

CABINET MEETING – 11 FEBRUARY 2020

EXECUTIVE SUMMARY SHEET – PART I

Title of Report:

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

Authors:

Executive Director of Corporate Services

Purpose of Report:

To report:

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

Description of Decision:

Members are requested to:

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

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

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

Suggested reason(s) for Decision:

To comply with statutory requirements.

Alternative options to be considered and recommended to be rejected:

There are no alternative options recommended for approval as the budget has been developed on the basis of an agreed framework with consultation carried out at appropriate times during the process.

Impacts analysed:

Equality ☒ Privacy ☒ Sustainability ☒ Crime and Disorder ☒

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

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

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

**REVENUE BUDGET AND PROPOSED COUNCIL TAX FOR 2020/2021 AND
MEDIUM TERM FINANCIAL PLAN 2020/2021 TO 2023/2024**

Report of the Executive Director of Corporate Services

1. Purpose of Report

1.1 To report:

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

2. Description of Decision

2.1 Members are requested to:

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

3. Introduction

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

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

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

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

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

4. Final Funding Position February 2020

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

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

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

Local Government Finance Settlement

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

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

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

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

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

Memorandum National Position

6.34%

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

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

4.9 Improved Better Care Fund / Social Care Grants

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

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

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

4.10 New Homes Bonus

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

4.11 Homelessness Grant

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

4.12 Public Health Grant

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

4.13 Housing Benefit and Council Tax Administration Grants

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

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

Council Tax

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

Retained Business Rates

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

Schools Funding

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

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

* Provisional Schools Block allocations excluded Growth funding.

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

5 Spending Pressures and Commitments

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

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

Cross Cutting

5.3.1 Pay award

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

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

5.3.2 Inflationary Increases

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

5.3.3 Budget pressures

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

5.3.4 Capacity to Deliver Change

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

Deputy Leader

5.3.5 Port Trading (Budget Priorities)

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

Cabinet Secretary

5.3.6 Capital Financing

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

Children Learning and Skills

5.3.7 Inflationary increase

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

5.3.8 Demand Pressures

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

Communities and Culture

5.3.8 Museums – Cultural Offer (Budget Priorities)

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

5.3.9 Leisure – Joint Venture (Budget Priorities)

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

Environment and Transport

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

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

5.3.11 Local Services – Deep Clean (Budget Priorities)

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

5.3.12 Public Protection – Environmental Health (Budget Priorities)

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

5.3.13 Housing Enforcement (Budget Priorities)

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

5.3.14 Carbon Reduction

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

Health and Social Care

5.3.15 Demand pressures

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

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

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

5.3.16 Inflationary increases

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

Housing and Regeneration

5.3.17 Enforcement Activity (Budget Priorities)

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

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

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

5.3.18 Anti-Social Behaviour (Budget Priorities)

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

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

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

6 Budget Reduction Proposals

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

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

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

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

7 Proposed Council Tax Increase 2020/2021

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

8 Overall Budget Position 2020/2021

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

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

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

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

9 Workforce Planning, Transformational Costs and Capital Receipts Flexibilities

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

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

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

10 Medium Term Financial Position

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

11 Budget Consultation Results 2020/2021

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

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

12 Equality and the Budget Proposals

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

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

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

13 General Fund Balances and Position in Relation to Major Reserves

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

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

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

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

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

14 Detailed Budget 2020/2021

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

Service Reporting Code of Practice

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

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

Revised Estimates

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

15 Crime and Disorder

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

16 Suggested Reason for Decision

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

17 Alternative options to be considered and recommended to be rejected

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

Background Papers

Cabinet Reports January 2020

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

Cabinet Report October 2019

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

List of Appendices

Appendix A – Budget Savings Proposals

Appendix B – Equality and Budget Proposals

Appendix C – Budget Consultation 2020/2021 Results

Appendix D – Formal Budget Consultation Meetings

Appendix E – Scrutiny Co-ordinating Committee Consultation on the Budget 2020/2021

Appendix F – Proposed Council Tax for 2020/2021

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

Appendix Gi) – Efficiency Strategy

Appendix Gii) – MTFP 2020/2021 to 2023/2024 Risk Assessment

Appendix H – General Balances – Financial Risk Analysis

Appendix I – Earmarked Reserves – Position Statement

Appendix J – Revenue Budget 2020/2021

Budget Savings Proposals

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

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

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

[March 2019 Council Report](#)

