

## **CABINET MEETING – 31 JANUARY 2024**

### **EXECUTIVE SUMMARY SHEET – PART I**

**Title of Report:**

Revenue Budget and Proposed Council Tax for 2024/2025 and Medium-Term Financial Plan 2024/2025 to 2027/2028

**Authors:**

Director of Finance

**Purpose of Report:**

The purpose of the report is to set out:

- the overall revenue budget position for 2024/2025 including the proposed Council Tax;
- the projected reserves position as at 31<sup>st</sup> March 2024 and 31<sup>st</sup> March 2025 and advise on their sufficiency;
- a risk analysis of the Revenue Budget 2024/2025;
- a summary of the emerging medium term financial position facing the Council from 2024/2025 to 2027/2028, and associated Council Efficiency Strategy;
- any views received from residents, the local Business Sector, Trade Unions and Scrutiny Coordinating Committee on the proposed budget; and
- the updated City Plan 2024-2035 including the indicative timeline.

**Description of Decision:**

Cabinet is requested to:

- recommend to Council the proposals set out in the report including the proposed Revenue Budget for 2024/2025 set out at Appendix J;
- recommend to Council the Medium-Term Financial Plan 2024/2025 to 2027/2028 including Efficiency Strategy as set out in Appendix G and the potential use of Capital Receipts Flexibility set out at section 9 of the report;
- recommend to Council the proposed Council Tax for 2024/2025 and more detailed recommendations set out at Appendix F alongside agreeing the other recommendations within Appendix F;
- note the views, if any, expressed by residents, the local Business Sector, Trade Unions and Scrutiny Coordinating Committee; and
- recommend to Council the adoption of the updated City Plan 2024-2035 including the indicative timeline.

**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 to approve a balanced budget for the coming financial year.

**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 ☒

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

2) 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 2024/2025 AND MEDIUM-TERM FINANCIAL PLAN 2024/2025 TO 2027/2028****Report of the Director of Finance****1. Purpose of Report****1.1** The purpose of the report is to set out:

- the overall revenue budget position for 2024/2025 including the proposed Council Tax;
- the projected reserves position as at 31<sup>st</sup> March 2024 and 31<sup>st</sup> March 2025 and advise on their sufficiency;
- a risk analysis of the Revenue Budget 2024/2025;
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**2. Description of Decision****2.1** Cabinet is requested to:

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- recommend to Council the proposed Council Tax for 2024/2025 and more detailed recommendations set out at Appendix F alongside agreeing the other recommendations within Appendix F;
- note the views, expressed by residents, the local Business Sector, Trade Unions and Scrutiny Coordinating Committee; and
- recommend to Council the adoption of the updated City Plan 2024-2035 including the indicative timeline.

**3. Introduction****3.1** In January 2024 Cabinet received an update on the budget position following the Provisional Local Government Finance Settlement 2024/2025. At that stage there were a number of uncertainties still to be resolved, primarily:

- the outcome of the final Local Government Finance Settlement for 2024/2025 and additional grant announcements;
- the estimation of business rates resources;
- the final forecast collection fund position for both Council Tax and Business Rates;
- confirmation of the 2024/2025 local government pay awards;
- 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 2024/2025 this report covers the following areas:

- Final funding position at January 2024 (section 4);
- Spending Pressures and Commitments (section 5);
- Budget Reduction Proposals (section 6);
- Proposed Increase to Council Tax (section 7);
- Overall Budget Position 2024/2025 (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 2024/2025 (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 January 2024**

4.1 The report to Cabinet on 18<sup>th</sup> January 2024 set out the provisional local government finance settlement for the Council and progress in relation to several outstanding uncertainties.

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

4.3 Further information about the grant changes in accordance with the provisional Local Government Finance Settlement is set out below, while section 5 sets out the final spending pressures and commitments to be taken into account in setting the budget for 2024/2025.

##### **Local Government Finance Settlement**

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

4.5 The Government uses a measure known as the Core Spending Power (CSP) to indicate the impact of changes in funding. For 2024/2025, this measure includes:

- Settlement Funding Assessment (SFA) comprising:
  - Revenue Support Grant (RSG);
  - Baseline Funding (Top Up Grant); and
  - Assumed Retained Business Rates.
- Compensation for the under-indexing of the Business Rates Multiplier;

- Council Tax Income, which the Government assumes a 4.99% increase is applied in addition to additional income from growth in the council tax base;
- Local Government element of the Improved Better Care Fund;
- New Homes Bonus;
- Social Care Grant;
- ASC Market Sustainability and Improvement Fund;
- ASC Discharge Fund; and
- Services Grant.

4.6 CSP will increase by an average 6.5% nationally in 2024/2025. For Sunderland the increase is 6.7% (based upon a Government assumed Council Tax increase of 4.99%) as shown in the table below. As noted, nationally 53% of this increased spending power is assumed from Council Tax rises. Given Sunderland's relatively lower Council Tax base this proportion is much lower, at 34.7%.

	2023/24	2024/25	2024/25	2024/25
	£m	£m	Change £m	Change %
Settlement Funding Assessment	121.554	127.813	6.259	5.1%
Compensation for under-indexing the business rates multiplier	15.174	17.759	2.585	17.0%
Council tax requirement excluding parish precepts	120.523	127.976	7.453	6.2%
Improved Better Care Fund	18.684	18.684	0.000	0.0%
New Homes Bonus	1.183	1.019	(0.164)	-13.8%
Social Care Grant <sup>4</sup>	29.337	35.066	5.729	19.5%
ASC Market Sustainability and Improvement Fund	3.671	6.859	3.188	86.8%
ASC Discharge Fund	2.619	4.366	1.746	66.7%
Services Grant <sup>6</sup>	3.473	0.546	(2.926)	-84.3%
<b>Sunderland Core Spending Power</b>	<b>318.604</b>	<b>340.089</b>	<b>21.485</b>	<b>6.7%</b>
<b>Memorandum National Position</b>				<b>6.5%</b>

4.7 For Sunderland there is a 5.1% increase in SFA for 2024/2025. The relatively low percentage increase is as a result of the continued business rates multiplier freeze for 2024/2025 for which councils are compensated through Section 31 grant funding. Although the Section 31 grant compensation is part of the Council's CSP, it is outside of the SFA element of funding. It should be noted that actual business rates received will be dependent on the Council's own position which will be confirmed within the National Non-Domestic Rates ('NNDR') statistical collection Form 1 (budget forecast). The increase in Revenue Support Grant is in line with inflation.

4.8 The Government will continue to compensate councils for any changes to nationally determined reliefs allowed for in the Business Rate regime. The Government have confirmed further business rate support for the retail, hospitality and leisure sectors will continue for a further year in 2024/2025 in response to the ongoing impact of the cost-of-living crisis. The CSP includes an assumed allocation of £17.759m Section 31 grant in 2024/2025, with the actual figure received dependent on the Council's own NNDR position confirmed within the NNDR1 form submitted by 31 January 2024 which includes the value of any additional business rates reliefs funded by the Government.

#### 4.9 Improved Better Care Fund

The Improved Better Care Fund (IBCF) 2024/2025 allocation has been frozen at the 2023/2024 level. This is in line with budget planning forecasts.

#### 4.10 New Homes Bonus (NHB)

The national quantum of funding available for NHB has remained at £291m for 2024/2025. Sunderland's allocation of NHB has reduced from £1.183m in 2023/2024 down to £1.019m in 2024/2025. Previous planning assumptions had been that the Council would not receive any NHB grant in 2024/2025 on the basis that the grant was likely to be phased out. Given the potential phasing out of this grant and the Government's intention to consult on NHB during 2024/2025, future years' assumed allocations have been prudently removed from budget planning from 2025/2026.

#### 4.11 Social Care Grant

As anticipated, Social Care Grant allocations from prior years have been maintained and the previously announced increases in social care grants in 2024/2025 have been confirmed. Some additional funding has been received reflecting the equalisation of this funding (to take into account that councils can raise different amounts of funding through Council Tax). The Adult Social Care Workforce Fund confirmed in July 2023 (£1.339m for 2024/2025) will be rolled into the larger Adult Social Care Market Sustainability and Improvement Fund grant in 2024/2025, which implies that this funding will continue into 2025/2026. The Council's medium-term planning assumptions have been updated to take account of this change.

The Social Care grants will support the specific rising cost pressures on adults and children's social care as noted in prior reports, and also in paragraphs 5.8 to 5.12 below.

#### 4.12 Services Grant

In recognition of the service delivery cost pressures facing councils, a new Services Grant totalling £822m nationally was announced for 2022/2023 but subsequently reduced to £483m in 2023/24. This national grant allocation has been significantly reduced again in 2024/2025 to £77m to fund increases elsewhere in the Settlement, this includes funding to support equalisation of the social care grant but also to fund the minimum funding guarantee to ensure that each council receives at least a 3% increase in CSP. The minimum funding guarantee mainly benefits district councils but also a small number of county councils. Sunderland's Services Grant allocation has reduced from £3.336m in 2023/2024 down to £0.546m in 2024/2025. It is likely that the Services Grant will be removed from 2025/2026 and therefore the budget planning has been updated accordingly.

## Funding Outside of Core Spending Power

### 4.13 Public Health Grant

The 2021 Spending review indicated Public Health grant funding will be maintained in real terms, implying an inflationary based increase, but this has not proved to be the case. Indicative Public Health grant allocations have already been announced. The indicative increase in allocations is only 1.36% (total funding of £3.527bn in 2023/2024 and £3.575bn in 2024/2025) with the Council's indicative allocation increasing from £25.967m in 2023/2024 to £26.320m in 2024/2025. The budget planning has been updated with the indicative allocations and will be reviewed as required when the final grant allocation for 2024/2025 is confirmed.

### 4.15 Housing Benefit and Council Tax Administration Grants

The Housing Benefit and Council Tax Administration Grants allocation for 2024/2025 has been received and the Grant has been reduced by £0.077m to £1.128m. The reduction in the Grant is due to the Department for Work and Pensions (DWP) migration to Universal Credit. For future years transitional arrangements will be applied to phase the impact of further reductions over three years, the MTFP will be updated to reflect these arrangements.

## **Council Tax**

- 4.16 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.
- 4.17 In the provisional settlement, the Government confirmed the referendum threshold for 2024/2025, being that the core element is subject to a maximum increase of up to 3%. In addition, Social Care authorities can levy an additional 2% in respect of the Adult Social Care Precept. Any increase above the Council Tax limit will require a referendum to give the local electorate the opportunity to approve or veto the increase.
- 4.18 The 2023/2024 Council Tax Collection Fund position is reported elsewhere on this agenda. When setting the forecast Council Tax position for 2023/2024 the continuation of the Covid-19 pandemic and the cost-of-living crisis, led to a reduced Council Tax income assumption for the year. The actual Council Tax collection is better than anticipated resulting in a forecast in-year surplus for the Council of £0.186m, which will be released from the collection fund to support the Council's budget position in 2024/2025. In addition, the variance from forecast and actual position for 2022/2023 is a deficit of £0.780m which will need to be fully recovered in 2024/2025. This impact has been reflected in the 2024/2025 budget and the Medium-Term Financial Plan (MTFP).
- 4.19 Full Council, at its meeting on 24<sup>th</sup> January 2024, approved the Council Tax base for the area covered by Hetton Town Council (4,267) and the City Council area (74,484). The base has increased from 2023/2024 primarily due to an anticipated reduced uptake of the Local Council Tax Support Scheme and also increases in house building across the city.

## Retained Business Rates

- 4.20 The NNDR 1 form sets out the Business Rate income forecast for 2024/2025 and is to be submitted to the Government by 31<sup>st</sup> January 2024 in accordance with regulations. The amount of business rates to be retained by the Council for 2024/2025 is forecast to be £46.399m, this amount has been reduced by £3.123m, due to the Retail, Hospitality & Leisure reliefs grant for 2024/2025, for which the Council will be fully compensated through an increased Section 31 grant from the Government.

## Schools' Funding

- 4.21 The Schools' Funding announcement on 19<sup>th</sup> December 2023 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 2022 to October 2023:

	<b>Provisional Allocations 2024/25</b>	<b>19-Dec Settlement 2024/25</b>	<b>Change in Funding 2024/25</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>
Schools Block	214.76 *	217.62	2.86
High Needs	44.89	45.19	0.30
Central Services	1.49	1.50	0.01
Early Years	N/A *	20.57	N/A
<b>Total</b>	<b>261.14</b>	<b>284.88</b>	

\*Provisional allocations exclude Growth Funding and Early Years

- 4.22 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 2024 census data.
- 4.23 Cabinet agreed in January to the principles proposed by the Sunderland Schools Forum for the 2024/2025 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 NFF to be implemented with the following local adjustments:
    - Minimum Funding Guarantee MFG applied at 0.5% in line with NFF value; a transfer of 0.5% (c. £1m) to the High Needs Block in recognition of ongoing pressures.
    - The Basic Entitlement factor set at reduced rates of £3,540.67 per Primary Pupil (NFF £3,562), £5,000.67 per Key stage 3 pupil (NFF £5,022) and £5,639.67 per Key Stage 4 pupil (NFF £5,661).

All other factors are within the NFF allowable parameters.

- 4.24 The Local Funding Formula was submitted to the Education and Skills Funding Agency on 22 January 2024.

## **5 Spending Pressures and Commitments 2024/2025**

- 5.1 When the Budget Planning Framework was approved in October 2023 and subsequently updated in December 2023 and January 2024, Cabinet agreed that the following spending commitments would be taken into account:
- provision in respect of pay awards and employer national insurance contribution increases;
  - general contract inflation, including the likely impact on contract prices of the forecast increase in the National Living Wage;
  - appropriate provision for ongoing budget pressures including the impact of the cost of living crisis;
  - the impact of demographic changes, complex needs and cost pressures in respect of adult social care;
  - the impact of demand and costs pressures within children's social care;
  - transport levy contributions;
  - funding to meet additional priorities, and
  - provision for spending commitments in respect of debt charges and interest receipts.
- 5.2 In this context it is proposed to make provision to address a number of spending commitments and pressures as set out below.

### **Cross Cutting**

- 5.3 **Pay award**  
At this stage, the pay award for 2024/2025 is not yet agreed. Whilst inflation has reduced given the ongoing levels of inflation, current budget planning incorporates provision for a 3.5% pay award in 2024/2025, then reducing to 2% for 2025/2026 and future years, aligned with the period that inflation is set to significantly fall. As most pay budgets now reflect provision for "top of the grade", no provision is set aside for pay increments.
- 5.4 **General Contract Inflationary Increases**  
There is upward cost pressure on the Council's services due to the impact on general costs and contracts as a result of escalating inflation. Inflation peaked at a 40-year high with CPI rising to 11.1% in October 2022, although this has started to decrease, reducing to 3.9% in November 2023. Inflation continues to adversely impact the Council and the costs of the services which it provides. This is particularly evident in the care sector where cost increases have been significantly above the CPI inflation levels.

Provision is included within the budget for the impact of general contract inflation, including on contracts, any impact of the National Living Wage and significantly the Council's commitment to the Real Living Wage for contractors. This includes contract inflation for both Sunderland Care and Support (SCAS) and Together for Children (TfC), the costs of which fall on the Council's general fund.

Provision for inflationary increases where appropriate in discretionary fees and charges has been included within budget planning. An updated schedule of fees and charges for 2024/2025 will be published prior to 30 September 2024 in line with the fees and charges policy.

- 5.5 **Transport Levy**  
Financial planning has been updated to meet a potential increase in the Council's Transport Levy contribution for 2024/2025, which is consistent with the Joint Transport Committee's budget proposals.
- 5.6 **Budget Pressures and New Spending Priorities**  
Based on the third quarter revenue budget monitoring position, including the delivery of savings proposals, appropriate provision has been made for ongoing budget pressures, outside of social care budgets for which further funding has been provided.

### **Cabinet Secretary**

- 5.7 **Capital Financing / Debt Charge Pressures**

The Council continues to be ambitious and investing in the city is a key element of the City Plan. It is important that the capital programme is affordable, and that the ongoing costs of funding capital activity are included in the revenue budget. Ongoing higher borrowing rates will continue to impact upon the revenue cost of financing the capital programme. The required provision to support the proposed Capital Programme for 2024/2025 through to 2027/2028 has been factored in to the 2024/2025 budget and MTFP.

### **Children Learning and Skills**

- 5.8 **Inflationary increase**

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

- 5.9 **Demand and Cost Pressures - TfC**

The increasing complexity of children's needs and finite capacity in the residential market is leading to higher prices being charged for accommodation. These in-year pressures are expected to grow in 2024/2025 due to the forecast continuation of elevated inflationary levels. In addition the national pressure on Home to School Transport post Covid, is being acutely felt in Sunderland with these in-year pressures also forecast to continue.

- 5.10 Given the above inflationary and demand led pressures additional budget provision for TfC of £8.817m has been included in the budget from 2024/2025. Separately, following a full review by TfC a £2.750m budget reduction is supported by further transformational changes in service delivery, cost avoidance and income generation.

### **Healthy City**

- 5.11 **Adults Social Care Demand Pressures**

Pressures in both the NHS and Adult Social Care continue with the number of older people requiring care increasing. In Sunderland, it is forecast that the number of older people aged 65 years and over will rise from around 55,300 in 2020 to 69,500 by 2040 (an increase of 26%) and the number of people aged 85 years and over (i.e. those

generally with the greatest care needs) is forecast to rise from around 6,300 in 2020 to 10,000 in 2040 (an increase of 59%). This gives a sense of the mounting pressure that Sunderland's ageing population is likely to have on the delivery of Adult Social Care.

