

SCRUTINY CO-ORDINATING COMMITTEE

AGENDA

Meeting to be held in the Civic Centre (Committee Room No. 1) on Thursday, 13th February, 2020 at 5.30 p.m.

Membership

Cllrs D. Dixon, Francis, Heron, Hodson, Hunt (Vice Chairman), Jenkins, D. MacKnight (Chairman), F. Miller, Oliver, P. Smith, Speding, D. Trueman, Turner and Watson.

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| | (ii) Revenue Budget and Proposed Council Tax for 2020/2021 and Medium Term Financial Plan 2020/2021 to 2023/2024 | |

Report of the Assistant Director of Law and Governance (copy attached).

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No items.

Part D - CCFA/Members' Items/Petitions

No items.

E. WAUGH,
Assistant Director of Law and Governance,
Civic Centre,
SUNDERLAND.

5th February, 2020.

At a meeting of the SCRUTINY CO-ORDINATING COMMITTEE held in the CIVIC CENTRE, SUNDERLAND on THURSDAY 16th JANUARY, 2020 at 5.30 p.m.

Present:-

Councillor D. MacKnight in the Chair

Councillors D. Dixon, Francis, Hunt (VC), F. Miller and Oliver.

Also in attendance:-

Mr Chris Binding, Local Democracy Reporter

Mr Nigel Cummings, Scrutiny Officer, Law and Governance, Corporate Services Directorate

Mr Jon Ritchie, Executive Director of Corporate Services

Mrs Christine Tilley, Community Governance Services Team Leader, Law and Governance, Corporate Services Directorate

Apologies for Absence

Apologies for absence were submitted to the meeting on behalf of Councillors, Heron, Jenkins, P. Smith, Speding, D. Trueman and Turner.

Minutes of the last meeting of the Committee held on 5th December, 2019

1. RESOLVED that the minutes of the last meeting of the Committee held on 5th December, 2019 (copy circulated), be confirmed and signed as a correct record.

Notice of Key Decisions

Mr Nigel Cummings, Scrutiny Officer agreed to chase up the information Councillor Oliver had requested concerning the disposal of the former Gilbridge Police Station in Sunderland.

Declarations of Interest (including Whipping Declarations)

There were no declarations of interest made.

Reference from Cabinet – 14 January 2020 – Revenue Budget 2020/2021 to 2023/2024 – Update and Provisional Revenue Support Settlement

The Assistant Director of Law and Governance submitted a report (copy circulated) setting out for the advice and consideration of the Committee, a report which was considered by Cabinet on the 14 January 2020, providing an update on the budget position for 2020/2021 to 2023/2024, including the impact of the Provisional Revenue Support settlement, prior to the receipt of the final Local Government Finance Settlement 2020/2021. An addendum report setting out the content of the Local Government Finance Settlement, which was announced on 20th December 2019 prior to Parliament rising, was subsequently circulated to the Committee, prior to the meeting, for Members' consideration.

(For copy reports – see original minutes.)

Mr Jon Ritchie, Executive Director of Corporate Services briefed the Committee on the reports highlighting the Core Spending Power, the measure used by Government to indicate the impact of changes in funding, the Homelessness Grant and Public Health Grant.

Mr Ritchie briefed Members on Schools Funding and the consultation carried out at the Sunderland Schools Forum and the recommendations to Cabinet in relation to the Sunderland local funding formula for 2020/20/21.

Mr Ritchie briefed the Committee on budget and spending pressures and drew Members' attention to the point in the report that a balanced budget had been achieved for 2020/2021, however there was a total gap of £24.35m over the following three years to 2023/2024. He also highlighted the outstanding uncertainties and the budget consultation arrangements.

Mr Ritchie referred Members to the Fees and Review Policy 2020/2021 and advised that there were no proposals to bring in any new fees and charges.

In response to Councillor D. Dixon, Mr Ritchie advised that in relation to Schools funding on a per pupil basis there were no shocks. The Schools Forum were recommending the Cabinet to approve the principles set out in paragraph 2.2 of the report, one of which was a Minimum Funding Guarantee to apply at 1.84%, this being the maximum reduction they would sustain, in line with the National Funding Formula to protect schools from any major changes. Schools which had a reduction in pupil numbers would lose funding overall as budgets were driven by pupil numbers, however as far as he was aware, there were no significant differences from last year and if he became aware of any he would supply the information to Members.

Councillor Hunt enquired how successful the budget consultation had been with the public and outside organisations.

Mr Ritchie reported that they had quickly got to around 250 responses and then things had tailed off, however the budget had been well received. There was not as many responses as he would have liked, however Sunderland was not alone in this regard in that other authorities received a similar level of response. Mr Ritchie advised that they had had the Schools Forum and sessions with the Business Sector and the Trades Unions. The consultation had had a different flavour this time as although there were savings being made, they were more corporate savings and most focus was on the Government's proposals in respect of Social Care and the Government levy.

In response to Councillor Dixon, who enquired whether there was any concern that there was a delay in receiving the Public Health grant, Mr Ritchie advised that whatever funding came in for Public Health would be ring fenced and spent on Public Health. The allocation was going up by inflation and so this was positive news. There was no concern other than this gave the Council a shorter time period in which to spend the money and this could be very tight from that perspective.

In response to Councillor Oliver's questions regarding the Pensions Fund, Mr Ritchie advised that it was not unusual that the Pensions Fund had been in deficit as it was based on the value of investments and for the last few years there had been bigger liabilities than assets.

Mr Ritchie explained that every three years an actuarial review was undertaken. South Tyneside Council administered the fund and Sunderland Council had Member representation on the Pensions Committee whose main role was to ensure financial viability of the fund going forward. Any recommendation to change what the fund invested in would need to be reviewed by the Pensions Committee and the key thing the Pensions Committee looked at was whether it was a balanced portfolio.

Councillor Oliver added that he had concerns that the Council might need to top up the fund.

Mr Ritchie advised that the fund was now fully funded and that the Councils were getting a revenue benefit at the moment.

In response to Councillor Francis, Mr Ritchie provided examples of discretionary charges which included Garden Waste collections, the cost of cremation, bulky waste collections and advised that he could circulate a full list to Members if they would find this helpful. Statutory charges included the costs of licences. Mr Ritchie added that if there were any proposals to introduce new charges then this would need to be submitted to the Cabinet and Council for approval. £48m was generated from fees and charges.

In response to Councillor Francis, Mr Ritchie advised that the total Allocated Schools Grant was £212m. There was £19m allocated for Early Years. Mr Ritchie stated that he would ask Together for Children to send details of the full individual allocations for each school when this information was in the public domain.

In response to Councillor Hunt, Mr Ritchie confirmed that SEND funding relating to Red House school had been confirmed in early December and that the funding had come through.

Councillor Oliver referred to paragraph 5.2.5 of the report concerning Debt Charges and enquired whether the Council was looking at other sources of funding to avoid the increase in the interest rate applied to the Public Works Loan Board.

Mr Ritchie confirmed that the Council had started to explore other sources which historically had been higher than the Public Works Loan Board low rates with external treasury management advisers.

In response to Councillor Dixon, Mr Ritchie confirmed that representations in relation to 'need being driven by deprivation' had been made regarding the Fair Funding Review proposals. These had been positively received and a move was being made to reflect deprivation as a key measure which would benefit Sunderland.

Mr Ritchie added that as a result, the total funding available would be slightly bigger. More money was needed for Adult Services and Children's services so slightly better allocations would be made. The hope was that Sunderland would be no worse off and in fact, would do better, however he could not give any certainty of this at the moment.

Full consideration having been given to the report and there being no further questions for Mr Ritchie, it was:-

2. RESOLVED that the Cabinet be advised that the Scrutiny Co-ordinating Committee is satisfied with the information presented including the update on the Local Government Finance Settlement, whilst acknowledging that a number of uncertainties remain.

Scrutiny Committee Work Programmes for 2019/20

The Director of People, Communications and Partnerships submitted a report (copy circulated) attaching for Members' information, the variations to the Scrutiny Committee work programmes for 2019/20 and providing an opportunity to review the Committee's own work programme for 2019/20.

(For copy report – see original minutes.)

Mr Nigel Cummings, Scrutiny Officer advised that a report providing an update on the Budget would be included on the Committee's Work Plan for the February meeting.

3. RESOLVED that:-

- (a) the variations to the Scrutiny Committee Work Programmes for 2019/20 and to its own work programme, together with the above information, be noted; and
- (b) the current expenditure and remaining scrutiny budget for 2019/20 be noted.

Notice of Key Decisions

The Director of People, Communications and Partnerships submitted a report (copy circulated), providing Members with an opportunity to consider those items on the Executive's Notice of Key Decisions for the 28-day period from 16th December, 2019.

(For copy report – see original minutes.)

4. RESOLVED that the Notice of Key Decisions be received and noted.

The Chairman closed the meeting having thanked everyone for their attendance.

(Signed) D. MACKNIGHT,
Chairman.

REFERENCE FROM CABINET – 11 FEBRUARY 2020

BUDGET AND SERVICE REPORTS:

- (A) Collection Fund (Council Tax) 2019/2020**
- (B) (i) Capital Programme 2020/2021 to 2023/2024 and Treasury Management Policy and Strategy 2020/2021, including Prudential Indicators for 2020/2021 to 2023/2024**
- (ii) Revenue Budget and Proposed Council Tax for 2020/2021 and Medium Term Financial Plan 2020/2021 to 2023/2024**

Report of the Assistant Director of Law and Governance

1. Purpose of Report

- 1.1 To seek the advice and consideration of this Committee on a number of reports considered by Cabinet on 11 February 2020 on the Revenue Budget and Capital Programme for 2020/2021.
- 1.2 Members' views will assist the Council with its service and financial planning arrangements.

2. Background and Current Position

- 2.1 The Cabinet, at its meeting on 11 February 2020, gave consideration to the reports of the Executive Director of Corporate Services on:
 - (A) The estimated balance on the Collection Fund for 2019/2020 in respect of Council Tax and the amounts available to the Council and its major precepting authorities for use in setting Council Tax levels for 2021/2021 (attached at Appendix A).
 - (B) (i) The level of capital resources and commitments for the forthcoming financial year and which sought a recommendation to Council to approve the overall Capital Programme 2020/2021 to 2023/2024 and the Treasury Management Policy and Strategy (including both borrowing and investment strategies) for 2020/2021, the Prudential Indicators for 2020/2021 to 2023/2024 and the Minimum Revenue Provision Statement for 2020/2021 (attached at Appendix B).
 - (ii) The Revenue Budget and Proposed Council Tax for 2020/2021 and Medium Term Financial Plan 2020/2021 to 2023/2024 (attached at Appendix C).

- 2.2 Copies of the 11 February 2020 Cabinet agenda are available online to all Members of the Council. Recommendations from the meeting will be reported verbally to the meeting.
- 2.3 In accordance with the Council's Budget and Policy Framework the reports are referred to this Committee for further advice and consideration.
- 2.4 Members will recall that at their meeting on 7 November 2019 the Scrutiny Coordinating Committee endorsed the budget consultation strategy and framework as set out in a report to Cabinet on the 15 October 2019.

3. Conclusion

- 3.1 The report is referred to this Committee for advice and consideration. The comments of this Committee will be reported to the Council meeting on 4 March 2020.

4. Recommendation

- 4.1 The Scrutiny Coordinating Committee is invited to give further advice and consideration to Council on the budget and service reports set out in this report.

5. Background Papers

- 5.1 Cabinet Agenda, 11 February 2020.
- 5.2 Copies of the Cabinet Agenda are available for inspection from the Assistant Director of Law and Governance or can be viewed on-line at:-

<https://www.sunderland.gov.uk/committees/cmis5/Meetings/tabid/73/ctl/ViewMeetingPublic/mid/410/Meeting/9962/Committee/1953/Default.aspx>

| | | |
|-----------|--|--|
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CABINET MEETING – 11 FEBRUARY 2020

EXECUTIVE SUMMARY SHEET- PART 1

Title of Report:

Collection Fund (Council Tax) 2019/2020

Author(s):

Executive Director of Corporate Services

Purpose of Report:

This report advises Cabinet of the estimated balance on the Collection Fund for 2019/2020 in respect of Council Tax and the amounts available to the Council and its major precepting authorities for use in setting Council Tax levels for 2020/2021.

Description of Decision:

Members are requested to note the overall position in relation to the Collection Fund (Council Tax) for 2019/2020 and the Council's share of the surplus of £835,304. Of this £500,000 is to be used to support the 2020/2021 budget position, with the balance to be added to the Collection Fund Surplus Reserve to fund future Medium Term Financial Plan (MTFP) requirements.

Is the decision consistent with the Budget/Policy Framework?

No, the decision forms part of the budget setting process for 2020/2021.

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

Suggested reason(s) for Decision:

Estimating the Collection Fund balance available at the end of 2019/2020 for use in setting the Council Tax for 2020/2021 is a legal requirement, which the Council must fulfil, based on information available to it as at 15th January, each year.

The Council also has an obligation to notify its major precepting authorities of the estimated surplus or deficit on the Collection Fund within 7 working days of when this calculation has been made.

Alternative options to be considered and recommended to be rejected:

Not applicable as the report is for information only.

| | |
|---|---|
| Impacts analysed: | |
| Equality <input checked="" type="checkbox"/> | Privacy <input checked="" type="checkbox"/> Sustainability <input checked="" type="checkbox"/> Crime and Disorder <input checked="" type="checkbox"/> |
| Is the Decision consistent with the Council's co-operative values? | Yes |
| Is this a "Key Decision" as defined in the Constitution? | Yes |
| Is it included in the 28 day Notice of Decisions? | Yes |

CABINET MEETING – 11 FEBRUARY 2020

COLLECTION FUND (COUNCIL TAX) 2019/2020

Report of the Executive Director of Corporate Services

1. Purpose of Report

- 1.1 This report advises Cabinet of the estimated balance on the Collection Fund for 2019/2020 in respect of Council Tax and the amounts available to the Council and its major precepting authorities for use in setting Council Tax levels for 2020/2021.

2. Description of Decision (Recommendation)

- 2.1 Members are requested to note the overall position in relation to the Collection Fund (Council Tax) for 2019/2020 and the Council's share of surplus of £835,304. Of this £500,000 is to be used to support the 2020/2021 budget position, with the balance to be added to the Collection Fund Surplus Reserve to fund future Medium Term Financial Plan (MTFP) requirements.

3. Background Information

- 3.1 The Local Authorities (Funds) (England) Regulations 1992, require that billing authorities inform their relevant major precepting authorities of the amount of any estimated surplus or deficit on their Collection Fund at 31st March. The estimate is to be made based on information available to it as at 15th January, in accordance with prescribed rules.
- 3.2 Major precepting authorities are to be notified of the estimated surplus or deficit within 7 working days of the estimate being made.

4. Council Tax Surplus or Deficit

- 4.1 The amount of any surplus or deficit, which the billing authority estimates on its Collection Fund as at 31st March, is shared by the billing authority and the major precepting authorities in proportion to their respective demands upon the Collection Fund. The amount which is estimated will be taken into account by those authorities in calculating their basic amounts of Council Tax for the following year. The estimated surplus or deficit at 31st March 2020 will therefore be taken into account in setting the Council Tax for 2020/2021.

5. Collection Fund (Council Tax) 2019/2020

- 5.1 It was agreed, in a report to Cabinet on the 13th February 2019, that the Council would distribute the projected surplus on the Collection Fund at 31st March 2019 as follows:

| | |
|---|----------------|
| | £ |
| Sunderland City Council | 353,199 |
| Police and Crime Commissioner for Northumbria | 28,649 |
| Tyne and Wear Fire and Rescue Authority | 20,758 |
| | 402,606 |

These sums were consequently taken into account when setting the Council Tax for 2019/2020 by the Council and its precepting authorities.

- 5.2 The surplus on the Collection Fund as at 31st March 2019, reported as part of the Statement of Accounts for 2018/2019, was £489,239, slightly higher than forecast.
- 5.3 On the basis of current collection rates and the recovery of Council Tax arrears, it is estimated that the surplus on the Collection Fund as at 31st March 2020 will be £963,252 (inclusive of the additional surplus available at outturn 2018/2019, but not previously distributed). In line with regulations this forecast surplus is shared by the billing authority and the major precepting authorities in proportion to their respective demands upon the Collection Fund as follows:

| | |
|---|----------------|
| | £ |
| Sunderland City Council | 835,304 |
| Police and Crime Commissioner for Northumbria | 79,328 |
| Tyne and Wear Fire and Rescue Authority | 48,620 |
| | 963,252 |

The major precepting authorities have been informed of the position.

- 5.4 The sum of £500,000 has been allowed for within the Council's MTFP for the year 2020/2021 and the three subsequent years to 2023/2024. The Council therefore holds a reserve to smooth any surplus or deficits that may arise on the Collection Fund each year, in order to meet MTFP requirements. As such it is proposed £500,000 of the surplus will be used to support the budget in line with MTFP requirements, with the balance of £335,304 being added to the reserve to support the Council's budget in line with future MTFP assumptions.

6. Reasons for Decision

- 6.1 Estimating the Collection Fund balance available in 2019/2020 for use in setting the Council Tax for 2020/2021 is a legal requirement, which the Council must carry out, based on information available to it as at 15th January of each year.
- 6.2 The Council also has an obligation to notify its major precepting authorities of the estimated surplus or deficit on the Collection Fund within 7 working days of when this calculation has been made.

7. Alternative options to be considered and recommended to be rejected

7.1 Not applicable as the report is for information only.

8. Impact Analysis

8.1 There are no implications.

9. Other Relevant Considerations / Consultations

9.1 None

10. List of Appendices

10.1 None

11. Background Papers

11.1 None

CABINET MEETING – 11 FEBRUARY 2020

EXECUTIVE SUMMARY SHEET – PART I

Title of Report:

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

Author(s):

Executive Director of Corporate Services

Purpose of Report:

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

Description of Decision:

Cabinet is requested to recommend to Council approval of:

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

Is the decision consistent with the Budget/Policy Framework?

No – this report

is integral in reviewing and amending the Budget and Policy Framework

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

Suggested reason(s) for Decision:

To comply with Statutory requirements.

Alternative options to be considered and recommended to be rejected:

No alternative options are submitted for Cabinet consideration.

Impacts analysed;

Equality ☒ Privacy ☒ Sustainability ☒ Crime and Disorder ☒

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

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

Yes

Is it included in the 28 day Notice of Decisions?

Yes

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

Report of the Executive Director of Corporate Services

1. Purpose of the Report

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

2. Description of Decision

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

3. Background

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

4. Capital Programme 2020/2021 to 2023/2024

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

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

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

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

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

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

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

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

4.4.3 The capital priorities are aligned to the City Plan "Sunderland 2019-2030" priorities of:

- Sunderland will be a dynamic city. This includes more and better jobs, an improved housing offer, improvements to the city centre and a focus on low carbon and digital connectivity;
- Sunderland will be a healthy city. This includes a focus on ensuring that everyone has access to opportunities and life chances to live healthier, longer, independent lives. There will be a focus on a more attractive city and neighbourhoods with better transport networks; and
- Sunderland will be a vibrant city. This includes more creative and cultural businesses, more visitors to Sunderland, more residents participating in their communities and cultural events, and for residents to feel happy in the neighbourhoods where they live and feel safe.

In addition, a continuing priority for the Council is to deliver the best possible services and support to our residents, with a focus on long term benefits for our children and young people beyond 2030.

4.5 Resources Available for New Starts / Additional Investments

4.5.1 Resources - Grants

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

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

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

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

* provisional

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

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

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

4.5.2 Resources – Capital Receipts and Reserves

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

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

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

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

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

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

4.5.4 Resources – Borrowing

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

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

4.5.5 Resources – Other Funding – Enterprise Zones

The current Capital Programme includes for the three enterprise zones of the IAMP site, A19 Ultra Low Carbon Zone and part of the Port of Sunderland. All of the business rates growth generated on these enterprise zones for their 25 year life are payable to the North East Local Enterprise Partnership (LEP). The current programme assumes this resource is then distributed by the North East LEP to meet / contribute to the costs associated with funding the infrastructure works associated with those zones.

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

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

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

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

It is important to note that:

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

5. Prudential Framework and Code

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

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

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

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

6. Treasury Management

6.1 General

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

6.2 Statutory requirements

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

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

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

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

6.3 CIPFA Code of Practice requirements

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

The primary requirements of the Code include that:

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

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

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

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

6.4 Treasury Management Strategy Statement for 2020/2021

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

7. Reasons for Decision

- 7.1 To comply with statutory requirements.

8. Alternative Options

- 8.1 No alternative options are proposed.

9. Impact Analysis

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

are delivered within budget.

10. List of Appendices

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

11. Background Papers

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

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

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

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

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

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

1.1 Deputy Leader New Start Proposals

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

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

Area Outcomes / Benefits and Contribution to Strategic Priorities:

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

- Dynamic City: more and better jobs.

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

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

Area Outcomes / Benefits and Contribution to Strategic Priorities:

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

- Dynamic City: more and better jobs

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

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

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

Area Outcomes / Benefits and Contribution to Strategic Priorities:

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

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

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

Area Outcomes / Benefits and Contribution to Strategic Priorities:

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

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

1.2 Cabinet Secretary New Start Proposals

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

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

Area Outcomes / Benefits and Contribution to Strategic Priorities:

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

- Dynamic City: low carbon city and digital connectivity for all
- Healthy City: access to same opportunities and life chances
- Healthy City: more people living healthier for longer
- Healthy City: people enjoy independent lives
- Healthy City: cleaner and more attractive city and neighbourhoods
- Vibrant City: more residents participating in the communities
- Vibrant City: more visitors visiting Sunderland and residents participating in events

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

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

Area Outcomes / Benefits and Contribution to Strategic Priorities:

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

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

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

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

Area Outcomes / Benefits and Contribution to Strategic Priorities:

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

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

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

Area Outcomes / Benefits and Contribution to Strategic Priorities:

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

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

1.3 Children, Learning and Skills New Start Proposals

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

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

Area Outcomes / Benefits and Contribution to Strategic Priorities:

This project will directly support residents across the city, responds to the requirement for new and more appropriate school places and will contribute to the following strategic priorities:

- Dynamic City: more and better skills and qualifications
- Dynamic City: low carbon city and digital connectivity for all
- Healthy City: access to same opportunities and life chances
- Healthy City: more people living healthier for longer

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

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

Area Outcomes / Benefits and Contribution to Strategic Priorities:

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

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

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

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

Area Outcomes / Benefits and Contribution to Strategic Priorities:

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

- Dynamic City: more and better housing
- Dynamic City: more and better skills and qualifications
- Dynamic City: low carbon city and digital connectivity for all
- Healthy City: access to same opportunities and life chances

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

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

Area Outcomes / Benefits and Contribution to Strategic Priorities:

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

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

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

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

Area Outcomes / Benefits and Contribution to Strategic Priorities:

This project will directly support residents in the West area of Sunderland, responds to the requirement for improved facilities and will contribute to the following strategic priorities:

- Dynamic City: more and better skills and qualifications
- Dynamic City: low carbon city and digital connectivity for all
- Healthy City: more people living healthier for longer
- Healthy City: cleaner and more attractive city and neighbourhoods

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

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

Area Outcomes / Benefits and Contribution to Strategic Priorities:

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

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

1.4 Environment and Transport New Start Proposals

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

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

Area Outcomes / Benefits and Contribution to Strategic Priorities:

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

- Dynamic City: stronger City Centre
- Healthy City: city with great transport and travel links
- Vibrant City: more creative and cultural businesses
- Vibrant City: more visitors visiting Sunderland and residents participating in events

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

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

Area Outcomes / Benefits and Contribution to Strategic Priorities:

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

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

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

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

Area Outcomes / Benefits and Contribution to Strategic Priorities:

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

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

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

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

Area Outcomes / Benefits and Contribution to Strategic Priorities:

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

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

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

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

Area Outcomes / Benefits and Contribution to Strategic Priorities:

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

- Dynamic City: stronger City Centre
- Dynamic City: low carbon city and digital connectivity for all
- Healthy City: cleaner and more attractive city and neighbourhoods
- Healthy City: city with great transport and travel links
- Vibrant City: more creative and cultural businesses
- Vibrant City: more visitors visiting Sunderland and residents participating in events

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

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

Area Outcomes / Benefits and Contribution to Strategic Priorities:

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

- Dynamic City: stronger City Centre
- Dynamic City: low carbon city and digital connectivity for all
- Healthy City: cleaner and more attractive city and neighbourhoods
- Healthy City: city with great transport and travel links

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

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

Area Outcomes / Benefits and Contribution to Strategic Priorities:

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

- Healthy City: city with great transport and travel links

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

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

Area Outcomes / Benefits and Contribution to Strategic Priorities:

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

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

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

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

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

Area Outcomes / Benefits and Contribution to Strategic Priorities:

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

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

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

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

Area Outcomes / Benefits and Contribution to Strategic Priorities:

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

- Dynamic City: more and better skills and qualifications
- Healthy City: cleaner and more attractive city and neighbourhoods
- Healthy City: city with great transport and travel links
- Vibrant City: more people feel safe in their neighbourhoods and homes

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

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

Area Outcomes / Benefits and Contribution to Strategic Priorities:

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

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

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

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

Area Outcomes / Benefits and Contribution to Strategic Priorities:

