

Report of the Cabinet

THE CABINET reports and recommends as follows:-

That they have referred the initial proposals on the Revenue Budget to the Scrutiny Co-Ordinating Committee:

- On 12 October 2017, in relation to the reference from Cabinet of 20th September, 2017 – Report on the Budget Planning Framework, Revenue Budget Proposals and Medium Term Financial Strategy 2018/2019 - 2020/2021:

The Scrutiny Coordinating Committee acknowledged the continued difficult financial pressures and constraints that the Council must operate within, despite many uncertainties still remaining, the Committee was satisfied with the information provided as well as acknowledging the hard work and dedication of everyone involved in the budget planning process and had no additional comment to make.

- On 10 January 2018 in relation to the reference from Cabinet of 10th January 2018 – Report on the Revenue Budget 2018/2019 to 2020/21 - Update and Provisional Revenue Support Settlement:

The Scrutiny Coordinating Committee acknowledged the challenging financial situation that the Council continued to operate within and is satisfied with the content of the report presented. The Committee also acknowledged the continued work and commitment of Members and Officers in developing proposals for a balanced budget under such difficult financial constraints.

That they have also referred the proposals for Capital Programme Planning 2018/19 to 2021/22 to the Scrutiny Co-Ordinating Committee

- On 10 January 2018, in relation to the reference from Cabinet of 13 December 2017 – Capital Programme Planning report:

The Scrutiny Committee acknowledged the capital programme and is satisfied with the proposed variation to the capital programme.

That they have also submitted the attached report numbered 1 to the meeting of the Audit and Governance Committee.

- On 2 February 2018, the Audit and Governance Committee was consulted specifically on the Treasury Management Policy and Strategy for 2018/2019.

The committee was pleased to note that the careful and prudent approach adopted by the Council in previous years would continue.

The Committee also noted the Borrowing and Investment Strategies and that the Council continued to follow fundamental principles in relation to the prudent investment of treasury balances which had resulted in the rate of return on investments being consistently higher than the benchmark rate.

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

Subsequently

The precept figures have been confirmed as those set out in the report to Cabinet on 7 February 2018:

- For the Police and Crime Commissioner Northumbria (PCCN) this will mean an increase of 12.2% (flat rate Band D £12 increase) in the precept level for 2018/2019;
- The precept figures of the Tyne and Wear Fire and Rescue Authority(TWFRA) have been confirmed as a 2.99% increase in the precept level for 2018/2019.
- The precept figures of the Parish of Hetton Town Council have been confirmed as an increase of 2% in the precept level for 2018/2019.

The position set out at Item 3 of the report as Determination of Council Tax 2018/2019 reflects the above notified 2018/2019 precept levels in respect of all of the Precepting Authorities and the figures as reported remain unchanged.

NOTE:

In relation to the report numbered 2 below entitled “Revenue Budget and Proposed Council Tax for 2018/2019 and Medium Term Financial Strategy 2018/2019 to 2020/2021”, Appendix F has not been printed with this item, but the recommendation, which includes all of the substantive content of the report, is set out in full at item 3 below.

1. Capital Programme 2018/2019 to 2021/2022 and Treasury Management Policy and Strategy 2018/2019, including Prudential Indicators for 2018/2019 to 2020/2021

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

- the proposed Capital Programme for 2018/2019;
- the Council's Capital Strategy 2018/2019 to 2021/2022;
- the Treasury Management Policy and Strategy for 2018/2019 (including specifically the Annual Borrowing and Investment Strategies);
- the Prudential Indicators for 2018/2019 to 2020/2021; and
- the Minimum Revenue Provision Statement for 2018/2019.

Accordingly the Cabinet recommends the Council to approve:-

- (i) the proposed Capital Programme for 2018/2019;
- (ii) the Council's Capital Strategy 2018/2019 to 2021/2022;
- (iii) the Treasury Management Policy and Strategy for 2018/2019 (including specifically the Annual Borrowing and Investment Strategies);
- (iv) the Prudential Indicators for 2018/2019 to 2020/2021; and
- (v) the Minimum Revenue Provision Statement for 2018/2019.

