

CIVIC CENTRE,
SUNDERLAND
25 February 2019

TO THE MEMBERS OF SUNDERLAND CITY COUNCIL

YOU ARE SUMMONED TO ATTEND A MEETING of Sunderland City Council to be held in the Council Chamber, Civic Centre, Sunderland, on **WEDNESDAY 6 MARCH 2019** at **6.00 p.m.** at which it is proposed to consider and transact the following business:-

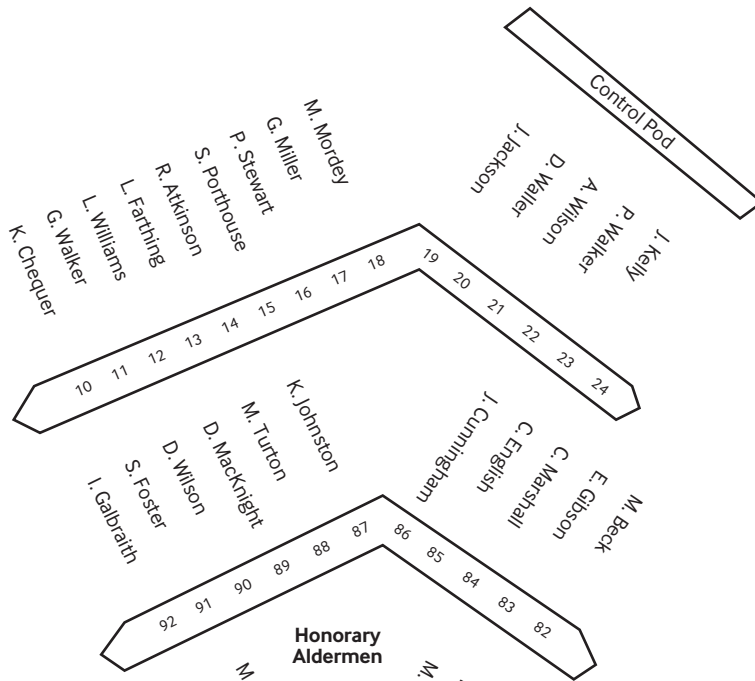
Item	Page
1. To read the Notice convening the meeting.	-
2. To approve the minutes of the last ordinary meeting of the Council held on 30 January 2019 (copy herewith).	1
3. Receipt of Declarations of Interest.	-
4. Announcements (if any) under Rule 2(iv).	-
5. Apologies.	-
6. Report of the Cabinet.	15
(i) Capital Programme 2019/2020 to 2022/2023 and Treasury Management Policy and Strategy 2019/2020, including Prudential Indicators for 2019/2020 to 2022/2023	25
(ii) Revenue Budget and Proposed Council Tax for 2019/2020 and Medium Term Financial Strategy 2019/2020 to 2021/2022	141

(iii) Determination of Council Tax 2019/2020 -

7. Report of the Human Resources Committee (copy herewith). 299

A handwritten signature in blue ink, reading "P. Melia". The signature is written in a cursive style with a large initial "P" and a small dot over the "i" in "Melia".

PATRICK MELIA, CHIEF EXECUTIVE.



Head of Law and Governance
E. Waugh

Mayor
L. Scanlan

Chief Executive
P. Melia

Deputy Mayor
D. Snowdon

Governance Services

Governance Services

V. O'Neil

B. McClennan

D. Turner

J. Blackburn

C. Rowntree

J. Heron

A. Scullion

N. MacKnight

29 R. Bell

30 R. Davison

31 E. Ball

32 P. Hunt

33 M. Essl

34 K. Waters

35 S. Watson

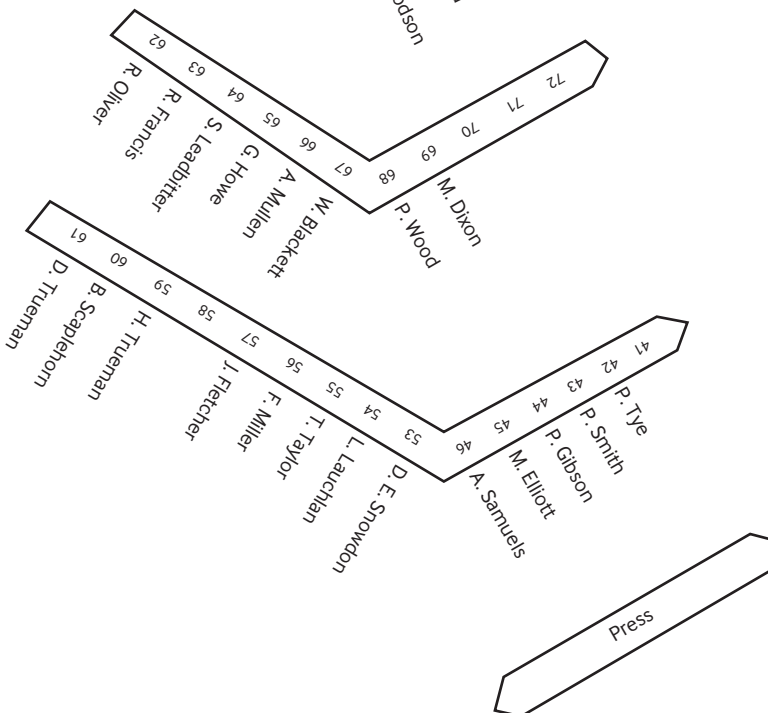
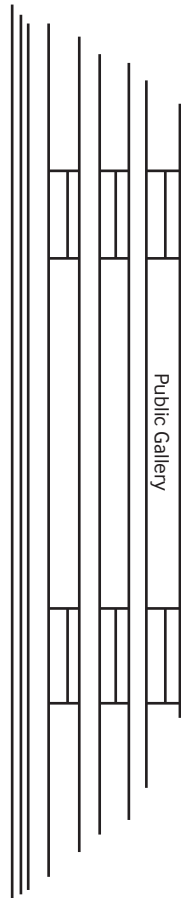
36 K. Wood

37 D. Dixon

38 B. Curran

39 A. Lawson

40 M. Speding



Minutes

Sunderland City Council

At a meeting of SUNDERLAND CITY COUNCIL held in the CIVIC CENTRE on
WEDNESDAY, 30 JANUARY, 2019 at 6.00pm

Present: The Mayor (Councillor L. Scanlan) in the Chair
The Deputy Mayor (Councillor D. Snowdon)

Councillors	Appleby	Fletcher	Marshall	Snowdon, D.E.
	Atkinson	Foster	McClennan	Speding
	Ball	Francis	Miller, F.	Stewart
	Beck	Galbraith	Miller, G.	Taylor
	Bell	Gibson, E.	Mordey	Trueman, D.
	Blackburn	Gibson, P.	Mullen	Trueman, H.
	Blackett	Haswell	O'Brien	Turner
	Chequer	Hodson	Oliver	Tye
	Cunningham	Jackson	O'Neil	Walker, G.
	Curran	Johnston	Porthouse	Waller
	Dixon, M.	Kelly	Rowntree	Williams
	Elliott	Lauchlan	Samuels	Wilson, A.
	English	Lawson	Scullion	Wood, A.
	Essl	Leadbitter	Smith, G.	Wood, K.
	Farthing	MackKnight, N.	Smith, P.	Wood. P.

Also Present:-

Honorary Aldermen: - R.D. Tate

The notice convening the meeting was read.

Minutes

36. RESOLVED that the minutes of the Council Meeting held on 21 November 2018 be confirmed and signed as a correct record.

Declarations of Interest

The following Councillors declared interests as follows: -

Item 8 (3) – Report of the Cabinet – Review of Library Byelaws	Councillor Mordey	Member of Sunderland Libraries.
Item 10 (i) – Motions of Notice – Period Dignity	Councillor Mordey	Member of Unite the Union.

Announcements

(i) Former Council Leader, Robert Symonds

It was with great sadness that the Mayor reminded Council of the death of former Leader and Councillor, Robert Symonds OBE, who had spent six years as Leader of the Council from May 2002 to May 2008, representing the Town End Farm Ward from 1988 until 2004, when the ward changed to Castle Ward, which he represented until 2010.

(ii) Former Councillor, Lord Derek Foster

The Mayor paid tribute to the service and contribution of Lord Foster, who had first been elected to Sunderland Borough Council in 1972 and then in 1973 elected to serve on Tyne and Wear County Council. Lord Foster became Assistant Director of Education for Sunderland Borough Council from 1974 until his election as MP for Bishop Auckland in 1979.

(iii) Former Port of Sunderland Manager, Mr. Frank Major

The Mayor paid tribute to the service and contribution of Mr Frank Major MBE, who was the former Port of Sunderland Manager, who had recently passed away.

Members and Officers stood for a minute's silence as a mark of respect for the former Leader of the Council, Robert Symonds, Lord Derek Foster and Mr. Frank Major.

Reception of Petitions

37. RESOLVED that the petitions listed below submitted by the Councillors named, be received and referred for consideration in accordance with the Council's Petitions Scheme: -

Councillor Waller – Petition from residents calling on the Council to install railings around the footpaths on Gleneagles Road at Grindon Infant School in order to improve safety for the children attending there.

Councillor Samuels – Petition from teachers, staff, parents, carers and families of pupils attending English Martyrs R.C. Primary School and residents living in the surrounding area calling on the Council to urgently look to implement road safety measures on Redcar Road.

Apologies

Apologies for absence were submitted to the meeting on behalf of Councillors Davison, D Dixon, Heron, Howe, Hunt, D MacKnight, Scaplehorn, P Walker, Watson and D Wilson, and on behalf of Aldermen Arnott, Forbes and Greenfield.

Written Questions under Rule 9

Pursuant to Rule 9 of the Council Rules of Procedure, the Leader and Members of the Cabinet were asked questions which had been submitted by members of the public.

Report of the Cabinet

The Cabinet reported and recommended as follows: -

1. Council Tax Base 2019-2020

That they had given consideration to a report of the Executive Director of Corporate Services seeking approval to the calculation of the Council Tax Base for 2019/2020 in accordance with the Local Government Finance Act 1992 and recommended to Council that: -

- (a) the report for the calculation of the Tax Bases for the City Council and Hetton Town Council for 2019/2020 be approved; and
- (b) pursuant to the report and in accordance with the Local Authorities (Calculation of Tax Base) Regulations 1992, as amended by Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012 the amount calculated by Sunderland City Council as its Council Tax Base for the year 2019/2020, shall be 70,389 and for the area of Hetton Town Council shall be 3,786.

2. Local Council Tax Support Scheme

That they had given consideration to a report of the Executive Director of Corporate Services requesting that the Council continue with its Local Council Tax Support Scheme for the financial year 2019/2020.

Accordingly, the Cabinet recommended the Council to: -

- (i) approve that the Local Council Tax Support Scheme, the main features of which were set out at Appendix A to the report, continue to be implemented for the financial year 2019/2020 without revision; and
- (ii) approve that the Local Council Tax Support Scheme be published on the Council's website and in any additional manner determined by the Executive Director of Corporate Services in consultation with the Cabinet Secretary.

3. Review of Library Byelaws

That they had given consideration to a report of the Executive Director of People Services seeking approval to replace the current Library Byelaws with updated model Byelaws.

Accordingly, the Cabinet recommended the Council to: -

- (i) approve the revised Library Byelaws, which were set out in the Schedule to the report, under section 19 of the Public Libraries and Museums Act 1964 and in accordance with the procedure for byelaws as set out in section 235 of the Local Government Act 1972; and
- (ii) authorise the Executive Director of People Services and Head of Law and Governance to take all steps in relation thereto.

The Leader of the Council, Councillor G. Miller, duly seconded by the Deputy Leader, Councillor Mordey, moved the report of the Cabinet.

38. RESOLVED that the report of the Cabinet be approved and adopted.

Written Questions under Rule 10.2

Pursuant to Rule 10.2 of the Council Rules of Procedure, Members of the Council asked questions of the Leader and Members of the Executive.

Councillor O'Brien, seconded by Councillor Oliver, moved an extension to the time for responding to written questions.

Upon being put to the vote, the motion was defeated with 13 Members voting in favour: -

Councillors	Appleby	Haswell	Mullen	Smith, G.
	Blackett	Hodson	O'Brien	Wood, A.
	Dixon, M	Leadbitter	Oliver	Wood, P.
	Francis			

And 48 Members voting against: -

Councillors	Atkinson	Fletcher	McClennan	Speding
	Ball	Foster	Miller, F.	Stewart
	Beck	Galbraith	Miller, G.	Taylor
	Bell	Gibson, E.	Mordey	Trueman, D.
	Blackburn	Gibson, P.	O'Neil	Trueman, H.
	Chequer	Jackson	Porthouse	Turner
	Cunningham	Johnston	Rowntree	Tye
	Curran	Kelly	Samuels	Walker, G.
	Elliott	Lauchlan	Scullion	Waller
	English	Lawson	Smith, P.	Williams
	Essl	MacKnight, N.	Snowdon, D.	Wilson, A.
	Farthing	Marshall	Snowdon, D.E.	Wood, K.

(Note: Councillor Beck advised the meeting that she had inadvertently voted to abstain and asked that her vote be recorded as "against" in respect of the motion to extend the time for responding to written questions.)

Notices of Motion

(i) Period Dignity

Councillor Chequer, duly seconded by Councillor Kelly, moved the following motion:-

“Periods are natural and female health is important; neither should be taboo subjects, in this council chamber or anywhere else. Having a period should not be considered a luxury as it is not a choice but a decades-long and expensive reality of being a woman.

Everyone who needs sanitary products – including tampons, towels, pads, and other items – should have access to them.

In recognising this basic right this Council notes that:

- One in 10 girls and women aged 14-21 are unable to afford sanitary products.
- Almost 140,000 girls and young women, particularly amongst girls who are in receipt of Free School Meals, have missed school in the UK the last year because they cannot afford to buy sanitary products.
- 91% of girls and young women say that they have been asked to buy a pad or tampon for a friend.

This council therefore agrees to work with its Partners to ensure that nobody in Sunderland suffers through:

- provision of free sanitary products for all who need them in all civic buildings at the earliest opportunity
- local schools, including primary schools given the increasing number of girls beginning their periods as early as age 8, maintaining a provision of sanitary products for pupils
- local employers being encouraged to provide them on site for staff and visitors.”

The motion having been unanimously agreed it was:-

39. RESOLVED that:-

Periods are natural and female health is important; neither should be taboo subjects, in this council chamber or anywhere else. Having a period should not be considered a luxury as it is not a choice but a decades-long and expensive reality of being a woman.

Everyone who needs sanitary products – including tampons, towels, pads, and other items – should have access to them.

In recognising this basic right this Council notes that:

- One in 10 girls and women aged 14-21 are unable to afford sanitary products.

- Almost 140,000 girls and young women, particularly amongst girls who are in receipt of Free School Meals, have missed school in the UK the last year because they cannot afford to buy sanitary products.
- 91% of girls and young women say that they have been asked to buy a pad or tampon for a friend.

This council therefore agrees to work with its Partners to ensure that nobody in Sunderland suffers through:

- provision of free sanitary products for all who need them in all civic buildings at the earliest opportunity
- local schools, including primary schools given the increasing number of girls beginning their periods as early as age 8, maintaining a provision of sanitary products for pupils
- local employers being encouraged to provide them on site for staff and visitors.

(ii) Justice for Orgreave Miners

Councillor Johnston, duly seconded by Councillor Cunningham moved the following motion:-

“Sunderland City Council believes that issues relating to events at the picketing of Orgreave on 18 June 1984 are of both local and national importance.

In Sunderland, miners and their families were adversely affected by the events of that day in terms of wrongful arrest, false imprisonment, ill-health, family breakdown and termination of employment and as a direct result of policing tactics at Orgreave. A full investigation into the military style policing used on that day is long overdue and only a full public inquiry can fully investigate this.

Sunderland City Council therefore calls on the Home Secretary to order a full public inquiry into the deployment and actions of the police on 18 June 1984, and to hold meaningful discussions with the Orgreave Truth and Justice Campaign, The NUM and concerned MPs.”

Upon being put to the vote, the motion was declared to be carried with 56 Members voting in favour: -

Councillors	Appleby	Fletcher	Marshall	Snowdon, D.E.
	Atkinson	Foster	McClennan	Speding
	Ball	Galbraith	Miller, F.	Stewart
	Beck	Gibson, E.	Miller, G.	Taylor
	Bell	Gibson, P.	Morley	Trueman, D.
	Blackburn	Haswell	O'Brien	Trueman, H.
	Chequer	Hodson	O'Neil	Turner
	Cunningham	Jackson	Porthouse	Tye
	Curran	Johnston	Rowntree	Walker, G.
	Dixon, M.	Kelly	Samuels	Waller
	Elliott	Lauchlan	Scullion	Williams
	English	Lawson	Smith, G.	Wilson, A.

Essl
Farthing

Leadbitter
MacKnight, N.

Smith, P.
Snowdon, D.

Wood, A.
Wood, K.

4 Members voting against: -

Councillors Francis

Mullen

Oliver

Wood, P.

And 1 Member abstaining: -

Councillor Blackett

Accordingly, it was:-

40. RESOLVED that:-

Sunderland City Council believes that issues relating to events at the picketing of Orgreave on 18 June 1984 are of both local and national importance.

In Sunderland, miners and their families were adversely affected by the events of that day in terms of wrongful arrest, false imprisonment, ill-health, family breakdown and termination of employment and as a direct result of policing tactics at Orgreave. A full investigation into the military style policing used on that day is long overdue and only a full public inquiry can fully investigate this.

Sunderland City Council therefore calls on the Home Secretary to order a full public inquiry into the deployment and actions of the police on 18 June 1984, and to hold meaningful discussions with the Orgreave Truth and Justice Campaign, The NUM and concerned MPs.

(iii) Condition of the City Centre

Councillor Oliver, duly seconded by Councillor Wood, P. moved the following motion:-

“This Council recognises the frustration of residents in the City at the condition of the city centre, compared to other towns and cities, and resolves to bring forward ambitious plans to breathe new life into it in 2019.”

The motion having been unanimously agreed it was:-

41. RESOLVED that:-

This Council recognises the frustration of residents in the City at the condition of the city centre, compared to other towns and cities, and resolves to bring forward ambitious plans to breathe new life into it in 2019.

(iv) Commemorating Sunderland's Past with Blue Plaques

The Mayor advised that the above motion submitted by Members of the Majority Party in Opposition had been withdrawn.

(v) The Council Buffet or: How I Learned to Stop Troughing and Love the Packed Lunch

Councillor Hodson, duly seconded by Councillor O'Brien moved the following motion:-

"This Council recognises that residents of Sunderland feel the provision of meals to Councillors after meetings is not a justifiable use of taxpayers' money.

Accordingly, Council resolves to end the provision of meals after meetings for Councillors and their guests, and scrap the facility for Councillors to make subsistence expenses claims in cases other than an overnight stay."

Councillor Oliver, duly seconded by Councillor Mullen, moved the following amendment to the motion:-

Insert the word 'some' after 'recognises that'

Insert 'of the Full Council' after 'meetings'

Insert 'free' after 'provision of'

Insert 'of the Full Council' after 'meetings'

And after 'guests' insert 'or introduce a facility for Councillors to pay'

So that the amended motion would read:-

"This Council recognises that some residents of Sunderland feel the provision of free meals to Councillors after meetings of the Full Council is not a justifiable use of taxpayers' money.

Accordingly, Council resolves to end the provision of free meals after meetings of the Full Council for Councillors and their guests or introduce a facility for Councillors to pay and scrap the facility for Councillors to make subsistence claims in cases other than an overnight stay."

Upon being put to the vote, the amendment was defeated with 13 Members voting in favour:-

Councillors	Appleby	Haswell	Mullen	Smith, G.
	Blackett	Hodson	O'Brien	Wood, A.
	Dixon, M.	Leadbitter	Oliver	Wood, P.
	Francis			

And 48 Members voting against:-

Councillors	Atkinson	Fletcher	McClennan	Speding
	Ball	Foster	Miller, F.	Stewart
	Beck	Galbraith	Miller, G.	Taylor
	Bell	Gibson, E.	Mordey	Trueman, D.
	Blackburn	Gibson, P.	O'Neil	Trueman, H.
	Chequer	Jackson	Porthouse	Turner
	Cunningham	Johnston	Rowntree	Tye
	Curran	Kelly	Samuels	Walker, G.
	Elliott	Lauchlan	Scullion	Waller
	English	Lawson	Smith, P.	Williams
	Essl	MacKnight, N.	Snowdon, D.	Wilson, A.
	Farthing	Marshall	Snowdon, D.E.	Wood, K.

The substantive motion was then put to the vote and was defeated with 13 Members voting in favour:-

Councillors	Appleby	Haswell	Mullen	Smith, G.
	Blackett	Hodson	O'Brien	Wood, A.
	Dixon, M.	Leadbitter	Oliver	Wood, P.
	Francis			

46 Members voting against:-

Councillors	Atkinson	Galbraith	Miller, G.	Stewart
	Ball	Gibson, E.	Mordey	Taylor
	Beck	Gibson, P.	O'Neil	Trueman, D.
	Bell	Jackson	Porthouse	Trueman, H.
	Blackburn	Johnston	Rowntree	Turner
	Chequer	Kelly	Samuels	Tye
	Cunningham	Lauchlan	Scullion	Walker, G.
	Curran	Lawson	Smith, P.	Waller
	Elliott	MacKnight, N.	Snowdon, D.	Williams
	Essl	Marshall	Snowdon, D.E.	Wilson, A.
	Fletcher	McClennan	Speding	Wood, K.
	Foster	Miller, F.		

And 1 Member abstaining:-

Councillor	English
------------	---------

Report on Special Urgency Decisions

The Leader of the Council submitted a quarterly report on executive decisions which had been taken as a matter of special urgency, which advised that there were no such instances since the last report.

The Leader of the Council, Councillor G. Miller, duly seconded by the Deputy Leader, Councillor Mordey, moved the report and accordingly, it was:-

42. RESOLVED that the report be received and noted.

Declaration of Vacancy – Washington South Ward

The Head of Law and Governance submitted a report which requested the Council to note that Mr Paul Middleton ceased to be a Councillor by virtue of his absence and to formally declare a vacancy in the Washington South Ward.

Under section 85 of the Local Government Act 1972, if a Councillor fails throughout a period of six consecutive months from the date of his/her last attendance to attend any meeting of the authority, he/she shall, unless the failure was due to some reason approved by Council before the expiry of that period, cease to be a member of the authority.

Section 86 of the Local Government Act 1972 requires an authority to declare a vacancy in such circumstances.

Mr Middleton last attended a meeting of the Council on 6 June 2018. There was no record of Mr Middleton attending a meeting between 7 June and 6 December 2018. Within that period Council had not given its approval to any reason for failure to attend and therefore Mr Middleton ceased to be a Councillor by virtue of section 85 of the Act.

The Leader of the Council, Councillor G. Miller, duly seconded by the Deputy Leader, Councillor Mordey, moved the report and accordingly, it was:-

43. RESOLVED that the Council note that Mr Middleton had ceased to be a member of the authority by virtue of his absence and declare the seat in the Washington South Ward to be vacant.

Appointments to Outside Bodies

The Head of Law and Governance submitted a report which requested the Council to consider appointments and nominations to a number of committees, boards and outside bodies.

The Leader of the Council, Councillor G. Miller, duly seconded by the Deputy Leader, Councillor Mordey, moved the report and accordingly, it was:-

44. RESOLVED that: -

- (i) Councillor Mordey be appointed as the substitute Member in place of Councillor Waller on the Northumbria Regional Flood and Coastal Committee;
- (ii) The appointments of the Leader of the Council as the Deputy NECA Representative for the Transport for the North Board and of the Deputy

Leader of the Council as the NECA Representative for the Transport for the North Scrutiny Committee be noted;

- (iii) The existing Council board representatives on Siglion LLP; namely the Leader of the Council, the Deputy Leader of the Council, the Chief Executive and Executive Director of Economy and Place, be appointed to the board of directors of Siglion Newco Ltd; and
- (iv) The appointment of the Portfolio Holder for Children, Learning and Skills on the Board of Sunderland College, be noted.

(Signed) L. SCANLAN,
Mayor.

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 8 November 2018, in relation to the reference from Cabinet of 17 October 2018 – Report on the Budget Planning Framework and Medium Term Financial Strategy 2019/2020 – 2021/2022:

The Scrutiny Coordinating Committee continued to acknowledge the 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 17 January 2019 in relation to the reference from Cabinet of 16 January 2019 – Report on the Revenue Budget Proposals 2019/2020 – 2021/2022 Update and Provisional Revenue Support Settlement:

The Scrutiny Coordinating Committee noted the content of the report and was satisfied with the update provided on the impact of the Local Government Financial Settlement on the Council's budget setting whilst acknowledging that a number of uncertainties still remained.

That they have also referred the proposals for Capital Programme Planning 2019/2020 – 2022/2023 to the Scrutiny Co-Ordinating Committee

- On 6 December 2018, in relation to the reference from Cabinet of 21 November 2018 – Capital Programme Planning 2019/2020 – 2022/2023 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 8 February 2019, the Audit and Governance Committee was consulted specifically on the Treasury Management Policy and Strategy for 2019/2020.

The Committee was pleased to note that the prudent approach adopted by the Council in previous years would continue and commended officers for the excellent performance of the Council's Treasury Management function.

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 noted their responsibility for ensuring effective scrutiny of the treasury management strategy and policies and that they would continue to receive quarterly performance reports.

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 13 February 2019:

- For the Police and Crime Commissioner Northumbria (PCCN) this will mean an increase of 21.8% (flat rate Band D £24 increase) in the precept level for 2019/2020;
- The precept figures of the Tyne and Wear Fire and Rescue Authority (TWFR) have been confirmed as a 2.99% increase in the precept level for 2019/2020.
- The precept figures of the Parish of Hetton Town Council have been confirmed as an increase of 0% in the precept level for 2019/2020.

The position set out at Item 3 of the report as Determination of Council Tax 2019/2020 reflects the above notified 2019/2020 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 2019/2020 and Medium Term Financial Strategy 2019/2020 to 2021/2022”, 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 2019/2020 to 2022/2023 and Treasury Management Policy and Strategy 2019/2020, including Prudential Indicators for 2019/2020 to 2022/2023

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 2019/2020;
- the Council's Capital Strategy;
- the Treasury Management Policy and Strategy for 2019/2020 (including specifically the Annual Borrowing and Investment Strategies);
- the Prudential Indicators for 2019/2020 to 2022/2023;
- the Minimum Revenue Provision Statement for 2019/2020.

Accordingly the Cabinet recommends the Council to approve:-

- (i) the proposed Capital Programme for 2019/2020;
- (ii) the Council's Capital Strategy;
- (iii) the Treasury Management Policy and Strategy for 2019/2020 (including specifically the Annual Borrowing and Investment Strategies);
- (iv) the Prudential Indicators for 2019/2020 to 2022/2023;
- (v) the Minimum Revenue Provision Statement for 2019/2020.

2. Revenue Budget and Proposed Council Tax for 2019/2020 and Medium Term Financial Strategy 2019/2020 to 2021/2022

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

- (a) the overall revenue budget position for 2019/2020;
- (b) the projected balances position as at 31st March 2019 and 31st March 2020 and advise on their level;
- (c) a risk analysis of the Revenue Budget 2019/2020;
- (d) a summary of the emerging medium term financial position facing the Council from 2019/2022 to 2021/2022, and associated Council Efficiency strategy;
- (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 2019/2020 set out at Appendix J; and
- (ii) the Medium Term Financial Strategy 2019/2020 to 2021/2022 including Efficiency Strategy as set out in Appendix G and the proposed use of Capital Receipts Flexibility set out at section 10 of the report.

3. Determination of Council Tax 2019/2020

That they have given consideration to a report of the Executive Director of Corporate Services making, subject to the approval of the Revenue Budget 2019/2020 (as set out at item 2 above), recommendations with respect to Council Tax levels for 2019/2020, 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 30 January 2019, 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 Hetton Town Council.

They therefore recommend to Council:-

- to confirm the Council Tax Requirement for its own purposes is £99,507,522 (excluding Parish precepts),
- that having advised of the statutory requirements to recommend a proposed Council Tax Requirement which for Sunderland represents a 3.99% increase in Council Tax for 2019/2020, including the social care precept of 1%, which government allows councils to raise in addition to the basic Council Tax increase of up to 3% before a referendum is required.

and

- i) it be noted that at its meeting on 30 January 2019 the Council approved the following amounts for the year 2019/2020 in accordance with the amended regulations made under Section 31B(3) of the Local Government Finance Act 1992 (the 'Act'):

- a) 70,389 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) 3,786 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 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 recommended that responsibility for finalising the document be delegated to the Executive Director of Corporate Services in consultation with the Leader of the Council and the Cabinet Secretary.
- iii) The following amounts be calculated by the Council for the year 2019/2020 in accordance with Sections 31 to 36 of the Local Government Finance Act 1992 as amended:
 - a) £651,399,477 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) £551,837,209 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A (3) of the Act.
 - c) £99,562,268 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) £1,414.4578 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) £54,746 being the precept notified by Hetton Town Council as a special item under Section 34 (1) of the Act.
- f) £1,413.6800 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) £1,428.1401 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	£ 952.09	£ 942.45
B	£ 1,110.78	£ 1,099.53
C	£ 1,269.46	£ 1,256.60
D	£ 1,428.14	£ 1,413.68
E	£ 1,745.50	£ 1,727.83
F	£ 2,062.87	£ 2,041.98
G	£ 2,380.23	£ 2,356.13
H	£ 2,856.28	£ 2,827.36

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 2019/2020, 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	£ 89.55	£ 54.89
B	£ 104.48	£ 64.03
C	£ 119.40	£ 73.18
D	£ 134.33	£ 82.33
E	£ 164.18	£ 100.63
F	£ 194.03	£ 118.92
G	£ 223.88	£ 137.22
H	£ 268.66	£ 164.66

- (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 2019/2020 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	£ 1,096.53	£ 1,086.89
B	£ 1,279.29	£ 1,268.04
C	£ 1,462.04	£ 1,449.18
D	£ 1,644.80	£ 1,630.34
E	£ 2,010.31	£ 1,992.64
F	£ 2,375.82	£ 2,354.93
G	£ 2,741.33	£ 2,717.23
H	£ 3,289.60	£ 3,260.68

- (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 2019/2020 is not excessive in accordance with the principles determined under Section 52ZC(1) of the Act.