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

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

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

Equality Analysis

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

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

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

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

Equality Analysis

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

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

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

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

Equality Analysis

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

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

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

Equality Analysis

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

Equality and Budget Proposals

1 Equality in Decision Making

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

2 How equality analysis informs the budget-setting process

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

3 Consultation

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

4 Key Messages

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

5 Conclusions

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

Budget Consultation 2020/2021 Results**1 Background and Context**

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

2 Methodology and analysis

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

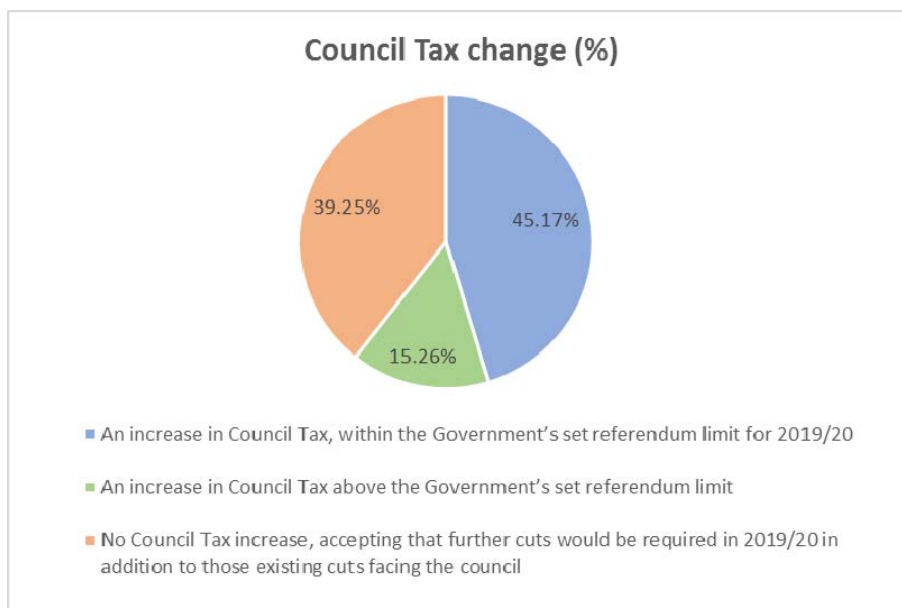
3 Response Rates

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

4 Results

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

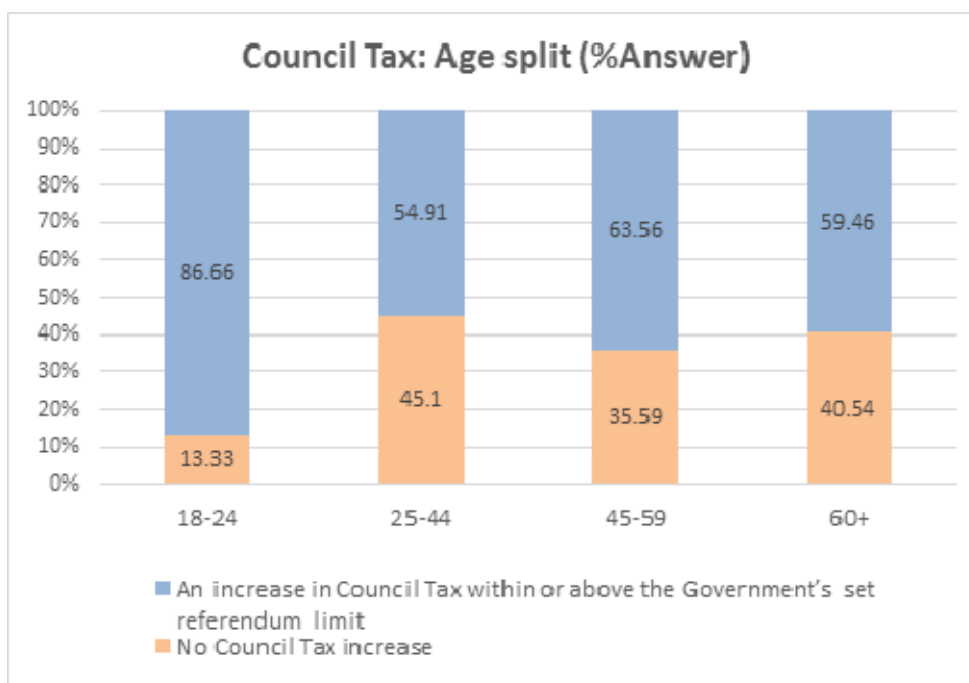
Percent of respondents supporting a council tax change:



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

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

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



5 Conclusion

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

¹ 2018 ONS population estimates extracted from NOMIS 10 Jan 2020

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

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

Council Representatives

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

Business Improvement District Representative

Kirsty Currie

North East Chamber of Commerce Representatives

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

Trade Union Representatives

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

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

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

Questions and Comments

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

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

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

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

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

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

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

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

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

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

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

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

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

Scrutiny Coordinating Committee Consultation on the Budget 2020/2021

Comments of Scrutiny Coordinating Committee

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

Scrutiny Coordinating Committee commented as follows:

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

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

Scrutiny Coordinating Committee commented as follows:

