

Final Settlement 2014/2015

1. The final Local Government Finance Settlement for 2014/2015 was announced on 5th February 2014. As anticipated there were only very minor changes to the position set out in the provisional settlement. The provisional settlement position is set out in the main body of the Cabinet report. The changes following the final settlement announcement affecting Sunderland are set out below and have been incorporated in finalising the budget position for 2014/2015.

1.1 2014/2015

- The Final Settlement has confirmed a minor net increase in Government overall funding of £0.016m:
 - **Settlement Funding Assessment (SFA) - Revenue Support Grant (RSG)**
The final SFA for 2014/2015 is £170.443m reflecting a minor increase in Revenue Support Grant of £0.022m to £93.968m. This still represents an overall net reduction in RSG compared to 2013/2014 of £19.768m (17.4%).
 - **Revenue Spending Power / New Homes Bonus Redistributed**
The Government assessed Revenue Spending Power has decreased in total to £284.363m reflecting a reduction in New Homes Bonus Redistributed Funding of £0.006m to £0.257m and the small increase in RSG set out above. The overall reduction in Revenue Spending Power compared to 2013/2014 is now £13.891m or 4.7% which is higher than the national average reduction of 2.9%.
- **Council Tax Referendum Principle**
Government have confirmed that a referendum principle will apply to all principal local authorities, Police and Crime Commissioner and Fire and Rescue Authorities for proposed increase in Council tax above 2%. This means any increase above this level will require a referendum to give the local electorate the opportunity to approve or veto the increase.
- **Safety Net Threshold calculation**
Government have issued revised guidance in relation to calculating the amount by which Business Rates must fall before the Safety Net mechanism can be drawn on. 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, income retained by the Council could fall by up to £6.9m in 2014/2015 before the Government will provide 100% safety net funding. This means that business rates collected would have to fall by £14m before the threshold is triggered and the Council receives any safety net funding.

1.2 2015/2016

Indicative funding information for 2015/2016 remains largely unchanged following the announcement on 5th February 2014 with only a minor change in the Government's estimate of New Homes Bonus Redistributed Funding which reduces by £0.012m to £0.656m. The amended Revenue Spending Power of £275.709m reflects this small reduction.

Sunderland City Council

State of the City Event

Tuesday 3 December 2013

Present:

Councillors	Atkinson	Gibson, P	Richardson	Tate
	Ball	Gofton	Scanlan	Thompson
	Blackburn	Heron	Scaplehorn	Trueman, D
	Bonallie	Kay	Shattock	Trueman, H
	Curran	Kelly	Smith, D	Turton
	Davison	MacKnight	Smith, P	Wakefield
	Dixon	Martin	Snowdon, D	Watson, S
	Emerson	Miller, G	Snowdon, D E	Wilson, A
	Essl	Mordey	Speding	Wiper
	Foster	Oliver	Smith, D	Wright, T H
	Gibson, E	Price	Smith, P	

In Attendance: Members of the Panel

Councillor Paul Watson (Leader of Sunderland City Council), Dave Smith (Chief Executive, Sunderland City Council), Dr Ian Pattison (Chair, Sunderland Clinical Commissioning Group), Chief Superintendent Kay Blyth (Northumbria Police), Gary Hutchinson (Chair of NECC Sunderland Committee) and Harry Collinson (Chair of Sunderland City Centre Traders' Association).

Also in attendance:

Council officers, Partners, community organisations, local businesses, members of Community Spirit and local residents.

Mark Denten, the host for the event welcomed those present, thanked them for attending and introduced the Panel.

The State of the City 2013 by the Leader of the Council

Councillor Paul Watson, the Leader of the Council, began by referring to the highlights and achievements for the City over the past year since the last State of the City event. He drew particular attention to the twenty first anniversary of Sunderland becoming a city, the sixtieth anniversary of the twinning with Saint Nazaire and the granting of the Freedom of the City to The Mayor of Saint Nazaire, Joel Batteux, Niall Quinn and Nissan's Trevor Mann. He also highlighted the announcement that the

new Qashqai model was to be built at Nissan's Sunderland plant which would result in more investment in the factory and its local supply chain.

Turning to the local economy, Councillor Watson stated that the contact centre sector had celebrated some fantastic achievements at the recent North East Contact Centre Awards and this success was symbolic of the diversification of local industry following the decline of the traditional industries in the region. The Port of Sunderland was also doing very well and had purchased a new crane, built by local company Liebherr, which had enhanced the Port's material handling capability and would attract significant new business.

The city's digital technology and software industries were developing apace and the creative sector had showcased existing, local talent through the Street Art Festival and a pop-up shop in the city centre during the summer.

During 2013, a special weekend of activities had been held in Herrington Country Park to mark the 21st anniversary of Sunderland being granted city status. The 25th International Airshow had taken place at the seafront and showcased the stunning, natural assets of the city in all their glory. The Leader highlighted that the seafront was considered one of the jewels in Sunderland's crown by local people and the regeneration programme for the area continued to move forward.

The Airshow and other events in the city brought in huge numbers of visitors and the Council had been working with partners, including the University and Football Club, to secure further hotels in the city. Construction had now begun on a 125 room hotel on St Michael's Way and planning permission had been granted for a hotel adjacent to the Stadium of Light.

The Leader paid tribute to the volunteers, neighbours, friends and family members within the city who give their time and energy to the community and to others and who exemplified Sunderland's sense of community spirit. These people were more needed than ever before as families and individuals continued to struggle in the difficult economic climate. The Council had needed to make some tough decisions in recent times and this had resulted in savings of £100million being made over the last three years. However, this was not the end, and efficiencies in excess of a further £100million would need to be made between now and 2016.

The size and scale of the challenge facing the Council and its partners was not to be underestimated but they were determined to find solutions and new ways of doing things which would not just enable Sunderland to weather the storm, but would actually create better conditions and opportunities for local people.

Looking to the future, the Council and public services may look different and be delivered by different people. This had been shown by the recent redesign of the city's library service. Whilst some people were understandably disappointed about the closure of their local library, the savings which had been made on the maintenance and operation of some very old and out of date buildings had meant that the Council had been able to provide a better library service to more people across the city. The Leader acknowledged that the Council would not get everything right first time, but central to the service transformation programme was a commitment to effective communication with its customers. By focusing on

improvement first and foremost, rather than savings, the Council was confident that for the most part, people would feel that any changes had been for the better. City councillors would work hard to understand the needs, priorities and aspirations of communities as Council services continued to be redesigned. The Leader outlined some of the key initiatives which were being worked on including a 'City Deal' with central Government, Sunderland's leadership of a national group of 'key cities' and the development of a statutory North East Leadership Board for the Tyne and Wear, Durham and Northumberland area.