(i.e. the proposed Council Tax increase for 2019/2020 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 3.99% for 2019/2020 will appear as 3.0% in respect of the Council and 1.0% in respect of the adult social care precept which must be separately identified.

CABINET – 13 FEBRUARY 2019

CAPITAL PROGRAMME 2019/2020 TO 2022/2023 AND TREASURY MANAGEMENT POLICY AND STRATEGY 2019/2020, INCLUDING PRUDENTIAL INDICATORS FOR 2019/2020 TO 2022/2023.

Report of the Executive Director of Corporate Services

1. Purpose of the Report

- 1.1 To update Cabinet on the level of capital resources and commitments for the forthcoming financial year and seek a recommendation to Council to the Capital Strategy, overall Capital Programme 2019/2020 to 2022/2023 and the Treasury Management Policy and Strategy (including both borrowing and investment strategies) for 2019/2020 and to approve the Prudential Indicators for 2019/2020 to 2022/2023.

2. Description of Decision

- 2.1 Cabinet is requested to recommend to Council approval of:
- the proposed Capital Programme for 2019/2020;
 - the Council's Capital Strategy;
 - the Treasury Management Policy and Strategy for 2019/2020 (including specifically the Annual Borrowing and Treasury Investment Strategies);
 - the Prudential Indicators for 2019/2020 to 2022/2023;
 - the Minimum Revenue Provision Statement for 2019/2020.

3. Background

- 3.1 The Council currently has an ambitious capital programme, with £219m spend profiled over the period 2019/2020 to 2022/2023 linked to the Corporate Plan priorities. Continuing austerity has meant that resources that would previously have been available to fund the capital programme into futures years are restricted.
- 3.2 On 21st November 2018 Cabinet approved a suite of new start capital proposals which had been developed in accordance with the Council's Capital Strategy and taking into account the restricted level of resources available.
- 3.3 Since that time further work has progressed on the development of schemes and the programme now presented at Section 4 below includes additional proposed investment in Strategic Developments and Festoon Lighting, further details of which are set out at section 4.5 and Appendix 3 of this report.

4. Capital Programme 2019/2020 to 2022/2023

- 4.1 The proposed Capital Programme for 2019/2020 to 2022/2023 was set with the aim of delivering on the priorities set out in the City Plan including securing capital investment in the City in order to deliver growth and jobs. The total proposed programme amounts to £376.923m, with £168.946m programmed in 2019/2020 as set out below:

Expenditure by Portfolio	Estimated Payments				
	2019/2020 £'m	2020/2021 £'m	2021/2022 £'m	2022/2023 £'m	Total £'m
Deputy Leader	34.846	8.730	19.667	15.650	78.893
Cabinet Secretary	7.527	13.456	18.085	9.766	48.834
Children's Learning and Skills	4.386	3.300	1.171	0.061	8.918
Community and Culture	16.929	4.771	11.078	10.577	43.355
Environment and Transport	54.178	49.288	21.655	5.390	130.511
Health and Social Care	4.879	0.250	0.250	0.000	5.379
Housing and Regeneration	46.201	11.628	3.204	0.000	61.033
TOTAL CAPITAL EXPENDITURE	168.946	91.423	75.110	41.444	376.923

4.2 Members will be aware that in 2018/2019 the Council committed resources towards a capital programme spanning a five year period. Therefore the 2019/2020 to 2022/2023 programme reflects:

- on-going capital scheme commitments from previous years of £219.002m (£108.363m in 2019/2020) as set out in Appendix 2;
- new starts / additional investment of £157.921m (£60.583m in 2019/2020) summarised at section 4.5 with further detail set out in Appendix 3.

The details of the full Capital Programme for 2019/2020 to 2022/2023 are set out in Appendix 4. The rest of this section of the report covers proposals for new starts / additional investments in more detail.

4.3 Additional Capital Project Proposals 2019/2020 to 2022/2023 – Capital Strategy

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

4.3.2 The Capital Strategy is updated annually for approval by Council and is attached at Appendix 1.

4.3.3 The capital project proposals contained within this report have been developed in accordance with the Council's Capital Strategy and are aligned to City Plan priorities as detailed in Section 2.2 of the Capital Strategy.

4.4 Resources Available for New Starts / Additional Investments

4.4.1 Resources - Grants

The availability of external funding from significant regional funding programmes, such as the Local Growth Fund, is now restricted. Applications to the national Housing Infrastructure Fund have been submitted and are progressing through the appraisal processes and will support major growth schemes should they be successful.

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

The table below details Government Grants announced for 2018/2019 onwards.

Funding Source	2018/2019	2019/2020	2020/2021
	£'000	£'000	£'000
Highways Capital Maintenance	2,660	2,660	2,660
Highways Capital Maintenance – Incentive Funding	558	558	558
Pot Hole Funding (including Flood Resilience)	93	tbc	tbc
Highways and Bridges - Budget Autumn 2018	1,466	0	0
Highways Integrated Transport	1,606	1,606	1,606
Nexus Allocation	42	42	tbc
National Productivity Investment Fund (NPIF) - Transport	3,360	tbc	tbc
Safer Roads Funding	0	0	783
Highways England Growth and Housing Fund	0	1,439	0
Total Transport	9,785	6,305	5,607
Better Care Fund (DFG)	3,312	tbc	tbc
Disabled Facilities Grants	396	tbc	tbc
Total Health, Housing and Adult	3,708	tbc	tbc
Schools Condition Allocation	1,101	tbc	tbc
Education Basic Need	0	386	817
Schools Devolved Funding	339	tbc	tbc
Healthy Pupils Capital Fund	91	tbc	tbc
SEND	166	283	167
Total Department for Education	1,697	669	984

The Council is awaiting further details of some grants that will be awarded to support the 2019/2020 capital programme, which will be reported to Cabinet in due course.

At this stage no allocations have been announced beyond 2020/2021.

Appendix 3 sections 2 to 4 set out details of proposed use of the above 2019/2020 funding.

4.4.2 Resources – Capital Receipts and Reserves

The Council continues to market sites for sale to maximise capital receipts and support operational requirements. Capital receipts are only earmarked to fund the Capital Programme once they have been realised. While the council is targeting capital receipts, the first call on capital receipts realised will be to support the delivery of the councils savings programme agenda.

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

Following a review of available resources it is proposed that £2.720m capital receipts and £0.860m capital reserves be used to support the capital programme proposals (£1.380m in 2019/2020 and £2.200m in future years).

Elsewhere on the agenda, the Revenue Budget and Proposed Council Tax report for 2019/2020 sets out the Council's Efficiency Strategy for the period 2019/2020 to 2021/2022. In accordance with Government guidance on the availability of flexibility around the use of capital receipts for transformation purposes, the Strategy includes the continued proposed use of capital receipts arising in 2018/2019 to 2021/2022 to support transformation costs arising from

implementing the Council's savings programme for 2018/2019 to 2021/2022. This will ensure the Council has maximum flexibility in funding options available to meet the transformational costs at outturn. The position will be kept under review and final decisions on funding options will be made at outturn, in light of the overall corporate position, actual capital receipts realised and available earmarked reserves. While it is noted that using capital receipts to fund transformation projects means this funding is not available for capital projects, the new starts projects within the proposed Capital Programme are all fully funded from either borrowing, earmarked capital reserves or external grants and contributions.

- 4.4.3 Resources – Capital Expenditure charged to Revenue Account (CERA)
Given the current financial position in recent years, there is no specific budget provision for revenue funding for Capital.

4.4.4 Resources – Borrowing

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

The budget includes prudent provision for capital financing charges that may arise from an additional net £128.486m of prudential borrowing (£54.452m in 2019/2020 and £74.034m from 2020/2021). It is proposed to use this borrowing flexibly by switching with surplus capital receipts once realised. This would reduce planned capital finance charges that may arise from this borrowing.

4.4.5 Resources – Other Funding – Enterprise Zones

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

At this time there are no additional Enterprise Zones proposed by Government within the Sunderland area.

4.5 Detailed Proposals for New Starts and Capital Programme 2019/2020 to 2022/2023

- 4.5.1 Following consultation with Portfolio Holders and approval by Cabinet in November 2018, and subsequent work developing investment proposals for Strategic Developments and the Festoon Lighting, the projects in the table below are included in the capital programme for 2019/2020 to 2022/2023 with further details set out in Appendix 3.

- 4.5.2 In addition, following confirmation of specific grant approvals, these grants have been allocated to relevant service areas in the table below, with further details set out in Appendix 3.

Appendix 3 Ref	Project Name	Total Project Spend £m	Spend 2019/20 £m	Spend Future Years £m	External Funding £m	Council Provision in Current Capital Programme £m	Additional Council Funding £m
Deputy Leader							
1.1.1	Port Dock Gates & Associated Infrastructure	1.564	1.564	0.000	0.000	0.000	1.564
1.1.2	Port General Infrastructure, Equipment & Plant	0.750	0.000	0.750	0.000	0.000	0.750
1.1.3	Provision for Economic Development Grants	0.700	0.000	0.700	0.000	0.000	0.700
Total		3.014	1.564	1.450	0.000	0.000	3.014
Cabinet Secretary							
1.2.1	Civic Centre Replacement	41.381	2.274	39.107	0.000	0.000	41.381
1.2.2	Planned Property Capital Maintenance	2.273	2.273	0.000	0.000	0.000	2.273
1.2.3	ICT Infrastructure	2.720	0.520	2.200	0.000	0.000	2.720
Total		46.374	5.067	41.307	0.000	0.000	46.374
Children, Learning and Skills							
1.3.1	Willow Fields Primary School Relocation	4.942	0.410	4.532	0.210	0.000	4.732
1.3.2	Children's Homes Compliance Work	0.080	0.080	0.000	0.000	0.000	0.080
1.3.3	Derwent Hill Facilities Improvements	0.300	0.300	0.000	0.000	0.000	0.300
Total		5.322	0.790	4.532	0.210	0.000	5.112
Community and Culture							
1.4.1	Sunderland Museum, Winter Gardens and Library Major Redevelopment Scheme *	21.755	0.400	21.355	15.995	0.000	5.760
1.4.2	Neighbourhood Renewal	2.500	1.000	1.500	0.000	0.000	2.500
1.4.3	Festoon Lighting	0.250	0.250	0.000	0.000	0.000	0.250
Total		24.505	1.650	22.855	15.995	0.000	8.510
Environment and Transport							
1.5.1	Highways Asset Investment	11.000	2.750	8.250	0.000	0.000	11.000
1.5.2	Bridge Maintenance Investment Programme	4.000	1.000	3.000	0.000	0.000	4.000
1.5.3	Environmental Services Vehicles and Equipment	3.931	2.558	1.373	0.000	0.000	3.931
1.5.4	Reconnecting Roker Park *	3.550	0.000	3.550	3.100	0.216	0.234
1.5.5	Redevelopment of Parsons & JCH Depot - Electric Vehicles Infrastructure *	3.004	0.082	2.922	1.502	0.000	1.502
1.5.6	Major Pipeline Scheme Design	1.000	0.250	0.750	0.000	0.000	1.000
1.5.7	Panns East Quay Replacement	1.000	1.000	0.000	0.000	0.000	1.000
1.5.8	Hillthorn Lorry Parking Facility	0.750	0.750	0.000	0.000	0.000	0.750
1.5.9	Riverside Animation	0.400	0.400	0.000	0.000	0.000	0.400
1.5.10	Holmeside Car Park	0.230	0.000	0.230	0.000	0.000	0.230
1.5.11	Replacement of Road Safety Vehicle	0.020	0.020	0.000	0.000	0.000	0.020
Total		28.885	8.810	20.075	4.602	0.216	24.067
Health and Social Care							
1.6.1	Day Centre Transformation Programme	4.500	4.500	0.000	0.000	0.000	4.500
1.6.2	Emergency Accommodation	0.104	0.104	0.000	0.000	0.000	0.104
1.6.3	Barnes Park Café (Coffee Stop) – Flood Defence Measures	0.025	0.025	0.000	0.000	0.000	0.025
Total		4.629	4.629	0.000	0.000	0.000	4.629
Housing and Regeneration							
1.7.1	Additional Growth Corridor	5.000	1.000	4.000	0.000	0.000	5.000
1.7.2	Empty Properties Programme	3.000	1.816	1.184	0.000	0.000	3.000
1.7.3	Homeless Accommodation *	2.300	0.710	1.590	1.000	0.000	1.300
1.7.4	Heritage Action Zone Partnership Grant Scheme *	0.890	0.545	0.345	0.390	0.000	0.500
1.7.5	Strategic Acquisitions	1.800	1.800	0.000	0.000	0.000	1.800
1.7.6	Regeneration Feasibilities	0.580	0.580	0.000	0.000	0.000	0.580
1.7.7	Hendon Health Centre Demolition	0.125	0.125	0.000	0.000	0.000	0.125
1.7.8	Roker Promenade and Pier CCTV Infrastructure	0.055	0.055	0.000	0.000	0.000	0.055
1.7.9	Strategic Developments	28.000	28.000	0.000	0.000	0.000	28.000
Total		41.750	34.631	7.119	1.390	0.000	40.360
Service New Grant Allocations							
2.0	Transport (Highways) Schemes	3.266	3.266	0.000	3.266	0.000	0.000
3.0	Health, Housing & Adults - awaiting Better Care Fund allocation	0.000	0.000	0.000	0.000	0.000	0.000
4.0	Children's Services - awaiting some schools allocations	0.176	0.176	0.000	0.176	0.000	0.000
Total		3.442	3.442	0.000	3.442	0.000	0.000
TOTAL		157.921	60.583	97.338	25.639	0.216	132.066

* project included subject to the successful outcome of external grant funding bid.

- 4.5.3 The proposed additional new starts / additional investment totals £157.921m, (£60.583m in 2019/2020 and £97.338m in future years). Of the total £157.921m:
- £25.639m is externally funded;
 - £0.216m is existing council funding already included in the current capital programme;
 - The remaining balance of £132.066m is to be met from available Council resources, as follows:
 - £2.720m capital receipts
 - £0.860m capital reserves
 - £128.486m prudential borrowing.

It is important to note that:

- Those capital projects marked * included in the table above will be subject to positive outcomes of external grant funding bids;
 - Some of the above investment is anticipated to be recouped through either S106 or commercial arrangements over time;
 - Some investments are linked to the generation of savings to support the revenue budget.
- 4.5.4 Planned funding sources for individual capital schemes may be subject to amendment in order to achieve best value to the Council and ensure the capital programme continues to be prudent, affordable, and sustainable into future years and within overall borrowing limits whilst still retaining flexibility.
- 4.5.5 The recommended Capital Programme is included in full as Appendix 4 to this report.
- 4.5.6 Additional capital project proposals were approved by Cabinet on 21st November 2018. The Scrutiny Coordinating Committee on 6th December 2018 acknowledged the capital programme and is satisfied with the proposed variations to the Capital Programme.

4.6 Further Reports

In accordance with the Council's Constitution, prior to the commencement of projects, details of all new schemes must be subject to a full capital investment appraisal. Those schemes with an estimated cost in excess of £0.250m must be reported for approval to Cabinet before commencement of the scheme. For those schemes below £0.250m consultation must take place with the relevant Cabinet Portfolio Holder and Executive Director of Corporate Services in advance of delegated decisions being taken to implement these schemes, and subsequently approved by Cabinet as part of the quarterly capital review process. Any further proposals for additional projects will follow the above processes for approval as they emerge.

5. Prudential Framework and Code

- 5.1 One of the principal features of the Local Government Act 2003 is to provide the primary legislative framework to introduce a prudential regime for the control of Local Authority capital expenditure. The regime relies upon both secondary legislation in the form of regulations, and a prudential code issued and maintained by the Chartered Institute of Public Finance and Accountancy (CIPFA). The Prudential Code was first reported to Council in March 2004 and the latest version was issued by CIPFA in December 2017.

- 5.2 Under the prudential framework local authorities are free to borrow without specific government consent if they can afford to service the debt without extra government support, not just for the current year but also for future years. The basic principle is that authorities are free to invest as long as their capital spending plans are affordable, sustainable and prudent. This allows the Council the freedom to manage and control its capital programme and how it is financed. The key elements of control and management of capital finance are through:
- Capital expenditure plans – the Council's Capital Programme;
 - External debt - how the Council proposes to fund its Capital Programme;
 - Treasury management – the management of the Council's investments, cash flows, banking, money market and capital market transactions, the effective control of risks associated with those activities and the pursuit of optimum performance consistent with those risks.
- 5.3 To demonstrate that the Council takes capital expenditure and investment decisions in line with service objectives and properly takes account of stewardship, value for money, prudence, sustainability and affordability the Council has in place a Capital Strategy that sets out the long-term context in which capital expenditure and investment decisions are made and gives due consideration to both risk and reward and impact on the achievement of priority outcomes. The Capital Strategy is set out at Appendix 1. The Strategy forms a part of the Council's integrated revenue, capital and balance sheet planning.
- 5.4 All authorities must follow the latest prudential code published by CIPFA. This involves setting various prudential limits and indicators that must be approved by the Council before the start of the relevant financial year as part of their budget setting process. The prudential and treasury management indicators have been prepared for the financial year 2019/2020, taking into account all matters specified in the code. Regular monitoring takes place during the year and reports are made to Cabinet to show the Council's performance and compliance with these indicators as part of the quarterly capital review reports as appropriate.
- 5.5 All of the indicators together with background information to these indicators and what they are seeking to assess, are detailed in Appendix 5 in full compliance with the code.
- 5.6 Regulations came into force on 31st March 2008 which requires local authorities to repay an element of its capital financing requirement each year through a revenue charge known as the Minimum Revenue Provision (MRP). Local authorities have a statutory requirement to make a prudent level of provision and to have regard to Ministry of Housing, Communities and Local Government (MHCLG) guidance when assessing its MRP. MHCLG revised their MRP guidance in February 2018 and this guidance has been considered when setting the MRP policy for 2019/2020. Authorities must set, each year, an amount of MRP it considers prudent. It is also recommended that an annual statement of its policy on making a MRP in respect of the following financial year is submitted to full Council for approval.

5.7 Local authorities have significant discretion in determining the level of MRP which they consider to be prudent. The Council's MRP policy was reviewed as part of the budget setting process for 2017/2018 where it was determined that had the annuity basis used to calculate MRP, that was introduced from 2015/2016, been adopted from 1st April 2008 (being the date when regulations came into force) around £43.5m less MRP would have been charged between 1st April 2008 and 31st March 2016. Council approved that the £43.5m overprovision of MRP in previous years be used to reduce MRP for 20 years from 2016/2017 by a fixed amount of £2.176m each year until 2036/2037. Phasing over 20 years is the time period that the Government specify for expenditure to be treated as capital expenditure by virtue of direction under section 16(2)(b) of the 2003 Act. This is considered prudent, as taking previous overpayments over this longer period slows the increase to the Council's capital financing requirement, and therefore interest charges, whilst still giving additional certainty to the Council's debt charges budget. The proposal assisted the Council in addressing the impact of funding reductions as described in the Council's MTFS at that time.

5.8 It is proposed the Council continue the MRP policy used in 2018/2019 and a recommended Minimum Revenue Provision Statement for 2019/2020 for the Council is set out in Appendix 6.

6. Treasury Management

6.1 General

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

6.2 Statutory requirements

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

- adopt a Treasury Management Policy Statement (detailed in Appendix 7),
- to set out its Treasury Management Strategy comprising the Council's strategy for borrowing and the Council's policies for managing its investments, and giving priority to the security and liquidity of those investments (set out in Appendix 8).

The MHCLG 'Statutory Guidance on Local Government Investments' was updated in February 2018 and CIPFA updated its Treasury Management in the Public Services Code of Practice in December 2017. The Council are statutorily required to have regard to this advice when setting its Treasury Management Policy Statement and Treasury Management Strategy. Changes to the MHCLG investment guidance focused particularly on non-treasury investments which are reported in Appendix 1 within the Commercial Investments section of the Capital Strategy rather than in the Treasury Management Strategy. This ensures the separation of the core treasury function where investments are made under security, liquidity and yield principles, and non-treasury commercial and strategic investments.

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

6.3 CIPFA Code of Practice requirements

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

The primary requirements of the Code include that:

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

The content of the policy statement is detailed in Appendix 7 and the TMPs follow the recommendations contained in Sections 6 and 7 of the Code, subject only to minor variations where necessary to reflect the particular circumstances of the Council and these do not result in the Council materially deviating from the Code's key principles.
2. The Council will receive reports on its treasury management policies, practices and activities, including, as a minimum, an annual strategy and plan in advance of the year ahead, a mid-year review and an annual report after its close, in the form prescribed in its TMPs.
3. The Council delegates responsibility for the implementation and regular monitoring of its treasury management policies and practices to Cabinet, and for the execution and administration of treasury management decisions to the Executive Director of Corporate Services, who acts in accordance with the organisation's Policy Statement, TMPs and CIPFA's Standard of Professional Practice on Treasury Management.
4. The Council's Audit and Governance Committee is responsible for ensuring effective scrutiny of the treasury management strategy and policies.

6.4 Treasury Management Strategy Statement for 2019/2020

- 6.4.1 The Treasury Management Strategy Statement comprises a Borrowing and an Investment Strategy. These set out the Council's policies for managing its borrowing and investments in 2019/2020.
- 6.4.2 There are no major changes being proposed to the overall Treasury Management Strategy in 2019/2020, which maintains the careful and prudent approach adopted by the Council in previous years. Particular areas that inform the strategy include the extent of potential borrowing included in the Council's capital programme, the availability of borrowing, and the current and forecast global and UK economic positions, in particular forecasts relating to interest rates and security of investments.
- 6.4.3 The proposed Treasury Management Strategy Statement for 2019/2020 is set out in Appendix 8 and has been informed by market data, market information and leading market forecasts and views provided by the Council's treasury adviser, Link Asset Services.

6.4.4 The strategy is subject to regular review to ensure compliance to the agreed treasury management strategy and that the strategy adapts to changing financial markets as appropriate. The Council's performance for 2018/2019 using the prudent treasury management strategy adopted shows that the current average rate of borrowing at 3.13% is low in comparison with other local authorities whilst the current rate earned on investments at 0.92% is higher than the benchmark rate of 0.49%. Market conditions are under constant review so that the Council can take a view on the optimum time to carry out further borrowing or debt rescheduling.

7. Reasons for Decision

7.1 To comply with statutory requirements.

8. Alternative Options

8.1 No alternative options are proposed.

9. Impact Analysis

9.1 Impact assessments will be undertaken by Directorates to ensure programmes are delivered within budget.

10. List of Appendices

10.1 Appendix 1 - Capital Strategy
Appendix 2 - Capital Commitments into 2019/2020
Appendix 3 - Capital Programme 2019/2020 New Starts / Additional Investments
Appendix 4 - Capital Programme 2018/2019 to 2022/2023
Appendix 5 - Prudential and Treasury indicators 2019/2020 to 2022/2023
Appendix 6 - Minimum Revenue Provision Policy Statement 2019/2020
Appendix 7 - Treasury Management Policy Statement
Appendix 8 - Treasury Management Strategy Statement for 2019/2020

11. Background Papers

Cabinet Report – Capital Programme Planning 2019/2020 to 2022/2023

Capital Strategy

1. INTRODUCTION

1.1. Background

The capital strategy is intended to give a high level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services along with an overview of how associated risk is managed and the implications for future financial sustainability.

The Prudential Code for Capital Finance in Local Authorities was updated by the Chartered Institute of Public Finance and Accountancy in December 2017 with further guidance released in September 2018. The framework established by the Prudential Code supports local strategic planning, local asset management planning and proper option appraisal.

The updated Prudential Code requires local authorities to have an approved Capital Strategy to be in place in order to demonstrate that the authority takes capital expenditure and investment decisions in line with service objectives and properly takes account of stewardship, value for money, prudence, sustainability and affordability. The capital strategy sets out the long term context in which capital expenditure and investment decisions are made and gives due consideration to both risk and reward and the impact on the achievement of priority outcomes.

The Council's Capital Strategy has been prepared to provide a framework within which the Council's capital investment plans will be prioritised and delivered, ensuring it adheres to the requirements of the Code. This is covered over the following key areas;

- Capital expenditure including governance, monitoring, priorities, pipeline and longer term planning;
- Funding Approach;
- Debt, borrowing and treasury management;
- Commercial activity;
- Other long-term liabilities; and
- Knowledge and skills.

The Capital Priorities to be delivered through the strategy are aligned to the new City Plan with an overall ambition that by 2030 Sunderland will be a connected, international city with opportunities for all.

The key themes are set out at section 2.2.

The Strategy covers the Council and also its wholly owned companies, Together for Children Limited, Sunderland Care and Support Limited and Sunderland Homes Limited.

2.0 OBJECTIVES OF STRATEGY

2.1 The key aims of the Capital Strategy are to:

- provide a clear set of objectives and a framework within statutory legislation that enables proposed new capital expenditure to be evaluated to ensure that all new capital investment is targeted at meeting the priorities set out in the City Plan;
- ensure prioritisation of projects that focus on delivering a number of the long term benefits contained in the City Plan;
- set out how the Council identifies, programmes and prioritises capital requirements and proposals arising from business plans submitted through an appraisal mechanism;
- provide a long-term view of capital expenditure plans and risks faced by the Council over the life of assets;
- consider options available for funding capital expenditure and how resources may be maximised to generate investment in the area, whilst minimising the on-going revenue implications of any such investment;
- provide a basis for the projection of external debt and provision for repayment of that debt over the life of the underlying debt based on the approved capital programme and other capital resources available;
- consider the resources available for capital expenditure over the longer term;
- ensure the strategy has an overall balance of risk on a range of investments over timespan, type of investment and rate of return, confirming that knowledge and skills available to the Council are commensurate with the Council's investment risk appetite;
- establish effective arrangements for the management and monitoring of capital expenditure including the assessment of project outcomes, budget profiling, deliverability, value for money and security of investment.

2.2 Capital Priorities

The Council's Capital Priorities are aligned to the City Plan priorities of:

- Sunderland will be a **dynamic city**. This includes more and better jobs, an improved housing offer, improvements to the city centre and a focus on low carbon and digital connectivity.
- Sunderland will be a **healthy city**. This includes a focus on ensuring that everyone has access to opportunities and life chances to live healthier, longer, independent lives. There will be a focus on a more attractive city and neighbourhoods with better transport networks.

- 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.

In addition, the continuing focus for the Council is on serving all our residents in Sunderland with the best possible services and support.

(a) Dynamic City

The Council is focused on securing Sunderland's long term future, and encouraging inward investment, advanced manufacturing and the development of hi-tech industries and new employment opportunities. A spread of action activities, that reflect the area within which the Council is able to most positively deploy its capital resources, form the core focus of this aim. In doing so these contribute towards Council funding in the longer term in the form of additional council tax, new homes bonus, business rates or land sale receipts, so contributing to the future sustainability of Council services.

The Council's Housing Strategy provides the vision for a greater choice of good quality homes which meet the needs and the aspirations of our residents.

(b) Healthy City, Vibrant City

(i) Improving Health and Wellbeing

The Council aims to enable and support individuals, families and communities to enjoy much better health and wellbeing, with less reliance on the public sector in the longer term.

(ii) Improving Education and Skills

It is the City Plan's aim that all children, young people and adults, wherever they live or work in Sunderland and regardless of their background or circumstances, should benefit from the best possible education and training opportunities in a safe and supportive environment that will allow them to thrive at every stage and in all aspects of their lives.

The Council also has a statutory duty to ensure that there are sufficient school places in the city.

(iii) Safeguarding our residents

The City Plan priorities in this area are;

- Supporting vulnerable children and families – providing services that help prevent and reduce the risk and harm to vulnerable children and services that will ensure the best possible outcomes for all our children, young people and families.
- Supporting vulnerable adults and carers – supporting vulnerable people to help them live as independent, healthy and active a life as possible.

- Building resilient communities – continuing to work collaboratively to build community capacity across the city.

(c) Council Internal Priorities

The Council must focus on the services it needs to provide and make sure we are as efficient as possible in doing so; 'invest to save' projects will be utilised where necessary to achieve this. We need to support innovation and collaborative ways of working to make sure the people in greatest need are supported. More must be done to address demand pressures and build individual and community resilience.

The Council will 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 planning (including health sector partners, the University, and Gentoo).

Also ensuring that strong partnership arrangements are in place to enable truly collaborative working with regional partners. This includes the key partnerships of the Tyne and Wear City Region, North East Combined Authority and North East Local Enterprise Partnership.

2.3 Services

Given the continued financial climate, planning for future capital investment will not only need to consider projects addressing key Council priorities but also those that will generate the greatest benefits in terms of delivery in the City, taking into account:-

- The aims and priorities set out in the City Plan and the 3,6,9 Vision for transforming the city, which identifies initiatives, projects and ideas that will help shape the city in the coming years focussed on the priorities of Economy, Housing, Connectivity, Culture and Education;
- The more detailed strategies that support the City Plan and 3,6,9 vision including in relation to Regeneration, Housing, Transport, the Local Plan and Culture;
- The need to continue to scan for opportunities for accessing additional public sector, Government and other external funding and to leverage private sector funding into the city;
- A commercial approach to securing capital investment in the city in order to deliver growth and jobs.

Also a required emphasis on investing to save and maximising return on investment, to:-

- Generate savings or support avoidance of additional revenue costs;
- Ensure a commercial return on investment;
- Grow the Council's income base;
- Attract and support more and better jobs and economic growth;

- Arrest and reverse our population decline and generate additional income in terms of New Homes Bonus and increased Council Tax from new housing;
- Provide infrastructure development which attracts and complements private sector investment and development, generating additional business rates; and
- Generate and support future funding opportunities and streams (which are likely to come through routes other than the public sector) which encourages and levers in private sector investment.

