst respondents for the councils overall approach to making savings.
- 9.2 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. 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.

10.0 Risk Assessment

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 each year as part of the refresh of the MTFS. The key strategic financial risks to be considered in developing the MTFS are as set out at Annex 1.

11.0 Conclusion

- 11.1 The Government has announced funding levels for 2013/2014. Indicative funding levels for 2014/15 are £6m worse than previously anticipated. However if the reductions demonstrated in the 2014/15 indicative settlement feed through into 2015/2016 then at this stage the three year savings requirement for 2013/14 to 2015/16 is likely to be in the region of £98million. This is in addition to the £100m savings already achieved in the period 2010/11 to 2012/13.
- 11.2 The Government's intention to eliminate the public sector spending deficit by 2017/18 results in extremely challenging funding cuts for the Council.
- 11.3 The new local government funding arrangements from April 2013 under the Business Rates Retention Scheme and the Local Council Tax Support scheme also have the effect of transferring significant risk to the Council. The combined effect presents a real challenge to ensure delivery of priorities as set out in the Sunderland Strategy and to protect frontline services.
- 11.4 Government and regional support for capital investment will also be much tighter over the life of the MTFS. If the Council wants to continue to invest in capital projects to deliver priorities it will need to be even more self sufficient and raise income or reduce service costs to support borrowing. There will be an increased focus on use of alternative funding models to support priorities and future service provision.
- 11.5 A combination of spending pressures, funding cuts, increased risk transfer and the need to support capital investment means that difficult choices will need to be made to ensure that the Council's current sound financial position is sustainable.
- 11.6 In the short term, all funding options, including budget savings and council tax levels, will be considered to allow a balanced and sustainable budget to be considered by Council on 6 March 2013.

MTFS 2012/2013 to 2015/2016 Risk Assessment

Risk	Likelihood	Impact	Risk Management
1. Future available resources less than notified. For 2014/15 the settlement is indicative and no form information is available for 2015/16. This is likely to be impacted upon by the SR13	Likely	High	Annual review of reserves and reserves policy to identify future resources. Settlement confirms funding for 2013/14 and indicative information for 2014/15. Assumptions beyond 2014/15 based on best information available and will be updated regularly for government announcements.
2. Pay Awards and price inflation higher than assumed.	Possible	Low	Central contingency budget for pay and price increases set on the basis of the best available evidence.
3. Future spending plans underestimated.	Possible	Medium	Service planning process identifies future budget pressures. Operational Reviews modelling delivery linked to Council priorities.
4. Anticipated savings/efficiencies not achieved.	Possible	High	Regular monitoring and reporting take place but the size of the funding cuts increase the likelihood of this risk into the future. None achievement of savings would require compensating reductions in planned spending within services. Enhanced monitoring arrangements using project management and assurance resources will tighten further accountability and early intervention to mitigate the position. Principles to maintain General Reserve at £7.5m. Availability of Transitional Funding enables phasing of savings if appropriate.

Risk	Likelihood	Impact	Risk Management
5. Revenue implications of capital programmes not fully anticipated.	Unlikely	Low	Capital bid approval identifies revenue implications and links to Council priorities. Full analysis of revenue implications assessed and considered in scenario planning.
6. Income Targets for Business Rates and Council Tax not achieved	Possible	High	A prudent approach has been taken in setting the forecast income levels. The establishment of enhanced monitoring processes to identify any shortfall and remedial action will be taken. Provision exists to meet any shortfall in business rates business rate income above the safety net threshold.
7. Other Miscellaneous Income targets not achieved	Possible	Medium	Current economic climate likely to impact, mitigated by planned short term use of reserves. Regular monitoring and reporting and full review of fees and charges undertaken.
8. Budget monitoring not effective	Unlikely	High	Regular monitoring and reporting in line with corporate framework. Action plans developed to address problem areas.
9. Exit strategies for external funding ceasing/tapering not met.	Possible	Medium	Regular monitoring and reporting. Government policy to remove ring fencing provides greater flexibility. External Funding Strategy in place.
10. Loss of principal deposit.	Unlikely	Medium	Limited by the controls in the Treasury Management Strategy which focus on security of deposit rather than returns. Impact limited due to the strategy of a diverse portfolio and top rated institutions and greater use of low risk, government Debt Management Office.

Risk	Likelihood	Impact	Risk Management
11. Interest rates lower than expected.	Unlikely	Low	Regular review, monitoring and reporting on interest rates. Prudent assumptions on likely interest rates for 2012/13 onwards have been incorporated into the MTFS.
12. Changes to Government and/or policy.	Likely	High	Source alternative funding options including short term use of reserves. Pressures factored into MTFS.
13. All MTFS risks not adequately identified.	Unlikely	Low	Council's Risk Management Profile ensures all operational and strategic risks are identified as part of the annual service planning process.

STATEMENT OF GENERAL BALANCES

	£m
Balances as at 31st March 2012	7.570
Use of Balances 2012/2013	
- Contribution to Revenue Budget	(2.272)
Additions to Balances 2012/2013	
- Transfer from Strategic Investment Reserve to support transitional costs	2.272
Estimated Balances 31st March 2013	7.570
Use of Balances 2013/2014	
- Contribution to Revenue Budget	(2.572)
Additions to Balances 2013/2014	
- Transfer from Strategic Investment Reserve to support transitional costs	2.572
Estimated Balances 31st March 2014	7.570

General Balances – Financial Risk Analysis

Inflation

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

This is very unlikely to occur due to the realistic prudent provisions made:

- the Government has indicated a limit on public sector pay of a 1.0% pay increase from 2013/2014 onwards;
- The CPI at December 2012 was 2.7% and the inflation outlook (CPI) for 2013 is the government target of 2.0% will be reached in early 2013;
- Appropriate provision for price increases has been included in the budget including a prudent provision for increases in contract prices and additional provision for fees for independent providers of care services;
- expenditure in respect of most of the budget heads can be either influenced or controlled;
- separate provision has been made for fuel and utility costs, which have been subject to significant price variations over the last year. Council procurement officers are continuously monitoring price changes in order to take advantage of any purchasing opportunities that may arise.

Debt Charges

Risk is that Debt Charges will be greater than budgeted.

This is very unlikely to arise due to:

- a prudent provision has been made to enable potential borrowing under the prudential framework with some limited headroom for unplanned borrowing;
- the market consensus regarding the economic outlook for the year ahead is that base rates will remain at 0.5% throughout 2013/2014;
- a contingency exists for any additional new borrowing costing more than forecast.

Investment Interest

Risk is that income generated will not match budget provision.

This is unlikely to arise as the base budget has been adjusted and a prudent rate of return has been estimated and included in the budget, which reflects the investments made to date, the prevailing market conditions and the economic forecasts for the year ahead.

Contingencies

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

This is unlikely to occur due to:

- prudent estimates being included in respect of each category of contingency provision and specific contingencies have been created for all known spending pressures in 2013/2014;
- the total contingency provision is deemed sufficient in the context of the net revenue budget;

Risk Management

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

This is very unlikely to occur due to:

- existence of Bellwin Scheme;
- the Council has a corporate risk profile in place, which is regularly and formally reviewed, and action is taken to mitigate and manage risks;
- corporate and directorate risk management action plans are maintained;
- comprehensive self and external insurance arrangements are in place;
- adequate self insurance funds including both provisions and reserves;
- risk management practices have been subject to external assessment and found to be robust and highly rated.

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 Medium Term Financial Strategy process with regular updates during the year;
- benchmarking and networking with other senior finance staff in other authorities who are likely to identify similar liabilities;

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 compared to previous years, enhanced monitoring arrangements were established for 2011/2012 to deal with the increased risks associated with this to support the normal arrangements in place for financial management set out below including;

- monthly budget monitoring is in place in all Directorates;
- 6 weekly exception reporting to the Executive Management Team and 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 and carry forward of under / over spending to be used / met the following financial year;
- clear budget management responsibilities are in place and recorded within the Revenue Budget and Capital Programme.

- Arrangements are being further enhanced through integrated working with the Transformation Projects and Programme Support team and the Integrated Assurance Team.

Capital Programme Implications

Risk is that funding will not be available as planned or that over spending may occur.

This is unlikely to happen due to:

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

Reductions to the Revenue Budget

Risk is that planned reductions to the Revenue Budget will not occur or are unachievable.

This is unlikely to occur due to:

- the budgetary control processes that are in place will identify any shortfall and remedial action will be taken;
- contingencies exist to safeguard against the non - realisation of some of the efficiency reductions.

Income from Business Rates and Council Tax

Risk is that forecast levels of income from Business Rates and Council Tax are not achieved

This is unlikely to occur due to:

- a prudent approach taken in setting the forecast income levels;
- the establishment of enhanced monitoring processes to identify any shortfall and remedial action will be taken;
- provision exists to meet any shortfall in business rates business rate income above the safety net threshold.

Availability of Other Funds

Risk is that the Council could not call on any other funds to meet unforeseen liabilities.

This is very unlikely as the Council has a range of other funds which whilst earmarked are not wholly committed in 2013/2014.