The Leader thanked his fellow panel members for joining him and Mark Denton for hosting the event. He looked forward to hearing the views of those present and answering their questions.

Top 3 Questions

Mark Denton advised that questions had been submitted to the "Your City, Your Say" State of the City event website and that the three most popular had been selected and would be answered prior to the open debate: -

1. What plans does the Council have to revitalise the city centre?

The Council's Chief Executive, Dave Smith responded by stating that the simple fact was that the city centre economy was dependent on the number of people using, and spending money in, the city. There were concerns about the quality of the shopping offer and the number of vacancies in the city centre. Potential new retailers for the city would make judgements on where to locate based on the performance of similar retailers in an area.

The most critical issue was to encourage people into the city centre and this was being tackled by: -

- the development of new business opportunities in the city centre so that people were there to spend money during lunchtime and early evening periods;
- developing a significantly wide range of events to attract residents and visitors to Sunderland; and
- creating the right partnerships with city centre traders to work together to find new and innovative solutions to get people into the city centre.

2. What is happening with the Vaux site?

The Leader of the Council responded that in analysing the vitality of the city, it had been found that it was lacking a commercial centre and there was the opportunity to create this at the Vaux site. The development of the Vaux site as a commercial centre would create jobs, increase footfall and therefore attract businesses to Sunderland.

In terms of the site's physical development, initially it had to be cleared and the land was remediated before a temporary car park was laid. Work was being undertaken

to resolve traffic management issues and allow the creation of a public square which would include landscaping and public realm improvements. This was part of an £11million scheme to improve the gateway to the city centre and this would be important for potential investors to see how this would work and to understand the links between the city, the Port of Sunderland and the A19 Enterprise Zone.

3. What is the situation with the new bridge?

Dave Smith summarised the history of the bridge, explaining that the bridge and its design had been commissioned ten years ago and when the opportunity arose to bid for Department for Transport money (DfT), the city was able to do this as there was a project already designed which was ready to go.

When the design was put to the market, it became clear that the estimated costs for the work were far more than could be achieved within the available funding envelope and the plans had to be reconsidered. Discussions were ongoing with the DfT and the Council was putting forward the case for proceeding with a bridge of a simpler design which could be delivered to the budget which had been previously made available. These discussions continued.

The Local Economy

Gary Hutchison, Chair of the North East Chamber of Commerce (NECC) Sunderland Committee and Commercial Director of Sunderland Football Club, provided an update on the city economy from a business perspective.

Gary stated that as the Chair of the NECC, he was there to work with key people from the Council and other organisations but also to speak and challenge on issues on behalf of members of the Chamber. These were tough economic times for everyone working in either the public or private sector, however from a regional NECC perspective, there was confidence among members and survey responses over the last two quarters had been the most positive seen since 2008.

Gary highlighted that Christmas was a 'feel good' time for the city and that the Stadium of Light would be welcoming 250,000 people through its doors for football, parties and events over the festive period. At the same time, there were people who were struggling at Christmas and that was why the charity and voluntary sectors, who offered a lifeline to those in need, were supported by businesses and the population of the city as a whole.

The city was very good at working in collaboration and this was shown by the major music concerts which had taken place over recent years, the Sunderland Business Group and the establishment of a Business Improvement District (BID) for the city centre. The BID would help to develop all aspects of the city centre, from marketing and driving footfall, to leading collaboration, bringing groups together, accessing funding and helping to make the city centre cleaner, brighter, safer and more vibrant.

The BID was not there to replicate what the Council was doing, but would drive the city centre forward as a private organisation using funding from businesses in the city. A Chief Executive had been appointed for the BID and 20 business people would be nominated to sit on the Board. It was intended that the BID would raise a minimum of £3.4million over a five year term to invest in the city centre.

Gary highlighted that a 160 room hotel would begin construction on the stadium site in January and this would support both the football and concert sectors. An independent report has found that football was worth around £40million a year to the city economy and the 15 concerts held so far at the stadium had generated an estimate economic benefit of £52.5million. This showed what could be achieved with a positive approach.

The University continued to fly the flag for Sunderland around the world and attracted 20,000 people from over 90 countries to live, study and work in the city. The University's National Glass Centre had seen over 100,000 visitors since it re-opened in June. The University was also working with business, the City Council and cultural organisations to develop an arts strategy for the city.

Turning to the Sunderland Economic Masterplan, Gary highlighted some of the achievements which had been made over the past three years, whilst looking towards the future and making people aware of what the city had to offer.

As part of implementing the Economic Masterplan, the Business Schools Group had developed and delivered 'Work Discovery Week' in the summer, aimed at showing routes for young people once they left education and ensuring they were suitably equipped for work. The week long event involved 2,000 children from 21 secondary schools in the city and the aim was to build on this to create a year long programme in 2014.

Gary concluded by acknowledging that times were tough, but that there were positive things happening within the city and that working together would make the city stronger for the challenges ahead.

Questions from the Floor

There were plans for underground coal gasification to take place along the North East coast, including Sunderland. Could this be stopped?

The Leader responded that at this stage, not enough was known about the process of coal gasification and there had been differing reports. In the USA, the process had resulted in oil prices being reduced and had therefore benefited people.

More information was needed on the damage which coal gasification could cause. It was understood that investigations were underway in North Yorkshire and Scotland but this was not being considered in any great detail in relation to Sunderland.

Harry Collinson commented that the jewel in Sunderland's crown was its coastline, but these were tough times for families and fuel companies had a responsibility to bring prices down. There was a fine balance to be achieved on these sorts of issues.

There was concern about the health of the city centre economy in the wake of the closure of Joplings, Monsoon and Michael de Leon and the limited range available in Marks and Spencer and Debenhams. What was the Council doing to encourage a new department store in the city and other associated shops?

The Leader replied that, in his view, the first challenge was generating greater footfall in the city and if a business from outside of the North East was looking to expand, it usually targeted Newcastle because the footfall was greater. This was accentuated by the presence of government departments and major hospitals in Newcastle but this had consequences for other parts of the region, not just Sunderland.

Gary Hutchinson agreed that the range of stores in the city was not as wide as it could be and said that key development sites must be looked at first. There were some quick wins to be achieved in making the city more attractive, driving footfall up and persuading residents to come into the city.

With regard to car parking charges, it was highlighted that it was free to park in Middlesbrough for the first two hours and was completely free at the Metro Centre. Parking was expensive in Sunderland and it was asked if any consideration had been given to establishing park and ride facilities?

Harry Collinson advised that the Traders Association had been looking at parking for some time and had been working on developing free parking after 3.00pm for over a year. This had resulted in a six week trial for free parking after 3.00pm on Thursdays and Fridays and all day Saturday and Sunday. There had been record takings in the city centre on the previous Saturday when the Coca Cola truck had been in the city. The data from the free parking trial would be analysed to identify whether it had had a positive impact and whether there would be a benefit in extending it.