The increasing longevity of the population continues to place a significant pressure on Adult Social Care budgets. In addition, client expectations and increasing demand to support clients with complex needs to enable them to maintain independent living requires reconfigured services and additional investment. The Council and its NHS partners are working together to integrate health and care and to develop plans collectively to enable the organisations to achieve more than they can individually to improve health and care outcomes and reduce health inequalities in Sunderland.

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

Provision for additional increased Adult Social Care of £1.000m relating to demand has been included in the 2024/2025 budget and will be kept under review.

#### 5.12 Adult Social Care Inflationary increases

The inflationary pressure on the care home sector continues to rise, linked to staff costs, staff retention, utilities, supplies, food and ongoing covid compliance arrangements. An assessment has indicated further funding will be needed to meet pressures in 2024/2025.

The National Living Wage represents a significant cost pressure for local authorities as service providers, particularly in the social care sector, endeavour to recover the impact of these increased costs through annual inflationary uplifts to contract prices.

Additional provision of £10.914m has been added to 2024/2025 budget, with further provision held in contingency should inflationary pressures surpass this level.

### Spending Pressures and Commitments Summary

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

	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m	Total £m
<b>Spending Pressures and Commitments</b>					
Pay	9.527	4.171	4.283	4.399	<b>22.380</b>
Energy	(2.597)	0.500	0.500	0.500	<b>(1.097)</b>
Other Price and Contract Inflation (inc. Social Care Demand Pressures)	14.682	8.977	9.809	9.727	<b>43.195</b>
Transport Levy	0.559	0.500	0.500	0.500	<b>2.059</b>
Other Service Pressures	1.191	(0.266)	0.000	0.000	<b>0.925</b>
Capital Financing	5.130	3.000	3.000	1.200	<b>12.330</b>
Pensions Actuarial Review	0.000	0.000	2.000	0.000	<b>2.000</b>
<b>Total Spending Pressures and Commitments</b>	<b>28.492</b>	<b>16.882</b>	<b>20.092</b>	<b>16.326</b>	<b>81.792</b>

## 6 Budget Reduction Proposals

- 6.1 Budget reduction proposals were approved at December and January Cabinet meetings to be taken forward through the budget process, and for consideration by Scrutiny Coordinating Committee and for the purposes of consultation.
- 6.2 Taking account of the above, a suite of budget reductions, focused on 2024/2025 is included within the budget plans, as summarised by Portfolio in the table below. Further detail on each of the budget reduction proposals are set out at Appendix A.

Portfolio	Savings Proposal 2024/2025 (£m)	Savings Proposal 2025/2026 (£m)	Savings Proposal 2026/2027 (£m)	Savings Proposal 2027/2028 (£m)
Leader	0.062	0.000	0.000	0.000
Deputy Leader	0.120	0.030	0.000	0.000
Cabinet Secretary	1.189	(0.100)	0.000	(0.400)
Children Learning Skills	2.750	0.000	0.000	0.000
Dynamic City	0.448	0.000	0.000	0.000
Healthy City	2.104	0.300	0.000	0.000
Vibrant City	0.000	0.123	0.000	0.000
<b>Total Savings Proposals</b>	<b>6.673</b>	<b>0.353</b>	<b>0.000</b>	<b>(0.400)</b>

- 6.3 Those savings which have been identified as having a potential equalities impact have been subject to a full Equalities Analysis assessment. The assessments are provided as a weblink within Appendix A.
- 6.4 The suite of budget reductions set out at Appendix A, have been prepared in accordance with the Council's Efficiency Strategy. The strategy is reviewed annually to reflect latest information. The updated Efficiency Strategy is incorporated in the update to the MTFP and attached to this report as Appendix Gi).

## 7 Proposed Council Tax Increase 2024/2025

- 7.1 In order to prevent further cuts to front line services, enable some essential investment in key priorities and minimise the use of reserves, it is proposed to increase Council Tax and the Adult Social Care Precept for 2024/2025. The Government's assumption when it considers the resources and funding that is available to councils is that councils will increase Council Tax by 4.99%.
- 7.2 The referendum limits set out in the local government settlement for 2024/2025 enable the combined Council Tax and Adult Social Care Precept to be increased by up to 4.99% without the need for a referendum.
- 7.3 Consultation undertaken as part the 2024/2025 budget setting process asked respondents whether they supported increases in Council Tax up to the Government's 5% referendum limit.
- 7.4 As set out in section 11, consultation responses indicate that 38% of respondents either agreed or strongly agreed with an increase in Council Tax up to the 5% referendum level

with 12% of respondents neither agreeing or disagreeing. Overall, 50% of respondents indicated that an increase in Council Tax was not desirable with respondents either strongly disagreeing or disagreeing.

- 7.5 For 2024/2025 it is proposed to increase core Council Tax by 2.99% and to increase the Adult Social Care Precept by 2%, resulting in a combined increase of 4.99% i.e., within the referendum limit permitted by the Government.
- 7.6 The formal decisions of the major precepting bodies are awaited regarding their precept proposals for 2024/2025. Consequently, the Fire Authority and Police and Crime Commissioner elements of the proposed Council Tax for 2024/2025 included within Appendix F to this report may be subject to change in line with their respective formal budget setting approval processes.

## 8 Overall Budget Position 2024/2025

- 8.1 The overall budget position is set out below, and takes into account; Government funding changes, cost pressures and proposals to meet the funding gap. As noted in prior reports, the Council has previously created a MTFP Smoothing reserve to address these forecast pressures. It is expected that this reserve will be around £25.6m at the start of next financial year and the MTFP assumes this will be used over the three-year period to 2026/2027. The position below shows a balanced budget position for 2024/2025 taking into account the proposed Council Tax and Adult Social Care Precept increases and which is reliant upon the use of £9.000m of reserves. There remains a MTFP budget gap of £44.686m for the period 2025/2026 to 2027/2028.

	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m	Total £m
Spending Pressures and Commitments	28.492	16.882	20.092	16.326	<b>81.792</b>
Previously Approved Savings Proposals	(0.179)	0.086	1.778	0.000	<b>1.685</b>
Government Grant Change	(15.633)	0.559	(1.027)	(1.048)	<b>(17.149)</b>
2024/25 Savings Proposals	(6.673)	(0.353)	0.000	0.400	<b>(6.626)</b>
<b>Gross Funding Gap</b>	<b>6.007</b>	<b>17.174</b>	<b>20.843</b>	<b>15.678</b>	<b>59.702</b>
Collection Fund Impact	(6.007)	(5.590)	(6.120)	(6.299)	<b>(24.016)</b>
<b>Current MTFP Gap</b>	<b>0.000</b>	<b>11.584</b>	<b>14.723</b>	<b>9.379</b>	<b>35.686</b>
Decrease / (Increase) in use of MTFP Reserve	0.000	0.000	1.400	7.600	<b>9.000</b>
<b>Current MTFS Gap after agreed use of reserves and Council Tax increase</b>	<b>0.000</b>	<b>11.584</b>	<b>16.123</b>	<b>16.979</b>	<b>44.686</b>

- 8.2 The Government have indicated that the new fair funding formula and revised system of retained business rates will be developed and consulted upon in the short to medium term. It should be noted that the MTFP position assumes that should the new fair funding formula and revised system of retained business rates be introduced that the impact on the Council will be neutral. Should the Council's funding reduce as a result of any changes, Government has in the past used damping to limit and smooth any detrimental impact on formula changes, and it is widely anticipated that some form of damping

arrangements will continue under any new system.

- 8.3 The Government continues to protect and prioritise a number of departments in terms of funding. Unfortunately, local government is not a sector that is protected with current forecasts for additional Government funding over the medium term limited to small inflationary increases with currently council tax being seen as the major source of additional funding for local government. Even then costs are forecast to outstrip additional funding. The Council's response to addressing the MTFP funding gap needs to be through the delivery of ongoing sustainable savings. The Council's Chief Officer Group are to commence a savings planning process to develop the savings proposals required to meet the current MTFP gap, for implementation in 2024/2025 or before where possible to do so. These will be considered and approved by Cabinet and Council as appropriate.

## **9 Workforce Planning, Transformational Costs and Capital Receipts Flexibilities**

- 9.1 Some of the 2024/2025 budget reduction proposals outlined in section 6 have staffing implications. These will be managed through the Council's Redundancy Policy and Procedure as necessary. It should also be noted that officers are continually reviewing resource allocations to ensure that staffing arrangements are fit for purpose.
- 9.2 At this stage it is proposed that any cost of redundancy payments and the release of pensions as required by the LGPS Regulations will be met from a combination of utilisation of capital receipts flexibilities and from within the overall corporate resource position.
- 9.3 The Council's Efficiency Strategy is set out at Appendix G (i) 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 2024/2025 to 2027/2028 and Treasury Management Policy and Strategy 2024/2025 report elsewhere on this agenda. At this stage however, individual transformational projects that may require capital receipt support are not yet fully developed.
- 9.4 The position will be kept under review throughout the year as transformational costs and capital receipts generated are finalised. Final arrangements on funding transformational costs arising in each year will be considered as part of the outturn position each year, taking account of the overall corporate outturn position, available reserves, and capital receipts availability. Should the use of capital receipts be required, this will be reported, with project details.

## **10 Medium-Term Financial Position**

- 10.1 In considering the Revenue Budget for 2024/2025, the latest information regarding reductions to public spending, and estimated pressures over the medium term were taken into account and summarised in this report. This position is subject to ongoing update as information emerges. The latest updated MTFP 2024/2025 to 2027/2028 is set out at Appendix G.

## **11 Budget Consultation 2024/2025 – Update once consultation response is received and appendices is updated**

- 11.1 Cabinet agreed the proposed consultation and communication arrangements in October 2023 as part of the Budget Planning Framework for 2024/2025.
- 11.2 As outlined in the December report to Cabinet, the budget consultation focused on people's views on the planned proposals to meet the Council's funding gap.
- 11.3 Following December's Cabinet meeting the formal consultation was launched, running from 7<sup>th</sup> December 2023, and closed on 7<sup>th</sup> January 2024. Again, as with the previous year, this was undertaken online with a range of communications to advertise the consultation via social media, the Council website and via ward councillors. 120 responses were received. The results are set out in detail at Appendix C.
- 11.4 In general, there was not a strong majority either way on the proposals set out, although slightly more did agree with the approach to the budget than disagreed. Within the qualitative responses provided, in many cases it was acknowledged that the Council faced difficult decisions, but ideally no further reductions would be required. With regards the proposed Council Tax increase of 4.99% which has been included within the planning assumptions and which is up to the 5% Government referendum limit, 50% of respondents did not agree.
- 11.5 Existing networks have been utilised to communicate and raise awareness of the consultation with a range of partners including Trades Unions, the North East Chamber of Commerce and Sunderland Business Improvement District.
- 11.6 Feedback and commentary from the formal consultation with Trade Unions and Business representatives is set out at Appendix D.
- 11.7 At each stage in the budget process Scrutiny Committee is being consulted. Comments from Scrutiny Coordinating Committee are set out at Appendix E.
- 11.8 All of the feedback from the various consultations has been considered in bringing together the budget proposals in this report.
- 11.9 Reflections from the 2024/2025 budget consultation will help inform proposed arrangements for future budget consultations.

## **12 Integrated Impact Assessments (IIAs) and the Budget Proposals**

- 12.1 In accordance with the Council's new approach to assessing predicted impacts of activity, IIAs have been completed to support the budget setting process. The new tool enables the Council to give due regards to the impacts of activity on:
  - i. Equality and Human Rights, including ensuring the Council meets the three aims of the Public Sector Equality Duty (Appendix 2);
  - ii. Socio-economic and digital inequalities;
  - iii. Population health and health inequalities;
  - iv. Low carbon and sustainability; and
  - v. Community wealth building, including the duty on local authorities to consider the impact of all their functions and decisions on crime and disorder in their local area

- 12.2 The Council continues to fully consider the impact of its plans by following a robust approach to predicted impact analysis. Each Service has considered the predicted impacts of their proposals, their judgements along with full IIAs where applicable are outlined at Appendix A.
- 12.3 Members must understand the implications of the proposals outlined in the IIAs, as having regard to them will assist members in understanding the impact of decision and in complying with the Public Sector Equality Duty when considering the proposals.

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

### **13 General Fund Balances and Position in Relation to Major Reserves**

- 13.1 In considering the level of general balances as part of budget preparation decisions, regard is given to:
- known commitments against balances in future years; and
  - financial risks faced by the Council and the measures in place to mitigate them or meet them financially.
- 13.2 The estimated level of general balances as at 31<sup>st</sup> March 2024 and 31<sup>st</sup> March 2025 is included within the detailed budget at Appendix J.
- 13.3 In accordance with best practice, including the CIPFA Financial Management Code and being cognisant of CIPFA's Resilience Index, an analysis of the major financial risks has been undertaken in order to inform the level of balances deemed necessary. These are detailed at Appendix H.
- 13.4 The Council has a range of earmarked reserves. The major earmarked reserves are set out at Appendix I for information. In accordance with best practice this includes details of the purpose of the reserve as well as their forecast balance as at 31<sup>st</sup> March 2024 and 31<sup>st</sup> March 2025. 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 2023/2024 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 Director of Finance, who can confirm that:
- based upon the information used in determining this Revenue Budget 2024/2025 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 2024/2025 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 2023/2024 is considered prudent and robust given the overall level of reserves.

## **14 Detailed Budget 2024/2025**

- 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 Adult 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 2024/2025 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 2024/2025. Consequently, the Fire Authority and Police and Crime Commissioner elements of the proposed Council Tax for 2024/2025 included within Appendix F to this report may be subject to change in line with their respective formal budget setting approval processes.

### **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 2023/2024 and 2024/2025 have arisen as a result of:
- temporary budget adjustments in 2023/2024;
  - 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 City Plan**

- 15.1 The City Plan, current version approved by Council in February 2023, sets the framework for the allocation of the Council's resources. As in previous years, evidence has been collated to determine whether changes need to be made to the City Plan and indicative timeline for 2024/2025.
- 15.2 The updated City Plan 2024-2035 and indicative timeline at Appendix K set out for Cabinet's consideration the proposals to ensure the plan continues to fulfil its role as the primary statement of the Council's key priorities, and therefore the framework for the allocation of its resources.

## **16 Crime and Disorder**

- 16.1 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.

## **17 Suggested Reason for Decision**

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

## **18 Alternative options to be considered and recommended to be rejected**

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

### **Background Papers**

[Budget Planning Framework and Medium-Term Financial Plan 2024/2025 - 2027/2028](#)

(12 October 2023 Cabinet)

[Budget Planning Framework and Medium-Term Financial Plan 2024/2025 - 2027/2028](#)

(7 December 2023 Cabinet)

[Revenue Budget 2024/2025 to 2027/2028 – Update and Provisional Local Government Finance Settlement 2024/2025](#)

(18 January 2024 Cabinet)

## **List of Appendices**

Appendix A – Budget Savings Proposals  
Appendix B – Equality and Budget Proposals  
Appendix C – Budget Consultation 2024/2025 Results  
Appendix D – Formal Budget Consultation Meetings  
Appendix E – Scrutiny Co-ordinating Committee Consultation on the Budget 2024/2025  
Appendix F – Proposed Council Tax for 2024/2025  
Appendix G – Medium Term Financial Plan (MTFP) 2024/2025 – 2027/2028  
Appendix G (i) – Efficiency Strategy  
Appendix G (ii) – MTFP 2024/2025 to 2027/2028 Risk Assessment  
Appendix H – General Balances – Financial Risk Analysis  
Appendix I – Earmarked Reserves – Position Statement  
Appendix J – Revenue Budget 2024/2025  
Appendix K – City Plan Update 2024-2035



## Budget Savings Proposals

### 1. Leader Proposals – Total Saving £0.062m (2024/2025)

#### 1.1 L1 – Corporate Affairs & Communications (saving £0.062m in 2024/2025)

Review of team staffing arrangements and Operating Model.

An Integrated Impact Assessment (IIA) has been completed and can be viewed at the link below. The impact of this proposal is discussed further in Appendix B.

[Link to Integrated Impact Assessment - L1](#)

### 2. Deputy Leader and Clean Green City Proposals – Total Saving £0.120m (2024/2025), £0.030m (2025/2026)

#### 2.1 DL1 – Port of Sunderland (saving £0.100m in 2024/2025)

Improved trading position of the Port.

An Integrated Impact Assessment (IIA) was not necessary for this proposal.

#### 2.2 DL2 – Local Services (saving £0.020m in 2024/2025)

Review of Local Services team staffing arrangements.

An Integrated Impact Assessment (IIA) has been completed and can be viewed at the link below. The impact of this proposal is discussed further in Appendix B.

[Link to Integrated Impact Assessment - DL2](#)

#### 2.3 DL3 – Waste Collection and Recycling (saving £0.030m in 2025/2026)

Revised Trading Activity – Trade Waste.

1. Introduction of a 'charge-by-weight' operating model for SCC Trade Waste customer's residual waste.

2. Trade Waste Recycling Service redesign to support roll-out of UK Government measures to increase recycling from businesses and other organisations that produce municipal waste.