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

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

1.5 Health and Social Care New Start Proposals

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

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

Area Outcomes / Benefits and Contribution to Strategic Priorities:

Investment will provide physical benefits / support to residents across the city, and will contribute to the following strategic priorities:

- Dynamic City: more and better jobs
- Healthy City: more people living healthier for longer
- Healthy City: people enjoy independent lives
- Vibrant City: more residents participating in the communities
- Vibrant City: more people feel safe in their neighbourhoods and homes
- Vibrant City: more resilient people

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

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

Area Outcomes / Benefits and Contribution to Strategic Priorities:

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

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

1.6 Housing and Regeneration New Start Proposals

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

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

Area Outcomes / Benefits and Contribution to Strategic Priorities:

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

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

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

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

Area Outcomes / Benefits and Contribution to Strategic Priorities:

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

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

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

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

Area Outcomes / Benefits and Contribution to Strategic Priorities:

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

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

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

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

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

Area Outcomes / Benefits and Contribution to Strategic Priorities:

While the investment provides improvements in North Sunderland, there are benefits for all city residents given the seafront area is a city-wide asset, and will contribute to the following strategic priorities:

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

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

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

Area Outcomes / Benefits and Contribution to Strategic Priorities:

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

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

2.0 Highways Capital Funding 2020/2021

2.1 Highways Maintenance & Local Transport Plan Allocations

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

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

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

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

2.2 Highway Maintenance Challenge Fund

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

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

2.3 Transforming Cities Fund

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

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

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

2.4 Housing Infrastructure Fund (HIF)

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

2.5 Safer Roads Funding

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

2.6 Funding Allocations

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

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

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

2.7 Proposals for Highways Capital Programme New Starts 2020/2021

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

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

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

3.0 Adult Social Care Capital Proposals 2020/2021

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

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

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

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

**provisional*

4.1.1 Schools Conditions Allocation

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

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

4.1.2 Basic Need

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

4.1.3 Funding Availability from 2020/2021

Current allocations:

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

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

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

4.2 Children's Services Capital Programme New Starts Proposals

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

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

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

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

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

CAPITAL PROGRAMME

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

**DEPUTY LEADER
CAPITAL PROGRAMME**

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

**DEPUTY LEADER
CAPITAL PROGRAMME**

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

**DEPUTY LEADER
CAPITAL PROGRAMME**

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

**DEPUTY LEADER
CAPITAL PROGRAMME**

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

**CABINET SECRETARY
CAPITAL PROGRAMME**

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

**CABINET SECRETARY
CAPITAL PROGRAMME**

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

**CABINET SECRETARY
CAPITAL PROGRAMME**

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

**CABINET SECRETARY
CAPITAL PROGRAMME**

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

**CHILDRENS LEARNING & SKILLS
CAPITAL PROGRAMME**

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

**CHILDRENS LEARNING & SKILLS
CAPITAL PROGRAMME**

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

**CHILDRENS LEARNING & SKILLS
CAPITAL PROGRAMME**

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

**CHILDRENS LEARNING & SKILLS
CAPITAL PROGRAMME**

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

**CHILDRENS LEARNING & SKILLS
CAPITAL PROGRAMME**

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

**CHILDRENS LEARNING & SKILLS
CAPITAL PROGRAMME**

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

**COMMUNITY & CULTURE
CAPITAL PROGRAMME**

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

**COMMUNITY & CULTURE
CAPITAL PROGRAMME**

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

**ENVIRONMENT & TRANSPORT
CAPITAL PROGRAMME**

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

**ENVIRONMENT & TRANSPORT
CAPITAL PROGRAMME**

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

**ENVIRONMENT & TRANSPORT
CAPITAL PROGRAMME**

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

**ENVIRONMENT & TRANSPORT
CAPITAL PROGRAMME**

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

**ENVIRONMENT & TRANSPORT
CAPITAL PROGRAMME**

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

**ENVIRONMENT & TRANSPORT
CAPITAL PROGRAMME**

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

**ENVIRONMENT & TRANSPORT
CAPITAL PROGRAMME**

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

**ENVIRONMENT & TRANSPORT
CAPITAL PROGRAMME**

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

**ENVIRONMENT & TRANSPORT
CAPITAL PROGRAMME**

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

**ENVIRONMENT & TRANSPORT
CAPITAL PROGRAMME**

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

**HEALTH & SOCIAL CARE
CAPITAL PROGRAMME**

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

**HEALTH & SOCIAL CARE
CAPITAL PROGRAMME**

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

**HEALTH & SOCIAL CARE
CAPITAL PROGRAMME**

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

**HOUSING & REGENERATION
CAPITAL PROGRAMME**

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

**HOUSING & REGENERATION
CAPITAL PROGRAMME**

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

**HOUSING & REGENERATION
CAPITAL PROGRAMME**

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

**HOUSING & REGENERATION
CAPITAL PROGRAMME**

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

**HOUSING & REGENERATION
CAPITAL PROGRAMME**

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

**HOUSING & REGENERATION
CAPITAL PROGRAMME**

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

**HOUSING & REGENERATION
CAPITAL PROGRAMME**

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

**PROJECT SPONSOR KEY
CAPITAL PROGRAMME**

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

Prudential and Treasury Indicators 2020/2021 to 2023/2024

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Capital Financing Requirement

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

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

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

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

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

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

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

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

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

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

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

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

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

Operational Boundary for External Debt

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Minimum Revenue Provision Policy Statement 2020/2021

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

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

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

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

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

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

Treasury Management Policy Statement

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

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

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

Treasury Management Strategy Statement for 2020/2021

1. Introduction

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

2. Treasury Management Strategy

Borrowing

2.1 Current Treasury Management Position

The Council's treasury portfolio position at 31st December 2019 comprised:

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

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

2.2 Treasury Indicators and Limits

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

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

2.3 Prospects for Interest Rates

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

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

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

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

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

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

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

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

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

2.4 Borrowing Strategy

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

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

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

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

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

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

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

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

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

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

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

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

2.4.10 Benefits of having a high level of investments are;

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

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

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

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

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

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

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

2.5 Policy on borrowing in advance of need

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

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

2.6 Debt Rescheduling

2.6.1 The reasons for any rescheduling of debt will include:

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

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

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

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

Annual Investment Policy and Strategy

2.7 Investment Policy and Management of Risk

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

The Council's investment objectives are:-

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

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

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

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

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

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

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

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

2.8 **Creditworthiness policy**

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

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

- 2.8.9 Set out in Annex C is the detailed criteria that will be used, subject to approval, in determining the level of investments that can be invested with each counterparty or institution. Where a counterparty is rated differently by any of the 3 rating agencies, the lowest rating will be used to determine the level of investment. If the Council's own banker, National Westminster Bank plc, should fail to meet the minimum credit criteria to allow investments from the Council then balances will be minimized as far as possible.
- 2.8.10 The Executive Director of Corporate Services will monitor long-term investment rates and identify any investment opportunities if market conditions change. It is proposed that delegated authority continues for the Executive Director of Corporate Services, in consultation with the Cabinet Secretary, to vary the Lending List Criteria and Lending List itself should circumstances dictate, on the basis that changes be reported to Cabinet retrospectively, in accordance with normal treasury management reporting procedures.

2.9 Outlook and Proposed Treasury Investment Strategy

- 2.9.1 Based on its cash flow forecasts, the Council anticipates its fund balances in 2020/2021 are likely to range between £50 million and £200 million. This represents a cautious approach and provides for funding being received in excess of the level budgeted for, and also for unexpected and unplanned levels of capital underspending in the year or reprofiling of spend into future years. In 2019/2020 short-term interest rates have been materially below long-term rates and some investment balances have been used to fund some long-term borrowing requirements. It is likely that this will continue into 2020/2021 with investment balances being used to fund some long-term borrowing or used for debt rescheduling. Such funding is wholly dependent upon market conditions and will be assessed and reported to Cabinet if and when the appropriate conditions arise.
- 2.9.2 Activities likely to have a significant effect on investment balances are:
- Capital expenditure during the financial year, (dependent upon timing), will affect cash flow and short-term investment balances;
 - Any reprofiling of capital expenditure from, and to, other financial years will also affect cash flow, (no reprofiling has been taken into account in current estimates);
 - Any unexpected capital receipts or other income;
 - Timing of new long-term borrowing to fund capital expenditure;
 - Possible funding of long-term borrowing from investment balances (dependent upon appropriate market conditions).
- 2.9.3 The minimum amount of overall investments that the Council will hold in short-term investments (less than one year) is £50 million. As the Council has decided to restrict most of its investments to term deposits, it will maintain liquidity by having a minimum of 30% of the total value of short-term investments maturing within 6 months.

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

| | 2018/19 Benchmark | 2018/19 Return | To date 2019/20 Benchmark | To date 2019/20 |
|---------------|------------------------------|---------------------------|--|----------------------------|
| Return | % | % | % | % |
| Council | 0.51 | 0.93 | 0.57 | 1.01 |

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

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

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

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

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

2.11 Non - Treasury Investments

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

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

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

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

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

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

3. **Scheme of delegation**

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

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

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

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

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

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

1. Interest Rate Forecasts

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

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

2. Survey of Economic Forecasts

2.1 HM Treasury December 2019

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

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

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

Lending List Criteria

1. Counterparty Criteria

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

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

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

2. Country Limit

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

| Country | Limit £m |
|---------|-------------|
| UK | 300 |
| Non-UK | 50 |

3. Sector Limit

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

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

4. Group Limit

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

Annex C

Approved Lending List

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

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

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

Notes

Note 1 Nationalised / Part Nationalised

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

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

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

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

CABINET MEETING – 11 FEBRUARY 2020

EXECUTIVE SUMMARY SHEET – PART I

Title of Report:

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

Authors:

Executive Director of Corporate Services

Purpose of Report:

To report:

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

Description of Decision:

Members are requested to:

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

Is the decision consistent with the Budget/Policy Framework? No – this report is integral in reviewing and amending the Budget and Policy Framework.

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

Suggested reason(s) for Decision:

To comply with statutory requirements.

Alternative options to be considered and recommended to be rejected:

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 at appropriate times during the process.

Impacts analysed:

Equality ☒ Privacy ☒ Sustainability ☒ Crime and Disorder ☒

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

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

Is it included in the 28 day Notice of Decisions? Yes

**REVENUE BUDGET AND PROPOSED COUNCIL TAX FOR 2020/2021 AND
MEDIUM TERM FINANCIAL PLAN 2020/2021 TO 2023/2024****Report of the Executive Director of Corporate Services****1. Purpose of Report****1.1 To report:**

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

2. Description of Decision**2.1 Members are requested to:**

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

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

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

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

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

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

4. Final Funding Position February 2020

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

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

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

Local Government Finance Settlement

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

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

- Settlement Funding Assessment (SFA) comprising:
 - Revenue Support Grant (RSG);
 - Baseline Funding (Top Up Grant);
 - Assumed retained business rates;
- Compensation for the historic under-indexing of the Business Rates Multiplier;
- Council tax income, which assumes a 4% increase is applied in addition to a continued increase in the council tax base;
- Local government element of the Improved Better Care Fund;
- Adult Social Care Winter Pressures Grant (rolled into the Improved Better Care Fund in 2020/2021);
- Social Care Support Grant (rolled into the new Social Care Grant in 2020/2021);
- Social Care Grant; and
- New Homes Bonus.

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

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

Memorandum National Position

6.34%

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

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

4.9 Improved Better Care Fund / Social Care Grants

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

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

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

4.10 New Homes Bonus

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

4.11 Homelessness Grant

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

4.12 Public Health Grant

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

4.13 Housing Benefit and Council Tax Administration Grants

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

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

Council Tax

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

Retained Business Rates

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

Schools Funding

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

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

* Provisional Schools Block allocations excluded Growth funding.

- 4.21 The Early Years Block comprises funding for the free early education entitlements for 3 and 4-year-olds and disadvantaged 2-year-olds. The figures are initial allocations for this block as early years funding is based on the January 2019 census data. The pupil premium amounts per pupil are unchanged.
- 4.22 Cabinet agreed in January to the principles proposed by the Sunderland Schools Forum for the 2020/2021 Sunderland local funding formula. The National Funding Formula (NFF) is to be implemented with the following local adjustments, which were modelled so as to give an equitable settlement to all Sunderland schools whilst moving towards the NFF:
- The Minimum Funding Guarantee applied at 1.84% in line with the NFF value;
 - The Free School Meal Indicator set at a reduced rate of £373.90 per pupil (NFF £450);
 - Lump sum reduced from £130,000 to £114,400 in line with the NFF value; and
 - Transfer of 0.5% (£865,000) to the High Needs Block in recognition of ongoing pressures.
- 4.23 The Local Funding Formula was submitted to the Education and Skills Funding Agency on 21st January 2020. School Funding briefings were held with all schools and academies on 23rd January 2020.

5 Spending Pressures and Commitments

- 5.1 When the Budget Planning Framework was approved in October 2019, Cabinet agreed that the following spending commitments would be taken into account:
- provision in respect of a pay-award at 2%;
 - general contract inflation, including the likely impact on contract prices of the forecast increase in the National Living Wage;
 - appropriate provision for ongoing budget pressures;
 - the impact of demographic changes and complex needs in respect of adult social care;
 - the impact of demand pressures within Children's social care;
 - funding to allow the Council to develop and implement a carbon reduction plan following the declaration of a climate emergency;
 - provision for costs to support a series of transformation projects to be undertaken within the Council;
 - an increase to the Public Health budget, corresponding to the anticipated increase in grant allocation;
 - funding to meet additional priorities, specifically enforcement activity and street scene; and
 - provision for spending commitments in respect of debt charges and interest receipts.

- 5.2 In addition, in January 2020 Cabinet agreed as part of the Budget Update report to make amended provision in respect of:
- pay and price pressures arising from the latest budgetary position;
 - additional funding for social care following an anticipated increase in the new social care grant;
 - transitional and priorities provision to meet one-off or short term transformation and improvement priorities; and
 - additional provision for debt charges in the light of the Government's increase to the interest rate on Public Rates Loan Board borrowing by 1%.
- 5.3 In this context it is proposed to make provision to address a number of spending commitments and pressures as set out below.

Cross Cutting

5.3.1 Pay award

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

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

5.3.2 Inflationary Increases

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

5.3.3 Budget pressures

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

5.3.4 Capacity to Deliver Change

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

Deputy Leader

5.3.5 Port Trading (Budget Priorities)

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

Cabinet Secretary

5.3.6 Capital Financing

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

Children Learning and Skills

5.3.7 Inflationary increase

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

5.3.8 Demand Pressures

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

Communities and Culture

5.3.8 Museums – Cultural Offer (Budget Priorities)

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

5.3.9 Leisure – Joint Venture (Budget Priorities)

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

Environment and Transport

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

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

5.3.11 Local Services – Deep Clean (Budget Priorities)

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

5.3.12 Public Protection – Environmental Health (Budget Priorities)

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

5.3.13 Housing Enforcement (Budget Priorities)

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

5.3.14 Carbon Reduction

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

Health and Social Care

5.3.15 Demand pressures

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

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

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

5.3.16 Inflationary increases

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

Housing and Regeneration

5.3.17 Enforcement Activity (Budget Priorities)

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

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

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

5.3.18 Anti-Social Behaviour (Budget Priorities)

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

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

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

6 Budget Reduction Proposals

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

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

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

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

7 Proposed Council Tax Increase 2020/2021

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

8 Overall Budget Position 2020/2021

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

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

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

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

9 Workforce Planning, Transformational Costs and Capital Receipts Flexibilities

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

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

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

10 Medium Term Financial Position

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

11 Budget Consultation Results 2020/2021

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

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

12 Equality and the Budget Proposals

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

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

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

13 General Fund Balances and Position in Relation to Major Reserves

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

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

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

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

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

14 Detailed Budget 2020/2021

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

Service Reporting Code of Practice

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

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

Revised Estimates

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

15 Crime and Disorder

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

16 Suggested Reason for Decision

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

17 Alternative options to be considered and recommended to be rejected

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

Background Papers

Cabinet Reports January 2020

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

Cabinet Report October 2019

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

List of Appendices

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Budget Savings Proposals

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

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

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

[March 2019 Council Report](#)

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

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

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

Equality Analysis

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

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

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

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

Equality Analysis

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

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

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

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

Equality Analysis

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

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

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

Equality Analysis

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

Equality and Budget Proposals

1 Equality in Decision Making

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

2 How equality analysis informs the budget-setting process

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

3 Consultation

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

4 Key Messages

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

5 Conclusions

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

Budget Consultation 2020/2021 Results

1 Background and Context

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

2 Methodology and analysis

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

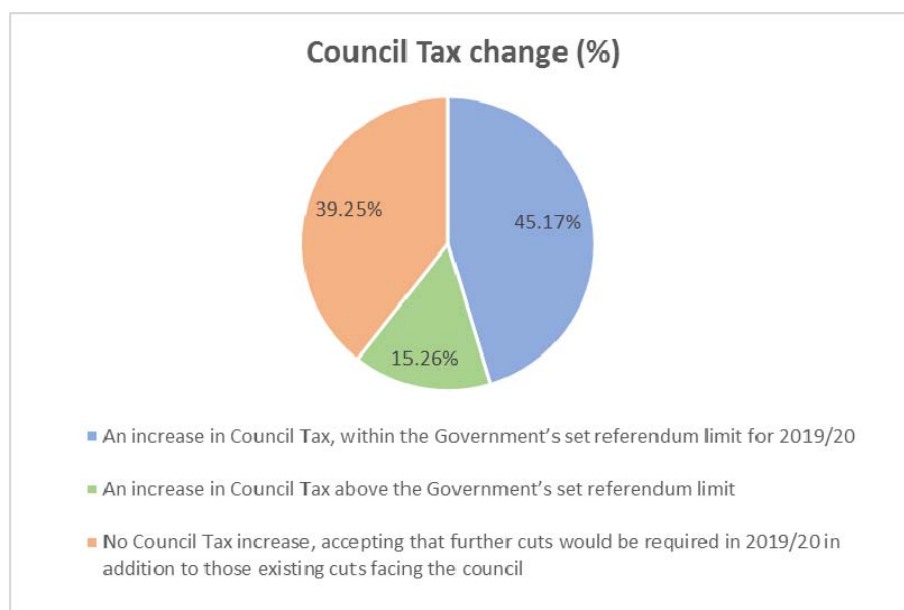
3 Response Rates

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

4 Results

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

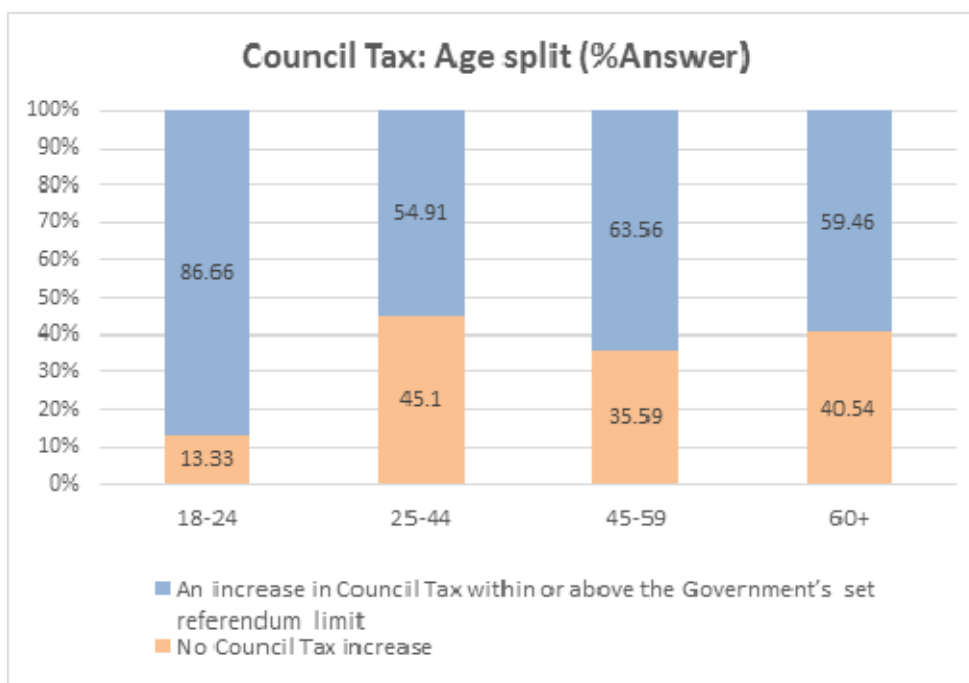
Percent of respondents supporting a council tax change:



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

- 4.4 Demographic information was examined to determine whether the survey respondents were generally reflective of the population and whether there were differences in view between different groups.

- 4.5 Generally, due to low diversity in Sunderland, it is difficult to compare data across different groups, even when the demographics of the respondents are proportionate to the population. However, age profile is interesting. When respondents were asked to identify which age bracket they belong to 4.49% of respondents were aged 18-24 (compared with 8.5% of the Sunderland population) 30.84% were aged 25-44 (compared with 24.8% of the population), 36.83% were aged 45-59 (compared with 21% of the population) and 23.05% over the age of 60 (compared with 25.9% of the population)¹. This suggests 18-24 year olds are slightly under-represented, whilst 25-59 year olds are over-represented amongst respondents.
- 4.6 When age is analysed in relation to views on council tax it is interesting to note that younger age groups are more likely to support a council tax increase. However, these results should be treated with some caution because of the lower numbers of respondents within this age category (15 responses).



5 Conclusion

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

¹ 2018 ONS population estimates extracted from NOMIS 10 Jan 2020

Formal Budget Consultation Meetings held at Sunderland Civic Centre on Wednesday 15th January 2020.

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

Council Representatives

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

Business Improvement District Representative

Kirsty Currie

North East Chamber of Commerce Representatives

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

Trade Union Representatives

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

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

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

Questions and Comments

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

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

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

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

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

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

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

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

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

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

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

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

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

Scrutiny Coordinating Committee Consultation on the Budget 2020/2021

Comments of Scrutiny Coordinating Committee

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

Scrutiny Coordinating Committee commented as follows:

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

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

Scrutiny Coordinating Committee commented as follows:

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

Proposed Council Tax for 2020/2021

Paper to be tabled at meeting

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

1 Purpose of the MTFP

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

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

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

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

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

1.4 The MTFP provides background planning assumptions covering:

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

2 National Funding and Economic Outlook

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

3 Local Funding Position

Core Spending Power

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

- Settlement Funding Assessment (SFA) comprising:
 - Revenue Support Grant (RSG);
 - Baseline Funding (Top Up Grant);
 - Assumed retained business rates;
- Compensation for the historic under-indexing of the Business Rates Multiplier;
- Council tax income, which assumes a 4% increase is applied in addition to a continued increase in the council tax base;
- Local government element of the Improved Better Care Fund;
- Adult Social Care Winter Pressures Grant (rolled into the Improved Better Care Fund in 2020/2021);
- Social Care Support Grant (rolled into the new Social Care Grant in 2020/2021);
- Social Care Grant; and
- New Homes Bonus.

3.2 In December 2019, as part of the Provisional Local Government Finance Settlement 2020/2021, the Government provided details of their assumptions on CSP for 2020/2021.

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

Memorandum National Position

6.34%

- 3.3 CSP will increase by an average 6.34% nationally in 2020/2021. This represents the first real-terms increase in CSP since 2010. For Sunderland the increase is 6.24%. It is noted that the Government's CSP measure takes into account assumed income generated through council tax, the Social Care council tax precept and an assumed increase in the base position.
- 3.4 For Sunderland there is a 1.63% increase for 2020/2021 in its SFA, which is in line with the national average increase since the Government has applied a consistent inflationary increase to all authorities, based on the increase in the business rate multiplier. It should be noted that actual business rates received will be dependent on the Council's own position which will be confirmed within the NNDR1 form to be submitted by 31 January 2020.
- 3.5 Figures beyond 2020/2021 will be dependent upon the Spending Review 2020, the Fair Funding Review and the proposed move to 75% retained business rates in 2020/2021.

Business Rates

- 3.6 Current funding mechanism
- 3.6.1 Under the current funding mechanism, the expected local income from business rates is divided between the central and local share:
- 50% of business rates are paid to Central Government as the national 'central' share to be redistributed to pay RSG and police funding; and
 - 50% is retained locally. Of this 50% the Council must distribute 2% to the Tyne and Wear Fire and Rescue Authority.
- 3.6.2 The Council must determine for itself the level of forecast Business Rate income to take into account in setting its budget taking account of the latest information available. The MTFP takes into account prudent growth in the base income position, based on anticipated new developments over the period. As regeneration activity accelerates in line with the city plan, the growth projections will be kept under review.
- 3.7 Risk arising from Appeals
- 3.7.1 The outcome of valuation appeals continues to be volatile. Whilst good progress has been made, a significant number of lodged appeals remain outstanding with the Valuation Office Agency⁷. Under the current system, successful appeals reduce the base income collectable for future years with the Council losing income to the value of 49% of the value of successful appeals. The Government introduced a new appeal system from April 2017 with a check, challenge and appeal system intended to make appeals quicker and more efficient and to reduce speculative appeals. To date, this has significantly reduced the number of appeals lodged against the new 2017 list, however, uncertainty remains as to whether this trend will continue.

3.7.2 The Government will only fund losses on business rate collection through the safety net mechanism after a certain level of loss has been incurred. Based on our assumptions on business rate income collection, business rates collected would have to fall by £11m (2019/2020 position) before the threshold is triggered and the Council receives any safety net funding from the Government.