The Leader of the Council highlighted that car parking did bring in revenue for the Council and the city was unable to compete with centres such as the Metro Centre. However there was no reason not to look at the possibility of park and ride schemes being developed in the future.

What is the Council's commitment to youth clubs in the city?

The Leader stated that youth provision was a priority and this was emphasised at every budget round, however the £100million of savings which had been made by the Council had had an impact on charitable provision. The Council would do everything it could to help the passionate people who provided these services to keep them going.

Superintendent Blyth commented that where young people were involved in meaningful activity, they were less involved in crime. Active dialogue with youth workers had worked very well for the Police in the past. She also highlighted that a small Police cadet scheme had been in operation for a while for young people aged sixteen and over and this had been working well. The Fire Service also operated a similar scheme.

The souls and spirits of people in the city seemed eroded, is there something which could be done to lift the spirits of the city?

Gary Hutchinson replied that winning a few football games would be a good start! It was true that the pride and passion for the city needed to be reinvigorated. The Chief Executive acknowledged that sometimes concentrating on infrastructure meant that the point of lifting spirits was missed. Elected members have been keen to develop events in Sunderland for the whole family to enjoy and to help give back the pride, passion and belief in the city.

Dr Pattison commented that he, and his GP colleagues, had seen an increase in mental health issues in patients over the last five to seven years and there was a direct link between the economic conditions and how people felt. The sooner the city was in a position of economic recovery, the sooner people would feel more positive about their health and wellbeing.

It had been sad to see the demise of Crowtree Leisure Centre, what was the feasibility of providing a leisure facility on the Vaux site?

The Leader advised that some years ago when plans were developed for the city centre, it was found that a leisure centre in the city centre was not the best economic use for the site and the Council had begun a strategy of putting leisure facilities into communities, like those at Hetton, Silksworth and Washington.

It was known that there was a current issue around indoor bowls facilities and this was being looked into, however the best strategic fit for the Vaux site was for it to be used for commerce and retail purposes.

There had been a recent consultation on the closure of Grindon walk-in centre. Was it not likely that closure would increase the pressure on the Accident and Emergency department at the hospital?

The Sunderland Clinical Commissioning Group was working hard with City Hospitals to reconfigure urgent care centres. Dr Pattison said that walk-in centres had not reduced Accident and Emergency traffic in the way in which they were expected to and GPs were doing their best to meet demand for appointments and were looking at ways to improve their availability for patients.

Plans for the Vaux site and Stadium of Light had been outlined, what definite plans were in place for the Seaburn site?

The Leader had advised that there had been consultation about the Seaburn site and it would be part of the new Local Asset Backed Vehicle (LABV), where a private sector partner would bring in resources to develop sites around the city. When this arrangement was finalised then there would be further consultation with local people about the plans for Seaburn.

The public had heard about how important the seafront was to the city, but how could a new development receive planning permission when it was deemed not fit for purpose by an expert?

This question was in reference to a specific planning application which had been made and subsequently approved as it was considered to be within planning law by the Council. No further action was to be taken in relation to this.

There has been an increase in the availability of cheap alcohol and drugs nationally and this was having consequences for hospital admissions and society as a whole. What measures could be put in place to drive down this trend?

Superintendent Blyth commented it was well documented that the North East had a higher than average alcohol problem and this was an issue which could only be dealt with in partnership. The Police worked with partners to identify those who were vulnerable due to drinking and made use of the street pastor initiative in this area. Work was also being done to educate young people about healthy and unhealthy relationships.

This was a complex and far reaching issue and through the development of family friendly activities in the city, the BID was trying to have an impact on the culture of the city. Gary Hutchinson added that the BID would have a strong voice in the city to drive up safety and cleanliness but this was not just an issue for Sunderland and was a problem countrywide.

With regard to the 'late night levy' which had been introduced in Newcastle, there were differences between the two cities in terms of vibrancy and it was necessary to build a critical mass of people attracted to the right offer in Sunderland.

The Leader highlighted that there needed to be a sensible debate about these issues and that messages about drunkenness being unacceptable needed to be reinforced. Harry Collinson commented that the issue of minimum pricing had to be addressed and that Sunderland could only move forward on this issue in partnership. Local businesses often experienced the secondary effects of the drinking culture with people causing damage and disturbance to business premises when leaving pubs in the city centre.

Large venues with peppercorn rents were able to sell cheap drinks and the local Pub Watch group had discussed minimum pricing in the city but this was contrary to the policy of these venues. Certain areas of the city were surrounded by building sites and had no Christmas lights – would this be addressed?

The Leader stated that any property marketed by the Council was done so on an open market basis and rents were determined in that way.

Unfortunately, for things in the city to improve there would have to be a phase of construction. There was a balance to be struck with regard to Christmas lights but the area around the Empire Theatre referred to by the questioner would be looked at by Council officers.

Does Sunderland rely too heavily on Nissan for manufacturing?

Following the demise of heavy industry in the city, it was clear that Sunderland had placed all its eggs in one basket. The Leader advised that Nissan had been helped and supported and this would continue but the city economy did need to diversify and this was being targeted through the advanced manufacturing and call centre industries. One of the key areas of work now was to attract higher value jobs and retain graduates in the city.

Gary Hutchinson expressed his support for building on the plans around the National Advanced Manufacturing Park and the City Deal. The gap was in the city centre and a lack of professional 'white collar' jobs. Existing businesses should be nurtured but there also needed to be expansion in the professional services sector.

From a business perspective, Harry Collinson commented that a suitable offer had not been available in the past but bigger businesses would be attracted by a vibrant city. Public and private sector partners had to support each other and keep business in the city centre.

What opportunities were there in the city for 40 – 50 year olds to retrain and look for new jobs?

Training was now looked after by the National Skills Agency rather than local authority and it worked through private sector providers to develop training opportunities, which were available at venues throughout Sunderland. The Leader responded that older people needed to be acknowledged as an asset to the community and they should be used as a positive contributor to the economy.

The Council should think about creating leisure facilities in the city centre and indoor facilities on the sea front. This would create jobs and give people somewhere to go.

The Leader reiterated the Council's intention to put leisure facilities in communities and that there would be development on the sea front but this had to be right and

appropriate for Sunderland. It was necessary to cater for the majority of residents and when consultation was undertaken, the Council would listen to what people had to say.

Sunderland is a beautiful city, but why has there been no mention of tourism this evening?

Gary Hutchinson said that as a tourism business in the city, he had concerns about tourism in the wider North East rather than just Sunderland. The BID would work with the Council and other large tourism based businesses in the city to discuss how to attract more tourists.