An Integrated Impact Assessment (IIA) has been completed and can be viewed at the link below. The impact of this proposal is discussed further in Appendix B.

[Link to Integrated Impact Assessment - DL3](#)

- 3. Cabinet Secretary Proposals – Total Saving £1.189m in 2024/2025, reducing by £0.100m in 2025/2026 and reducing by a further £0.400m in 2027/2028**
- 3.1 CS1 – Audit, Risk and Performance (saving £0.400m in 2024/2025, reducing by £0.400m in 2027/28)**

Phased reduction in Insurance Reserve.

An Integrated Impact Assessment (IIA) was not necessary for this proposal.

- 3.2 CS2 - Audit, Risk and Performance (saving £0.005m in 2024/2025)**

Increased income from Academies.

An Integrated Impact Assessment (IIA) was not necessary for this proposal.

- 3.3 CS3 – School Meals (saving £0.200m in 2024/2025)**

Reduction in trading contingency.

An Integrated Impact Assessment (IIA) was not necessary for this proposal.

- 3.4 CS4 – Housing Benefits (saving £0.100m in 2024/2025, reducing by £0.100m in 2025/26)**

Benefits overpayments.

An Integrated Impact Assessment (IIA) was not necessary for this proposal.

- 3.5 CS5 - Procurement (saving £0.020m in 2024/2025)**

NEPO Membership Fee – Reduction in Charge.

An Integrated Impact Assessment (IIA) was not necessary for this proposal.

- 3.6 CS6 - Procurement (saving £0.020m in 2024/2025)**

Increased income from employee car lease scheme.

An Integrated Impact Assessment (IIA) was not necessary for this proposal.

- 3.7 CS7 – Miscellaneous Land, Property and Industrial Units (saving £0.020m in 2024/2025)**

Increase income from non-operational assets as a result of rent reviews being due.

An Integrated Impact Assessment (IIA) was not necessary for this proposal.

- 3.8 CS8 – Coroner's Court (saving £0.100m in 2024/2025)**

Reduction in overall budget due to underspend in last two years.

An Integrated Impact Assessment (IIA) was not necessary for this proposal.

### **3.9 CS9 – Member Support (saving £0.050m in 2024/2025)**

Reduction in overall budget due to underspend in last two years.

An Integrated Impact Assessment (IIA) was not necessary for this proposal.

### **3.10 CS10 – Customer Enabling Service & Transformation Projects Team (saving £0.175m in 2024/2025)**

Review of team staffing arrangements and deletion of vacant posts.

An Integrated Impact Assessment (IIA) has been completed and can be viewed at the link below. The impact of this proposal is discussed further in Appendix B.

[Link to Integrated Impact Assessment - CS10](#)

### **3.11 CS11 – ICT (saving £0.065m in 2024/2025)**

Business Practice Improvements – MFD reduction to align to the organisations reduced printing volume.

An Integrated Impact Assessment (IIA) has been completed and can be viewed at the link below. The impact of this proposal is discussed further in Appendix B.

[Link to Integrated Impact Assessment - CS11](#)

### **3.12 CS12 – Governance Services (saving £0.034m in 2024/2025)**

Business Practice Improvements – MFD's and Printing.

Reduction to printing budget for Committee Agendas and review of Scrutiny budget.

An Integrated Impact Assessment (IIA) was not necessary for this proposal.

## **4 Children Learning and Skills – Total Saving £2.750m (2024/2025)**

### **4.1 CLS1 – Together for Children (saving £2.750m in 2024/2025)**

- Additional income generation
- Establishment review
- Spend to save initiatives
- General efficiencies and savings

An Integrated Impact Assessment (IIA) has been completed and can be viewed at the link below. The impact of this proposal is discussed further in Appendix B.

[Link to Integrated Impact Assessment – CLS1](#)

## **5 Dynamic City – Total Saving £0.448m (2024/2025)**

### **5.1 DC1 – Infrastructure and Transportation (saving £0.100m in 2024/2025)**

Adshel Contract (fixed income and profit share).

An Integrated Impact Assessment (IIA) was not necessary for this proposal.

### **5.2 DC2 – Strategic Management (saving £0.100m in 2024/2025)**

Increased distribution from Siglion.

An Integrated Impact Assessment (IIA) was not necessary for this proposal.

### **5.3 DC3 – Infrastructure and Transportation (saving £0.020m in 2024/2025)**

Capital Schemes - allocation of staffing time as part of scheme review.

An Integrated Impact Assessment (IIA) was not necessary for this proposal.

### **5.4 DC4 – Regulatory Services (saving £0.228m in 2024/2025)**

Review of fees and charges.

Introduction of a Street Trading Policy, fast track fees for planning, additional event fees and leaflet distribution consents between April 2024 and March 2025.

The Street Trading Policy will be subject to public consultation and approval by Regulatory and Licencing Committee

An Integrated Impact Assessment (IIA) has been completed and can be viewed at the link below. The impact of this proposal is discussed further in Appendix B.

[Link to Integrated Impact Assessment – DC4](#)

## **6 Healthy City – Total Saving £2.104m (2024/2025) and £0.300m (2025/2026)**

### **6.1 HC1 – Adult Social Care (saving £1.654m in 2024/2025)**

Re-align operating model – Practice review

Complete a review of hospital admission and discharge processes across the Sunderland system. Focusing on improving outcomes within urgent and emergency Care services across the Sunderland system, by helping more people avoid hospital and better supporting people leaving hospital to be independent.

An Integrated Impact Assessment (IIA) has been completed and can be viewed at the link below. The impact of this proposal is discussed further in Appendix B.

[Link to Integrated Impact Assessment – HC1](#)

## **6.2 HC2 – Adult Social Care (saving £0.200m in 2024/2025 and saving £0.300m in 2025/2026)**

Expansion of Direct Payment customers as opposed to traditional home care which will assist in ensuring increased level of choice and improved outcomes linking in the CQC assessment themes. Sunderland's number of Direct Payment recipients is relatively low compared to other areas.

An Integrated Impact Assessment (IIA) has been completed and can be viewed at the link below. The impact of this proposal is discussed further in Appendix B.

[Link to Integrated Impact Assessment – HC2](#)

## **6.3 HC3 – Adult Social Care (saving £0.150m in 2024/2025)**

Increase the Telecare Charge in line with rent increases for council owned properties.

An Integrated Impact Assessment (IIA) has been completed and can be viewed at the link below. The impact of this proposal is discussed further in Appendix B.

[Link to Integrated Impact Assessment – HC3](#)

## **6.4 HC4 – Adult Social Care (saving £0.100m in 2024/2025)**

Implementation of Total Mobile system with increased staff capacity in community without increasing staffing numbers by empowering frontline staff with access to patient records at the point of care and removing time-consuming admin requirements.

An Integrated Impact Assessment (IIA) was not necessary for this proposal.

## **7 Vibrant City – Total Saving £0.000m (2024/2025) and £0.123m (2025/2026)**

### **7.1 VC1 – Welfare Rights (saving £0.123m in 2025/2026)**

Restructure Welfare Rights service, remove the MacMillan Service and commission Tier 1 from VCS supported through Welfare Rights Public Health Agreement.

An Integrated Impact Assessment (IIA) has been completed and can be viewed at the link below. The impact of this proposal is discussed further in Appendix B.

[Link to Integrated Impact Assessment – VC1](#)



## **Integrated Impact Assessments (IIAs) for 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 Integrated Impact Assessments (IIAs) inform the budget-setting process**

- 2.1 In accordance with the Council’s new approach to assessing predicted impacts of activity, IIAs have been completed to support the budget setting process. The new tool enables the Council to give due regards to the impacts of activity on:
- i. Equality and Human Rights, including ensuring the Council meets the three aims of the Public Sector Equality Duty;
  - ii. Socio-economic and digital inequalities;
  - iii. Population health and health inequalities;
  - iv. Low carbon and sustainability; and
  - v. Community wealth building, including the duty on local authorities to consider the impact of all their functions and decisions on crime and disorder in their local area.

- 2.2 IIAs prompt services to:
- i. Be intelligence, insight and evidence led - using data and intelligence to shape planned activity;
  - ii. Assess impact - assess the potential positive, negative and neutral impacts of activity;
  - iii. Be equitable - recognise that each person, or community, has different circumstances and allocate resources and opportunities needed for them to achieve an equal outcome;
  - iv. Be innovative and bold - maximise opportunities to achieve additional benefits from planned activity and acknowledge and mitigate, where possible, any negative impacts;
  - v. Work collaboratively - work together across the council, and with our partners and communities; and
  - vi. Demonstrate due regard has been given to key Council commitments ensuring the predicted impacts of decisions are documented to enable transparent and evidence-based decision making.
- 2.3 Individual proposals for savings have been reviewed to determine whether an IIA is required. Where IIAs are required, and positive and negative impacts are identified, it is the responsibility of the services to minimise any negative impacts as far as possible. This is the first year that IIAs rather than equality analysis has been applied to budget proposals. A standard approach will be taken each year to ensure:
- equality and wider impact considerations are given to each new savings proposal;
  - proposals agreed in previous years are reconsidered to ensure planned IIAs have been completed or refreshed, where appropriate; and
  - where IIAs are finalised, a sampled quality assurance process takes place to ensure the relevant considerations are being made in a thorough manner. This quality assurance process will look beyond equality impacts to consider all impacts within the IIA tool.

### **3 Consultation and intelligence**

- 3.1 The consultation approach is outlined at paragraph 11 of the main report. Surveys and resident engagement are carried out to inform key plans and activity in the Council at both a service and general budget consultation level. Where possible, demographic data is collected and analysed to understand the spread of respondents and help inform equality and wider IIA considerations. Communications and consultations are focussed on a range of groups and communities to maximise involvement.
- 3.2 The IIAs have a data and intelligence section. This section of IIAs is extremely important as it provides the rationale for the activity in terms of both data and intelligence, and customer feedback. Here services demonstrate that the data and intelligence is robust and that it is supporting the decision. It is here also where services set out how consultation views have shaped the activity.

## 4 Key Messages

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

4.2 The assessment of impacts concluded that twelve of the proposals required an Integrated Impact Assessment to be carried out, these are:

L1 – Corporate Affairs & Communications  
DL2 – Local Services  
DL3 – Waste Collection and Recycling  
CS10 – Customer Enabling Service & Transformation Projects Team  
CS11 – ICT  
DC4 – Regulatory Services  
HC1 – Adult Social Care – Practice Review  
HC2 – Adult Social Care – Expansion of Direct Payments  
HC3 – Adult Social Care – Telecare Charging  
VC1 – Welfare Rights  
CLS1 – Together for Children

4.3 Of the eleven proposals highlighted above, four concluded that there would be a neutral impact (i.e., no disproportionate impact on any of the protected characteristics). Of the seven remaining proposals:

- Two identified uncertainly or potentially negative impacts for people with a disability that would need to be mitigated, whilst four identified positive impacts in relation to *disability*.
- Five identified positive impacts with regards to *age*, and *advancing equality of opportunity*, respectively.
- Four identified positive impacts in relation to *other vulnerable groups / people with complex needs*, while two recognised positive impacts in terms of *race*.
- Two recognised positive impacts in terms of *fostering good relations*, whilst one proposal declared uncertainly around this area, as well as uncertainty around eliminating discrimination, harassment, and victimisation, that would need to be mitigated.
- One count of positive impact was identified for *religion, pregnancy/maternity, gender reassignment, sex, and sexual orientation*, respectively.

Four proposals - three of which had a neutral equality impact - identified savings because of staffing changes. Equality considerations have been included in the templates provided and will be considered further as part of the workforce planning arrangements.

Reference	Savings identified involving staffing changes	Equality implications			
		Positive	Positive & Negative	Uncertain	Not applicable
L1 – Corporate Affairs & Communication	✓				✓
DL2 – Local Services	✓				✓
DL3 – Waste Collection and Recycling					✓

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

## 5 Conclusions

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

### Budget Consultation 2024/2025 Results

#### 1. Background and Context

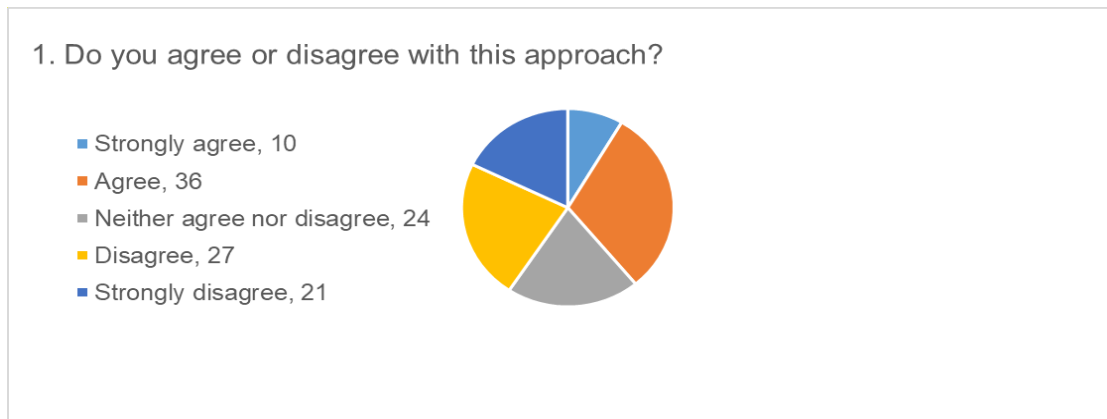
- 1.1 This year's consultation process utilised existing networks such as 'Let's Talk' and social media to communicate with both geographic communities and communities of interest. In addition to residents, there were communications with a range of partners and stakeholders. The consultation was open for one month between 7<sup>th</sup> December 2023 and 7<sup>th</sup> January 2024.
- 1.2 The engagement process focused on people's views on planned proposals to meet the £17m funding gap after an assumed increase in Council Tax of 4.99% and before any planned use of reserves. The proposals included:
  - Cost savings at that time totalling £5.237 million through a range of measures including reshaping how we deliver our social care services and reviewing how we deliver and staff our support services;
  - Additional income raising £2.560 million through a range of measures; and
  - Using £9 million of council reserves.
- 1.3 Questions focused on whether the public agreed with the overall approach to savings proposals and whether they could provide any alternative savings suggestions which would address the c. £17m funding gap. Views on the proposed council tax increase were also sought, including utilising the higher council tax referendum limit set by the Government and in line with the Government's assumptions.
- 1.4 Budget plans included an assumed Council Tax increase of 4.99%. In 2023/2024 the Government increased the referendum limit for 2 years to 2024/2025. This was a limit to the amount councils could increase Council Tax without a local referendum. There was an expectation that local authorities would increase Council Tax by 5% (including 2% for the Adult Social Care Precept) in the absence of sufficient additional funding from the Government. The referendum limit was previously 2.99% (including 1% for the social care precept).
- 1.5 A 4.99% increase would mean a household living in a Band A property would pay £1.05 more per week whilst a household living in a Band D property would be paying £1.57 more per week. For those in receipt of council tax support these increases would be lower. Even taking into account this increase, Sunderland would remain the lowest Council Tax rate for Band D in the North East. This increase would generate an additional £6.084 million.  
  
[Our proposed approach can be read in detail in the Budget Planning Framework and Medium-Term Financial Plan.](#)
- 1.6 Response levels were lower higher than last year with 120 consultation responses received, compared to 169 previously.
- 1.7 In addition, briefings to the following stakeholders were given:

- Northeast Chamber of Commerce, representatives of business ratepayers and Sunderland Business Improvement District; and
- Trades Unions.

1.8 The budget engagement and consultation exercise aimed to increase and assess awareness of the financial challenges the Council faces and the scale of services provided.

## 2. Results

2.1 In response to whether residents agreed with the proposed approach to meet the budget gap, the chart below displays the 120 responses received to this question (2 replies did not include an answer to this question).



2.2 The consultation responses received were evenly split between those who agreed with the proposed approach, those who disagreed and those who neither agreed nor disagreed.

2.3 Although there was not a strong majority either way on the proposals as set out, it is important to note that there were a range of qualitative responses as well which provided further context. In many cases, people acknowledged the difficult decisions that the Council faced, and that ideally no further reductions would be required.

2.4 85 people provided qualitative suggestions as part of their consultation response. From the extensive range of suggestions received some common themes have been grouped in order of prevalence as shown below:

- Proposals for reducing costs and improving efficiency;
- Greater use of volunteers / community groups and buildings to deliver services;
- A number of responders would prefer a more basic service to be provided or a small charge to be implemented for services; and
- Costs reductions associated with councillors and committees.

2.5 Residents were asked whether they agreed or disagreed with the Council's proposed increase of 4.99% (2.99% core Council Tax increase and 2% Adult Social Care increase) in line with the Government's assumptions for local authorities. The chart below displays

the 118 responses received to this question (2 replies did not include an answer to this question).

Do you agree or disagree with the Council's proposed increase of 4.99% (2.99% core Council Tax increase and 2% Adult Social Care increase) in line with the Government's assumptions for local authorities?

- Strongly agree, 13
- Agree, 32
- Neither agree nor disagree, 14
- Disagree, 19
- Strongly disagree, 40



- 2.6 The responses received to this question indicate that 38% of respondents either agreed or strongly agreed with an increase in Council Tax up to the 5% referendum level with 12% of respondents neither agreeing or disagreeing. Overall, 50% of respondents indicated that an increase in Council Tax was not desirable with respondents either strongly disagreeing or disagreeing.
- 2.7 This information has been considered by Cabinet in considering their proposals for the 2024/2025 budget alongside the need to continue to deliver services to our residents and businesses within the financial resources available.