3.8 Top Up Grant / Tariff

3.8.1 A system of Top Up Grant and Tariffs allows locally retained business rates to be redistributed from high business yield authorities to low yield authorities. Sunderland is a Top Up authority, receiving £43.724m in 2020/2021. Top Up grant is increased annually by inflation.

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

3.9 Section 31 Grant - Business Rates

3.9.1 The Government has made a number of changes to the business rate retention system since its introduction in 2013/2014, including capping of annual increases, the doubling of Small Business Rate relief and the retail relief announced as part of the 2018 budget statement and proposals for further reliefs likely to take effect from 1st April 2020.

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

Other Core Grant and Revenue Funding

3.10 Improved Better Care Fund (IBCF)

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

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

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

3.11 New Homes Bonus

3.11.1 The Council's New Homes Bonus will reduce from the £2.957m received in 2019/2020 to £2.070m in 2020/2021.

3.11.2 There is a clear indication that the Government will phase New Homes Bonus out by 2023/2024. The 2020/2021 allocation will therefore only be paid for one year (instead of the usual four years) with the previous years' allocations being phased out over the next two years. This could result in the loss of £2.070m of grant over the next three-year period dependent on any proposals for its replacement or whether the funding is subsumed back into the needs based formula, which would benefit the Council

3.11.3 The Government is proposing to replace the New Homes Bonus with something more "targeted", with a consultation exercise planned for the Spring. The Council has consistently made the case that this funding should be allocated based on need and will consider the proposals in the consultation exercise as appropriate. In the meantime, the MTFP will not be amended pending the consultation exercise. This approach is consistent with the approach taken with the Fair Funding implementation whereby a neutral position is assumed until details emerge to the contrary.

3.12 Public Health Grant

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

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

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

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

3.13.1 Notification of the Housing Benefits and Council Tax Administration grants, comes outside of the settlement. A provisional allocation has been received for both grants, and the budget position has been amended accordingly. Provision for a further reduction in funding of 10% per annum has been included within the MTFP in line with reductions experienced in recent years. The position will be kept under review and the MTFP updated as more details emerge.

3.14 Impact of Spending Review, Fair Funding Review and proposed 75% retained business rates

3.14.1 The outcome of the proposals to change the way local government is funded with 75% retention of business rates by 2021/2022, full cessation of RSG, and a transfer of responsibilities which will need to be funded from retained business rates will be critical to the future sustainability for Council services.

3.14.2 The Government has set up a number of working groups to progress this agenda and various consultation documents have been released and responded to.

3.14.3 Following the General Election it is anticipated that progress on these funding changes will gather pace, with further details and technical consultations expected throughout 2020. As and when more details emerge, the MTFP will be updated accordingly.

Locally Raised Income

3.15 Council Tax

3.15.1 In the Settlement, the Government confirmed the referendum threshold for 2020/2021, being that the core element is subject to a maximum increase of up to 2%. Social Care authorities can levy an additional 2% in respect of the social care precept. Any increase above the core council tax limit will require a referendum to give the local electorate the opportunity to approve or veto the increase.

3.15.2 At this stage there is no indication of the Government approach to council tax increases or Social Care Precept beyond 2020/2021. Decisions on application of options available will be made as part of the detailed budget planning on an annual basis.

3.16 Local Council Tax Support Scheme

3.16.1 The current local council tax support scheme was introduced in 2013/2014, with only minor changes since that time. The scheme supports council tax payers in need of financial help. The main feature of the current scheme is that working age people who receive help pay a minimum of 8.5% of their council tax bill. The scheme will be subject to review to ensure its continued appropriateness in the current economic climate.

3.17 Schools Funding

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

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

4 Spending Pressures and Commitments

4.1 Spending pressures and commitments for 2020/2021 are detailed in section 5 of the Cabinet Report.

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

- Pay and price increases, including contract inflation and pay award;
- Demand pressures for both Adults and Childrens Social Care; and
- The impact of capital priorities both in terms of debt charges and any associated operational costs.

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

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

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

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

5 Summary Overall Budget Gap 2020/2021 to 2023/2024

- 5.1 In relation to the period beyond 2020/2021 at this stage no information has been released by the Government on funding levels either on a national or individual council basis. Therefore for the purposes of preparing an MTFP at this stage, an assumption has been made that when a revised system of 75% retained business rates is implemented and the impact of the fair funding review and spending review 2020 are fully worked through, the Government will take action to ensure a 'status quo' impact on the funding position for each council through the top-ups and tariffs system or damping, to ensure no detrimental impact on each council's overall funding position.
- 5.2 Taking into account the issues set out in section 3, and section 4 and the assumptions at 5.1, the overall position for funding changes for Sunderland and spending pressures and commitments is assumed as set out below:

| | 2020/21 | 2021/22 | 2022/23 | 2023/24 | Total |
|--|---------------|---------------|---------------|---------------|----------------|
| | £m | £m | £m | £m | £m |
| Government Grant Changes | (9.64) | (0.68) | (0.40) | (0.45) | (11.17) |
| Total On-going Spending Pressures | 20.23 | 12.53 | 12.30 | 12.44 | 57.50 |
| Total Funding Gap | 10.59 | 11.85 | 11.90 | 11.99 | 46.33 |

- 5.3 Based on high level assumptions, the on-going funding gap for 2020/2021 to 2023/2024 is in the region of £46.3million. However, this position is subject to change given the significant uncertainties in the funding system at present.

6 Addressing the Budget Gap and Efficiency Strategy 2020/2021 to 2023/2024

- 6.1 As reported to Cabinet in October 2019, plans have been developed to seek to address the funding gap in 2020/2021. Further detail on the savings plans is set out in Appendix A of the main Budget report and further plans will be developed to address the remaining 2021/2022 to 2023/2024 budget gap of £35.74m.

6.2 In addition, the following table shows:

- Council tax and Social Care Precept increases in line with referendum principles would generate a further £10.15m of resources to support the budget position over the four years to 2023/2024. While decisions on council tax and social care precept increases will be taken as part of the budget process on an annual basis.
- Assumed increases in the council tax and business rate bases as a result of new home growth and regeneration activity over the three years will further support the budget by £8.21m.

Taken together, this will reduce the overall budget gap to £24.72m by 2023/2024.

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

6.3 The savings plans reflected in 6.2 and set out at Appendix A of the main budget report involve further transforming service delivery, reducing service commissioned activity and prioritising resources to support statutory requirements, key priorities and the Council's core principles.

6.4 The Council's approach to delivering the savings requirement is encapsulated in the Efficiency Strategy 2020/2021 to 2023/2024 (attached as Appendix Gi).

6.5 Further updates on the Efficiency Strategy will be provided to Cabinet in light of the emerging funding framework and the MTFP 2020/2021 to 2023/2024 will be refined and updated as this work progresses.

7 Capital and Prudential Borrowing

- 7.1 The revenue implications of the Council's Capital Programme are considered as part of the process for setting the Capital Programme. The revenue impact of the Capital Programme is reflected in the MTFP, in particular the costs associated with the level of prudential borrowing required to deliver the Capital Programme.
- 7.2 The four year Capital Programme for 2020/2021 to 2023/2024 was set to take account of the reductions in available external funding and the increased pressure on the Council's resources.
- 7.3 New capital schemes for 2021/2022 and beyond, which meet key priority objectives will be considered in light of available resources as the budget process progresses. The Council's Capital Strategy reflects the Council's approach to prioritisation of projects for investment, while the borrowing strategy reflects appropriate parameters to ensure VFM considerations are safeguarded.

8 Reserves and Balances, and Reserves Policy

- 8.1 The Local Government Finance Act 1992 requires local authorities to have regard to the level of reserves needed for meeting estimated future expenditure when calculating the budget requirement.
- 8.2 In establishing reserves, the Council must comply with the Code of Practice on Local Authority Accounting in the United Kingdom. The Chief Finance Officer will consider the level of reserves as part of the budget setting process and provide a statement on the adequacy of reserves.
- 8.3 The Council's policy on reserves is as follows:
- The Council will maintain its general reserve at a minimum of £12m to cover any major unforeseen expenditure. The Council will aim to balance its revenue budget over the period of the MTFP without reliance on the use of the general reserve; and
 - The Council will maintain earmarked reserves for specific purposes which are consistent with achieving its key priorities and these will be kept under regular review.
- 8.4 Other than General Reserve, all reserves are earmarked for specific purposes. The forecast balances on earmarked reserves at 31st March 2020 and 31st March 2021 are attached at Appendix I for information.
- 8.5 A general reserve of £12m is held to provide a level of contingency and meet any unforeseen expenditure and support the budget as currently agreed as set out in Appendix F. A full analysis of reserves is included annually in the Statement of Accounts. A financial risk analysis in respect of the level of general reserve is set out at Appendix H.

9 Budget Consultation and Equality Analysis

- 9.1 The budget process for 2020/2021 included a consultation exercise that concluded on the 15th December 2019. The approach recognised that the initial 2020/2021 savings proposals included in the report do not have direct resident impact. In general, the findings demonstrate support for the Council's plans for the city and for a council tax increase to support the budget planning assumptions.
- 9.2 The Council continues to fully consider the impact of its plans by following a robust approach to equalities analysis. The Council continues to seek to meet its obligations in relation to equality and diversity and has procedures in place at both a general and budget specific level to incorporate equality and diversity issues into decision making processes and the assessment of proposals.

10 Risk Assessment

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

11 Conclusion

- 11.1 The Government has announced funding levels for 2020/2021 but as yet has provided no indications of funding beyond that year. The impact of the Spending Review 2020, the Fair Funding Review, and proposed move to 75% retained business rates could all have a significant impact on the future funding level available for services in Sunderland. The planning assumes at this stage that the Government will take action through the Top Up and Tariffs or damping arrangements so that no council is significantly adversely affected by the combined impact of the changes. However even with this assumption, the Council faces the requirement for significant budget reductions as a result of the unfunded spending pressures which the Council faces each year, with a three year on-going savings requirement for 2020/2021 to 2023/2024 in the region of £24.72m, after assumed increases in council tax. This is in addition to over £315m savings already achieved in the period 2010/2011 to 2019/2020.
- 11.2 Government and regional support for capital investment also continues to be restricted over the life of the MTFP, with potential further impacts arising as a result of Brexit. If the Council wants to continue to invest in capital projects to deliver priorities, it needs to be even more self-sufficient and raise income or reduce service costs to support borrowing.

- 11.3 In seeking to minimise the impact on residents and the city, the Council, will increasingly need to take a citywide approach with partners in health, education and the business sector together with our communities to collectively reshape services to enable the best response for the city. The Council's role will increasingly need to shift from delivering services to enabling individuals, communities and other organisations in the public, private and voluntary sectors to work together to address the needs of the city in new ways and to encourage people to be more self-supporting.
- 11.4 In the short term, all funding options, including budget savings and council tax levels and commitments against reserves, will be considered to allow a balanced and sustainable budget over the period to 2023/2024 to be agreed.

Efficiency Strategy 2020/2021 to 2023/2024

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

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

It is recognised that the impact of the Spending Review 2020, the Fair Funding Review and the proposed move to 75% business rates could have a significant effect on the assumptions within the MTFP as set out at Appendix G, which in turn will impact upon the approach set out in this Efficiency Strategy. The Strategy will therefore be kept under review and the approach updated as required throughout 2020/2021.

1 Purpose

- 1.1 The Efficiency Strategy 2020/2021 to 2023/2024 sets out the overall approach to the delivery of the required savings to address the reductions in funding and spending pressures during the period.

2 Objectives of the Strategy

- 2.1 The strategy is intended to:
- enable a balanced budget to be achieved throughout the period of the MTFP;
 - ensure the best use of resources available;
 - ensure the financial resilience of the Council is maintained; and
 - comply with Government requirements in relation to proposed use of Capital Receipts Flexibility.
- 2.2 Sunderland City Council is committed to delivering continual improvement and to providing services that represent good Value for Money to its residents. Through planning and financial and performance management arrangements the Council ensures that value for money is embedded into the culture of the Council's activities and its arrangements with partners.
- 2.3 The approach set out in this strategy reflects the Council's approach and arrangements for delivery of savings as part of medium term financial planning.

3 Context

- 3.1 This strategy integrates the Council's commitment to strengthening its Community Leadership role in the city. As a democratically elected body, the Council will continue to be:
- a champion and advocate for Sunderland communities and interests; and
 - a focal point of leadership for partners to work together to deliver on priority outcomes.

4 The Financial Challenge - Medium Term Financial Plan

- 4.1 The MTFP set out at Appendix G shows savings requirements of £46.33m through to 2023/2024 as follows:

| | 2020/21 | 2021/22 | 2022/23 | 2023/24 | Total |
|-----------------------------------|---------|---------|---------|---------|---------|
| | £m | £m | £m | £m | £m |
| Government Grant Changes | (9.64) | (0.68) | (0.40) | (0.45) | (11.17) |
| Total On-going Spending Pressures | 20.23 | 12.53 | 12.30 | 12.44 | 57.50 |
| Total Funding Gap | 10.59 | 11.85 | 11.90 | 11.99 | 46.33 |

After assumed increases to council tax, additional ongoing savings of £24.72m are estimated to be required over the period to 2023/2024. This is in addition to more than £315m savings already achieved in the period 2010/2011 to 2019/2020.

- 4.2 The Revenue Budget and Proposed Council Tax for 2020/2021 report to February 2020 Cabinet includes proposals to meet the funding gap for 2020/2021. Section 5 below sets out the approach to develop a full suite of proposals to meet the remaining funding gap through to 2023/2024.
- 4.3 A further suite of proposals to balance the budget over the medium term will be considered by Cabinet in due course and form the basis of future consultation.

5 The Approach to meeting the funding gap

- 5.1 To deliver the scale of reductions faced by the Council over the medium term it is necessary to consider the role of the Council as change will be required to the way the Council operates in the future. This will inevitably impact on the services provided to communities.
- 5.2 This involves further transforming service delivery, reviewing service standards and commissioned activity and prioritising resources to support statutory requirements and key priorities as set out in the City Plan.

5.3 Programme of service activity

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

For all service areas this includes consideration of:

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

5.4 Income maximisation

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

Retained Business Rates

5.4.2 Under the current retained business rates mechanism for funding local government, the Government makes assumptions about the level of Business Rates which will be achieved and retained by a Local Authority in determining its SFA. However, the Council must determine for itself the anticipated level of Business Rate Income collection. The Business Rate income for 2020/2021 to be retained by the Council is £46.400m.

- 5.4.3 The impact of the Regeneration activity and the Council's Capital Strategy will help grow the business rates base within the city. This takes on even greater relevance in light of the Government's proposed move to 75% retained business rates by 2020.
- 5.4.4 The efficiency strategy assumes prudent growth in the business rates base of £0.500m per annum based on historical growth, forecast developments impacting on the business rates baseline, and the volatility of the appeals position.

Council Tax

- 5.4.5 Recent years have seen sustained growth in the council tax base as new houses have been built, bringing with it benefits in terms of both increased council tax income and New Homes Bonus grant. The impact of the Regeneration activity and Capital Strategy will further help grow the availability of housing in the city resulting in additional council tax income which will assist in meeting the cost of services. Over the medium to long term there are a number of proposed residential developments including Siglion's proposed developments at Seaburn and Potters Hill as well as the South Sunderland Growth Area. Such development activity will take on even greater importance as the Government removes core grant funding in favour of local self-sufficiency.
- 5.4.6 The Efficiency Strategy assumes growth in the council tax base of circa £0.6m per annum through to 2023/2024 based on historical experience of growth in the base and known development activity which will impact during the period of the MTFP.
- 5.4.7 The Local Government Finance Settlement for 2020/2021 includes assumptions that councils will raise council tax annually in line with the level allowed without a local referendum in addition to applying a social care precept. The Council will consider the position regarding council tax as part of each annual budget process.

Fees and Charges

- 5.4.8 A review of all fees and charges takes place on an annual basis in accordance with the Council Fees and Charges Review Policy to ensure that opportunities to maximise resources are followed through.
- 5.4.9 Opportunities for new charges continue to be actively pursued by Executive Directors as part of the improvement planning process and these will be reflected within future savings plans to be considered by Cabinet in due course.

5.5 Capital Programme and Regeneration Activity

- 5.5.1 The Council's approach to capital planning is set out in the Capital Strategy, approved by Council in November 2019. This encompasses the aims of the City Plan with an overall ambition that by 2030 Sunderland will be a connected, international city with opportunities for all.

5.5.2 The key themes to achieving our ambition are that:

- Sunderland will be a **dynamic city**. This includes more and better jobs, an improved housing offer, improvements to the city centre and a focus on low carbon and digital connectivity.
- Sunderland will be a **healthy city**. This includes a focus on ensuring that everyone has access to opportunities and life chances to live healthier, longer, independent lives. There will be a focus on a more attractive city and neighbourhoods with better transport networks.
- Sunderland will be a **vibrant city**. This includes more creative and cultural businesses, more visitors to Sunderland and more residents participating in their communities and cultural events. We want residents to feel happy in the neighbourhoods where they live and feel safe.

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

5.5.4 A key priority of the Capital programme 2020/2021 to 2023/2024 is to continue to support plans for the regeneration of the City Centre, River Corridor, IAMP, Enterprise Zones, the continued development of city wide infrastructure and to support housing delivery and growth.

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

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

5.6 Leverage of External Funding

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

- 5.6.2 Significant investment has been secured to date from Central Government and regional funds to support the Council's current infrastructure priorities, including the International Advanced Manufacturing Park (IAMP), Sunderland Strategic Transport Corridor Phase 3 (SSTC3), Vaux Phase 1 and the Port of Sunderland Enterprise Zone.
- 5.6.3 With the Local Growth Fund now largely committed in the North East Local Enterprise Partnership (NELEP) area, the Council continues to investigate funding opportunities linked to the UK's Industrial Strategy. Major projects in the pipeline include the development of key infrastructure to unlock the South Sunderland Growth Area (Homes England - Housing Infrastructure Fund), key strategic transport projects (Department for Transport - Transforming Cities Fund) and a city centre focused proposal seeking support from the Future High Street Fund (Ministry of Housing, Communities & Local Government).
- 5.6.4 Continued investment in the city's heritage, tourism, sporting and cultural assets is also being pursued through the Heritage Fund, Historic England, Arts Council, Coastal Communities Fund, Department for Culture, Media and Sport, the Football Foundation and other major funders. This investment builds on the early progress of Sunderland Culture, working in partnership with the Council, in securing National Portfolio Organisation status for 2018-2022 through the Arts Council. Development work is on-going to identify a pipeline of future projects to enhance the city's overall cultural offer, including redevelopment of the Sunderland Museums and Winter Gardens.
- 5.6.5 In addition, the Council has continued to secure external funding for projects which support the most vulnerable members of the community. These include 15 local projects funded through Sunderland's Community Led Local Development programme, additional funding secured to support domestic abuse victims, people with physical and mental health issues, and a range of local educational and skills projects supported.
- 5.6.6 The Council continues to monitor the post-Brexit funding position. In December 2017, the EU and UK Government agreed that the EU Structural Funds would continue to operate as normal in the UK up until the end of 2020, with approved projects to continue until 2022 or 2023. It is expected that opportunities to access EU funding programmes will continue into 2020 until all remaining funds are committed.
- 5.6.7 Local government and regional partners continue to lobby for a significant UK successor programme that will operate beyond 2020. Early consultation work on the UK Shared Prosperity Fund (UKSPF) began in summer 2018 with a series of regional workshops. However, the Government is yet to formally issue a consultation or further details on the proposed fund. Current thinking is that the UKSPF will operate from 2021 and that its coverage will reflect regional priorities set out in new Local Industrial Strategies and in updated Strategic Economic Plans.

5.7 Other Options for Future Funding

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

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

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

5.8 Partnership / Collaboration / Joint working activity

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

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

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

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

5.9 Reserves and Balances

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

5.10 Good housekeeping and general on-going actions

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

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

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

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

6.2 Use of Capital Receipts Flexibility to support transformational costs

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

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

6.2.3 It is proposed to continue the approach adopted in recent years in relation to the capital receipts flexibility in order to ensure maximum flexibility in funding options available, with the capital receipts received potentially being utilised to meet workforce planning arrangements and other transformation costs arising in 2020/2021 and 2021/2022.

6.2.4 The Council's Efficiency Strategy supports the Government requirements in making use of these flexibilities. The requirements in respect of prudential indicators are reflected in the Capital Programme 2020/2021 to 2023/2024 and Treasury Management Policy and Strategy 2020/2021 report elsewhere on this agenda. At this stage however, individual transformational projects that will require capital receipt support are not yet developed.

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

7 Governance and Monitoring arrangements

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

MTFP 2020/2021 to 2023/2024 Risk Assessment

| Risk | Likelihood | Impact | Risk Management |
|---|------------|--------|---|
| 1. Future available resources less than notified. The MTFP is based on data as known, but this does not reflect any potential impact of the Government Fair Funding review and proposed move to 75% retained business rates. This is likely to be a key impact on the level of funding available in future. | Likely | High | Settlement confirmed RSG funding for 2020/2021 with forecasts beyond 2020/2021 based on an assumption that the Government will use Top up and Tariff mechanisms and damping to smooth impact on individual authorities of spending review, fair funding review and implementation of 75% retained business rates. The MTFP is regularly updated to reflect latest intelligence. Annual review of reserves and reserves policy to identify available future resources. |
| 2. Changes to Government policy. | Possible | High | Source alternative funding options including short term use of reserves. Pressures factored into the MTFP. Latest funding cut indications reflected in the MTFP. |
| 3. Pay Awards and price inflation higher than assumed. | Possible | Medium | Provision included in the MTFP based on assumed pay award of 2%. Limited contingencies available should the award be higher. |
| 4. Future spending plans underestimated, including increased social care demand. | Likely | High | Service planning process and regular MTFP review identifies future budget pressures. |
| 5. Anticipated savings not achieved. | Possible | High | Regular monitoring and reporting take place. In relative terms limited reductions for 2020/2021, but the size of the funding cuts increases the likelihood of this risk into the future. None achievement of savings would require compensating reductions in planned spending within services. Principles to maintain General Reserve at £12m. |

| Risk | Likelihood | Impact | Risk Management |
|--|-------------------|---------------|--|
| 6. Revenue implications of capital programmes not fully anticipated. | Unlikely | Low | Revenue impacts considered in framing the capital programme. Capital programme links to the Council's priorities through the City Plan. |
| 7. Income Targets for business rates and council tax not achieved | Possible | High | Prudent approach taken in setting the forecast income levels. Monitoring processes in place, including through quarterly reviews to identify forecast shortfall and remedial action to be taken. Provisions held for both appeals and bad debts. |
| 8. Other Miscellaneous Income targets not achieved | Possible | Medium | Economic climate potential impact mitigated by potential short term use of reserves. Regular monitoring / reporting and previous review of fees and charges undertaken. |
| 9. Budget monitoring not effective | Unlikely | High | Monthly monitoring / reporting in line with corporate performance management framework. Action plans developed to address problem areas. |
| 10. Exit strategies for external funding ceasing/tapering not met. | Possible | Medium | Regular monitoring and reporting. Government policy has largely removed ring fencing providing greater flexibility. External Funding Strategy in place. |
| 11. Loss of principal deposit. | Unlikely | Medium | Limited by the controls in the Treasury Management Strategy which focus on security of deposit rather than returns. Impact limited due to the strategy of a diverse portfolio and top rated institutions. |
| 12. Interest rates lower than expected. | Unlikely | Low | Regular review, monitoring and reporting on interest rates. Prudent assumptions on likely interest rates for 2020/2021 onwards factored into the MTFP. |
| 13. All MTFP risks not adequately identified. | Unlikely | Low | The Council's Risk Management Profile ensures all operational and strategic risks identified as part of annual service planning process. |

General Balances – Financial Risk Analysis

Financial Planning

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

This is unlikely to arise due to:

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

Inflation

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

This remains a risk given potential for contract inflation increases following the increase to the Living Wage. It is mitigated by the realistic prudent provisions made:

- Prudent provision has been included for known pay offers;
- CPI has been included at a prudent rate, based on future years Bank of England forecasts;
- appropriate provision for price increases has been included in the budget including a prudent provision for increases in contract prices, reflecting Bank of England inflation forecasts, and additional provision for fees for independent providers of care services including the impact of the National Living Wage;
- expenditure in respect of most budgets can be either influenced or controlled; and
- separate provision has been made for fuel and utility costs, which have been subject to price fluctuations over recent years. Council procurement officers continuously monitor price changes in order to take advantage of any purchasing opportunities that may arise.

Contingencies

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

This is unlikely to occur due to:

- prudent estimates have been included in respect of each category of contingency provision and specific contingencies have been created for known spending pressures in 2020/2021; and
- the total contingency provision should be considered in the context of the net revenue budget.

Debt Charges

Risk is that Debt Charges will be greater than budgeted.