During the planning for the new Wear Bridge, £11m was spent on investigations and £3.6m was not recoverable. Who is accountable for this?

The Leader stated that the Council shared the responsibility and it was unfortunate that a certain amount of engineering and preparation work had been necessary before the project had gone out to the market. It was hoped that a positive outcome could be achieved following discussions with DfT and that this preliminary work would prove essential to the construction of the new bridge.

Close of the Event

As Chair of the debate, Mark Denten closed the open discussion and thanked all present for their attendance.

Members of the public were informed that members of the Council's Cabinet would be available to answer individual questions following the conclusion of the event.

Notes of Budget Consultation meeting between representatives of the Council and the Chamber of Commerce held at Sunderland Civic Centre on Friday 31 January 2014 at 3.30pm

Present:

Council Representatives

Councillor Paul Watson	-	Leader of the Council
Councillor Henry Trueman	-	Deputy Leader of the Council
Councillor Mel Speding	-	Cabinet Secretary
Dave Smith	-	Chief Executive
Janet Johnson	-	Deputy Chief Executive
Sonia Tognarelli	-	Head of Financial Resources
Sue Stanhope	-	Director of Human Resources and Organisational Development

Chamber of Commerce Representatives

Jonathan Walker	-	NECC
Paul Marshall	-	DESCO
Stuart Miller	-	NECC
Andrew Heavisides	-	NECC
Arthur Hodgson	-	NECC
Ken Dunbar	-	Sunderland BID
Ralph Saelzer	-	Liebherr Sunderland Works Ltd
Trevor Hines	-	Station Taxis
Lorraine Sawyer	-	Station Taxis
Rachel Owers	-	Centre for Digital Business

The Leader of the Council welcomed representatives from the North East Chamber of Commerce and thanked them for their attendance. He asked Sonia Tognarelli, the Head of Financial Resources to outline the current position with regard to the Council's revenue budget for 2014/2015 and the Medium Term Financial Strategy 2014 – 2017.

The Head of Financial Resources outlined the context within which the Council was working and reported that further Government reductions had been announced as part of Spending Review SR13. Rather than aiming to clear the budget deficit by 2015 as originally planned, the Government's new fiscal objective was to build a budget surplus by 2018. The overall impact of the cuts during 2014/2015 and 2015/2016 had been a real terms reduction of 25% and this was in addition to the 33% cuts since 2011. There would also be a £1bn reduction in 2015/2016 due to Government top slices and holdbacks and it was likely that reductions would be in place until 2020.

Local government had been disproportionately affected by funding cuts whilst other areas had been protected, but the impact within local government had also been disproportionate with deprived areas being hit the hardest. From 2010/2011 to 2015/2016, Sunderland had seen a cut of £576 per dwelling, compared with an average cut across England of £300 and a cut of only £105 per dwelling in South East England. Cuts had been implemented without protecting resource equalisation and Sunderland would lose £2.7m due to resource reallocation in 2014/2015, with £6.6m having been lost by 2015/2016.

The Government had allocated £1bn to the New Homes Bonus, however only £200m of this was additional resources from Government and the remainder had been top sliced from local government funding.

With regard to business rates retention, the local authority now only retained 49% of the income and had to manage the added risk of collecting the rates and appeals against them. Appeals could be backdated to 2010 and the Council was responsible for meeting 50% of any payments, where in the past, the Government had paid 100%. It was projected that there would be a £3m deficit in business rates income collected at the end of 2013/2014 as a result of appeals almost half of which would need to be picked up by the Council.

The Head of Financial Resources outlined the spending pressures which the Authority faced over the next two years and stated that over the three year period 2014 – 2017, reductions were likely to be in the region of £113m.

Referring to the LGA Analysis of what continuing spending reductions would mean for Sunderland to 2020, it was clear that a step change was necessary for all services. Within the Council's controllable budget of £312m, 70% was spent on adults and children's services. Continuing from the Council's planning over the last five years, the response to the financial situation was: -

- To understand demand and prioritisation to protect the most vulnerable
- To be responsive to local needs
- Targeted rather than universal services
- Alternative ways of providing services, not necessarily by the Council
- Greater collaboration and community involvement
- Continuing to invest to support regeneration and growth

The Head of Financial Resources presented detail of where savings had been made over the last four years and the proposals for 2014/2015 and 2015/2016 which showed a more significant impact on frontline service reorganisation. Full proposals were in place for 2014/2015 but there was still a gap of £12.9m to be met in 2015/2016. All areas of service had been examined with a view to reducing costs and increasing income and the Authority would continue to look at invest to save arrangements.

The Head of Financial Resources outlined the Council's proposed Capital Planning and Investment plans for next year which reflected the Council's commitment to supporting regeneration and growth, businesses and job creation in the city.

The Council's Cabinet would consider the Revenue Budget, Capital Programme and Council Tax proposals at its meeting on 12 February 2014 and the reports would be taken to Council on 5 March 2014.

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

Jonathan Walker asked if there were any risks to the budget which had not been identified, for example in relation to single status and equal pay. The Head of Financial Resources advised that the Council was taking account of those challenges within its planning processes.

Ralph Saelzer asked about the savings proposals for reconfiguration of services and the Leader highlighted that the Council had been able to develop policy work with ANEC and had joint arrangements with other authorities for purchasing. There were a lot of things which could be done to combine back office functions and technology had also been used to improve services and reduce the back office, whilst increasing levels of residents' satisfaction with the Council.

In response to a question from Paul Marshall about sources of funding for the capital projects, it was confirmed that a great deal of this would be sourced through grants from Europe, the Department of Transport, Department of Health and other funding streams. Some of the 'invest to save' projects were on a commercial basis and would achieve full pay back. The capital financing costs associated with the Capital Programme would be funded from provision within the Revenue Budget for 2014/2015.

Paul went on to ask about the new Wear crossing and the Leader explained that the Government had agreed that the money would still be available but had given a limited timeframe in which to re-procure the bridge. Discussions were still ongoing with Government.

Referring to the cuts which had already been made, Arthur Hodgson asked what the money was being spent on four years ago to have enabled such large reductions to be made. The Head of Financial Resources explained that a number of specific grants such as the Working Neighbourhoods Fund were cut immediately in 2010 and reconfigurations of back office, management and front line services had taken place in a gradual way over the period 2010-2014 to achieve the savings.

Jonathan Walker commented that it felt inherently unfair that spending should be cut by so much per head and the Chief Executive said that the effects were more apparent in what was not seen in relation to areas such as children's prevention, wellness, worklessness and connexions projects. For the first time, people in the city were using food banks, there was an increase in requests for emergency grants and a developing homelessness problem. The effects of some of the service re-engineering would be long term and protracted and the Leader added that for services such as children's centres, the impact would be generational. However, a number of other authorities had studied Sunderland's approach and as an exemplar of how the reductions could be managed successfully.