3.0 CAPITAL EXPENDITURE

3.1 Capitalisation of Costs

- 3.1.1 Whether acquired or self-constructed, fixed assets should initially be measured at cost. Only costs that are directly attributable to bringing the asset into working condition for its intended use should be included. Such costs should be capitalised only for the period in which the activities that are necessary to get the asset ready for use are in progress.

3.2 Governance of the Capital Programme

- 3.2.1 To ensure that available resources are allocated optimally and deliver value for money, capital programme planning is determined in parallel with the service and revenue budget planning process within the framework of the medium term financial strategy (MTFS).
- 3.2.2 The Council has mechanisms in place which seeks to ensure that there is an integrated approach to addressing cross-cutting issues and developing and improving service delivery through its capital investment in pursuance of the Council's aims. These include:
- Democratic decision-making and scrutiny processes which provide overall political direction and ensure accountability for the investment in the capital programme. These processes include:
 - Full Council, which is ultimately responsible for approving the Capital Strategy, the Treasury Management Strategy and the Capital Programme;
 - Cabinet, which is responsible for setting the corporate framework and political priorities to be reflected in the Capital Programme and recommends projects for inclusion in the Capital Programme. Cabinet also monitors delivery of the capital programme;
 - Scrutiny Coordinating Committee, which considers the programme of new starts for inclusion in the Capital Programme and reviews the MTFS to provide challenge, advice and commentary to Cabinet where appropriate; and
 - All projects which progress follow the requirements of the constitution and financial regulations including Financial Procedure Rules and Procurement Procedure Rules.

- Officer Groups which bring together a range of service interests and professional expertise. These include:
 - The Chief Officer Group (COG) which has overview responsibility for the development, management and monitoring of the capital programme;
 - Capital Strategy Board provides a framework within which the Council capital investment plans will be scrutinised and prioritised, and delivery of approved plans will be monitored;
 - Directorate Management Teams overseeing and proposing business cases for investments prior to finance and legal due diligence for submission to the Capital Strategy Board; and
 - Specific Programme and Project boards with wide ranging membership are also created as appropriate to oversee significant capital development projects as required.

3.3 Capital Programme 2019/2020 – 2022/2023

The current capital programme commits substantial resources over the four years to 2022/2023 and can be viewed at Appendix 4.

A quarterly financial review of the Capital Programme is reported to Cabinet each June, October and January outlining any in year variations.

3.4 Process for Prioritising New Capital Proposals

The annual process for identifying and prioritising new capital requirements involves a cross-section of stakeholders. The stages and roles within this process are outlined below;

Stage 1 - Identification and Prioritisation of Proposals within Directorates

Executive Directors, through discussion with Cabinet Portfolio holders, are requested to identify projects which are of high priority to their service area and are aligned with the City Plan. The supporting business case provides a clear justification for the proposal and sets out the rationale for its priority level. In addition, Executive Directors undertake a full review of the existing capital programme to confirm that planned projects remain a priority for the Council.

Stage 2 - Initial Review and Challenge

The Financial Management section undertakes an initial review and challenge of the proposals received to ensure completeness and robustness of submissions.

Stage 3 - Corporate Strategic Review and Prioritisation

- Submissions are reviewed and challenged by the Capital Strategy Board who assess the relative priority of the submissions from a strategic perspective, aligned to the corporate priorities.

- The Capital Strategy Board recommend the projects to be taken forward for consideration to Chief Officer Group, after taking into account the total resources available and any consequences on the MTFS budget planning process.

Stage 4 - Member Review and Challenge

- Cabinet considers for recommendation to Council the prioritised proposed new start projects;
- Scrutiny Coordinating Committee reviews and challenges the recommendations from Cabinet;
- Cabinet considers the comments from Scrutiny Coordinating Committee and makes a final recommendation to Council;
- Council considers the recommendations from Cabinet and adopts the capital programme for the following 4 year period.

3.5 Monitoring of the Capital Programme

3.5.1 Monitoring of the programme includes expenditure profiling and the delivery against timetable for each project. This, in turn informs, the debt cost of projects and the associated revenue impacts.

3.5.2 Schemes are regularly monitored by project managers, supported by Financial Management, which informs quarterly reports to Cabinet that identify changes to the capital programme including;

- New resource allocations;
- Slippage and acceleration in programme delivery;
- Schemes reduced or removed;
- Virements between schemes to maximise delivery and outcomes;
- Revisions to expenditure profile and/or funding to ensure on-going revenue costs are minimised; and
- Revisions to timelines and significant changes in anticipated outcomes.

3.5.3 Non-financial outputs from the Capital Programme are monitored through the City Plan performance, capturing the wider benefits of schemes over a longer timeframe.

3.6 Longer Term Planning

The current capital planning cycle duration is 4 years, reviewed throughout the year, which covers the short to medium term capital investment requirements of the Council. The Prudential Code requires the Capital Strategy to consider the Council's longer term capital investment requirements, although it does acknowledge that when taking a long-term view of assets, projections in later years are likely to involve a high degree of estimation.

Appendix 1 (continued)

The council capital programme plans for the period through to 2022/23 is set out at appendix 4 and totals £376.9m. Table 1 below provides a high level minimum estimate of the capital requirement over the subsequent 15 year period. The totals provided reflect the recurring elements of the capital programme necessary to maintain the status quo of asset groups. Non-recurring projects / initiatives, such as regeneration projects, are excluded from this analysis given their one-off nature.

The recurring elements of capital investment required to maintain service delivery are grouped in to a number of asset areas, these are;

- Highways – Improvement and maintenance of the Council's major highway assets including roads, bridges, footways and traffic signal equipment.
- Property – Improvement and maintenance of Council buildings to support front line services.
- Vehicles – Acquisition of vehicles, such as refuse collection vehicles and large specialist vehicles, to support front line services.
- ICT and Connectivity – Improvement and replacement of the Council's ICT infrastructure and devices to directly support Council services across the city.

Regeneration initiatives and other emerging schemes will be considered in line with the development of the City Plan.

Table 1 – Long Term Capital Requirement Forecasts beyond Current Capital Programme Period

Asset Group	Forecast Requirement 5 Years (2023/24 – 27/28)	Forecast Requirement 10 Years (2028/29 – 37/38)
	£m	£m
Highways (1)	18.750	37.500
Property (2)	3.750	7.500
Vehicles (3)	6.500	13.000
ICT (4)	2.500	5.000
TOTAL	31.500	63.000

Assumptions;

- (1) Highways – £3.750m per annum rolling programme of planned maintenance works and improvements. This estimate does not include investment supported by external funding from the Department of Transport, this has historically totalled c£5m per annum for the Council and is anticipated to continue at this level.
- (2) Property - £0.750m per annum rolling programme of planned property capital maintenance.

- (3) Vehicles - £1.300m per annum rolling fleet refresh programme (based on 10 year full replacement programme estimate of £13m)
- (4) ICT and Connectivity – £0.500m per annum rolling refresh of user devices and core infrastructure.

Actual budget allocations will be determined as part of the annual revenue and capital budget setting process taking in to account affordability at the time.

The level of investment noted in table 1 above would result in an average annual spend of £6.300m. This level of additional borrowing would require an increase of around £0.612m to the revenue budget each year for the 15 year period to take account of debt charges.

4.0 FUNDING APPROACH

- 4.1 There are external and internal funding sources which the Council explores to support the development of the Capital Programme, these include;
 - Central Government and North East Local Enterprise Partnership (LEP) grants;
 - Non-Government and European grants;
 - Developer Private / Partnership Funding;
 - Enterprise Zone Finance and Tax Incremental Finance;
 - Capital Receipts and Council reserves; and
 - Prudential Borrowing.

Each potential funding approach comes with varying conditions and risks which need to be assessed and then managed as part of the scheme delivery.

4.1.1 Central Government and Local Enterprise Partnership

- Grants are allocated in relation to specific programmes or projects and the Council seeks to maximise such allocations, developing appropriate projects and programmes which reflect government and the North East Local Enterprise Partnership (NELEP) led initiatives and agendas but which address priority needs in the city. Funding opportunities are beginning to emerge as part of the National Productivity Investment Fund (NPIF).
- Specific Government grants are utilised to support planned capital expenditure for maintenance of transport infrastructure, school buildings and provision of Disabled Facilities.

4.1.2 Non-Government and European grants

The Council continues to monitor opportunities to access non-government funding sources such as Heritage Lottery Fund, Historic England and the Arts Council to support the delivery of priority projects.

Opportunities to access EU funding programmes will continue for the next 2 years until all remaining funds are committed. In December 2017, the EU and the 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. While this agreement provides reassurance on the NELEP area's £437m ESIF allocation for 2014-2020, local government and regional partners continue to lobby for a UK successor programme that will operate beyond 2020.

4.1.3 Developer Private Funding

The Council has entered in to a number of private financing/partnering arrangements in recent years including, Siglion and the Sunderland Lifestyle Partnerships

The Council is committed to working with partners in the development of the City and its services. Various mechanisms provide opportunities to enhance the Council's investment potential with support and contributions from other third party and local strategic partners. These range from commissioning / facilitating others to develop services in the city, funding for regeneration projects, and through match funding / joint funding of developments.

4.1.4 Alternative Sources of Financing

Enterprise Zones:

The Council has three live Enterprise Zone sites: A19 Low Carbon Zone, land at the Port of Sunderland and IAMP Phase 1. The Government's Enterprise Zone model allows all business rates growth generated by the Enterprise Zone to be kept by the relevant NELEP for a period of 25 years. To unlock sites locally, the NELEP has approved a model of forward funding the required infrastructure work, whereby local authority borrowing is financed through the future flow of business rates growth receipts.

Tax Incremental Finance (TIF):

Tax increment financing (TIF) permits local authorities to borrow money for infrastructure projects against the anticipated increase in tax receipts resulting from the infrastructure. TIF arrangements need to be negotiated and agreed with Central Government.

4.1.5 Internal funding

- Capital receipts from asset disposals
The Council has a substantial property estate, mainly for operational service requirements and administrative buildings. Reviews undertaken in accordance with the Asset Management Plan identify properties which are surplus to requirements and which can be disposed.

Capital receipts from asset disposals represent a finite funding source and it is important that a planned and structured manner of disposals is in place to

support the priorities of the Council. As part of its property rationalisation programme, the Council markets sites when it is felt to be the appropriate time in order to achieve best value and help support operational efficiencies. The Efficiency Strategy, approved annually by Council, includes the continued proposed use of capital receipts to support costs arising from implementing the Council's savings programme, in accordance with Government guidance on the availability of flexibility around the use of capital receipts for transformation purposes through to April 2022.

The Council continues to maintain a policy of not committing receipts in advance of realisation and does not ring-fence the use of capital receipts to fund new investment in specific schemes or service areas. Instead, subject to any claw back provisions, resources are allocated in accordance with key aims and priorities.

While the Council does not commit receipts in advance of realisation, an indicative programme of sales of assets into future years is in place against which progress will be monitored and managed.

Receipts realised will be used to assist the Council's long term financial position. This will involve appraisal of the options to maximise revenue benefits, which could include:

- Repayment of existing debt;
- Mitigating requirements for future borrowing requirements in delivering the capital programme priorities;
- Funding of Transformation Projects that will deliver efficiencies; and
- Funding additional priorities.

- **Capital Reserves**

Capital reserves are currently fully committed in support of the current capital programme. Opportunities for the creation of additional capital reserves will be considered in the light of the outturn funding position each financial year.

- **Lease finance**

Leasing may be considered where this provides best value as an alternative to purchasing.

- **Revenue**

Capital expenditure may be funded directly from revenue (CERA – capital expenditure charged to revenue account). However, the general pressures on the Council's revenue budget and Council Tax levels limit the extent to which this may be exercised as a source of capital funding.

- **Prudential "unsupported" borrowing**

Under the Prudential Code, the Council has discretion to undertake borrowing to fund capital projects. The full cost of that borrowing must be taken account of in the Council's budget, through the Minimum Revenue Provision (MRP) Policy. Any borrowing must be prudent, affordable and sustainable.

Given the pressure on the Council's revenue budget, prudent use has been made of borrowing where there was a clear financial benefit, such as "invest to save", "spend to earn" or major regeneration schemes, which provide a net return over and above the borrowing cost.

Council resources will be allocated to programmes based on asset lives to manage the long term yield and revenue implications. Where available, any capital receipts will be focused on those assets with short term life span (e.g. vehicles and IT investments) and the unsupported borrowing on long term assets (e.g. land and buildings).

5.0 DEBT, BORROWING AND TREASURY MANAGEMENT

- 5.1 Under the Prudential Code, local authorities have discretion over the funding of capital expenditure and the level of borrowing they wish to undertake to deliver their capital plans and programmes. However, capital spending plans must be affordable, sustainable and prudent. To demonstrate this, the Council's longer term financial needs, alongside a projection of forecast external debt and borrowing, are detailed within the Prudential and Treasury Indicators 2019/2020 to 2022/2023 and within the Treasury Management Strategy (TMS) Statement. This is approved annually by Council.
- 5.2 Table 2 below shows the estimated net revenue cost of debt charges and the future borrowing levels that will be required by the Council to meet its estimated capital financing requirement (CFR) over the 20 year timeframe included in the capital strategy. The table includes longer term capital financing requirements beyond the current capital programme timeframe that are identified in section 3.6 of this report but does not include other long term liabilities (e.g. PFI schemes and finance leases).
- 5.3 The CFR quantifies capital expenditure that has not yet been paid for from revenue or capital resources. It measures the authority's underlying need to borrow for a capital purpose. It does not increase indefinitely as it is decreased by the Minimum Revenue Provision which broadly reduces the borrowing need in line with assets lives. Consideration will be given to utilising cash backed reserves to temporarily fund the Council's borrowing requirement.

Table 2

	2022/23 £m	2027/28 £m	2032/33 £m	2037/38 £m
Capital Financing Requirement	567.617	534.436	481.969	416.247
Existing External Debt	298.808	286.692	264.047	264.027
Additional External Debt Requirement	268.809	247.744	217.922	152.220
Net Debt Charges	23.300	28.296	31.625	34.230

The Council ensures that the revenue implications of capital finance, including financing costs, are properly taken into account within option appraisal processes, the capital programme and the MTFS.

- 5.4 The liability benchmark for the Council is shown in table 3 below. This shows the Council's existing projected debt repayment profile through the Minimum Revenue Provision (MRP) (liability benchmark) set against the existing repayment profile implied by the actual maturity profile of borrowing taken out by the Council. The table suggests that the Council will have a cash surplus in the long term and that projected debt repayments through MRP will not match actual debt repayments. However following consultation and advice by the Council's treasury advisers, Link Asset Services, the Council has taken the decision to borrow over longer term periods. This borrowing has been taken out where it offers good value and to allow for the potential to benefit from refinancing debt in the future, a further benefit is that it reduces risk by giving certainty of borrowing rates over the long term.

Table 3

	Loan Debt Maturities	Liability Benchmark	% Variance	Permitted Range
< 1 year	2%	1%	1%	0% - 50%
1 – 2 years	3%	1%	2%	0% - 60%
2 – 5 years	7%	5%	2%	0% - 80%
5 – 10 years	5%	10%	5%	0% - 100%
10 – 20 years	5%	27%	22%	0% - 100%
20 – 40 years	24%	49%	25%	0% - 100%
> 40years	55%	7%	48%	0% - 100%

5.5 Borrowing Limits

All external borrowing and investment undertaken is subject to the monitoring requirements of the Prudential Code. Under the Code, Authorities must set borrowing limits (Authorised Borrowing Limit for External Debt and Operational Boundary for External Debt) and must also report on the Council's performance for all of the other TM Prudential Indicators.

Further details are detailed within the Prudential and Treasury indicators 2019/2020 to 2022/2023 (appendix 5).

5.6 Debt Repayments

The Council is required to repay an element of its capital financing requirement each year through a revenue charge known as the MRP. The Council must set a prudent amount of MRP in an annual MRP Policy Statement that is approved by Full Council each year (see appendix 6).

5.7 Treasury Management Governance and Risks

The Local Government Act 2003 and subsequent guidance requires the Council to set out its Treasury Management Strategy (TMS) for Borrowing and to prepare an Annual Investment Strategy. This sets out the Council's policies for managing both its borrowing and its treasury investments, which gives priority to the security and liquidity of those investments.

The strategy for 2019/2020 is set out in Appendix 8 and been prepared in accordance with the revised Prudential Code.

6 COMMERCIAL ACTIVITY – INVESTMENT STRATEGY

- 6.1 Since 2010 local government finances have been restricted by annual grant reductions, with much greater emphasis on self-sufficiency. The Council's capital strategy aims to support this agenda by increasing the physical and economic regeneration of the city, to generate more business rates and council tax to support council services.
- 6.2 In recent years, a number of local authorities have increased their property portfolio for purely commercial / income reasons, often outside of their geographic area, in order to support existing council budgets faced with continued grant reductions. This practice has drawn concern from both CIPFA and the Ministry of Housing, Communities and Local Government (MHCLG) around the risk and security of funds from such commercial activity. MHCLG has subsequently updated its Statutory Investment Guidance, which requires that authorities:
- Prepare an investment strategy for approval by council once a year;
 - Disclose the contribution that investments make “toward the service delivery objectives and / or place making role of the local authority”;
 - Include indicators that enable assessment of the authority's investments and decisions taken;
 - Must not “borrow in advance of need” to profit from the investment of the sums borrowed. This requirement now applies to non-financial investments (e.g. investment in commercial property that is solely commercial) rather than financial instruments. In the past, investment in commercial property would have counted solely as capital expenditure and so could have been funded by borrowing; and
 - If they do borrow in advance of need for profit, authorities must set out the reasons for their non-compliance in the strategy and their risk management arrangements.
- 6.3 To date, the Council has not entered into any investment decisions (outside of Treasury Management transactions) that solely focus on the commercial return of that investment. Whilst some capital developments and loan agreements in place have a commercial rate of return, and this is considered as part of any decisions approved, all such investments are principally to support the regeneration and economic sustainability of the city. The Council has no property assets defined as “investment assets” on its balance sheet.
- 6.4 The Council has prepared this investment strategy to comply with the statutory guidance issued by the MHCLG. In doing so, the overarching principles of any investment decisions are that;
- Investment decisions are made with the primary purpose of supporting the regeneration and economic resilience of the city, and that the benefit of such is set out as part of the decision making process. As such no borrowing “in advance of need” would be undertaken;
 - Any proposals to undertake any such investment decisions would fully consider appropriate risks and security of funds as part of any decision making process and weigh up these risks against the anticipated benefits of the proposal;

- There would be a fully calculated and robust financial case of any proposal to be considered; and
 - The approval for any such proposals follow the existing governance and approval process as set out in the council constitution.
- 6.5 Any on-going monitoring of investment decisions will be undertaken using existing channels i.e. revenue and capital monitoring. No additional mechanisms will be put in place given the Council does not intend to undertake any purely commercial activities.
- 6.6 This strategy and the related activity sits alongside the Treasury Management strategy referenced elsewhere, as well as having direct relationships with borrowing and Prudential Indicators. The Council will ensure that this policy is updated on an annual basis to be compliant with any such changes as required by CIPFA or the MHCLG.
- 6.7 Should the Council chose to undertake any investment decision in the future that is purely for commercial gain, full consideration of all financial and non-financial risks will be undertaken and subject to the appropriate approval process. The Investment Strategy would subsequently be updated to reflect any such change in approach.

7 OTHER LONG-TERM LIABILITIES

- 7.1 Councils may take on liabilities and hold investments explicitly in the course of service delivery including regeneration. Whilst not included within the Capital Programme or the Treasury Management Strategy, they are included within the wider capital strategy to give an overarching view of the Council's financial position.
- 7.2 As at 31st March 2018 the Council held £78.408m long-term liabilities in respect of PFI schemes;
- Waste Management Partnership £53.134m
 - Replacement Street Lighting and Highways Signs £17.565m
 - Sandhill View £7.457m
- 7.3 The Council also held finance leases liabilities of £5.980m at 31st March 2018 mainly in respect of Sunnyside Multi Storey car park and the City Library building.
- 7.4 The Council has entered into a number of joint venture partnerships and provided loans to the following;
- Sunderland Lifestyle Partnership - In June 2015 the Council entered into a unique joint venture (JV) partnership, known as Sunderland Lifestyle Partnership, with Sports & Leisure Management Ltd (SLM), to manage and operate the city's leisure facilities. The JV is a private company limited by shares and is owned by the Council and SLM in equal shares (50:50) and is managed by a board of directors with an equal number of representatives from each party.

- IAMP LLP - This joint venture has been established with South Tyneside Council in order to deliver the International Advanced Manufacturing Park to the north of Nissan. Both parties own 50% of the LLP. Land currently held by IAMP has been financed through Local Growth Funding grant and member loans in the form of Loan Notes.

The Council also has the following Financial Guarantees in place;

- Future possible payments may be required to Gentoo (formerly the Sunderland Housing Group) under the terms of the Transfer Agreement established between the Council and Gentoo for claims relating to non-environmental and environmental warranties. This agreement was drawn up as part of the Large Scale Voluntary Transfer which took place on 26th March 2001 which transferred all Council Housing and related assets to Gentoo.
- In addition to this, the Council acts as a guarantor to the Tyne and Wear Pension Fund in respect of pensions for employees who were originally employed by the Council but transferred to Gentoo in March 2001.
- The Council also acts as a joint guarantor (along with other councils) to the Tyne and Wear Pension Fund in respect of pensions for employees of several bodies such as the Association of North East Councils (ANEC) and the North East Regional Employers Organisation (NEREO). The councils involved have agreed with the Pension Fund administrators that, in the unlikely event of any of these bodies failing, any pension deficit would be repaid over an agreed repayment period. Independently, the Council has similar arrangements in place for possible pension deficits with several other organisations.

These guarantees have all been judged to be insurance contracts and have been valued accordingly.

- 7.5 All other Long-term liabilities are subject to Council approval and detailed business cases are provided prior to approval being given. This includes clear identification and quantification of financial risks and any implied subsidy included in the proposals. All long-term liabilities are closely monitored for changes to assumptions made and the probability of financial guarantees being called upon.

8 KNOWLEDGE AND SKILLS

- 8.1 The respective disciplines which support the implementation of the capital strategy across the Council i.e. finance, legal, property, etc. are delivered by officers with the necessary skills and professional standing. Officers regularly attend training courses, seminars and conferences provided by CIPFA, RICS and other bodies to ensure they are up-to-date with emerging issues, regulatory changes and best-practice.

- 8.2 To ensure appropriate skill levels are available within the Council, suitable officers are provided with the opportunity to undertake professional training. The introduction of the Government's Apprenticeship Levy initiative is now supporting the financing of such development opportunities.
- 8.3 The Council uses Link Asset Services as its external treasury management advisers. The Council recognises that responsibility for treasury management decisions remain with the Council at all times and ensures that undue reliance is not placed upon our external service providers. It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources.
- 8.4 Where deemed necessary, external advisers / consultants will be engaged to support Council officers. These engagements may cover work packages including; business case development, regulatory consideration / compliance, project appraisal and specialist project delivery advice and support.
- 8.5 New Councillors are provided with financial training as part of their induction programme by internal Finance Officers. In addition existing members can opt to receive refresher training as and when required, for example when they have a change in responsibly.

9 CONCLUSION

- 9.1 The Council has a long-established history of strong financial management. This Capital Strategy does not, in itself, introduce any new controls, but serves as a useful document as it summarises all of the arrangements in place around our capital activities. It highlights the comprehensive arrangements in place to ensure that the Council can balance the need for continued investment in the city with the requirement to set a balanced MTFS and address the on-going financial challenges that the Council faces.

Current Approved Capital Programme Commitments from 2019/2020 to 2022/2023

Project	Existing Capital Programme		
	2019/2020 £m	2020/2021 to 2022/2023 £m	TOTAL £m
International Advanced Manufacturing Park (IAMP)	26.039	35.386	61.425
SSTC Phase3 Road	23.100	32.101	55.201
Parklife Football Hubs	12.779	2.571	15.350
Coastal Defence - Strategic Frontage 3 (SF3)	3.000	7.225	10.225
City Centre Regeneration	4.000	5.000	9.000
Port Enterprise Zone	5.207	2.642	7.849
Redevelopment of Parsons Depot	0.672	5.793	6.465
SSGA - Ryhope Doxford Link Road	1.000	4.000	5.000
Investment Corridor	1.444	3.169	4.613
Replacement Household Waste and Recycling Centre	3.500	0.750	4.250
Refuse Collection Vehicle Replacement Programme	0.000	3.780	3.780
Increasing Access to Heritage	2.500	1.000	3.500
Transport Schemes (non-major)	3.423	0.000	3.423
LED Street Lighting Phase 2	2.700	0.200	2.900
Railway Station including Public Realm	0.600	2.250	2.850
Strategic Land & Property Acquisitions	2.542	0.000	2.542
Solar PV Battery Storage	2.460	0.000	2.460
Bishopwearmouth Townscape Initiative Phase 2	1.064	0.963	2.027
SSGA - School Extensions to St Pauls & Benedict Biscop	1.869	0.000	1.869
Provision for Economic Development	0.342	1.400	1.742
A19/A690 Doxford Park Junction Improvement Scheme	1.719	0.000	1.719
Public Realm - former Crowtree Road Leisure Centre	1.702	0.000	1.702
PRU Provision - Refurbishment of Former Springwell Dene School	1.125	0.000	1.125
Sunderland Seafront Trust - CCF Round 5	0.050	1.000	1.050
Specialist (Large) Vehicle Replacement Programme	0.138	0.909	1.047
Other Schemes (<£1m)	5.388	0.500	5.888
TOTAL CURRENT PROGRAMME	108.363	110.639	219.002

Capital Programme 2019/2020 to 2022/2023 – New Starts / Additional Investments

1. Other Capital New Start / Additional Investment Proposals 2019/2020 to 2022/2023

The following projects are proposed for inclusion in the 2019/2020 capital programme. Gross amounts represent the total estimated project cost. For projects with other funding provision, the net amounts represent the estimated net increase in Council financial investment after taking into account external funding or existing capital programme provision.

1.1 Deputy Leader New Start Proposals

1.1.1 Port Dock Gates & Associated Infrastructure £1.564m project cost in 2019/2020

Planned full refurbishment of Number 3 Dock Gates & associated infrastructure at the Port of Sunderland. These gates were installed in 1955, and continue to require periodic capital maintenance. Earlier in the year the period of significant adverse weather (the 'Beast from the East') resulted in the gates remaining closed for almost three weeks until relevant emergency works were undertaken to resume marine operations. This caused significant business interruption issues for the Port and also to a number of its customers.

Area Outcomes / Benefits and Contribution to Strategic Priorities:

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

- Economic Regeneration & Inward Investment
- City Wide Infrastructure.

1.1.2 Port General Infrastructure, Equipment & Plant £0.750m project cost (£0.250m in 2020/2021, £0.250m in 2021/2022 and £0.250m in 2022/2023)

Investment in infrastructure, plant and equipment will be used to support the on-going operational requirements of the Port, including addressing minor plant/machinery investment, health and safety, and general infrastructure requirements as they arise. This investment extends the current annual £0.250m beyond 2019/2020.

Area Outcomes / Benefits and Contribution to Strategic Priorities:

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

- Economic Regeneration & Inward Investment
- City Wide Infrastructure.

1.1.3 Provision for Economic Development Grants £0.700m project cost in 2022/2023

Provision for financial assistance for inward investment and job growth in order to lever significant job creation and private sector investments. Growth areas including Vaux and IAMP may require assistance packages over coming years. This investment extends the current annual £0.700m for a further year beyond 2021/2022.

Area Outcomes / Benefits and Contribution to Strategic Priorities:

Investment will provide benefits across the city by attracting inward investment, and will contribute to the following strategic priorities:

- City Centre Regeneration
- Economic Regeneration & Inward Investment.

1.2 Cabinet Secretary New Start Proposals

1.2.1 Civic Centre Replacement £41.381m project cost (£2.274m in 2019/2020, £12.946m in 2020/2021, £16.645m in 2021/2022, £5.548m in 2022/2023 and £3.968m in 2023/2024)

Replacement Civic Centre at Vaux Site as approved by Cabinet 17th October 2018. This value represents the latest estimate of the Council element of the potential Public Sector Hub development, which is currently being assessed as the business case is being progressed.

Area Outcomes / Benefits and Contribution to Strategic Priorities:

The investment will support city centre regeneration and unlock the potential of the existing Civic Centre site for housing, in line with the emerging Holmeside Masterplan, and will contribute to the following strategic priorities:

- City Centre Regeneration
- Supporting Front Line Services.

1.2.2 Planned Property Capital Maintenance £2.273m project cost in 2019/2020

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

Area Outcomes / Benefits and Contribution to Strategic Priorities:

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

- Neighbourhood / Area Based Infrastructure and Public Realm
- Supporting Front Line Services.

1.2.3 ICT Infrastructure £2.720m project cost (£0.520m in 2019/2020, £0.510m in 2020/2021, £1.440m in 2021/2022 and £0.250m in 2022/2023)

Five strands of investment into ICT services:

- Replacement of End User Devices, £1.020m. To implement a programme for the continued replacement of physical end user devices (laptops and base units) across the Council when they reach the end of their effective lifecycle (recommended every 4 years).
- Replacement of Storage & Server Infrastructure, £0.750m. In 2016 the Council replaced its entire corporate server and storage infrastructure in both the main Moorside data centre and the disaster recovery/secondary data centre at Jack Crawford House. As the industry standard lifespan for servers and storage infrastructure is 5 years, in 2021 this infrastructure will be at the end of its effective lifecycle and due for replacement.
- Upgrade or Replacement of Virtualised Desktop Infrastructure, £0.440m. In November 2021 the hardware running the current Citrix virtualised desktop infrastructure is end of life, is no longer supported, is open to vulnerabilities and cyber security risks and therefore the hardware must either be replaced or an alternative solution to deliver desktop services must be sourced.
- Disaster Recovery/Secondary Data Centre Replacement, £0.260m. Replacement of the Council's disaster recovery/secondary data centre which is currently located at Jack Crawford House.
- Civica Revenues & Benefits System, £0.250m. Purchase of a 5 year Enterprise Licence from Civica (current software supplier to Revenues and Benefits).