This is unlikely to arise due to:

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

Revenue Budget - Budgetary Control

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

Whilst the scale of changes in the budget and levels of savings are significant, robust monitoring arrangements are in place to deal with the increased risks associated with this including;

- The budgetary control processes that are in place fully integrate monitoring of delivery of budget reduction plans which will identify any shortfall and remedial action will be taken
- Corporate performance monitoring arrangements includes monitoring of delivery of savings and overall budget position at Chief Executive, Executive Director and Assistant Director level and is embedded as part of the routine budget monitoring processes with exception reporting to Directorate Senior Management Teams and Portfolio Holders with corrective action agreed or set in train;
- Quarterly Council-wide Revenue Budget Budgetary Control reviews are undertaken, reported to Cabinet and corrective action agreed or set in train;
- Financial Procedure Rules relating to delegated budgets provide for virement; clear budget management responsibilities are in place and recorded within the Revenue Budget and Capital Programme;
- Contingencies held and short term headroom exists within the debt charge budget that is available to mitigate pressures elsewhere should they arise; and
- Transformation reserves held to support the revenue position should the need arise.

Risk Management

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

This is unlikely to occur due to:

- the Council has in place a Risk and Assurance Map supported by detailed Strategic and Corporate Risk Profiles, which are regularly and formally reviewed, and action is taken to mitigate and manage risks;
- Risk Profiles are developed for all major Projects;
- Risks are considered as part of the development of significant changes recommended to Cabinet;
- comprehensive self and external insurance arrangements are in place, including adequate self-insurance funds including both provisions and reserves; and
- existence of Bellwin Scheme.

Capital Programme Implications

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

This is unlikely to happen due to:

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

Earmarked Reserves - Position Statement

| Reserves | Purpose of the Reserve | Opening Balance 01.04.2019 £m | Forecast Movement in Year £m | Forecast Closing Balance 31.03.2020 £m | Forecast Movement in Year £m | Forecast Closing Balance 31.03.2021 £m |
|--|---|-------------------------------------|------------------------------------|--|------------------------------------|--|
| General Fund | General Fund of the Council | 12.000 | 0.000 | 12.000 | 0.000 | 12.000 |
| School Balances | Balances held by schools under a scheme of delegation | 7.758 | (1.528) | 6.230 | (0.612) | 5.618 |
| Earmarked General Fund Reserves – Capital | | | | | | |
| Riverside Transfer | Reserve established to fund capital works associated with the Homes and Communities Agency land transferred to the Council. | 9.188 | 0.000 | 9.188 | 0.000 | 9.188 |
| Capital Priorities Reserve | A reserve established to address some of the Council's key capital developments and strategic priorities. | 7.179 | (1.766) | 5.413 | (0.772) | 4.641 |
| Section 106 Reserves | These reserves relate to monies paid over by the developers of new housing estates, under Section 106 of the Town and Country Planning Act 1990. The contributions are used to provide play equipment, pupil places and affordable housing on the housing developments. | 6.254 | (1.856) | 4.398 | (0.698) | 3.700 |
| Strategic Investment Reserve (Capital) | A reserve established to address some of the Council's key developments, strategic priorities and address other major liabilities. | 5.422 | (2.745) | 2.677 | (1.367) | 1.310 |
| Strategic Investment Plan Reserve | This reserve is necessary to fund part of the Council's contribution to its Strategic Investment Plan approved by Council in April 2008. | 1.656 | (1.501) | 0.155 | (0.155) | 0.000 |
| Commercial and Economic Development Activity | Reserve established to take advantage of commercial and economic development opportunities that will meet priorities of the Council. | 1.452 | (0.946) | 0.506 | (0.462) | 0.044 |
| Other Earmarked Capital Reserves | Funding set aside to fund future capital projects previously approved. | 2.969 | (2.157) | 0.812 | (0.050) | 0.762 |
| Earmarked General Fund Reserves – Revenue | | | | | | |
| Strategic Investment Reserve (Revenue) | A reserve established to address some of the Council's key developments, strategic priorities and address other major liabilities. | 23.565 | (4.320) | 19.245 | (3.413) | 15.832 |

| Reserves | Purpose of the Reserve | Opening Balance 01.04.2019 £m | Forecast Movement in Year £m | Closing Balance 31.03.2020 £m | Forecast Movement in Year £m | Forecast Closing Balance 31.03.2021 £m |
|---|---|-------------------------------------|------------------------------------|-------------------------------------|------------------------------------|--|
| Service Reduction Reserve | This reserve is to provide temporary transitional funding relating to the implementation of planned service reductions (the Service pressures reserve has been amalgamated with this reserve in 2019/2020) | 9.653 | (5.553) | 4.100 | 0.000 | 1.608 |
| Medium Term Planning Smoothing Reserve | This reserve was established to address any potential impact arising from increased risk and uncertainty with the Business Rate Retention Scheme. It is being used to smooth the impact of Government austerity measures. | 5.602 | 0.926 | 6.528 | 0.000 | 6.528 |
| Insurance Reserve | This reserve has been established to provide for potential future claims or claim increases. | 4.721 | 0.000 | 4.721 | 0.000 | 4.721 |
| Street Lighting and Highway Signs PFI Smoothing Reserve | The reserve was established to smooth the financial impact of the contract across the 25 years of the contract life. | 4.476 | (0.295) | 4.181 | (0.300) | 3.881 |
| HCA Stadium Transfer | Reserve established to fund ongoing maintenance of Homes and Communities Agency land transferred to the Council. | 3.101 | 0.000 | 3.101 | 0.000 | 3.101 |
| SIB Reserve | A reserve held to fund future allocations through the Strategic Initiatives Budget. | 2.883 | 0.000 | 2.883 | (0.860) | 2.023 |
| Service Pressures Reserve | A reserve established to meet known service pressures ongoing into future financial years. | 2.492 | (2.492) | 0.000 | 0.000 | 0.000 |
| Sandhill Centre PFI Smoothing Reserve | The reserve was established to smooth the financial impact of the contract across the 25 years of the contract life. | 2.328 | (0.135) | 2.193 | (0.150) | 2.043 |
| Housing Benefit Smoothing Reserve | This reserve has been established to smooth any potential impact of outstanding debtors as housing benefit is subsumed within universal credit. | 1.908 | 0.000 | 1.908 | (0.300) | 1.608 |
| Education Redundancy Reserve | The reserve was established to meet the anticipated costs of redundancies as a result of falling pupil rolls within maintained schools. | 1.678 | (0.150) | 1.528 | (0.200) | 1.328 |
| Riverside Transfer | Reserve established to fund ongoing maintenance of Homes and Communities Agency land transferred to the Council. | 1.419 | (0.113) | 1.306 | (0.105) | 1.201 |
| House Sale Income | The reserve relates to the sale of clients' homes that will be utilised to support future support needs of those clients. | 1.407 | 0.000 | 1.407 | 0.000 | 1.407 |

| Reserves | Purpose of the Reserve | Opening Balance 01.04.2019 £m | Forecast Movement in Year £m | Closing Balance 31.03.2020 £m | Forecast Movement in Year £m | Forecast Closing Balance 31.03.2021 £m |
|------------------------------------|---|-------------------------------------|------------------------------------|-------------------------------------|------------------------------------|--|
| Collection Fund Surplus Reserve | Reserve established as part of 2018/19 budget setting to smooth the collection fund surplus benefit into future years. | 1.345 | (0.147) | 1.198 | 0.335 | 1.533 |
| Levy Transitional Reserve | A reserve established from the redistribution of Business Rates Levy surpluses by the Government. Earmarked for one off transitional costs. | 1.296 | 0.000 | 1.296 | 0.000 | 1.296 |
| DSG Surplus | This reserve is the underspend from the Dedicated Schools Grant that will be utilised to support schools funding in future years. | 1.162 | (1.162) | 0.000 | 0.000 | 0.000 |
| Other Earmarked Revenue Reserves | Numerous small revenue reserves set up for specific purposes. | 19.107 | (4.389) | 14.718 | (4.055) | 10.663 |
| Total General Fund Reserves | | 142.021 | (30.329) | 111.692 | (13.164) | 98.538 |
| Capital Receipts Reserve | Balance of capital receipts held, pending use to fund the capital programme. | 6.527 | 1.163 | 7.690 | (3.421) | 4.269 |
| Capital Grants Unapplied | Balance of capital grants held pending expenditure on capital programme. | 5.474 | 0.000 | 5.474 | 0.000 | 5.474 |
| Total Usable Reserves | | 154.022 | (29.166) | 124.856 | (16.585) | 108.281 |

REVENUE BUDGET 2020/2021

**SUNDERLAND CITY COUNCIL
REVENUE ESTIMATES 2020/2021
GENERAL SUMMARY**

Appendix J

| Revised Estimate 2019/20 £ | | Estimate 2020/21 £ |
|---|---|-----------------------------------|
| 4,000,656 | Leader | 4,840,802 |
| 3,167,569 | Deputy Leader | 3,054,394 |
| 13,706,989 | Cabinet Secretary | 11,056,295 |
| 74,809,946 | Children, Learning and Skills | 73,769,347 |
| 12,563,371 | Community and Culture | 13,020,714 |
| 44,995,792 | Environment and Transport | 47,183,356 |
| 79,342,373 | Health and Social Care | 84,619,325 |
| 4,013,292 | Housing and Regeneration | 3,458,880 |
| 4,507,071 | Provision for Contingencies | 10,291,527 |
| | Capital Financing Costs | |
| 20,107,926 | - Debt Charges | 25,432,670 |
| (580,000) | - Interest on balances | (580,000) |
| (1,253,000) | - Interest on Airport long term loan notes | (1,253,000) |
| | Transfer to/from Reserves | |
| 926,047 | - Medium Term Planning Smoothing Reserve | 0 |
| 0 | - Collection Fund Surplus Reserve | 335,304 |
| (146,801) | - Use of Collection Fund Surplus Reserve | 0 |
| (1,250,000) | - Use of Strategic Investment Reserve | 0 |
| (29,152,996) | Technical Adjustments: IAS19 and Reversal of Capital Charges | (28,634,879) |
| <u>229,758,235</u> | | <u>246,594,735</u> |
| LEVIES | | |
| 14,998,556 | North East Combined Authority Transport Levy | 14,917,556 |
| 226,940 | Environment Agency | 226,940 |
| 63,357 | North East Inshore Fisheries Conservation Authority | 63,357 |
| <u>15,288,853</u> | | <u>15,207,853</u> |
| Less Grants | | |
| (16,566,645) | Improved Better Care Fund | (18,134,423) |
| (1,567,778) | Adult Social Care Grant – Winter Pressures Grant | 0 |
| (2,678,287) | Social Care Support Grant | (10,248,830) |
| (6,486,626) | Section 31 Grants – Business Rates and Brexit Grant | (7,561,568) |
| (2,956,926) | New Homes Bonus | (2,069,869) |
| (13,781) | Inshore Fisheries Conservation Authority | (13,781) |
| <u>214,777,045</u> | TOTAL NET EXPENDITURE / LOCAL BUDGET REQUIREMENT | <u>223,774,117</u> |
| 66,591 | Hetton Town Council | 67,776 |
| <u>214,843,636</u> | TOTAL BUDGET REQUIREMENT | <u>223,841,893</u> |
| Deduct Grants etc. | | |
| 27,507,383 | Revenue Support Grant | 27,955,383 |
| 44,398,085 | National Non-Domestic Rates/Retained Business Rates | 46,400,234 |
| 43,022,701 | Top up Grant | 43,724,701 |
| 353,199 | Collection Fund Surplus - Council Tax | 835,304 |
| <u>115,281,368</u> | | <u>118,915,622</u> |
| <u>99,562,268</u> | LOCAL COUNCIL TAX REQUIREMENT INCLUDING PARISH PRECEPT | <u>104,926,271</u> |
| <u>99,507,522</u> | LOCAL COUNCIL TAX REQUIREMENT EXCLUDING PARISH PRECEPT | <u>104,870,340</u> |

**SUNDERLAND CITY COUNCIL
CONTINGENCIES 2020/2021**

Appendix J

| | £m |
|---|---------------|
| Pay and Cost Pressures | 5.742 |
| Capacity to Deliver Change | 2.250 |
| General Contingency | 1.500 |
| Service Pressures and Economic Downturn | 0.500 |
| Winter Maintenance | 0.300 |
| Total Contingency | 10.292 |

STATEMENT OF GENERAL BALANCES

| | £m |
|--|---------------|
| Balances as at 31st March 2019 | |
| Use / Addition to Balances 2019/2020 | 12.000 |
| Use of Balances 2019/2020 | |
| - Contribution to Revenue Budget | (1.250) |
| Addition to Balances 2019/2020 | |
| - Transfer from Strategic Investment Reserve to support the 2019/2020 budget | 1.250 |
| Estimated Balances 31st March 2020 | 12.000 |
| Use of Balances 2020/2021 | |
| - Contribution to Revenue Budget | 0.000 |
| Addition to Balances 2020/2021 | |
| - Transfer from Strategic Investment Reserve to support the 2020/2021 budget | 0.000 |
| Estimated Balances 31st March 2021 | 12.000 |

ROLES AND RESPONSIBILITIES

Primary overview of Council priorities:

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

FINANCIAL

| OBJECTIVE SUMMARY | | | |
|---|--------------------------------|---|---------------------------------|
| Ref. | Assistant Director Ref. | Revised Estimate 2019/2020 £ | Estimate 2020/2021 £ |
| Corporate Services | | | |
| 1 | EDCS | 275,591 | 284,133 |
| 2 | ADLG | 1,417,501 | 1,275,166 |
| 3 | ADF | 755,954 | 1,776,304 |
| 4 | ADLG | 481,149 | 494,882 |
| | | 2,930,195 | 3,830,485 |
| City Development | | | |
| 5 | EDCD | 160,000 | 249,000 |
| | | 160,000 | 249,000 |
| People, Communities and Partnerships | | | |
| 6 | ADEP | 1,132,870 | 1,159,670 |
| | | 1,132,870 | 1,159,670 |
| | | 4,223,065 | 5,239,155 |
| TOTAL DELEGATED BUDGET | | | |
| Non Delegated Budgets | | | |
| 7 | | 191,191 | 9,169 |
| 8 | | 1,487,282 | 1,551,080 |
| 9 | | (1,903,730) | (1,961,450) |
| 10 | | 2,848 | 2,848 |
| | | 4,000,656 | 4,840,802 |
| TOTAL PORTFOLIO BUDGET | | | |

The budget service lines do not include support service costs or other non-delegated costs. As such they do not reflect external reporting requirements which will contain apportionment of support service costs.

PORTFOLIO GLOSSARY

| | |
|------|--|
| EDCS | Executive Director of Corporate Services |
| ADLG | Assistant Director of Law & Governance |
| ADF | Assistant Director of Finance |
| EDCD | Executive Director of City Development |
| ADEP | Assistant Director of Economic Policy |

ROLES AND RESPONSIBILITIES

Primary overview of Council priorities:

- To support the Leader as appropriate, working collectively with the Cabinet and Deputy Cabinet Members.
- To support the Leader in the approach to strategic economic, social and physical regeneration activity in the City.
- To provide political leadership in relation to communications and corporate affairs.
- To provide political leadership to the Council's approach to equalities, safer communities and social inclusion including the work in the city with the armed forces.
- To ensure that the Council's approach to people management and development is enabling and effective.

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

FINANCIAL

OBJECTIVE SUMMARY

| Ref. | Assistant Director Ref. | Revised Estimate 2019/2020 £ | | Estimate 2020/2021 £ |
|------|-------------------------|---------------------------------|--|-------------------------|
| | | | City Development | |
| 1 | ADER | 845,903 | Business and Investment | 889,338 |
| 2 | PD | (1,309,765) | Port of Sunderland | (890,961) |
| | | (463,862) | Total City Development | (1,623) |
| | | | Neighbourhoods | |
| 3 | ADCR | 259,560 | Safer Communities | 266,225 |
| | | 259,560 | Total Neighbourhoods | 266,225 |
| | | | People, Communities and Partnerships | |
| 4 | SMCAMC | 795,277 | Corporate Affairs and Communications | 1,078,499 |
| 5 | ADEP | 44,826 | Equalities and integration | 44,826 |
| 6 | ADEP | 10,828 | Local Strategic Partnership | 10,828 |
| 7 | ADPM | 1,992,272 | Strategic and Operational HR | 2,180,596 |
| | | 2,843,203 | Total People, Communities and Partnerships | 3,314,749 |
| | | 2,638,901 | TOTAL DELEGATED BUDGET | 3,579,351 |
| | | | Non Delegated Budgets | |
| 8 | | 664,725 | IAS19 (Pensions) | 47,395 |
| 9 | | 2,293,806 | Support Service Costs - received from other services | 2,407,040 |
| 10 | | (4,207,723) | Support Service Costs - charged to other services | (4,753,841) |
| 11 | | 1,777,860 | Asset Charges | 1,774,449 |
| | | 3,167,569 | TOTAL PORTFOLIO BUDGET | 3,054,394 |

The budget service lines do not include support service costs or other non-delegated costs. As such they do not reflect external reporting requirements which will contain apportionment of support service costs.

PORTFOLIO GLOSSARY

| | |
|--------|--|
| ADER | Assistant Director of Economic Regeneration |
| PD | Port Director |
| ADCR | Assistant Director of Community Resilience |
| SMCAMC | Senior Manager Corporate Affairs, Marketing and Communications |
| ADEP | Assistant Director of Economic Policy |
| ADPM | Assistant Director of People Management |

ROLES AND RESPONSIBILITIES

Primary overview of Council priorities:

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

Policy Oversight to include:

- Corporate Services and Data Protection functions.

FINANCIAL

OBJECTIVE SUMMARY

| Ref. | Assistant Director Ref. | Revised Estimate 2019/2020 £ | | Estimate 2020/2021 £ |
|---|-------------------------|------------------------------|--|----------------------|
| Corporate Services | | | | |
| 1 | ADBPS | (218,045) | Area Facilities | (177,372) |
| 2 | ADBPS | 642,548 | Asset Management | 717,793 |
| 3 | ADBPS | 1,946,200 | Audit, Risk and Assurance | 2,016,900 |
| 4 | ADF | 70,175 | Benefits Service | 152,152 |
| 5 | ADBPS | 2,347,607 | Business Support | 2,561,080 |
| 6 | ADBPS | 1,547,233 | Civic Buildings | 1,289,013 |
| 7 | ADBPS | 230,861 | Civil Contingencies | 240,217 |
| 8 | ADF | 13,607,669 | Corporate Management | 2,687,576 |
| 9 | ADDCS | 1,986,375 | Customer Service Network | 2,064,504 |
| 10 | ADLG | 634,183 | Electoral Services | 646,423 |
| 11 | ADF | 1,899,326 | Financial Management | 2,097,999 |
| 12 | ADLG | 540,220 | Governance Services | 565,694 |
| 13 | ADDCS | 6,321,956 | ICT | 6,484,180 |
| 14 | ADBPS | 30,185 | Information Governance | 37,912 |
| 15 | ADLG | 838,938 | Legal Services | 999,456 |
| 16 | ADBPS | 325,401 | Procurement | 373,478 |
| 17 | ADBPS | 465,038 | Purchase to Pay | 483,496 |
| 18 | ADBPS | 2,180,141 | Repairs and Renewals | 2,221,321 |
| 19 | ADF | 536,935 | Revenues | 313,758 |
| 20 | ADBPS | 1,091,371 | Security Services | 1,252,002 |
| 21 | ADF | 298,817 | Strategic External Funding Unit | 329,337 |
| 22 | ADDCS | 620,329 | Transformational Change Team | 627,058 |
| | | 37,943,463 | Total Corporate Services | 27,983,977 |
| City Development | | | | |
| 23 | ADIPT | (218,311) | Capital Project Team | (205,960) |
| | | (218,311) | Total City Development | (205,960) |
| People, Communities and Partnerships | | | | |
| 24 | DPO | 173,456 | Data Protection Office | 180,600 |
| | | 173,456 | Total People, Communities and Partnerships | 180,600 |
| | | 37,898,608 | TOTAL DELEGATED BUDGET | 27,958,617 |
| Non Delegated Budgets | | | | |
| 25 | | (10,696,036) | IAS19 (Pensions) | (2,153,493) |
| 26 | | 14,982,485 | Support Service Costs - received from other services | 15,601,956 |
| 27 | | (30,770,196) | Support Service Costs - charged to other services | (32,180,727) |
| 28 | | 2,292,128 | Asset Charges | 1,829,942 |
| | | 13,706,989 | TOTAL PORTFOLIO BUDGET | 11,056,295 |

The budget service lines do not include support service costs or other non-delegated costs. As such they do not reflect external reporting requirements which will contain apportionment of support service costs.

PORTFOLIO GLOSSARY

| | |
|-------|---|
| ADBPS | Assistant Director of Business & Property Services |
| ADF | Assistant Director of Finance |
| ADDCS | Assistant Director of Digital & Customer Services |
| ADLG | Assistant Director of Law & Governance |
| ADIPT | Assistant Director of Infrastructure, Planning & Transportation |
| DPO | Data Protection Officer |

ROLES AND RESPONSIBILITIES

Primary overview of Children, Learning and Skills priorities:

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

Policy Oversight to include:

- Children, Learning and Skills functions.

FINANCIAL

OBJECTIVE SUMMARY

| Ref. | Assistant Director Ref. | Revised Estimate 2019/2020 £ | | Estimate 2020/2021 £ |
|---------------------------------------|--------------------------------|---|--|---------------------------------|
| Director of Childrens Services | | | | |
| 1 | CETFC | 58,529,295 | DSG and Other Grant – Schools | 56,879,118 |
| 2 | CETFC | 692,050 | DSG and Other Grant – Central School Services | 661,511 |
| 3 | CETFC | 19,227,526 | DSG Early Years Block | 19,274,800 |
| 4 | CETFC | 18,042,801 | DSG High Needs Block | 22,116,361 |
| 5 | CETFC | (97,074,672) | DSG and Other School Grants | (99,514,790) |
| 6 | CETFC | 60,858,568 | Together for Children | 62,941,568 |
| 7 | CETFC | 38,484 | Director of Children’s Services | 41,864 |
| | | 60,314,052 | Total Director of Childrens Services | 62,400,432 |
| Neighbourhoods | | | | |
| 8 | ADCR | 2,178,896 | Retained Activity – Schools and Learning | 2,218,625 |
| 9 | ADCR | 59,067 | Parent Partnership | 59,067 |
| 10 | ADCR | 239,184 | Sunderland Safeguarding Children’s Board | 247,582 |
| 11 | ADCR | (127,554) | Learning and Skills | (126,380) |
| 12 | ADCE | 431,122 | Trading Operations – Derwent Hill* | 372,141 |
| | | 2,780,715 | Total Neighbourhoods | 2,771,035 |
| | | 63,094,767 | TOTAL DELEGATED BUDGET | 65,171,467 |
| Non Delegated Budgets | | | | |
| 13 | | 3,287,312 | IAS19 (Pensions) | 194,360 |
| 14 | | 507,642 | Support Service Costs - received from other services | 534,144 |
| 15 | | (247,484) | Support Service Costs - charged to other services | (250,864) |
| 16 | | 8,167,709 | Asset Charges | 8,120,240 |
| | | 74,809,946 | TOTAL PORTFOLIO BUDGET | 73,769,347 |

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

PORTFOLIO GLOSSARY

| | |
|-------|--|
| CETFC | Chief Executive Together for Children |
| ADCR | Assistant Director of Community Resilience |
| ADCE | Assistant Director of Culture and Events |

ROLES AND RESPONSIBILITIES

Primary overview of Community priorities:

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

Policy Oversight to include:

- Communities and Culture functions, including tourism and heritage.

FINANCIAL

OBJECTIVE SUMMARY

| Ref. | Assistant Director Ref. | Revised Estimate 2019/2020 £ | | Estimate 2020/2021 £ |
|------------------------------|-------------------------|---------------------------------|--|-------------------------|
| Neighbourhoods | | | | |
| 1 | ADCR | 861,297 | Area Arrangements | 903,275 |
| 2 | ADCE | 103,106 | Arts and Creative Development | 106,027 |
| 3 | ADCE | 677,792 | Community Sports and Physical Activity Development | 675,928 |
| 4 | ADCE | 1,401,417 | Events | 1,399,305 |
| 5 | ADCE | 62,189 | Grants to Community Projects and Miscellaneous Contributions | 62,189 |
| 6 | ADCE | 133,252 | Heritage | 141,121 |
| 7 | ADCE | 701,502 | Libraries | 725,661 |
| 8 | ADCE | 302,175 | Museums and Archives Service | 854,038 |
| 9 | ADCE | (14,500) | Resorts | (14,830) |
| 10 | ADCE | 458,221 | Sport and Leisure Facilities | 468,221 |
| 11 | ADCR | 2,276,666 | Strategic Initiative Budget / Community Chest Grant | 2,276,666 |
| 12 | ADCE | 332,747 | Theatre | 340,719 |
| 13 | ADCE | 79,204 | Tourism | 79,204 |
| | | 7,375,068 | TOTAL DELEGATED BUDGET | 8,017,524 |
| Non Delegated Budgets | | | | |
| 14 | | 305,078 | IAS19 (Pensions) | 20,681 |
| 15 | | 1,838,084 | Support Service Costs - received from other services | 1,946,488 |
| 16 | | (830,662) | Support Service Costs - charged to other services | (833,424) |
| 17 | | 3,875,803 | Asset Charges | 3,869,445 |
| | | 12,563,371 | TOTAL PORTFOLIO BUDGET | 13,020,714 |

The budget service lines do not include support service costs or other non-delegated costs. As such they do not reflect external reporting requirements which will contain apportionment of support service costs.