The Deputy Chief Executive referred to the comparison which was commonly being made between the North East and Wokingham in the South East and asking what it was that Wokingham could do that the North East could not and the answer was that it did not have the problems which were experienced in this region. Communities were different and the Government did not recognise that there were differing needs and the removal of Working Neighbourhood grants had meant that there was no recognition that some areas of the country needed a local policy to assist them.

Local authorities were now more reliant on NNDR and although it was an incentive, it led to an unequal ability to raise funding. The potential closure of the police and fire stations in the city centre would also have an impact on the city economy and attracting business investment.

Ken Dunbar highlighted that a key plank of the Sunderland Business Improvement District's (BID) success was the baseline of what the Council would contribute, and he asked if this was likely to be affected by budget cuts. Regarding the re-engineering of services, he asked if a risk assessment had been carried out of the likely situation if services were not reconfigured.

The Deputy Chief Executive stated that the money committed to the BID was within the budget and the Council was keen to support such an important initiative for city centre businesses. The Leader encouraged businesses to take their chance to influence the type of things that the Council does and the BID was not just an opportunity to generate investment but also to let the Council know what it could do for city businesses.

Ken Dunbar emphasised that the BID levy payers would not be displacing Council funding but this did not mean that services should not be re-engineered. The Deputy Leader added there were other issues for the city centre to deal with, such as the community safety budget now being managed by the Police and Crime Commissioner and it was not clear what would be allocated from this to each area. Ken commented that the BID would be asking these questions of the Police and Crime Commissioner.

Stuart Miller asked if there was any message which the Chamber could get out to the business community about income generation opportunities. The Head of Financial Resources advised that the Council was looking at generating income through different models of operation and developing the Port to generate longer term income streams.

The Chief Executive reported that the Council had hugely increased its leverage on private sector spend, the largest scheme was the Local Asset Backed Vehicle (LABV), but this was happening on a smaller scale elsewhere in the Authority. The amount of spend had increased through the Council's own procurement in Sunderland businesses. The 'Buy Sunderland First' initiative had benefited local private companies and Sunderland had been used as a national model.

The Leader highlighted that it was not the Council's role to be in competition with local businesses but the LABV would allow the Authority to do something which it had not been able to do with businesses in the city. He also commented that the Council had invested in Newcastle International Airport and had already received a return on this. The Council did not want to rely on raising fees and was moving to be more commercially minded but in a sensitive way for existing businesses.

Arthur Hodgson enquired about the levels of occupancy in Council owned buildings and the Leader responded that some private landlords had been marketing properties below the rental value and the Council would not want to debase rents across the city by the following this route. The Deputy Chief Executive added that the Council had a large property stock and one of the ways of dealing with spending cuts had been to rationalise the property portfolio. Occupancy rates were relatively high for industrial and retail properties owned by the Council and the majority of these would be put into the LABV to provide income. Tenants would now have a commercial relationship with the LABV rather than the Council.

Ken Dunbar commented that there were things which could be done to attract certain tenants to certain areas of the city and this would add to the 'vibrancy' which was sought for the city centre. The Chief Executive stated that the Council would be keen to explore anything which promoted economic opportunities in the city. The Leader emphasised that the Council wanted to be open and approachable to partners and to do the best it could with scarce resources.

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

Notes of Budget Consultation meeting between representatives of the Council and the Trade Unions held at Sunderland Civic Centre on Friday 31 January 2014 at 2.00pm

Present:

Council Representatives

Councillor Paul Watson	-	Leader of the Council
Councillor Henry Trueman	-	Deputy Leader of the Council
Councillor Mel Speding	-	Cabinet Secretary
Dave Smith	-	Chief Executive
Janet Johnson	-	Deputy Chief Executive
Sonia Tognarelli	-	Head of Financial Resources
Sue Stanhope	-	Director of Human Resources and Organisational Development

Trade Union Representatives

Dave Riddle	-	GMB
Tom Usher	-	UCATT
Alyson Bryan	-	GMB
John Kelly	-	UNITE
Davey Hall	-	Prospect
Dawn Shearsmith	-	Aspect/Prospect
George Pearson	-	Unison
Sarah Lake	-	NUT

The Leader of the Council welcomed representatives from the Trade Unions and thanked them for their attendance. He asked Sonia Tognarelli, the Head of Financial Resources to outline the current position with regard to the Council's revenue budget for 2014/2015 and the Medium Term Financial Strategy 2014 – 2017.

The Head of Financial Resources outlined the context within which the Council was working and reported that further Government reductions had been announced as part of Spending Review SR13. Rather than aiming to clear the budget deficit by 2015 as originally planned, the Government's new fiscal objective was to build a budget surplus by 2018. The overall impact of the cuts during 2014/2015 and 2015/2016 had been a real terms reduction of 25% and this was in addition to the 33% cuts since 2011. There would also be a £1bn reduction in 2015/2016 due to Government top slices and holdbacks and it was likely that reductions would be in place until 2020.

Local government had been disproportionately affected by funding cuts whilst other areas had been protected, but the impact within local government had also been disproportionate with deprived areas being hit the hardest. From 2010/2011 to 2015/2016, Sunderland had seen a cut of £576 per dwelling, compared with an average cut across England of £300 and a cut of only £105 per dwelling in South East England. Cuts had been implemented without protecting resource equalisation and Sunderland

would lose £2.7m due to resource reallocation in 2014/2015, with £6.6m having been lost by 2015/2016.

The Government had allocated £1bn to the New Homes Bonus, however only £200m of this was additional resources from Government and the remainder had been top sliced from local government funding.

With regard to business rates retention, the local authority now only retained 49% of the income and had to manage the added risk of collecting the rates and appeals against them. Appeals could be backdated to 2010 and the Council was responsible for meeting 50% of any payments, where in the past, the Government had paid 100%. It was projected that there would be a £3m deficit in business rates income collected at the end of 2013/2014 as a result of appeals almost half of which would need to be picked up by the Council.

The Head of Financial Resources outlined the spending pressures which the Authority faced over the next two years and stated that over the three year period 2014 – 2017, reductions were likely to be in the region of £113m.