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

Proposed Council Tax for 2020/2021

Paper to be tabled at meeting

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

1 Purpose of the MTFP

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

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

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

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

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

1.4 The MTFP provides background planning assumptions covering:

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

2 National Funding and Economic Outlook

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

3 Local Funding Position

Core Spending Power

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

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

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

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

Memorandum National Position

6.34%

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

Business Rates

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

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

3.8 Top Up Grant / Tariff

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

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

3.9 Section 31 Grant - Business Rates

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

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

Other Core Grant and Revenue Funding

3.10 Improved Better Care Fund (IBCF)

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

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

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

3.11 New Homes Bonus

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

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

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

3.12 Public Health Grant

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

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

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

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

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

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

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

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

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

Locally Raised Income

3.15 Council Tax

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

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

3.16 Local Council Tax Support Scheme

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

3.17 Schools Funding

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

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

4 Spending Pressures and Commitments

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

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

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

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

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

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

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

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

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

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

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

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

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

6.2 In addition, the following table shows:

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

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

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

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

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

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

7 Capital and Prudential Borrowing

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

8 Reserves and Balances, and Reserves Policy

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

9 Budget Consultation and Equality Analysis

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

10 Risk Assessment

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

11 Conclusion

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

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

Efficiency Strategy 2020/2021 to 2023/2024

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

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

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

1 Purpose

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

2 Objectives of the Strategy

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

3 Context

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

4 The Financial Challenge - Medium Term Financial Plan

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

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

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

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

5 The Approach to meeting the funding gap

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

5.3 Programme of service activity

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

For all service areas this includes consideration of:

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

5.4 Income maximisation

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

Retained Business Rates

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

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

Council Tax

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

Fees and Charges

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

5.5 Capital Programme and Regeneration Activity

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

5.5.2 The key themes to achieving our ambition are that:

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

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

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

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

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

5.6 Leverage of External Funding

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

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

5.7 Other Options for Future Funding

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

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

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

5.8 Partnership / Collaboration / Joint working activity

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

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

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

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

5.9 Reserves and Balances

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

5.10 Good housekeeping and general on-going actions

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

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

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

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

6.2 Use of Capital Receipts Flexibility to support transformational costs

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

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

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

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

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

7 Governance and Monitoring arrangements

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

MTFP 2020/2021 to 2023/2024 Risk Assessment

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

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

General Balances – Financial Risk Analysis

Financial Planning

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

This is unlikely to arise due to:

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

Inflation

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

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

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

Contingencies

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

This is unlikely to occur due to:

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

Debt Charges

Risk is that Debt Charges will be greater than budgeted.

This is unlikely to arise due to:

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

Revenue Budget - Budgetary Control

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

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

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

Risk Management

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

This is unlikely to occur due to:

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

Capital Programme Implications

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

This is unlikely to happen due to:

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

Earmarked Reserves - Position Statement

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

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

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

REVENUE BUDGET 2020/2021

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

Appendix J

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

**SUNDERLAND CITY COUNCIL
CONTINGENCIES 2020/2021**

Appendix J

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

STATEMENT OF GENERAL BALANCES

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

ROLES AND RESPONSIBILITIES

Primary overview of Council priorities:

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

FINANCIAL

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

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

PORTFOLIO GLOSSARY

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

ROLES AND RESPONSIBILITIES

Primary overview of Council priorities:

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

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

FINANCIAL

OBJECTIVE SUMMARY

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

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

PORTFOLIO GLOSSARY

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

ROLES AND RESPONSIBILITIES

Primary overview of Council priorities:

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

Policy Oversight to include:

- Corporate Services and Data Protection functions.

FINANCIAL

OBJECTIVE SUMMARY

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

**REVENUE BUDGET 2020/2021
CABINET SECRETARY**

Appendix J

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

PORTFOLIO GLOSSARY

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

**REVENUE BUDGET 2020/2021
CHILDREN, LEARNING AND SKILLS**

Appendix J

ROLES AND RESPONSIBILITIES

Primary overview of Children, Learning and Skills priorities:

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

Policy Oversight to include:

- Children, Learning and Skills functions.

FINANCIAL

OBJECTIVE SUMMARY

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

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

PORTFOLIO GLOSSARY

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

ROLES AND RESPONSIBILITIES

Primary overview of Community priorities:

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

Policy Oversight to include:

- Communities and Culture functions, including tourism and heritage.

FINANCIAL

OBJECTIVE SUMMARY

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

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PORTFOLIO GLOSSARY

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

**REVENUE BUDGET 2020/2021
ENVIRONMENT AND TRANSPORT**

Appendix J

ROLES AND RESPONSIBILITIES

Primary overview of Environment and Transport priorities:

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

Policy Oversight to include:

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

FINANCIAL

OBJECTIVE SUMMARY

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

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

**REVENUE BUDGET 2020/2021
ENVIRONMENT AND TRANSPORT**

Appendix J

PORTFOLIO GLOSSARY

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

ROLES AND RESPONSIBILITIES

Primary overview of Adults priorities:

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

Policy Oversight to include:

- Adult and Public Health functions.

FINANCIAL

OBJECTIVE SUMMARY

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

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

PORTFOLIO GLOSSARY

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

ROLES AND RESPONSIBILITIES

Primary overview of Housing and Regeneration priorities:

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

Policy Oversight to include:

- Regeneration and Housing functions, including dealing with homelessness.

FINANCIAL

OBJECTIVE SUMMARY

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

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

PORTFOLIO GLOSSARY

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

Appendix J

ADBPS	Assistant Director of Business & Property Services
ADIPT	Assistant Director of Infrastructure, Planning & Transportation
ADER	Assistant Director of Economic Regeneration
DD (LI)	Development Director (Land & Investment)
ADHS	Assistant Director of Housing Services
ADCR	Assistant Director of Community Resilience