PORTFOLIO GLOSSARY

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

ROLES AND RESPONSIBILITIES

Primary overview of Environment and Transport priorities:

- To provide political leadership to the Council's approach to the priorities of environment and transport, ensuring that the City is as attractive, sustainable and accessible for all.
- To ensure that the Council's approach to Environment and Transport agenda is integrated, enabling and effective and the Council fulfils its strategic and statutory roles in relation to these functions. This includes improving the physical environment and its connectivity for sustainable living, working and visiting the City.
- To provide political leadership to the Council's approach to environment and transport, sustainability and energy and partnerships.

Policy Oversight to include:

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

FINANCIAL

OBJECTIVE SUMMARY

| Ref. | Assistant Director Ref. | Revised Estimate 2019/2020 £ | | Estimate 2020/2021 £ |
|------------------------------|-------------------------|---------------------------------|--|-------------------------|
| Corporate Services | | | | |
| 1 | ADLG | 721,449 | Coroners Court | 870,933 |
| 2 | ADLG | (195,157) | Registrars | (136,155) |
| | | 526,292 | Total Corporate Services | 734,778 |
| City Development | | | | |
| 3 | ADER | 210,786 | Business Development | 159,184 |
| 4 | ADIPT | 0 | Carbon Reduction | 1,000,000 |
| 5 | ADIPT | 952,978 | Infrastructure and Transportation* | 1,274,446 |
| 6 | ADIPT | (1,210,908) | Parking Services | (1,203,216) |
| 7 | EDCD | 138,025 | Strategic Management | 207,968 |
| 8 | ADIPT | 6,699,116 | Street Lighting | 6,391,307 |
| | | 6,789,997 | Total City Development | 7,829,689 |
| Neighbourhoods | | | | |
| 9 | ADES | (2,550,811) | Bereavement | (2,570,054) |
| 10 | ADES | 938,588 | Building Cleaning | 1,020,599 |
| 11 | ADES | 186,859 | Building Services* | 107,881 |
| 12 | ADES | 75,714 | Civic Catering | 73,448 |
| 13 | ADES | 566,521 | Depots | 569,168 |
| 14 | ADES | 3,826,930 | Fleet | 3,634,351 |
| 15 | ADES | 7,383,548 | Local Services | 8,113,013 |
| 16 | ADES | 175,615 | Public Conveniences | 160,969 |
| 17 | ADHS | 680,779 | Public Protection and Regulatory Services | 1,405,939 |
| 18 | ADES | (214,939) | School Meals | 108,666 |
| 19 | ADES | 1,030,414 | Waste Collection and Recycling | 1,374,179 |
| 20 | ADES | 9,743,557 | Waste Disposal | 10,413,720 |
| | | 21,842,775 | Total Neighbourhoods | 24,411,879 |
| | | 29,159,064 | TOTAL DELEGATED BUDGET | 32,976,346 |
| Non Delegated Budgets | | | | |
| 21 | | 2,043,088 | IAS19 (Pensions) | 160,115 |
| 22 | | 13,355,870 | Support Service Costs - received from other services | 13,793,323 |
| 23 | | (10,542,042) | Support Service Costs - charged to other services | (10,596,500) |
| 24 | | 10,979,812 | Asset Charges | 10,850,072 |
| | | 44,995,792 | TOTAL PORTFOLIO BUDGET | 47,183,356 |

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

PORTFOLIO GLOSSARY

| | |
|-------|---|
| ADLG | Assistant Director of Law & Governance |
| ADER | Assistant Director of Economic Regeneration |
| ADIPT | Assistant Director of Infrastructure, Planning & Transportation |
| EDCD | Executive Director of City Development |
| ADES | Assistant Director of Environmental Services (Interim) |
| ADHS | Assistant Director of Housing Services |

ROLES AND RESPONSIBILITIES

Primary overview of Adults priorities:

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

Policy Oversight to include:

- Adult and Public Health functions.

FINANCIAL

OBJECTIVE SUMMARY

| Ref. | Assistant Director Ref. | Revised Estimate 2019/2020 £ | | Estimate 2020/2021 £ |
|--|-------------------------|---------------------------------|--|-------------------------|
| Neighbourhoods | | | | |
| 1 | ADAS | 44,672,312 | Adult Social Care, including Older People, People with Physical, Learning and Mental Health Disabilities | 50,988,671 |
| 2 | ADAS | 27,082,827 | Strategic Commissioning | 27,187,134 |
| 3 | ADCR | 473,355 | Welfare Reform | 481,327 |
| | | 72,228,494 | Total Neighbourhoods | 78,657,132 |
| Joint Commissioning and Public Health | | | | |
| 4 | DPH | (4,029,361) | Public Health | (4,027,636) |
| | | (4,029,361) | Total Joint Commissioning and Public Health | (4,027,636) |
| | | 68,199,133 | TOTAL DELEGATED BUDGET | 74,629,496 |
| Non Delegated Budgets | | | | |
| 5 | | 1,479,047 | IAS19 (Pensions) | 96,570 |
| 6 | | 38,648,652 | Support Service Costs - received from other services | 38,679,740 |
| 7 | | (29,192,612) | Support Service Costs - charged to other services | (28,847,432) |
| 8 | | 208,153 | Asset Charges | 60,951 |
| | | 79,342,373 | TOTAL PORTFOLIO BUDGET | 84,619,325 |

The budget service lines do not include support service costs or other non-delegated costs. As such they do not reflect external reporting requirements which will contain apportionment of support service costs.

PORTFOLIO GLOSSARY

| | |
|------|--|
| ADAS | Assistant Director of Adult Services |
| ADCR | Assistant Director of Community Resilience |
| DPH | Director of Public Health |

ROLES AND RESPONSIBILITIES

Primary overview of Housing and Regeneration priorities:

- To provide political leadership to the Council's approach to the priorities of Housing, Regeneration and Planning priorities, ensuring that the City achieves the best outcomes from physical and economic regeneration including business and housing growth.
- To ensure that the Council's approach to Housing and Regeneration agenda is integrated, enabling and effective and the Council fulfils its strategic and statutory roles in relation to these functions.
- To provide political leadership to the Council's approach to partnerships relating to housing and regeneration.

Policy Oversight to include:

- Regeneration and Housing functions, including dealing with homelessness.

FINANCIAL

OBJECTIVE SUMMARY

| Ref. | Assistant Director Ref. | Revised Estimate 2019/2020 £ | | Estimate 2020/2021 £ |
|-------------|--------------------------------|---|--|---------------------------------|
| | | | Corporate Services | |
| 1 | ADBPS | (4,457,035) | Miscellaneous Land, Property and Industrial Estates | (5,623,948) |
| 2 | ADBPS | (310,320) | Retail Market | (308,871) |
| | | (4,767,355) | Total Corporate Services | (5,932,819) |
| | | | City Development | |
| 3 | ADIPT | (83,246) | Building Control | (54,977) |
| 4 | ADIPT | (235,755) | Development Control | (194,622) |
| 5 | ADER | 748,533 | Planning Implementation | 1,068,594 |
| 6 | DD (LI) | (131,330) | Commercial Development | (123,927) |
| 7 | DD (LI) | 213,142 | Regeneration Properties | (67,794) |
| | | 511,344 | Total City Development | 627,274 |
| | | | Neighbourhoods | |
| 8 | ADHS | 639,293 | Access to Housing | 1,067,303 |
| 9 | ADCR | 127,318 | Anti-Social Behaviour | 318,215 |
| 10 | ADHS | 600,000 | Supporting People | 600,000 |
| | | 1,366,611 | Total Neighbourhoods | 1,985,518 |
| | | (2,889,400) | TOTAL DELEGATED BUDGET | (3,320,027) |
| | | | Non Delegated Budgets | |
| 11 | | 398,633 | IAS19 (Pensions) | 28,407 |
| 12 | | 2,951,671 | Support Service Costs - received from other services | 3,200,377 |
| 13 | | 0 | Support Service Costs - charged to other services | 0 |
| 14 | | 3,552,388 | Asset Charges | 3,550,123 |
| | | 4,013,292 | TOTAL PORTFOLIO BUDGET | 3,458,880 |

The budget service lines do not include support service costs or other non-delegated costs. As such they do not reflect external reporting requirements which will contain apportionment of support service costs.

PORTFOLIO GLOSSARY

**REVENUE BUDGET 2020/2021
HOUSING AND REGENERATION**

Appendix J

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

COMPLIMENTS, COMPLAINTS AND FEEDBACK

REPORT OF THE EXECUTIVE DIRECTOR OF CORPORATE SERVICES

1. PURPOSE OF THE REPORT

- 1.1 To provide the Committee with information regarding compliment, complaints and feedback received by the council.
- 1.2 Marie Johnston, Complaints Manager, will be in attendance at the meeting to provide Members with information and progress.

2. BACKGROUND

- 2.1 The council is committed to listening to those who use its services and learning from complaints and feedback to improve those services.
- 2.2 This report covers Quarter 3 of the financial year April 2019 – March 2020 and presents an overview across the full range of complaints and feedback received by the council.
- 2.3 In view of the importance to the council of ensuring an appropriate response is provided to all aspects of customer dissatisfaction it is timely for the Committee to receive an overview of complaints received across all council services.

3. CURRENT POSITION

- 3.1 It was agreed that following the presentation of the Annual Complaints and Feedback Report, further quarterly reports would be brought to Scrutiny Coordinating Committee. This would ensure Members were provided with the most current information available, to allow for the monitoring of themes and trends in a timely manner.

4 RECOMMENDATION

- 4.1 The Scrutiny Committee is recommended to consider and comment on the information provided regarding compliments, complaints and feedback received by the Local Authority.

Contact Officer: Marie Johnston, Complaints Manager
marie.johnston@sunderland.gov.uk

CORPORATE SERVICES DIRECTORATE

Quarterly Report

Compliments, Complaints & Feedback

**For the period:
October - December 2019**

Introduction

This report from the Complaints and Feedback Team covers Q3 (October - December 2019).

This report brings together all compliments and complaints received by the council.

Together for Children (TfC) provide a six-monthly report on complaints regarding Children's Services, which is presented to the Children, Education and Skills Scrutiny Committee for detailed analysis.

To ensure the Scrutiny Co-ordinating Committee has a complete overview of complaints made about council services, the report from TfC will be appended to the Compliments, Complaints & Feedback report in Q2 and Q4.

As TfC reports on a six-monthly basis it is not possible to include information in the quarterly graphs. However, where complaints are made to the Local Government Ombudsman regarding TfC they are included in the relevant Scrutiny report.

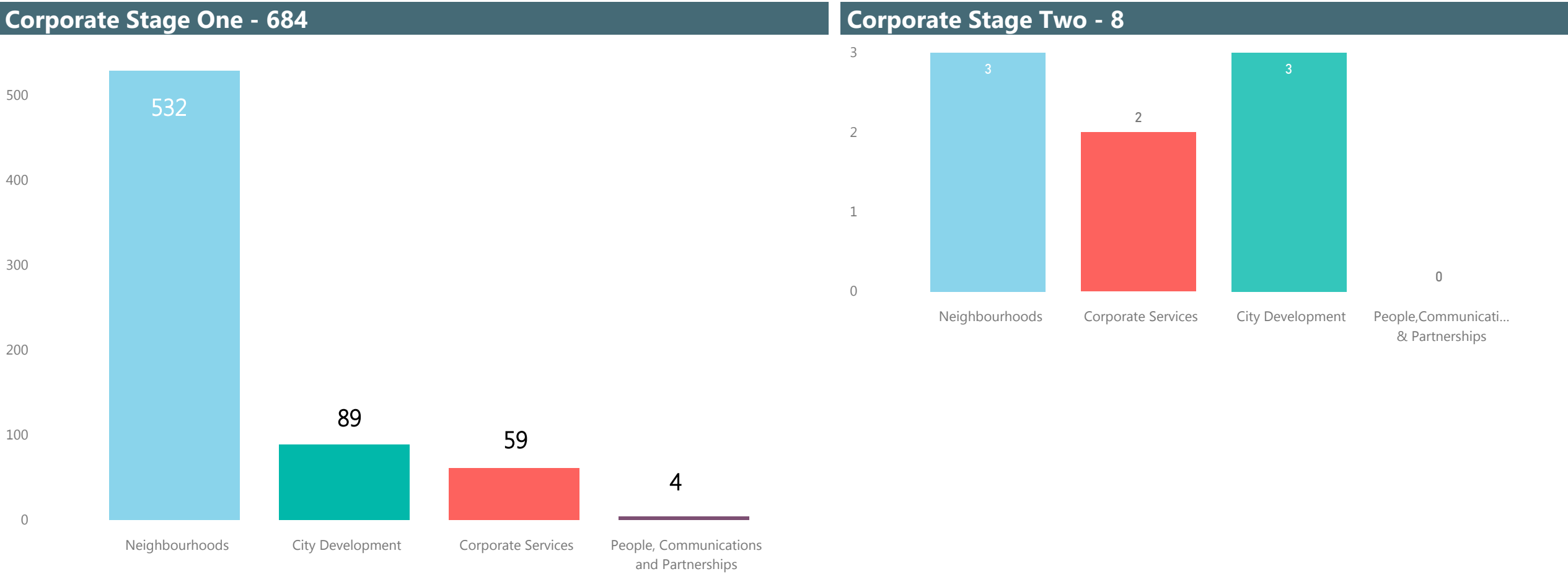
Sunderland Care and Support's report regarding complaints received about its service will be appended to Compliments, Complaints & Feedback report on a quarterly basis.

Part A of the report includes statistical data, which is presented in an updated, easy to view format.

Part B of the report provides information on the different Compliments and Complaints Procedures that are used by the council to handle customer feedback.

Part C of the report includes further information on each service area within separate appendices.

Complaint Overview

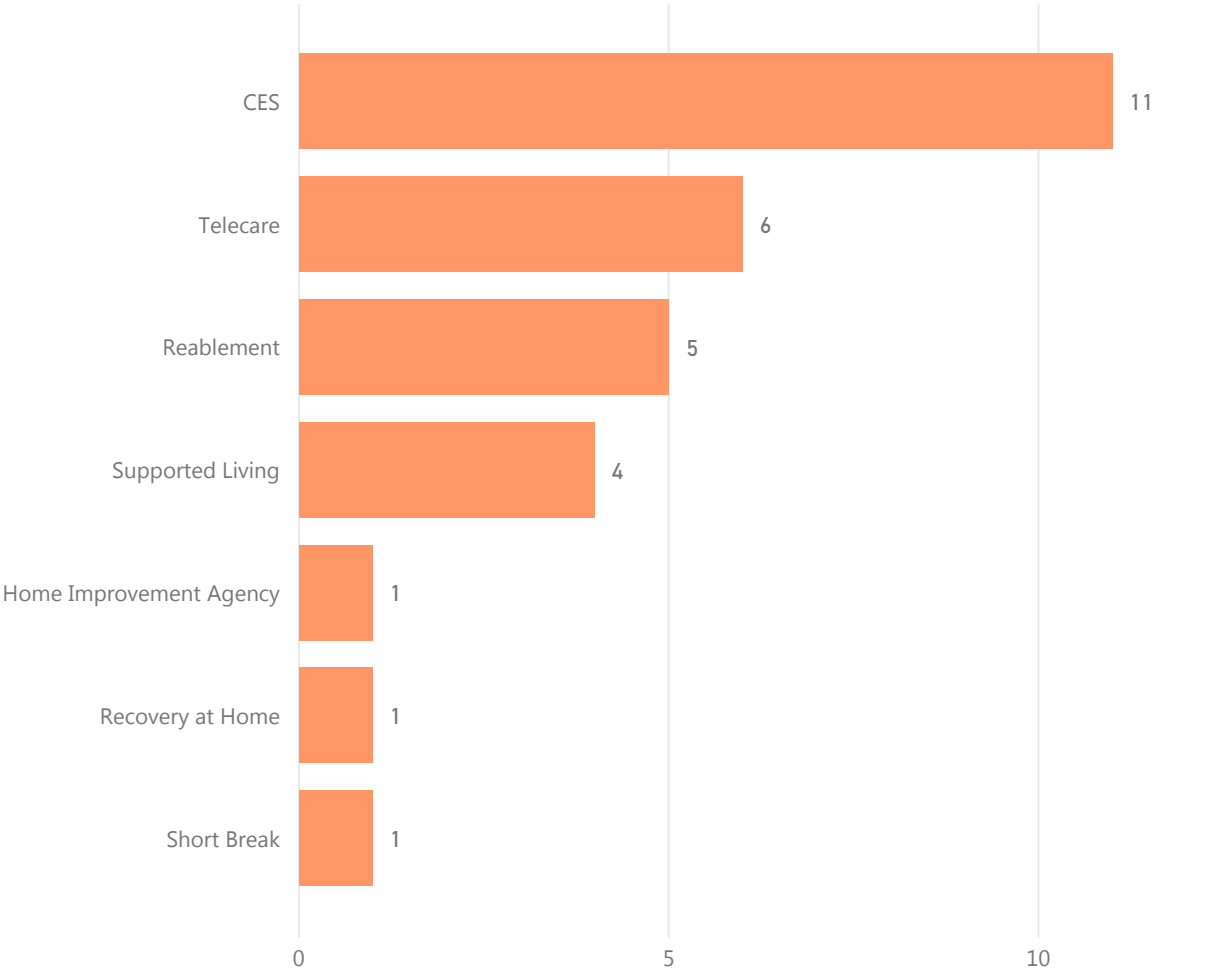
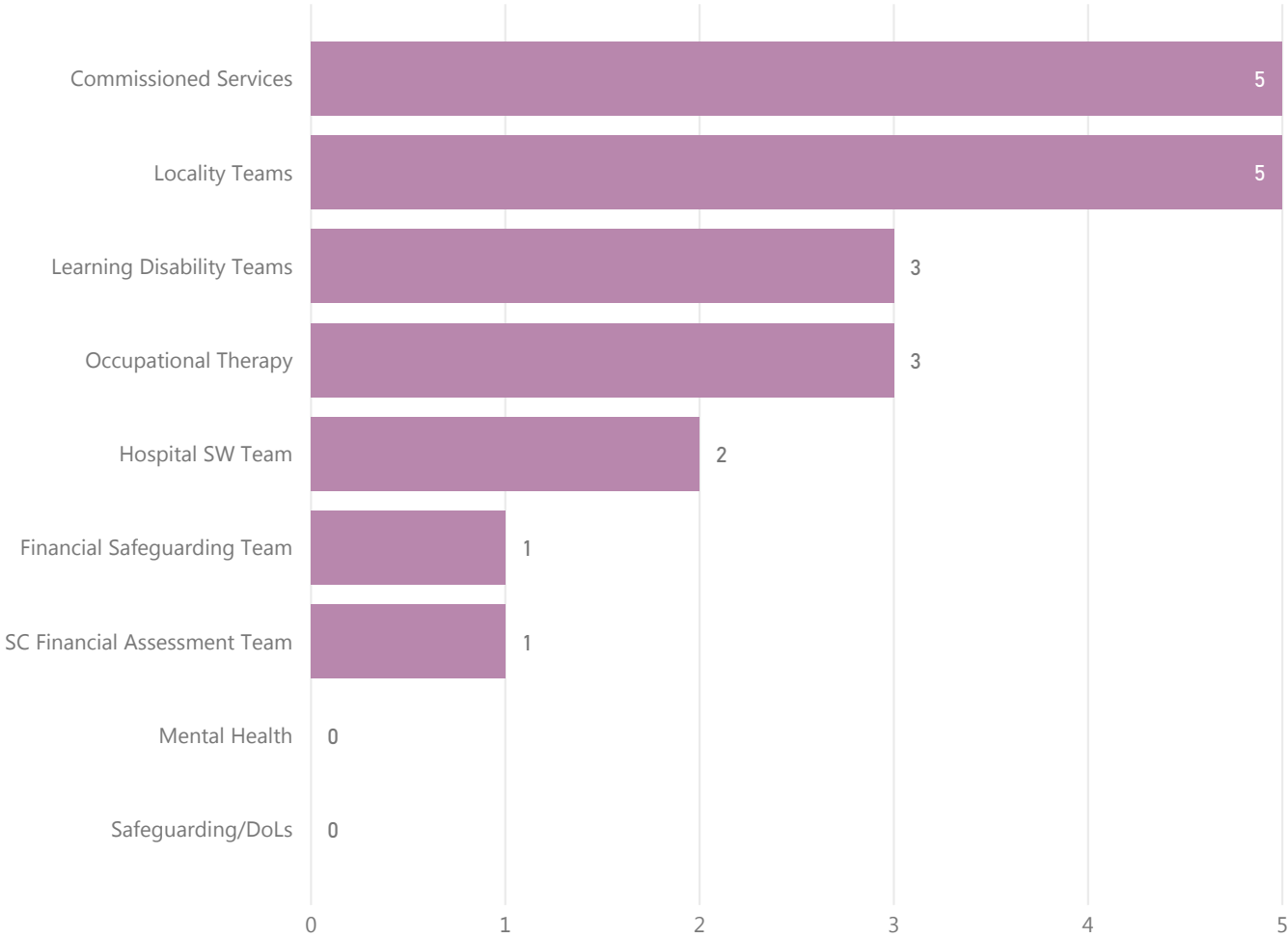




Complaint Overview

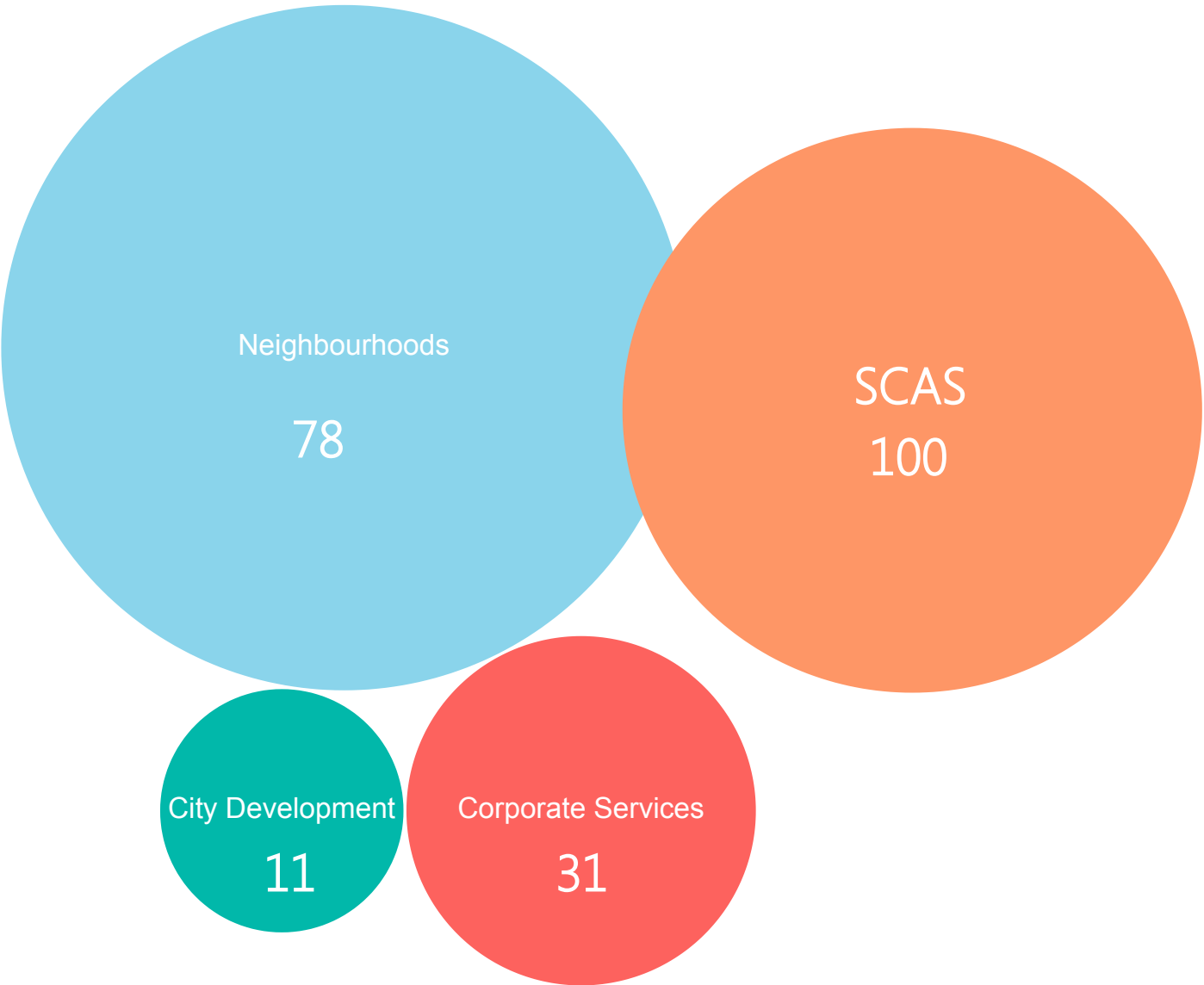
Neighbourhoods - Adult Statutory Social Care - 20

Sunderland Care and Support - 29



Compliments

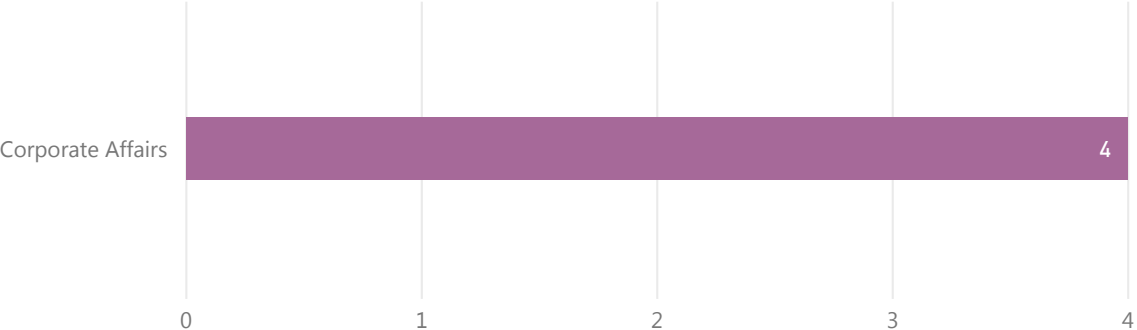
Compliments - 220



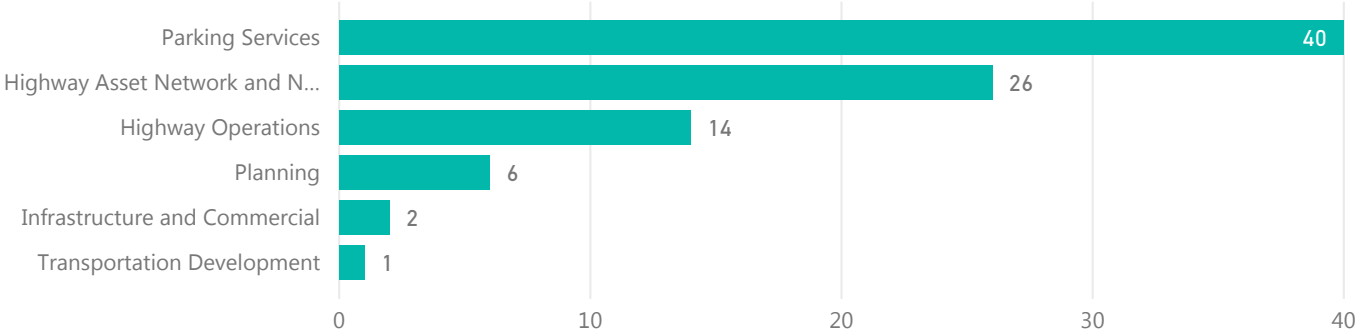
- A jobseeker attended Fawcett Street and said the workers assisted them quickly, were courteous and professional, exceeding their needs - a friendly happy team
- Customer reported litter on Silksworth complex. The following day he walked by that area and every scrap was gone - amazing job
- Customer rang to say that she thinks the lads who empty her bins are lovely. she said they are really good and they do a really good job and are a great help
- I went with my two children to the Festival of Light and just wanted to say how fantastic it was. The staff were so friendly and welcoming.
- Just to appss on many thanks for having the path resurfaced. We are delighted with the work carried out.
- Customer would like to thank the traffic wardens as she had asked if the wardens could be in the area when the school was holding an event. Customer said the residents appreciated it.