Referring to the LGA Analysis of what continuing spending reductions would mean for Sunderland to 2020, it was clear that a step change was necessary for all services. Within the Council's controllable budget of £312m, 70% was spent on adults and children's services. Continuing from the Council's planning over the last five years, the response to the financial situation was: -

- To understand demand and prioritisation to protect the most vulnerable
- To be responsive to local needs
- Targeted rather than universal services
- Alternative ways of providing services, not necessarily by the Council
- Greater collaboration and community involvement
- Continuing to invest to support regeneration and growth

Davey Hall asked if any services had been identified for alternative methods of delivery and the Head of Financial Resources reported that Sunderland Care and Support had already begun operating and there were plans to develop leisure arrangements with partners. The way in which street scene services were delivered had also changed and it was highlighted that not all alternative service delivery models were external. The Council would have to look at more options as time moved on.

The Council still hoped for a change in the apportionment of the cuts but had to plan for the present situation. The Leader stated that he had discussed this with Brandon Lewis MP and he had said that apportionment was now based on incentivisation rather than need. This had resulted in areas with a greater ability to grow their economy receiving smaller reductions in their funding.

The Head of Financial Resources presented detail of where savings had been made over the last four years and the proposals for 2014/2015 and 2015/2016 which showed a more significant impact on frontline service reorganisation. Full proposals were in place for 2014/2015 but there was still a gap of £12.9m to be met in 2015/2016. All areas of service had been examined with a view to reducing costs and increasing income and the Authority would continue to look at invest to save arrangements.

The Head of Financial Resources outlined the Councils proposed Capital Planning and Investment plans for next year which reflected the Councils commitment to supporting regeneration and growth, businesses and job creation in the city.

The Council's Cabinet would consider the Revenue Budget, Capital Programme and Council Tax proposals at its meeting on 12 February 2014 and the reports would be taken to Council on 5 March 2014.

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

John Kelly asked how the reductions compared to other local authorities in the region and the Head of Financial Resources stated that it was very similar to other in the North East but regions like the South East were experiencing a much lower reduction in grant. Sunderland had grant reductions at a similar level to Newcastle.

The Leader highlighted that there were other funding streams available, for example, it had just been announced that Enterprise Zones were going to be established for universities in core cities and this would include Newcastle. Core cities were receiving more revenue and the greatest footfall was in cities where the Government had invested and this marginalised other areas for private sector investors. A 'key cities' group had been set up to further the interests of cities which had experienced this 'sponge' effect of a large city soaking up investment to the detriment of the surrounding areas.

Tom Usher queried the position with the new Wear crossing and the Leader advised that provision had to be made within the budget, should an agreement be reached on a new bridge. The process was tied in with the City Deal and once that had been considered by Government, a statement would be made on the new Wear crossing.

With regard to salary increases, the Head of Financial Resources confirmed that a 1% increase had been included in the budget from 2014 to 2016.

Alison Bryan commented on collaboration and community involvement being part of the Council's response and that this would be a huge challenge in itself to change perceptions in the community. The Head of Financial Resources confirmed that collaboration would take place with health, voluntary private sectors and residents with a view to shaping services for the future.

The Leader stated that this work was being strengthened through area committees and the aim of a 'community led council' was to engage better with communities and to empower them to achieve better outcomes for themselves. This approach covered the whole range of community activity.

Sarah Lake commented that people still felt anger against a Government that had caused libraries to close. The Leader acknowledged that anger was understandably being directed to areas where need was not being met.

John Kelly referred to the good work that the unions had done with the Council over recent years but was concerned about what the Council would look like in the future if spending reductions continued. The Leader noted that service provision had to be made to work for everyone and some services which were being provided alternatively could potentially return to the control of the Council if there were changes in the future. The Deputy Leader added that Sunderland had been ahead of the game in terms of establishing alternative ways of working and the area committees now had an important job in determining the importance of provision in the city.

Tom Usher raised the issue of the living wage and how the Council fitted in with that. The Leader stated that this had been debated at full Council and discussions were taking place with the Living Wage Foundation to develop something that would work for Sunderland. The Director of Human Resources and Organisational Development advised that the Council was currently undertaking a pay and grading review and would not bring in a general living wage arrangement without considering the impact on individual employees.

John Kelly highlighted that the customer service network had taken pressure off services and the Leader agreed that this was a demonstration of how the Council could use technology to work more effectively.

Alison Bryan made a request for the Council to continue working with the unions and providing them with early information. The Leader reaffirmed the Council's appreciation of the input from the trade unions and commented that the strong working relationship had seen all staff and councillors through difficult times.

The Chief Executive added that he was aware that sometimes communications had suffered due to the staff leaving and gaps being created. He urged union representatives to raise issues if it was felt that things were being missed, so things could be rectified as soon as possible.

The Leader thanked those present for their attendance and their comments which would be taken into consideration by the Cabinet. The Council valued the contribution of the trade unions to the budget consultation process and on an ongoing basis as plans were being developed and implemented. The Leader then closed the meeting.

CABINET – 12 FEBRUARY, 2014

EXECUTIVE SUMMARY SHEET- PART 1

Title of Report:

Item 6 (ii) – Appendix G – Revenue Budget and Proposed Council Tax 2014/2015

Author(s):

Head of Financial Resources

Purpose of Report:

To advise Cabinet of the final General Summary for the Revenue Estimates, General Fund Balance and the proposed Contingencies for 2014/2015 set out at Annex 1.

To enable recommendations to be made to Council with respect to Council Tax levels for 2014/2015, subject to the approval of the Revenue Budget 2014/2015. The Council Tax is calculated using the tax bases for the areas of the City Council and Hetton Town Council as confirmed by Council on 29th January 2014. There are a number of resolutions required to be made to determine the Council Tax including precepts from the Major Precepting Authorities and the Parish of Hetton Town Council.

To detail the required statutory requirements that in summary mean that Cabinet is recommending to Council a proposal to set a Council Tax Requirement that will mean a freeze to the Council Tax for 2014/2015.

The Localism Act 2011 made changes to the Local Government Finance Act 1992, with the main requirements set out below:

- a) the council, as a billing authority, is required to calculate a council tax requirement for the year;
- b) to resolve that the Council, in accordance with the regulations, is not required to hold a referendum on its proposed Council Tax level for 2014/2015 as its relevant basic amount of council tax for 2014/2015 is not excessive in accordance with the principles determined under Section 52ZC(1) of the Act for 2014/2015.

The government relaxed its regulations under the Council Tax and Non Domestic Rates (Demand Notices) (Amendment) Regulations 2012 which provide the scope not to include the Council Tax Leaflet with demand notices, but to signpost to the Authority's website where the information is made available and to provide a hard copy if requested. The Council, as it did last year, proposes to take advantage of this change which helps to reduce the costs involved in producing, printing and posting out this information but which will still be made readily available.