Appendix H

Major Earmarked Reserves - Position Statement

Title and Purpose of Earmarked Reserve	Opening Balance 1/4/2012 £'000	Movement during 2012/2013 £'000	Closing Balance 31/3/2013 £'000
Strategic Investment Reserve A reserve established to address some of the Council's key developments, strategic priorities and address other major liabilities	68,578	(26,980)	41,598
Council Directorates - Delegated Budget Surpluses The Council has approved the operation of a delegated budget scheme in accordance with Financial Procedure Rules which provides specific flexibility in the management of Directorate Budgets, for instance by allowing the carry forward of delegated budget under spend from one financial year to the next. There is a balance held by Directorates at the end of each financial year.	5,410	(3,923)	1,487
Schools Delegated Budget Surpluses These are the financial reserves held by schools under the Local Management of Schools/Fair Funding arrangements.	10,641	(2,641)	8,000
Insurance Reserve This reserve has been established to provide for potential claims associated with the housing stock transfer, future claims increases, the Port and risk management funds. The Reserve is also intended to cover the excess element of any significant claims in relation to Fire Insurance and Official and Professional Indemnity liability claims should they arise in future	3,685	0	3,685
Street Lighting PFI Smoothing Reserve The reserve was established in order to smooth the financial impact of the Street Lighting PFI contract across the 25 years of the contract life. In the early years of the contract surpluses were achieved as the full level of unitary charge is not incurred until the core investment programme for the installation of the new street lighting and highways signs is completed.	6,682	(390)	6,292
Unutilised RCCO Reserve This reserve consists of unutilised direct revenue financing and is fully earmarked to fund capital projects previously approved.	3,176	(1,299)	1,877
Strategic Investment Plan Reserve A reserve to fund the Council's contribution to its Strategic Investment Plan approved by Council in April, 2008.	8,049	(1,073)	6,976



REVENUE BUDGET 2013/2014

SUNDERLAND CITY COUNCIL

REVENUE ESTIMATES 2013/2014

GENERAL SUMMARY

Original Estimate 2012/13 £	Revised Estimate 2012/13 £		Estimate 2013/14 £
7,301,798	7,456,185	Leader	7,432,226
5,428,714	5,015,667	Deputy Leader	4,434,096
8,576,869	8,272,875	Cabinet Secretary	7,877,593
53,961,606	54,723,130	Children's Services	65,032,838
69,368,836	70,441,230	Health, Housing and Adult Services	82,538,333
17,825,373	19,279,068	Public Health, Wellness and Culture	16,898,151
44,919,937	48,088,710	City Services	45,433,517
4,378,978	4,260,369	Responsive Services and Customer Care	4,146,146
10,486,000	12,367,569	Provision for Contingencies	6,254,018
10,596,000	9,611,754	Provision for Strategic Priorities	10,155,000
		Capital Financing Costs	
2,570,000	2,570,000	- Revenue Contributions to Capital Programme	2,570,000
22,596,000	22,596,000	- Debt Charges	25,096,000
(1,600,000)	(1,600,000)	- Interest on balances	(1,600,000)
(37,500)	(37,500)	- Interest on Airport long term loan notes	0
0	0	Transfer to Reserves	
(24,611,055)	(31,283,501)	- Safety Net Reserve	6,097,069
		Technical Adjustments: IAS19 and Reversal of Capital Charges	(30,095,194)
<u>231,761,556</u>	<u>231,761,556</u>		<u>252,269,793</u>
LEVIES			
17,777,529	17,777,529	Tyne and Wear Integrated Transport Authority	17,505,682
206,298	206,298	Environment Agency	197,427
63,357	63,357	North East Inshore Fisheries Conservation Authority	63,357
<u>18,047,184</u>	<u>18,047,184</u>		<u>17,766,466</u>
Less Grants			
(2,378,160)	(2,378,160)	Council Tax Freeze Grant 2012/2013	0
0	0	Council Tax Freeze Grant 2013/2014	(967,459)
0	0	New Homes Bonus	(1,703,819)
(157,000)	(157,000)	Lead Local Flood Authorities	(37,277)
(13,781)	(13,781)	Inshore Fisheries Conservation Authority New Burdens	(13,781)
<u>247,259,799</u>	<u>247,259,799</u>	TOTAL NET EXPENDITURE	<u>267,313,923</u>
(2,272,000)	(2,272,000)	Less: (Use of)/Addition to Balances	(2,572,000)
<u>244,987,799</u>	<u>244,987,799</u>		<u>264,741,923</u>
54,144	54,144	LOCAL BUDGET REQUIREMENT	
<u>245,041,943</u>	<u>245,041,943</u>	Hetton Town Council	<u>54,144</u>
		TOTAL BUDGET REQUIREMENT	<u>264,796,067</u>
Deduct Grants etc.			
2,817,915	2,817,915	Revenue Support Grant	112,757,039
145,367,560	145,367,560	National Non Domestic Rates/Retained Business Rates	40,885,578
0	0	Top up Grant	34,599,601
500,000	500,000	Collection Fund Surplus - Council Tax	500,000
<u>148,685,475</u>	<u>148,685,475</u>		<u>188,742,218</u>
<u>96,356,468</u>	<u>96,356,468</u>	LOCAL COUNCIL TAX REQUIREMENT INCLUDING PARISH PRECEPT	<u>76,053,849</u>
<u>96,302,324</u>	<u>96,302,324</u>	LOCAL COUNCIL TAX REQUIREMENT EXCLUDING PARISH PRECEPT	<u>76,012,920</u>

SUNDERLAND CITY COUNCIL

CONTINGENCIES 2013/2014

	£'000s
Pay and Cost Pressures	4,323
General Contingency	900
Improvement Programme Efficiencies	(2,169)
SWITCH Budget	3,200
Total Contingency	6,254

Provision for Strategic Priorities 2013/2014

Independent Care Services	882
Adoption and Guardianship Allowances	350
Waste Disposal - Provision for Strategic Solution and Preparatory Costs	4,492
Kerb It Vehicle Leasing	120
Inward Investments - International Strategy	50
Wellness Equipment	250
Port Dredging	220
Carbon Reduction	320
Winter Maintenance	800
Economic Downturn	1,327
Welfare Reform	1,344
Total Strategic Priorities	10,155

SUNDERLAND CITY COUNCIL
STATEMENT OF GENERAL BALANCES

Balances as at 31st March 2012	£m 7.570
Use of Balances 2012/2013	
- Contribution to Revenue Budget	(2.272)
Additions to Balances 2012/2013	
- Transfer from Strategic Investment Reserve to support transitional costs	2.272
Estimated Balances 31st March 2013	7.570
Use of Balances 2013/2014	
- Contribution to Revenue Budget	(2.572)
Additions to Balances 2013/2014	
- Transfer from Strategic Investment Reserve to support transitional costs	2.572
Estimated Balances 31st March 2014	7.570

REVENUE BUDGET 2013/2014 LEADER

ROLES AND RESPONSIBILITIES

The Leader Portfolio provides Executive Leadership to the council on all matters and particularly all major strategic, corporate and cross-cutting, reputational and commercially sensitive issues, and the Budget and Capital Programme. The Portfolio also provides community leadership for partners, residents and other interests in order to improve the quality of life and satisfaction in the city. The Portfolio is responsible in ensuring that the council's approach to economic, social and physical regeneration of the city is integrated, enabling and effective.

The Portfolio has specific responsibility for the following activities and functions:

- Strategic and policy overview
- Communications, Reputation and Influencing
- Strategic economic development and Inward Investment
- Strategic partnerships
- Sunderland Way of Working and strategic improvement programmes
- International Strategy and Programmes
- Regional and sub-regional governance
- Housing Strategy
- Environmental Policy
- Carbon Management
- Seafront Strategy

Theme: Place
Corporate Outcome: An attractive, modern city where people choose to invest, live, work and spend their leisure time.
Activity:
We will continue to adopt an ambitious, developer/investor friendly Core Strategy (Land Use Plan) that will guide high quality future physical development that is synonymous with a modern, vibrant, aspirational city.
We will work with partners to enable new housing developments and improvements to existing properties.
We will continue to pursue the regeneration of the Roker and Seaburn seafront. Key activity will include the commencement of the second phase of works to the promenade with a view to their completion during the summer. These works will improve the environment of the promenade and support new and existing businesses. In addition we will commence the phased restoration of Roker Pier and Lighthouse. This funding will support key infrastructure works, which will facilitate comprehensive redevelopment of Seaburn Ocean Park by a private sector developer. The project will include: <ul style="list-style-type: none"> ▪ Realignment of Lowry Road to improve access and increase capacity for development; and narrowing of the carriageway at Whitburn Road to the east of Ocean Park to deliver improved pedestrian public realm and a permanent new area of open space capable of hosting outdoor events ▪ Improvements to green infrastructure around Cut Throat Dene and feasibility work towards the implementation of a comprehensive approach to sustainable drainage of the site.
Through the Government's City Deal programme, we will seek to establish a new financial mechanism that will connect Sunderland's successful and growing manufacturing base to its city centre. This will involve an expansion of manufacturing in Sunderland, by bringing more land into productive use and will further incentivise development on the Vaux site, bringing jobs and prosperity to the city centre.
Theme: Economy
Corporate Outcome: A new kind of university city.
Activity
We will continue to market the Software Centre as an innovation and technology hub for the city, attracting inward investment and encouraging business start-ups. We will use the Software Centre to promote the technology sector, with its range of different career opportunities (including non-technical jobs such as marketing, finance, administration) to young people.
We will continue to work with the University of Sunderland to support its leadership role in developing the local economy. In particular we will place a focus on business growth in those sectors that present the greatest opportunity for growth including: automotive and advanced manufacturing, offshore renewables, sub-sea engineering and software. We will also continue to develop international links that promote the greatest economic, educational and cultural benefit.
We will work with the University of Sunderland and other business support organisations to implement the City Enterprise and Innovation Strategy. This promotes practical ways for businesses to collaborate and develop in the city. It also contributes to a wider skills strategy through a focus on the low carbon sector and its higher-level skills needs.