Corporate Complaints Breakdown for Stage 1

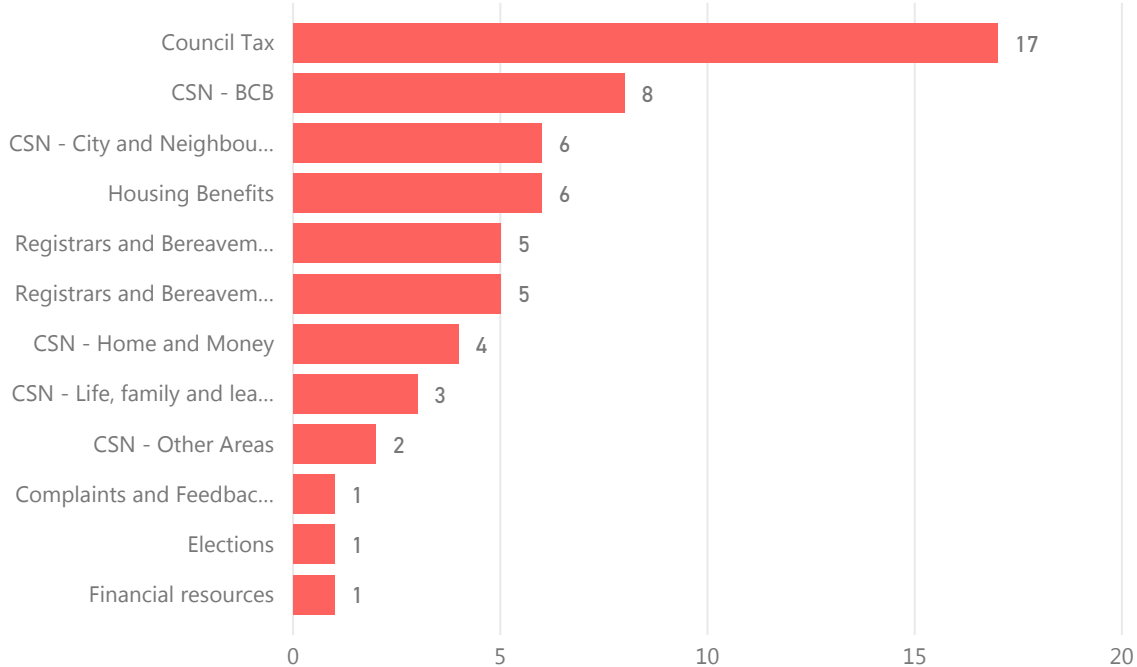
People, Communications and Partnerships - 4



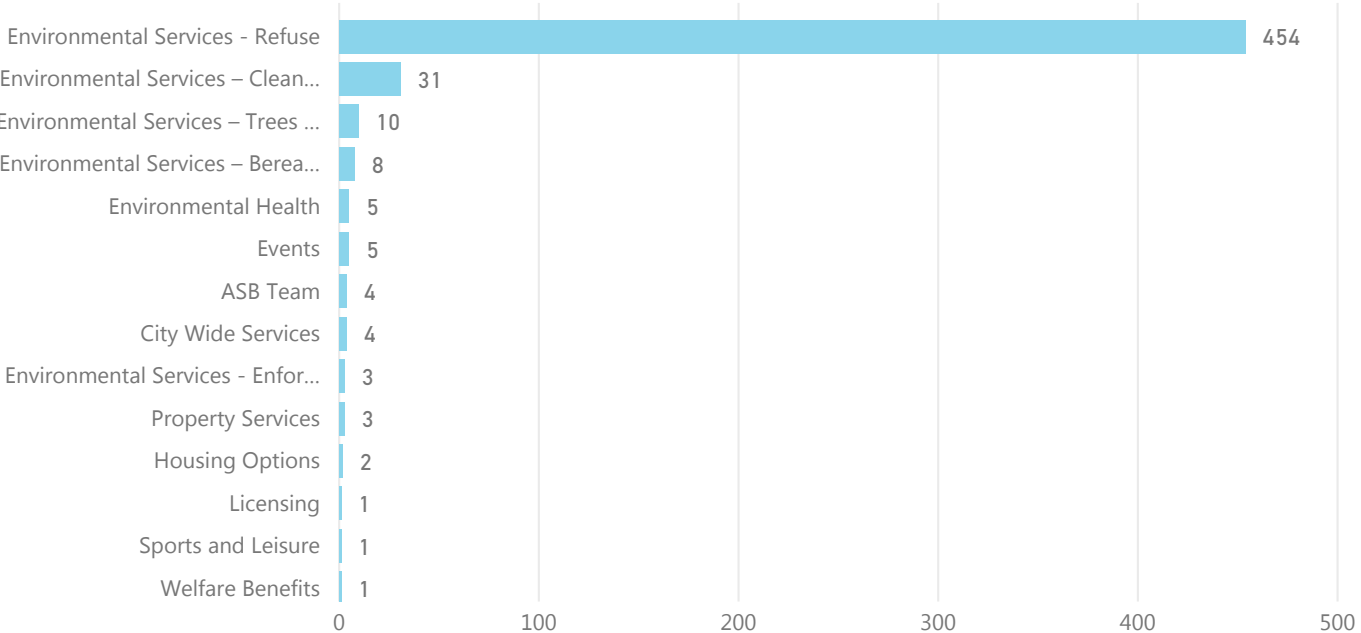
City Development - 89



Corporate Services - 59



Neighbourhoods - 532



PART B

Compliments

Compliments tell us what people like best about the services they receive. They also allow us to use this information to build those features into our services where possible and this helps us to continually improve levels of customer satisfaction. Compliments are logged centrally through the Complaints and Feedback Team.

Information on compliments is attached as **Appendix 1**

Complaints made to the Local Government and Social Care Ombudsman

The Ombudsman has a statutory responsibility for investigating complaints of maladministration about local councils. The Ombudsman will usually only consider a complaint after it has been through the council's complaints procedure and the customer remains unhappy. Complaints from the Ombudsman are made against the council including those about Children's Services.

The Ombudsman provides the council with an annual Review Letter which is a summary of statistics on the complaints made to them regarding the council for the financial year. Information includes the number of complaints and enquiries received; decisions made; and the council's compliance with any recommendations.

Information on Ombudsman complaints is attached as **Appendix 2**

Corporate Complaints Procedure

How the procedure works:

There are two stages to the council's Corporate Complaints Procedure;

Stage One: These are dealt with by the Directorate and should be completed within 25 working days. All responses advise the complainant that if they remain dissatisfied, they can refer their complaint to the Complaints and Feedback Team for review.

Stage Two (Review): Where customers remain dissatisfied with the response to their stage one complaint, they can request a review be undertaken by the Complaints and Feedback Team. Complainants are advised that, should they remain dissatisfied with the response at stage two, they can ask the Ombudsman to consider their complaint.

Information on Corporate complaints is attached as **Appendix 3**.

Statutory Procedures

Health and Social Care Complaints Procedure

Legislation & Regulations

The Local Authority Social Services and National Health Service Complaints (England) Regulations 2009 provides for a single complaints process for all health and local authority *adult social care services* in England.

How the procedure works:

There is one stage to the Health and Social Care Complaints Procedure.

One Stage (Local Resolution by the Council): local resolution is about the council trying to resolve complaints quickly and as close to the source as possible. We acknowledge complaints within three working days and make arrangements for an appropriate manager to consider the issues and provide a response to the complainant.

Most complaints can be dealt with and resolved satisfactorily at the local resolution stage, however, if this is not the case, any unresolved concerns can be referred to the Ombudsman.

Information on Adult Statutory complaints is attached as **Appendix 4**

Sunderland Care and Support

Sunderland Care and Support is a Local Authority Trading Company, formed in December 2013, wholly owned by Sunderland City Council. The company has a board of directors appointed by the council (as the shareholder of the holding company).

Sunderland Care and Support offers care and support 24/7 to more than 6,000 vulnerable customers across a wide range of services including: Supported Living schemes for people with a Learning disability, Mental Health needs; Autism or challenging behaviour; Day Services and Short Break care services; Intermediate Care and Reablement services; Sunderland Telecare; Community Equipment Service; and Home Improvement Agency.

How the procedure works:

Complaints are dealt with under the Health and Social Care Complaints Procedure. Some eligible complaints may fall outside this procedure and these complaints are considered as a corporate complaint.

A report from Sunderland Care and Support regarding all complaints received and handled by them in Q3 is attached as **Appendix 5**

Children's Services Statutory Complaints

Legislation & Regulations

Statutory regulations were introduced by the Department for Education in 2006 entitled '*Getting the Best from Complaints – Social Care Complaints and Representations Procedure for Children and Young People*' to deal with complaints and representations made to Children's Services by children and young people (the regulations and guidance cover complaints and representations made by children and young people).

On 1 April 2017 *Together for Children*, the new company responsible for Children's Services in Sunderland came into operation. The statutory duty to deliver services for children remains with the council, who commissions the company to deliver services.

How the procedure works:

There are three stages to Together for Children's Complaints Procedure;

Stage One: An emphasis is placed on local problem solving. Complaints are acknowledged within three working days and responded to within 10 working days (with a possible extension to 20 working days in total).

Stage Two: If dissatisfied a complainant can progress their complaint to stage two. An investigation is undertaken by an Investigating Officer who has not been involved with the case. An Independent Person must be appointed to oversee the investigation, and these are commissioned externally. Investigations should be completed within 25 working days, although an extension of up to 65 working days is allowed.

Stage Three: This is an Independent Review Panel, comprising of an independent chair and two independent panel members. A panel must take place within 30 working days of receiving the request from the complainant. If a complainant remains dissatisfied, they can request a further investigation by the Local Government Ombudsman.

The 6-monthly report from Together for Children will be included in the Q2 and Q4 reports to Scrutiny.

Appendix 1: Compliments

Compliments tell us what people like best about the services they receive. They also allow us to use this information to build those features into our services where possible and this helps us to continually improve levels of customer satisfaction.

| | 2017-18 | 2018-19 | 2019-2020 |
|--------------|---------|---------|-----------|
| Q1 -Apr-Jun | 137 | 126 | 152 |
| Q2 - Jul-Sep | 146 | 184 | 176 |
| Q3 - Oct-Dec | 134 | 170 | 220 |
| Q4 - Jan-Mar | 140 | 134 | |
| | 557 | 614 | 548 |

The table below shows the service areas where compliments were received during Q3

| | |
|-----------------------------|-----|
| Adult Services | 24 |
| Council Tax | 3 |
| CSN | 19 |
| Environmental Services | 47 |
| Events | 4 |
| Highways | 8 |
| Housing Options | 2 |
| Libraries | 1 |
| Misc. | 9 |
| Parking Services | 3 |
| Sunderland Care and Support | 100 |
| | 220 |

Some examples of compliments received in Q3

Adult Services

I wanted to let you know of the tremendous support provided by your Occupational Therapist. Nothing was too much trouble for her, and she motivated and managed her available resources magnificently with a totally can-do attitude.

Thank you so much for the meeting and your management of it today. I really appreciate your work and support. Whatever the outcome of your assessment I feel you are doing your very best for my mam and that you have helped me with this difficult time.

The customer stated she was over the moon with her grab rails fitted by the worker. She said he was an absolute joy, and nothing was too much bother for him. He even swept up after him and he cheered her up with his conversation. She said that the service was brilliant.

Council Tax

Customer has been going through a bad time lately and when she spoke to the worker, he was very polite, helpful, reassured the customer and had a very calming manner.

Customer Service Network

Could I pass on my gratitude to all the members involved in issuing my blue badge so quickly, I forgot the average time to do this and I only contacted yourselves a couple of days before it was due to expire but thanks to your efficiency I still got my badge the day after the old one expired, so

many many thanks to all concerned it really is very helpful, please let everyone know how much this meant to me thank you so much.

The customer wanted to thank the workers. Their tone of voice was very welcoming and friendly and made her feel reassured that she was going to be helped.

A jobseeker attended Fawcett street and said the workers assisted them quickly, were courteous and professional exceeding their needs - a friendly happy team

Environmental Services

Customer logged a request for leaves to be cleaned on the street yesterday. Customer is very happy and appreciates that her request was dealt with quickly.

Customer would like to thank the team for cutting the grass, advised they have done a fantastic job and she really appreciates it

Customer had reported litter on Silksworth complex. Following day he had walked past that area and every scrap was gone - amazing job.

Customer reported a pot of paint spilled on pavement outside his property. The paint has been removed and customer would like to thank the person / team who cleaned it up as they have done a great job.

Customer rang to say that she thinks the lads who empty her bins are lovely. She said they are really good and said they do a really good job and are a great help.

Customer would like to thank the refuse team for a great service provided

Customer is a widow and in ill health and would like to thank the Refuse Crews who come in to empty her bins. She really appreciates the service.

Events

I went with my 2 children to the festival of light and just wanted to say how fantastic it was. The staff were so friendly and welcoming.

We made the journey from Birmingham to see the lights with our granddaughter. What a surprise price on the gate, food prices the lights brilliant, best value by far. Thank you and your team for a great night.

Highways

Customer states he reported the footpath outside the Grangetown Community Centre for repair on Tuesday and by Thursday it was corrected. Customer impressed with this.

Just to pass on much thanks for having the path resurfaced. We are delighted with the work carried out.

Libraries

As part of Sunderland Libraries Literature Festival, the customer took the opportunity to attend the Local Studies Library for a taster session on Find My Past. The customer said the guide was welcoming, very knowledgeable and provided clear guidance including practical tips on search strategies. She was very approachable, and nothing was too much trouble.

Parking Services

Customer would like to say a big thank you to parking enforcement team as the traffic warden was around the area to monitor traffic, customer said the residents really appreciated the traffic warden being there as she has problems with parking issues every day

Customer would like to say thank you to the traffic wardens as she had asked if the wardens would be able to be in the area when the school was holding an event. Customer said the residents appreciate it.

Misc.

The policy team has received lots of praise for the work it undertook for Sunderland Pride this year. One of the biggest successes was the 40 second film clip put on Facebook of the rainbow crossings being laid, the film clip has had 15.3k viewings.

Appendix 2

Complaints dealt with by the Ombudsman

The council received **6** complaints from the Ombudsman for Q3. The table below shows the number of complaints received together with comparative data for the previous year.

| | <i>Number of complaints 2018-19</i> | Number of complaints 2019-20 |
|----|---|---|
| Q1 | 5 | 6 |
| Q2 | 10 | 11 |
| Q3 | 6 | 6 |
| Q4 | 6 | |
| | 27 | 23 |

The table below shows the number of complaints received for each Directorate.

| | Q1 | Q2 | Q3 | Q4 | Total |
|---------------------------------------|-----------|-----------|-----------|-----------|--------------|
| City Development | 2 | 1 | 0 | | 3 |
| Corporate Services | 2 | 1 | 1 | | 4 |
| Neighbourhoods (including SCAS) | 2 | 4 | 3 | | 9 |
| People, Communications & Partnerships | 0 | 0 | 0 | | 0 |
| Together for Children | 0 | 5 | 2 | | 7 |
| | 6 | 11 | 6 | | 23 |

Ombudsman Decisions

Of the 6 complaints - 2 were closed after initial enquiries and 4 were investigated.

| | Total | Closed after initial enquiries | Detailed Investigations |
|----|--------------|---------------------------------------|--------------------------------|
| Q1 | 6 | 5 | 1 |
| Q2 | 11 | 7 | 4 |
| Q3 | 6 | 2 | 4 |
| Q4 | | | |
| | 23 | 14 (61%) | 9 (39%) |

Outcome of Detailed Investigations

| | Detailed investigations | Number upheld | % upheld rate |
|----|--------------------------------|----------------------|----------------------|
| Q1 | 1 | 1 | 100% |
| Q2 | 4 | 2 | 50% |
| Q3 | 4 | 3 | 75% |
| Q4 | | | |
| | 9 | 6 | 67% |

Of the four detailed investigations undertaken in Q3, three were upheld, providing an upheld rate of 75%. Overall the upheld rate after three quarters is 67%

Information on the four detailed investigations undertaken in Q3 is included below. The Ombudsman's reference is included in brackets and the full report can be found on their website; www.lgo.org.uk.

Complaints Upheld (3)

Adult Services – (Sunderland City Council 18 007 253)

Complaint about the level of care a relative received at a nursing home

Outcome: upheld – maladministration with injustice.

Finding: There were failings in care including poor record keeping, a failure to follow NHS advice and a failure to address poor food and fluid intake. No written feedback was provided to the complainant on the outcome of a safeguarding enquiry and there had been a failure by the council to address the complaints.

Remedy: The Council was asked to apologise and pay £1000 to reflect avoidable distress.

Actions: A letter of apology has been sent to complainant together with the remedy payment.

Together for Children – (Sunderland City Council 19 004 608)

A complaint that the Council had not properly considered a claim for compensation.

Outcome: upheld – maladministration with injustice.

Finding: There was fault in the Council's handling of allegations against the complainant which then had an impact on his work and income. The Council had offered a measure of compensation, but the complainant feels it should be more. The Ombudsman is not able to assess the complainant's claim or recommend the Council pay more.

Actions: No further action required as the Ombudsman considered the injustice had already been remedied.

Together for Children – (Sunderland City Council 18 017 487)

Complaint about how the Council had handled contact issues regarding her grandchildren

Outcome: upheld – maladministration with injustice

Finding: There was no fault in the frequency/length of contact the Council arranged. However, the Council was at fault for not telling the complainant it had decided to suspend contact for three months and for failing to consider the complaint at stage two.

Remedy: The Council to apologise for its lack of communication, failure to keep the complainant informed and for not investigating the complaint at stage two. The council should also agree how it will communicate with the complainant in future.

Actions: A letter of apology has been sent to complainant covering the issues within the remedy.

Complaints Not Upheld (1)

Adult Services (Sunderland City Council 19 006 825)

A complaint about how the council had assessed care needs

Outcome: not upheld – no further action.

Finding: The Ombudsman discontinued the investigation as the complainant was now receiving support from the Council and was satisfied with that support.

Appendix 3 – Corporate Complaints

Stage One

The table below shows the number of Stage One corporate complaints together with comparative data for the previous year.

| | <i>Number of complaints 2017-18</i> | <i>Number of complaints 2018-19</i> | <i>Number of complaints 2019-20</i> | % change from same period last year | % responded to within timescale |
|----|---|---|--|--|--|
| Q1 | 3,315 | 1,951 | 704 | -64% | 92% |
| Q2 | 2,415 | 1,389 | 770 | -44% | 96% |
| Q3 | 1,496 | 592 | 684 | +16% | 95% |
| Q4 | 1,231 | 499 | | | |
| | 8,457 | 4,431 | 2158 | | |

There has been a slight decrease in the numbers of complaints from 770 in Q2 to 684 in Q3. However, the numbers of complaints this year appear to be finding a level and are stabilising around the 700 mark.

The 684 complaints received this quarter are broken down into Directorates in the table below;

| Table 2 | City Development | Corporate Services | Neighbourhoods | People, Communications & Partnerships | Total |
|-----------|------------------|--------------------|----------------|---------------------------------------|------------|
| Q1 | 47 | 91 | 560 | 6 | 704 |
| Q2 | 75 | 74 | 612 | 9 | 770 |
| Q3 | 89 | 59 | 532 | 4 | 684 |
| Q4 | | | | | |
| | 211 (10%) | 224 (10%) | 1704 (79%) | 19 (1%) | 2158 |

Neighbourhoods

| Service Area | Q1 | Q2 | Q3 |
|------------------------|------------|------------|------------|
| Environmental Services | 537 | 574 | 510 |
| Libraries | 2 | 0 | 0 |
| Access to Housing | 2 | 3 | 2 |
| Anti-social Behaviour | 1 | 5 | 4 |
| Welfare Rights | 0 | 2 | 1 |
| Public Protection | 11 | 15 | 6 |
| Events | 1 | 11 | 5 |
| Misc. | 6 | 2 | 4 |
| | 560 | 612 | 532 |

Complaints in respect of Environmental Services make up 96% of the complaints made against the Neighbourhoods Directorate this quarter. The table below provides a breakdown of the service areas within Environmental Services.

| Environmental Services | Q1 | Q2 | Q3 |
|--|------------|------------|------------|
| Refuse: <i>non/late delivery of bins & caddies/missed bins</i> | 433 | 464 | 454 |
| Bereavement: <i>maintenance of cemeteries/ crematorium</i> | 13 | 8 | 8 |
| Street Cleaning: <i>fly tipping/dog bins</i> | 63 | 70 | 31 |
| Trees, fixed play, trade waste: <i>grass cutting/ tree pruning</i> | 16 | 18 | 10 |
| Enforcement: <i>Fly tipping/littering/dog fouling</i> | 6 | 3 | 3 |
| Waste Management: <i>Beach Street Depot – staff attitude/permits</i> | 6 | 11 | 4 |
| | 537 | 574 | 510 |

Refuse Complaints

Of the 510 complaints received for Environmental Services, 454 (89%) were about issues to do with refuse collection. This should be viewed in context; in any quarter the council will service approximately 1.6 million containers, therefore this number of complaints represents only 0.02% of activity for this service area.

The table below contains a breakdown of complaints about refuse.

| | Number of Complaints for 2018/19 | Number of Complaints for 2019/20 | % change from previous year |
|----|---|---|------------------------------------|
| Q1 | 1,606 | 433 | -73% |
| Q2 | 1,012 | 464 | -54% |
| Q3 | 358 | 454 | +27% |
| Q4 | 253 | | |
| | 3,229 | 1351 | |

Numbers remain steady, with a slight decrease (2%) from Q2. Work continues within the service area to ensure the improvements made in previous quarters continue, and any issues that may lead to an increase in complaints in any quarter are considered and addressed in a timely manner. For context, should these figures be maintained over the coming quarters it will still result in a substantial, year on year reduction, amounting to -44%.

City Development

| Service Area | Q1 | Q2 | Q3 |
|----------------------------|-----------|-----------|-----------|
| Planning & Property | 4 | 7 | 6 |
| Infrastructure & Transport | 21 | 51 | 43 |
| Parking | 22 | 17 | 40 |
| | 47 | 75 | 89 |

Infrastructure & Transport

Complaints about this service area were regarding road resurfacing, footway repairs, traffic calming/restrictions and pot holes. Complaints regarding Infrastructure and Transport decreased from 51 in Q2 to 43 in Q3.