**Formal Budget Consultation Meeting held on Wednesday, 10<sup>th</sup> January 2024 at 3.00pm with Trade Unions**

**Council Representatives**

Cllr Graeme Miller	-	Leader of the Council
Patrick Melia	-	Chief Executive
Paul Wilson	-	Director of Finance
Claire Emmerson	-	Assistant Director of Finance
Gillian Hunter	-	Strategic Lead – People Management

**Trade Union Representatives**

Diane Peacock	-	Unison
Lisa Foot	-	Unison
Conor McArdle	-	Unison
Howard Fawcett	-	Unison
Graham Avery	-	GMB
Dave Riddle	-	GMB
Kay Charlton	-	Unite

**Apologies**

Cllr Claire Rowntree	-	Deputy Leader of the Council
Cllr Paul Stewart	-	Cabinet Secretary

Representatives from the Trade Unions attended a meeting where Paul Wilson (PW) gave a brief presentation on the Council's budget position for 2024/25 and the medium term.

After the presentation PW opened the meeting for questions and feedback.

1. Dave Riddle (DR) asked with regard to funding, as to whether the Government have given any commitment in the future in terms of funding pay awards for local government and schools?

GM explained that we are still receiving yearly finance settlements and that we find out very late in the year what our actual funding is to be. For 2024/2025 we didn't receive this information until 18<sup>th</sup> December with some funding allocations reducing from the levels received in the previous year.

PW explained that the local government pay award is unfunded and that there is no specific relationship between the grant funding and the costs of any pay award.

Patrick Melia (PM) added there is no correlation between the costs we incur across services for example adult social care and the amount of grant funding received – with potential cost increases expected greater than any additional funding allocated by the Government.

GM said that the Council had supported its residents in 2023/24 by not increasing council tax by the maximum 4.99% but given that the Government are not providing sufficient funding we are planning for a 4.99% increase in 2024/2025.

2. Diane Peacock (DP) commented with regard to the proposed additional days annual leave that whilst the proposal was appreciated that there may be better, more cost-effective solutions or one-off solutions that could be implemented.

PM agreed that further conversations would be needed around alternatives, whether it is a one-off day or for example attached to the long service award but there is a commitment from the Council to have something in place.

DP also asked if it has to be a specific day's holiday? Some of the alternative suggestions included:

- A holiday on your birthday so that not everyone is off together;
- A voucher scheme to reward staff instead of a day's leave which would be redeemable in businesses across Sunderland so the money would be retained across the city.

PM asked the Trade Unions to have further discussions and then feedback to Gillian Hunter.

Conor McArdle (CM) had one concern about the additional day's leave for the staff in maintained schools as to whether schools would allow the additional day's leave.

3. DR mentioned he has received a number of comments from people returning to the North East about how the redevelopment in Sunderland is having a very positive affect on the City. He asked if the Council would see any financial benefit because of these improvements?

PW responded that from a council perspective the residential development across the city has a positive impact on our council tax base thereby increasing the amount of council tax we can raise. As an example, the council tax base for 2024/2025 has increased by over 800 properties compared with 2023/2024. Additionally, through the other developments this will bring additional resources through business rates growth.

PM added that whilst this helps with additional funding, it also leads to increased costs as for example we need to maintain more roads, provide our services to more households. There are wider benefits to our resident's employment opportunities and to our businesses increasing the

numbers of people who are living, working and spending in the City Centre the more our economy is boosted.

4. DR asked about the inflationary measures with regard to the National Living Wage and the Real Living Foundation Wage, are we following the Living Foundation Wage? PW confirmed that we were compliant with the Real Living Wage but that the Council was part of the collective national bargaining arrangements where the focus was on the National Living Wage given that a number of employers have not signed up to the Real Living Wage. The increases in both the National Living Wage and the Real Living exerts a pressure in terms of pay awards.
5. CM asked about the proposals for Adult Social Care to save £1.75bn. PM responded that between South Tyneside Council, ourselves and the Foundation Trust we are doing a piece of work around admissions of older people to hospital and then discharge arrangements. Work that has been done elsewhere in the country has proved that changes to the overall system can make substantial savings. Early indications show that 40% of people going into hospital are preventable through better community care services. If we can change those pathways and keep people out of hospital they don't need as much care in the community and they are better looked after.
6. CM asked if there would be any service reviews? PM said that given the scale of reductions required in the future that we will need to review the services that we provide and unfortunately, we would have to realise reductions in head count as there is no way we can get through the longer term without reductions. DR added have we looked at age groups in relation to reductions as we do tend to have an aging workforce, will some of the reduction be taken up in retirement etc? PM explained if some people decide to retire or leave it will then be our decision whether to fill that post or not, but this is something that we already consider with all posts that become vacant.
7. DP said it was mentioned at the Corporate Joint Consultative Forum recently that we were trying to reduce sickness. GH said that continuing on from the work already undertaken, that we will be doing a lot of work in the organisation over the next 12 months to make sure that we are consistently managing sickness in line with our policy and that we will be giving people the support they need to ensure this is managed effectively and efficiently.
8. GM thanked everyone for attending and their input to the meeting



## **Formal Budget Consultation Meeting was held on Friday, 5<sup>th</sup> January 2024 at 11.00am with the North East England Chamber of Commerce and Sunderland BID**

### **Council Representatives**

Cllr Graeme Miller	-	Leader of the Council
Patrick Melia	-	Chief Executive
Paul Wilson	-	Director of Finance
Claire Emmerson	-	Assistant Director of Finance

### **Business Representatives**

Rachel Anderson	-	NEE Chamber of Commerce
Sharon Appleby	-	Sunderland BID
Kirsty Currie	-	Sunderland BID
Angela Ashcroft	-	Mortons Solicitors

### **Apologies**

Cllr Claire Rowntree	-	Deputy Leader of the Council
Cllr Paul Stewart	-	Cabinet Secretary

Representatives from the North East England Chamber of Commerce, Sunderland BID and Mortons Solicitors attended a meeting where Paul Wilson (PW) gave a brief presentation on the Council's budget position and he also outlined some of the pressures we are facing.

He invited questions and views from the group as follows:-

1. Rachel Anderson (RA) asked, at the meeting last year we talked about the levels of inflation and there was a forecast at the beginning of the year that inflation would have fallen back to normal levels by the end of the year, it has but it has taken a lot longer to fall than expected. What impact has this had?  
  
PW confirmed that there are in-year cost pressures within Children's and Adult's Social Care alongside other services and that whilst additional funding was provided as part of the 2023/2024 budget costs have increased beyond that. These overall pressures have been counteracted by savings in debt charges and increased levels of investment income earned through the Council's treasury management service.
2. Sharon Appleby (SA) mentioned they are having quite a lot of discussion at the British BID's Board around what the implication of the funding position of local authorities and spending pressures being faced and how this would impact on BIDs in terms of helping to fill the gap or take on more activity.

3. RA asked with regard to council tax whether the residential development within the local plan would provide a significant uplift in Council Tax? PW responded that the Council assumes growth each year in its council tax base primarily aligned to known developments. There is a substantial increase in the council tax base of over 600 band D equivalent properties in 2024/2025 compared with 2023/2024.

Cllr Graeme Miller (GM) added last year that the Council did not increase council tax as much as was permitted in order to assist our residents during the cost-of-living crisis but that this position is not sustainable.

4. RA asked about the healthy saving proposal. PW mentioned the joint work being undertaken jointly with the Trust and South Tyneside Council. PM added that this was around providing better adult care solutions and outcomes for our residents including trying to reduce the need for hospital admissions and the overall cost of care across health and local government.
5. In relation to capital investment RA enquired about the availability of match funding aligned to securing resources through the North East devolution deal. PM added we have to find money for things like repairing roads and potholes but for large scale projects we will have to continue to look for Government funding, the devolution investment fund and other resources as it is going to be challenging to afford any significant capital expenditure.
6. PM advised that irrespective of the Government it is unlikely that any additional funding for local government will be forthcoming until at least 2026/2027. This year has again been a challenge to balance the books without impacting on front line services, but the outlook for subsequent years is even more difficult and is likely to impact on the services we deliver.
7. RA asked with regard to the planned use of £9m of reserves per annum over the next 3 years as to where that left council reserves? PW responded that alongside this reserve the Council has its general fund reserve at £12m which is held in case of emergencies.
8. RA mentioned the bus strike and that bus routes had gone up their agenda significantly, is there pressure for more money on our precept to Nexus? SA referred to the adverse impact on city centre businesses. GM responded that at the end of the day we don't get enough money from Central Government to support transport issues in the North East. PM added that bus services are challenging given the need for the bus operators to operate commercially and make a profit as well as the need to try and fund the non-profitable routes.
9. GM thanked everyone for attending and their input to the meeting.

**Scrutiny Coordinating Committee Consultation on the Budget 2024/2025**

**Comments of Scrutiny Coordinating Committee**

1. On 12<sup>th</sup> October 2023, Scrutiny Coordinating Committee considered the Budget Planning Framework and Medium-Term Financial Plan 2024/2025– 2027/2028 report which was referred from the October Cabinet meeting.

Scrutiny Coordinating Committee commented as follows:

“The Scrutiny Committee notes the contents of the report including the medium-term financial strategy and budget planning framework and is satisfied with the information provided.

The Committee would also recommend that serious consideration is once again given to limiting any rises in council tax given the current financial climate and the impact that this will have on residents of the City.

The Committee also acknowledges the work undertaken around the budget consultation and updating the Capital Strategy. The Committee remains committed to budget monitoring through further updates to the Committee and has no further comments to make at this time.”

2. On 7<sup>th</sup> December 2023, Scrutiny Coordinating Committee considered the Budget Planning Framework and Medium-Term Financial Plan 2024/2025– 2027/2028 report which was referred from the December Cabinet meeting.

Scrutiny Coordinating Committee commented as follows:

“ i) The Scrutiny Committee notes the contents of the report including the medium-term financial plan and budget planning framework and acknowledges the budget saving proposals as well as the remaining overall budget gap, and

ii) The Committee recognises the difficult financial situation that the Council continues to operate within and remains focused on monitoring the budget position through updates provided at this Committee and has no further comments to make at this time.”



## **Proposed Council Tax for 2024/2025**

### **1. Purpose:**

To advise Cabinet of the Council Tax levels for 2024/2025 to enable recommendations to be made to Council subject to the approval of the Revenue Budget 2024/2025.

In summary, Cabinet is recommending to Council a proposal to set a Council Tax requirement which will require a 4.99% increase to the council tax for 2024/2025 (including an increase of 2% in respect of the ringfenced social care precept).

### **2. Description of Decision:**

Cabinet is requested to:

- 1) delegate the finalisation of the Council Tax supplementary information, that will be published on the Council website, to the Director of Finance in consultation with the Leader of the Council.
- 2) recommend to Council the Council Tax levels for 2024/2025 and additional associated matters in accordance with the statutory requirements, including the detailed information set out in section 3.2 of the report, as follows:
  - a) To note the Council Tax base applicable to the Council and to the Parish of Hetton Town Council;
  - b) To approve the estimated amount of the Council's aggregate gross revenue expenditure;
  - c) To approve the estimated amount of the Council's aggregate gross revenue income;
  - d) To approve the estimated amount of the Council's Council Tax requirement;
  - e) To note the precept of the Parish of 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 Police and Crime Commissioner for Northumbria;
  - h) To note the provisional precept of the Tyne and Wear Fire and Rescue Authority;
  - i) To approve the draft total Council Tax levels for 2024/2025 applicable to the Council and to the Parish of Hetton Town Council including all relevant precepts; and
  - j) To determine that the Council's relevant basic amount of Council Tax for 2024/2025 is not excessive in accordance with Section 52ZB of the Local Government Finance Act 1992, which means a 5% increase to the Council Tax for 2024/2025.

## **2. Council Tax Levels and Billing**

- 2.1 The Council Tax is calculated using the tax bases for the areas of the City Council and the Parish of Hetton Town Council as confirmed by Council on 24<sup>th</sup> January 2024. There are a number of factors required to determine the council tax including precepts from the Major Precepting Authorities and the Parish of Hetton Town Council.
- 2.2 In the Local Government Finance Settlement, the Government confirmed the referendum threshold for 2024/2025 to be 5%, being 3% for the core element and an additional 2% for social care authorities in respect of the social care precept. The Government's funding assumptions include the expectation that the full 5% increase is applied. The council tax requirement within the Council's 2024/2025 budget requires a 4.99% increase.
- 2.3 The total Council Tax raised for 2024/2025 therefore now includes the cumulative impact of social care precepts of 17%.
- 2.4 The Localism Act 2011 made changes to the Local Government Finance Act 1992 and the Council, as a billing authority, is required to calculate a Council Tax requirement for the year. It is also required to consider whether the amount of Council Tax it plans to raise is "excessive" using a set of principles determined under Section 52ZC(1) of the Act for 2024/2025. Any authority proposing an excessive increase in Council Tax must hold a local referendum and obtain a "yes" vote before implementing the increase.

For 2024/2025 the guideline increase for the Council is under 5.0%.

As the Council is proposing a Council Tax increase for 2024/2025 of 4.99% i.e. below 5.0%, there is no requirement to hold a referendum.

- 2.5 As Council Tax bills must show year on year increases to one decimal place in accordance with the Government's regulations, the proposed increase of 4.99% for 2024/2025 will appear as 3.0% in respect of the Council and 2.0% in respect of the adult social care precept which must be separately identified.
- 2.6 The Council has the option not to include a Council Tax leaflet with the Council Tax demand notices, but to signpost to the Council's website where the supplementary information is made available and to provide a hard copy if requested. This is the proposed approach for 2024/2025, which is in line with previous years.

## **3. Description of Decision**

- 3.1 Cabinet is requested to delegate the finalisation of the council tax supplementary information, that will be published on the Council website, to the Director of Finance in consultation with the Leader of the Council.
- 3.2 Cabinet is requested to recommend to Council the Council Tax levels for 2024/2025 and additional associated matters in accordance with the statutory requirements, as follows:
  - 3.2.1 To approve the proposed Council Tax requirement for the Council for 2024/2025 for its own purposes is £128,023,844 (excluding Parish precepts) and which represents a 4.99% increase in Council Tax for 2024/2025. It should be noted that this includes the additional ringfenced social care precept of 2%.

3.2.2 To note that at its meeting on 24<sup>th</sup> January 2024 the Council approved the following amounts for the year 2024/2025 in accordance with the amended regulations made under Section 31B(3) of the Local Government Finance Act 1992 (the 'Act'):

- a) 74,484 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) (England) Regulations 2012, as its council tax base for the year (Item T).
- b) 4,267 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.

3.2.3 To approve the following amounts be calculated by the Council for the year 2024/2025 in accordance with Sections 31 to 36 of the Local Government Finance Act 1992 as amended:

- a) £792,021,360 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) £663,934,578 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A (3) of the Act.
- c) £128,086,782 being the amount by which the aggregate at 3.2.3 (a) above exceeds the aggregate at 3.2.3 (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) £1,719.6550 being the amount at 3.2.3 (c) above (Item R) all divided by Item T (3.2.2 (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) £62,938 being the precept notified by Hetton Town Council as a special item under Section 34 (1) of the Act.
- f) £1,718.8100 being the amount at 3.2.3 (d) above less the result given by dividing the amount at 3.2.3 (e) above by the Item T (3.2.2 (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) £1,733.5599 being the amount given by adding to the amount at 3.2.3 (f) above the amount 3.2.3 (e) divided by the amount at 3.2.2 (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.

h) Charges relating to the Council:

Valuation Band	Hetton Town Council £	All other parts of the Council's area £
A	1,155.71	1,145.87
B	1,348.32	1,336.85
C	1,540.94	1,527.83
D	1,733.56	1,718.81
E	2,118.80	2,100.77
F	2,504.03	2,482.73
G	2,889.27	2,864.68
H	3,467.12	3,437.62

being the amounts given by multiplying the amounts at 3.2.3 (f) and 3.2.3 (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.

- 3.2.4 That it be noted that for 2024/2025, both the Police and Crime Commissioner for Northumbria and the Tyne and Wear Fire and Rescue Authority have supplied their best estimate of their proposed precepts, which have yet to be formally notified.

Consequently, the following amounts represent the provisional precepts for 2024/2025, which may be issued to the Council, in accordance with Section 40 of the Local Government Finance Act 1992:

Valuation Band	Police and Crime Commissioner for Northumbria (proposed) £	Tyne and Wear Fire and Rescue Authority (proposed) £
A	121.23	63.41
B	141.43	73.97
C	161.64	84.54
D	181.84	95.11
E	222.25	116.25
F	262.66	137.38
G	303.07	158.52
H	363.68	190.22

- 3.2.5 That Council approve, in accordance with Section 30 (2) of the Local Government Finance Act 1992, the Council has calculated the aggregate of the amounts at 3.2.3 (h) and the estimated precepts at 3.2.4 and estimates the total level of council tax for 2024/2025 to be:

Valuation Band	Hetton Town Council £	All other parts of the Council's area £
A	1,340.35	1,330.51
B	1,563.72	1,552.25
C	1,787.12	1,774.01
D	2,010.51	1,995.76
E	2,457.30	2,439.27
F	2,904.07	2,882.77
G	3,350.86	3,326.27
H	4,021.02	3,991.52

3.2.6 To determine that under Section 52ZB of the Local Government Finance Act 1992, the Authority's relevant basic amount of council tax for 2024/2025 is not excessive in accordance with the principles determined under Section 52ZC(1) of the Act.