**REVENUE BUDGET 2013/2014
LEADER**

Corporate Outcome: A national hub of the low carbon economy.
Activity:
We will support the low carbon sector and the automotive/electric vehicle supply chain by delivering the North Eastern Local Enterprise Partnership's (NELEP) Low Carbon Enterprise Zone on the A19 corridor. This will support ultra low carbon vehicle development, the automotive supply chain and advanced engineering. We will also contribute to the NELEP aim of becoming Europe's premier location for low carbon, sustainable, knowledge based private sector growth and jobs.
We will deliver the Washington business incubator as part of your commitment to developing a 'Low Carbon Technopole Hub' where research and development facilities, education and knowledge development come together in single place.
We will focus activity on completing a feasibility and master plan study in relation to Council-owned land within the Enterprise Zone Site 3 to determine infrastructure requirements, costs and delivery timescales. Work will also be undertaken to identify potential off-site highway improvements required to deliver the objectives of the overall Sunderland Enterprise Zone. The results of these work streams will inform future funding strategies and the level of Council resources potentially required.
Corporate Outcome: A prosperous and well connected waterfront city centre.
Activity:
We will continue to develop our plans for a modern, vibrant city centre by focusing on key 'investment corridors' within which we will promote developments of appropriate scale with high quality building design and associated public realm works.
We will commence the delivery of advanced infrastructure and public realm improvements associated with the redevelopment of the Vaux site. Works to be undertaken will include improvements to St. Mary's Way/Livingstone Road designed to: accommodate additional traffic arising from the future redevelopment of Vaux; improve the connections between Vaux and the rest of the city; and create a new pedestrian link from the city centre to the site. These infrastructure works are necessary to meet the needs and aspirations of both potential developers and the city as whole.
We will continue to invest in the city centre and will be reviewing how the city centre's different physical assets, new and existing, can be best organised and connected. This will ensure the university's city campus is fully integrated into the city centre. We will develop innovative approaches which drive private sector investment and support fast-track regeneration and investment in city centre projects.
We will promote the city nationally and internationally as a place to invest through a new inward investment campaign. We will provide a seamless service for investors and developers through our integrated approach to regeneration and business investment.
Corporate Outcome: An inclusive city economy for all ages.
Activity:
We will provide governance and support to the Economic Leadership Board and Economic Masterplan Aim Groups.
We will build on our success of getting people into work by implementing the Employment Strategy for the city. The strategy sets the direction for our efforts to attract employment opportunities to the city, across a wide range of employment sectors and for all skills levels. Having more employment opportunities and at all levels will help address poverty and worklessness in the city and make our communities more resilient.
We will complete and commence implementation of a skills strategy to ensure that we have people with the right type of skills in the city to meet the requirements of the city's economy and the regional labour market in the future. The skills strategy will establish processes and interventions that, when delivered, will:
<ol style="list-style-type: none"> 1. Provide residents with the skills required to support growth and development of our industries 2. Include a focus on science, technology, engineering and maths (STEM) subjects in the city's learning institutions 3. Develop a curriculum that gives people the skills to make themselves employable, then supports them as they move on to higher-paid work 4. Promote career opportunities through introductions to the world of work and greater employer involvement in learning courses 5. Support all young people to be able to access further or higher education, employment or training.
Organisational Transformation
Through Sunderland Partnership Arrangements we will continue to co-ordinate services to meet the objectives of the Sunderland Strategy by bringing together local plans, partnerships and initiatives to allow effective joint working to meet local need.
We will support the completion of the Sunderland Strategy Refresh to provide a planning and performance management framework for the Sunderland Partnership.
We will ensure the delivery of efficiency savings through an effective and efficient Transformation Agenda, Performance Management and service delivery including strong relationships with key stakeholders.

**REVENUE BUDGET 2013/2014
LEADER**

We will continue the delivery and expansion of the Community Leadership Programme, including the increased use of customer insight and intelligence to ensure elected members are at the centre of decision making.
We will change the nature of core services and the role of the council in a city where there will be a range of delivery models with a public service ethos and values.
We will continue the development and refinement of the Strategy, Policy and Performance Management service to meet future requirements and redesign processes using ICT to deliver efficiencies.
We will ensure that the Communications and Corporate Affairs efficiency targets are delivered in line with the planned reductions arising through the review of Strategic and Support Services, including developing further opportunities to reduce print costs following the successful implementation of the Design and Print review.

FINANCIAL

OBJECTIVE SUMMARY

Ref.	Head of Service Ref.	Original Estimate 2012/2013 £	Revised Estimate 2012/2013 £		Estimate 2013/2014 £
Office of the Chief Executive					
1	ACE	0	0	Corporate and Strategic Management	0
2	ACE	0	0	Local Strategic Partnership	0
3	BID	2,229,588	2,187,759	Business and Investment	2,347,080
4	BID	18,810	42,060	Employment Training Centres	16,267
5	DoCA&C	0	0	Corporate Affairs and Communications	0
6	DoCA&C	0	0	Communications - Design and Print	0
7	HoC&CM	0	0	Business Development	0
8	HoCLP	0	0	Community Leadership Programme	0
9	HoS&AA	1,004,259	962,181	Scrutiny and Area Arrangements	974,584
10	HoS&P	0	0	Strategy, Policy and Performance Management	0
		3,252,657	3,192,000	Total Office of the Chief Executive	3,337,931
Executive Director of Commercial and Corporate Services					
11	HoLG	4,049,141	4,264,185	Democratic Core	4,094,295
12	HoT	0	0	Transformation, Programmes and Project Service	0
		4,049,141	4,264,185	Total Executive Director of Commercial and Corporate Services	4,094,295
		7,301,798	7,456,185	TOTAL BUDGET	7,432,226

IMPROVEMENT AND EFFICIENCY

The Portfolio continues to build on the efficiencies generated in recent years in the area of support services reviews as part of the Review of Strategic and Support Services.

In 2013/2014 £0.930m savings are anticipated with plans being implemented in respect of Support and Shared Services. Further reconfiguration of support services continues to be carried out to meet the future requirements of the council. This includes continuing to refine and implement standardised ways of delivering support services by redesigning processes and using ICT to maximise efficiencies in areas such as Corporate Affairs and Communications, Strategy Policy and Performance Management and Transformation Programmes. Savings are masked by the impact of recharging the net costs of these support services to service areas.

A key focus of the Portfolio is the delivery of the priorities set out in the Sunderland Economic Master Plan (launched October 2010) which establishes the vision of creating "an entrepreneurial university city at the heart of a low-carbon economy".

REVENUE BUDGET 2013/2014 LEADER

The Portfolio plays an important role on the board of the North Eastern Local Enterprise Partnership (NELEP) covering Durham County, Northumberland and the five Tyne and Wear authority districts. Local Enterprise Partnerships (LEPs) are intended to bring together businesses and local authorities in order to set the strategy and vision of economic growth in an area. The NELEP has set out a vision for the LEP area to become Europe's premier location for low carbon, sustainable, knowledge-based private sector growth and jobs.

The NELEP, supported by Sunderland Council as host Authority is currently developing and delivering a number of major programmes which include; Enterprise Zone to develop low carbon industries and covers a number of sites close to the A19/A1231 within Sunderland, Growing Places Fund (£25m) which aims to provide loan support to assist with stalled capital projects in the region and a Strategic Infrastructure Fund financed by the Government's Regional Growth Fund (£30m).

PORTFOLIO GLOSSARY

ACE	Assistant Chief Executive
BID	Business Investment Director
DoCA&C	Director of Corporate Affairs and Communications
HoC&CM	Head of Commissioning and Change Management
HoCLP	Head of Community Leadership Programmes
HoLG	Head of Law and Governance
HoS&AA	Head of Scrutiny and Area Arrangements
HoS&P	Head of Strategy and Performance
HoT	Head of Transformation

REVENUE BUDGET 2013/2014 DEPUTY LEADER

ROLES AND RESPONSIBILITIES

The Deputy Leader deputises for the Leader and has lead responsibility for matters relating to the 'Place' theme within the council's outcome framework with specific strategic leadership responsibility for the following Portfolios:

- City Services
- Responsive Services and Customer Care

The Deputy Leader Portfolio has overall responsibility for the efficient, coordinated management and use of the council's human and ICT resources.

The Portfolio has specific responsibility for the following activities and functions:

- Corporate human resource matters
- Corporate apprenticeships
- Corporate ICT matters
- E-government Champion, Digital Challenge and e-inclusion
- Law and Governance services
- Transactional shared services
- Elections
- Equality and diversity
- Scrutiny liaison

Theme: Place
Corporate Outcome: A well connected city.
Activity:
We will continue to boost the economy and introduce innovative new technologies through a partnership with IBM to create the 'Sunderland Cloud' computing environment to provide a low cost, accessible and secure city network, with pay-as-you-go access to business software and processes. This will benefit homes and businesses and also enable the council to communicate more effectively with customers.
We will continue to develop our understanding of the views, needs and priorities of service users in order to achieve the successful channel shift of customer contacts to digital channels and service transformation – particularly for transactional services.
Ensure delivery of efficiencies in ICT, including the delivery of a cloud computing environment and maximising the development of the Moorside data centre facility. Also, ensure the roll out of the virtual Corporate Desktop, initiatives such as Bring Your Own Device computing models and the availability of super-fast broadband across the city.
Corporate Outcome: A prosperous and well connected waterfront city.
Activity:
We will review arrangements to maximise Council Tax and Business rates collection, through monitoring fraud and taking appropriate recovery action. Recovery procedures will be adopted to mitigate any negative impact of welfare reform and the localised Council Tax Support Scheme.
We will develop arrangements for forecasting and monitoring income from Business rates and Council Tax in the light of the new Business Rates Retention Scheme and Local Council Tax benefit changes.
We will put in place arrangements for the localisation of the social fund to deliver a fair and equitable scheme to residents of Sunderland.
Organisational Transformation
We will continue implementation of the council's strategic direction in respect of equalities and diversity and further embed equalities considerations in the council's corporate planning and decision making processes.
We will ensure delivery of efficiencies in Human Resource and Organisation Development.
We will ensure efficient and effective management of the Corporate Complaints System.
We will ensure efficient and effective delivery of Legal Services.
We will ensure that efficiency targets are delivered in respect of the Shared Service Centre, Administration and PA Support and Transactional Services.
We will explore the commercial potential of the Human Resources and Organisational Development Service (including Occupational Health and Health and Safety) by offering services to a wider range of customer and adopting different delivery approaches in parallel with the implementation of Manager Self Service within the council.

**REVENUE BUDGET 2013/2014
DEPUTY LEADER**

FINANCIAL

OBJECTIVE SUMMARY

Ref.	Head of Service Ref.	Original Estimate 2012/2013 £	Revised Estimate 2012/2013 £		Estimate 2013/2014 £
Office of the Chief Executive					
1	ACE	317,446	282,758	Equalities and Integration	236,808
2	DoHR&OD	0	0	Strategic and Operational HR	0
3	HoES	656,214	849,590	Electoral Services	662,219
		973,660	1,132,348	Total Office of the Chief Executive	899,027
Executive Director of Commercial and Corporate Services					
4	HoICT	0	0	ICT	0
5	HoLG	0	0	Governance Services	0
6	HoLG	70,325	63,162	Information Governance	59,581
7	HoLG	0	0	Legal Services	0
8	HoTS	0	0	Administration and PA Support	0
9	HoTS	678,355	358,944	Benefits Administration	276,644
10	HoTS	1,303,765	1,294,061	Benefits Payments	1,358,511
11	HoTS	2,402,609	2,167,152	Council Tax and Business Rates	1,840,333
12	HoTS	0	0	Shared Service Centre	0
13	HoTS	0	0	Transactional Finance	0
14	HoTS	0	0	Welfare Reform - Social Fund	0
		4,455,054	3,883,319	Total Executive Director of Commercial and Corporate Services	3,535,069
		5,428,714	5,015,667	TOTAL BUDGET	4,434,096

IMPROVEMENT AND EFFICIENCY

The Portfolio continues to build on the efficiencies generated in recent years in the area of support services reviews as part of the Transformation Agenda.