Parking

Complaints about this service area were regarding the attitude and actions of civil enforcement officers, parking penalties and issues to do with car parks. The increase was across several service areas, with the biggest being for regarding car parks and Civil Enforcement Officers.

Complaints have risen to 40 in Q3 from 17 in Q2. The areas of complaint where the increases have been noticed reflect issues which tend to be raised with the council as a result of a Penalty Charge Notice (PCN) been issued. Further enquiries revealed that issues have been incorrectly logged as complaints when they should have been logged as an appeal against a PCN.

The Parking Team and the Complaints and Feedback Team will work with colleagues in Customer Services to ensure these issues are correctly recorded in future and that incorrectly logged issues are rectified immediately so that they do not impact on complaints statistics for future reporting.

Corporate Services

| Service Area | Q1 | Q2 | Q3 |
|---------------------------|-----------|-----------|-----------|
| Council Tax | 22 | 19 | 17 |
| Customer Service Network | 38 | 26 | 23 |
| Benefits | 8 | 7 | 6 |
| Property Services | 3 | 2 | 0 |
| Business Support Services | 2 | 7 | 5 |
| Registrars | 9 | 9 | 5 |
| Electoral Services | 5 | 2 | 1 |
| Misc. | 4 | 2 | 2 |
| | 91 | 74 | 59 |

Complaints regarding the Customer Service Network (CSN) make up 39% of complaints made during this quarter. Again, the number of complaints should be viewed in context. The CSN handled 327,117 contacts this quarter; 23 complaints represents a dissatisfaction rate of 0.07%. Every complaint is reviewed and any opportunity to improve is acted upon. This may include staff training or improvements to processes or systems.

Stage Two - Review

Where customers remain dissatisfied with the response to their stage one complaint, they can request a review be undertaken by the Complaints and Feedback Team.

Eight Reviews have been concluded in this quarter.

The internal timescale for completing Reviews is 25 working days. However, there are times when more complex cases require further time to complete and the aim is to complete these within 65 working days. Five reviews were completed within the 25-working day timescale with three reviews taking longer; 30, 33 and 39 days respectively. The delays were due to the complexity of the reviews.

| Stage 2 Reviews | <i>Number of Reviews 2018/19</i> | Number of Reviews 2019/20 | % responded to within 25-day timescale |
|------------------------|----------------------------------|----------------------------------|--|
| Q1 | 4 | 5 | 100% |
| Q2 | 8 | 6 | 83% |
| Q3 | 6 | 8 | 63% |
| Q4 | 6 | | |
| | 24 | 19 | |

The reviews were in respect of services within the following Directorates;

| Directorate | Q1 | Q2 | Q3 | Q4 | Total | |
|---------------------------------------|-----------|-----------|-----------|-----------|--------------|------|
| City Development | 2 | 2 | 3 | | 7 | 37% |
| Corporate Services | 2 | 0 | 2 | | 4 | 21% |
| Neighbourhoods | 1 | 4 | 3 | | 8 | 42% |
| People, Communications & Partnerships | 0 | 0 | 0 | | 0 | 0% |
| | 5 | 6 | 8 | | 19 | 100% |

Outcome of Stage 2 Reviews

| Complaint Outcomes | Q1 | Q2 | Q3 | Q4 | Total 2019/20 | <i>Comparison Figures for previous year 2018-19</i> |
|---------------------------|-----------|-----------|-----------|-----------|----------------------|---|
| Upheld in full | - | 1 | 1 | | 2 | 2 |
| Upheld in part | 3 | 2 | 4 | | 9 | 3 |
| Not Upheld | 1 | 3 | 2 | | 6 | 15 |
| Unsubstantiated | - | | | | - | 2 |
| Not Eligible | - | | 1 | | 1 | 2 |
| Withdrawn | 1 | | | | 1 | 0 |
| | 5 | 6 | 8 | | 19 | 24 |

Of the eight reviews undertaken in Q3, five had some element of complaint upheld and information on these are included below;

Reviews upheld (1)

Bereavement Services – A family had requested that their relative be buried as close to her parents as possible, within the Catholic section of a cemetery. However, upon arriving at the cemetery for the burial, the family found that the grave had been dug in a different section.

Outcome – upheld: there had been an administration error on the part of the Council by Business Services that resulted in the family's request not been actioned appropriately. The Council responded quickly to remedy the situation and the burial went ahead two and a half hours later.

The Council acknowledged that the error had caused upset and distress to the family, albeit the length of that distress was limited, it was nonetheless significant. The Council offered sincere apologies and immediately offered to pay for the funeral invoice in full. Internal procedures have been amended to prevent similar errors occurring.

Reviews partly upheld (4)

Property Services – a complaint about issues to do with the demolition of premises opposite the complainant's home by a third-party contractor; delays in processing an FOI request and delays in considering the complaint.

Outcome: – partly upheld in respect of two elements; *delay in processing FOI request and delay in considering the complaint*. The delays were due in part to the Council awaiting a response from the third-party contractor.

Refuse – a complaint about the non-emptying of a communal recycling bin due to contamination, also the crew's failure to return the bins correctly to where presented and a delay in responding to the complaint.

Outcome – partly upheld in respect of one element; *delay in responding to complaint*. The complaint was not responded to within the corporate timescale, due to an oversight by the service.

Council Tax – a complaint about a delay in finalising a Council Tax account and the lack of acknowledgement to correspondence he sent into the Council Tax section

Outcome – partly upheld. The service was unable to offer individual acknowledgments due to the sheer volume of correspondence received by the service at the time, which also contributed to an overall delay in offering a response. The council offered its apologies and will review this complaint to see if any improvements could be made to its way of working; that could better help inform customers of any potential delay in dealing with a request made to the Council. The Review recommended that the service area look at their procedures for acknowledging correspondence and this is something that is currently being reviewed.

Bereavement Services – the complainant was dissatisfied with the maintenance/upkeep a Cemetery grounds, the actions of workers on site and concerns that correct process has not been followed.

Outcome – partly upheld in respect of one element; *correct process had not been followed*. The letter sent to the complainant setting out the reasons why future contact with the council would be managed in a specific way had not included details about how the arrangement was to be reviewed. An apology was offered for this oversight.

Appendix 4: Adult Social Care

The table below shows the number of complaints received together with comparative data for the previous two years.

| | <i>Number of complaints 2017-18</i> | <i>Number of complaints 2018-19</i> | <i>Number of complaints 2019-20</i> | % change from same period last year | % responded to within timescale |
|--------------|---|---|--|--|--|
| Apr-Jun | 30 | 14 | 24 | +71% | 69% |
| Jul-Sep | 33 | 38 | 21 | -45% | 69% |
| Oct-Dec | 32 | 18 | 20 | +11% | 66% |
| Jan-Mar | 42 | 23 | | | |
| total | 137 | 93 | 65 | | |

20 complaints received in Q3 of 2019-20 regarding adult social care services.

There were 1943 new contacts made to Adult Social Care during Q3; and a total of 6252 open cases to Adult Social Care at the end of this quarter. Against the open number of cases to Adult Services, 20 complaints would provide an overall dissatisfaction rate of 0.3%.

| Nature of Complaints | Q1 | Q2 | Q3 |
|-----------------------------|-----------|-----------|-----------|
| Actions of worker | 6 | 4 | 7 |
| Assessment Disagreement | 4 | 1 | 1 |
| Care Practice Issues | 0 | 1 | 0 |
| Communication | 4 | 4 | 3 |
| Delay | 3 | 2 | 1 |
| Equipment Issues | 2 | 0 | 0 |
| Finance | 4 | 3 | 2 |
| Lack of Choice | 0 | 4 | 0 |
| Quality Issues | 0 | 1 | 6 |
| Actions of residents | 0 | 1 | 0 |
| Lack of help/support | 1 | 0 | 0 |
| | 24 | 21 | 20 |

| Outcome of Complaints | Q1 | Q2 | Q3 |
|------------------------------|-----------|-----------|-----------|
| Upheld in full | 2 | 4 | 5 |
| Upheld in part | 9 | 2 | 2 |
| Not upheld | 11 | 14 | 9 |
| NE/WD/OTH** | 1 | 1 | 1 |
| Ongoing | 1 | 0 | 3 |
| | 24 | 21 | 20 |

**not eligible/withdrawn/other

In Q3 there were seven complaints (35%) which had some element upheld which compares to six complaints (29%) for Q2 and 11 complaints (46%) in Q1.

Detailed Investigations (1)

Whilst under the Health and Social Care Complaints Procedure there are no defined stages, there are still those complaints that have a high level of complexity requiring a more comprehensive consideration. Detailed investigations are reported following their completion, so that the findings and learning outcomes can be provided to Scrutiny.

Adult Social Care – a complaint regarding a service user's contribution charge. The complainant felt these costs should have been covered by Continuing Health Care arrangements.

Outcome – partly upheld. There was no evidence to suggest that the correct procedure or practice had not been followed by officers; but key information had not been provided to the family in a timely and accurate manner.

Actions: The Council had already provided a written apology and had offered suitable remedy.

Appendix 5: Sunderland Care and Support

REPORT TO SUNDERLAND CITY COUNCIL'S CHIEF OFFICER'S GROUP AND SCRUTINY COORDINATING COMMITTEE

SUNDERLAND CARE AND SUPPORT LIMITED

COMPLIMENTS & COMPLAINTS Q3 2019-20 (OCTOBER-DECEMBER) UPDATE

1 PURPOSE OF THE REPORT

- 1.1 The purpose of the report is to provide an update to Sunderland City Council's Chief Officer Group and Scrutiny Coordinating Committee on recent performance activity in relation to the Company's compliments and complaints.

2 RECOMMENDATION

- 2.1 Sunderland City Council's Chief Officer Group and Scrutiny Coordinating Committee are requested to note the contents of the report.

3 OUR APPROACH

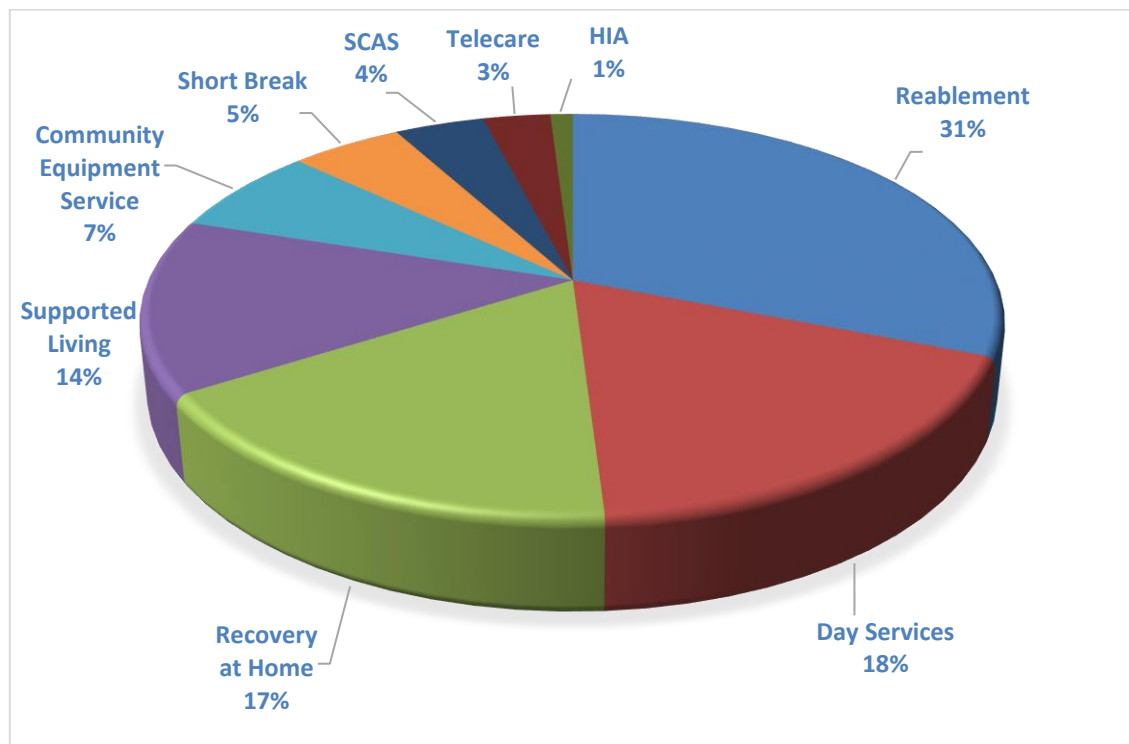
- 3.1 **Sunderland Care and Support Limited (SCAS)** takes pride in the high-quality services we provide our customers.
- 3.2 We pro-actively welcome both positive and negative feedback from all of our customers and view this as our opportunity to learn and to improve; and recognise that such feedback helps us to corroborate the standard of service our customers receive.

4 COMPLIMENTS

- 4.1 A total of **100** compliments were received by the Company during the third quarter of 2019/20 across the following service areas:

- **Reablement:** 31 - five more than the previous quarter
- **Day Services:** 18 - five more than the previous quarter
- **Recovery at Home:** 17 - twelve more than the previous quarter
- **Supported Living:** 14 - three less than the previous quarter
- **Community Equipment Service:** 7 - two more than the previous quarter
- **Short Break:** 5 - one less than the previous quarter
- **SCAS (HQ):** 4 - three more than the previous quarter
- **Telecare:** 3 - one more than the previous quarter
- **Home Improvement Agency:** 1 - one more than the previous quarter
- **Children's –** 0 - one less than the previous quarter

4.2 Q2 Compliments Breakdown



4.3 Figures for **Quarter 3 compliments** were noted to be nearly a **third higher** than those of the previous quarter – representing over 28% of the **355 compliments** received during the past year.

4.4 Almost a third of compliments received for the quarter were in relation to the **Reablement at Home** service and were submitted in recognition of the hard work of team members and in respect of the excellent quality of service customers had received, supporting them to live as independently as possible within their own homes, some highlights of which included:

- Praise during the quarter referenced the 'excellent' care and 'wonderful' service provided by 'proactive, positive and reliable' team members; with one Reablement at Home customer highlighting that staff were 'very kind and helpful. Nothing was a problem', and they were, 'a great team and very friendly'
- A thank you card received from the family of a Reablement customer in recognition of 'the excellent care' and 'wonderful service' provided for their mother following a fall
- A thank you card received by the 'wonderful' Reablement Team in gratitude of the 'amazing' care and support provided.

4.5 Nearly a half of compliments received for the quarter related to **Day Service**, **Recovery at Home Service** or **Supported Living Service** provision, some highlights of which included:

- A compliment from a customer of the **Washington Community Resource Centre** in recognition of the 'wonderful people who care for me'
- A compliment received by the **Recovery at Home service** in recognition of their work to find the 'best solution' for a patient's discharge from hospital and for their effective partnership working
- Praise received from the Northumberland, Tyne & Wear NHS Foundation Trust in recognition of the professionalism of team members from the Claremont Terrace **Supported Living Service**, highlighting their excellent communication skills, the effectiveness of relationships built with customers & fellow professionals, their responsiveness to challenging situations and their standard of care provision

4.6 Other notable compliments received during the period included:

- Feedback from Barnes Park **Coach House Coffee Stop** customers with regard to 'Lovely friendly service' and comments such as 'staff do an amazing job', 'I believe this to be the best café in Sunderland. All the staff are happy and always smiling and so friendly' noted
- A Thank You card received from the family of a **Grindon Mews** customer in appreciation of the service provided by 'fab staff'
- A compliment from a **Farmborough Court** customer received in recognition of care and support provided by the team and for 'looking after her so well'.
- A Thank You card received from the family of a **Home Improvement Agency** customer in recognition of the support provided by the Service, highlighting that the work undertaken within his home would make a big difference to all their lives
- A compliment from a customer of the **Community Equipment Service** noted to be 'over the moon with the grab rails fitted' by the service. It was also highlighted that team members provided a 'brilliant service' and were an 'absolute joy & nothing was too much bother'.

COMPLAINTS

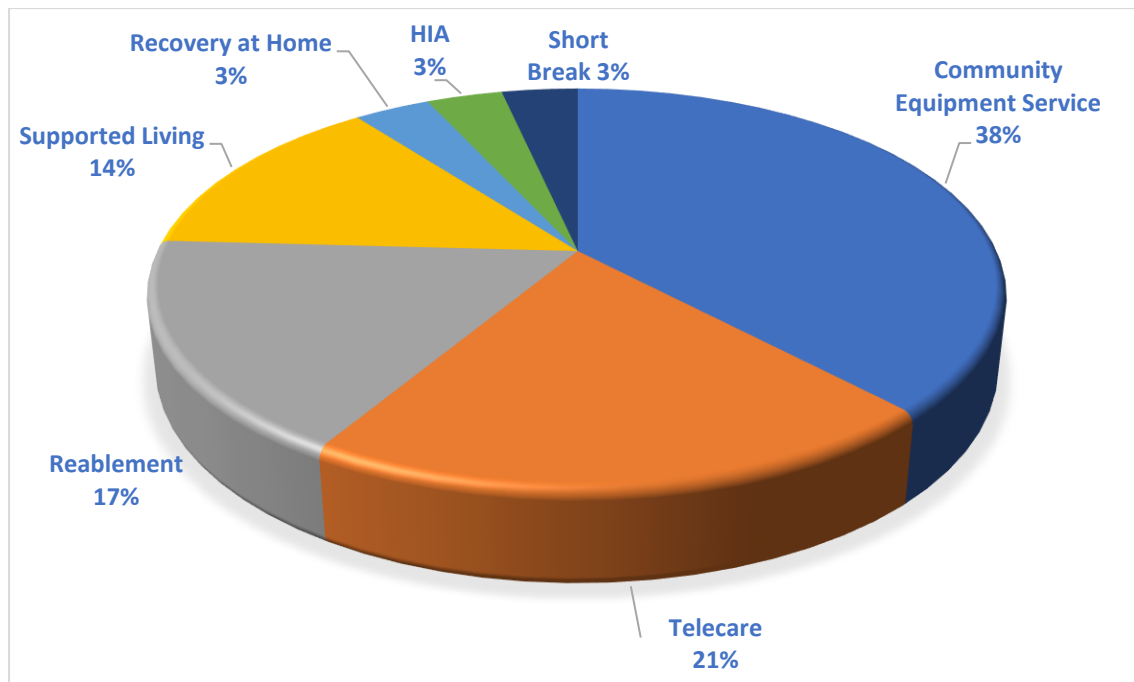
4.7 A total of **29** complaints were received by the Company during the third quarter of 2019/20, broken down as follows:

- **Community Equipment Service:** x11 - **six less than the previous quarter**
- **Telecare:** x6 - **three more than the previous quarter**
- **Reablement:** x5 - **one more than the previous quarter**
- **Supported Living:** x4 - **five less than the previous quarter**
- **Recovery at Home:** x1 - no change
- **Home Improvement Agency:** x1 - **one more than the previous quarter**
- **Short Break:** x1 - **one more than the previous quarter**
- **Children's:** zero - **five less than the previous quarter**
- **Day Services:** zero - **one less than the previous quarter**
- **SCAS (HQ):** zero – no change

4.8 Figures for **Quarter 3 Complaints** were noted to be nearly **a third less** than those received by the Company during the previous quarter

4.9 It was also noted that the Company also handled one further complaint during the period, that upon investigation was found to be the responsibility of another organisation with no fault being attributable to Sunderland Care and Support Limited.

4.10 Q2 Complaints Breakdown



4.11 Of the **29** complaints received during the quarter, 12 (**41%**) were **not upheld**, 12 (**41%**) were **upheld** in full, 4 (**14%**) were **partially upheld**, and one further complaint was in the process of being resolved.

4.12 Of the complaints received during the third quarter, 24 (**83%**) were resolved locally utilising the Company's Step 1 - Local Resolution complaints procedures and 4 (**14%**) were resolved formally using the Company's Step 2 - Formal Resolution complaints procedures.

4.13 Additionally, **all complaints** received by Sunderland Care and Support during the quarter **were successfully resolved within agreed timescales** with only 1 complaint requiring external resolution (via the Council's Complaints Team).

4.14 Community Equipment Service

During the quarter the majority of complaints received by the Company (a total of **11** – representing 38% of all complaints received by the Company during the quarter) were found to be in relation to the **delivery and / or collection of equipment** by the **Community Equipment Service (CES)**.

Although this figure represented the highest proportion of complaints, it should be considered within the context that the service delivers and / or collects around 13,000 individual items of equipment for customers each and every quarter.

Additionally, when this figure is compared against figures for the previous quarter, the number of complaints received by the Service has actually seen **a reduction of 35%** - and also **a 66% reduction** when the figures are compared against complaints received by the Service during the first quarter of 2019/20.

It is also of note that following receipt of the complaints by CES - 5 (**45%**) of which were **upheld in full**, 2 (**18%**) were **upheld in-part** and 4 (**36%**) were **not upheld** following investigation - the Business Manager introduced a range of remedial measures to help mitigate, where possible, the likelihood of similar issues occurring in future.

4.15 Other Service Areas

The remaining 18 complaints received by SCAS during the quarter relating to service areas other than CES (equating to 62% of all complaints received for the quarter), 8 (44%) complaints **were not upheld**, only 7 complaints (38%) were **upheld in-full**, 2 complaints (11%) were **upheld in-part** and one further complaint was in the process of being resolved.

RECENT DEVELOPMENTS

- 4.16 The Company has recently reviewed our compliments and complaints policy and will soon be publishing a new guidance document for customers and colleagues.
- 4.17 The Company has been keen to reflect within our new policy document, our commitment to be a learning organisation, where improvement is led through open feedback and recognising how we can do things better.
- 4.18 In conjunction with the review, the Company has recently improved its internal management & governance of complaints with the introduction of formal complaints clinics. Chaired by our Deputy Chief Operating Officer and attended by Senior colleagues these monthly clinics are utilised to identify themes, improvement opportunities and to reflect upon lessons learnt.
- 4.19 With the introduction of the clinics and the promotion of our reviewed policy we would expect to note a rise in the number of compliments and complaints we receive over the coming months.

SCRUTINY COMMITTEE WORK PROGRAMMES FOR 2019-20

REPORT OF THE SCRUTINY AND MEMBERS' SUPPORT COORDINATOR

1. PURPOSE OF THE REPORT

- 1.1 The report attaches, for Members' information, the variations to the Scrutiny Committee work programmes for 2019/20 and provides an opportunity to review the Committee's own work programme for 2019/20.
- 1.2 In delivering its work programme, the Scrutiny Coordinating Committee will support the council in achieving its Corporate Outcomes.

2. BACKGROUND

- 2.1 The role of the Scrutiny Coordinating Committee is two-fold, firstly it has a role in co-ordinating efficient business across the Scrutiny Committees and manage the overall Scrutiny Work Programme and secondly to consider the Council's corporate policies, performance and financial issues.
- 2.2 The aim of its co-ordinating role is to avoid duplication, make best use of resources and to provide a corporate overview of the scrutiny function. As such the remainder of this report outlines the current work programmes of the Scrutiny Committees.

3. SCRUTINY COMMITTEE WORK PROGRAMMES

- 3.1 **Appendix 1** sets out the Scrutiny Committee work programmes for the Health and Wellbeing, Children, Education and Skills and Economic Prosperity Scrutiny Committees respectively.

4. SCRUTINY COMMITTEE'S WORK PROGRAMME

- 4.1 **Appendix 2** outlines this Committee's full work programme for the year, updated to reflect new additions and amendments requested by Committee as the year has progressed.

5. DEDICATED SCRUTINY BUDGET

- 5.1 A small budgetary provision of £15,000 per annum is available to the Scrutiny Committees to deliver the agreed Scrutiny Committee Work Programmes.

- 5.2 As of 3 February 2020 the breakdown of the budget stood as follows:-

| Description | £ |
|----------------------------------|------------|
| Scrutiny Development | £229.90 |
| Member Development | Nil |
| Policy Review Development | Nil |
| Total Expenditure to Date | £229.90 |
| Budget | £15,000.00 |
| Remaining Budget | £14,770.10 |

5. RECOMMENDATIONS

- 5.1 It is recommended that the Scrutiny Coordinating Committee:

- (a) notes the variations to the Scrutiny Committee Work Programmes for 2019/20 and to its own work programme;
- (b) notes the current expenditure and remaining scrutiny budget for 2019/20.