2. Revenue Budget and Proposed Council Tax for 2018/2019 and Medium Term Financial Strategy 2018/2019 to 2020/2021

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

- (a) the overall revenue budget position for 2018/2019;
- (b) the projected balances position as at 31st March 2018 and 31st March 2019 and advise on their level;
- (c) a risk analysis of the Revenue Budget 2018/2019;
- (d) a summary of the emerging medium term financial position facing the Council from 2019/2020 to 2020/2021, and associated Council Efficiency strategy; and
- (e) any views received from the North East Chamber of Commerce, Trade Unions and Scrutiny Coordinating Committee.

Accordingly the Cabinet recommends the Council to approve:-

- (i) the proposals set out in the report including the proposed Revenue Budget for 2018/2019 set out at Appendix J; and
- (ii) the Medium Term Financial Strategy 2018/2019 to 2020/2021 including Efficiency Strategy as set out Appendix G and the proposed use of Capital Receipts Flexibility set out at section 9 of the report.

3. Determination of Council Tax 2018/2019

That they have given consideration to a report of the Executive Director of Corporate Services making, subject to the approval of the Revenue Budget 2018/2019 (as set out at item 2 above), recommendations with respect to Council Tax levels for 2018/2019, and advising that the Council Tax is calculated using the tax bases for the areas of the City Council and Hetton Town Council as approved by Council on 24 January 2018, and setting out a number of resolutions required to be made to determine the Council Tax, including the confirmed precepts from the Major Precepting Authorities and the Parish of Hetton Town Council.

They therefore recommend the report to Council

- having advised of the statutory requirements to recommend to Council a proposed Council Tax Requirement which for Sunderland will mean a 4.99% increase to the Council Tax for 2018/2019.

and

- that Council confirm the Council Tax Requirement for its own purposes is £95,147,865 (excluding Parish precepts),

and

- i) it be noted that at its meeting on 24 January 2018 the Council approved the following amounts for the year 2018/2019 in accordance with the amended regulations made under Section 31B(3) of the Local Government Finance Act 1992 (the 'Act'):
 - a) 69,991 being the amount calculated by the Council, in accordance with the above regulation of the Local Authorities (Calculation of Council Tax Base) Regulations 1992, as amended by Local Authorities (Calculation of Tax Base) (England) Regulations 2012, as its Council Tax Base for the year (Item T).
 - b) 3,711 being the amount calculated by the Council, in accordance with the Regulations, as the amount of its Council Tax Base for the year for dwellings in the area of the Parish of Hetton Town Council.

- ii) The Council Tax Leaflet be made available on the Council's website and for this to be signposted on Council Tax bills. In order to meet timescales for publication, it is proposed responsibility for finalising the document be delegated to the Executive Director of Corporate Services in consultation with the Cabinet Secretary.

- iii) The following amounts be calculated by the Council for the year 2018/2019 in accordance with Sections 31 to 36 of the Local Government Finance Act 1992 as amended:
 - a) £646,388,605 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A (2) of the Act taking into account all precepts issued to it by Parish Councils.

 - b) £551,187,079 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A (3) of the Act.

 - c) £95,201,526 being the amount by which the aggregate at (iii) (a) above exceeds the aggregate at (iii) (b) above, calculated by the Council, in accordance with Section 31A (4) of the Act, as its Council Tax Requirement for the year including Parish precepts (Item R in the formula in Section 31A(4) of the Act)

 - d) £1,360.1967 being the amount at (iii) (c) above (Item R) all divided by Item T ((i) (a) above), calculated by the Council, in accordance with Section 31B (1) of the Act, as the basic amount of its Council Tax for the year (including Parish precepts).