The above investments are also expected to provide efficiencies to support the Medium Term Financial Strategy.

Area Outcomes / Benefits and Contribution to Strategic Priorities:

The project will directly support Council services across the city which in turn will benefit all local residents via support to all Council services from provision of modern ICT support, and will contribute to the following strategic priority:

- Supporting Front Line Services.

1.3 Children, Learning and Skills New Start Proposals

1.3.1 Willow Fields Primary School Relocation £4.942m gross project cost, £4.732m net (£0.410m in 2019/2020, £3.300m in 2020/2021, £1.171m in 2021/2022 and £0.061m in 2022/2023)

In order to respond to the increasing condition requirements of the build and emerging need for increased school places (linked to the Council's housing expansion strategy in North Sunderland), it is proposed that the existing Willow Fields Primary School is moved to a new build at the former Maplewood Special School site at Redcar Road. This will increase pupil place capacity from 140 to 315 and supports the new housing developments in the area. In addition, to not undergo this proposal there would be a requirement to spend circa £1m at the current school due to the condition of the buildings, and this would not address the pupil place requirements. The Council funding will be supplemented by £0.210m of Basic Need Education capital grant.

Area Outcomes / Benefits and Contribution to Strategic Priorities:

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

- Neighbourhood / Area Based Infrastructure and Public Realm
- Supporting Front Line Services.

1.3.2 Children's Homes Compliance Work £0.080m project cost in 2019/2020

Works to ensure that the four Council-owned Children's Homes are compliant with regulation and are fit for the future.

Area Outcomes / Benefits and Contribution to Strategic Priorities:

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

- Supporting Front Line Services.

1.3.3 Derwent Hill Facilities Improvements £0.300m project cost in 2019/2020

To drive bookings and therefore increase revenue a review is to take place on the use of the facility to determine which markets need to be targeted to ensure income is maximised. Following the review a number of improvements will be required.

Area Outcomes / Benefits and Contribution to Strategic Priorities:

The investment will also benefit school children in the city who use the facility, and will contribute to the following strategic priorities:

- Economic Regeneration & Inward Investment
- Supporting Front Line Services.

1.4 Community and Culture New Start Proposals

1.4.1 Sunderland Museum, Winter Gardens and Library Redevelopment Scheme £21.755m gross project cost, £5.760m net (£0.400m in 2019/2020, £0.200m in 2020/2021, £10.578m in 2021/2022 and £10.577m in 2022/2023)

Sunderland Museum and Winter gardens is the oldest “civic museum” outside London. Built in 1879, the building is grade II listed and lies within the boundary of the Sunnyside Conservation Area. It is an iconic building within the City attracting over 300,000 visitors each year as well as hosting high profile exhibitions in partnership with National Museums and Institutions. The Winter Gardens was added in 2001 following a £10m investment from Heritage Lottery Fund (HLF). However, 17 years on, much of the building and many of the exhibits are “tired” and in need of refurbishment. In 2017, the City Library moved into the building from Fawcett Street, being a real opportunity for the museum and library to partner on a range of activity and has drawn a new audience for both. However, there are limitations for library delivery, predominantly linked to space. It is proposed to undertake a planned refurbishment to improve the cultural offer in the city and seek to refurbish many of the tired exhibits as well as ensuring that the museum and library delivery is fully integrated to ensure maximum opportunity for events, programme, exhibitions and learning lessons. The proposal is subject to securing circa £16m external funding, primarily from the Heritage Lottery Fund, but also from other sources such as the Arts Council.

Area Outcomes / Benefits and Contribution to Strategic Priorities:

Investment will provide improvements the city centre asset in East Sunderland with benefits to all residents as a key cultural asset in the city which is visited by schools and residents from across city and by out of city visitors, and will contribute to the following strategic priorities:

- City Centre Regeneration
- Neighbourhood / Area Based Infrastructure and Public Realm
- City Wide Infrastructure
- Supporting Front Line Services.

1.4.2 Neighbourhood Renewal £2.500m project cost (£1.000m in 2019/2020, £1.000m in 2020/2021 and £0.500m in 2021/2022)

Provision has been made for Neighbourhood Renewal investment to commence in 2019/2020. A review will be undertaken during the current financial year to develop specific projects, but it is expected that the capital investment will be allocated for devolved investment on projects identified to be a priority for neighbourhoods.

Area Outcomes / Benefits and Contribution to Strategic Priorities:

The project will benefit residents across the city improving neighbourhoods in each of the 5 geographic areas, and will contribute to the following strategic priority:

- Neighbourhood / Area Based Infrastructure and Public Realm.

1.4.3 Festoon Lighting £0.250m project cost in 2019/2020

New festoon lighting and lighting motifs are required to replace, due to age and condition, the lighting currently along the seafront. Additional lighting (festoon and motifs) required to extend and connect the lighting from the seafront into the city centre, including Wearmouth Bridge. This will contribute to the city and city centre being dynamic and vibrant and will be complimented with the annual Festival of Light and Christmas events and programmes.

Area Outcomes / Benefits and Contribution to Strategic Priorities:

This project provides direct benefits to the North and East Sunderland and to all residents of and visitors to the city, and will contribute to the following strategic priority:

- City Centre Regeneration
- Economic Regeneration and Inward Investment
- Neighbourhood / Area Based Infrastructure and Public Realm

1.5 Environment and Transport New Start Proposals

1.5.1 Highways Asset Investment Programme £11.000m project cost (£2.750m in 2019/2020, £2.750m in 2020/2021, £2.750m in 2021/2022 and £2.750m in 2022/2023)

Government grants are provided for capital investment into the highways network via the annual maintenance grant and ad-hoc pot-hole funding, and there is revenue provision for minor repair works. However, it is recognised that this funding falls short to fully maintain these assets and there is currently a significant maintenance backlog. The Council approved funding of £1.5m p.a. above these grants for the years 2016/2017 to 2019/2020 to improve this network including bridges. However, in order to improve the condition of the Council's highway assets, including roads, footways and traffic signals and reduce the backlog further, additional investment is proposed from 2019/2020 through to 2022/2023.

Area Outcomes / Benefits and Contribution to Strategic Priorities:

The investment will provide benefits / support to residents and visitors across the city, and will contribute to the following strategic priorities:

- Economic Regeneration & Inward Investment
- Neighbourhood / Area Based Infrastructure and Public Realm
- City Wide Infrastructure
- Supporting Front Line Services.

1.5.2 Bridge Maintenance Investment Programme £4.000m project cost (£1.000m in 2019/2020, £1.000m in 2020/2021, £1.000m in 2021/2022 and £1.000m in 2022/2023)

Government grants are provided for investment into the capital maintenance of bridges via the annual maintenance grant, and there is revenue provision for minor repair works. However, it is recognised that this funding falls way short to fully maintain these assets and there is currently a significant maintenance backlog. As noted above, the Council approved funding of £1.5m p.a. above these grants for the years 2016/2017 to 2019/2020 to improve the highways network including bridges. However, in order to improve the condition of the Council's stock of bridges and to reduce the maintenance backlog, additional investment is proposed from 2019/2020 through to 2022/2023.

Area Outcomes / Benefits and Contribution to Strategic Priorities:

The investment will provide benefits / support to residents and visitors across the city, and will contribute to the following strategic priorities:

- Economic Regeneration & Inward Investment
- Neighbourhood / Area Based Infrastructure and Public Realm
- City Wide Infrastructure
- Supporting Front Line Services.

1.5.3 Environmental Services Vehicles and Equipment £3.931m project cost (£2.558m in 2019/2020, £0.333m in 2020/2021, £0.288m in 2021/2022 and £0.752m in 2022/2023)

A series of investments in vehicles and equipment is proposed to support the Place Management Service Operations including:

- Replace existing specialist vehicle and plant fleet which will come to the end of their planned operational life during this period. These include replacement salt gritting vehicles, gulley cleansing vehicles, cash in transit security vehicles and horticultural grounds maintenance equipment. Consideration will be given at time of purchase to electric / hybrid options.
- Purchase new additional vehicles and equipment to support planned changes in front line service delivery in line with Council priority to improve local environment quality. This additional equipment comprises larger capacity cleansing tipper trucks, grounds maintenance tractors and equipment, additional mechanical pedestrian sweepers and two pavement jet wash cleaning machines. Consideration will be given at time of purchase to electric / hybrid options.
- Fit safety equipment to the fleet of large goods vehicles. The proposal will see all existing and future replacement large goods vehicles fitted over a two years priority based programme.
- Replacement wheel bin and recycling containers.
- Provision of a Vehicle and Equipment Management Information System to improve operational efficiency, track and inventory all equipment to ensure safe maintenance, operation and reduce asset loss. Replace several existing fleet IT systems with commercial management capability for customer billing and invoicing.

Area Outcomes / Benefits and Contribution to Strategic Priorities:

The investment provides city wide customer service delivery benefits and potential city wide environmental benefits through electric / hybrid vehicle options, and will contribute to the following strategic priorities:

- City Centre Regeneration
- Neighbourhood / Area Based Infrastructure and Public Realm
- Supporting Front Line Services.

1.5.4 Reconnecting Roker Park £3.550m gross project cost, £0.450m net of external funding with £0.216m of this currently provided for in the capital programme (£1.775m in 2020/2021 and £1.775m in 2021/2022)

Roker Park is one of the Council's Green Flag parks and is listed at Grade II by Historic England. The Council has sought external funding for this Park for a number of years with provision in the current capital programme. The Council continues to seek funding from the Heritage Lottery Fund, although the latest bid was confirmed as unsuccessful in December 2018. The project seeks to restore Roker Park, make it more sustainable and encourage commercial investment to help nourish this valuable community asset into the

future, maximise potential, and place heritage at the heart of a lively and engaging events and activities programme.

Area Outcomes / Benefits and Contribution to Strategic Priorities:

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

- Economic Regeneration & Inward Investment
- Neighbourhood / Area Based Infrastructure and Public Realm
- City Wide Infrastructure
- Supporting Front Line Services.

1.5.5 Redevelopment of Parsons & Jack Crawford House Depots – Electric Vehicles Infrastructure £3.004m gross project cost, £1.502m net (£0.082m in 2019/2020, £1.474m in 2020/2021 and £1.448m in 2021/2022)

A new depot at Parsons is provided for in the current capital programme, and the design of this is in progress. To future proof the depots by ensuring that site energy can be provided from renewable sources including solar, wind and through the use of electric vehicle battery charging, an electric vehicle infrastructure is proposed at both the Parsons depot and Jack Crawford House. This investment will support the operation and maintenance of the Council's future ultra-low carbon (electric) fleet through the provision of a range of standard and high speed vehicle charging points and battery charging and storage facilities which work with the local electricity supply network and renewable energy generated on sites. This additional investment funding (50% through ERDF and 50% Council match) will future proof the new depots energy needs as well as facilitate the development of an ultra-low carbon vehicle operation and maintenance programme supporting the Council and future business partners. There will be savings on vehicle running costs and building utility costs through the move to renewable energy usage, being significant in addition to the other environmental benefits such as reduced air pollution. The proposal is subject to securing the £1.502m ERDF funding; the full application was submitted 2nd November 2018 following a successful outline application, and the outcome of the appraisal is expected in early 2019.

Area Outcomes / Benefits and Contribution to Strategic Priorities:

The project will deliver physical depot improvements in Washington with benefits across the city from a more efficient fleet and building service, and will contribute to the following strategic priorities:

- Economic Regeneration & Inward Investment
- City Wide Infrastructure
- Supporting Front Line Services.

1.5.6 Major Pipeline Scheme Design £1.000m project cost (£0.250m in 2019/2020, £0.250m in 2020/2021, £0.250m in 2021/2022 and £0.250m in 2022/2023)

This proposal is to ensure that sufficient resources are in place to develop designed solutions for Sunderland City Council's infrastructure aspirations, which can be utilised as part of external funds bidding processes.

Area Outcomes / Benefits and Contribution to Strategic Priorities:

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

- Economic Regeneration & Inward Investment.

1.5.7 Panns East Quay Replacement £1.000m project cost in 2019/2020

Panns East Quay is one of the quays along the south side of the river adjacent to Douglas Court student accommodation block. The current steel sheet pile quay is deflecting from the land into the river over a 60m stretch, causing the public footpath along the edge of the river to collapse and the area is currently fenced off due to Health and Safety reasons. It is therefore proposed to reconstruct this 60m stretch of the Quay.

Area Outcomes / Benefits and Contribution to Strategic Priorities:

This project provides direct benefits to the East Sunderland infrastructure and to all residents of and visitors to the city, and will contribute to the following strategic priority:

- Neighbourhood / Area Based Infrastructure and Public Realm
- City Wide Infrastructure.

1.5.8 Hillthorn Lorry Park Facility £0.750m project cost in 2019/2020

There are no existing HGV parking facilities in the Washington area, the nearest facilities being on the A1 (M). As a result of drivers wanting to be close to their delivery location, there is prevalence for HGVs to park on the public highway and other accessible areas throughout the Washington area. It is therefore proposed for infrastructure works to clear a vacant plot on the A19 – EZ3 (Hillthorn Park site) and to provide a hard-stand to be used as a lorry parking / lay-up area (including facilities) to accommodate 48 – 54 articulated HGVs.

Area Outcomes / Benefits and Contribution to Strategic Priorities:

This project will provide direct benefits to the Washington area, and will contribute to the following strategic priorities:

- Economic Regeneration & Inward Investment
- City Wide Infrastructure
- Supporting Front Line Services.

1.5.9 Riverside Animation £0.400m project cost in 2019/2020

To develop a programme of works establishing a focus for River based leisure activities with Sunderland University on the North Bank of the Wear adjacent to the St Peters Campus.

Area Outcomes / Benefits and Contribution to Strategic Priorities:

The investment will enhance the riverside infrastructure, and will contribute to the following strategic priorities:

- Economic Regeneration & Inward Investment
- City Wide Infrastructure.

1.5.10 Holmeside Car Park £0.230m project cost in 2020/2021

Proposal is to create a surface 60 space car park on a site located on Holmeside, Sunderland to serve the Train, metro businesses, College and visitors to the City.

Area Outcomes / Benefits and Contribution to Strategic Priorities:

The investment will result in increased income streams that will help to sustain city wide services in the city, and will contribute to the following strategic priority:

- City Centre Regeneration.

1.5.11 Replacement of Road Safety Vehicle £0.020m project cost in 2019/2020

Replace the existing Road Safety Vehicle, which is now 5 years old, used to carry out enforcement of bus stops and school keep clears.

Area Outcomes / Benefits and Contribution to Strategic Priorities:

The investment will provide continuation of safety measures for all residents of and visitors to the city, and will contribute to the following strategic priority:

- Supporting Front Line Services.

1.6 Health and Social Care New Start Proposals

1.6.1 Day Centre Transformation £4.500m project cost in 2019/2020

A review of the day centre provision has identified key areas for capital investment to transform these services to provide:

- A fit for purpose provision for people with complex needs and disabilities that is future proof, assists informal carers to continue in this role and consequently delays or reduces the impact on adult social care services.
- Localised and cost efficient provision that reduces the need to move or transfer people out of city into high cost placements and services.

There are three planned proposals under this transformation:

- Remodelling and re-provision of Washington Multipurpose Centre and the Fulwell Day Centre Site into single new build which is fit for purpose and future proof for people with complex disabilities and behaviours.
- New build(s) or investment in a current site(s) to establish a building based “safe space” for adults with complex mental health issues and associated behaviours that could also deliver stimulation and outcome based activities as part of a day centre offer. Service could also act as a base for outreach workers.
- Development of the Northeast Disabilities Resource Centre day centre offer linked to new core and cluster accommodation that will support adults with an acquired brain injury and complex physical disabilities.

Area Outcomes / Benefits and Contribution to Strategic Priorities:

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

- Neighbourhood / Area Based Infrastructure and Public Realm
- Supporting Front Line Services.

1.6.2 Emergency Accommodation £0.104m project cost in 2019/2020

Provision of self-contained apartments to include small kitchen areas and emergency/temporary residential accommodation for young people aged 18-21 who have come through the leaving care system or are homeless.

Area Outcomes / Benefits and Contribution to Strategic Priorities:

The project will benefit young adults from across the city, and will contribute to the following strategic priorities:

- Neighbourhood / Area Based Infrastructure and Public Realm
- Supporting Front Line Services.

1.6.3 Barnes Park Café (Coffee Shop) – Flood Defence Measures £0.025m project cost in 2019/2020

Flash flood events are becoming more common within Barnes Park which has seen the café premises flooded out with a significant effect on the business with lost income and reinstatement costs. The proposal is to undertake improvements to the Café, specifically on flood defence measures.

Area Outcomes / Benefits and Contribution to Strategic Priorities:

The project will provide direct benefits to the West area of Sunderland with benefits to all residents, and will contribute to the following strategic priority:

- Supporting Front Line Services.

1.7 Housing and Regeneration New Start Proposals

1.7.1 Additional Growth Corridor £5.000m project cost (£1.000m in 2019/2020, £2.000m in 2020/2021 and £2.000m in 2021/2022)

A scheme to support emerging major economic development and cultural facilities in IAMP and the City Centre delivered with strategic partners.

Area Outcomes / Benefits and Contribution to Strategic Priorities:

This investment will support current major economic development schemes within the city, and will contribute to the following strategic priorities:

- City Centre Regeneration
- Economic Regeneration & Inward Investment.

1.7.2 Empty Properties Programme £3.000m project cost (£1.816m in 2019/2020 and £1.184m in 2020/2021)

The number of empty properties in the City is increasing from 2,504 in March 2017, to 2,672 in March 2018 and to 2,758 in August 2018. The Council is in the process of implementing an empty homes pilot in Hetton Downs, which has demonstrated that owners will engage in selling or long leasing their properties to be refurbished, rented and therefore brought back into use. The proposition is to extend this pilot Citywide, targeting problematic empty properties in a similar manner over two years. The investment will create an asset that could be realised through disposal in the longer term whilst generating rental annual income until such disposal.

Area Outcomes / Benefits and Contribution to Strategic Priorities:

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

- City Centre Regeneration
- Neighbourhood / Area Based Infrastructure and Public Realm
- Supporting Front Line Services.

1.7.3 Homeless Accommodation £2.300m gross project cost, £1.300m net (£0.710m in 2019/2020 and £1.590m in 2020/2021)

To develop bespoke, temporary and supported accommodation for small number of homeless people with the most complex needs. The accommodation will be staffed 24 hours with the aim of moving people into their own tenancies wherever this is possible. The project will support the Government's Rough Sleeper Strategy and accompanying Move On Fund which has the aim of freeing up hostel accommodation by creating move

on accommodation for homeless people, either new build or through refurbishment. The proposal is subject to securing estimate of £1m via the Homes England Move On Fund.

Area Outcomes / Benefits and Contribution to Strategic Priorities:

The project benefits vulnerable people across the city providing affordable and supported units of accommodation, and will contribute to the following strategic priorities:

- Neighbourhood / Area Based Infrastructure and Public Realm
- Supporting Front Line Services.

1.7.4 Heritage Action Zone Partnership Grant Scheme £0.890m gross project cost, £0.500m net (£0.545m in 2019/2020, £0.260m in 2020/2021 and £0.085m in 2021/2022)

Sunderland's Historic High Streets Heritage Action Zone (HAZ) has been established with Historic England to address the heritage and economic needs of the City Centre's and Old Town's declining historic High Streets, focussing on High Street West and Fawcett Street. The Partnership Grant Scheme will deliver key elements of the HAZ Delivery Plan by securing the repair, restoration and enhancement of key landmark listed building City Blocks of Hutchinson's Buildings / Mackie's Corner and 170-175 High Street West together with wider conservation area enhancement through traditional shop front reinstatements. The proposal is subject to securing estimate of £0.390m via Historic England. It will also be supplemented by an estimate of £0.240m third party contributions to the grants provided by the Council; this will increase the total investment into these assets to £1.130m.

Area Outcomes / Benefits and Contribution to Strategic Priorities:

The project will deliver physical improvements in the East of Sunderland with benefits to all residents, and will contribute to the following strategic priorities:

- City Centre Regeneration
- Economic Regeneration & Inward Investment.

1.7.5 Strategic Acquisitions £1.800m project cost in 2019/2020

Provision for real estate investments to support strategic economic regeneration overseen by the establishment of an Investment Board. Proposals will be brought forward in accordance with the Council policy for the acquisition of land and buildings.

Area Outcomes / Benefits and Contribution to Strategic Priorities:

The investment will support the city wide population through increased opportunities for greater footfall in the city centre while generating increased business rates to support all Council services, and will contribute to the following strategic priorities:

- City Centre Regeneration
- Economic Regeneration & Inward Investment
- Supporting Front Line Services.

1.7.6 Regeneration Feasibilities £0.580m project cost in 2019/2020

Proposal for the provision of a regeneration feasibilities fund to support early planning and options appraisal for future potential capital projects.

Area Outcomes / Benefits and Contribution to Strategic Priorities:

The project will support early planning and options appraisal for future potential capital projects, and will contribute to the following strategic priorities:

- City Centre Regeneration
- Economic Regeneration & Inward Investment
- Neighbourhood / Area Based Infrastructure and Public Realm
- City Wide Infrastructure
- Supporting Front Line Services.

1.7.7 Hendon Health Centre Demolition £0.125m project cost in 2019/2020

To mitigate holding costs such as rates, security, repair/vandalism and utilities until the site is sold, it is proposed that the building be demolished.

Area Outcomes / Benefits and Contribution to Strategic Priorities:

The project will benefit the East Sunderland area, and will contribute to the following strategic priorities:

- Economic Regeneration & Inward Investment
- Neighbourhood / Area Based Infrastructure and Public Realm.

1.7.8 Roker Promenade and Pier CCTV Infrastructure £0.055m project cost in 2019/2020

Over recent years the Council, external partners and private sector investment has seen the face of Roker completely change, with well over £5m of infrastructure, commercial developments and tourist attractions delivered. Following the successes of these previous schemes, this project seeks to invest in security infrastructure in the area, protecting those investments made.

Area Outcomes / Benefits and Contribution to Strategic Priorities:

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

- Economic Regeneration & Inward Investment
- Neighbourhood / Area Based Infrastructure and Public Realm
- Supporting Front Line Services.

1.7.9 Strategic Developments £28.000m project cost in 2019/2020

Provision for strategic developments to support economic development and regeneration of the city.

Area Outcomes / Benefits and Contribution to Strategic Priorities:

The investment will support the city wide population through increased opportunities for greater footfall in the city centre while generating increased business rates to support all Council services, and will contribute to the following strategic priorities:

- City Centre Regeneration
- Economic Regeneration & Inward Investment

2.0 Highways Capital Funding 2019/2020

- 2.1 The Government announced in 2013 that it would be making available £5.8 billion capital - £976 million each year – by the end of this parliament to tackle highway maintenance on the local highway network.

The Department for Transport (DfT) reviewed and revised the basis for allocating this funding to councils via a Funding Model for 2015/2016 to 2020/2021. In 2015, the DfT released details of the Incentive Fund scheme to reward councils who demonstrate they are delivering value for money in carrying out cost effective improvements. Each local highway authority in England (excluding London) was invited to complete a self-assessment questionnaire, in order to establish the share of the Incentive fund they will be eligible from 2016/17, and included in the Highways Maintenance allocation, with reviews each year.

Since the North of Tyneside Combined Authority (NOTCA) was formed, a Joint Transport Committee had been established for all transport matters covering all the 7 LA's in the north east. The North East Combined Authority (NECA) and the NOTCA has received confirmation from the DfT on Integrated Transport allocations awarded to Tyne & Wear, Durham and Northumberland. These are for 2019/2020 with indicative allocations for the following year; all years being the same allocations, but following the national top-slice of 43.7% from the 2014/2015 allocation transferred into the Local Growth Fund.

The 2019/2020 funding arrangements for each local authority in NECA/NOTCA had been agreed by the Joint Transport Committee. For Sunderland the allocation is £1.606m, being an allocation from the Tyne & Wear funding as in previous years. There is also a top-slice from this and the above Highways Maintenance to fund a regional transport team and a contribution to Urban Traffic Management Control (UTMC) centre, as well as provide for continuation of collaborative projects within the Tyne & Wear region.

The DfT has until recently provided additional monies for fixing pot holes via the Pothole Action Fund, with the latest being £0.093m via the Flood Resilience Fund for 2018/2019 (plus £0.269m provided for 2017/2018). As yet, there is no confirmation of funding for 2019/2020.

The Chancellor announced on 29th October 2018 as part of the Autumn Budget, that Local authorities will receive £420 million to fix potholes on roads and renew bridges and tunnels. This funding was made available immediately and is required to be spent this financial year. Sunderland's allocation has since been confirmed as £1.466m.

The Transforming Cities Fund (TCF) builds on the Government's Industrial Strategy and provides city regions with the opportunity to access funding for strategic transport and infrastructure projects. In September 2018, the Government announced that the North East was one of twelve regions/cities to be shortlisted to bid for a share of this funding. DfT has confirmed that £60m will be made available under Tranche 1 from 2018/2019 to share across transport schemes aimed at tackling some of the most pressing challenges faced by communities. The North East bid was submitted on 4 January 2019. The DfT has advised that Tranche 2 guidance will not be available until early 2019. In preparation for this, the local authorities and Nexus will commence prioritisation of the strongest schemes that fit the Fund objectives. The capital funding is expected to span a five year period up to 2022/2023.

Stage 2 Housing Infrastructure Fund bid to Ministry of Housing, Communities and Local Government is to be submitted March 2019. This includes significant planned funding for

Appendix 3 (continued)

roads to support new housing delivery in the Sunderland Southern Growth Area. Outcome of the bid is expected early Summer 2019.

- 2.2 The table below details the Highways Capital Funding announced for 2018/2019 to 2019/2020, and indicative allocations for 2020/2021.

Funding Source	2018/2019 £'000	2019/2020 £'000	2020/2021 £'000
Highways Capital Maintenance	2,660	2,660	2,660
Highways Capital Maintenance – Incentive Funding *1	558	558	558
Pot Hole Funding	93	Tbc	Tbc
Highways and Bridges - Budget Autumn 2018	1,466	0	0
Highways Integrated Transport	1,606	1,606	1,606
Nexus Allocation	42	42	Tbc
National Productivity Investment Fund (NPIF) - Transport	3,360	Tbc	Tbc
Safer Roads Funding *2	0	0	783
Highways England Growth and Housing Fund	0	1,439	0
Total Transport	9,785	6,305	5,607

Future years allocations are indicative.

*1 The Council is now meeting Level 3 requirements – the highest to secure the most funding available.

*2 £0.783m Safer Roads funding has been confirmed. However, the DfT confirmed that funding is for scheme costs from 2020/2021 and that they will write to the Council in 2019 to confirm the exact funding arrangements.

The total confirmed funding for transport schemes for 2019/2020 from new grants is therefore £6.305m.

Proposals for Highways Capital Programme New Starts 2019/2020

- 2.2.1 The proposed capital programme for 2019/2020, excluding funding for the on-going commitment in relation to the Sunderland Strategic Transport Corridor 3 (SSTC3) Road of £1.6m and the £1.439m Highways England funding for A19/A690 Doxford Park junction improvements, will leave **£3.266m** (£6.305m less £1.6m, less £1.439m) to support the following priorities:

- The structural maintenance of highways – £1.415m.
- The structural maintenance of bridges – £0.354m.
- Economic development and regeneration by managing congestion; support safe and sustainable communities by improving Road Safety and, improving access; address climate change by promoting sustainable travel - £1.455m (including £0.156m for the regional Transport team & UTMC centre.)
- Public transport infrastructure improvements, Nexus funded - £0.042m.

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

3.0 Health, Housing and Adult Services Capital Proposals 2019/2020

- 3.1 The Better Care Fund allocation for 2018/2019 is £3.312m, with all this funding supporting Disabled Facilities Grants. In December 2018, further funding of £0.338m for Disabled Facilities Grants was confirmed following the 2018 Autumn Budget announcement. This was topped up in January 2019 by a further £0.058m disabled facilities grant for 2018/2019, following the decline by some local authorities of their indicative allocation which has been

redistributed to those authorities who indicated that they could spend more than their indicative allocation.

The Better Care Fund allocations for 2019/2020 have yet to be confirmed. Upon funding confirmation, proposals will be reported back to Cabinet for approval.

4.0 Children's Services Capital Proposals 2019/2020

4.1 The table below details the Children's Services Government Grants announced for 2019/2020 onwards.

	2018/2019 £'000	2019/2020 £'000	2020/2021 £'000
Schools Condition Allocation	1,101	0	0
Education Basic Need	0	386	817
Schools Devolved Funding	339	0	0
Special Educational Needs and Disability grant	166	283	167
Healthy Pupils Capital Fund	91	0	0
Total Children's Services	1,697	669	984

4.1.1 Schools Conditions Allocation

The Schools Condition Allocations is provided to the Council for maintenance/improvement of Maintained schools. Academies and Voluntary Aided schools receive this funding direct from the Department of Education. As of January 2019, the Council has not yet received the value of its School's Condition Allocation for 2019/2020.

Separate to the above, the voluntary-aided sector is allocated grant funding (LCVAP) based on pupil numbers, and reflecting the governors' 10 per cent contribution and eligibility for VAT for Schools Condition Allocation.

4.1.2 Basic Need

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

4.1.3 Funding Availability from 2019/2020

Current allocations:

There is £0.290m Education Capital grants (Schools Condition Allocation), excluding the schools Devolved Formula Capital (DFC) grant from which schools will determine their own priorities from their allocations, that will be available from 2019/2020 for School Asset Management Priorities, projected to be brought-forward from 2018/2019. The £0.553m is not

yet committed to projects and therefore available for new and emerging schools asset management priorities.