Contact Officer: Nigel Cummings, Scrutiny Officer
0191 561 1006
nigel.cummings@sunderland.gov.uk

| REASON FOR INCLUSION | 6 JUNE 19 | 4 JULY 19 | 5 SEPT 19 | 3 OCT 19 | 31 OCT 19 - CANCELLED | 28 NOV 19 | 9 JAN 20 | 6 FEB 20 | 5 MARCH 20 | 2 APRIL 20 |
|---|---|---|--|---|---|--|--|---|---|--|
| Policy Framework/ Cabinet Referrals and Responses | | | | | | | | | | Scrutiny Annual Report (JD) |
| Scrutiny Business | Together for Children Business Plan (Jill Colbert) | | Theme: Cross Cutting Ofsted Monitoring Visit Feedback (Jill Colbert) | Theme: Cross Cutting Domestic Abuse Services & Impact on Children and Families (Karen Davison) | | Theme: Cross Cutting Early Help Parenting Provision (Karen Davison) | Theme: Pre School Years Children's social care improvement activity and updates (Sunderland Children Safeguarding Partnership – (Sir Paul Ennals) | Theme: Post 16 <ul style="list-style-type: none"> • NEET • SEND Strategy/16-25 SEND Outcomes • Emotional Health and Mental Well Being | Theme: Cross Cutting Child Sexual Exploitation/ Missing Children (Abbey Adair) Health outcomes (Lorraine Hughes) Voice of Child (Jane Wheeler) | Theme: Cross Cutting Partnership and impact on outcomes for children and families Early Help Parenting Provision (Karen Davison) |
| Performance / Service Improvement | | Ofsted Improvement Plan – Update (Karen Davison) Children's Services Complaints (Simon Marshall) | Ofsted Improvement Plan – Detailed Update (Jill Colbert) Together for Children – Performance Monitoring Report (Jill Colbert) | Portfolio Holder Update | | Together for Children – Performance Monitoring Report (Jill Colbert) Children's Services Complaints Report (Jill Colbert) | Ofsted Monitoring Feedback (Jill Colbert) Operation of Front Door WG – Feedback (JD) | Ofsted Improvement Plan – Update (Jill Colbert) | Ofsted Improvement Plan - Update (Jill Colbert) | Together for Children – Performance Monitoring Report Ofsted Improvement Plan – Update (Jill Colbert) |
| Consultation / Awareness Raising | Notice of Key Decisions Work Programme 19-20 | Notice of Key Decisions Work Programme 19-20 | Notice of Key Decisions Work Programme 19-20 | Notice of Key Decisions Work Programme 19-20 | Notice of Key Decisions Work Programme 19-20 | Notice of Key Decisions Work Programme 19-20 | Notice of Key Decisions Work Programme 19-20 | Notice of Key Decisions Work Programme 19-20 | Notice of Key Decisions Work Programme 19-20 | Notice of Key Decisions Work Programme 19-20 |

ECONOMIC PROSPERITY SCRUTINY COMMITTEE –WORK PROGRAMME 2019-20

| REASON FOR INCLUSION | 11 JUNE 19 | 9 JULY 19 | 10 SEPTEMBER 19 | 8 OCTOBER 19 | 5 NOVEMBER 19 | 3 DECEMBER 19 | 14 JANUARY 20 | 11 FEBRUARY 20 | 10 MARCH 20 | 7 APRIL 20 |
|---|--|--|---|---|---|--|---|---|---|---|
| Policy Framework/ Cabinet Referrals and Responses | | | | | | Coastal Communities Round 5 Project (Dan Hattle) | Food Law Report (Marion Dixon) Local Plan – Core Strategy (Louise Sloan) | Supplementary Planning Documents (Louise Sloan) | | |
| Scrutiny Business | Remit and Work Programme of Committee Sunderland Cultural Strategy (Rebecca Ball) | Private Sector Housing Enforcement Policy (Marion Dixon) Cross Border Taxi Licensing Enforcement (Marion Dixon) | Siglion Update (Jon Ritchie/Peter McIntyre) | Sunderland Business Improvement District (Sharon Appleby) | Industrial Strategy (Richard Baker/Vince Taylor) | North East England Chamber of Commerce (Jonathan Walker) | | Business Centres (Catherine Auld) | Visit to CESAM Public Space Protection Orders (Michelle Coates) Major Events (Victoria French) Housing Strategy - Update (Julie Wearmouth) | Annual Report (Jim Diamond) Siglion Update (Peter McIntyre) International Advanced Manufacturing Park/ Sunderland Strategic Transport Corridor – Update (Mark Jackson) Sunderland Rail Station – Update (Mark Jackson) |
| Performance / Service Improvement | | | | | | | | | | |
| Consultation Information and Awareness Raising | Notice of Key Decisions Work Programme 18-19 | Notice of Key Decisions Work Programme 18-19 | Notice of Key Decisions Work Programme 18-19 | Notice of Key Decisions Work Programme 18-19 | Notice of Key Decisions Work Programme 18-19 | Notice of Key Decisions Work Programme 18-19 | Notice of Key Decisions Work Programme 18-19 | Notice of Key Decisions Work Programme 18-19 | Notice of Key Decisions Work Programme 18-19 | Notice of Key Decisions Work Programme 18-19 |

Northumbria Road Safety Partnership (Paul Lewins)
Recycling/Enforcement – Public Engagement (Colin Curtis)
International Strategy (Catherine Auld)

HEALTH AND WELLBEING SCRUTINY COMMITTEE – WORK PROGRAMME 2019-20

Items to be scheduled

| REASON FOR INCLUSION | 5 JUNE 19 D/L:28 May 19 | 3 JULY 19 D/L:21 June 19 | 4 SEPTEMBER 19 D/L:23 August 19 | 2 OCTOBER 19 D/L:20 Sept 19 | 30 OCTOBER 19 D/L:18 Oct 19 | 27 NOVEMBER 19 D/L:15 Nov 19 | 8 JANUARY 20 D/L:23 Dec 19 | 5 FEBRUARY 20 D/L:24 Jan 20 | 11 MARCH 20 D/L:28 Feb 20 | 8 APRIL 20 D/L:27 March 20 |
|--|--|---|---|---|---|---|--|--|--|---|
| Policy Framework / Cabinet Referrals and Responses | | Scoping Report (N Cummings) | | Policy Review Update (N Cummings) | Policy Review Update (N Cummings) | Policy Review Update (N Cummings) | Draft Review Report (N Cummings) | | | |
| Scrutiny Business | Managing the Market (G King) Annual Work Programme 19/20 (N Cummings) | CQC GP Inspection Annual Report (Sunderland CCG) CCG Operational Plan 19/20 (Sunderland CCG) | Refresh of GP Strategy (Sunderland CCG) NHS Performance Update (Sunderland CCG) Adult Safeguarding Board Annual Report (P Weightman) Healthwatch Annual Report 18/19 (Margaret Curtis – Healthwatch) | Managing the Market (G King) | All Together Better Alliance (Sunderland CCG) Urgent Care Mobilisation Update (Sunderland CCG) | Maternity Services (City Hospitals) | Managing the Market (G King) Integrated Care System/Partnership Update (Sunderland CCG) Care and Support Annual Report (Sunderland Care and Support) | North East Ambulance Service (M Cotton) End of Life Care (Sunderland CCG) | Annual Report (N Cummings) Urgent Care Mobilisation Update (Sunderland CCG) Joint Engagement Strategy (Sunderland CCG) | Managing the Market (G King) |
| Performance / Service Improvement | | | | | | | | | | |
| Consultation/ Information & Awareness Raising | Notice of Key Decisions | Notice of Key Decisions Work Programme 19-20 | Notice of Key Decisions Work Programme 19-20 | Notice of Key Decisions Work Programme 19-20 | Notice of Key Decisions Work Programme 19-20 | Notice of Key Decisions Work Programme 19-20 | Notice of Key Decisions Work Programme 19-20 | Notice of Key Decisions Work Programme 19-20 | Notice of Key Decisions Work Programme 19-20 | Notice of Key Decisions Work Programme 19-20 |

| REASON FOR INCLUSION | 13 JUNE 19 D/L 3 JUNE 19 | 11 JULY 19 D/L 1 JULY 19 | 12 SEPTEMBER 19 D/L 2 SEPT 19 | 10 OCTOBER 19 D/L 30 SEPT 19 | 7 NOVEMBER 19 D/L 28 OCT 19 | 5 DECEMBER 19 D/L 25 NOV 19 | 16 JANUARY 20 D/L 6 JAN 20 | 13 FEBRUARY 20 D/L 3 FEB 20 | 12 MARCH 20 D/L 2 MARCH 20 | 9 APRIL 20 D/L 30 MARCH 20 |
|---|--|--|--|--|--|--|--|--|---|---|
| Policy Framework / Cabinet Referrals and Responses | | | City Plan (Jon Beaney) | City Plan Update (Jon Beaney) | Budget Planning Framework 2020/21 and Financial Strategy (Jon Ritchie/Paul Wilson) | | Revenue Budget update and provisional revenue support settlement (Jon Ritchie/Paul Wilson) | Collection Fund (Council Tax) 19/20 (Jon Ritchie) Capital Programme 20/21 to 23/24 and Treasury Management Policy and Strategy 20/21, including Prudential Indicators for 20/21 to 23/24 (Jon Ritchie) Revenue Budget and Proposed Council Tax for 20/21 and Medium-Term Financial Plan 20/21 to 23/24 (Jon Ritchie) | | |
| Scrutiny Business | | Safer Sunderland Partnership Annual Report (Stuart Douglass) Recorded Crime Stats – Sunderland (Northumbria Police) Ofsted Inspection TWCA & FACL – Update (Sandra Mitchell) | Procurement Strategy update (Paul Davies) | Summary of Overview and Scrutiny Statutory Guidance (Nigel Cummings) | | | | Public Health Annual Report (Gillian Gibson) | | Hate Crime (Jessica May) Scrutiny Annual Report (N Cummings) |
| Performance / Service Improvement | Compliments, Complaints & Feedback Annual Report (Marie Johnston) Performance Management Update Q4 (Liz St Louis) | | Compliments, Complaints & Feedback Report (Marie Johnston) Performance Management Q1 (Liz St Louis) | | | Performance Management Q2 (Liz St Louis) Compliments, Complaints & Feedback Report (Marie Johnston) | | Compliments, Complaints & Feedback Report (Marie Johnston) | Performance Management Q3 (Liz St Louis) | |
| Consultation / Information & Awareness Raising | Notice of Key Decisions Scrutiny Work Programmes 2019/20 | Notice of Key Decisions Scrutiny Work Programmes 2019/20 | Notice of Key Decisions Scrutiny Work Programmes 2019/20 | Notice of Key Decisions Scrutiny Work Programmes 2019/20 | Notice of Key Decisions Scrutiny Work Programmes 2019/20 | Notice of Key Decisions Scrutiny Work Programmes 2019/20 | Notice of Key Decisions Scrutiny Work Programmes 2019/20 | Notice of Key Decisions Scrutiny Work Programmes 2019/20 | Notice of Key Decisions Scrutiny Work Programmes 2019/20 | Notice of Key Decisions Scrutiny Work Programmes 2019/20 |

NOTICE OF KEY DECISIONS**REPORT OF THE SCRUTINY AND MEMBERS'
SUPPORT COORDINATOR****1. PURPOSE OF THE REPORT**

- 1.1 To provide Members with an opportunity to consider the items on the Executive's Notice of Key Decisions for the 28-day period from 13 January 2020.

2. BACKGROUND INFORMATION

- 2.1 Holding the Executive to account is one of the main functions of Scrutiny. One of the ways that this can be achieved is by considering the forthcoming decisions of the Executive (as outlined in the Notice of Key Decisions) and deciding whether Scrutiny can add value in advance of the decision being made. This does not negate Non-Executive Members ability to call-in a decision after it has been made.
- 2.2 To this end, the most recent version of the Executive's Notice of Key Decisions is included on the agenda of this Committee. The Notice of Key Decisions for the 28-day period from 13 January 2020 is attached marked **Appendix 1**.

3. CURRENT POSITION

- 3.1 In considering the Notice of Key Decisions, Members are asked to consider only those issues where the Scrutiny Committee could make a contribution which would add value prior to the decision being taken.
- 3.2 In the event of Members having any queries that cannot be dealt with directly in the meeting, a response will be sought from the relevant Directorate.

4. RECOMMENDATION

- 4.1 To consider the Executive's Notice of Key Decisions for the 28-day period from 13 January 2020 at the Scrutiny Committee meeting.

5. BACKGROUND PAPERS

- Cabinet Agenda

Contact Officer : Nigel Cummings, Scrutiny Officer
0191 561 1006
Nigel.cummings@sunderland.gov.uk

The Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012

Notice is given of the following proposed Key Decisions (whether proposed to be taken in public or in private) and of Executive Decisions including key decisions) intended to be considered in a private meeting:-

| Item no. | Matter in respect of which a decision is to be made | Decision-maker (if individual, name and title, if body, its name and see below for list of members) | Key Decision Y/N | Anticipated date of decision/ period in which the decision is to be taken | Private meeting Y/N | Reasons for the meeting to be held in private | Documents submitted to the decision-maker in relation to the matter | Address to obtain further information |
|------------|--|---|------------------|---|---------------------|---|---|--|
| 191212/429 | To consider the recommendations of the Health and Wellbeing Scrutiny Committee following a scrutiny review into oral health. | Cabinet | Y | During the period 14 January to 30 March 2020. | N | Not applicable. | Cabinet report | Governance Services Civic Centre PO BOX 100 Sunderland SR2 7DN committees@sunderland.gov.uk |
| 191212/437 | To consider the response to be made to any notification given by Durham County Council under section 88K Water Industry Act 1991 regarding a proposal for variation of an existing community water fluoridation scheme to include the City of Sunderland area. | Cabinet | Y | During the period 14 January to 30 March 2020. | N | Not applicable. | Cabinet report | Governance Services Civic Centre PO BOX 100 Sunderland SR2 7DN committees@sunderland.gov.uk |
| 190813/380 | To seek approval to develop a strategic framework and action plan to enable the development of more resilient communities, including a more vibrant Social Enterprise sector. | Cabinet | Y | During the period 11 February to 30 March 2020. | N | Not applicable. | Cabinet report | Governance Services Civic Centre PO BOX 100 Sunderland SR2 7DN committees@sunderland.gov.uk |

| Item no. | Matter in respect of which a decision is to be made | Decision-maker (if individual, name and title, if body, its name and see below for list of members) | Key Decision Y/N | Anticipated date of decision/ period in which the decision is to be taken | Private meeting Y/N | Reasons for the meeting to be held in private | Documents submitted to the decision-maker in relation to the matter | Address to obtain further information |
|------------|---|---|------------------|---|---------------------|---|---|--|
| 170927/212 | To approve in principle the establishment of a new police led Road Safety Partnership (Northumbria Road Safety Partnership) embracing the Northumbria Force Area. | Cabinet | Y | During the period 24 March to 30 April 2020. | N | Not applicable. | Cabinet report | Governance Services Civic Centre PO BOX 100 Sunderland SR2 7DN committees@sunderland.gov.uk |
| 181024/312 | To receive an update report on the Regional Adoption Agency proposals and to agree the next steps | Cabinet | Y | During the period from 11 February to 31 March 2020. | N | Not applicable. | Cabinet report | Governance Services Civic Centre PO BOX 100 Sunderland SR2 7DN committees@sunderland.gov.uk |

| Item no. | Matter in respect of which a decision is to be made | Decision-maker (if individual, name and title, if body, its name and see below for list of members) | Key Decision Y/N | Anticipated date of decision/ period in which the decision is to be taken | Private meeting Y/N | Reasons for the meeting to be held in private | Documents submitted to the decision-maker in relation to the matter | Address to obtain further information |
|------------|---|---|------------------|---|---------------------|---|---|--|
| 191009/412 | To approve the funding for specialist and move on accommodation for people with mental health needs with Home Group. | Cabinet | Y | During the period from 11 February to 30 March 2020. | Y | This report is one which relates to an item during the consideration of which by Cabinet the public are likely to be excluded under Paragraph 3 of Schedule 12A of the Local Government Act 1972, as amended, as the report contains information relating to the financial or business affairs of any particular person (including the authority holding that information) The public interest in maintaining this exemption outweighs the public interest in disclosing the information. | Cabinet report | Governance Services Civic Centre PO BOX 100 Sunderland SR2 7DN committees@sunderland.gov.uk |
| 190906/402 | To consider expansion proposals by an existing Council tenant in respect of a strategic property and the associated capital funding and revised lease term proposals. | Cabinet | Y | During the period from 11 February to 31 March 2020. | Y | This report is one which relates to an item during the consideration of which by Cabinet the public are likely to be excluded under Paragraph 3 of Schedule 12A of the Local Government Act 1972, as amended, as the report contains information relating to the financial or business affairs of any particular person (including the authority holding that information) The public interest in maintaining this exemption outweighs the public interest in disclosing the information. | Cabinet Report | Governance Services Civic Centre PO BOX 100 Sunderland SR2 7DN committees@sunderland.gov.uk |

| Item no. | Matter in respect of which a decision is to be made | Decision-maker (if individual, name and title, if body, its name and see below for list of members) | Key Decision Y/N | Anticipated date of decision/ period in which the decision is to be taken | Private meeting Y/N | Reasons for the meeting to be held in private | Documents submitted to the decision-maker in relation to the matter | Address to obtain further information |
|------------|--|---|------------------|---|---------------------|--|---|--|
| 190823/385 | To approve the proposed Governance Arrangements for the Centre of Excellence for Sustainable Advanced Manufacturing (CESAM) and related matters. | Cabinet | Y | During the period from 11 February to 30 April 2020 | Y | The report is one which relates to an item during the consideration of which by Cabinet the public are likely to be excluded under Paragraphs 3 of Schedule 12A of the Local Government Act 1972, as amended, as the report will contain information relating to the financial or business affairs of any particular person (including the authority holding that information). The public interest in maintaining this exemption outweighs the public interest in disclosing the information. | Cabinet Report | Governance Services Civic Centre PO BOX 100 Sunderland SR2 7DN committees@sunderland.gov.uk |
| 191008/409 | To approve the disposal of the former Gillbridge Police Station, Sunderland. | Cabinet | Y | 11 February 2020 | Y | This report is one which relates to an item during the consideration of which by Cabinet the public are likely to be excluded under Paragraph 3 of Schedule 12A of the Local Government Act 1972, as amended, as the report contains information relating to the financial or business affairs of any particular person (including the authority holding that information) The public interest in maintaining this exemption outweighs the public interest in disclosing the information. | Cabinet Report | Governance Services Civic Centre PO BOX 100 Sunderland SR2 7DN committees@sunderland.gov.uk |

| Item no. | Matter in respect of which a decision is to be made | Decision-maker (if individual, name and title, if body, its name and see below for list of members) | Key Decision Y/N | Anticipated date of decision/ period in which the decision is to be taken | Private meeting Y/N | Reasons for the meeting to be held in private | Documents submitted to the decision-maker in relation to the matter | Address to obtain further information |
|------------|---|---|------------------|---|---------------------|---|---|--|
| 191024/417 | To seek approval for the City Council to enter into a partnership arrangement to establish a new Voluntary Community Sector Infrastructure Support Service for Sunderland | Cabinet | Y | 11 February 2020 | N | Not applicable. | Cabinet Report | Governance Services Civic Centre PO BOX 100 Sunderland SR2 7DN committees@sunderland.gov.uk |
| 191105/421 | To approve Sunderland's Empty Homes Strategy. | Cabinet | Y | 11 February 2019 | N | Not applicable. | Cabinet report | Governance Services Civic Centre PO BOX 100 Sunderland SR2 7DN committees@sunderland.gov.uk |
| 191219/440 | To procure and award a contract to design, manufacture and install pontoons at Manor Quay. | Cabinet | Yes | 11 February 2020 | No | Not applicable. | Cabinet Report | Governance Services Civic Centre PO BOX 100 Sunderland SR2 7DN committees@sunderland.gov.uk |

| Item no. | Matter in respect of which a decision is to be made | Decision-maker (if individual, name and title, if body, its name and see below for list of members) | Key Decision Y/N | Anticipated date of decision/ period in which the decision is to be taken | Private meeting Y/N | Reasons for the meeting to be held in private | Documents submitted to the decision-maker in relation to the matter | Address to obtain further information |
|------------|---|---|------------------|---|---------------------|---|---|--|
| 191105/424 | To authorise consultation on draft Supplementary Planning Documents in relation to South Sunderland Growth Area, Planning Obligations, Homes in Multiple Occupation and Biodiversity. | Cabinet | Y | 11 February 2020 | N | Not applicable. | Cabinet Report | Governance Services Civic Centre PO BOX 100 Sunderland SR2 7DN committees@sunderland.gov.uk |
| 200108/443 | To approve for recommendation to Council, the Capital Programme 2020/2021 and Treasury Management Policy and Strategy 2020/2021 including Prudential Indicators for 2020/2021. | Cabinet | Y | 11 February 2020 | N | Not applicable. | Cabinet Report | Governance Services Civic Centre PO BOX 100 Sunderland SR2 7DN committees@sunderland.gov.uk |
| 200108/444 | To approve for recommendation to Council, the Revenue Budget and Proposed Council Tax for 2020/2021 and Medium Term Financial Plan 2020/2021 to 2023/2024. | Cabinet | Y | 11 February 2020 | N | Not applicable. | Cabinet Report | Governance Services Civic Centre PO BOX 100 Sunderland SR2 7DN committees@sunderland.gov.uk |

| Item no. | Matter in respect of which a decision is to be made | Decision-maker (if individual, name and title, if body, its name and see below for list of members) | Key Decision Y/N | Anticipated date of decision/ period in which the decision is to be taken | Private meeting Y/N | Reasons for the meeting to be held in private | Documents submitted to the decision-maker in relation to the matter | Address to obtain further information |
|------------|---|---|------------------|---|---------------------|---|---|--|
| 200108/445 | To approve for recommendation to Council, the Collection Fund 2019/2020. | Cabinet | Y | 11 February 2020 | N | Not applicable. | Cabinet Report | Governance Services Civic Centre PO BOX 100 Sunderland SR2 7DN committees@sunderland.gov.uk |
| 200108/446 | To approve a contract for Stonehill Wall Repairs (NC054) 2020/21 at the Port of Sunderland. | Cabinet | Y | 11 February 2020 | N | Not applicable. | Cabinet Report | Governance Services Civic Centre PO BOX 100 Sunderland SR2 7DN committees@sunderland.gov.uk |
| 191213/439 | To approve the updated business plan for Siglion LLP and related matters. | Cabinet | Y | During the period from 11 February to 30 March 2020. | Y | This report is one which relates to an item during the consideration of which by Cabinet the public are likely to be excluded under Paragraph 3 of Schedule 12A of the Local Government Act 1972, as amended, as the report contains information relating to the financial or business affairs of any particular person (including the authority holding that information) The public interest in maintaining this exemption outweighs the public interest in disclosing the information. | Cabinet report | Governance Services Civic Centre PO BOX 100 Sunderland SR2 7DN committees@sunderland.gov.uk |

| Item no. | Matter in respect of which a decision is to be made | Decision-maker (if individual, name and title, if body, its name and see below for list of members) | Key Decision Y/N | Anticipated date of decision/ period in which the decision is to be taken | Private meeting Y/N | Reasons for the meeting to be held in private | Documents submitted to the decision-maker in relation to the matter | Address to obtain further information |
|------------|--|---|------------------|---|---------------------|---|---|--|
| 191205/428 | To agree Sunderland's Housing Delivery and Investment Plan | Cabinet | Y | 24 March 2020 | N | Not applicable. | Cabinet report | Governance Services Civic Centre PO BOX 100 Sunderland SR2 7DN committees@sunderland.gov.uk |
| 191220/441 | To approve the Five Neighbourhood Investment Plans | Cabinet | Y | 24 March 2020 | N | Not applicable | Cabinet report Investment Plans | Governance Services Civic Centre PO BOX 100 Sunderland SR2 7DN committees@sunderland.gov.uk |
| 200107/442 | To consider the continuation of integrated delivery of vision screening for children aged 4-5 year alongside the local delivery of ophthalmology services. | Cabinet | Y | 24 March 2020 | N | Not applicable. | Cabinet report | Governance Services Civic Centre PO BOX 100 Sunderland SR2 7DN committees@sunderland.gov.uk |

| Item no. | Matter in respect of which a decision is to be made | Decision-maker (if individual, name and title, if body, its name and see below for list of members) | Key Decision Y/N | Anticipated date of decision/ period in which the decision is to be taken | Private meeting Y/N | Reasons for the meeting to be held in private | Documents submitted to the decision-maker in relation to the matter | Address to obtain further information |
|------------|---|---|------------------|---|---------------------|---|---|--|
| 200110/447 | To authorise Sunderland City Council's participation in the ERDF North East Business and Innovation Growth Fund project led by Gateshead Council. This will involve obtaining Cabinet approval to enter into a Funding / Partnership Agreement with Gateshead Council should the ERDF grant be secured. | Cabinet | Y | During the period 24 March to 30 June 2020 | N | N/A | Cabinet Report | Governance Services Civic Centre PO BOX 100 Sunderland SR2 7DN committees@sunderland.gov.uk |

Note; Some of the documents listed may not be available if they are subject to an exemption, prohibition or restriction on disclosure.

Further documents relevant to the matters to be decided can be submitted to the decision-maker. If you wish to request details of those documents (if any) as they become available, or to submit representations about a proposal to hold a meeting in private, you should contact Governance Services at the address below.

Subject to any prohibition or restriction on their disclosure, copies of documents submitted to the decision-maker can also be obtained from the Governance Services team PO Box 100, Civic Centre, Sunderland, or by email to committees@sunderland.gov.uk

Who will decide;

Cabinet; Councillor Graeme Miller – Leader; Councillor Michael Mordey – Deputy Leader; Councillor Paul Stewart – Cabinet Secretary; Councillor Louise Farthing – Children, Learning and Skills; Councillor Geoffrey Walker – Health and Social Care; Councillor John Kelly – Communities and Culture; Councillor Amy Wilson – Environment and Transport; Councillor Rebecca Atkinson – Housing and Regeneration.

This is the membership of Cabinet as at the date of this notice. Any changes will be specified on a supplementary notice.

Elaine Waugh,
Assistant Director of Law and Governance

13 January 2020