Description of Decision:

Cabinet is requested to recommend to Council the Council Tax levels for 2014/2015 and associated matters in accordance with the amended statutory requirements. The recommendations are:

- a) To note the Council Tax base applicable to the Council and to the Parish of Hetton Town Council.
- b) To recommend the estimated amount of the Council's aggregate gross revenue expenditure.
- c) To recommend the estimated amount of the Council's aggregate gross revenue income.
- d) To recommend the estimated amount of the Council's Council Tax Requirement.
- e) To note the precept notified by Hetton Town Council.
- f) To note the Council Tax bands applicable to the Council and to the Parish of Hetton Town Council based on the above financial information.
- g) To note the provisional precept of the Tyne and Wear Fire and Rescue Authority.
- h) To note the provisional precept of the Police and Crime Commissioner for Northumbria.
- i) To recommend the draft total Council Tax levels for 2014/2015 applicable to the Council and to the Parish of Hetton Town Council including all relevant precepts.
- j) To note that the Council's relevant basic amount of Council Tax for 2014/2015 is not excessive in accordance with Section 52ZB of the Local Government Finance Act 1992.
- k) To recommend that the Council Tax Leaflet be made available via the Council's website rather than enclosed with Council Tax bills which reflects a relaxation of the rules and that, to meet timescales for publication, responsibility for finalising the document be delegated to the Head of Financial Resources in consultation with the Leader of the Council and the Cabinet Secretary

Is the decision consistent with the Budget/Policy Framework? Yes

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

Suggested reason(s) for Decision:

To comply with all legal requirements including changes to the Local Government Act 1992 made by the Localism Act 2011, in order to determine the Council Tax Requirement and the applicable basic Council Tax for 2014/2015 and changes to the Council Tax and Non Domestic Rates (Demand Notices) (Amendment) Regulations 2012.

Alternative options to be considered and recommended to be rejected:

There are no alternative options recommended for approval.

Impacts analysed:

Equality Privacy Sustainability Crime and Disorder

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

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

Scrutiny Committee

Cabinet – 12th February 2014

Revenue Budget and Proposed Council Tax 2014/2015

Report of the Head of Financial Resources

1. Purpose of Report

- 1.1 To advise Cabinet of the final General Summary for the Revenue Estimates, General Fund Balance and the proposed Contingencies for 2014/2015 set out at Annex 1.
- 1.2 To enable recommendations to be made to Council with respect to Council Tax levels for 2014/2015, subject to the approval of the Revenue Budget 2014/2015. The Council Tax is calculated using the tax bases for the areas of the City Council and Hetton Town Council as confirmed by Council on 29th January 2014. There are a number of resolutions required to be made to determine the Council Tax including precepts from the Major Precepting Authorities and the Parish of Hetton Town Council.
- 1.3 To detail the required statutory requirements that in summary mean that Cabinet is recommending to Council a proposal to set a Council Tax Requirement that will mean a freeze to the Council Tax for 2014/2015.
- 1.4 The Localism Act 2011 made changes to the Local Government Finance Act 1992, with the main requirements set out below:
 - a) the council, as a billing authority, is required to calculate a Council Tax Requirement for the year;
 - b) to resolve that the Council, in accordance with the regulations, is not required to hold a referendum on its proposed Council Tax level for 2014/2015 as its relevant basic amount of council tax for 2014/2015 is not excessive in accordance with the principles determined under Section 52ZC(1) of the Act for 2014/2015.
- 1.5 The government relaxed its regulations under the Council Tax and Non Domestic Rates (Demand Notices) (Amendment) Regulations 2012 which provide the scope not to include the Council Tax Leaflet with demand notices, but to signpost to the Authorities website where the information is made available and to provide a hard copy if requested. The Council, as it did last year, is proposing to take advantage of this change which helps to reduce the costs involved in producing, printing and posting out this information but which will still be made readily available.

2. Description of Decision

2.1 It is recommended that Cabinet recommend to Council:

- 2.1.1 The proposed Council Tax Requirement for the Council for 2014/2015 for its own purposes is £76,564,392 (excluding Parish precepts) and represents a freeze to Council Tax for 2014/2015.
- 2.1.2 It be noted that at its meeting on 29th January 2014 the Council approved the following amounts for the year 2014/2015 in accordance with the amended

regulations made under Section 31B(3) of the Local Government Finance Act 1992 (the 'Act'):

- a) £64,559 being the amount calculated by the Council, in accordance with the above regulation of the Local Authorities (Calculation of Council Tax Base) Regulations 1992 as amended by Local Authorities (Calculation of Tax Base) (Amendment) (England) Regulations 2012, as its Council Tax Base for the year (Item T).
- b) £ 3,230 being the amount calculated by the Council, in accordance with the Regulations, as the amount of its Council Tax Base for the year for dwellings in the area of the Parish of Hetton Town Council.

2.1.3 That the Council Tax Leaflet be made available via the Council's website rather than enclosed with Council Tax bills which reflects a relaxation of the rules and that, to meet timescales for publication, responsibility for finalising the document be delegated to the Head of Financial Resources in consultation with the Leader of the Council and the Cabinet Secretary

3. It is also recommended that Cabinet recommend to Council:

3.1 That the following amounts be now calculated by the Council for the year 2014/2015 in accordance with Sections 31 to 36 of the Local Government Finance Act 1992 as amended:

- a) £678,802,893 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A (2) of the Act taking into account all precepts issued to it by Parish Councils.
- b) £602,196,156 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A (3) of the Act.
- c) £76,606,737 being the amount by which the aggregate at 3 (a) above exceeds the aggregate at 3 (b) above, calculated by the Council, in accordance with Section 31A (4) of the Act, as its Council Tax Requirement for the year including Parish precepts (Item R in the formula in Section 31A(4) of the Act)
- d) £1,186.6159 being the amount at 3 (c) above (Item R) all divided by Item T (2 (a) above), calculated by the Council, in accordance with Section 31B (1) of the Act, as the basic amount of its Council Tax for the year (including Parish precepts).
- e) £42,345 being the precept notified by Hetton Town Council as a special item under Section 34 (1) of the Act.
- f) £1,185.9600 being the amount at 3 (d) above less the result given by dividing the amount at 3 (e) above by the Item T (2 (a) above), calculated by the Council, in accordance with Section 34 (2) of the Act, as the basic amount of its Council Tax for the year for dwellings in those parts of its area to which no Parish precept relates.
- g) £1,199.0699 being the amount given by adding to the amount at 3 (f) above the amount 3 (e) divided by the amount at 2 (b) above, calculated by the

Council in accordance with Section 34 (3) of the Act as the basic amounts of its Council Tax for the year for dwellings in the area of the Parish of Hetton Town Council.

Parts of the Council's Area

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

being the amounts given by multiplying the amounts at 3 (f) and 3 (g) above by the number which, in the proportion set out in Section 5 (1) of the Act, is applicable to dwellings listed in a particular valuation band divided by the number which in that proportion is applicable to dwellings listed in valuation band D, calculated by the Council, in accordance with Section 36 (1) of the Act, as the amounts to be taken into account for the year in respect of categories of dwellings listed in different valuation bands.