There are two allocations/awards of £0.167m, Special Educational Needs & Disabilities (SEND) capital grant that will be available for 2019/2020 and 2020/2021. There has since been a further “top up” allocation of £0.116m, to be allocated in 2019/2020. This Grant is to be used to increase capacity in the SEND and alternative provision sector.

4.2 Proposals for Children’s Services Capital Programme New Starts

- 4.2.1 The Council is committed to carrying out an on-going set of improvements across the maintained educational estate in the City. The focus of investment is health and safety, keeping buildings wind and watertight and thereby avoiding school closures. Upon confirmation of allocation for 2019/2020, priorities will be identified and reported to Cabinet as required.
- 4.2.2 Cabinet has approved works associated with the relocation of the current Willow Fields Primary School to a new build on the former Maplewood Primary School site in North Sunderland. This includes £0.210m Basic Need grant funding from 2019/2020, leaving an uncommitted balance of **£0.176m** from the 2019/2020 allocation for this.

4.3. Additional Potential Proposed Works

- 4.3.1 Work is underway to assess potential further increase of places for pupils on the Autistic Spectrum (ASD). At present, all the ASD provision in the City is at capacity. The Council has submitted an expression of interest to the DfE for capital funding to redevelop the former Bishop Harland CE Primary School site as a new 96 place ‘all through’ ASD setting. The Council has received confirmation that the project has initial approval. A new school is to be developed and delivered with a proposed January 2021 opening date. The Council has been provided with an initial grant of £0.066m for site investigations and feasibility works. The DfE have confirmed a funding rate of £1,600 per square metre for construction costs with the total indicative budget of £6.149m, but have yet to confirm the grant funding allocation. Upon confirmation, Cabinet will be requested to approve the project into the Capital Programme from the final funding package.
- 4.3.2 The balance of funding available for further investment is therefore £0.466m from the confirmed allocations up to 2019/2020 (£0.290m plus £0.176m for 2019/2020).
- 4.3.3 Upon confirmation of further funding allocations and completion of any proposals, capital investment requirements will be submitted to Cabinet for approval, where required.

Capital Programme
Summary of Programme 2018/2019 to 2022/2023

Expenditure by Portfolio	Gross Cost £'000	Expend. to 31.3.18 £'000	Estimated Payments				
			2018/2019	2019/2020	2020/2021	2021/2022	2022/2023
			£'000	£'000	£'000	£'000	£'000
Deputy Leader	187,448	66,421	42,134	34,846	8,730	19,667	15,650
Cabinet Secretary	61,190	5,489	6,867	7,527	13,456	18,085	9,766
Children's Learning and Skills	22,677	10,031	3,728	4,386	3,300	1,171	61
Community and Culture	54,962	2,567	9,040	16,929	4,771	11,078	10,577
Environment and Transport	315,940	137,212	48,217	54,178	49,288	21,655	5,390
Health and Social Care	13,083	3,435	4,269	4,879	250	250	0
Housing and Regeneration	89,629	19,991	8,605	46,201	11,628	3,204	0
TOTAL CAPITAL EXPENDITURE	744,929	245,146	122,860	168,946	91,423	75,110	41,444

CAPITAL PROGRAMME

Source of Finance	Estimated Resources				
	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000
FROM EXTERNAL SOURCES					
Loans					
Prudential Borrowing	56,149	95,358	56,931	51,359	26,067
Salix	6,204	2,700	200	0	0
Government Grants					
DoH - Grants General	56	0	0	0	0
DfE - School's Condition Grant	1,997	389	0	0	0
DfE - Basic Need Grant	132	386	0	0	0
DfE - Schools DFC Grant	583	136	0	0	0
DfT - Local Transport Plan (LTP)	6,622	4,968	0	0	0
DfT - National Productivity Investment Fund	3,360	0	0	0	0
Local Pinch Point	3	0	0	0	0
DfT - Pothole Grant	541	0	0	0	0
Environment Agency Coast Protection	909	649	1,000	1,930	0
English Partnership / SHIP	195	0	0	0	0
BIG Coastal Communities Fund	0	0	600	0	0
Local Growth Fund (LGF)	15,413	39,372	18,889	0	0
Department of Energy Climate and Change (DECC)	70	0	0	0	0
Better Care Fund Grant	3,708	0	0	0	0
DfT - Safer Roads Funding	126	0	0	0	0
Highways England	0	1,439	0	0	0
Healthy Pupil Capital Fund	90	0	0	0	0
Special Educational Needs and Disability	166	450	0	0	0
Grants from Other Public Bodies					
Lottery - Heritage Lottery Fund (HLF)	2,246	3,116	3,156	9,530	7,777
European Regional Development Fund	250	1,273	737	724	0
Homes and Communities Association (HCA)	94	0	0	0	0
Football Foundation	4,921	9,154	0	0	0
Nexus LTP	42	42	0	0	0
Historic England	9	239	114	37	0
Homes England	0	309	691	0	0
Coastal Revival Fund	45	0	0	0	0
Other External Funding					
South Tyneside Council	2,847	4,461	1,787	8,111	7,350
Gentoo	113	0	0	0	0
Nexus	658	600	1,500	500	0
Other Capital Contributions	206	137	77	94	0
Total External Sources	107,755	165,178	85,682	72,285	41,194
FROM INTERNAL SOURCES					
Revenue Contributions					
Strategic Initiative Budget	28	0	0	0	0
Directorate	7	22	12	15	0
Reserves					
Strategic Investment Reserve	3,743	785	0	170	0
Capital Priorities Reserve	3,527	31	3,780	780	0
Strategic Investment Plan Reserve	1,676	87	0	0	0
S106 Reserve	543	101	0	0	0
Port Reserve	436	582	0	0	0
New Homes Bonus Reserve	444	0	0	0	0
Modernisation Reserve	284	4	0	0	0
HCA Riverside Reserve	218	0	0	0	0
Unutilised RCCO Reserve	301	124	0	0	0
Commercial & Development Reserve	0	736	250	0	0
Other Capital Reserves	117	125	0	0	0
Capital Receipts	3,781	1,171	1,699	1,860	250
Total Internal Sources	15,105	3,768	5,741	2,825	250
TOTAL FINANCING	122,860	168,946	91,423	75,110	41,444

**DEPUTY LEADER
CAPITAL PROGRAMME**

Appendix 4 continued

Project Ref.No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000
	Continuing Projects Business Investment									
CP0203	Energy Masterplan & Feasibility Assessment (DECC)	A feasibility study to provide a city-wide understanding of current and future heat demands across industrial, commercial and domestic uses in Sunderland, offering an important evidence base for the council and partners to develop appropriate solutions for improved energy management consumption, and the identify the necessary energy infrastructure requirements for key strategic sites.	HoPPC	120	10	110	0	0	0	0
	Strategic Economic Development									
CP0126	Vaux Site Cliff Works	Potential infrastructure works to the cliff top adjacent to the former Vaux site. Assessment to be made following completion of Phase 1 building works.	HoPROP	1,466	1,158	308	0	0	0	0
CP0136	A19 Ultra Low Carbon Enterprise Zone	Highway infrastructure works at the Enterprise Zone Site 3 to unlocks 90,000sq.m of developable floor space, generate potential 1,500 new jobs in the manufacturing industry along with private sector investment of £55m: Phase 1a works (Infiniti Drive) completed Dec 2015. Phase 1b works (A1290 realignment) completed and opened to traffic Sept 2017. Phase 2 works (Infiniti Drive extension and Nissan Way widening) completed November 2018.	Hol&T	24,378	20,341	4,037	0	0	0	0
CP0139	Investment Corridors	Infrastructure improvements in and around High Street West, including new street lighting and street furniture, new high quality paving materials and crossing upgrades to St Michael's Way. The Holmeside Masterplan will be completed and detailed designs commenced for public realm improvements in this area.	HoPR	9,260	4,587	60	1,444	675	2,494	0

**DEPUTY LEADER
CAPITAL PROGRAMME**

Appendix 4 continued

Project Ref.No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000
CP0142	International Advanced Manufacturing Park (IAMP)	Development of an International Advanced Manufacturing Park (IAMP) set to create over 5,000 jobs and attract over £400 million investment, building on links with Nissan local businesses to create an advanced manufacturing centre of excellence for the North East. IAMP is a joint venture between Sunderland and South Tyneside councils and is being promoted by IAMP LLP, a JV company which includes both Local Authorities.	EDoE&P	101,912	20,380	20,107	26,039	4,463	16,223	14,700
CP0266	Vaux Phase 1	Development of the first office building on the former Vaux site which will be 60,000 sq. ft. over 5 floors. In addition, infrastructure works of roads, footpaths and promontory will be undertaken.	HoPROP	25,812	14,389	11,423	0	0	0	0
	Port									
CP0145	Port Infrastructure	Investment in infrastructure, plant and equipment, in order to support the on-going efficient operation of the Port, including addressing minor plant & machinery investment, general infrastructure and health and safety requirements as they arise.	PD	1,209	676	283	250	0	0	0
CP0311	Port Remediation Works - Endurance Park	Surface infrastructure works to the cargo laydown area that will ensure the Port can continue to meet the requirements of contracts for the handling and storage of steel products, equipment for the offshore renewable energy sector and also to allow for the loading/unloading of goods to/from rail wagons.	PD	2,400	1,463	937	0	0	0	0
CP0313	Port Enterprise Zone	20 acres of land on two sites in the Port of Sunderland have been approved to form part of the North East's next wave of Enterprise Zones (round 2). Provision of enabling works will provide a development platform to prospective inward investors looking to take advantage of a port location and its multimodal operational facilities in sectors such as advanced manufacturing, automotive, construction and offshore renewable energy.	PD	8,201	109	243	5,207	2,642	0	0
CP0337	Port Greenwell Open Storage Area	Surface infrastructure works that will allow for the Port's Liebherr harbour mobile cranes to operate on the full length of the river berth, therefore increasing the Port's operational quay capacity for cargo handling operations and also to provide additional	PD	275	155	120	0	0	0	0

**DEPUTY LEADER
CAPITAL PROGRAMME**

Appendix 4 continued

Project Ref.No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000
		cargo laydown for bulk, project and unitised cargoes.								
CP0365	Port Crane	Purchase of an additional harbour mobile heavy lift crane to provide resilience to the Port's cargo handling operation with 2 of its 5 existing cranes nearing the end of their useful life. The Port's turnover is heavily dependent on its cargo handling business which has seen an 80% increase since 2010 in terms of total cargo throughput to just less than 750k tonnes.	PD	2,876	0	2,876	0	0	0	0
CP0400	Port Dock Gates	Urgent maintenance works to the Port dock gates which also form part of the required actions that the Port's insurers and technical advisors have recommended.	PD	165	0	165	0	0	0	0
	Economic Development Grants									
CP0103	Provision for Economic Development	Provision for financial assistance for inward investment and job growth in order to lever significant job creation and private sector investments. Growth areas including Vaux and IAMP may require assistance packages over coming years.	HoAI&BS	6,360	3,153	1,465	342	700	700	0
TOTAL CONTINUING PROJECTS				184,434	66,421	42,134	33,282	8,480	19,417	14,700
	Projects Commencing 2019/20 Port									
CP0439	Port Dock Gates & Associated Infrastructure	Planned full refurbishment of Number 3 Dock Gates & Associated Infrastructure at the Port of Sunderland following the urgent maintenance works.	PD	1,564	0	0	1,564	0	0	0
CP0440	Port General Infrastructure, Equipment & Plant	Investment in infrastructure, plant and equipment will be used to support the on-going operational requirements of the Port, including addressing minor plant/machinery investment, health and safety, and general infrastructure requirements as they arise.	PD	750	0	0	0	250	250	250

**DEPUTY LEADER
CAPITAL PROGRAMME**

Appendix 4 continued

Project Ref.No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000
	Economic Development Grants									
CP0441	Provision for Economic Development Grants	Provision of financial assistance for inward investment and job growth in order to lever significant job creation and private sector investments.	HoAI&BS	700	0	0	0	0	0	700
TOTAL PROJECTS COMMENCING 2019/20				3,014	0	0	1,564	250	250	950
TOTAL DEPUTY LEADER PORTFOLIO				187,448	66,421	42,134	34,846	8,730	19,667	15,650

Source of Finance	Estimated Resources				
	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000
FROM EXTERNAL SOURCES					
Loans					
Prudential Borrowing	22,888	12,171	5,354	10,856	8,300
Government Grants					
Local Growth Fund (LGF)	14,413	17,872	889	0	0
Department of Energy Climate and Change (DECC)	70	0	0	0	0
DFT - Safer Roads Funding	126	0	0	0	0
Other External Funding					
South Tyneside Council	2,847	4,461	1,787	8,111	7,350
Total External Sources	40,344	34,504	8,030	18,967	15,650
FROM INTERNAL SOURCES					
Reserves					
Capital Priorities Reserve	40	31	0	700	0
Strategic Investment Plan Reserve	0	87	0	0	0
Port Reserve	285	0	0	0	0
Unutilised RCCO Reserve	0	114	0	0	0
Capital Receipts	1,465	110	700	0	0
Total Internal Sources	1,790	342	700	700	0
TOTAL FINANCING	42,134	34,846	8,730	19,667	15,650

**CABINET SECRETARY
CAPITAL PROGRAMME**

Appendix 4 continued

Project Ref.No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000
	Continuing Projects									
	Management of Council Land and Buildings									
CP0106	Property Planned Capital Maintenance	Repair, renewal and upgrade works across the council's property portfolio.	HoPROP	3,636	3,023	613	0	0	0	0
CP0107	Low Water Corrosion / Riverside Repairs	Accelerated Low Water Corrosion is affecting riverside and coastal structures supporting footpaths and other infrastructure. The programme of assessment and repair has given a better understanding of their condition to allow measures to be planned and implemented to extend the life of the structures.	Hol&T	991	104	887	0	0	0	0
CP0272	Energy Efficiency - Northumbrian Water Smart Metering Programme	Development of a multi utility software package to analyse half hourly energy data, now being commercialised by Northumbrian Water. The second phase of the programme to develop a cost effective smart water metering system.	COO	130	15	115	0	0	0	0
CP0314	Solar PV Battery Storage	Upon securement of ERDF funding, there will be installation of solar PV and battery storage at Council buildings. This is expected to reduce electricity costs/carbon emissions and to access capacity auctions in conjunction with the National Grid. The buildings that would benefit by this investment are Jack Crawford, Evolve, Software centre, Washington Business Centre and the Port.	HoPROP	2,963	3	500	2,460	0	0	0
CP0317	Accommodation Review	Design and other preparatory works to inform of options for either a new or a significantly refurbished Civic Centre.	COO	250	34	216	0	0	0	0
CP0364	LED Lighting Energy Efficiency Works	Installation of energy efficient LED lighting at all retained operational properties. The project will be funded by 0% interest Salix loan which will be repaid using the first 5 years energy savings.	HoPROP	500	0	500	0	0	0	0
	ICT Projects									
CP0123	Electronic Document Management	The introduction of work flow, version control, storage and classification of documents and records.	HoCS,I&ICT	500	303	197	0	0	0	0

**CABINET SECRETARY
CAPITAL PROGRAMME**

Appendix 4 continued

Project Ref.No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000
CP0181	IT Developments	A programme of activities to improve and better secure underlying ICT infrastructure to enable efficiencies within the Council.	HoCS,I&ICT	693	629	64	0	0	0	0
CP0286	Refresh of Essential Core ICT Infrastructure	A programme of activities aligned to a full review and rationalisation of the ICT estate to refresh end of life equipment and begin to transition to new on demand offerings.	HoCS,I&ICT	3,953	1,310	2,643	0	0	0	0
CP0340	Moorside Data Centre	Improvements to the electrical delivery systems, power generation capabilities and a refresh of the cooling infrastructure.	HoCS,I&ICT	1,200	68	1,132	0	0	0	0
TOTAL CONTINUING PROJECTS				14,816	5,489	6,867	2,460	0	0	0
	Projects Commencing 2019/20									
	Management of Council Land and Buildings									
CP0417	Civic Centre Replacement	Replacement Civic Centre at Vaux Site as approved by Cabinet 17th October 2018.	EDoE&P	41,381	0	0	2,274	12,946	16,645	9,516
CP0418	Planned Property Capital Maintenance	Various essential construction, mechanical and electrical services based projects/works required to maintain/improve the Council's property portfolio.	HoPROP	2,273	0	0	2,273	0	0	0
	ICT Projects									
CP0419	ICT Infrastructure	Five strands of investment into ICT services to provide efficiencies to support the Medium Term Financial Strategy: 1. Replacement of End User Devices. 2. Replacement of Storage & Server Infrastructure. 3. Upgrade or Replacement of Virtualised Desktop Infrastructure. 4. Disaster Recovery/Secondary Data Centre Replacement. 5. Civica Revenues & Benefits System.	HoCS,I&ICT	2,720	0	0	520	510	1,440	250
TOTAL PROJECTS COMMENCING 2019/20				46,374	0	0	5,067	13,456	18,085	9,766
TOTAL CABINET PORTFOLIO				61,190	5,489	6,867	7,527	13,456	18,085	9,766

Source of Finance	Estimated Resources				
	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000
FROM EXTERNAL SOURCES					
Loans					
Prudential Borrowing	919	5,775	12,946	16,645	9,516
Salix	1,632	0	0	0	0
Grants from Other Public Bodies					
European Regional Development Fund	250	1,232	0	0	0
Other External Funding					
Other Capital Contributions	125	0	0	0	0
Total External Sources	2,926	7,007	12,946	16,645	9,516
FROM INTERNAL SOURCES					
Revenue Contributions					
Directorate	5	0	0	0	0
Reserves					
Strategic Investment Reserve	2,037	0	0	0	0
Strategic Investment Plan Reserve	1,103	0	0	0	0
Modernisation Reserve	284	0	0	0	0
HCA Riverside Reserve	218	0	0	0	0
Unutilised RCCO Reserve	11	0	0	0	0
Capital Receipts	283	520	510	1,440	250
Total Internal Sources	3,941	520	510	1,440	250
TOTAL FINANCING	6,867	7,527	13,456	18,085	9,766

**CHILDRENS LEARNING & SKILLS SERVICES
CAPITAL PROGRAMME**

Appendix 4 continued

Project Ref.No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000
	Continuing Projects									
	DFC									
CP0085	Schools Devolved Capital	Schools devolved formula capital allocations to address the priorities identified by schools in their own asset management plans.	HoPROG	5,580	4,861	583	136	0	0	0
	Asset Management Projects									
	Major School's Asset Management									
CP0350	SSGA - School extensions to St Pauls & Benedict Biscop	Sunderland South Growth Area (SSGA) plans will generate demand for school places growth with 2 school extensions (105 places each) required meeting demand in advance of a new school requirement in the longer term. The upfront investment will be recouped through S106 over the longer term. Extensions are planned to St Pauls CE VC Primary and Benedict Biscop Primary Academy.	HoPROG	2,000	91	40	1,869	0	0	0
CP0386	Schools Capital Maintenance Works	Capital maintenance works to schools including roof repairs/replacement and structural repairs.	HoPROG	1,061	0	1,061	0	0	0	0
CP0260	School's Asset Management Unallocated	Continue to provide window replacements, heating improvements, roofing works, electrical and technical and urgent health and safety works.	HoPROG	290	0	0	290	0	0	0
CP0396	Demolition of Former Maplewood School	Demolition of Former Maplewood School.	HoPROG	105	0	105	0	0	0	0
	Other Schools Asset Management Projects									
CP0212	School AMP - Primary	Provision of window replacements, heating improvements, roofing works, electrical and technical and urgent health and safety works in primary schools.	HoPROG	2,441	2,382	59	0	0	0	0
CP0214	School AMP - Special	Provision of window replacements, heating improvements, roofing works, electrical and technical and urgent health and safety works in special schools.	HoPROG	35	0	35	0	0	0	0
CP0205	Access Equipment	Purchase of equipment to assist children with disabilities to access school places.	HoPROG	54	29	25	0	0	0	0
CP0204	Asbestos and Legionella Management	Asbestos and legionella management for schools.	HoPROG	86	36	50	0	0	0	0
CP0327	New Condition Works / EAW	Delivery of electricity at work and schools condition surveys.	HoPROG	81	41	40	0	0	0	0

**CHILDRENS LEARNING & SKILLS SERVICES
CAPITAL PROGRAMME**

Appendix 4 continued

Project Ref.No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000
CP0339	Ryhope B2B Learning Project Ryhope Library	Refurbishment of library to facilitate B2B / Young Mothers relocation from Hendon Health Centre.	HoPROG	99	4	95	0	0	0	0
	Special Needs - School Placements									
CP0370	PRU Provision - Refurbishment of Former Springwell Dene School	Re-Provision of PRU Services to increase and improve the capacity and facilities across the city to support children with Special Educational Needs and Disabilities (SEND).	HoPROG	1,425	0	300	1,125	0	0	0
	Healthy Pupils Capital Fund									
CP0389	Healthy Pupils Capital Fund	Development of school facilities to further maximise health and wellbeing of pupils, funded by the Government from the receipts of the soft drinks levy.	HoPROG	90	0	90	0	0	0	0
	Mechanical Works									
CP0387	School Mechanical Works	School Mechanical Works.	HoPROG	401	0	401	0	0	0	0
	Electrical Works									
CP0388	School Electrical Works	School Electrical Works.	HoPROG	124	0	124	0	0	0	0
	Other Children Services Projects									
CP0298	Children's and Adults Social Care Case Management System	Investment of a new case management system for Children's/Early help and Adult's that will support front line practitioners in discharging their professional duties to vulnerable children and adults in a more efficient and effective manner. The new Liquid logic system offers a range of software solutions for Children and Adult's services which can be used individually, or as an integrated whole.	HoIC	2,524	2,324	200	0	0	0	0
CP0393	Friends of Derwent Hill	Purchase of 2 Wooden Clad Camping Pods.	HoE	78	7	71	0	0	0	0
CP0348	Derwent Hill Campsite, Bungalow and Educational Centre	Derwent Hill improvements for: - Additional campsite accommodation, - Compliance works to the bungalow, and - Improved wheelchair access.	HoE	165	0	165	0	0	0	0
CP0435	Sandhill Centre	Creation of a separate access point to part of the Sandhill Centre building which is not currently being used into a space which is suitable for supervised family visits.	HoPROP	40	0	40	0	0	0	0
	Social Care									

**CHILDRENS LEARNING & SKILLS SERVICES
CAPITAL PROGRAMME**

Appendix 4 continued

Project Ref.No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000
CP0292	Children Social Care Homes	Purchase of two social care homes being Monument View and Grasswell House.	HoPROP	500	256	244	0	0	0	0
TOTAL CONTINUING PROJECTS				17,179	10,031	3,728	3,420	0	0	0
	Projects Commencing 2019/20									
	Major School's Asset Management									
CP0436	Willow Fields Primary School Relocation	Relocation of the existing Willow Fields Primary School to a new build at the former Maplewood Special School site at Redcar Road. This will increase pupil place capacity from 140 to 315 and supports the new housing developments in the area.	HoPROG	4,942	0	0	410	3,300	1,171	61
	Other Schools Asset Management Projects									
CP0260	School's Asset Management Unallocated	Continue to provide window replacements, heating improvements, roofing works, electrical and technical and urgent health and safety works.	HoPROG	176	0	0	176	0	0	0
	Social Care									
CP0437	Children's Home Compliance Work	Works to ensure that the four Council-owned Children's Homes are compliant with regulation and are fit for the future.	DoCS	80	0	0	80	0	0	0
	Other Children Services Projects									
CP0438	Derwent Hill Facilities Improvements	Remedial work carried out to ensure to ensure the Derwent Hill facility meets the needs the customers and clients using the facility.	HoE	300	0	0	300	0	0	0
TOTAL PROJECTS COMMENCING 2019/20				5,498	0	0	966	3,300	1,171	61
TOTAL CHILDRENS PORTFOLIO				22,677	10,031	3,728	4,386	3,300	1,171	61

Source of Finance	Estimated Resources				
	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000
FROM EXTERNAL SOURCES					
Loans					
Prudential Borrowing	489	2,869	3,300	1,171	61
Government Grants					
DfE - School's Condition Grant	1,997	389	0	0	0
DfE Basic Need Grant	132	386	0	0	0
DfE - Schools DFC Grant	583	136	0	0	0
Healthy Pupil Capital Fund	90	0	0	0	0
Special Educational Needs and Disability	166	450	0	0	0
Other External Funding					
Other Capital Contributions	71	0	0	0	0
Total External Sources	3,528	4,230	3,300	1,171	61
FROM INTERNAL SOURCES					
Reserves					
Strategic Investment Reserve	200	80	0	0	0
S106 Reserve	0	43	0	0	0
Capital Receipts	0	33	0	0	0
Total Internal Sources	200	156	0	0	0
TOTAL FINANCING	3,728	4,386	3,300	1,171	61

**COMMUNITY & CULTURE
CAPITAL PROGRAMME**

Appendix 4 continued

Project Ref.No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000
	Continuing Projects									
	Events, Culture & Sport									
CP0309	Parklife Football Hubs	Provision of 3 football hub sites - a sustainable approach to grass roots football within the city.	HoE	20,615	344	4,921	12,779	2,571	0	0
	Culture and Tourism									
CP0346	Sunderland Museum and Winter Garden Improvements	Update of the museum offer both from a visitor and service perspective, as well as a need to ensure best use of available resources. Works include maintenance and condition works, energy efficiency works and minor internal changes to maximise retail income generating opportunities.	HoPROG	375	0	375	0	0	0	0
CP0347	Increasing Access to Heritage	Investment to provide technological and other solutions to improve ready access to the heritage offer. Includes relocating Local Studies from Fawcett Stand and an increased heritage offer within Sunderland Museum and Winter Gardens with digital facilities. Project dependent upon securement of external funding.	HoPROG	3,500	0	0	2,500	1,000	0	0
CP0404	Coastal Revival Fund	Provision of a live classroom project with Sunderland College, using the College's apprentices on construction courses to facilitate the re-use of 170/1 High Street West as a new home for Pop Recs, a grassroots community organisation, as part of their wider music led development at 170-175 High Street West.	HoPR	45	0	45	0	0	0	0
CP0219	Canny Space Project	Council contribution to the Churches Conservation Trust for improvement/alterations at Holy Trinity Church which will transform into a new community/commercial venue and heritage attraction.	HoPROG	300	0	300	0	0	0	0
CP0176	Hylton Castle Redevelopment	Providing three new floors and a roof so that the castle can be repurposed as a community - led heritage centre. Centre expected to be open in Spring 2019.	HoPROG	2,934	755	2,179	0	0	0	0

**COMMUNITY & CULTURE
CAPITAL PROGRAMME**

Appendix 4 continued

Project Ref.No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000
CP0306	Fulwell Mill Restoration	Restoration works to bring back into use as a visitor attraction. Works include: newly designed and fitted cap, wind shaft, sails, brake wheel and mechanism, external repairs, replacement windows, and decoration of the tower, internal mechanical and electrical works. Project estimated to be completed by early spring 2018.	HoPROP	379	342	37	0	0	0	0
CP0329	Riverside Investigation Works	Large scale engineering investigation works are to be carried out along the riverside to inform maintenance requirements.	Hol&T	555	514	41	0	0	0	0
CP0312	Tall Ships Race 2018	Improvement to the dredging of quays and infrastructure to ensure a safe and successful delivery of the Event.	HoE	1,754	612	1,142	0	0	0	0
TOTAL CONTINUING PROJECTS				30,457	2,567	9,040	15,279	3,571	0	0
	Projects Commencing 2019/20									
	Strategic Economic Development									
CP0412	Neighbourhood Renewal	Provision for Neighbourhood Renewal investment to commence in 2019/2020. A review will be undertaken to develop specific projects, but it is expected that the capital investment will be allocated for devolved investment on projects identified to be a priority for neighbourhoods.	EDoPS	2,500	0	0	1,000	1,000	500	0
	Culture and Tourism									
CP0405	Sunderland Museum, Winter Gardens and Library Major Redevelopment Scheme	A planned refurbishment of the Sunderland Museum and Winter Gardens to improve the cultural offer in the city and seek to refurbish exhibits as well as ensuring that the museum and library delivery is fully integrated with Mowbray Park to ensure maximum opportunity for events, programme, exhibitions and learning lessons. The proposal is subject to securing circa £16m external funding, anticipated primarily from the Heritage Lottery Fund and ACE, but also from other sources.	HoPROG	21,755	0	0	400	200	10,578	10,577

**COMMUNITY & CULTURE
CAPITAL PROGRAMME**

Appendix 4 continued

Project Ref.No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000
CP0406	Festoon Lighting	New festoon lighting and lighting motifs are required to replace, due to age and condition, the lighting currently along the seafront. Additional lighting (festoon and motifs) required to extend and connect the lighting from the seafront into the city centre, including Wearmouth Bridge. This will contribute to the city and city centre being dynamic and vibrant and will be complimented with the annual Festival of Light and Christmas events and programmes.	HoE	250	0	0	250	0	0	0
TOTAL PROJECTS COMMENCING 2019/20				24,505	0	0	1,650	1,200	11,078	10,577
TOTAL COMMUNITY AND CULTURE PORTFOLIO				54,962	2,567	9,040	16,929	4,771	11,078	10,577

Source of Finance	Estimated Resources				
	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000
FROM EXTERNAL SOURCES					
Loans					
Prudential Borrowing	1,681	4,981	3,624	3,301	2,800
Grants from Other Public Bodies					
Lottery - Heritage Lottery Fund (HLF)	2,021	2,294	1,147	7,777	7,777
Football Foundation	4,921	9,154	0	0	0
Historic England	9	0	0	0	0
Coastal Revival Fund	45	0	0	0	0
Total External Sources	8,677	16,429	4,771	11,078	10,577
FROM INTERNAL SOURCES					
Revenue Contributions					
Strategic Initiative Budget	28	0	0	0	0
Reserves					
Modernisation Reserve	0	4	0	0	0
Unutilised RCCO Reserve	0	10	0	0	0
Commercial & Development Reserve	0	486	0	0	0
Capital Receipts	335	0	0	0	0
Total Internal Sources	363	500	0	0	0
TOTAL FINANCING	9,040	16,929	4,771	11,078	10,577