In 2013/2014 £3.806m savings are anticipated with plans being implemented in respect of Support and Shared Services. Further reconfiguration of support services continues to be carried out to meet the future requirements of the council. This also includes continuing to refine and implement standardised ways of delivering support services by redesigning processes and using ICT to maximise efficiencies in areas such as Strategic and Operational HR, Legal and Governance Services, Administration and PA Support and Transactional Services. Savings are masked by the impact of recharging the net costs of these support services to service areas.

The Portfolio will continue to build on the work already carried out to deliver a cloud computing environment and maximise the development of the Moorside data centre facility. The roll out of the virtual Corporate Desktop, initiatives such as Bring Your Own Device computing models and the availability of super-fast broadband across the city will deliver greater flexibility to employees, providing increased support for the delivery of front line services and smarter working. The Portfolio will also focus on improving the transactional capabilities of the council's Internet site supporting both efficiencies in service delivery and improved access to services for citizens.

The Portfolio will continue to put in place arrangements to reflect changes arising from Welfare reform, including the new Business Rates retention scheme and administration of the social fund. Measures that seek to mitigate against the significant adverse impacts anticipated across the city and changes to internal administration and support arrangements will also be progressed.

REVENUE BUDGET 2013/2014
DEPUTY LEADER

PORTFOLIO GLOSSARY

ACE	Assistant Chief Executive
DoHR&OD	Director of HR and OD
HoES	Head of Electoral Services
HoICT	Head of ICT
HoLG	Head of Law and Governance
HoTS	Head of Transactional Services

REVENUE BUDGET 2013/2014

REVENUE BUDGET 2013/2014 CABINET SECRETARY

ROLES AND RESPONSIBILITIES

The Cabinet Secretary provides support and assistance to the Leader with responsibility for all matters relating to the 'People' theme within the council's outcomes framework and has specific strategic leadership responsibility for the following Portfolios:

- Children's Services
- Health, Housing and Adult Services
- Public Health, Wellness and Culture

The Cabinet Secretary Portfolio has overall responsibility for the efficient, coordinated management and use of all of the council's financial resources and assets.

The Portfolio has specific responsibility for the following activities and functions:

- Budgetary and financial affairs
- Strategic management of council land, buildings
- Port of Sunderland
- Strategic Procurement Champion
- Efficiency Champion
- Risk Management Champion
- Performance management
- Emergency Planning
- Strategic cultural developments

Theme: Economy
Corporate Outcome: A national hub of the low carbon economy.
Activity:
We will promote the Port as a key North Sea base to support the offshore renewable energy generation and sub-sea engineering support sectors.
Corporate Outcome: A prosperous and well connected waterfront city centre.
Activity:
We will continue to pursue the redevelopment of the Sunnyside Eastern Sector. Key activities will include the demolition of Liverpool House (subject to Conservation Area consent), landscaping of the cleared site and the creation of a temporary parking area. The Homes and Communities Agency's proposed property acquisitions programme (subject to funding) will seek to assemble a package of sites for housing led regeneration of this area (including some commercial/retail development).
We will progress the development of two retail/commercial sites on High Street West overlooking the proposed new public square, with a view to the first retail scheme being completed in early 2015/2016. Key activities will include disposal of the plots to the developer, securing planning permission and undertaking utility diversions. Works will also start to re-align St Mary's Way/Livingstone Road, upon which one of the development schemes depends.
We will continue to explore wider commercial opportunities for the council, including progressing with the procurement of a strategic investment partner to form a joint venture with the council for a local asset backed vehicle. The Portfolio will also continue to assist in developing opportunities for alternative service delivery across council services.
We will continue to review and seek further improvements to the arrangements for local business to complete for Council contracts.
We will provide financial advice to all major regeneration and development projects
We will maximise access to external and innovative funding opportunities for the City
We will continue to ensure the financial position of the council through proactive response to the implications of the Comprehensive Spending Review 2013, Welfare Reform, Schools and Academies funding changes
Theme: People
Corporate Outcome: A well connected city
Activity:
We will continue to pursue the re-development of the above ground element of Sunderland Railway Station to enhance its appearance as a main gateway into the city. This will be undertaken in partnership with Nexus and Network Rail, with a view to works commencing during 2015/2016. Key activity during 2013/2014 will include site investigation works and the procurement of the construction work.
Organisational Transformation
We will continue to review the council's operational property portfolio (both administrative and front-line) and rationalise the number of properties required to support strategic development opportunities and efficient service delivery.

REVENUE BUDGET 2013/2014
CABINET SECRETARY

We will deliver a number of planned improvements and efficiencies resulting in either additional income or reduction to budgets, including increased income arising from the Government driven increase in planning application fees, restructure of Planning and Property Services arising from take up of the severance offer, a review of rental income received from the property portfolio, and improved income arrangements in relation to Cash in Transit and Control Room.
We will secure the most appropriate provider to deliver goods and services whilst securing value for money and maximising local social and economic outcomes.
We will support the organisation / managers in identifying, assessing and managing risks through an integrated assurance framework whilst also identifying opportunities to deliver further efficiencies.
We will continue to provide efficient and effective financial advice to the Council, its improvement programme and commercial activities. We will support the development and implementation of improvement framework plans to assist the council in achieving its savings targets over the medium term
We will continue the review of Financial Management services to ensure the service meets the future needs of the Council and deliver savings through continued process review and reengineering including maximising the use of ICT, and identification of income earning opportunities to reduce the cost of service
We will continue the development and implementation of Alternative Service Delivery Models in line with the improvement framework principles
We will implement appropriate financial frameworks to manage the newly transferred Public Health funding, and the increased risks to Council Business Rate and Council Tax income arising from the implementation of the Business Rates Retention Scheme, and Local Council Tax Support Scheme.

FINANCIAL

OBJECTIVE SUMMARY

Ref.	Head of Service Ref.	Original Estimate 2012/2013 £	Revised Estimate 2012/2013 £		Estimate 2013/2014 £
Office of the Chief Executive					
1	HoS&P	891,440	569,099	Strategy, Policy and Performance Management – Planning Policy	528,398
2	HP&P	0	0	Asset Management	0
3	HP&P	277,558	243,563	Building Control	258,697
4	HP&P	253,521	283,084	Civil Contingencies	214,400
5	HP&P	613,998	432,323	Development Control	350,423
6	HP&P	(626,979)	(485,027)	Industrial Estates	(392,701)
7	HP&P	(201,881)	(323,742)	Miscellaneous Land and Property	(316,550)
8	HP&P	2,368,104	2,379,748	Planning Implementation	2,342,648
9	HP&P	0	0	Repairs and Renewals	0
10	HP&P	(195,088)	(197,567)	Retail Market	(195,462)
11	HP&P	178,518	197,209	Security Services	175,489
12	PD	0	0	Port of Sunderland	(250,000)
		3,559,191	3,098,690	Total Office of the Chief Executive	2,715,342
Executive Director of Commercial and Corporate Services					
13	HCAP	0	0	Audit, Risk and Assurance	0
14	HCAP	0	0	Procurement	0
15	HoFR	0	0	Financial Resources	0
16	HoFR	318,687	213,856	Strategic External Funding Unit	179,376
17	DoC&CS	4,249,998	4,542,796	Corporate Management	4,399,008
18	DoC&CS	448,993	417,533	Non Distributable Costs	583,867
		5,017,678	5,174,185	Total Executive Director of Commercial and Corporate Services	5,162,251
		8,576,869	8,272,875	TOTAL BUDGET	7,877,593

**REVENUE BUDGET 2013/2014
CABINET SECRETARY**

IMPROVEMENT AND EFFICIENCY

The Portfolio continues to build on the efficiencies generated in recent years in the area of support services reviews as part of the Business Improvement Programme.

In 2013/2014 £1.328m savings are anticipated with plans being implemented in respect of the following key strands of business;

Strategic and Shared Services

Further reconfiguration of support services to meet the future requirements of the council. This also involves continuing to refine and implement new standardised ways of delivering support services by redesigning processes and using ICT to maximise efficiencies in areas such as Financial Management, Strategy, Policy and Performance Management, Audit, Risk and Assurance and Procurement. Savings are masked by the impact of recharging the net costs of these support services to service users.

Property Rationalisation and Smarter Working

The review of smarter working has already identified savings in premises costs (utilities, repairs and renewals etc.) through the planned closure of administrative buildings. This programme will continue as well as the review focussing on delivering savings from operational buildings together with opportunities for collaborative service working and co-location.

Planning and Property Services have identified a number of initiatives aimed at increasing income and reducing costs including in relation to additional income from nationally-set planning fees, income delivered by the Control Room, Cash in Transit and Property Services as well as through rent reviews of the council's property portfolio.

In addition to the specific efficiencies being progressed, a key plan for the Portfolio is the further commercial development of the Port of Sunderland. The improvement in financial performance in 2011/2012 and 2012/13 is anticipated to continue in 2013/2014. In doing so the Port will develop and invest in its estate as necessary to meet the needs of its business and to take advantage of future commercial opportunities and, therefore, contribute to the economic prosperity of the city through job creation.

The Portfolio continues to explore wider commercial opportunities for the council that will assist with the economic regeneration and prosperity of the city including progressing with the procurement of a strategic investment partner to form a joint venture with the council for a local asset backed vehicle. This will leverage additional private sector finance and expertise to accelerate regeneration in the city. The Portfolio will also continue to assist in developing opportunities for alternative service delivery across council services.