 - e) £53,661 being the precept notified by Hetton Town Council as a special item under Section 34 (1) of the Act.

 - f) £1,359.4300 being the amount at (iii) (d) above less the result given by dividing the amount at (iii) (e) above by the Item T ((i) (a) above), calculated by the Council, in accordance with Section 34 (2) of the Act, as the basic amount of its Council Tax for the year for dwellings in those parts of its area to which no Parish precept relates.

- g) £1,373.8900 being the amount given by adding to the amount at (iii) (f) above the amount (iii) (e) divided by the amount at (i) (b) above, calculated by the Council in accordance with Section 34 (3) of the Act as the basic amounts of its Council Tax for the year for dwellings in the area of the Parish of Hetton Town Council.

h) **Parts of the Council's Area**

| Valuation Bands | Hetton Town Council | All other parts of the Council's Area |
|------------------------|----------------------------|--|
| A | £ 915.93 | £ 906.29 |
| B | £ 1,068.58 | £ 1,057.33 |
| C | £ 1,221.24 | £ 1,208.38 |
| D | £ 1,373.89 | £ 1,359.43 |
| E | £ 1,679.20 | £ 1,661.53 |
| F | £ 1,984.51 | £ 1,963.62 |
| G | £ 2,289.82 | £ 2,265.72 |
| H | £ 2,747.78 | £ 2,718.86 |

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

- (iv) it be noted that for the year 2018/2019, Tyne and Wear Fire and Rescue Authority and the Police and Crime Commissioner for Northumbria have confirmed the following amounts in precepts issued to the council, in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of dwellings as follows:

Precepting Authority

| Valuation Bands | Police and Crime Commissioner for Northumbria | Tyne & Wear Fire and Rescue Authority |
|------------------------|--|--|
| A | £ 73.55 | £ 53.29 |
| B | £ 85.81 | £ 62.18 |
| C | £ 98.07 | £ 71.06 |
| D | £110.33 | £ 79.94 |
| E | £134.85 | £ 97.70 |
| F | £159.37 | £115.47 |
| G | £183.88 | £133.23 |
| H | £220.66 | £159.88 |

- (v) having calculated the aggregate in each case of the amounts at (iii) (h) and (iv) above and having received confirmation of the precept in paragraph (iv), the Council, in accordance with Section 30 (2) of the Local Government Finance Act 1992, hereby sets the following amounts as the amounts of Council Tax for the year 2018/2019 for each of the categories of dwellings shown below.

Parts of the Council's Area

| Valuation Bands | Hetton Town Council | All other parts of the Council's Area |
|------------------------|----------------------------|--|
| A | £ 1,042.77 | £ 1,033.13 |
| B | £ 1,216.57 | £ 1,205.32 |
| C | £ 1,390.37 | £ 1,377.51 |
| D | £ 1,564.16 | £ 1,549.70 |
| E | £ 1,911.75 | £ 1,894.08 |
| F | £ 2,259.35 | £ 2,238.46 |
| G | £ 2,606.93 | £ 2,582.83 |
| H | £ 3,128.32 | £ 3,099.40 |

- (vi) It be noted that under Section 52ZB of the Local Government Finance Act 1992, the Authority's relevant basic amount of Council Tax for 2018/2019 is not excessive in accordance with the principles determined under Section 52ZC(1) of the Act.

(i.e. the proposed Council Tax increase for 2018/2019 means that the Council does not need to hold a referendum on its proposed council tax. The provisions set out in Section 52ZC of the Local Government Finance Act 1992 require all billing authorities (councils and precept authorities (i.e. Fire and Police authorities)) to hold a referendum on their proposed level of basic Council Tax each year if they exceed government guidelines set out annually.)

- (vii) It be noted that as Council Tax bills must show year on year increases to one decimal place in accordance with government regulations, the proposed increase of 4.99% for 2018/2019 will appear as 3.0% in respect of the council and 2.0% in respect of the adult social care precept which must be separately identified.