(i.e. the proposed council tax increase for 2024/2025 means that the Council does not need to hold a referendum on its proposed Council Tax. The provisions set out in Section 52ZC of the Local Government Finance Act 1992 require 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 the Government's guidelines which are set out annually.)

#### **4. Equality**

- 4.1 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.
- 4.2 An equality analysis has been completed with regard to this proposal (link below). All Council Tax payers will be affected by the increase, however, those on lower incomes are likely to experience a greater impact on their ability to pay. The impact on some low income groups will be reduced by the Council Tax Support Scheme. The proposed increase in Council Tax has wider benefits in that it will raise money to provide vital local services, including within social care.

[Link to Proposed Council Tax Equality analysis](#)

#### **5. Privacy**

There are no implications.

#### **6. Sustainability**

There are no implications.

#### **7. Crime and Disorder**

- 7.1 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.

7.2 There are no implications.

**8. Suggested Reason for Decision**

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 2024/2025.

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

There are no alternative options recommended for approval.

## **Medium Term Financial Plan (MTFP) 2024/2025 – 2027/2028**

### **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 estimates, other resources and service pressures. It is regularly updated to reflect the changes in local government finance. The key objectives of the plan are:
- To ensure the continued strong financial resilience of the Council;
  - To identify and draw together strands of activity that will meet the reductions requirement; and
  - To continue to facilitate investment in regeneration activity and key priorities within the City Plan.

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

- 1.3 While the following MTFP reflects the Provisional Local Government Finance Settlement data for 2024/2025 released by the Government, there is considerable uncertainty over the impact of future local government settlements, Fair Funding Review and any changes to the business rates retention system in the medium term. The plan will be kept under review and updated as further details emerge.
- 1.4 The MTFP provides background planning assumptions covering:
- National funding and economic outlook (section 2);
  - Local funding position (section 3);
  - Spending pressures and commitments (section 4);
  - Summary overall budget gap (section 5);
  - Addressing the budget gap and Efficiency Strategy (section 6);
  - Capital and prudential borrowing (section 7);
  - Reserves and balances, and Reserves Policy (section 8);
  - Budget consultation and equality analysis (section 9);
  - Risk assessment (section 10); and
  - Conclusion (section 11).

## **2 National Funding and Economic Outlook**

- 2.1 The Autumn Statement was delivered by the Chancellor on 22 November 2023 and set out details of the country's finances including details of the government tax and public spending plans. The Office for Budget Responsibility (OBR) also warned pressure on local authority budgets "will continue." It said 2022/23 was the first time since 2019/20 that local authorities had drawn on their reserves for current spending, using £2.3bn and it now assumes they will drawdown a further £1.5bn in 2023/24 and £0.8bn in 2024/25. Its previous forecast in March 2023 had assumed there would be no drawdown from reserves. The analysis notes that 11 section 114 notices have been issued by local authorities since 2018, this includes Croydon that has issued three section 114 notices, compared with two nationally between 2000 and 2018, but says the "direct impact on our forecast to date has been relatively small as the central government response to section 114s has been to allow affected local authorities to reallocate their capital budget towards day-to-day spending (a 'capitalisation direction') or to increase council tax rates".
- 2.2 However, the OBR warns that wider pressures on local authority finances still pose a risk to its forecast. It notes that local authority spending has fallen from 7.4% to 5% of GDP since 2010/11 and forecasts it will fall further to 4.6% in 2028/29. It adds: "Given local authorities' statutory duty to provide a range of services where demand is likely to continue to grow, for example adult and child social care, pressure on local authority finances and services will continue." The watchdog also forecasts a £4.5bn fall in borrowing for capital expenditure from its 2019/20 peak of £11.5b to £7bn in 2028/29. It adds: "This reflects the financial pressures facing local authorities and higher interest rates on loans from the Public Works Loan Board, their principal source of financing."
- 2.3 The Bank of England's (BoE) Monetary Policy Committee (MPC) announced on 14th December 2023 that it had voted (6-3) to maintain the Base Rate at 5.25%. Notes from the meeting reconfirmed the Committee's primary focus is on achieving the Government's inflation target and that monetary policy would remain "sufficiently restrictive for sufficiently long to return inflation to the 2% target sustainably in the medium term".
- 2.4 Annual CPI inflation was 3.9% in the year to November 2023, down from 4.6% in October. Underlying "core" inflation also fell, but at a slower rate, with the annual rate standing at 5.1% in November, down from 5.7% in October. The MPC noted a material fall in government bond yields but upside risks to inflation remain given events in the Middle East.
- 2.5 On growth, GDP remained unchanged in Q3 in line with expectations, but weaker than the positive growth that had been recorded during the first half of the year and was expected to remain flat in Q4. The fiscal measures in the Autumn Statement, including the 2p cut in the main rate of employee NI contributions, are provisionally estimated to increase the level of GDP by around 0.25% over the coming years.
- 2.6 The Government's medium to longer term approach to addressing its financial position is still being developed and the one-year funding settlement for local government again provides limited certainty for the Council.
- 2.5 The Council continues to make representations, including through SIGOMA and ANEC, to highlight the inadequacy and unfair distribution of local government funding, as well as the short-term nature of the funding announcements which

makes financial planning difficult. Whilst the local government settlement did little to provide reassurance that these messages are being heard, the Government's March 2024 budget will provide an indication of any possible funding boost (however unlikely) or funding shift to local government in the near future.

### 3 Local Funding Position

#### Core Spending Power

3.1 The Government uses a measure known as the Core Spending Power (CSP) to indicate the impact of changes in funding. For 2024/2025, this measure includes:

- Settlement Funding Assessment (SFA) comprising:
  - Revenue Support Grant (RSG);
  - Baseline Funding (Top Up Grant); and
  - Assumed Retained Business Rates.
- Compensation for the under-indexing of the Business Rates Multiplier;
- Council Tax Income, which the Government assumes a 4.99% increase is applied in addition to additional income from growth in the council tax base;
- Local Government element of the Improved Better Care Fund;
- New Homes Bonus;
- Social Care Grant;
- ASC Market Sustainability and Improvement Fund;
- ASC Discharge Fund; and
- Services Grant.

3.2 In December 2024, as part of the Provisional Local Government Finance Settlement 2024/2025, the Government provided details of their assumptions on CSP for 2024/2025.

	2023/24	2024/25	2024/25	2024/25
	£m	£m	Change £m	Change %
Settlement Funding Assessment	121.554	127.813	6.259	5.1%
Compensation for under-indexing the business rates multiplier	15.174	17.759	2.585	17.0%
Council tax requirement excluding parish precepts	120.523	127.976	7.453	6.2%
Improved Better Care Fund	18.684	18.684	0.000	0.0%
New Homes Bonus	1.183	1.019	(0.164)	-13.8%
Social Care Grant <sup>4</sup>	29.337	35.066	5.729	19.5%
ASC Market Sustainability and Improvement Fund	3.671	6.859	3.188	86.8%
ASC Discharge Fund	2.619	4.366	1.746	66.7%
Services Grant <sup>6</sup>	3.473	0.546	(2.926)	-84.3%
<b>Sunderland Core Spending Power</b>	<b>318.604</b>	<b>340.089</b>	<b>21.485</b>	<b>6.7%</b>
<b>Memorandum National Position</b>				<b>6.5%</b>

3.3 CSP will increase by an average 6.5% nationally in 2024/2025. For Sunderland the increase is 6.7% (based upon a Government assumed Council Tax increase of 4.99%) as shown in the table above. As noted, nationally 53% of this increased spending power is assumed from Council Tax rises. Given Sunderland's relatively lower Council Tax base this proportion is much lower, at 34.7%.

- 3.4 For Sunderland there is a 5.1% increase in SFA for 2024/2025. The relatively low percentage increase is as a result of the continued freeze on the small business rates multiplier for 2024/2025 for which councils are compensated through Section 31 grant funding. Although the Section 31 grant compensation is part of the Council's CSP, it is outside of the SFA element of funding. It should be noted that actual business rates received will be dependent on the Council's own position which will be confirmed within the new National Non-Domestic Rates ('NNDR') statistical collection Form 1 (budget forecast) to be submitted to Government by 31 January 2024. The increase in Revenue Support Grant is in line with inflation.

### **Business Rates**

#### 3.5 Current funding mechanism

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

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

- 3.5.2 The Council must determine for itself the level of forecast Business Rate income to take into account in setting its budget taking account of the latest information available. As regeneration activity continues in line with the City Plan, the growth projections will be kept under review.

#### 3.6 Risk arising from Appeals

- 3.6.1 The outcome of valuation appeals continues to be a risk. Under the current system, successful appeals reduce the base income collectable for future years with the Council losing income to the value of 49% of the value of successful appeals. The Government introduced a new appeal system from April 2017 with a check, challenge and appeal system intended to make appeals quicker and more efficient and to reduce speculative appeals.

- 3.6.2 The Government will only fund losses on business rates collection through the safety net mechanism after a certain level of loss has been incurred. Based on our assumptions on business rates income collection, business rates collected would have to fall by £15m before the threshold is triggered and the Council receives any safety net funding from the Government.

#### 3.7 Top Up Grant / Tariff

- 3.7.1 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 £49.598m in 2024/2025. Top Up grant is generally increased annually by inflation (September Consumer Price Index).

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

### 3.8 Section 31 Grant - Business Rates

- 3.8.1 The Government has made a number of changes to the business rate retention system since its introduction in 2013/2014, including capping of annual increases, increases in Small Business Rate relief and significant reliefs to support businesses during the pandemic. The Government have confirmed an extension to the Retail, Hospitality & Leisure reliefs grant in to 2024/2025 in response to the cost-of-living crisis impact on these sectors.
- 3.8.2 The Non-Domestic Rating Act 2023 gives ministers the power to set the small and standard business rating multipliers separately from one another. At the November 2023 Autumn Statement, the Chancellor decided to use this new power in 2024/2025 which confirmed the small business multiplier would remain at 49.9p whilst the standard multiplier would increase in line with inflation (6.7%) from 51.2p to 54.6p. The Government will continue to fully compensate councils for any consequential shortfall in income through Section 31 grant for the small business multiplier. The amount of grant due to the Council is dependent on the NNDR1, submitted to the Government at the end of January and any subsequent business rates reliefs announced by the Government.

### **Other Core Grant and Revenue Funding**

### 3.9 Improved Better Care Fund (IBCF)

- 3.9.1 The Improved Better Care Fund (IBCF) 2024/2025 allocation has been frozen at the 2023/2024 level. This is in line with budget planning forecasts.

### 3.10 New Homes Bonus Grant

- 3.10.1 The national quantum of funding available for NHB has remained at £291m for 2024/2025. Sunderland's allocation of NHB has reduced from £1.183m in 2023/2024 down to £1.019m in 2024/2025. Previous planning assumptions had been that the Council would not receive any NHB grant in 2024/2025 on the basis that the grant was likely to be phased out. Given the potential phasing out of this grant and the Government's intention to consult on NHB during 2024/2025, future years' assumed allocations have been prudently removed from budget planning from 2025/2026.

### 3.11 Social Care Grants

- 3.11.1 As anticipated, Social Care Grant allocations from prior years have been maintained and the previously announced increases in social care grants in 2024/2025 have been confirmed. Some additional funding has been received reflecting the equalisation of this funding (to take into account that councils can raise different amounts of funding through Council Tax). The Adult Social Care Workforce Fund confirmed in July 2023 (£1.339m for 2024/2025) will be rolled into the larger Adult Social Care Market Sustainability and Improvement Fund grant in 2024/2025, which implies that this funding will continue into 2025/2026. The Council's medium-term planning assumptions have been updated to take account of this change.

### 3.12 Services Grant

3.13.1 In recognition of the service delivery cost pressures facing councils, a new Services Grant totalling £822m nationally was announced for 2022/2023 but subsequently reduced to £483m in 2023/24. This national grant allocation has been significantly reduced again in 2024/2025 to £77m to fund increases elsewhere in the Settlement, this includes funding to support equalisation of the social care grant but also to fund the minimum funding guarantee to ensure that each council receives at least a 3% increase in CSP. The minimum funding guarantee mainly benefits district councils but also a small number of county councils. Sunderland's Services Grant allocation has reduced from £3.336m in 2023/2024 down to £0.546m in 2024/2025. It is likely that the Services Grant will be removed from 2025/2026 and therefore the budget planning has been updated accordingly.

### 3.13 Public Health Grant

3.14.1 The 2021 Spending review did indicate Public Health grant funding will be maintained in real terms, indicating an inflationary based increase, but this has not proved to be the case. Indicative Public Health grant allocations have already been announced. The indicative increase in allocations is only 1.36% (total funding of £3.527bn in 2023/2024 and £3.575bn in 2024/2025) with the Council's indicative allocation increasing from £25.967m in 2023/2024 to £26.320m in 2024/2025. The budget planning has been updated with the indicative allocations and will be reviewed as required when the final grant allocation for 2024/2025 is confirmed.

### 3.15 Housing and Council Tax Benefit Administration and Local Council Tax Support Administration Grant

3.15.1 Notification of the Housing Benefits and Council Tax Administration grants, comes outside of the settlement. For 2024/2025 the grant allocation has reduced by £0.077m (6.7%) and the MTFP has been updated to reflect the reduction to the Grant.

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

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

3.16.2 The Government has previously set up a number of working groups to progress this agenda and various consultation documents have been released and responded to. Progress on the reform activity was significantly hampered as the Government responded to the global pandemic and has yet to recommence in earnest. As and when more details emerge, the MTFP will be updated accordingly.

## **Locally Raised Income**

### **3.17 Council Tax**

3.17.1 In the Settlement, the Government confirmed the referendum threshold from April 2024, being that the core element is subject to a maximum increase of up to 3%. Social Care authorities can levy an additional 2% in respect of the social care precept. Any increase above the Council Tax limit will require a referendum to give the local electorate the opportunity to approve or veto the increase.

3.17.2 The Council Tax base for 2024/2025 has increased from 2023/2024 primarily due to an anticipated reduced uptake of the Local Council Tax Support Scheme during 2024/2025 and also increases in house building across the City.

### **3.18 Local Council Tax Support Scheme**

3.18.1 The current Local Council Tax Support Scheme was introduced in 2013/2014, with only minor changes since that time. The scheme supports Council Tax payers in need of financial help within the scheme's parameters. The main feature of the current scheme is that working age people who receive help pay a minimum of 8.5% of their council tax bill whilst those of a pension age are protected in line with the prescribed regulations.

### **3.19 Schools Funding**

3.19.1 Cabinet agreed in January to the principles proposed by the Sunderland Schools Forum for the 2024/2025 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 NFF to be implemented with the following local adjustments:
  - Minimum Funding Guarantee MFG applied at 0.5% in line with NFF value; a transfer of 0.5% (c. £1m) to the High Needs Block in recognition of ongoing pressures.
  - The Basic Entitlement factor set at reduced rates of £3,540.67 per Primary Pupil (NFF £3,562), £5,000.67 per Key stage 3 pupil (NFF £5,022) and £5,639.67 per Key Stage 4 pupil (NFF £5,661).

All other factors are in line with the NFF.

## **4 Spending Pressures and Commitments**

4.1 Spending pressures and commitments for 2024/2025 are detailed in section 5 of the Cabinet Report.

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

- Pay and price increases, including contract inflation and pay award increases;
- Demand and cost pressures for both Adults and Children's 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 Adults and Children's Social Care budgets will be kept under review throughout the MTFP period and further additional provision included where necessary.
- 4.4 In addition, as part of the Autumn Statement 2022 the Chancellor announced the postponement of the Social Care reforms plans from October 2023 to October 2025. The earmarked funding to implement a care cost cap and increase the upper capital limit for accessing care, was released to allow councils to meet their mounting financial pressures in both adults and children's social care delivery. It is unclear how the reforms, which have been delayed until at least October 2025, will subsequently be funded.
- 4.5 The cost pressures and commitments across the MTFP period are summarised below:

	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m	Total £m
<b>Spending Pressures and Commitments</b>					
Pay	9.527	4.171	4.283	4.399	<b>22.380</b>
Energy	(2.597)	0.500	0.500	0.500	<b>(1.097)</b>
Other Price and Contract Inflation (inc. Social Care Demand Pressures)	14.682	8.977	9.809	9.727	<b>43.195</b>
Transport Levy	0.559	0.500	0.500	0.500	<b>2.059</b>
Other Service Pressures	1.191	(0.266)	0.000	0.000	<b>0.925</b>
Capital Financing	5.130	3.000	3.000	1.200	<b>12.330</b>
Pensions Actuarial Review	0.000	0.000	2.000	0.000	<b>2.000</b>
<b>Total Spending Pressures and Commitments</b>	<b>28.492</b>	<b>16.882</b>	<b>20.092</b>	<b>16.326</b>	<b>81.792</b>

## 5 Summary Overall Budget Gap 2024/2025 to 2027/2028

- 5.1 In relation to the period beyond 2024/2025, at this stage no information has been released by the Government regarding allocations to individual councils. Therefore, for the purposes of preparing an MTFP at this stage, an assumption has been made that when any revised system of retained business rates is implemented and the impact of the fair funding review are fully worked through, the Government will take action to ensure a 'status quo' impact on the funding position for each council through the top-ups and tariffs system or damping, to ensure no detrimental impact on each council's overall funding position.
- 5.2 Based on high level assumptions, the on-going funding gap excluding any assumed increase for Council Tax for 2025/2026 to 2027/2028 is in the region of £59.702m. However, this position is subject to change given the significant uncertainties in the funding system at present.
- 5.3 As reported to Cabinet in December 2023 and subsequently in January 2024, plans of £6.673m have been developed to seek to address the funding gap in 2024/2025. Further detail on the savings plans is set out in Appendix A of the Budget report.