The Government have implemented a number of significant changes to Local Government funding which are effective from April 2013. This includes

- Implementation of the Business Rate Retention scheme
- Implementation of a Local Council Tax Support Scheme
- Schools and Academy funding reform
- Welfare Reform including transfer of former Social Fund responsibilities from Department of Work and Pensions to Local Authorities
- Transfer of funding in relation to Public Health responsibilities.

These changes bring within them significant additional risks for local authorities from a budgeting and medium term planning perspective either in terms of ensuring income levels are sustained and improved upon, or as potential demand pressures which need to be managed.

While the Local Government Finance Settlement provides indicative funding levels to 2014/2015, funding into the medium term remains very uncertain. The Council is proactively seeking to understand, influence and plan for the impacts of the Governments Comprehensive Spending Review 2013, and further Welfare Reform changes. In addition the impact of Global and national economies are continually being monitored. The medium term financial strategy will be continually updated as detailed implications emerge and plans are developed.

REVENUE BUDGET 2013/2014
CABINET SECRETARY

PORTFOLIO GLOSSARY

DoC&CS	Executive Director of Commercial and Corporate Services
HCAP	Head of Corporate Assurance and Procurement
HoFR	Head of Financial Resources
HoS&P	Head of Strategy and Performance
HP&P	Head of Planning and Property
PD	Port Director

REVENUE BUDGET 2013/2014 CHILDREN'S SERVICES

ROLES AND RESPONSIBILITIES

The Children's Services Portfolio provides leadership to improve the life chances of children and young people in the city. The Portfolio is responsible for leading the city's response to education, skills and training issues and opportunities in order to promote economic and social regeneration.

The Portfolio has specific responsibility for the following activities and functions:

- Children's Trust
- Corporate Parenting
- Protecting children, young people and families from harm
- Safeguarding and securing the well being of children, young people and families
- Promoting good health and health awareness in children and young people
- Reduction of child and family poverty
- School renewal and improvement programmes
- Developing the potential of children and young people through education, training, personal development and preparation for working life
- Promoting the development of skills and capacity which will enable children, young people and families to support and benefit from the city's continuing economic development.

Theme: People
Corporate Outcome: A city where everyone is as healthy as they can be and enjoys a good standard of wellbeing.
Activity:
We will continue the ongoing programme of training delivery for C-Card, Sexual Health / Risk and Resilience and You're Welcome to support the reduction of teenage conception rates on a yearly basis.
We will review arrangements for childhood obesity intervention programmes to support the reduction of childhood obesity rates.
Corporate Outcome: A city with high levels of skills, educational attainment and participation.
Activity:
We will secure education or training for 16-18 year olds in the city and support them to take this up.
We will continue to provide up to date and relevant lifelong learning opportunities in the city that reflect the local economy and how it is developing so that local people can keep their skills and knowledge current and remain highly employable.
We will implement in 2013/2014 and 2014/2015 the extension of the 2 year old offer of 15 hours free nursery education to a greater number of 2 year old children who meet criteria for deprivation.
We will continue to assist the Education Leadership Board to develop an education strategy for the city and will promote school to school partnerships to ensure robust school improvement strategies.
Corporate Outcome: A city which is, and feels, even more safe and secure.
Activity:
We will re-commission youth contracts and in addition to embed 8-12 years olds youth provision and extended holiday activities provision through revised commissioning arrangements.
We will re-negotiate contract extensions for children's centres.
Corporate Outcome: A city that ensures people are able to look after themselves wherever possible.
Activity:
We will implement the Children Looked after Strategy including: <ol style="list-style-type: none"> 1. Ongoing Investment to increase foster care recruitment 2. Reduction in use of Independent Foster Agency Placements due to increased in-house provision through the ongoing investment in foster care 3. Development of four Leaving Care Flats attached to two Children's Homes to extend range of after care provision and free up Children's Homes' beds to reduce reliance on external residential placements 4. Development of alternative specialised children's home to reduce number of distant placements 5. Review of Children's Home provision, including relocation of one home, to better meet the needs of Sunderland's looked after population.
We will review commissioning arrangements for Safeguarding and Services for Looked after Children to improve the effectiveness and efficiency of Sunderland's provision for looked after children by implementing the Looked After Children Placement/Commissioning Strategy.
We will undertake a review of the Safeguarding service including a further review of structures and revised management arrangements following previous restructure and workforce planning changes which were implemented during 2012. Flexibilities to be achieved through the improved stability of the Social Care workforce. Targeting intervention at an early stage leading to improved outcomes for children and families and a reduction in some levels of demand. However, this will be kept under close review particularly in terms of possible impact on welfare reform.

REVENUE BUDGET 2013/2014
CHILDREN'S SERVICES

Organisational Transformation
We will review Home to School Transport which will focus on reviewing the current policies for providing both statutory and non statutory home to school transport.

**REVENUE BUDGET 2013/2014
CHILDREN'S SERVICES**

FINANCIAL

OBJECTIVE SUMMARY

Ref.	Head of Service Ref.	Original Estimate 2012/2013 £	Revised Estimate 2012/2013 £		Estimate 2013/2014 £
Office of the Chief Executive					
1	ACE	0	0	Strengthening Families	0
		0	0	Total Office of the Chief Executive	0
Executive Director of Children's Services					
Schools and Learning					
2	HoSL	178,699,663	206,406,570	Individual Schools and Academies Budgets	204,697,590
3	HoSL	5,346,187	6,452,925	Retained Activity - Schools and Other	5,526,697
4	HoSL	(171,787,811)	(200,203,330)	School Grants - Education Funding Agency	(203,030,483)
5	HoSL	2,723,226	2,561,654	Special Educational Needs and Resource Provision	2,577,486
6	HoSL	2,423,868	2,411,640	Pupil Referral Unit	1,856,276
7	HoSL	865,414	1,527,197	School Support and Intervention	1,106,236
8	HoSL	220,744	295,036	Virtual School	273,299
9	HoSL	465,554	514,453	Derwent Hill Trading Operations	395,583
10	HoSL	173,654	191,568	Safeguarding Advisory Team	36,324
		19,130,499	20,157,713	Total Schools and Learning	13,439,008
Safeguarding					
11	HoS	9,675,892	8,980,938	Children's Social Work	8,038,331
12	HoS	13,665,829	14,627,245	Looked After and Disabled Children	14,964,898
13	HoS	618,398	586,439	Independent Reviews	574,003
14	HoS	2,171,161	2,633,269	External Placements	3,928,442
15	HoS	262,354	261,586	Material and Financial Assistance	259,322
16	HoS	168,805	165,716	Sunderland Safeguarding Children's Board	160,580
17	HoS	1,769,039	1,577,017	Youth Offending Service	1,666,752
		28,331,478	28,832,210	Total Safeguarding	29,592,328
18	HIL	(363,200)	(396,938)	Health and Wellbeing	(153,722)
Early Intervention and Locality Services					
19	HoEI&LS	2,082,915	1,135,282	Locality Based Working	17,220,424
20	HoEI&LS	82,220	86,180	Parent Partnership	84,023
		2,165,135	1,221,462	Total Early Intervention and Locality Services	17,304,447
Commissioning and Change					
21	HoC&C	704,688	902,305	Strategic Management	863,916
22	HoC&C	549,024	499,867	Commissioning	557,311
23	HoC&C	1,889,948	1,946,165	Special Education Needs Transport	1,832,035
24	HoC&C	1,312,141	1,310,211	Business Relationship and Governance	1,374,028
25	HoC&C	241,893	250,135	Hub Connexions - Trading Operations	223,487
		4,697,694	4,908,683	Total Commissioning and Change	4,850,777
		53,961,606	54,723,130	Total Executive Director of Children's Services	65,032,838
		53,961,606	54,723,130	TOTAL BUDGET	65,032,838

REVENUE BUDGET 2013/2014 CHILDREN'S SERVICES

IMPROVEMENT AND EFFICIENCY

Children's Services have developed a four year programme to respond to reductions in funding and deliver significant efficiencies. In previous years savings were front loaded to reflect the significant reduction to grant funding and establish the new structures required to support the directorate in future years. This has been achieved by a combination of service reviews, directorate budget reductions and specific grant reduction efficiencies. In 2013/2014 a further £4.042m efficiencies are planned as part of the third year of the four year programme.

The proposals for 2013/2014 are consistent with Children's Services three year priorities around; development of a new relationship with schools, further development of early intervention and locality based services, Strengthening Families and a whole community responsive local services approach; and an improving safeguarding story. Plans continue to be implemented in respect of the following key strands of business;

Safeguarding

A significant challenge is to ensure that all of the council's Looked after Children are provided for in placements which are right for the individual child and which are cost effective. The council has invested significantly over the past three years in foster care recruitment. This is now paying dividends through the gradual reduction in the number of children in Independent Fostering Agency placements. In addition, we continue to review our Children's Home provision to develop appropriate places in Sunderland to meet the needs of most young people, whilst acknowledging that some children will always need to be placed out of the area.

The Looked after Children Strategy is to develop four Leaving Care Flats attached to two Children's Homes to provide support to help move towards independent living, freeing up Children's Home places to reduce reliance on external residential placements. This means that a 17 year old in a children's home can move to an onsite supported flat, gaining the life skills required for independent living when they turn 18. In addition, the strategy is seeking to improve Children's Home options to better meet the needs of some of our more challenging looked after young people who are currently placed in out of authority placements.

The review of Safeguarding structures is linked to the review of management arrangements that was implemented in 2012 and flexibilities afforded through the improved stability of the Social Care Work workforce.

Review of Children's Services Structures

The review which achieved significant savings in the previous two years will also deliver further savings in 2013/2014 and is part of our strategy to minimise the impact of reductions on frontline services.

Review of Home to School Transport

A number of options are being considered in respect of both statutory and non statutory provision of home to school transport which will be subject to appropriate consultation.

Variations between 2012/2013 and 2013/2014 reflect the transfer of some specific grant funding streams into Revenue Support Grant e.g. Early Years Intervention grant

PORTFOLIO GLOSSARY

ACE	Assistant Chief Executive
HoC&C	Head of Commissioning and Change Management
HIL	Health Improvement Lead
HoEI&LS	Head of Early Intervention and Locality Services
HoS	Head of Safeguarding
HoSL	Head of Schools and Learning

REVENUE BUDGET 2013/2014 HEALTH, HOUSING AND ADULT SERVICES

ROLES AND RESPONSIBILITIES

The Health, Housing and Adult Services Portfolio provides leadership and support for the council and its partners in securing the social and health care of all adults. The Portfolio also provides leadership in ensuring that the council's strategic and statutory roles in relation to housing are met and deliver the homes that meet the current and future needs of the city.