**ENVIRONMENT & TRANSPORT PORTFOLIO
CAPITAL PROGRAMME**

Appendix 4 continued

Project Ref.No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000
	Continuing Projects									
	Strategic Economic Development									
CP0137	Sunderland Railway Station	Redevelopment of the railway station in conjunction with Nexus and Network Rail who will complete the detailed design and redevelopment of the above ground concourse to Sunderland Station.	HoPR	3,000	242	658	600	1,500	0	0
CP0288	Minster Quarter Access Road	Provision of a new access road that will provide a direct link from the Minster Quarter area onto St Mary's Way.	HoPR	1,500	100	800	600	0	0	0
	Major Highway Schemes									
CP0003	Northern Spire (SSTC Ph2 - New Wear Crossing)	Construction of the 'Northern Spire' New Wear Crossing opened to traffic 29th August 2018.	COO	109,800	95,091	14,709	0	0	0	0
CP0194	SSTC Phase 3	Construction of a new road linking the Northern Spire new wear crossing and the city centre. The road is planned to be open to traffic in 2021.	COO	70,800	8,522	7,077	23,100	22,842	8,621	638
CP0281	Port Enterprise Zone and SSTC4/5 Design	Design and bidding proposal costs for Port Enterprise Zone and SSTC Phases 4/5.	Hol&T	250	114	136	0	0	0	0
	Local Transport Plan									
CP0024	Highway Maintenance	Implement the Highway Maintenance Programme of road resurfacing and footway reconstruction schemes.	Hol&T	15,477	11,668	3,209	600	0	0	0
CP0025	Bridge Maintenance	Annual programme of Structural Bridge maintenance.	Hol&T	2,557	1,563	994	0	0	0	0
CP0026	Integrated Transport	Annual programme for the implementation of Road Safety and Traffic Congestion improvement schemes.	Hol&T	10,092	7,982	1,466	644	0	0	0
CP0163	Houghton Cut Safety Works	Preparation of rockfall protection netting.	Hol&T	30	11	19	0	0	0	0
CP0226	Northern Gateway	Improving access to the Wearmouth Bridge and the City Centre via a two way traffic system.	Hol&T	6,000	1,297	4,703	0	0	0	0
CP0232	Parking Meters	The replacement and provision of parking meters for new locations in the City and an on-going programme of reviewing provision and introducing new locations for pay and display.	Hol&T	125	64	61	0	0	0	0
CP0237	Safety Fencing Replacement	Replacement of safety fences at priority locations identified, to ensure that public safety is protected.	Hol&T	485	267	218	0	0	0	0

**ENVIRONMENT & TRANSPORT PORTFOLIO
CAPITAL PROGRAMME**

Appendix 4 continued

Project Ref.No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000
CP0249	Southern Growth Area - Highways Design	Detailed design of highway infrastructure necessary to complete the Ryhope Doxford Link Road and to open up development land in South Sunderland (Southern Growth Area).	Hol&T	50	37	13	0	0	0	0
CP0279	Highways Maintenance Asset Management	Improvement of the council's major highway assets including roads, bridges, footways and traffic signal equipment.	Hol&T	5,197	2,162	1,210	1,825	0	0	0
CP0330	Structural Maintenance of A195 Bridges	Structural maintenance to A195 Lambton Interchange Bridges and Harraton Hall Footbridge.	Hol&T	652	556	96	0	0	0	0
CP0342	A1231 Bridge Maintenance	A programme of Structural maintenance to bridges on the Nissan Interchange and Low Barmston Access Bridge.	Hol&T	790	381	409	0	0	0	0
CP0398	New City Boundary Signs	Provision of new city boundary signs.	Hol&T	150	0	150	0	0	0	0
CP0420	Highways and Bridge Maintenance	A programme of works to fix potholes on roads and renew bridges and tunnels, funded from the new funding provided via the 2018 Autumn Budget.	Hol&T	1,466	0	1,466	0	0	0	0
	Flood & Coast Risk Management									
CP0160	Flood and Extreme Weather Mitigation	Rolling programme of flood defence and flood alleviation schemes in accordance with the flood priority list and extreme weather repairs, as well as match funding flood studies jointly carried out by Sunderland City Council, Northumbrian Water and the Environment Agency.	Hol&T	4,246	2,397	1,000	849	0	0	0
CP0357	Coastal Defence - Strategic Frontage 3	Coastal defence scheme situated around east of the port which will protect the Ports infrastructure. The project is reliant upon successful external funding bids.	Hol&T	10,500	0	275	3,000	4,000	3,225	0
CP0390	Pier Emergency Repair Works	Emergency works to the piers following the storm damage March 2018.	Hol&T	1,600	0	740	860	0	0	0
	Infrastructure and Transportation									
CP0009	Private Streetworks	Council contribution to the upgrade of private streets.	Hol&T	50	0	50	0	0	0	0

**ENVIRONMENT & TRANSPORT PORTFOLIO
CAPITAL PROGRAMME**

Appendix 4 continued

Project Ref.No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000
CP0310	LED Street Lighting Phase 2	Following on from the progress of phase 1 installation of LED lights, it is planned that a further 24,513 lamps of varying energy consumption be converted to LED lamps. The majority, over 20,000, is units currently burning between 100W and 250W of energy and the proposed replacements would burn at between 50W and 100W without detriment to required lighting levels.	Hol&T	7,900	428	4,572	2,700	200	0	0
CP0360	Roker Car Park Extension	Extension to the existing Roker car park will create an additional 25 spaces and disabled coach parking, generating additional income of circa £0.025m pa. Planned works will include improved signage, new bins and cycle parking.	Hol&T	150	0	10	140	0	0	0
CP0361	SSGA - Ryhope Doxford Link Road	New road infrastructure which will support new homes in SSGA in advance of S106 funding. SSGA is to provide; 4,000 family and executive homes and will result in council tax growth, New Homes Bonus, 300 affordable homes and significant construction job creation/safeguards.	Hol&T	5,000	0	0	1,000	3,000	1,000	0
CP0362	A19/A690 Doxford Park Junction Improvement Scheme	Capacity improvement measures at the A19/A690 Doxford Park junction including upgrade of the A19 southbound off-slip road. The proposals will support delivery of approaching 1,000 dwellings prior to 2021 and a further 4,000 dwellings subsequently, facilitating SSGA. Includes expected match funding from Highways England.	Hol&T	1,919	0	200	1,719	0	0	0
	Environmental Services (Street Scene)									
CP0161	Improvements to the Crematorium	Physical and structural improvements to the Crematorium.	HoPM	140	60	0	80	0	0	0
CP0185	Fleet Replacement	Plant lifecycle replacement of fleet within Place Directorate	HoPM	1,308	1,148	160	0	0	0	0
CP0186	Replacement of Cremators	Replacement of the crematorium equipment, comprising three cremators and associated emissions control system to ensure the reliable and compliant operation of the council's bereavement service.	HoPM	1,050	498	552	0	0	0	0

**ENVIRONMENT & TRANSPORT PORTFOLIO
CAPITAL PROGRAMME**

Appendix 4 continued

Project Ref.No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000
CP0229	Recycling and Garden Waste Collection Fleet Replacement	Replacement of split body recycling and garden waste collection vehicles to continue the Council's existing service provision.	HoPM	2,846	1,866	980	0	0	0	0
CP0285	Parks & Cemetery Infrastructure - Paths	A four year repair inspection and maintenance programme from 2016/2017 in cemeteries and parks.	HoPM	300	101	124	75	0	0	0
CP0278	Specialist Vehicle Replacement - Collection Vehicles	Replacement of bulky item collection vehicles which have reached the end of their operational life.	HoPM	153	144	9	0	0	0	0
CP0352	Replacement Household Waste and Recycling Centre	Provision of new household waste facility. Planned relocation of the main facility with a further micro-site at Coalfields.	HoPM	5,000	0	750	3,500	750	0	0
CP0353	Refuse Collection Vehicle Replacement Programme	Planned replacement of the fleet of 20 refuse collection vehicles at the forecast end of life. Consideration will be given at time of purchase to electric / hybrid options.	HoPM	3,780	0	0	0	3,780	0	0
CP0354	Specialist (Large) Vehicle Replacement Programme	Planned replacement of large specialist vehicle and plant fleet purchases in order to ensure most efficient use of resources. Consideration will be given at time of purchase to electric / hybrid options.	HoPM	1,920	0	873	138	489	420	0
CP0355	Redevelopment of Parsons Depot	Provision of one operational depot at Parsons, Washington to replace South Hylton House and Houghton (Jack Crawford House would be retained). The project would include provision for the alternative location for the salt barn currently on located on the SSTC3 route.	HoPM	6,854	4	385	672	4,915	878	0
	Coast Protection									
CP0039	SF 3 - Initial Development Works	Initial development works for Strategic Frontage 3.	Hol&T	199	78	121	0	0	0	0
	Play Provision									
	Play and Urban Games Strategy :									
CP0189	Play Provision Schemes	Improvement works to play areas across the city.	HoPM	453	431	22	0	0	0	0
TOTAL CONTINUING PROJECTS				283,789	137,212	48,217	42,102	41,476	14,144	638

**ENVIRONMENT & TRANSPORT PORTFOLIO
CAPITAL PROGRAMME**

Appendix 4 continued

Project Ref.No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000
	Projects Commencing 2019/20									
	Local Transport Plan									
CP0024	Highway Maintenance	Implement the Highway Maintenance Programme of road resurfacing and footway reconstruction schemes.	Hol&T	1,415	0	0	1,415	0	0	0
CP0025	Bridge Maintenance	Annual programme of Structural Bridge maintenance.	Hol&T	354	0	0	354	0	0	0
CP0026	Integrated Transport	Annual programme for the implementation of Road Safety and Traffic Congestion improvement schemes.	Hol&T	1,497	0	0	1,497	0	0	0
CP0421	Highways Asset Investment Programme	Improvements to the condition of the Council's highway assets, including roads, footways and traffic signals and reduce the significant maintenance backlog.	Hol&T	11,000	0	0	2,750	2,750	2,750	2,750
CP0422	Bridge Maintenance Investment Programme	Improvements to the condition of the Council's stock of bridges and to reduce the significant maintenance backlog.	Hol&T	4,000	0	0	1,000	1,000	1,000	1,000

**ENVIRONMENT & TRANSPORT PORTFOLIO
CAPITAL PROGRAMME**

Appendix 4 continued

Project Ref.No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000
	Environmental Services (Street Scene)									
CP0423	Environmental Services Vehicles and Equipment	A series of investments in vehicles and equipment is proposed to support the Place Management Service Operations including: 1) Replace existing specialist vehicle and plant fleet which will come to the end of their planned operational life. 2) Purchase new additional vehicles and equipment to support planned changes in front line service delivery in line with Council priority to improve local environment quality. 3) Fit safety equipment to the fleet of large goods vehicles. 4) Replacement wheel bin and recycling containers. 5) Provision of a Vehicle and Equipment Management Information System to improve operational efficiency, track and inventory all equipment to ensure safe maintenance, operation and reduce asset loss.	HoPM	3,931	0	0	2,558	333	288	752
CP0424	Redevelopment of Parsons & JCH Depot - Electric Vehicles Infrastructure	To future proof depots by ensuring that site energy can be provided from renewable sources including solar, wind and through the use of electric vehicle battery charging, an electric vehicle infrastructure is proposed at both the new redeveloped Parsons depot and Jack Crawford House. This investment will support the operation and maintenance of the Council's future ultra-low carbon (electric) fleet through the provision of a range of standard and high speed vehicle charging points and battery charging and storage facilities which work with the local electricity supply network and renewable energy generated on sites.	HoPM	3,004	0	0	82	1,474	1,448	0
	Infrastructure and Transportation									

**ENVIRONMENT & TRANSPORT PORTFOLIO
CAPITAL PROGRAMME**

Appendix 4 continued

Project Ref.No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000
CP0425	Major Pipeline Scheme Design	Provision to ensure that sufficient resources are in place to develop designed solutions for Sunderland City Council's infrastructure aspirations, which can be utilised as part of external funds bidding processes.	Hol&T	1,000	0	0	250	250	250	250
CP0426	Replacement of Road Safety Vehicle	Replace the existing road safety vehicle, which is now 5 years old, used to carry out enforcement of bus stops and school keep clears.	Hol&T	20	0	0	20	0	0	0
CP0427	Holmeside Car Park	Creation of a surface 60 space car park on a site located on Holmeside, Sunderland to serve the Train, metro businesses, College and visitors to the City.	Hol&T	230	0	0	0	230	0	0
CP0428	Hillthorn Lorry Parking Facility	Infrastructure works to clear a vacant plot on the A19 – EZ3 (Hillthorn Park site) and to provide a hard-stand to be used as a lorry parking / lay-up area (including facilities) to accommodate 48 – 54 articulated HGVs.	Hol&T	750	0	0	750	0	0	0
CP0429	Riverside Animation	A programme of works establishing a focus for River based leisure activities with Sunderland University on the North Bank of the Wear adjacent to the St Peters Campus.	Hol&T	400	0	0	400	0	0	0
	Parks									
CP0430	Reconnecting Roker Park	Planned restoration of Roker Park to make it more sustainable and encourage commercial investment to help nourish this valuable community asset into the future, maximise potential, and place heritage at the heart of a lively and engaging events and activities programme. Subject to securing Heritage Lottery Fund funding.	HoPR	3,550	0	0	0	1,775	1,775	0
	Flood & Coast Risk Management									
CP0431	Panns East Quay Replacement	Reconstruction of a 60m stretch of the Panns East Quay.	Hol&T	1,000	0	0	1,000	0	0	0
TOTAL PROJECTS COMMENCING 2019/20				32,151	0	0	12,076	7,812	7,511	4,752
TOTAL ENVIRONMENT AND TRANSPORT PORTFOLIO				315,940	137,212	48,217	54,178	49,288	21,655	5,390

**ENVIRONMENT & TRANSPORT PORTFOLIO
CAPITAL PROGRAMME**

Appendix 4 continued

Source of Finance	Estimated Resources				
	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000
FROM EXTERNAL SOURCES					
Loans					
Prudential Borrowing	25,146	22,023	22,032	17,031	5,390
Salix	4,572	2,700	200	0	0
Government Grants					
DfT - Local Transport Plan (LTP)	6,622	4,968	0	0	0
DfT - National Productivity Investment Fund	3,360	0	0	0	0
Local Pinch Point	3	0	0	0	0
DfT - Pothole Grant	541	0	0	0	0
Environment Agency Coast Protection	909	649	1,000	1,930	0
Local Growth Fund (LGF)	1,000	21,500	18,000	0	0
Highways England	0	1,439	0	0	0
Grants from Other Public Bodies					
Lottery - Heritage Lottery Fund (HLF)	0	0	1,550	1,550	0
European Regional Development Fund	0	41	737	724	0
Nexus LTP	42	42	0	0	0
Other External Funding					
Nexus	658	600	1,500	0	0
Total External Sources	42,853	53,962	45,019	21,235	5,390
FROM INTERNAL SOURCES					
Reserves					
Strategic Investment Reserve	227	20	0	0	0
Capital Priorities Reserve	3,487	0	3,780	0	0
Strategic Investment Plan Reserve	273	0	0	0	0
S106 Reserve	85	58	0	0	0
Port Reserve	151	0	0	0	0
Unutilised RCCO Reserve	268	0	0	0	0
Capital Receipts	873	138	489	420	0
Total Internal Sources	5,364	216	4,269	420	0
TOTAL FINANCING	48,217	54,178	49,288	21,655	5,390

**HEALTH & SOCIAL CARE PORTFOLIO
CAPITAL PROGRAMME**

Appendix 4 continued

Project Ref.No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000
	Continuing Projects									
	Adult Services									
CP0080	Disabled Facilities Grants	Provision of grants to support much needed adaptations to be carried out to properties allowing people to remain in their homes.	HoIC	7,256	3,435	3,821	0	0	0	0
CP0316	Introduction of Electronic Homecare Monitoring System	The introduction of an EHM system will provide real time data, with carers using EHM logging in and out via mobiles at the time of the care call which will enable more accurate billing.	HoPROG	148	0	148	0	0	0	0
CP0351	Assistive Technology in Adult Social Care	To delay vulnerable people requiring support and enabling them to remain in their own homes for longer. Research has shown use of AT can delay residential care by an average 8 months. Investment includes: • Increased use of technology to transform service delivery and increase staff productivity • Support for innovative National Test bed for AT.	HoIC	1,050	0	300	250	250	250	0
TOTAL CONTINUING PROJECTS				8,454	3,435	4,269	250	250	250	0

**HEALTH & SOCIAL CARE PORTFOLIO
CAPITAL PROGRAMME**

Appendix 4 continued

Project Ref.No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000
	Projects Commencing 2019/20									
	Adult Services									
CP0432	Day Centre Transformation Programme	Investment to day centre provision to transform these services to provide a fit for purpose provision for people with complex needs and disabilities that is future proof, assists informal carers to continue in this role and consequently delays or reduces the impact on adult social care services; and localised and cost efficient provision that reduces the need to move or transfer people out of city into high cost placements and services via: o Remodelling and re-provision of Washington Multipurpose Centre and the Fulwell Day Centre Site into single new build which is fit for purpose and future proof for people with complex disabilities and behaviours. o New build(s) or investment in a current site(s) to establish a building based "safe space" for adults with complex mental health issues and associated behaviours that could also deliver stimulation and outcome based activities as part of a day centre offer. o Development of the Northeast Disabilities Resource Centre day centre offer linked to new core and cluster accommodation that will support adults with an acquired brain injury and complex physical disabilities.	HoIC	4,500	0	0	4,500	0	0	0
CP0433	Emergency Accommodation	Provision of self-contained apartments to include small kitchen areas, and emergency/temporary residential accommodation for young people aged 18-21 who have come through the leaving care system or are homeless.	HoIC	104	0	0	104	0	0	0
CP0434	Barnes Park Café (Coffee Shop) - Flood Defence Measures	Improvements to the Café, specifically on flood defence measures.	HoIC	25	0	0	25	0	0	0
TOTAL PROJECTS COMMENCING 2019/20				4,629	0	0	4,629	0	0	0
TOTAL HEALTH AND SOCIAL CARE PORTFOLIO				13,083	3,435	4,269	4,879	250	250	0

**HEALTH & SOCIAL CARE PORTFOLIO
CAPITAL PROGRAMME**

Appendix 4 continued

Source of Finance	Estimated Resources				
	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000
FROM EXTERNAL SOURCES					
Loans					
Prudential Borrowing	0	4,629	0	0	0
Government Grants					
Better Care Fund Grant	3,708	0	0	0	0
Other External Funding					
Gentoo	113	0	0	0	0
Total External Sources	3,821	4,629	0	0	0
FROM INTERNAL SOURCES					
Reserves					
Strategic Investment Reserve	148	0	0	170	0
Capital Priorities Reserve	0	0	0	80	0
Strategic Investment Plan Reserve	300	0	0	0	0
Commercial & Development Reserve	0	250	250	0	0
Total Internal Sources	448	250	250	250	0
TOTAL FINANCING	4,269	4,879	250	250	0

**HOUSING & REGENERATION
CAPITAL PROGRAMME**

Appendix 4 continued

Project Ref.No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000
	Continuing Projects									
	Management of Council Land and Buildings									
CP0366	Former Usworth Comprehensive School Site Enabling Works	Enabling works on the former Usworth school site in advance of potential development of the site.	HoPROP	510	0	510	0	0	0	0
	Strategic Economic Development									
CP0127	Strategic Land and Property Acquisition Provision	Acquisitions of land and buildings which are considered to be a strategic importance and would contribute towards the Council's regeneration priorities for the City.	HoPROP	11,907	6,646	2,719	2,542	0	0	0
CP0221	Railway Station Public Realm	As part of the wider Railway Station redevelopment public realm improvements will be undertaken to the area immediately in front of the station to provide an improved arrival and departure experience as well as ensuring the station is better integrated into the wider area.	HoPR	750	0	0	0	0	750	0
CP0238	Keel Line	Fees for feasibility study carried out by external consultant at the former Vaux site.	HoPR	100	79	21	0	0	0	0
CP0264	Public Realm - Former Crowtree Road Leisure Centre	As part of the redevelopment of the former Crowtree Road Leisure Centre site for retail use, works will be undertaken to create a public space to the north of the site and landscaping works above the car park that will provide an improved link to Town Park.	HoPROP	1,750	48	0	1,702	0	0	0
CP0336	Commercial Road Development	Enabling works (access highway works and drainage) to facilitate four development plots and property for Port.	HoPROP	300	77	223	0	0	0	0
CP0363	City Centre Regeneration	Provision to support a City Centre Masterplanning investment strategy, allowing timely acquisitions of critical sites, in target regeneration areas. Resources are proposed to support strategic land and building acquisitions which focus on city centre regeneration. Any acquisitions will be supported by an approved Masterplan for the overall development area.	HoPROP	10,730	0	1,730	4,000	5,000	0	0
	Housing Services									
CP0072	Hetton Downs Regeneration	Acquisition and demolition of properties for housing renewal in the Hetton Downs area.	HoPR	9,111	8,822	289	0	0	0	0
CP0302	Hetton Downs Development Phase 2	To provide affordable housing units in the Hetton Downs Renewal area.	HoPR	289	4	285	0	0	0	0

HOUSING & REGENERATION CAPITAL PROGRAMME

Appendix 4 continued

Project Ref.No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000
CP0343	Empty Properties Hetton Downs	Funding to Sunderland Housing Limited to acquire or lease empty homes in the Hetton Downs regeneration area with a focus on Fairy, Edward and Caroline Streets.	HoPR	300	0	300	0	0	0	0
CP0344	Bringing Empty Properties Back Into Use - Loan Funding	Loan to Back on the Map to acquire and refurbish empty homes.	HoPR	390	115	175	100	0	0	0
CP0345	Empty Properties - Bring Back Into Use	Financial assistance in the form of loans and/or grants to refurbish empty homes.	HoPR	224	0	224	0	0	0	0
	Seafront									
CP0111	Roker Pier and Lighthouse	Lighthouse restoration works and provision of new tunnel entrance. All works now complete and to be opened up as a visitor attraction, to be managed by volunteers from the Roker Heritage Group.	HoPR	2,212	2,061	151	0	0	0	0
CP0222	Seafront - Marine Walk Masterplan Ph3	Installation of carriageway improvements at Marine Walk lower promenade, construction of new toilet block and associated alterations to Marine Walk car park.	HoPR	660	648	12	0	0	0	0
CP0223	Seafront Lighthouses	Works to the lighthouse at Seaburn, completed in 2016. New railings and the restoration of railings on Roker Pier, completed in 2017.	HoPR	1,175	907	268	0	0	0	0
CP0274	Seafront Toilet Refurbishment	As part of the rolling programme of seafront toilet refurbishment, further works will be undertaken to refurbish the tram shelter toilets and Marine Walk north toilet block.	HoPR	300	43	257	0	0	0	0
CP0358	Sunderland Seafront Trust - CCF Round 5	A proposal to bring into use vacant assets as commercial premises as part of further development of assets in conjunction with the Seafront Trust. A bid for Coastal Communities Round5 funding is to be made towards the total estimated cost.	HoPR	1,100	0	50	50	1,000	0	0
CP0359	Seaburn Public Realm - Whitburn Road	Works to bridge the gap in previous public realm works and planned Siglion works at the Sea Front in front of Amusements at bottom of Dykelands road. The scheme will include new paving, seating, and steps.	HoPR	325	0	25	300	0	0	0
	Regeneration Projects									
CP0273	City Centre Way Finding	New way finding infrastructure will be installed to improve pedestrian navigation around the city centre which will be adopted by the Council and its partners. This will improve the appearance and visitor experience.	HoPR	200	19	131	50	0	0	0

HOUSING & REGENERATION CAPITAL PROGRAMME

Appendix 4 continued

Project Ref.No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000
CP0275	Investment Corridors - MAC Trust Contribution	Council contribution to works which commenced in 2016 on the development of the former Dun Cow fire station to create a performing arts centre. Grant funding is also being provided to the MAC Trust from the Heritage Lottery Fund, and further funds are being sought from the Arts Council.	HoPR	690	320	0	370	0	0	0
CP0326	Chester Road - Highways	Loan agreement with Gentoo to deliver 500 new homes on the former Pennywell estate. The Council will fund initial infrastructure works necessary to create a new access to the site and receive a profit share plus the return of its investment from the first phase of the scheme.	COO	2,000	138	1,052	810	0	0	0
CP0332	Bishopwearmouth Townscape Heritage Phase 1	Phase 1 funding to develop detail of Bishopwearmouth TH scheme for Phase 2 application to HLF. Subject to successful Phase 2 application, full TH scheme will commence late summer 2018 and run 5 years providing grants to owners / tenants to repair and restore historic properties, and funding an enhancement scheme for Town Park and activities and events.	HoPR	77	64	13	0	0	0	0
CP0397	Bishopwearmouth Townscape Heritage Phase 2	Phase 2 of the Bishopwearmouth Townscape Heritage Initiative commenced late summer 2018 and will run for 5 years providing grants to owners / tenants to repair and restore historic properties, and funding an enhancement scheme for Town Park and activities and events.	HoPR	2,107	0	80	1,064	594	369	0
	Adult Services									
CP0392	Affordable Housing Contributions (S106)	Use of S106 affordable housing contributions for the provision and promotion of affordable housing across the City; specifically through returning empty properties back to use.	HoPR	672	0	90	582	0	0	0
TOTAL CONTINUING PROJECTS				47,879	19,991	8,605	11,570	6,594	1,119	0
	Projects Commencing 2019/20									
	Housing Services									
CP0407	Empty Properties Programme	To extend the Hetton Downs empty homes pilot Citywide, targeting problematic empty properties to be refurbished, rented and therefore brought back into use. The investment will create assets that could be realised through disposal in the longer term whilst generating rental annual income until such disposal.	COO	3,000	0	0	1,816	1,184	0	0

**HOUSING & REGENERATION
CAPITAL PROGRAMME**

Appendix 4 continued

Project Ref.No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000
CP0408	Homeless Accommodation	To develop bespoke temporary and supported accommodation for small number of homeless people with the most complex needs. The accommodation will be staffed 24 hours with the aim of moving people into their own tenancies wherever this is possible. The project will support the Government's Rough Sleeper Strategy and accompanying Move On Fund which has the aim of freeing up hostel accommodation by creating move on accommodation for homeless people, either new build or through refurbishment. The proposal is subject to securing estimate of £1m via the Homes England Move On Fund.	HoIC	2,300	0	0	710	1,590	0	0
	Strategic Economic Development									
CP0409	Strategic Developments	Strategic developments to support economic development and regeneration of the city.	EDoE&P	28,000	0	0	28,000	0	0	0
CP0410	Strategic Acquisitions	Provision for real estate investments to support strategic economic regeneration overseen by the establishment of an Investment Board. Proposals will be brought forward in accordance with the Council policy for the acquisition of land and buildings.	HoPROP	1,800	0	0	1,800	0	0	0
CP0411	Additional Growth Corridor	A scheme to support emerging major economic development and cultural facilities in IAMP and the City Centre delivered with strategic partners.	EDoE&P	5,000	0	0	1,000	2,000	2,000	0
	Regeneration Projects									
CP0413	Heritage Action Zone Partnership Grant Scheme	The Partnership Grant Scheme will deliver key elements of the HAZ Delivery Plan by securing the repair, restoration and enhancement of key landmark listed building City Blocks of Hutchinson's Buildings / Mackie's Corner and 170-175 High Street West together with wider conservation area enhancement through traditional shop front reinstatements. The proposal is subject to securing Historic England funding. It will also be supplemented by third party contributions to the grants provided by the Council.	HoPR	890	0	0	545	260	85	0
CP0414	Regeneration Feasibilities	Provision of a Regeneration Feasibilities fund to support early planning and options appraisal for future potential capital projects.	HoPR	580	0	0	580	0	0	0
CP0415	Hendon Health Centre Demolition	Demolition of building no longer required and to mitigate holding costs.	HoPROP	125	0	0	125	0	0	0

**HOUSING & REGENERATION
CAPITAL PROGRAMME**

Appendix 4 continued

Project Ref.No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000
CP0416	Roker Promenade and Pier CCTV infrastructure	Over recent years the Council, external partners and private sector investment has seen the face of Roker completely change, with well over £5m of infrastructure, commercial developments and tourist attractions delivered. Following the successes of these previous schemes, this project will invest in security infrastructure in the area, protecting those investments made.	HoPR	55	0	0	55	0	0	0
TOTAL PROJECTS COMMENCING 2019/20				41,750	0	0	34,631	5,034	2,085	0
TOTAL HOUSING & REGENERATION PORTFOLIO				89,629	19,991	8,605	46,201	11,628	3,204	0

Source of Finance	Estimated Resources				
	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000
Loans					
Prudential Borrowing	5,026	42,910	9,675	2,355	0
Government Grants					
DoH - Grants General	56	0	0	0	0
English Partnership /SHIP	195	0	0	0	0
BIG Coastal Communities Fund	0	0	600	0	0
Grants from Other Public Bodies					
Lottery - Heritage Lottery Fund (HLF)	225	822	459	203	0
Homes and Communities Association (HCA)	94	0	0	0	0
Other External Funding					
Homes England	0	239	114	37	0
Nexus	0	309	691	0	0
Other Capital Contributions	0	0	0	500	0
	10	137	77	94	0
Total External Sources	5,606	44,417	11,616	3,189	0
FROM INTERNAL SOURCES					
Revenue Contributions					
Directorate	2	22	12	15	0
Reserves					
Strategic Investment Reserve	1,131	685	0	0	0
S106 Reserve	458	0	0	0	0
Port Reserve	0	582	0	0	0
New Homes Bonus Reserve	444	0	0	0	0
Unutilised RCCO Reserve	22	0	0	0	0
Other Capital Reserves	117	125	0	0	0
Capital Receipts	825	370	0	0	0
Government Grants	2,999	1,784	12	15	0
TOTAL FINANCING	8,605	46,201	11,628	3,204	0

**PROJECT SPONSOR KEY
CAPITAL PROGRAMME**

Appendix 4 continued

Acronym	Job Title
HoE	Head of Events
HoPROG	Head of Programmes
HoPR	Head of Planning and Regeneration
HoPROP	Head of Property
HoI&T	Head of Infrastructure and Transportation
COO	Chief Operating Officer
HoIC	Head of Integrated Commissioning
EDoE&P	Executive Director Economy and Place
EDoPS	Executive Director of People Services
HoCS,I&ICT	Head of Customer Service, Intelligence & ICT
HoPM	Head of Place Management
DoCS	Director of Children's Services
HoPPC	Head of Policy, Partnerships and Communications
PD	Port Director
HoAI&BS	Head of Automotive, Investment & Business Support

Prudential and Treasury Indicators 2019/2020 to 2022/2023

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

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

- P1 Actual capital expenditure incurred in 2017/2018 was £94.053 million and the estimates of capital expenditure to be incurred for the current and future years that are recommended for approval are:

	2018/19	2019/20	2020/21	2021/22	2022/23
	£000	£000	£000	£000	£000
Estimated Capital Expenditure	122,860	168,946	91,423	75,110	41,444
Efficiency Transformation Projects	3,500	3,750	0	0	0
Total Capital Expenditure	126,360	172,696	91,423	75,110	41,444

The capital expenditure plans set out in Appendix 3 provide details of the service activity of the Council.