	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m	Total £m
Spending Pressures and Commitments	28.492	16.882	20.092	16.326	<b>81.792</b>
Previously Approved Savings Proposals	(0.179)	0.086	1.778	0.000	<b>1.685</b>
Government Grant Change	(15.633)	0.559	(1.027)	(1.048)	<b>(17.149)</b>
2024/25 Savings Proposals	(6.673)	(0.353)	0.000	0.400	<b>(6.626)</b>
<b>Gross Funding Gap</b>	<b>6.007</b>	<b>17.174</b>	<b>20.843</b>	<b>15.678</b>	<b>59.702</b>

## 6 Addressing the Budget Gap and Efficiency Strategy 2024/2025 to 2027/2028

6.1 In addition, the following table shows that:

- Council tax and Social Care Precept increases in line with the current budget planning assumption of 4.99% for 2024/2025 and 2.99% in subsequent years would generate further resources to support the budget position over the four years to 2027/2028. 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.

These will reduce the overall budget gap to £44.686m for the period to 2027/2028.

	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m	Total £m
Gross Funding Gap	6.007	17.174	20.843	15.678	<b>59.702</b>
Collection Fund Impact	(6.007)	(5.590)	(6.120)	(6.299)	<b>(24.016)</b>
<b>Current MTFP Gap</b>	<b>0.000</b>	<b>11.584</b>	<b>14.723</b>	<b>9.379</b>	<b>35.686</b>
Decrease / (Increase) in use of MTFP Reserve	0.000	0.000	1.400	7.600	<b>9.000</b>
<b>Current MTFS Gap after agreed use of reserves and Council Tax increase</b>	<b>0.000</b>	<b>11.584</b>	<b>16.123</b>	<b>16.979</b>	<b>44.686</b>

6.2 The Council's approach to delivering the savings requirement is encapsulated in the Efficiency Strategy 2024/2025 to 2027/2028 (attached as Appendix Gi).

6.3 Further updates on the Efficiency Strategy will be provided to Cabinet in light of the emerging funding framework and the MTFP 2024/2025 to 2027/2028 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 2024/2025 to 2027/2028 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 2024/2025 and beyond, which meet key priority objectives will be considered in light of available resources as the budget process progresses. The Council's Capital Strategy reflects the Council's approach to prioritisation of projects for investment, while the borrowing strategy reflects appropriate parameters to ensure value for money considerations are safeguarded.

## **8 Reserves and Balances, and Reserves Policy**

- 8.1 The Local Government Finance Act 1992 requires local authorities to have regard to the level of reserves needed for meeting estimated future expenditure when calculating the budget requirement.
- 8.2 In establishing reserves, the Council must comply with the Code of Practice on Local Authority Accounting in the United Kingdom. The Chief Finance Officer will consider the level of reserves as part of the budget setting process and provide a statement on the adequacy of reserves.
- 8.3 The Council's policy on reserves is as follows:
- The Council will maintain its general reserve at a minimum of £12.0m to cover any major unforeseen expenditure. The Council will aim to balance its revenue budget over the period of the MTFP without reliance on the use of the general reserve; and
  - The Council will maintain earmarked reserves for specific purposes which are consistent with achieving its key priorities and these will be kept under regular review.
- 8.4 Other than the General Reserve, all reserves are earmarked for specific purposes. The forecast balances on earmarked reserves at 31<sup>st</sup> March 2024 and 31<sup>st</sup> March 2025 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 2024/2025 included a consultation exercise that concluded on 7<sup>th</sup> January 2024. A summary of the response to the consultation is set out at Appendix C of the main report.
- 9.2 The Council continues to fully consider the impact of its plans by following a robust approach to equalities analysis. The Council continues to seek to meet its obligations in relation to equality and diversity and has procedures in place at both a general and budget specific level to incorporate equality and diversity issues into decision making processes and the assessment of proposals.

## **10 Risk Assessment**

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

## **11 Conclusion**

- 11.1 The Government has announced funding levels for 2024/2025 but as yet has provided no allocations of funding beyond that year. The impact of the Fair Funding Review, and any proposed changes to the retained business rates could all have a significant impact on the future funding level available for services in Sunderland. The financial planning assumes at this stage that the Government will take action through the Top Up and Tariffs or damping arrangements so that no council is significantly adversely affected by the combined impact of the changes. However, even with this assumption, the Council faces the requirement for significant budget reductions as a result of the unfunded spending pressures which the Council faces each year, with a three-year ongoing savings requirement for 2024/2025 to 2027/2025 in the region of £44.777m, after assumed increases in Council Tax.
- 11.2 In seeking to minimise the impact on residents and the city, the Council, will increasingly need to take a citywide approach with partners in health, education and the business sector together with our communities to collectively reshape services to enable the best response for the city. The Council's role will increasingly need to shift from delivering services to enabling individuals, communities and other organisations in the public, private and voluntary sectors to work together to address the needs of the city in new ways and to encourage people to be more self-supporting.
- 11.3 In the short term, all funding options, including budget savings and Council Tax levels and commitments against reserves, will be considered to allow a balanced and sustainable budget over the period to 2027/2028 to be agreed.



## **Efficiency Strategy 2024/2025 to 2027/2028**

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

The Efficiency Strategy, as set out, follows the previous format required to satisfy the Government's previous 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 2022, Autumn Statement 2023, the Fair Funding Review and any changes to the business rates system could have a significant effect on the assumptions within the MTFP as set out at Appendix G, which in turn will impact upon the approach set out in this Efficiency Strategy. The Efficiency Strategy will therefore be kept under review and the approach updated as required throughout 2024/2025.

### **1 Purpose**

- 1.1 The Efficiency Strategy 2024/2025 to 2027/2028 sets out the overall approach to the delivery of the required savings to address funding issues and spending pressures during the period.

### **2 Objectives of the Efficiency Strategy**

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

### **3 Context**

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

## **4 The Financial Challenge - Medium Term Financial Plan**

- 4.1 The MTFP set out at Appendix G shows savings requirements of £60.661m through to 2027/2028.

After taking into account assumed increases to council tax, additional ongoing savings or additional funding of £44.777m are estimated to be required over the period to 2027/2028 in order to achieve a balanced position.

- 4.2 The Revenue Budget and Proposed Council Tax for 2024/2025 report to February 2024 Cabinet includes proposals to meet the funding gap for 2024/2025. Section 5 below sets out the approach to develop a full suite of proposals to meet the remaining funding gap through to 2027/2028.
- 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 our residents and 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;
- Improving our commercialisation, to maximise income opportunities where there is a market and business case;

- Ensuring opportunities for collaboration with partners to deliver key outcomes that matter to the city;
- Ensuring that our internal, support services respond appropriately to the changing shape and size of the Council;
- Involving the Community – residents, businesses, partners and voluntary sector to ensure best outcomes for the city; and
- Continued focus on regeneration and inward investment in order to grow business rate and council tax income, leveraging funding to maximise additional income sources and 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.
- 5.4.3 The regeneration activity delivered to date and the implementation of the Council's Capital Strategy will help grow the business rates base within the city.
- 5.4.4 The Efficiency Strategy and MTFP assumes prudent growth in the business rates base of £0.500m per annum based on historical growth, forecast developments impacting on the business rates baseline, and the volatility of the appeals position.

##### Council Tax

- 5.4.5 Recent years have seen sustained growth in the council tax base as new houses have been built, bringing with it benefits in terms of both increased council tax income and New Homes Bonus grant, although the latter is assumed to be phased out by Government. The impact of the regeneration activity driven by the City Plan and the Capital Strategy will further help grow the availability of housing in the city resulting in additional council tax income which will assist in meeting the cost of services. Over the medium to long term there are a number of proposed residential developments including Siglion's developments at Potters Hill and Vaux as well as the wider South Sunderland Growth Area. Such development activity will take on even greater importance as the Government removes core grant funding in favour of local self-sufficiency.
- 5.4.6 The Efficiency Strategy and the MTFP assumes growth in the Council Tax base through to 2027/2028, reflecting growth based upon historical experience and known development activity which will impact during the period of the MTFP.
- 5.4.7 The provisional Local Government Finance Settlement for 2024/2025 includes assumptions that councils will raise Council Tax annually in line with the level allowed without a local referendum in addition to applying the maximum social care precept. The Council will consider the position regarding council tax as part of each annual budget process.

## Fees and Charges

5.4.8 A review of all fees and charges takes place on an annual basis in accordance with the Council's 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 Directors as part of the improvement planning process and these will be reflected within future savings plans to be considered by Cabinet in due course.

## 5.5 Capital Programme and Regeneration Activity

5.5.1 The Council's approach to capital planning is set out in the Capital Strategy, approved by full Council in October 2023. This encompasses the aims of the City Plan with an overall ambition that by 2035 Sunderland will be a connected, international city with opportunities for all.

5.5.2 The key themes to achieving our ambition are that by 2035 Sunderland will be a:

- **Dynamic smart city.** This includes a lower carbon city with greater digital connectivity for all; more and better jobs; more people with better qualifications and skills; a stronger city centre with more businesses, housing and cultural opportunities; and more and better housing;
- **Healthy smart city.** This includes reduced health inequalities enabling more people to live healthier longer lives; access to equitable opportunities and life chances; people enjoying independent lives; great transport links with low carbon and active travel opportunities for all; and a cleaner and more attractive city and neighbourhood; and
- **Vibrant smart city.** This includes more resilient people; more people feeling safe in their homes and neighbourhoods; more residents participating in their communities; and more people visiting Sunderland and more residents informing and participating in cultural events, programmes and activities.

5.5.3 In addition, the continuing focus for the Council is on serving all our residents in Sunderland with the best possible services and support with a focus on long term benefits for our children and young people beyond 2035. 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 – We Innovate, We Enable and we are Respectful. 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 2024/2025 to 2027/2028 is to continue to support plans for the regeneration of the City Centre, including Riverside Sunderland, IAMP, Enterprise Zones, the continued development of city-wide infrastructure and to support housing delivery and growth.

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

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

## 5.6 Leverage of External Funding

5.6.1 The Council continues to monitor and maximise external funding opportunities to support city priorities across a range of key areas encompassing economic development, housing and strategic infrastructure, community support and regeneration, education and skills, low carbon, smart city and digital connectivity, health and well-being, and culture and heritage. These key areas of activity directly support delivery of the City Plan's three themes: dynamic smart city; healthy smart city; and vibrant smart city.

5.6.2 Significant investment has been secured over the last 5-6 years from government and regional funds to support major infrastructure priorities, including Riverside Sunderland, the International Advanced Manufacturing Park, Sunderland Strategic Transport Corridor, the Port of Sunderland Enterprise Zone, and a range of other strategic, housing and digital infrastructure projects.

5.6.3 With North East Local Enterprise Partnership and European funding programmes either fully committed or ending in 2023/2024, the Council continues to track and respond to funding opportunities including those that will become available through the North East Mayoral Combined Authority.

5.6.4 Recent external funding approvals have been secured for the following regeneration projects and programmes, all of which are currently in delivery:

- £25.4m support from the Housing Infrastructure Fund for the South Sunderland Growth Area project;
- £21.6m Transforming Cities Fund support for the redevelopment of Central Station and other priority transport investments;
- £25m Future High Streets Fund grant for a city centre transformation programme involving the delivery of Culture House and other key sites;
- £7m Getting Building Fund grant to support digital and strategic infrastructure in the city centre and riverside areas, and for investment in additional energy infrastructure on the Hillthorn Business Park site in Washington;
- £15m from the Department for Energy Security and Net Zero to support the development of a strategic energy grid on the International Advanced Manufacturing Park;
- £20m Levelling Up Fund (round 1) grant to support the City Centre Housing Ecosystem project, which comprises the construction of the Housing Innovation and Construction Skills Academy, and support for the development of two sustainable housing developments in Riverside Sunderland and Sunnyside;
- £2.1m from Homes England's Home of 2030 programme to support smart and sustainable housing on the Vaux Neighbourhood site within Riverside Sunderland;

- £5.08m from the Brownfield Land Release Fund to support the unlocking of three priority housing developments at West Park, Farringdon Row and Cricketer's Hill (Carley Hill);
- £3.16m capital grant to support Sunderland's UK Shared Prosperity Fund (UKSPF) Investment Plan, enabling a variety of capital investments to take place across the city in 2023/2024 and 2024/2025; and
- £5.5m funding from government to support acquisition and preparatory work for the Studio Development project.

5.6.5 A range of capital funds have also been secured for projects which support delivery of the city's low carbon objectives, including:

- £2.2m from the Public Sector Decarbonisation Scheme to invest in public sector building energy efficiency measures;
- £2.5m European Regional Development Fund grant to support investment in battery storage, solar PV and electric vehicle charging infrastructure on several Council sites;
- £3.9m secured to support energy efficiency improvements in the worst performing properties (Energy Performance Certificate rated D-F) and fuel poor households in the city;
- £8.1m support through the Active Travel Fund to support priority cycle schemes; and
- £2.2m from the Green Heat Network Fund to support feasibility and development of a city centre heat network.

5.6.6 The Council, working with key public and private partners, has been successful in the last 12 months in securing funding for 3 demonstrator projects to support delivery of the City Plan and the Smart City ambition. These include:

- Sunderland Advanced Mobility Shuttle - £3m external grant secured from Innovate UK, as part of a £5.5m project, to build and trial a self-driving shuttle service to the University of Sunderland City Campus and Sunderland Royal Hospital, via an Intelligent Transport Corridor.
- Sunderland Open Network EcosysTem project - £3.4m funding awarded towards total costs of £5.7m, through the UK Open Networks Research and Development Fund (Department for Science, Innovation and Technology). This consortium project, led by the Council, will aim to showcase a highly efficient, state-of-the-art High-Density Demand (HDD) Open RAN solution at the Stadium of Light and the new British Esports Arena, part of the National Esports Performance Campus in Sunderland.
- 5G Innovation Regions (Department for Science, Innovation and Technology) - £3.7m grant award for a regional partnership project led by the Council and involving our 6 neighbouring North East local authorities. The multi-faceted project will deliver innovative 5G-enabled projects across key sectors including transport and logistics, creative industries and agritech across rural industries.

5.6.7 In December 2022, the Council received confirmation from the Government that Sunderland's £15m UK Shared Prosperity Fund Investment Plan had been approved. The £15m programme comprises approximately £12m revenue grant and £3m capital grant, with delivery of activities from 2022/2023 to the end of March 2025. The programme supports a wide range of project activities under 3 main investment priorities: (1) Communities and Place; (2) Supporting Local Business; (3)

People and Skills. As of January 2024, £2.7m UKSPF capital grant has been allocated supporting 12 projects across the city.

- 5.6.8 Following the announcement in December 2022 that the Government and North East local authorities are minded to agree a devolution deal, it is anticipated that additional funding opportunities for capital investment will be unlocked from 2024/2025 including control of a long-term regional investment fund and a City Region Sustainable Transport Settlement. Additional funding has also been confirmed through the Brownfield Housing Fund to support the building of new homes on brownfield land and to drive place-based economic regeneration. A number of Sunderland schemes are currently being developed to accelerate housing delivery.
- 5.6.9 The Council and its partners continue to access and explore new opportunities to invest in the city's cultural and heritage offer, while also improving and enhancing access to recreation facilities and natural green spaces across the city. This involves pursuing other sources of funding, such as the National Lottery Heritage Fund, Historic England, National Lottery Community Fund, Arts Council England, Sport England, Football Foundation and other major funders.
- 5.6.10 The Council is currently undertaking important feasibility and design work to redevelop the Sunderland Museum and Winter Gardens. A development grant award of £0.3m from the National Lottery Heritage Fund has already been secured allowing work to proceed on the preparation of a full design and bid proposal which will be submitted in 2024.
- 5.6.11 As in previous years, resources allocated in respect of Transport, the Better Care Fund and Education specific purpose grants will be allocated to those services areas. These grants, in the main, support recurring capital activity.
- 5.6.12 New opportunities across all these areas continue to be monitored on an ongoing basis so that the council and its partners are in the strongest position possible to secure additional funding to deliver the objectives of the City Plan.
- 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 / investment zones underpinned by business rates growth;
  - Trading opportunities; and
  - Alternatives to revenue funding.
- 5.7.2 The Council will seek to maximise opportunities for funding priority spending. Some avenues have already been explored and implemented for example the formation of Sunderland Care and Support Limited, the formation of Siglion to bring forward and develop priority regeneration sites, the formation of Sunderland Lifestyle Partnership to develop, manage and operate a number of leisure facilities across the city. Other opportunities will continue to be explored and proactively developed as part of improvement planning activity in order to enable the Council to meet the ongoing challenges.