The Portfolio has specific responsibility for the following activities and functions:

- Adult social care services
- Strategic partnership with the health community of Sunderland
- Mental health commissioning
- Supporting people including people with disabilities
- Supporting carers
- Promotion of Decent Homes and good housing standards in private sector housing
- Specialist housing support services and provision
- Housing renewal
- Strategic relationships with Registered Social Landlords and private sector housing providers
- Homelessness and Housing Advice.

Theme: People
Corporate Outcome: A city where everyone is as healthy as they can be and enjoys a good standard of wellbeing.
Activity:
We will implement the Council's contribution to the Clinical Commissioning Group's (CCG) main priorities, ensuring that they improve the health outcomes we want for Sunderland residents and that the city benefits from an effective, integrated approach to health and social care.
We will further develop Telehealth as an option for the management of long term condition in conjunction with our health partners.
We will expand the Reablement at Home Service and develop the single point of access to provide a greater focus on prevention, reablement, recovery and supporting people to live at home.
Engagement in the City Strategic Needs Assessment and the development of a Health and Wellbeing Strategy that drives intelligent commissioning, community resilience and partnership working.
Improved joint working between community health and social care services encouraging innovative delivery models.
Engagement via current and emerging programmes to develop seamless health and social care pathways.
Work to improve health outcomes for excluded groups such as Travellers and the settled community – including improving access to primary care and appropriate accommodation options.
Corporate Outcome: A city that ensures people are able to look after themselves wherever possible.
Activity:
Improve care support and daily living solutions to support people at home or in supported accommodation through the development of personalised services including, smarter working landlords, commissioned care providers, better support for carers and tailored accommodation solutions such as extra care.
We will safeguard our vulnerable adult residents, applying the principles of personalisation (empowerment, autonomy and independence). We will also work with our partners through the Sunderland Safeguarding Adults Board and Sunderland Safeguarding Children's Board to promote excellent practice in safeguarding and ensure learning is shared and prevention is maximised at the same time as developing our approach for an alternative service delivery models.
We will work with local communities, voluntary groups and partners, such as GPs, to make sure people know about the support outside the Council that's available to them and their families, and improve information, advice and signposting about this support.
We will work with private and voluntary sector providers to make sure a greater range of more flexible solutions to better meet people's needs is available across the city. This includes a greater number of Personal Assistants but also people benefiting from day and training opportunities.
Consider the transformation of Care and Support Services into an alternative delivery model in line with the Sunderland Way Of Working.
Ensure that all people have the information and advice needed to make care and support decisions which work for them, regardless of who is paying for that care.
Further develop Telehealth as an option for the management of long term conditions in conjunction with health partners.

REVENUE BUDGET 2013/2014
HEALTH, HOUSING AND ADULT SERVICES

Theme: Place
Corporate Outcome: An attractive, modern city where people choose to invest, live, work and spend their leisure time.
Activity:
We will continue our extra care housing programme for people over 55 with care and support needs, with a further five schemes progressing on site. The largest extra care scheme in the city is already being developed over three phases at Ford Estate. Further schemes due to start on site include the Old Orphanage in Hendon; Roker; Southwick and Doxford Park. Key activity will include site clearance; construction work and full completion of a number of schemes within this timeframe. These schemes will provide an additional 440 extra care properties offering a choice of accommodation to rent or buy.
We will continue the Empty Homes Cluster project in partnership with the Homes and Communities Agency to ultimately refurbish and bring back into use 65 vacant residential properties in the Hendon, Millfield, Sunderland North and Sulgrave areas. Key activity will include the identification of potential properties, liaison with property owners and the identification of necessary works for each property and the undertaking of those works. 65 families/tenants will also be identified mainly through the Access to Housing Team or the University and re-housed in the newly refurbished properties.
We will develop the Access to Housing service to provide better access to the advice, guidance and support people need to reduce their risk of homelessness in the short- and long-term and to help identify accommodation solutions where this is needed.
Organisational Transformation
Develop a 'workforce' that is strategically commissioned, skilled and trained to deliver new roles and responsibilities for the whole sector supported by a network of "champions", including volunteers and professionals.
Develop universal services and social care services so that all people have the information and advice needed to make decisions which work for them.
Develop comprehensive outcome based commissioning intentions through robust needs assessment, market development and management including new models of service to meet outcomes such as social enterprises.
Develop the skills and experience of our workforce to promote person centred outcome focused approaches.

FINANCIAL

OBJECTIVE SUMMARY

Ref.	Head of Service Ref.	Original Estimate 2012/2013 £	Revised Estimate 2012/2013 £		Estimate 2013/2014 £
Office of the Chief Executive					
1	HP&P	930,463	754,675	Housing Renewal	582,020
		930,463	754,675	Total Office of the Chief Executive	582,020
Executive Director of Health, Housing and Adults					
2	HOC&S	18,814,015	24,523,650	Care and Support	25,229,255
3	HOP	39,639,560	39,575,463	Personalisation	51,354,397
4	HOSC	486,519	486,519	Strategic Commissioning	486,519
5	HOSH	954,897	1,182,898	Access to Housing	1,116,858
6	HOSH	8,432,422	3,830,299	Housing Related Support	3,680,306
7	HOSH	110,960	87,726	Housing Strategy	88,978
		68,438,373	69,686,555	Total Executive Director of Health, Housing and Adults	81,956,313
		69,368,836	70,441,230	TOTAL BUDGET	82,538,333

REVENUE BUDGET 2013/2014
HEALTH, HOUSING AND ADULT SERVICES

IMPROVEMENT AND EFFICIENCY

2013/2014 will see a continuation of modernisation and improvement plans previously identified with an emphasis on increasing choice and control, supporting independent living, ensuring equal access to services, delivering overall improvement to people's health and well being and the development of alternative service delivery options. Continued investment within these plans will help deliver value for money and ensure efficiency savings are realised.

The need to ensure appropriate care and support across a range of care needs in addition to demographic changes continues to place pressure on Adult Social Services budgets. In addition, client expectations and increasing demand to support clients with complex needs, to maintain independence and to invest in reconfigured services all require additional investment, with additional provision included within the 2013/2014 budget.

Savings were achieved in 2012/2013 through following the portfolio's efficiency strategy with further efficiencies of £3.636m anticipated in 2013/2014. Plans are being implemented in respect of the following key strands of business;

Future Models of Care and Support

Review of existing Care and Support services for Adult Social Care with a view to developing alternative models of care to meet customer need. The review will look to provide more community based activity and will look to maximise the usage of existing building based facilities.

Expansion of Reablement on new customers

The on-going development of the Adult Social Care Re-ablement services to ensure more people maintain their independence within their own homes. Expansion of this service will reduce reliance upon, and cost of on-going services such as home care and ultimately prevent admissions to residential and nursing care. This will be achieved through the provision of initial intensive support and rehabilitation services for people.

Further Implementation of Personalisation

The implementation of personalisation will allow individuals to have choice and control in respect of the care and support they receive to meet their assessed need and prevent admissions to residential and nursing care. The council's strategy centres around this principle.

Managing the Provider Market and Demand Management in Social Care.

This review will continue to work with the Adult Social Care provider market and partners to develop cost effective solutions to meet people's care and support needs. This will include reaching agreements with the independent provider market and other partners for services for all client groups that incentivises quality but contain costs.

Voluntary Community Sector

Savings will be achieved through reviewing commissioning arrangements with the voluntary sector on a strategic basis.

Variations between 2012/2013 and 2013/2014 reflect the transfer of some specific grant funding streams into Revenue Support Grant e.g. Learning Disabilities grant (£14m)

PORTFOLIO GLOSSARY

HOC&S	Head of Care and Support
HOSC	Head of Strategic Commissioning
HOP	Head of Personalisation
HOSH	Head of Strategic Housing
HP&P	Head of Planning and Property

REVENUE BUDGET 2013/2014

REVENUE BUDGET 2013/2014
PUBLIC HEALTH, WELLNESS AND CULTURE

ROLES AND RESPONSIBILITIES

The Public Health, Wellness and Culture Portfolio leads partners to achieve improvements in public health, health awareness and wellness in the city. The Portfolio has responsibility to develop and promote the cultural strategy and initiatives.

The Portfolio has specific responsibility for the following activities and functions:

- Promotion of Public Health and Wellness
- Effective transition of public health responsibilities to the City Council
- Transformational approach to the achievement of improved health and wellbeing outcomes
- WHO EuroHealthy City Network
- Health awareness
- Healthy lifestyles
- Healthy environment
- Sports and Wellness initiatives and facilities
- Tourism, Resorts and Events

Theme: People
Corporate Outcome: A city where everyone is as healthy as they can be and enjoys a good standard of wellbeing.
Activity:
We will assess current service provision aligned to customer need and use the findings to develop proposals that facilitate, support and enable other potential providers to get involved in improved service delivery in 2013/2014 and beyond.
We will integrate Public Health arrangements as part of their transference to the council.
We will pursue the development of a sport and leisure facility to be constructed on council land adjacent the existing Washington Leisure Centre, including procuring a contractor to design and build the centre with a view to construction being completed during 2015/2016.
We will improve our understanding of sports development, play and wellness provision in the city in order to fully understand what is available, where any gaps in provision exist and work with partners to address these gaps.
We will further engage with partners (including the voluntary and community sectors) to continue to deliver a legacy programme which builds upon the 2012 Olympic and Paralympic games to engage and inspire all residents to increase their participation levels in sport and physical activity.
Theme: Place
Corporate Outcome: A city where cultural identity and vibrancy act as a significant attraction.
Activity:
We will encourage partner/developer led investment at Stadium Village in line with the Stadium Village Development Framework.
We will continue to develop cultural and heritage activities in the city and to celebrate the city's unique heritage, to maximise the benefits for the city and its residents. This will include the 2012 Legacy, the development of a new leisure facility in Washington, and community and local heritage activity.
We will provide easier access to the library services people want and need, where they are.
Our new Events Company will use Sunderland's unique offer to develop the city as an events destination. Using our resources (people, physical assets, marketing resources and experience) we will keep visitor numbers to the city growing and support high quality events.
Organisational Transformation
We will continue the on-going integrated review of Libraries, Heritage (including museums), Arts, Sport, Leisure and Wellness services to respond to a changing environment
We will establish a new Events company which will operate on a more commercial basis and deliver a reduction in council support.