4. It is also recommended that Cabinet recommend to Council:

- 4.1 That it be noted that for the year 2014/2015, Tyne and Wear Fire and Rescue Authority and the Police and Crime Commissioner for Northumbria have supplied their best estimate of their proposed precepts, which have still to be approved by their respective Authorities. Consequently, the following amounts for both the Tyne and Wear Fire and Rescue Authority and the Police and Crime Commissioner for Northumbria represent the provisional precepts for 2014/2015, which may be issued to the Council, in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of dwellings as follows:

Precepting Authority

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

5. It is also recommended that Cabinet recommend to Council:

- 5.1 That having calculated the aggregate in each case of the amounts at 3 (h) and 4 above but not having received confirmation of the precept in paragraph 4, the Council, in accordance with Section 30 (2) of the Local Government Finance Act 1992, estimate the following amounts as the amounts of Council Tax for the year 2014/2015 for each of the categories of dwellings shown below at this point in time. The exact levels will only become known once formal notification of the precepts from the Tyne and Wear Fire and Rescue Authority and the Police and Crime Commissioner for Northumbria are received.

Parts of the Council's Area

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

6. It is also recommended that Cabinet recommend to Council:

To note that under Section 52ZB of the Local Government Finance Act 1992, that the Authority's relevant basic amount of Council Tax for 2014/2015 is not excessive in accordance with the principles determined under Section 52ZC(1) of the Act.

(i.e. the proposed Council Tax freeze for 2014/15 means that the Council does not need to hold a referendum on its proposed council tax. The regulations set out in Section 52ZC of the Local Government Finance Act 1992 requires all billing authorities (councils and precept authorities (i.e. Fire and Police authorities)) to hold a referendum on their proposed level of basic Council Tax each year if they exceed government guidelines set out annually.

For 2014/15 the guideline increase for the council was 2.0%.

As the council is proposing a Council Tax freeze for 2014/15 then the above regulations have no impact for 2014/15).

7. Equality

- 7.1 The council has to have regard to the elimination of unlawful discrimination and harassment and the promotion of equality under the Equality Act 2010 and related statutes.
- 7.2 There are no implications.

8. Privacy

8.1 There are no implications.

9. Sustainability

9.1 There are no implications.

10. Crime and Disorder

10.1 Under the Crime and Disorder Act 1998, the council has to have regard to the need to reduce crime and disorder in exercising any of its functions.

10.2 There are no implications

11. Suggested Reason for Decision

11.1 To comply with all legal requirements including changes to the Local Government Act 1992 as required by the Localism Act 2011, in order to determine the Council Tax Requirement and the applicable basic Council Tax for 2014/2015 and changes to the Council Tax and Non Domestic Rates (Demand Notices) (Amendment) Regulations 2012.

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

12.1 There are no alternative options recommended for approval.

REVENUE ESTIMATES 2014/2015

GENERAL SUMMARY

Revised Estimate 2013/14 £		Estimate 2014/15 £
6,996,623	Leader	7,234,113
4,171,116	Deputy Leader	4,866,792
8,687,765	Cabinet Secretary	8,405,074
60,843,423	Children's Services	62,378,220
85,823,873	Health, Housing and Adult Services	78,932,163
17,356,314	Public Health, Wellness and Culture	17,032,565
45,624,777	City Services	44,632,026
4,794,189	Responsive Services and Customer Care	4,830,468
15,090,187	Provision for Contingencies and Strategic Priorities	7,868,341
	Capital Financing Costs	
2,570,000	- Revenue Contributions to Capital Programme	570,000
25,096,000	- Debt Charges	24,296,000
(1,600,000)	- Interest on balances	(300,000)
0	- Interest on Airport long term loan notes	(1,000,000)
	Transfer to/(from Reserves)	
6,097,069	- Safety Net Reserve	4,888,069
0	- Use of Safety Net Reserve	(1,546,674)
0	- Strategic Investment Budget	(500,000)
(29,281,543)	Technical Adjustments: IAS19 and Reversal of Capital Charges	(29,139,038)
<u>252,269,793</u>		<u>233,448,119</u>
LEVIES		
17,505,682	Tyne and Wear Integrated Transport Authority	16,971,156
197,427	Environment Agency	204,450
63,357	North East Inshore Fisheries Conservation Authority	63,357
<u>17,766,466</u>		<u>17,238,963</u>
Less Grants		
0	Section 31 Grants – Business Rates RPI Cap	(816,107)
(967,459)	Council Tax Freeze Grant 2013/2014	0
0	Council Tax Freeze Grant 2014/2015	(986,534)
(1,703,819)	New Homes Bonus	(2,225,549)
0	New Homes Bonus Redistributed Amount	(256,697)
(37,277)	Lead Local Flood Authorities	(37,277)
(13,781)	Inshore Fisheries Conservation Authority New Burdens	(13,781)
<u>267,313,923</u>	TOTAL NET EXPENDITURE	<u>246,351,137</u>
(2,572,000)	Less: (Use of)/Addition to Balances	0
<u>264,741,923</u>	LOCAL BUDGET REQUIREMENT	<u>246,351,137</u>
54,144	Hetton Town Council	54,190
<u>264,796,067</u>	TOTAL BUDGET REQUIREMENT	<u>246,405,327</u>
Deduct Grants etc.		
112,757,039	Revenue Support Grant	93,968,009
40,885,578	National Non Domestic Rates/Retained Business Rates	40,056,962
34,599,601	Top Up Grant	35,273,619
500,000	Collection Fund Surplus - Council Tax	500,000
<u>188,742,218</u>		<u>169,798,590</u>
<u>76,053,849</u>	LOCAL COUNCIL TAX REQUIREMENT INCLUDING PARISH PRECEPT	<u>76,606,737</u>
<u>76,012,920</u>	LOCAL COUNCIL TAX REQUIREMENT EXCLUDING PARISH PRECEPT	<u>76,564,392</u>

CONTINGENCIES 2014/2015

	£'000s
Pay and Cost Pressures	4.598
General Contingency	900
Port Dredging	220
Winter Maintenance	800
Economic Downturn	1.350
Total Contingency	7.868

STATEMENT OF GENERAL BALANCES

	£m
Balances as at 31st March 2013	7.570
Use of Balances 2013/2014	
- Contribution to Revenue Budget	(2.572)
Additions to Balances 2013/2014	
- Transfer from Strategic Investment Reserve to support transitional costs	2.572
Estimated Balances 31st March 2014	7.570
Additions to / Use of Balances 2014/2015	0
Estimated Balances 31st March 2015	7.570