## 5.8 Partnership / Collaboration / Joint working activity

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

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

- The Capital Programme reflects ongoing work with key partners to review physical assets on a city-wide basis and maximise the potential benefits and opportunities of wider capital and infrastructure; and
- The Council alongside the 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. Further work will continue alongside the Integrated Care Board.

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

## 5.9 Reserves and Balances

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

## 5.10 Good housekeeping and general ongoing actions

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

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

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

6.1 Some future savings may require initial up-front investment to enable savings to be delivered - examples include investment in technology to enable improved productivity and reduced cost, or investment in energy efficiency measures that reduce costs and carbon usage. Such Invest to Save proposals are considered on a case-by-case basis and subject to development of a business case with the investment recouped through savings generated over a period of time.

6.2 Use of Capital Receipts Flexibility to support transformational costs

- 6.2.1 As work on the Council's transformation programme continues, and proposals to address the future years' budget positions are progressed, transformational costs may arise. These costs may be ICT systems or other one-off costs and not just workforce planning costs.
- 6.2.2 In April 2022, and further updated in August 2022, Government confirmed the extension of the flexibilities allowing capital receipts generated in each year through to 2024/2025 to be used to fund transformational costs incurred in those years. The updated direction included some further restrictions; "... authorities may not use the flexibility to fund discretionary redundancy payments, i.e. those not necessarily incurred under statute. This does not affect other types of severance payments and, to be clear, does not restrict, including pension strain costs, which may still be qualifying expenditure." and "capital receipts obtained must be disposals by the local authority outside the group structure."

[Direction - Flexible use of capital assets \(publishing.service.gov.uk\)](https://publishing.service.gov.uk)

- 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 2024/2025.
- 6.2.4 The Council's Efficiency Strategy supports the Government's requirements in making use of these flexibilities. The requirements in respect of prudential indicators are reflected in the Capital Programme 2024/2025 to 2027/2028 and Treasury Management Policy and Strategy 2024/2025 report elsewhere on this agenda.
- 6.2.5 The position will be kept under review throughout the year as transformational costs and capital receipts generated are finalised. Final arrangements on funding transformational costs arising in each year will be considered as part of the outturn position each year, taking account of the overall corporate outturn position, available reserves, and capital receipts availability. Should the use of capital receipts be required, this will be reported, with project details to Cabinet as appropriate.

## **7 Governance and Monitoring arrangements**

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

part of the routine budget monitoring processes with reporting to Directorate Senior management teams and Portfolio Holders; and

- Reporting to Cabinet on progress on delivery of annual savings on a quarterly basis.

## MTFP 2024/2025 to 2027/2028 Risk Assessment

Risk	Likelihood	Impact	Risk Management
1. Future available resources less than notified. The MTFP is based on data as known, but this does not reflect any potential impact of the Government Fair Funding review and move to any alternative retained business rates system. This is likely to be a key impact on the level of funding available in future.	Likely	High	Settlement confirmed funding for 2024/2025 with forecasts beyond 2024/2025 based on an assumption that the Government will use Top up and Tariff mechanisms and damping to smooth impact on individual authorities of spending review, fair funding review and implementation of any alternative retained business rates. The MTFP is regularly updated to reflect latest intelligence. Annual review of reserves and reserves policy to identify available future resources.
2. Changes to Government policy.	Possible	High	Source alternative funding options including short term use of reserves. Pressures factored into the MTFP. Latest funding indications reflected in the MTFP.
3. Pay Awards and price inflation higher than assumed.	Likely	High	Provision included in the MTFP for pay awards yet to be agreed, which includes 2024/2025. Limited additional contingencies available should the award be higher.
4. Future spending plans underestimated, including increased social care demand.	Likely	High	Service planning process and regular MTFP review identifies future budget pressures. Provision included in 2024/2025 budget and future years MTFP to reflect social care and general cost pressures.
5. Anticipated savings not achieved.	Possible	High	Regular monitoring and reporting takes place. Non achievement of savings would require compensating reductions in planned spending within services. Principles to maintain General Reserve at £12m.

<b>Risk</b>	<b>Likelihood</b>	<b>Impact</b>	<b>Risk Management</b>
6. Revenue implications of the capital programme not fully anticipated.	Possible	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 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 and liquidity of deposit prior to returns. Impact limited due to the strategy of a diverse portfolio and top credit rated institutions.
12. Investment Interest rates lower than expected / Borrowing rates higher than expected.	Unlikely	Low	Regular review, monitoring and reporting on interest rates. Prudent assumptions on likely interest rates for 2024/2025 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 the likelihood of further pay and contract inflation increases following the increase to the National Living Wage and also the current significant and volatile levels of general inflation in the economy. It is mitigated by the realistic prudent provisions made:

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

### **Contingencies**

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

This is unlikely to occur due to:

- prudent estimates have been included in respect of each category of contingency provision and specific contingencies have been created for known spending pressures in 2024/2025; and
- the total contingency provision should be considered in the context of the net revenue budget.

## **Debt Charges**

*Risk is that Debt Charges will be greater than budgeted.*

This is unlikely to arise due to:

- a prudent provision has been made within the revenue budget and MTFP to enable 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 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, 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 to mitigate pressures should they arise; and
- Transformation, Inflation and MTFP Smoothing reserves held to support the revenue position should the need arise.

## **Risk Management**

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

This is unlikely to occur due to:

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

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

### **Capital Programme Implications**

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

Whilst recent geo-political and economic factors have had an impact on the delivery of the capital programme, there remains a risk of higher unplanned costs of delivery which is mitigated 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 01.04.2023 £m	Forecast Movement in 23/24 £m	Opening Balance 01.04.2024 £m	Forecast Movement in 24/25 £m	Opening Balance 1.04.2025 £m	Forecast Movement in 25/26 £m	Opening Balance 1.04.2026 £m	Forecast Movement in 26/27 £m	Opening Balance 1.04.2027 £m	Forecast Movement in 27/28 £m	Opening Balance 1.04.2028 £m
<b>General Fund</b>												
General Fund	General Fund of the Council	12.000	0.000	12.000	0.000	12.000	0.000	12.000	0.000	12.000	0.000	12.000
School Balances	Balances held by schools under a scheme of delegation	7.188	(1.043)	6.145	(1.514)	4.631	(1.500)	3.131	(1.500)	1.631	(1.500)	0.131
<b>Earmarked General Fund Reserves – Capital</b>												
Riverside Transfer	Reserve established to fund capital works associated with the Homes and Communities Agency land transferred to the Council.	9.033	(8.934)	0.099	0.000	0.099	0.000	0.099	0.000	0.099	0.000	0.099
Capital Priorities Reserve	A reserve established to address some of the Council's key capital developments and strategic priorities.	5.642	(2.500)	3.142	(0.025)	3.117	(0.050)	3.067	(3.067)	0.000	0.000	0.000
Section 106 Reserves	Under Section 106 of the Town and Country Planning Act 1990, developers make financial contributions to the Council relating to affordable housing, public open spaces including allotments and locally equipped play parks, educational facilities, highways and public transport improvements, sports and recreational facilities and environmental improvements.	11.672	0.565	12.237	0.137	12.374	(1.800)	10.574	(1.800)	8.774	(1.800)	6.974
Strategic Investment Reserve (Capital)	A reserve established to address some of the Council's key developments, strategic priorities and address other major liabilities.	1.437	(0.721)	0.716	(0.716)	0.000	0.000	0.000	0.000	0.000	0.000	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.	0.730	(0.730)	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Culture Development	To support a range of cultural developments in the city centre, utilising smart cities technology and immersive technologies.	3.000	0.000	3.000	0.000	3.000	(3.000)	0.000	0.000	0.000	0.000	0.000
Other Earmarked Capital Reserve	Funding set aside to fund future capital projects previously approved.	2.078	(0.414)	1.664	0.028	1.692	0.185	1.877	0.208	2.085	(0.239)	1.846

Reserves	Purpose of the Reserve	Opening Balance 01.04.2023 £m	Forecast Movement in 23/24 £m	Opening Balance 01.04.2024 £m	Forecast Movement in 24/25 £m	Opening Balance 1.04.2025 £m	Forecast Movement in 25/26 £m	Opening Balance 1.04.2026 £m	Forecast Movement in 26/27 £m	Opening Balance 1.04.2027 £m	Forecast Movement in 27/28 £m	Opening Balance 1.04.2028 £m
<b>Earmarked General Fund Reserves – Revenue</b>												
Medium Term Planning Smoothing Reserve	This reserve has been established to address any potential impact arising from increased risk and uncertainty with the Business Rate Retention Scheme. It is being used to smooth the impact of government funding uncertainties.	34.601	(9.000)	25.601	(9.000)	16.601	(9.000)	7.601	(7.601)	0.000	0.000	0.000
Strategic Regeneration Reserve	A reserve to support the Council's regeneration ambitions, specifically to smooth any revenue impact of projects until they become self-sustaining.	10.557	(1.964)	8.593	(1.016)	7.577	(0.800)	6.777	(0.300)	6.477	(0.300)	6.177
Strategic Investment Reserve (Revenue)	A reserve established to address some of the Council's key developments, strategic priorities and address other major liabilities.	5.558	(1.534)	4.024	(2.979)	1.045	(1.045)	0.000	0.000	0.000	0.000	0.000
Insurance Reserve	This reserve has been established to provide for potential future claims or claim increases.	6.236	0.000	6.236	0.000	6.236	0.000	6.236	0.000	6.236	0.000	6.236
Street Lighting and Highway Signs PFI Smoothing Reserve	The reserve was established to smooth the financial impact to the Council across the 25 years of the contract life.	4.121	(0.699)	3.422	(0.685)	2.737	(0.734)	2.003	(0.685)	1.318	(0.699)	0.619
SIB Reserve	A reserve held to fund future allocations through the Strategic Initiatives Budget.	4.499	(0.125)	4.374	(1.000)	3.374	(1.000)	2.374	(1.000)	1.374	(1.000)	0.374
Public Health Grant	Ringfenced Public Health grant funding, to deliver future public health initiatives.	6.277	(0.060)	6.217	(2.020)	4.197	(2.912)	1.285	(1.285)	0.000	0.000	0.000
Smart Cities	This reserve was established to set aside revenue funding to cover 8-10 years, to support 5G and Wireless connectivity within the city.	3.894	(0.300)	3.594	(0.400)	3.194	(0.500)	2.694	(0.500)	2.194	(0.500)	1.694
Streetscene and Open Space	A reserve to enhance the city's recovery from the covid pandemic and ensure that the full benefit can be made of the regeneration activities across the city. This reserve will fund a range of streetscene and open space projects.	6.762	(1.882)	4.880	(2.542)	2.338	(2.338)	0.000	0.000	0.000	0.000	0.000
HCA Stadium Park	Reserve established to fund ongoing maintenance of Homes and Communities Agency land transferred to the Council.	3.109	0.000	3.109	0.000	3.109	0.000	3.109	0.000	3.109	0.000	3.109

[illegible]

Reserves	Purpose of the Reserve	Opening Balance 01.04.2023 £m	Forecast Movement in 23/24 £m	Opening Balance 01.04.2024 £m	Forecast Movement in 24/25 £m	Opening Balance 1.04.2025 £m	Forecast Movement in 25/26 £m	Opening Balance 1.04.2026 £m	Forecast Movement in 26/27 £m	Opening Balance 1.04.2027 £m	Forecast Movement in 27/28 £m	Opening Balance 1.04.2028 £m
Other Earmarked Revenue Reserves	Numerous small revenue reserves less than £1m which are set up for specific purposes.	20.562	(5.230)	15.332	(5.221)	10.111	(2.576)	7.535	(1.157)	6.378	(0.199)	6.179
<b>Total General Fund Reserves</b>		<b>197.231</b>	<b>(45.291)</b>	<b>151.940</b>	<b>(39.267)</b>	<b>112.673</b>	<b>(34.437)</b>	<b>78.235</b>	<b>(19.856)</b>	<b>58.380</b>	<b>(6.996)</b>	<b>51.384</b>
Capital Receipts Reserve	Balance of capital receipts held, pending use to fund the capital programme.	10.743	(2.610)	8.133	(2.382)	5.751	(1.561)	4.190	(4.190)	0.000	0.000	0.000
Capital Grants Unapplied	Balance of capital grants held pending expenditure on capital programme.	5.701	(5.701)	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
<b>Total Usable Reserves</b>		<b>213.675</b>	<b>(53.602)</b>	<b>160.073</b>	<b>(41.649)</b>	<b>118.424</b>	<b>(35.998)</b>	<b>82.426</b>	<b>(24.046)</b>	<b>58.380</b>	<b>(6.996)</b>	<b>51.384</b>

REVENUE ESTIMATES 2024/2025  
GENERAL SUMMARY

# REVENUE BUDGET 2024/2025

**REVENUE ESTIMATES 2024/2025  
GENERAL SUMMARY**

<b>Revised Estimate 2023/24</b>		<b>Estimate 2024/25</b>
<b>£</b>		<b>£</b>
346,365	Leader	364,865
46,343,666	Deputy Leader and Green City	46,761,501
27,578,982	Cabinet Secretary	25,763,091
84,404,073	Children, Learning and Skills	89,362,138
14,944,683	Vibrant City	14,930,808
125,911,576	Healthy City	134,073,662
27,851,134	Dynamic City	30,042,188
7,256,414	Provision for Contingencies	11,959,832
	Capital Financing Costs	
28,654,318	- Debt Charges	34,284,318
(580,000)	- Interest on balances	(1,080,000)
(1,253,000)	- Interest on Airport long term loan notes	(1,253,000)
	Transfer to/(from) Reserves	
(9,000,394)	- Use of Medium-Term Planning Smoothing Reserve	(9,000,394)
(373,905)	- Collection Fund Surplus Reserve	594,032
(40,155,135)	Technical Adjustments: IAS19 and Reversal of Capital Charges	(42,758,702)
<b>311,928,777</b>		<b>334,044,339</b>
	<b>Levies</b>	
16,515,580	North East Combined Authority Transport Levy	17,076,609
232,283	Environment Agency	232,283
76,587	North East Inshore Fisheries Conservation Authority	85,395
<b>16,824,450</b>		<b>17,394,287</b>
	<b>Less Grants</b>	
18,683,789	Improved Better Care Fund	19,219,789
29,337,386	Social Care Support Grant	35,066,261
22,812,090	Section 31 Grants – Business Rates	25,717,216
1,183,025	New Homes Bonus	1,019,197
13,781	Inshore Fisheries Conservation Authority	13,781
3,335,610	Services Grant	546,467
3,671,212	Adult Social Care Market Sustainability and Improvement Fund	6,859,027
2,619,438	Adult Social Care Discharge Grant	4,365,730
<b>247,096,896</b>	<b>TOTAL NET EXPENDITURE / LOCAL BUDGET REQUIREMENT</b>	<b>258,631,158</b>
72,360	Hetton Town Council	74,783
<b>247,169,256</b>	<b>TOTAL BUDGET REQUIREMENT</b>	<b>258,705,941</b>
	<b>Less Grants and NNDR</b>	
32,471,017	Revenue Support Grant	34,621,763
46,924,948	National Non-Domestic Rates - Retained Business Rates	46,399,104
47,189,638	Top up Grant	49,598,292
<b>126,585,603</b>		<b>130,619,159</b>
<b>120,583,653</b>	<b>LOCAL COUNCIL TAX REQUIREMENT INCLUDING PARISH PRECEPT</b>	<b>128,086,782</b>
<b>120,523,138</b>	<b>LOCAL COUNCIL TAX REQUIREMENT EXCLUDING PARISH PRECEPT</b>	<b>128,011,999</b>

## CONTINGENCIES 2024/2025

	£m
Pay and Cost Pressures	8.051
General Contingency	1.500
Winter Maintenance	0.300
Economic Downturn / Cost of Living Pressures	2.109
<b>Total Contingency</b>	<b>11.960</b>

## STATEMENT OF GENERAL BALANCES

	£m
<b>Balances 31st March 2023</b>	<b>12.000</b>
<b>Use / Addition to Balances 2023/2024</b>	
<b>Use of Balances 2023/2024</b>	
- Contribution to Revenue Budget	(9.000)
<b>Addition to Balances 2023/2024</b>	
- Transfer from Medium Term Planning Smoothing Reserve to support the 2023/2024 budget	9.000
<b>Estimated Balances 31st March 2024</b>	<b>12.000</b>
<b>Use / Addition to Balances 2024/2025</b>	
<b>Use of Balances 2024/2025</b>	
- Contribution to Revenue Budget	(9.000)
<b>Addition to Balances 2024/2025</b>	
- Transfer from Medium Term Planning Smoothing Reserve to support the 2024/2025 budget	9.000
<b>Estimated Balances 31st March 2025</b>	<b>12.000</b>

## 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, ensuring a collaborative approach to the development and delivery of services which meet people's needs and aspirations.
- To co-ordinate and apportion the roles and responsibilities of Members.
- To provide political leadership in relation to communications and corporate affairs.
- To provide political leadership in relation to safer communities.
- To undertake the role of Armed Forces Champion for the Council.