REVENUE BUDGET 2013/2014
PUBLIC HEALTH, WELLNESS AND CULTURE

FINANCIAL

OBJECTIVE SUMMARY

Ref.	Head of Service Ref.	Original Estimate 2012/2013 £	Revised Estimate 2012/2013 £		Estimate 2013/2014 £
Office of the Chief Executive					
1	HCLP	756,969	824,500	Events	732,618
2	DoCA&C	354,289	205,480	Tourism	148,198
		1,111,258	1,029,980	Total Office of the Chief Executive	880,816
Executive Director of Health, Housing and Adults					
3	HCS	817,568	790,076	Arts and Creative Development	699,589
4	HCS	1,019,324	1,259,431	Community Sports and Physical Activity Development	1,089,435
5	HCS	0	0	Culture and Tourism Support	0
6	HCS	87,018	87,003	Grants to Community Projects and Miscellaneous Contributions	68,115
7	HCS	226,917	208,971	Heritage (including Fulwell Mill)	185,705
8	HCS	4,692,477	4,645,057	Libraries	3,982,473
9	HCS	1,402,536	1,684,607	Museums and Archives Service	1,566,547
10	HCS	602,726	615,406	Resorts	493,525
11	HCS	6,620,280	7,712,518	Sport and Leisure Facilities	6,677,091
12	HCS	1,245,269	1,246,019	Theatre	1,254,855
13	HOPH	0	0	Public Health	0
		16,714,115	18,249,088	Total Executive Director of Health, Housing and Adults	16,017,335
		17,825,373	19,279,068	TOTAL BUDGET	16,898,151

IMPROVEMENT AND EFFICIENCY

The Portfolio continues to review services in order to deliver savings and also to provide services in the most effective way possible. In 2013/2014 £4.353m savings are anticipated with plans being implemented in respect of the following key strands of business;

Libraries, Heritage, Arts, Sport, Leisure and Wellness services

The review of libraries will support education and learning in the city, enhance resources within communities for reading, learning and giving access to information, target underachieving young people and families to encourage reading and learning, reduce the focus on lending books and focus on outcomes to be achieved, and contribute to community resilience.

Sport and Leisure

A commercial model is being developed to ensure the level of subsidisation for services reduces, through a combination of increasing income, reducing costs and maximising demand.

Heritage and Museums

New arrangements will have a much greater involvement for the Council in leading the delivery of the museums service. These arrangements will include the opportunity for extended working with other partners, so that they can contribute their expertise to what will be a more effective, integrated service.

Events

Through establishing a new Events Company, appropriate partnership arrangements will be entered into which will generate additional income by attracting sponsorship for key events, extend opportunities for hospitality at key events and potentially introducing new events where charges will be levied and a commercial return realised.

REVENUE BUDGET 2013/2014
PUBLIC HEALTH, WELLNESS AND CULTURE

Public Health

Efficiency savings will be achieved through the integration of public health arrangements. The proposed savings are based on unallocated spending within the current budget and also the saving on overheads when the service transfers from the Primary Care Trust to the council.

Other savings proposals

This will include a focus on developing a relationship with schools and other organisations whereby they commission sports and wellness related services, reviewing operations at F Pit and Fulwell Mill and looking at the potential from invest to save funds to enhance income streams.

PORTFOLIO GLOSSARY

DoCA&C	Director of Corporate Affairs and Communications
HCS	Head of Community Services
HCLP	Head of Community Leadership Programmes
HOPH	Head of Public Health

REVENUE BUDGET 2013/2014

REVENUE BUDGET 2013/2014 CITY SERVICES

ROLES AND RESPONSIBILITIES

The City Services Portfolio has responsibility for ensuring that the council and its partners succeed in making the city attractive and accessible for all. The Portfolio provides leadership for the council and its partners to ensure that the local environment is well managed and meets customer expectations.

The Portfolio has specific responsibility for the following activities and functions:

- Management of place
- Neighbourhood environmental services and street scene
- Highways, traffic and transportation
- Highways maintenance
- Strategic transport
- Parking and road safety
- Facilities management
- Registrars, cemeteries and crematoria
- Play Provision and urban games
- Grounds and building maintenance
- Waste Management including strategy, refuse collection and recycling
- Coastal Protection
- Seafront management
- Licensing, licensing regulation and Controlled Drinking Zones
- Trading Standards
- Public and environmental health

Theme: Place
Corporate Outcome: A responsible, well looked after city that is adaptable to change.
Activity:
We will implement the Responsive Local Services delivery model across a wider scope of services.
We will implement our phase II Responsive Local Services (RLS) project resulting in new combined RLS and Parks management and operational structures.
The council has successfully bid for £4.722m of government support to retain weekly refuse collection arrangements and, as well as delivering planned reductions, over the next five years the council will ensure sustainability by procuring 10 low emission refuse collection vehicles to replace half of the current aged fleet, deliver a replacement programme for 25,000 refuse wheelie bins, enhance community engagement and incentives to increase participation in recycling collections and the development of an interactive site for residents to 'self serve' information and advice.
We will review refuse and recycling collection services to make the workload more sustainable and reduce costs through new ways of flexible working which will result in less disruption to service following bank holidays.
We will review, develop and deliver a resident communications and education programme to encourage more recycling, reduce landfill and improve the local environment through reducing surplus rubbish presentation and fly tipping.
We will commence the new strategic waste contract in early 2014, delivered by SITA, which will comprise a new waste transfer station at Jack Crawford House for household residual waste to be transferred to a new Energy From Waste plant at Teesside which will recover energy and divert 95% of waste previously sent to landfill.
Corporate Outcome: A well connected city.
Activity:
We will review our highways maintenance arrangements and reprioritise our highways maintenance budget accordingly.
We will support the delivery of the Economic Masterplan by designing and securing funding for critical transportation infrastructure through greater influence with the Integrated Transport Authority, Local Enterprise Partnership and central government.
We will continue work on the New Wear Crossing to: <ol style="list-style-type: none"> 1. Improve links between the A19, Sunderland City Centre and Port, and the city's Southern Radial Route 2. Help reduce traffic congestion 3. Connect major development sites to generate new investment and jobs.
We will continue to develop our approach to get people and goods in, out and around Sunderland more efficiently, safely and sustainably (focusing on the city's road network); maximising all modes of transport to contribute to improved economic prosperity.

REVENUE BUDGET 2013/2014
CITY SERVICES

Organisational Transformation
We will develop and where possible deliver a Streetscene Transformation Programme focused on service improvement and cost reduction.
Through the review of Transport and Fleet Management, we will continue with the delivery of savings through better utilisation of vehicles, removing vehicles in line with changes in service in the council, more efficient hire and maintenance arrangements and alternative service delivery of the fleet stores function.
We will ensure delivery of savings following the successful bid to retain weekly waste collection arrangements.
We will manage demand for bulky item collections and wheelie bin replacement in line with neighbouring authorities in order to reduce the cost of waste disposal, staff and vehicles and to generate income.
We will re-examine requirements for Regulatory Services and deliver associated savings targets.
We will deliver a review of operating arrangements in Highways and Transportation and Network Management to maximise income earning opportunities, better prioritise activity and evaluate alternative service delivery models.
We will undertake a review of the Car Parking service to ensure a minimum breakeven operating budget.
We will deliver other planned reductions in the Streetscene service, including in relation to Registrars, Coroner service, Commissioning and Change and Household Waste recycling.
We will implement a revised charging structure within Bereavement services in relation to internment and cost recovery in respect of mercury abatement to comply with new legislation.

**REVENUE BUDGET 2013/2014
CITY SERVICES**

FINANCIAL

OBJECTIVE SUMMARY

Ref.	Head of Service Ref.	Original Estimate 2012/2013 £	Revised Estimate 2012/2013 £		Estimate 2013/2014 £
Office of the Chief Executive					
1	HCCM	0	0	Commissioning and Change Management	0
2	HP&P	(51,732)	(92,106)	Building Services	(220,176)
3	HSS	(384,465)	(383,486)	Bereavement	(646,746)
4	HSS	0	0	Contract and Compliance	0
5	HSS	699,976	698,589	Coroner's Court	667,039
6	HSS	0	0	Depots	0
7	HSS	0	0	Fleet	0
8	HSS	8,330,741	8,169,506	Highways and Transportation	7,252,626
9	HSS	5,112,809	6,232,301	Street Lighting	6,000,914
10	HSS	3,298,663	3,287,707	Network and Traffic Management	3,377,250
11	HSS	646,344	832,659	Parking Services	700,305
12	HSS	1,415,252	1,596,185	Public Protection and Regulatory Services	1,528,160
13	HSS	273,024	325,084	Registrars	278,534
14	HSS	11,516,764	11,620,327	Responsive Local Services	11,243,563
15	HSS	6,684,040	7,361,830	Waste Collection and Recycling	6,955,314
16	HSS	7,467,442	8,278,865	Waste Disposal	8,246,559
		45,008,858	47,927,461	Total Office of the Chief Executive	45,383,342
Executive Director of Commercial and Corporate Services					
17	HCAP	0	0	Building Cleaning	0
18	HCAP	57,195	98,452	Civic Catering	49,609
19	HCAP	0	0	Civic Centre Management	0
20	HCAP	0	0	Facilities Management	0
21	HCAP	282,638	280,723	Public Conveniences	270,803
22	HCAP	(428,754)	(217,926)	School Meals	(270,237)
		(88,921)	161,249	Total Executive Director of Commercial and Corporate Services	50,175
		44,919,937	48,088,710	TOTAL BUDGET	45,433,517

IMPROVEMENT AND EFFICIENCY

2013/2014 will see a continuation of modernisation and improvement plans previously developed, with further savings of £3.678m planned. Plans are being implemented in respect of the following key strands of business;

Under the overarching banner of the Streetscene Transformation Programme develop and where possible deliver a range of service improvement and cost reduction initiatives including:

Transport and Fleet Management Review

Savings are being realised through better utilisation of vehicles, removing vehicles in line with changes in service in the council, more efficient hire and maintenance arrangements and alternative service delivery of the fleet stores function.