The Government has introduced flexibility around the use of capital receipts to support transformation costs arising from implementing the Council's savings programme for 2016/2017 to 2021/2022. The transformation schemes where it is proposed to use finance from capital receipts and to treat costs as capital spend under sections 16(2)b and 20 of the Local Government Act 2003 are detailed in the Revenue Budget and Proposed Council Tax report elsewhere on the agenda.

Commercial activities and non-financial investments relate to areas such as capital expenditure on investment opportunities and loans to third parties.

The treasury management function ensures that the Council's cash is organised in accordance with the relevant professional codes, so that sufficient cash is available to meet this activity. The estimated spend is based on grant awards received and the profile of expenditure will be updated in the quarterly capital reviews to Cabinet as further grants awards are announced and projects are approved.

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

The Council ensures that the revenue implications of capital finance, including financing costs, are properly taken into account within option appraisal processes, the capital programme and the medium term financial strategy. In

assessing affordability the Council considers the council tax implications of its capital programme, borrowing decisions and investment decisions. The Council sets and monitors prudential indicators as key indicators of affordability.

Estimates of the proportion of financing costs to net revenue stream for the current and future years, and the actual figures for 2017/2018 are:

Estimates of financing costs to net revenue stream					
2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023
Actual	Estimate	Estimate	Estimate	Estimate	Estimate
8.14%	8.62%	9.41%	11.64%	12.83%	13.37%

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

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

- P3 Estimates of the end of year Capital Financing Requirement for the Council for the current and future years and the actual Capital Financing Requirement at 31st March 2018 are:

Capital Financing Requirement					
31/03/18	31/03/19	31/03/20	31/03/21	31/03/22	31/03/23
£'000	£'000	£'000	£'000	£'000	£'000
Actual	Estimate	Estimate	Estimate	Estimate	Estimate
393,919	447,724	536,531	581,252	618,544	625,615

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

The Capital Financing Requirement includes other long term liabilities (e.g. PFI schemes and finance leases). Whilst this increases the Capital Financing Requirement, and therefore the Council's borrowing requirement, these types of schemes include a borrowing facility and so the Council is not required to separately borrow for these schemes. The Council had £79.866 million of such schemes included in its Capital Financing Requirement at 31st March 2018.

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

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

The Council had no difficulty meeting this requirement in 2017/2018, nor are there any difficulties envisaged for the current or future years. This view takes into account current commitments, existing plans, and the proposals in this report and the report elsewhere on today's agenda on the Revenue Budget and Proposed Council Tax 2019/2020.

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

	Authorised Limit for External Debt				
	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023
	£'000	£'000	£'000	£'000	£'000
Borrowing	505.092	598,239	612,769	627,891	643,441
Other long term liabilities	79.031	75,388	71,837	67,427	62,595
Total	584.123	673,627	684.606	695,318	706,036

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

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

prudential indicators, however regard to the financial commitments and obligations to those bodies is taken into account when deciding whether borrowing is affordable.

In taking its decisions on the Revenue Budget and Capital Programme for 2019/2020, the Council is asked to note that the authorised limit determined for 2019/2020 (see P5 above) will be the statutory limit determined under section 3(1) of the Local Government Act 2003.

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

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

Operational Boundary for External Debt

	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023
	£'000	£'000	£'000	£'000	£'000
Borrowing	480,092	573,239	587,769	602,891	618,441
Other long term liabilities	79,031	75,388	71,837	67,427	62,595
Total	559,123	648,627	659,606	670,318	681,036

- P7 The Council's actual external debt at 31st March 2018 was £399.704 million and was made up of actual borrowing of £319.838 million and actual other long term liabilities of £79.866 million

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

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

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

- (a) capital expenditure plans are affordable;
- (b) all external borrowing and other long term liabilities are within prudent and sustainable levels;
- (c) treasury management and investment decisions are taken in accordance with professional good practice and in full understanding of the risks involved;
and that in taking decisions in relation to (a) to (c) above the local authority is:
- (d) accountable, by providing a clear and transparent framework.
Further, the framework established by the Code should be consistent with and support:
- (e) local strategic planning;
- (f) local asset management planning;
- (g) proper option appraisal.

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

CIPFA Treasury Management in the Public Services Code of Practice - Indicators 2019/2020 to 2022/2023

- P9 It is recommended that the Council sets an upper limit on its fixed interest rate exposures of £485 million in 2019/2020, £475 million in 2020/2021, £470 million in 2021/2022 and £480 million in 2022/2023.
- P10 It is further recommended that the Council sets an upper limit on its variable interest rate exposures of £48 million in 2019/2020, £55 million in 2020/2021, £54 million in 2021/2022, and £42 million in 2022/2023.
- P11 It is recommended that the Council sets upper and lower limits for the maturity structure of its borrowings as follows:

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

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

- P12 A maximum maturity limit of £75 million is set for each financial year (2019/2020, 2020/2021, 2021/2022 and 2022/2023) for long-term investments (those over 365 days), made by the Council. This gives additional flexibility to the Council in undertaking its Treasury Management function. Should the Council appoint any external fund managers during the year, these limits will be apportioned accordingly. The types of investments to be allowed are detailed in the Annual Investment Strategy (Appendix 8).

At present the Council has £21.914m of long-term investments. This is £16.400m for the value of share capital held in NIAL Holdings PLC (a 9.62% share), a £5.000m equity investment in Siglion (a 50% share), a £0.500m equity share in Sunderland Lifestyle Partnership Ltd (a 50% share) and the Council also holds £0.014m in shares and unit trusts.

Minimum Revenue Provision Policy Statement 2019/2020

- 1.1 The Council is required to repay an element of its capital financing requirement each year through a revenue charge known as the Minimum Revenue Provision (MRP). Until 2007/2008 the basis of calculation for the MRP was specified in legislation. However, from 31st March 2008 onwards the statutory requirement is simply for local authorities to make a prudent level of provision and the Ministry of Housing for Communities and Local Government (MHCLG) has instead provided statutory guidance on the methodology to use, which local authorities are required to 'have regard to' when assessing an appropriate MRP. The guidance recommends that authorities must submit to full Council an annual statement of its policy on making a MRP in respect of the following financial year. Any subsequent revisions to that policy should also be approved by full Council. DCLG have consulted on revised MRP guidance for accounting periods starting on or after 1st April 2018 and this revised guidance has been considered when setting the MRP for 2018/2019.

Local authorities have significant discretion in determining the level of MRP which they consider to be prudent. A review of the Council's MRP policy in 2015/2016 identified changes to the way in which MRP was calculated that reduces the pressure on its revenue budget but still ensures that a prudent level of provision is set aside. A further review was undertaken in 2016/2017 to determine how much additional MRP has been charged to the revenue account had the annuity basis used to calculate MRP, that was introduced from 2015/2016, been adopted from 1st April 2008.

It was established that around £43.512m less MRP would have been charged between 1st April 2008 and 31st March 2016 had the annuity basis been adopted during this period. Council approved that the overprovision of MRP in previous years be used to reduce MRP for 20 years from 2016/2017 by a fixed amount of £2.176m each year until 2036/2037. Phasing over 20 years is the time period that the Government specify for expenditure to be treated as capital expenditure by virtue of direction under section 16(2)(b) of the 2003 Act and is considered to be prudent as taking previous overpayments over this longer period slows the increase to the Council's capital financing requirement, and therefore interest charges, whilst still giving additional certainty to the Council's debt charges budget. The proposal assists the Council in addressing the impact of funding reductions as described in the Council's MTFS.

This document sets out the MRP policy for 2019/2020.

- 1.2 The statutory guidance issued by the MHCLG considers the broad aim of a prudent MRP policy as being "to require local authorities to put aside revenue over time to cover their capital financing requirement. In doing so local authorities should align the period over which they charge MRP to one that is commensurate with the period over which their capital expenditure provides benefits", or in the case of borrowing supported by Government Revenue Support Grant (RSG) "to put funds aside over a period commensurate with the period implicit in the determination of that grant." The MHCLG guidance considers that the asset life over which debt should be repaid should normally not exceed 50 years except where an appropriately qualified professional

advisor assess the useful life will exceed 50 years or in the case of a lease or PFI asset where the length of the lease or contract exceeds 50 years. The duty to make MRP extends to investment properties where their acquisition has been partially or fully funded by an increase in borrowing or credit arrangements.

1.3 The four options for calculating MRP which are set out in the guidance can be summarised as follows:

- Option 1 – Regulatory Method: applying the statutory formula set out in the 2003 Regulations before it was revoked in 2008.
- Option 2 – Capital Financing Requirement (CFR) Method: multiplying the CFR at the end of the preceding financial year by 4%. This method calculates a similar amount of MRP to Option 1.
- Option 3 – Asset Life Method: amortising expenditure over an estimated useful life for the relevant assets created. An assessment must be made of the asset life at the outset of the capital scheme and MRP is charged to revenue in either equal annual instalments or by an annuity method over the estimated life of the asset. The MRP charge will commence in the financial year following the one in which the asset comes into service.
- Option 4 – Depreciation Method: making charges to revenue in accordance with the standard rules for depreciation accounting for the particular asset being created or enhanced.

Although four options are included in the guidance produced by MHCLG other approaches are not meant to be ruled out, provided that they are fully consistent with the statutory duty to make prudent revenue provision. It is the responsibility of each authority to decide on the most appropriate method of making a prudent provision, after having regard to the guidance.

1.4 The Council used Option 1 (the Regulatory Method) for government supported borrowing until 2015/2016 where MRP was calculated on all loan advances and repayments through the Council's consolidated advances and borrowing pool at 4% of the opening 'credit ceiling' balance.

The method of calculating MRP on government supported borrowing was changed in 2015/2016 so that all debt is repaid in full over a 50 year period. Guidelines state that the period debt is repaid over for government supported borrowing should be "over a period commensurate with the period implicit in the determination of that grant". Since business rates reform in 2013/2014, the changes made to the funding formula for RSG mean that there is no component of grant determining an implicit level of support for debt repayment. As a result it is no longer possible to relate grant received to any particular level or period of annual debt repayment that supports borrowing. Additionally, grants distributed to local authorities is controlled to a national limit which has been reduced substantially in recent years irrespective of the outstanding supported borrowing levels a council may have.

Given this lack of visibility on the level of grant support provided for debt and the known reductions to RSG in recent years it is estimated that only around 50% of the required 4% is now provided for i.e. 2%. This extended the repayment to 50 years which is considered reasonable given the Councils' asset portfolio to which the debt relates.

- 1.5 For borrowing where no support has been provided from the government, known as unsupported borrowing, the Council has previously used the Asset Life Method (option 3) for calculating MRP, with the MRP charge commencing in the financial year following the one in which the capital scheme the borrowing relates to is complete and the asset has come into service. It is felt that the depreciation method for calculating MRP (option 4) is subject to too much volatility when asset lives are reassessed as part of the revaluation process.

Estimated asset life periods will be determined under delegated powers. As some types of capital expenditure schemes incurred by the Council are not capable of being related to an individual asset, such as IT infrastructure, asset lives will be assessed on a basis which most reasonably reflects the anticipated period of benefit that arises from the expenditure. Also, whatever type of expenditure is involved, it will be grouped together in a manner which reflects the nature of the main component of expenditure and will only be divided up in cases where there are two or more major components with substantially different useful economic lives. The Council also reserves the right to determine useful life periods and prudent MRP in exceptional circumstances where the recommendations of the guidance would not be appropriate.

It is proposed that the Council continues to use the Asset Life Method (option 3) for calculating MRP on unsupported borrowing with the exception of any grants, deposits or loans made for capital purposes for which borrowing is taken out. In these cases it is proposed that MRP is based on the actual principal repayment schedule relating to the grant, deposit or loan provided.

- 1.6 It is proposed that MRP for both supported and unsupported borrowing continues to be calculated using an annuity method. The interest rate used to profile the MRP under the annuity method will be 3.50% which is the discount rate used by the government in its Green Book when assessing long term projects and is similar to the Council's current interest paid on borrowing (3.01%). Government guidelines support use of the annuity method to calculate MRP for option 3 and the interest rate used to profile MRP will be reviewed annually to ensure that it is still appropriate.

Use of the annuity method means the MRP that is applied to Council borrowing will increase each year until the borrowing is repaid at the end of the asset life (or after 50 years in the case of supported borrowing). This method means that provision for debt repayments better reflects the time value of money i.e. where paying £100 in 20 years' time is less of a burden than paying £100 now and it means that costs will be spread more evenly amongst the council tax payers that will get benefit from the capital expenditure. It is therefore considered the fairest methods to use.

Use of the annuity method does not increase overall levels of debt but does mean that the level of capital expenditure financed by borrowing, the Capital Financing Requirement (CFR) will initially reduce more slowly than using the equal instalment method as the amount of MRP applied in early years is lower. The consequence of debt being repaid more slowly will be that the Council incurs a higher interest cost (although the net present value of the additional costs incurred compared to other methods of providing from MRP is neutral).

A major benefit of the recommended policy is that the Council's Capital Financing requirement for supported borrowing will be eliminated more quickly than under MHCLG options 1 or 2. The proposed method will fully write down the CFR for supported borrowing to zero over the 50 years period whereas options 1 and 2 would leave a balance remaining in perpetuity. These proposals for MRP therefore ensure that prudence is maintained and strengthened as debts are provided for more quickly and more transparently.

- 1.7 Given budget pressures, it is proposed that opportunities for utilising the prudential framework by taking out additional borrowing, be restricted to a level where provision has been made within the revenue budget and where the expenditure will either be used to support the Council's key priorities in terms of regeneration plans and strategic priorities, to fund invest to save schemes, or to support asset purchases where option appraisal of funding through borrowing instead of leasing is appropriate. The revenue budget is framed to enable such levels to be affordable and sustainable into future years.
- 1.8 Accounting standards require assets purchased through finance leases and PFI contracts to be included on the Council's balance sheet. MRP policy used by the Council will ensure that there will be no impact on council taxpayers from revisions to accounting standards. The amount of MRP to be made will be set to ensure that the finance charge and MRP for finance leases and on-balance sheet PFI schemes is equal to the rental or service charge payable in the income and expenditure account for the year, which writes down the balance sheet liability of those assets i.e. the annual MRP charge will be an amount equal to the amount that has been taken to the balance sheet to reduce the liability for that asset.
- 1.9 In summary, it is recommended that the Council approves the Minimum Revenue Provision Statement for 2019/2020:
 - a) For all government supported borrowing the Council will continue its policy of repaying borrowing over 50 years using the annuity method with the interest rate used to profile MRP being set at 3.5%.
 - b) For all unsupported borrowing the Council will adopt Option 3 and make MRP repayments using the annuity method with the interest rate used to profile MRP being set at 3.5%. The estimated useful life of an asset will be assessed by the Executive Director of Corporate Services in consultation with appropriate officers. The MRP charge will commence in the financial year following the one in which the capital scheme the borrowing relates to is complete and the asset has come into service.

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

Treasury Management Policy Statement

In line with CIPFA recommendations, on the 3rd March 2010 the Council adopted the following Treasury Management Policy Statement, which defines the policies and objectives of its treasury management activities:

- The Council defines its treasury management activities as: “The management of the Council’s investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks”.
- The Council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation, and any financial instruments entered into to manage these risks.
- The Council acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable comprehensive performance measurement techniques, within the context of effective risk management.

The Council has an agreed Borrowing and Investment Strategy, the high level policies of which are as follows:

The basis of the agreed Borrowing Strategy is to:

- continuously monitor prevailing interest rates and forecasts;
- secure long-term funds to meet the Council’s future borrowing requirement when market conditions are considered favourable;
- use a benchmark financing rate of 3.50% for long term borrowing (i.e. all borrowing for a period of one year or more);
- take advantage of debt rescheduling opportunities, as appropriate.

The general policy objective for the Council in considering potential investments is the prudent investment of its treasury balances.

- the Council’s investment priorities in order of importance are:
 - 1) The security of its capital
 - 2) The liquidity of its investments and then
 - 3) The Council aims to achieve the optimum yield on its investments but this is commensurate with the proper levels of security and liquidity
- the Council has a detailed Lending List and criteria must be observed when placing funds – these are determined using expert TM advice, view of money market conditions and using detailed rating agency information as well as using our own market intelligence.
- Limits are also placed on the amounts that can be invested with individual and grouped financial institutions based on the Lending List and detailed criteria which is regularly reviewed.

The Council re-affirms its commitment to the Treasury Management Policy and Strategy Statement in 2019/2020 as it does every year.

Treasury Management Strategy Statement for 2019/2020

1. Introduction

- 1.1 The Local Government Act 2003 and subsequent guidance requires the Council to set out its Treasury Management Strategy for Borrowing and to prepare an Annual Investment Strategy. This sets out the Council's policies for managing both its borrowing and its investments, which gives priority to the security and liquidity of those investments.

The suggested strategy for 2019/2020 is set out below and is based upon the Executive Director of Corporate Services' views on interest rates, supplemented with leading market forecasts and other financial data available and advice provided by the Council's treasury adviser, Link Asset Services.

In December 2017 CIPFA issued a revised Treasury Management Code of Practice and Cross-Sectoral Guidance Notes, and a revised Prudential Code. In February 2018 MHCLG revised their Guidance on Local Government Investments and also their Statutory Guidance on Minimum Revenue Provision. A particular focus of these revised codes is how to deal with local authority investments which are not treasury type investments e.g. by investing in purchasing property in order to generate income for the authority at a higher level than can be attained by treasury investments. This report deals solely with financial investments managed by the Council's Treasury Management function. Non-financial investments, essentially the purchase of income yielding assets, are covered in the Capital Strategy detailed in Appendix 1 to this document. This ensures the separation of the core treasury function where investments are made under security, liquidity and yield principles, and non-treasury commercial and strategic investments.

- 1.2 The treasury management strategy covers:

- current treasury management position
- treasury indicators and limits
- prospects for interest rates
- the borrowing strategy
- policy on borrowing in advance of need
- debt rescheduling
- the investment policy and strategy
- creditworthiness policy
- policy on use of external service providers

2. Treasury Management Strategy

2.1 Borrowing

2.1.1 Current Treasury Management Position

The Council's treasury portfolio position at 31st December 2018 comprised:

Appendix 8 Continued

		Principal (£m)	Total (£m)	Average Rate (%)
Treasury external borrowing				
Fixed Rate Funding	PWLB	258.7		
	Market	39.6		
	Other	8.7	307.0	3.36
Variable Rate Funding	Temporary / Other		27.6	0.54
Total external borrowing			334.6	3.13
Total treasury investments				
	In house – short term*		168.1	0.92
Net treasury borrowing			166.5	

* The total investments figure includes monies invested on behalf of ANEC which agreed with its member authorities that the Council would invest its surplus funds.

The Council currently has a net deficit of £166.5m which represents the difference between gross debt and total investments and is significantly lower than the Council's capital financing requirement (capital borrowing need).

2.1.2 Treasury Indicators and Limits

Prudential and Treasury Indicators (as set out in Appendix 5) are a requirement of the CIPFA Prudential Code and are relevant for the purposes of setting an integrated treasury management strategy and to ensure that treasury management decisions are taken in accordance with good professional practice. It is a statutory duty under Section 3 of the Local Government Act 2003 and supporting regulations, for the Council to determine and keep under review how much it can afford to borrow. The amount so determined is termed the "Affordable Borrowing Limit". In England and Wales the Authorised Limit represents the legislative limit specified in the Act.

The Council must have regard to the Prudential Code when setting the Authorised Limit, which essentially requires it to ensure that total capital investment remains within sustainable limits and, in particular, that the impact upon its future council tax (and council rent levels where relevant) is 'acceptable'.

Whilst termed an "Affordable Borrowing Limit", the capital plans to be considered for inclusion incorporate financing by both external borrowing and other forms of liability, such as credit arrangements. The Authorised Limit is set, on a rolling basis, for the forthcoming financial year and two successive financial years and details can be found in Appendix 5 (P5) of this report. The Council is asked to approve these limits and to delegate authority to the Executive Director of Corporate Services, within the total limit for any individual year, to action movement between the separately agreed limits for borrowing and other long term liabilities where this would be appropriate. Any such changes made will be reported to Cabinet and the Council at their next meetings following the change.

Also, the Council is requested to approve the Operational Boundary Limit (P6) which is included in the Prudential Indicators set out in Appendix 5. This

operational boundary represents a key management tool for in year monitoring. Within the operational boundary, figures for borrowing and other long-term liabilities are separately identified and the Council is also asked to delegate authority to the Executive Director of Corporate Services, within the total operational boundary for any individual year, to action movement between the separately agreed figures for borrowing and other long-term liabilities, in a similar fashion to the authorised limit.

The requirement for the Council to indicate it has adopted the CIPFA Code of Practice on Treasury Management has been removed in the revised 2017 edition of the code. However this is still considered to be good practice. The original 2001 Code was adopted on 20th November 2002 and the revised Code in 2011 was adopted by the full Council on 3rd March 2012. The Council reaffirms its full adherence to the latest 2017 edition of the Code and will continue to do so annually (as set out in Appendix 7).

2.1.3 Prospects for Interest Rates

In his 2018 Autumn Budget on 29th October, the Chancellor announced the end of austerity based on the improved financial forecasts from the Office for Budget Responsibility (OBR). GDP growth forecasts are 1.4% for 2018, 1.6% in 2019 and 1.4% in 2020. Public Sector Net Borrowing forecasts have also been updated with the 2019/2020 deficit of £31.8bn (down from £34.7bn forecast in the 2017 Autumn Budget) below 1.4% of GDP. The annual Net Borrowing is projected to continue falling each year to around £19.8bn in 2023/2024.

At its meeting on 19th December 2018, the BoE Monetary Policy Committee (MPC) voted unanimously to maintain Bank Rate at 0.75% although they noted that risks to growth had increased since their previous meeting. Global financial conditions have tightened noticeably, particularly in corporate credit markets. However, oil prices have fallen significantly which should provide some support to demand in advanced economies but also means that UK CPI inflation is likely to fall below 2% in coming months. The MPC judged that the loosening of fiscal policy in the Autumn Budget will boost UK GDP by the end of the MPC's forecast period by around 0.3%.

Brexit uncertainties have intensified considerably since the Committee's meeting in November. These uncertainties are weighing on UK financial markets and, coupled with the slowing global economy, have also weighed on the near-term outlook for UK growth. Business investment has fallen for each of the past three quarters and is likely to remain weak in the near term and the housing market has remained subdued. The MPC has previously noted that shifting expectations about Brexit among financial markets, businesses and households could lead to greater-than-usual short-term volatility in UK data.

The labour market is showing high levels of employment and high vacancy rates, with unemployment at its lowest levels since the mid-1970s. The economic outlook will depend significantly on the nature of EU withdrawal and in particular the new trading arrangements and the transition to them. The MPC judges monetary policy response to Brexit, whatever form it takes, will not be automatic and could be in either direction. The MPC felt that were the economy to continue to develop broadly in line with its Inflation Report projections, an ongoing tightening of monetary policy over the forecast period would be

appropriate to return CPI inflation sustainably to the 2% target by 2020. Any future increases in Bank Rate are likely to be at a gradual pace and to a limited extent. The BoE Governor has warned that a No-Deal Brexit could see the pound plunge and trigger a worse recession than the financial crisis. This worst-case scenario predicts the pound could fall by 25% and the UK economy shrinks by 8% in the immediate aftermath if there was no transition period.

On a major assumption that Parliament and the EU agree a Brexit deal in the first quarter of 2019 then Link Asset Services, the Authority's treasury advisors, think the next increase in Bank Rate will be in May 2019, followed by increases in February and November 2020, before ending up at 2.0% in February 2022.

PWLB rates have remained at historically low levels and Link Asset Services predict a gradual rise in PWLB rates reaching 2.10%, 2.50%, 2.90% and 2.70% for 5, 10, 25 and 50 year durations respectively by 31st March 2019 with further increases in future years. With so many external influences weighing on the UK economic and interest rate forecasting remains difficult. From time to time, gilt yields, and therefore PWLB rates, can be subject to exceptional levels of volatility due to geo-political events, sovereign debt crisis, emerging market developments and sharp changes in investor sentiment. Such volatility could occur at any time during the forecast period. The above forecasts, and MPC decisions, are therefore liable to further amendment depending on how economic data and developments in financial markets transpire over the next year. High levels of volatility in PWLB rates and bond yields are expected to continue during 2019 particularly due to the continued uncertainty over the outcome of the Brexit negotiations.

The government introduced a 0.20% discount on PWLB loans under the prudential borrowing regime in March 2012 for those authorities that provided 'improved information and transparency on their locally determined long-term borrowing and associated capital spending plans'. The Council successfully applied to access PWLB loans at a discount of 0.20% and has been successful in extending its access to the PWLB certainty rate until 31st October 2019.

The following table shows the average PWLB rates for Quarters 1, 2 and 3 and the figures for Quarter 4 to 8th January 2019.

2018/2019	Qtr 1* (Apr - Jun) %	Qtr 2* (Jul - Sep) %	Qtr 3* (Oct - Dec) %	Qtr 4* (rates to 8th Jan 2019) %
7 days notice	0.36	0.51	0.58	0.58
1 year	1.44*	1.48*	1.54*	1.52*
5 year	1.86*	1.83*	1.82*	1.67*
10 year	2.29*	2.22*	2.23*	2.04*
25 year	2.66*	2.62*	2.76*	2.62*
50 year	2.40*	2.42*	2.62*	2.49*

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

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

Date	Bank Rate %	PWLB Borrowing Rates (including certainty rate adjustment) %		
		5 year	25 year	50 year
March 2019	0.75	2.10	2.90	2.70
June 2019	1.00	2.20	3.00	2.80
Sept 2019	1.00	2.20	3.10	2.90
Dec 2019	1.00	2.30	3.10	2.90
March 2020	1.25	2.30	3.20	3.00
June 2020	1.25	2.40	3.30	3.10
Sept 2020	1.25	2.50	3.30	3.10
Dec 2020	1.50	2.50	3.40	3.20
March 2021	1.50	2.60	3.40	3.20
June 2021	1.75	2.60	3.50	3.30
Sept 2021	1.75	2.70	3.50	3.30
Dec 2021	1.75	2.80	3.60	3.40
March 2022	2.00	2.80	3.60	3.40

The main sensitivities of the forecast are likely to be;

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

2.1.4 Borrowing Strategy

The Council's strategy for 2018/2019 was to adopt a pragmatic approach in identifying the low points in the interest rate cycle at which to borrow and to respond to any changing circumstances to seek to secure benefit for the Council. A benchmark financing rate of 3.50% for long-term borrowing was set in light of the views prevalent at the time the Treasury Management policy was set in March 2018.

There have been high levels of volatility in the financial markets during 2018/2019. While they were on a rising trend during the first half of the financial year, they have reduced since then until late December. In line with discussions with the Council's economic advisors, the Council took advantage of the low borrowing rate troughs that have occurred and which will benefit the revenue budget over the longer term. The Council has taken out £20 million of new borrowing during the financial year as these rates were considered opportune. The new borrowing is summarised in the following table:

Duration	Date of the transaction	Start	Matures	Rate %	Loan Amount £m
49½ years	12/12/2018	14/12/2018	14/06/2068	2.44	20.0

PWLB rates continue to be volatile, the overall longer term expectation is for gilt yields and PWLB rates to rise and the Treasury Management team continues to closely monitor rates to assess the value of possible further new borrowing in line with future Capital Programme requirements.

The Council has seven market Lender's Option / Borrower's Option (LOBO) loans totalling £39.5 million. The lender has the option to alter the rate on these loans at set intervals and the Council can either accept the new rate or repay the loan without penalty. The following table shows the LOBO's that were subject to a potential rollover this financial year. No changes to loan rates have been received and none are expected for the outstanding rollover period LOBO's with Dexia Credit Local and so these arrangements will continue.