## FINANCIAL SUMMARY

Ref.	Assistant Director Ref.	Revised Estimate 2023/2024 £		Estimate 2024/2025 £
			<b>City Development</b>	
1	EDC	200,000	Inward Investment	200,000
2	ADRS	620,036	Safer Communities	622,476
		<b>820,036</b>	<b>Total City Development</b>	<b>822,476</b>
			<b>Strategy and Corporate Affairs</b>	
3	DSCA	1,475,615	Corporate Affairs and Communications	1,687,172
4	DSCA	216,199	Local Strategic Partnership	19,110
5	DSCA	236,505	Policy and Partnerships	564,556
		<b>1,928,319</b>	<b>Total Strategy and Corporate Affairs</b>	<b>2,270,838</b>
		<b>2,748,355</b>	<b>TOTAL DELEGATED BUDGET</b>	<b>3,093,314</b>
			<b>Non Delegated Budgets</b>	
6		(2,517)	IAS19 (Pensions)	14,131
7		683,622	Support Service Costs - received from other services	678,437
8		(3,102,871)	Support Service Costs - charged to other services	(3,438,523)
9		19,776	Asset Charges	17,506
		<b>346,365</b>	<b>TOTAL PORTFOLIO BUDGET</b>	<b>364,865</b>

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

EDC	Executive Director of City Development
ADRS	Assistant Director of Regulatory Services
DSCA	Director of Strategy and Corporate Affairs

## ROLES AND RESPONSIBILITIES

Primary overview of Council priorities:

- To support the Leader as appropriate, working collectively with the Cabinet and Deputy Cabinet Members.
- To provide political leadership to the Council's climate change and low carbon plans and activities, working towards being a carbon zero council by 2030 and carbon zero city by 2040.
- To ensure that the Council's approach to the environment is integrated, enabling and effective, and the Council fulfils its strategic and statutory roles in relation to these functions. This includes exercising political policy oversight in relation to public protection and place regulation to create a high-quality physical environment for living and working in and visiting the city.
- To provide political leadership to environment, low carbon and energy partnerships.

Policy Oversight to include:

- Environment functions, ensuring that the city is clean, green, attractive and accessible for all.

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 SUMMARY

Ref.	Assistant Director Ref.	Revised Estimate 2023/2024 £		Estimate 2024/2025 £
<b>City Development</b>				
1	ADER	1,232,249	Business and Investment	1,072,062
2	ADER	176,484	Business Development	176,484
3	ADER	1,093,737	Carbon Reduction	1,093,737
4	PD	396,202	Port of Sunderland*	444,663
5	ADRS	2,109,357	Public Protection and Regulatory Services	2,123,525
6	EDCD	371,022	Strategic Management	371,022
7	ADER	0	UK Shared Prosperity Fund	0
		<b>5,379,051</b>	<b>Total City Development</b>	<b>5,281,493</b>
<b>Environmental Services</b>				
8	DES	(2,193,124)	Bereavement	(2,387,794)
9	DES	520,183	Environmental Services – Technical	520,183
10	DES	4,317,652	Fleet	4,003,925
11	DES	10,254,746	Local Services	10,181,245
12	DES	3,551,599	Waste Collection and Recycling	3,557,004
13	DES	14,943,444	Waste Disposal*	15,970,474
		<b>31,394,500</b>	<b>Total Environmental Services</b>	<b>31,845,037</b>
		<b>36,773,551</b>	<b>TOTAL DELEGATED BUDGET</b>	<b>37,126,530</b>
<b>Non Delegated Budgets</b>				
14		(25,806)	IAS19 (Pensions)	127,318
15		12,115,215	Support Service Costs - received from other services	11,544,421
16		(8,535,782)	Support Service Costs - charged to other services	(8,172,885)
17		6,016,488	Asset Charges	6,136,117
		<b>46,343,666</b>	<b>TOTAL PORTFOLIO BUDGET</b>	<b>46,761,501</b>

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**

ADER	Assistant Director of Economic Regeneration
PD	Port Director
ADRS	Assistant Director of Regulatory Services
EDCD	Executive Director of City Development
DES	Director of Environmental Services

## **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.
- Community Wealth Building and Cooperative development agendas, leading on the creation of social value through procurement and supporting the embedding of these principles across all portfolios.

**REVENUE BUDGET 2024/2025  
CABINET SECRETARY**

**APPENDIX J**

**FINANCIAL SUMMARY**

Ref.	Assistant Director Ref.	Revised Estimate 2023/2024 £		Estimate 2024/2025 £
<b>City Development</b>				
1	DDC	(200,924)	Capital Projects Team	(200,924)
2	DDR	3,716,216	Civic Buildings – City Hall	3,977,035
		<b>3,515,292</b>	<b>Total City Development</b>	<b>3,776,111</b>
<b>Finance</b>				
3	ADAPS	330,915	Area Facilities	272,233
4	ADAPS	881,393	Asset Management	875,479
5	ADAPS	1,711,591	Audit, Risk and Insurance	1,332,237
6	DF	391,622	Benefits Service	568,622
7	ADAPS	1,387,342	Building Cleaning	1,405,917
8	ADAPS	136,110	Property Services Operations*	84,565
9	ADAPS	1,141,175	Civic Buildings*	683,586
10	ADAPS	55,849	Civic Catering	55,849
11	ADAPS	168,617	Civil Contingencies	168,617
12	DF	1,018,948	Corporate and Strategic Management	868,948
13	ADAPS	148,247	Data Protection Office	147,801
14	ADAPS	1,148,169	Depots	1,023,961
15	DF	2,332,579	Financial Management	2,329,922
16	ADAPS	402,124	Health and Safety	401,294
17	DF	2,862,590	Local Enterprise Partnership	2,170,405
18	ADAPS	(701,413)	Miscellaneous Land, Property, and Industrial Estates	(904,608)
19	ADAPS	542,720	Procurement	500,281
20	ADAPS	173,271	Public Conveniences	170,404
21	ADAPS	2,079,340	Repairs and Renewals	2,079,340
22	ADAPS	(233,581)	Retail Market	(236,102)
23	DF	1,396,207	Revenues	1,503,428
24	ADAPS	479,785	School Meals	279,785
25	ADAPS	1,165,556	Security Services	1,216,530
		<b>19,019,156</b>	<b>Total Finance</b>	<b>16,998,494</b>
<b>Smart Cities and Enabling Services</b>				
26	ADLG	129,642	Complaints	129,642
27	ADLG	901,487	Coroners Court	839,814
28	DSC	4,418,275	Corporate Services Support	4,339,264
29	DSC	2,388,754	Customer Service Network	2,220,668
30	ADLG	1,259,369	Democratic Core	1,259,669
31	ADLG	658,365	Electoral Services	646,052
32	ADLG	396,427	Governance Services	360,912
33	DSC	6,660,326	ICT	7,159,399
34	DSC	(161,689)	Information Governance	(161,689)
35	ADLG	1,034,425	Legal Services	1,014,700
36	ADLG	556,207	Member Support	506,207
37	ADLG	(114,137)	Registrars	(113,976)
38	DSC	1,084,964	Strategic and Operational HR	1,083,518
39	DSC	710,053	Transformational Change Team	686,863
		<b>19,922,468</b>	<b>Total Smart Cities and Enabling Services</b>	<b>19,971,043</b>
<b>Strategy and Corporate Affairs</b>				
40	DSCA	44,826	Equalities and Integration	44,826
		<b>44,826</b>	<b>Total Strategy and Corporate Affairs</b>	<b>44,826</b>
		<b>42,501,742</b>	<b>TOTAL DELEGATED BUDGET</b>	<b>40,790,484</b>

**REVENUE BUDGET 2024/2025  
CABINET SECRETARY**

**APPENDIX J**

<b>Non Delegated Budgets</b>			
41	(45,138)	IAS19 (Pensions)	225,943
42	27,621,462	Support Service Costs - received from other services	26,392,386
43	(48,986,408)	Support Service Costs - charged to other services	(46,962,563)
44	6,487,324	Asset Charges	5,316,851
<u>27,578,982</u>		<b>TOTAL PORTFOLIO BUDGET</b>	<u>25,763,091</u>

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**

DDC	Development Director - Commercial
DDR	Development Director - Residential
ADAPS	Assistant Director of Assurance & Property Services
DF	Director of Finance
ADLG	Assistant Director of Law & Governance
DSC	Director of Smart Cities and Enabling Services
DSCA	Director of Strategy and Corporate Affairs

## 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 all age learning and skills agendas are supported.
- To provide political leadership to the Council’s work to tackle child poverty, and as the Council’s designated Food Champion, the food poverty agenda.
- To ensure that the Council’s approach to the Children, Learning and Skills agenda is integrated, enabling and effective and the Council fulfils its statutory role in relation to these functions.

## FINANCIAL SUMMARY

Ref.	Assistant Director Ref.	Revised Estimate 2023/2024 £		Estimate 2024/2025 £
<b>Children’s Services and Together for Children Educational Attainment and Lifelong Learning</b>				
1	DCS	47,327,525	DSG and Other Grant – Schools	49,923,063
2	DCS	824,262	DSG and Other Grant – Central School Services	912,738
3	DCS	19,917,452	DSG Early Years Block	29,883,611
4	DCS	34,294,920	DSG High Needs Block	35,765,173
5	DCS	(102,947,159)	DSG and Other School Grants	(117,067,585)
6	DCS	1,926,695	Retained Activity – Schools and Learning	1,867,966
		<b>1,343,695</b>	<b>Total Educational Attainment and Lifelong Learning</b>	<b>1,284,966</b>
7	DCS	46,904	Director of Children’s Services	46,904
8	DCS	(77,353)	Learning and Skills	(77,353)
9	DCS	73,437	Sunderland Safeguarding Children’s Board	0
10	DF	75,846,268	Together for Children	82,000,287
11	DCS	373,612	Trading Operations – Derwent Hill*	290,143
		<b>76,262,868</b>	<b>Total Children’s Services and Together for Children</b>	<b>82,259,981</b>
		<b>77,606,563</b>	<b>TOTAL DELEGATED BUDGET</b>	<b>83,544,947</b>
<b>Non Delegated Budgets</b>				
12		(27,004)	IAS19 (Pensions)	125,614
13		530,647	Support Service Costs - received from other services	508,356
14		(270,471)	Support Service Costs - charged to other services	(256,894)
15		6,564,338	Asset Charges	5,440,115
		<b>84,404,073</b>	<b>TOTAL PORTFOLIO BUDGET</b>	<b>89,362,138</b>

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

DCS	Director of Children Services
DF	Director of Finance

## ROLES AND RESPONSIBILITIES

Primary overview of Vibrant City priorities:

- To provide political leadership to the Council's approach to the priorities of local communities to achieve the best outcomes as well as ensuring a wide-ranging cultural offer and communities having the access to the opportunities on offer on the City.
- To ensure that the Council's approach to the communities, culture, leisure and resident engagement and resilience is integrated, enabling and effective and built on Community Wealth Building principles, and that 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 SUMMARY

Ref.	Assistant Director Ref.	Revised Estimate 2023/2024 £		Estimate 2024/2025 £
<b>City Development</b>				
1	ADER	778,730	Libraries	760,427
2	ADER	190,868	Arts and Creative Development	152,572
3	ADRS	1,130,220	Environmental Enforcement	1,139,805
4	ADRS	741,907	Events	707,215
5	ADER	206,615	Heritage	207,114
6	ADER	1,472,893	Museums and Archives Services	1,869,327
7	ADER	(18,205)	Resorts	(18,205)
8	ADER	409,214	Theatre	436,849
		<b>4,912,242</b>	<b>Total City Development</b>	<b>5,255,104</b>
<b>Health, Housing and Communities</b>				
9	ADHC	911,336	Area Arrangements	911,336
10	EDHHC	1,249,396	Community Sports and Physical Activity Development	1,491,405
11	EDHHC	1,118,221	Sport and Leisure Facilities	1,118,221
12	ADHC	2,256,666	Strategic Initiative Budget / Community Chest Grant	2,256,666
		<b>5,535,619</b>	<b>Total Health, Housing and Communities</b>	<b>5,777,628</b>
<b>Strategy and Corporate Affairs</b>				
13	DSCA	59,204	Tourism	59,204
		<b>59,204</b>	<b>Total Strategy and Corporate Affairs</b>	<b>59,204</b>
		<b>10,507,065</b>	<b>TOTAL DELEGATED BUDGET</b>	<b>11,091,936</b>
<b>Non Delegated Budgets</b>				
14		(5,486)	IAS19 (Pensions)	29,505
15		2,116,323	Support Service Costs - received from other services	2,066,964
16		(727,873)	Support Service Costs - charged to other services	(919,873)
17		3,054,654	Asset Charges	2,662,276
		<b>14,944,683</b>	<b>TOTAL PORTFOLIO BUDGET</b>	<b>14,930,808</b>

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

DCS	Director of Children Services
ADER	Assistant Director of Economic Regeneration
ADRS	Assistant Director of Regulatory Services
ADHC	Assistant Director of Housing and Communities
EDHHC	Executive Director of Health, Housing and Communities
DSCA	Director of Strategy and Corporate Affairs

## ROLES AND RESPONSIBILITIES

Primary overview of Healthy City priorities:

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

Policy Oversight to include:

- Adult and Public Health functions.

## FINANCIAL SUMMARY

Ref.	Assistant Director Ref.	Revised Estimate 2023/2024 £		Estimate 2024/2025 £
<b>Adult Services and Sunderland Care and Support</b>				
1	DAS	81,745,791	Adult Social Care, including Older People, People with Physical, Learning and Mental Health Disabilities	91,379,895
2	DAS	34,927,380	Strategic Commissioning	32,929,449
		<b>116,673,171</b>	<b>Total Adult Services and Sunderland Care and Support</b>	<b>124,309,344</b>
<b>Health, Housing and Communities</b>				
3	EDHHC	205,808	Joint Commissioning	205,808
4	EDHHC	(4,136,246)	Public Health	(4,276,739)
5	ADHC	2,166,165	Strategic Advice	2,325,898
6	ADIC	344,971	Supporting People	348,421
7	ADHC	530,096	Welfare Reform	530,096
		<b>(889,206)</b>	<b>Total Health, Housing and Communities</b>	<b>(866,516)</b>
		<b>115,783,965</b>	<b>TOTAL DELEGATED BUDGET</b>	<b>123,442,828</b>
<b>Non Delegated Budgets</b>				
8		22,001	IAS19 (Pensions)	153,837
9		49,888,801	Support Service Costs - received from other services	52,914,823
10		(39,867,394)	Support Service Costs - charged to other services	(42,847,375)
11		84,203	Asset Charges	409,549
		<b>125,911,576</b>	<b>TOTAL PORTFOLIO BUDGET</b>	<b>134,073,662</b>

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

DAS	Director of Adult Services
EDHHC	Executive Director of Health, Housing and Communities
ADHC	Assistant Director of Housing and Communities
ADIC	Assistant Director of Integrated Commissioning

## ROLES AND RESPONSIBILITIES

Primary overview of Dynamic City priorities:

- To provide political leadership to the Council's approach to the priorities of housing, regeneration and planning, 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, transport and regeneration agenda is integrated, enabling and effective and the Council fulfils its strategic and statutory roles in relation to these functions, including dealing with homelessness.
- To provide political leadership to the Council's approach to partnerships relating to housing, transport and regeneration.
- To ensure Community Wealth Building and cooperative development approaches to delivering these priorities and functions, including a focus on the growth of the SME sector and on opportunities for the expansion of social housing across the city.

Policy Oversight to include:

- Transport and infrastructure priorities and plans, supporting the development of great transport links and active travel opportunities.

## FINANCIAL SUMMARY

Ref.	Assistant Director Ref.	Revised Estimate 2023/2024 £		Estimate 2024/2025 £
<b>City Development</b>				
1	ADRS	366,147	Anti-Social Behaviour	370,169
2	ADRS	(25,502)	Building Control	(33,800)
3	DDR	(5,637,393)	Commercial Development	(5,671,957)
4	ADRS	(116,005)	Development Control	(160,602)
5	DDC	(59,332)	Environmental Initiatives	(61,832)
6	ADTI	1,595,651	Infrastructure and Transportation*	1,174,632
7	ADTI	(827,974)	Parking Services	(883,497)
8	ADER	777,594	Planning Implementation	777,594
9	DDR	(968,256)	Regeneration Properties	(843,174)
10	ADTI	10,329,755	Street Lighting*	9,784,186
		<b>5,434,685</b>	<b>Total City Development</b>	<b>4,451,719</b>
<b>Health, Housing and Communities</b>				
11	ADHC	1,388,666	Access to Housing	1,386,666
12	ADHC	314,007	Domestic Abuse	314,007
13	ADHC	60,073	Sunderland Housing Service*	116,475
		<b>1,762,746</b>	<b>Total Health, Housing and Communities</b>	<b>1,817,148</b>
		<b>7,197,431</b>	<b>TOTAL DELEGATED BUDGET</b>	<b>6,268,867</b>
<b>Non Delegated Budgets</b>				
14		(15,169)	IAS19 (Pensions)	48,227
15		6,199,051	Support Service Costs - received from other services	6,084,352
16		0	Support Service Costs - charged to other services	0
17		14,469,821	Asset Charges	17,640,742
		<b>27,851,134</b>	<b>TOTAL PORTFOLIO BUDGET</b>	<b>30,042,188</b>

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

ADRS	Assistant Director of Regulatory Services
DDR	Development Director - Residential
ADER	Assistant Director of Economic Regeneration
ADTI	Assistant Director of Transport and Infrastructure
ADHC	Assistant Director of Housing and Communities
DDC	Development Director - Commercial