REVENUE BUDGET 2013/2014

CITY SERVICES

Waste Collection (weekly collection and demand management)

Savings will be achieved following the successful bid for government funding to retain weekly waste collection arrangements. In addition, measures are proposed to manage customer demand in respect of bulky items collection and wheelie bin replacements. Savings will be achieved through reduced waste disposal costs, fee income and lower staff and vehicle costs.

Review of Highways and Network Management (including maintenance)

Savings will be achieved by maximising income earning opportunities, better prioritising activity with a focus on fee earning activity, and the evaluation of Alternative Service Delivery models. Additional savings will be delivered from the highways maintenance programme through developing more streamlined processes to carry out repairs, and utilisation of more cost effective materials and techniques.

Cost Recovery from Bereavement Services

A review of Bereavement Services charges has identified efficiency savings in relation to the simplification of burial charges and an increase in crematorium charges to offset the cost of installing and operating mercury abatement technology installed to meet new legislative requirements. This is in line with all regional councils.

Improve Car Parking Income

Consideration of opportunities to increase car parking income through, for example, the introduction of car park permit schemes for business in the city centre and increasing patronage of car parks.

Responsive Local Services (RLS) and Parks Phase II

Savings will be achieved following the integration of the Parks and Play Maintenance functions into Responsive Local Services and a further reduction in overtime.

Other Streetscene Reviews, including Regulatory Services

A review of regulatory activities is ongoing and the shape of services is currently being re-examined in light of the new corporate structure. A number of other reviews are being delivered in Street Scene including in relation to a restructure of the Commissioning and Change Management function, better procurement of Pathology and Laboratory Services for the Coroners Service, a restructure of the Registrars Service and the introduction of a permit system for vans and trailers using the household waste recycling site to reduce incidents of illegal use of the site by traders.

Building Cleaning, Civic Catering, Facilities Management, Public Conveniences

Significant savings have been secured in these areas over the past two years, and further reviews are ongoing in relation to securing further efficiencies including exploring alternative models of delivery.

School Meals

The successful consortium arrangements between primary, special and nursery schools continues to ensure a high quality school meals service is provided at low cost. The Council will work closely with the Consortium to address issues arising from changes to school funding and potential implications of the introduction of the Universal Credit on free school meals and meal uptake.

PORTFOLIO GLOSSARY

HCAP	Head of Corporate Assurance and Procurement
HCCM	Head of Commissioning and Change Management
HP&P	Head of Planning and Property
HSS	Head of Street Scene

REVENUE BUDGET 2013/2014 RESPONSIVE SERVICES AND CUSTOMER CARE

ROLES AND RESPONSIBILITIES

The Responsive Services and Customer Care Portfolio champions improvement in the responsiveness of services to local needs and customer feedback. The Portfolio provides leadership for the continuing development of area arrangements as a principal means of improving the relevance of services to local communities and circumstances. The Portfolio has responsibility for championing the continuing improvement of customer care policy and practice. The Portfolio is also responsible for developing the community's capacity to engage in the shaping, delivery and review of services and provides leadership for the council and its partners in order to make a safer city.

The Portfolio has specific responsibility for the following activities and functions:

- Responsive Local Service Area Committees
- Area Committees, Partnerships and Area Boards
- Local Area Plans
- Area Budgets including the Community Chest
- Customer care policy and practice
- Contact Centre and Customer Services Network including Customer Services Centres
- Community development
- Adult and community learning
- Section 17 responsibilities
- Safer Sunderland Partnership
- Anti-social behaviour
- Drugs awareness, prevention and treatment
- Local multi-Agency Problem Solving Groups (LMAPS)
- Community Resilience

Theme: People
Corporate Outcome: A city where everyone is as healthy as they can be and enjoys a good standard of wellbeing.
Activity:
Introduction of newly commissioned youth contracts signposting of organisations to alternative funding sources.
As part of the Public Health responsibilities transferring to the council on 1 April 2013 we will ensure that commissioned drug and alcohol services for adults continue to reduce drug and alcohol use, improve physical and psychological health, improve social functioning and reduce offending and criminal activity; as part of recovery pathways which help people achieve sustained recovery and community integration.
Corporate Outcome: A city which is, and feels, even more safe and secure.
Activity:
We will continue to implement the Safer Sunderland Partnership's delivery plan: tackling alcohol, drugs, domestic violence, violent crime, anti-social behaviour, safety and feelings of safety and re-offending.
Building on the strengths of our communities and developing our Strengthening Families approach we will support people out of offending through a focus on accommodation, employment and training and substance misuse.
Theme: Place
Corporate Outcome: A responsible, well looked after city that is adaptable to change.
Activity:
We will extend our Responsive Local Services by establishing Family Services local delivery teams before extending across an even wider range of services in 2014/2015.
We will further engage with partners to enable increased opportunities for all residents to take part in community development activities.
Organisational Transformation
We will become more customer centric, manage the customer relationship and reduce costs through the customer journey.
We will review and amalgamate the Children's Services Commissioning & Family, Adult and Community Learning (FACL) Teams to produce efficiencies. This will involve a restructuring and downsizing of the service.

**REVENUE BUDGET 2013/2014
RESPONSIVE SERVICES AND CUSTOMER CARE**

FINANCIAL

OBJECTIVE SUMMARY

Ref.	Head of Service Ref.	Original Estimate 2012/2013 £	Revised Estimate 2012/2013 £		Estimate 2013/2014 £
Office of the Chief Executive					
1	HoCSD	0	0	Customer Service Network	0
2	HoS&AA	1,587,781	1,454,762	Area Arrangements (includes Community Development)	1,340,789
3	HoS&AA	1,676,666	1,676,666	Strategic Initiative Budget / Community Chest Grant	1,676,666
4	HoS&P	404,393	373,200	Safer Communities	347,411
		3,668,840	3,504,628	Total Office of the Chief Executive	3,364,866
Executive Director of Commercial and Corporate Services					
5	HCAP	139,123	195,019	Area Facilities	196,841
		139,123	195,019	Total Executive Director of Commercial and Corporate Services	196,841
Executive Director of Children's Services					
6	HoSL	39,247	22,675	Family Adult and Community Learning	8,449
		39,247	22,675	Total Executive Director of Children's Services	8,449
Executive Director of Health, Housing and Adults					
7	HOP	201,045	170,946	Drug Awareness, Prevention and Treatment	161,133
8	HOSH	330,723	367,101	Anti Social Behaviour	414,857
		531,768	538,047	Total Executive Director of Health, Housing and Adults	575,990
		4,378,978	4,260,369	TOTAL BUDGET	4,146,146

IMPROVEMENT AND EFFICIENCY

The Portfolio continues to review its services with efficiencies anticipated through a review of voluntary community sector funding.

The Portfolio continues to build upon the customer service improvements and efficiencies generated in recent years in the area of end to end service reviews as part of the Transformation Agenda.

The future operating model for customer service consists of the radical and systematic transformation of the customer experience, displacing demand wherever appropriate and resolving the remaining demand at the earliest opportunity and the lowest cost to the Council to provide truly consistent, responsive and high quality services.

A detailed work programme has been developed for 2013/2014, consisting of all customer-facing services where opportunities exist for migrating contact to the Customer Service Network or deepening the customer offering to enable decision making at the earliest point in the interaction. This will involve cutting the cost of the supply chain by removing all non-value adding activity from the customer journey. The portfolio will continue to focus upon developing greater e-enablement and automation supporting both improved access to services and efficiencies in service delivery. The portfolio will also concentrate on gathering valuable customer intelligence to inform future delivery arrangements and to ensure need is being met and outcomes are being improved.

A review of the Children's Services Commissioning and Family, Adult and Community Learning (FACL) functions will involve restructuring of the amalgamated service and downsizing but with no impact on front line service delivery.

The Portfolio continues to embed as a way of working the Area Committees and Boards roles in influencing the design, delivery, review and commissioning of public services at a local level. Critical to this is the ongoing development of the communities' capacity to engage in the shaping, delivery, review and provision of public services through these newly introduced area arrangements.

REVENUE BUDGET 2013/2014
RESPONSIVE SERVICES AND CUSTOMER CARE

PORTFOLIO GLOSSARY

HCAP	Head of Corporate Assurance and Procurement
HoCSD	Head of Customer Service Development
HoS&AA	Head of Scrutiny and Area Arrangements
HoS&P	Head of Strategy and Performance
HOSH	Head of Strategic Housing
HoSL	Head of Schools and Learning
HOP	Head of Personalisation

REVENUE BUDGET 2013/2014
RESPONSIVE SERVICES AND CUSTOMER CARE

Reports

COUNCIL

6 MARCH 2013

APPOINTMENTS TO COMMITTEES AND OUTSIDE BODIES - ESTABLISHMENT OF A LOCAL AUTHORITY OWNED PARENT COMPANY IN RESPECT OF CARE AND SUPPORT SUNDERLAND LIMITED

Report of the Executive Director of Commercial and Corporate Services

1.0 Introduction

- 1.1** The purpose of this report is to consider appointments to the Board of Directors of a new parent Company to Care and Support Sunderland Limited.

2.0 New Corporate Structure to Care and Support Sunderland Limited

- 2.1** At its meeting on 13 February, Cabinet agreed to the establishment of a new corporate structure for Care and Support Sunderland Limited, (CSSL), a company set up in 2011 to deliver care and support to adults with learning disabilities, autism and complex needs in a number of care establishments within the City. The proposed structure includes the creation of a new parent company with which the Council will contract for the delivery of such services and which will in turn subcontract the delivery of services to CSSL as its subsidiary.
- 2.2** The Board of Directors of the new parent Company is to consist of three elected members.
- 2.3** Council is therefore invited to consider appointing three Members to the Board of Directors of the new parent Company.

4.0 Recommendations:

- 4.1** The Council is accordingly recommended to consider appointing three Members to the Board of Directors of the new parent Company.