Roll Over Dates	Lender	Amount £m	Rate %	Roll Over Periods
29/09/18	Dexia	5.0	4.45	Every 3 years
21/04/2018 And 21/10/2018	Barclays	5.0	4.50	Every 6 months
03/02/2019	Dexia	5.0	4.37	Every 3 years
22/02/2019	Dexia	5.0	4.38	Every 3 years
Total		20.0		

The capital expenditure plans set out in Appendix 3 provide details of the service activity of the Council. The treasury management function ensures that the Council's cash is organised in accordance with the relevant professional codes, so that sufficient cash is available to meet this service activity. This involves both the organisation of the cash flow and, where capital plans require, the organisation of appropriate borrowing facilities. The strategy covers the relevant treasury / prudential indicators, the current and projected debt positions and the annual investment strategy.

The Council's potential borrowing requirement is as follows:

		2019/20 £m	2020/21 £m	2021/22 £m
1.	Capital Programme Borrowing	98.1	57.1	51.4
2.	Replacement borrowing (PWLB)	5.0	4.0	5.0
3.	Replacement LOBO	10.0	19.5	20.0
TOTAL:		113.1	80.6	76.4

The Council currently has net treasury borrowing of £166.5m which represents the difference between gross debt and total investments. This means that the capital borrowing need (the capital financing requirement) has not been fully funded with loan debt as cash supporting the Council's reserves, balances and cash flow has been used as a temporary measure. This strategy is prudent as

investment returns are low and it also reduces counterparty risk. Consideration will be given to continuing utilising some investment balances to fund the borrowing requirement in 2019/2020. This policy has served the Council well over the last few years as investment returns continue to be low. As a result the Council is currently maintaining a large under-borrowed position. This position will be carefully reviewed to avoid incurring higher borrowing costs over the long term whilst ensuring that financing is available to support capital expenditure plans.

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

Benefits of having a high level of investments are;

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

Risks associated with holding a high level of investments are;

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

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

- It is possible that a Municipal Bonds Agency, currently being set up by the Local Government Association, will be offering bonds to local authorities in the future. The rates offered by the new Agency will be assessed and use made of this, and any other new sources of funding that may become available, where it is considered advantageous.
- The need to adapt to changing circumstances and revisions to profiling of capital expenditure is required when considering borrowing opportunities, and flexibility needs to be retained to adapt to any changes that may occur.

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

Taking into account potential market volatility and the advice of the Council's treasury adviser, considers a benchmark financing rate of 3.50% for any further long-term borrowing for 2019/2020 to be appropriate.

2.1.5 Policy on borrowing in advance of need

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

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

2.1.6 Debt Rescheduling

The reasons for any rescheduling of debt will include:

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

In previous years, debt rescheduling has achieved significant savings in interest charges and discounts and these interest savings have been secured for many years to come. However in 2007 the PWLB introduced a spread between the rates applied to new borrowing and repayment of debt which was compounded in 2010 by a considerable further widening of the difference between new borrowing and repayment rates and it has meant that PWLB debt restructuring is much less attractive than it was before both of these measures were introduced. Consideration will also be given to other options where interest savings may be achievable by using LOBO (Lenders Option Borrowers Option) loans, and / or other market loans, in rescheduling exercises rather than solely using PWLB borrowing as the source of replacement financing but this would only be the case where this would represent best value to the Council.

The latest interest rate projections for 2019/2020 show short term borrowing rates will be cheaper than longer term rates and as such there may be potential for some opportunities to generate savings by switching from long term debt to short-term debt. These potential savings will need to be considered in the light of the current treasury position and the size of the cost of debt repayment premiums incurred, their short term nature, and the likely cost of refinancing those short term loans, once they mature, compared to the current rates of longer term debt in the existing debt portfolio.

The Council is keeping a watching brief on market conditions in order to secure further debt rescheduling when, and if, appropriate opportunities arise. The timing of all borrowing and investment decisions inevitably includes an element of risk, as those decisions are based upon expectations of future interest rates. The policy to date has been very firmly one of risk spread and this prudent approach will be continued.

Any rescheduling undertaken will be reported to Cabinet, as part of the agreed treasury management reporting arrangements.

2.2 Annual Investment Policy and Strategy

2.2.1 Investment Policy and Management of Risk

When considering its investment policy and objectives, the Council has taken regard to the MHCLG Guidance on Local Government Investments (“the Guidance”), CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes 2017 (“the CIPFA TM Code”), and CIPFA Treasury Management Guidance Notes 2018

The MHCLG and CIPFA have extended the meaning of investments to include both financial and non-financial investments. This report deals solely with financial investments (as managed by the Councils Treasury Management function). Non-financial investments, essentially the purchase of income yielding assets are covered within the Capital Strategy (Appendix 1).

The Council's investment objectives are:-

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

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

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

- applies minimum acceptable credit criteria (detailed in Annex B) in order to generate a list of highly creditworthy counterparties which also enables diversification and thus avoidance of risk. The risk appetite of the Council is regarded as low in order to give priority to security of its investments.
- monitors credit ratings on a daily basis. The Council has access to all three credit ratings agencies and is alerted to changes through its use of Link Asset Services counterparty service. If a counterparty's rating is downgraded with the result that it no longer meets the Council's minimum criteria, the Council will cease to place funds with that counterparty. If a counterparty's rating is downgraded with the result that their rating is still sufficient for the counterparty to remain on the Approved Lending List, then the counterparty's authorised investment limit will be reviewed accordingly. A downgraded credit rating may result in the lowering of the counterparty's investment limit and vice versa
- does not use ratings will as the sole determinant of the quality of an institution. The Council will continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To this end the Council will engage with its advisors to monitor market pricing such as “credit default swaps” and overlay that information on top of the credit ratings provided.
- will use other information source including the financial press, share price and other such information pertaining to the banking sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.

- defines the type of investment instrument that the treasury management team are authorised to use. The Council is allowed to invest in two types of investment, namely Specified Investments and Non-specified investments
 - Specified Investments are sterling investments that are for a period of not more than one-year maturity, or those which could be for a longer period but where the Council has the right to be repaid within 12 months if it wishes. These are placed with high rated counterparties and are considered low risk assets where the possibility of loss of principal or investment income is small. Within these bodies and in accordance with the Code, the Council has set additional criteria to limit the time and amount of monies that will be invested with these bodies
 - Non-Specified Investments are any investments which are not classified as specified investments. As the Council only uses investment grade high credit rated counterparties for treasury management investments this means in effect that any investments placed with those counterparties for a period over one year will be classed as Non-specified Investments. A limit on the amount of investments which are can be invested for longer than 365 days is set in the Councils creditworthiness policy.
- the type of investments to be used by the in-house treasury management team will be limited to Certificates of Deposit, fixed term deposits, interest bearing accounts, Money Market Funds, Government debt instruments, floating rate notes, corporate bonds, municipal / local authority bonds, bond funds, gilt funds, and gilt edged securities and will follow the criteria as set out in Annex B
- will assess the risk of default and if any of the Council's investments appear at risk of loss due to default, (i.e. a credit-related loss, and not one resulting from a fall in price due to movements in interest rates), then the Council will make revenue provision of an appropriate amount in accordance with proper accounting practice or any prevailing government regulations, if applicable. This position has not occurred and the Council mitigates this risk with its prudent investment policy
- sets an approved lending list which shows lending limits and the maximum duration of any investment for each counterparty (detailed in annex C). These are set using the agreed lending list criteria (detailed in annex B).
- will only place investments with counterparties from countries with a specified minimum sovereign rating as set out in the agreed lending list criteria (detailed in annex B). Should the UK Government AA sovereign rating be withdrawn the Council's Investment Strategy and Lending List criteria will be reviewed and any changes necessary will be reported to Cabinet
- has engaged external consultants, Link Asset Services, to provide expert advice on how to optimise an appropriate balance of security, liquidity and yield, given the risk appetite of this authority in the context of the expected level of cash balances and need for liquidity throughout the year.

As a result of a change in accounting standards for 2018/19 under IFRS9, the authority will consider the implications of investment instruments which could result in an adverse movement in the value of the amount invested and

resultant charges at the end of the year to the General Fund. In November 2018 MHCLG concluded a consultation for a temporary override to allow English Local Authorities time to adjust their portfolio of all pooled investments by announcing a statutory override for five years commencing from 1st April 2018.

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

2.2.2 Creditworthiness policy

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

Following the financial crisis of 2008 it was recognised that investors, who largely remained unaffected through this period, should share the burden in future by making them forfeit part of their investment to "bail in" a bank before taxpayers are called upon. Regulatory changes that have been made in the banking sector are designed to see greater stability, lower risk and reduce expectations of Government financial support should an institution fail. To reflect these changes the three credit rating agencies have carried out a wider reassessment of methodologies. In addition to the removal of implied government support, new methodologies are now taking into account additional factors, such as regulatory capital levels.

While this council understands the changes that have taken place, it will continue to specify a minimum sovereign rating of AA. This is due to the fact that the underlying domestic and where appropriate, international, economic and wider political and social background will still have an influence on the ratings of a financial institution.

In keeping with the agencies' new methodologies, the rating element of our credit assessment process now focuses solely on the Short and Long Term ratings of an institution.

The largest UK banks, (those with more than £25bn of retail/Small and Medium-sized Enterprise (SME) deposits), have also been required, by UK law, to separate core retail banking services from their investment and international banking activities by 1st January 2019. This is known as "ring-fencing" and is a regulatory initiative created in response to the global financial crisis. It mandates the separation of retail and SME deposits from investment banking, in order to improve the resilience and resolvability of banks by changing their structure. In general, simpler, activities offered from within a ring-fenced bank will be focused on lower risk, day-to-day core transactions, whilst more complex and "riskier" activities are required to be housed in a separate entity, a non-ring-fenced bank. This is intended to ensure that an entity's core activities are not adversely affected by the acts or omissions of other members of its group.

While the structure of the banks included within this process may have changed, the fundamentals of credit assessment have not. The Council will continue to assess the new-formed entities in the same way that it does others and those with sufficiently high ratings, (and any other metrics considered), will be considered for investment purposes.

It is important to stress the ongoing regulatory changes made in the UK and the rest of Europe are designed to make the financial system sounder. Banks are now expected to have sufficiently strong balance sheets to be able to withstand foreseeable adverse financial circumstances without government support. In many cases, the balance sheets of banks are now much more robust than they were before the 2008 financial crisis when they had higher ratings than now.

One of the recommendations of the Code is that local authorities should set limits for the amounts of investments that can be placed with institutions by country, sector and group. These limits are applied in the Council's Counterparty criteria set out in Annex B.

Set out in Annex C is the detailed criteria that will be used, subject to approval, in determining the level of investments that can be invested with each counterparty or institution. Where a counterparty is rated differently by any of the 3 rating agencies, the lowest rating will be used to determine the level of investment. If the Council's own banker, National Westminster Bank plc should fail to meet the minimum credit criteria to allow investments from the Council then balances will be minimized as far as possible.

The Executive Director of Corporate Services will monitor long-term investment rates and identify any investment opportunities if market conditions change. It is proposed that delegated authority continues for the Executive Director of Corporate Services, in consultation with the Cabinet Secretary, to vary the Lending List Criteria and Lending List itself should circumstances dictate, on the basis that changes be reported to Cabinet retrospectively, in accordance with normal treasury management reporting procedures.

2.2.3 Outlook and Proposed Treasury Investment Strategy

Based on its cash flow forecasts, the Council anticipates its fund balances in 2019/2020 are likely to range between £50 million and £200 million. This represents a cautious approach and provides for funding being received in excess of the level budgeted for, and also for unexpected and unplanned levels of capital underspending in the year or reprofiling of spend into future years. In 2018/2019 short-term interest rates have been materially below long-term rates and some investment balances have been used to fund some long-term borrowing requirements. It is likely that this will continue into 2019/2020 with investment balances being used to fund some long-term borrowing or used for debt rescheduling. Such funding is wholly dependent upon market conditions and will be assessed and reported to Cabinet if and when the appropriate conditions arise.

Activities likely to have a significant effect on investment balances are:

- Capital expenditure during the financial year, (dependent upon timing), will affect cash flow and short term investment balances;

Appendix 8 Continued

- Any reprofiling of capital expenditure from, and to, other financial years will also affect cash flow, (no reprofiling has been taken into account in current estimates);
- Any unexpected capital receipts or other income;
- Timing of new long-term borrowing to fund capital expenditure;
- Possible funding of long-term borrowing from investment balances (dependent upon appropriate market conditions).

The minimum amount of overall investments that the Council will hold in short-term investments (less than one year) is £50 million. As the Council has decided to restrict most of its investments to term deposits, it will maintain liquidity by having a minimum of 30% of these short-term investments maturing within 6 months.

A maximum limit of £75 million is to be set for in-house non-specified investments over 365 days up to a maximum period of 2 years (excluding non-treasury management investments and all other investments defined as capital expenditure). This amount has been calculated by reference to the Council's cash flows, including the potential use of earmarked reserves

The Council is not committed to any investments which are due to commence in 2019/2020 (i.e. it has not agreed any forward deals).

New European Financial Directives known as MiFID II came into force on 3rd January 2018. These directives are designed to strengthen transparency and investor protection in financial markets across the EU. Under the directives each client is classed as either retail or professional. All Local Authorities are initially classified as de facto retail counterparties under MiFID II but with the option to ask to opt up to professional status subject to meeting qualitative and quantitative criteria. Financial Institutions dealing with a number of regulated products including direct investments such as Certificates of Deposit, Gilts, Corporate Bonds and investment funds (including Money Market Funds) will only be able to deal with professional clients. The Council has opted up to professional client status with a number of financial institutions to allow access to specific products and will seek to opt up to with others where this is appropriate.

The Council, in conjunction with the Council's treasury adviser Link Asset Services, and taking into account the minimum amount to be maintained in short-term investments, will continue to monitor investment rates closely and to identify any appropriate investment opportunities that may arise.

During 2018/2019 the Council did not employ any external fund managers, all funds being managed by the in-house team. The performance of the fund by the in-house team is shown below and compares this with the relevant benchmarks and performance from the previous year:

	2017/18 Benchmark	2017/18 Return	To date 2018/19 Benchmark	To date 2018/19
Return	%	%	%	%
Council	0.21	0.62	0.49	0.92

Investment returns are likely to remain low during 2019/20 but to be on a gently rising trend over the next few years

During 2019/2020 the Council will continue to review the optimum arrangements for the investment of its funds whilst fully observing the investment strategy in place. The Council uses the 7 day London Interbank Bid (LIBID) rate as a benchmark for its investments. Performance is significantly above the benchmark rate, whilst still adhering to the prudent policy agreed by the Council, in what remains a very challenging market. The Council's treasury management advisor reports the rate of return achieved compares favourably with their other local authority clients.

2.2.4 Policy on the use of external service providers

At present the Council does not employ any external fund managers.

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

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

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

2.2.5 Non- Treasury Investments

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

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

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

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

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

Non-treasury investments are covered within the Capital Strategy (Appendix 1).

3. Scheme of delegation

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

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

Area of Responsibility	Council/ Committee/ Officer	Frequency
Treasury Management Policy Statement	Full Council	Reaffirmed annually and updated as appropriate
Treasury Management Strategy / Annual Investment Strategy	Full Council	Annually before the start of the year
Treasury Management Strategy / Annual Investment Strategy –updates or revisions at other times	Full Council	As appropriate
Treasury Management Monitoring Reports	Executive Director of Corporate Services	Monthly
Treasury Management Practices	Executive Director of Corporate Services	Annually

Area of Responsibility	Council/ Committee/ Officer	Frequency
Scrutiny of Treasury Management Strategy	Cabinet / Audit and Governance Committee	Annually before Full Council
Scrutiny of Treasury Management Performance	Cabinet / Audit and Governance Committee	Quarterly
Annual Treasury Management Outturn Report	Cabinet / Audit and Governance	Annually by 30/9 after the end of the financial year

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

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

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

Interest Rate Forecasts

The data set out overleaf shows a variety of forecasts published by Link Asset Services and Capital Economics (an independent forecasting consultancy).

The forecast within this strategy statement has been drawn from these diverse sources and officers' own views.

Link Asset Services Interest Rate View													
	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22
Bank Rate View	0.75%	1.00%	1.00%	1.00%	1.25%	1.25%	1.25%	1.50%	1.50%	1.75%	1.75%	1.75%	2.00%
3 Month LIBID	0.90%	1.00%	1.10%	1.20%	1.30%	1.40%	1.50%	1.50%	1.60%	1.70%	1.80%	1.90%	2.00%
6 Month LIBID	1.00%	1.20%	1.30%	1.40%	1.50%	1.60%	1.70%	1.70%	1.80%	1.90%	2.00%	2.10%	2.20%
12 Month LIBID	1.20%	1.30%	1.40%	1.50%	1.60%	1.70%	1.80%	1.90%	2.00%	2.10%	2.20%	2.30%	2.40%
5yr PWLB Rate	2.10%	2.20%	2.20%	2.30%	2.30%	2.40%	2.50%	2.50%	2.60%	2.60%	2.70%	2.80%	2.80%
10yr PWLB Rate	2.50%	2.60%	2.60%	2.70%	2.80%	2.90%	2.90%	3.00%	3.00%	3.10%	3.10%	3.20%	3.20%
25yr PWLB Rate	2.90%	3.00%	3.10%	3.10%	3.20%	3.30%	3.30%	3.40%	3.40%	3.50%	3.50%	3.60%	3.60%
50yr PWLB Rate	2.70%	2.80%	2.90%	2.90%	3.00%	3.10%	3.10%	3.20%	3.20%	3.30%	3.30%	3.40%	3.40%
Bank Rate													
Link Asset Services	0.75%	1.00%	1.00%	1.00%	1.25%	1.25%	1.25%	1.50%	1.50%	1.75%	1.75%	1.75%	2.00%
Capital Economics	0.75%	1.00%	1.25%	1.50%	1.70%	1.75%	2.00%	2.00%	-	-	-	-	-
5yr PWLB Rate													
Link Asset Services	2.10%	2.20%	2.20%	2.30%	2.30%	2.40%	2.50%	2.50%	2.60%	2.60%	2.70%	2.80%	2.80%
Capital Economics	2.03%	2.15%	2.40%	2.65%	2.70%	2.75%	2.80%	2.85%	-	-	-	-	-
10yr PWLB Rate													
Link Asset Services	2.50%	2.60%	2.60%	2.70%	2.80%	2.90%	2.90%	3.00%	3.00%	3.10%	3.10%	3.20%	3.20%
Capital Economics	2.43%	2.55%	2.80%	3.05%	3.05%	3.05%	3.05%	3.05%	-	-	-	-	-
25yr PWLB Rate													
Link Asset Services	2.90%	3.00%	3.10%	3.10%	3.20%	3.30%	3.30%	3.40%	3.40%	3.50%	3.50%	3.60%	3.60%
Capital Economics	2.96%	3.08%	3.33%	3.58%	3.53%	3.48%	3.43%	3.38%	-	-	-	-	-
50yr PWLB Rate													
Link Asset Services	2.70%	2.80%	2.90%	2.90%	3.00%	3.10%	3.10%	3.20%	3.20%	3.30%	3.30%	3.40%	3.40%
Capital Economics	2.78%	2.90%	3.15%	3.40%	3.40%	3.40%	3.40%	3.40%	-	-	-	-	-

Annex A

Survey of Economic Forecasts

HM Treasury November 2018

The current 2018 base rate forecasts are based from samples of both City and non-City forecasters included in the HM Treasury November 2018 report.

BANK RATE FORECASTS	Annual Average Bank Rate				
	Ave. 2018	Ave. 2019	Ave. 2020	Ave. 2021	Ave. 2022
Average	0.64%	0.97%	1.37%	1.69%	1.92%
Highest	0.75%	1.25%	2.25%	3.00%	3.00%
Lowest	0.50%	0.75%	0.75%	1.00%	1.00%

Source: HM Treasury: Forecasts for the UK Economy Nov. 2018 (No.377)

Annex B

Lending List Criteria

Counterparty Criteria

The Council takes into account not only the individual institution's credit ratings issued by all three credit rating agencies (Fitch, Moody's and Standard & Poor's), but also all available market data and intelligence, the level of government support and advice from its Treasury Management advisers.

Set out below are the criteria to be used in determining the level of funds that can be invested with each institution. Where an institution is rated differently by the rating agencies, the lowest rating will determine the level of investment.

Fitch / S&P's Long Term Rating	Fitch Short Term Rating	S&P's Short Term Rating	Moody's Long Term Rating	Moody's Short Term Rating	Maximum Deposit £m	Maximum Duration
AAA	F1+	A1+	Aaa	P-1	120	2 Years
AA+	F1+	A1+	Aa1	P-1	100	2 Years
AA	F1+	A1+	Aa2	P-1	80	2 Years
AA-	F1+ / F1	A1+ / A-1	Aa3	P-1	75	2 Years
A+	F1	A-1	A1	P-1	70	364 days
A	F1 / F2	A-1 / A-2	A2	P-1 / P-2	65	364 days
A-	F1 / F2	A-2	A3	P-1 / P-2	50	364 days
Local Authorities (limit for each local authority)					30	2 years
UK Government (including debt management office, gilts and treasury bills)					250	2 years
Money Market Funds (CNAV, LVNAV and VNAV) Maximum amount to be invested in Money Market Funds is £120m with a maximum of £50m in any one fund.					120	Liquid Deposits
Local Authority controlled companies					40	20 years

Where the UK Government holds a shareholding in an institution the UK Government's credit rating of AA will be applied to that institution to determine the amount the Council can place with that institution for a maximum period of 2 years.

The Code of Practice for Treasury Management in the Public Services recommends that consideration should also be given to country, sector, and group limits in addition to the individual limits set out above. These new limits are as follows:

Country Limit

It is proposed that only non-UK countries with a minimum sovereign credit rating of AA+ by all three rating agencies will be considered for inclusion on the Approved Lending List.

It is also proposed to set a total limit of £50m which can be invested in other countries provided they meet the above criteria. A separate limit of £250m will be applied to the United Kingdom and is based on the fact that the government has done and is willing to take action to protect the UK banking system.

Country	Limit £m
UK	250
Non-UK	50

Sector Limit

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

Sector	Limit £m
Central Government	250
Local Government	250
UK Banks	250
Money Market Funds	120
UK Building Societies	100
Foreign Banks	50

Group Limit

Where institutions are part of a group of companies e.g. Lloyds Banking Group, Santander and RBS, then total limit of investments that can be placed with that group of companies will be determined by the highest credit rating of a counterparty within that group, unless the government rating has been applied. This will apply provided that:

- the UK continues to have a sovereign credit rating of AA; and
- that market intelligence and professional advice is taken into account.

Proposed group limits are set out in Annex C.

Annex C

Approved Lending List

	Fitch		Moody's		Standard & Poor's			
	L Term	S Term	L Term	S Term	L Term	S Term	Limit £m	Max Deposit Period
UK	AA	-	Aa2	-	AA	-	350	2 years
Lloyds Banking Group							Group Limit 70	
Lloyds Bank Plc (RFB)	A+	F1	Aa3	P-1	A+	A-1	70	364 days
Lloyds Bank Corporate Markets plc (NRFB)	A	F1	A1	P-1	A	A-1	70	364 days
Bank of Scotland Plc (RFB)	A+	F1	Aa3	P-1	A+	A-1	70	364 days
Royal Bank of Scotland Group (See Note 1)							Group Limit 80	
The Royal Bank of Scotland Plc (RFB)	A+	F2	A1	P-1	A-	A-2	80	2 years
National Westminster Bank Plc (RFB)	A+	F2	A1	P-1	A-	A-2	80	2 years
NatWest Markets plc (NRFB)	A	F2	Baa2	P-2	BBB+	A-2	80	2 years
Santander UK plc	A+	F1	Aa3	P-1	A	A-1	65	364 days
Barclays Bank plc (NRFB)	A+	F1	A2	P-1	A	A-1	65	364 days
Barclays Bank plc (RFB)	A+	F1	A1	P-1	A	A-1	65	364 days
Clydesdale Bank *	BBB+	F2	Baa1	P-2	BBB+	A-2	0	
Co-Operative Bank Plc	B	B	Caa1	NP	-	-	0	
Goldman Sachs International Bank	A	F1	A1	P-1	A+	A-1	65	364 days
HSBC Bank plc (NRFB)	AA-	F1+	Aa3	P-1	AA-	A-1+	75	2 years
HSBC UK Bank plc (RFB)	AA-	F1+	-	-	AA-	A-1+	75	2 years
Nationwide BS	A	F1	Aa3	P-1	A	A-1	65	364 days
Standard Chartered Bank	A+	F1	A1	P-1	A	A-1	65	364 days
Top Building Societies (by asset value)								
Nationwide BS (see above)								
Coventry BS	A	F1	A2	P-1	-	-	65	364 days
Leeds BS	A-	F1	A3	P-2	-	-	50	364 days

Appendix 8 Continued

	Fitch		Moody's		Standard & Poor's			
	L Term	S Term	L Term	S Term	L Term	S Term	Limit £m	Max Deposit Period
Nottingham BS **	-	-	Baa1	P-2	-	-	0	
Principality BS **	BBB+	F2	Baa2	P-2	-	-	0	
Skipton BS **	A-	F1	Baa1	P-2	-	-	0	
West Bromwich BS **	-	-	Ba3	NP	-	-	0	
Yorkshire BS **	A-	F1	A3	P-2	-	-	50	364 days
Money Market Funds							120	Liquid
Prime Rate Stirling Liquidity	AAA				AAA		50	Liquid
Insight Liquidity Fund	AAA		-		AAA		50	Liquid
Aberdeen Liquidity Fund (Lux)	AAA		AAA		AAA		50	Liquid
Deutsche Managed Sterling Fund	AAA		Aaa		AAA		50	Liquid
Foreign Banks have a combined total limit of £100m								
Australia	AAA		Aaa		AAA		100	2 years
Australia and New Zealand Banking Group Ltd	AA-	F1+	Aa3	P-1	AA-	A-1+	75	2 years
Commonwealth Bank of Australia	AA-	F1+	Aa3	P-1	AA-	A-1+	75	2 years
National Australia Bank	AA-	F1+	Aa3	P-1	AA-	A-1+	75	2 years
Westpac Banking Corporation	AA-	F1+	Aa3	P-1	AA-	A-1+	75	2 years
Canada	AAA		Aaa		AAA		100	2 years
Bank of Nova Scotia	AA-	F1+	Aa2	P-1	A+	A-1	70	364 days
Royal Bank of Canada	AA	F1+	Aa2	P-1	AA-	A-1+	75	2 years
Toronto Dominion Bank	AA-	F1+	Aa1	P-1	AA-	A-1+	75	2 years
Finland	AA+		Aa1		AA+		100	2 years
OP Corporate Bank plc	-	-	Aa3	P-1	AA-	A-1+	75	2 years
Germany	AAA		Aaa		AAA		100	2 years
DZ Bank AG (Deutsche Zentral-Genossenschaftsbank)	AA-	F1+	Aa1	P-1	AA-	A-1+	75	2 years
Landwirtschaftliche Rentenbank	AAA	F1+	Aaa	P-1	AAA	A-1+	100	2 years
NRW Bank	AAA	F1+	Aa1	P-1	AA-	A-1+	75	2 years
Netherlands	AAA		Aaa		AAA		100	2 years
Bank Nederlandse Gemeenten	AA+	F1+	Aaa	P-1	AAA	A-1+	100	2 years

Appendix 8 Continued

	Fitch		Moody's		Standard & Poor's			
	L Term	S Term	L Term	S Term	L Term	S Term	Limit £m	Max Deposit Period
Cooperatieve Centrale Raiffeisen Boerenleenbank BA (Rabobank Nederland)	AA-	F1+	Aa3	P-1	A+	A-1	70	364 days
Nederlandse Waterschapsbank N.V	-	-	Aaa	P-1	AAA	A-1+	100	2 years
Singapore	AAA		Aaa		AAA		100	2 years
DBS Bank Ltd	AA-	F1+	Aa1	P-1	AA-	A-1+	75	2 years
Oversea Chinese Banking Corporation Ltd	AA-	F1+	Aa1	P-1	AA-	A-1+	75	2 years
United Overseas Bank Ltd	AA-	F1+	Aa1	P-1	AA-	A-1+	75	2 years
Sweden	AAA		Aaa		AAA		100	2 years
Svenska Handelsbanken AB	AA	F1+	Aa2	P-1	AA-	A-1+	75	2 years
USA	AAA		Aaa		AA+		100	2 years
Bank of New York Mellon	AA	F1+	Aa1	P-1	AA-	A-1+	75	2 years
JP Morgan Chase Bank NA	AA	F1+	Aa1	P-1	A+	A-1	70	364 days
Wells Fargo Bank NA	AA-	F1+	Aa1	P-1	A+	A-1	70	364 days

Notes

Note 1 **Nationalised / Part Nationalised**

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

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

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

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

CABINET**13 FEBRUARY 2019****Revenue Budget and Proposed Council Tax for 2019/2020 and Medium Term Financial Strategy 2019/2020 to 2021/2022****Report of the Executive Director of Corporate Services****1. Purpose of Report****1.1 To report:**

- the overall revenue budget position for 2019/2020;
- the projected balances position as at 31st March 2019 and 31st March 2020 and advise on their level;
- a risk analysis of the Revenue Budget 2019/2020;
- a summary of the emerging medium term financial position facing the Council from 2019/2020 to 2021/2022 and associated Council Efficiency strategy;
- any views received from the North East Chamber of Commerce, 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 2019/2020 set out at Appendix J;
- recommend to Council the Medium Term Financial Strategy 2019/2020 to 2021/2022 including Efficiency Strategy as set out in Appendix G and the proposed use of Capital Receipts Flexibility set out at section 10 of the report;
- recommend to Council the proposed Council Tax for 2019/2020 at Appendix F (paper to be tabled);
- note the views, expressed by the North East Chamber of Commerce, Trade Unions and Scrutiny Coordinating Committee.

3. Introduction**3.1 In January 2019 Cabinet received an update on the budget position following the Indicative Local Government Finance Settlement 2019/2020. 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 2019/2020 and related grant announcements;
- transitional costs in relation to the implementation of savings proposals;
- the estimation of Business Rates resources;
- the final Collection Fund position for both Council Tax and Business Rates.

3.2 In presenting the Revenue Budget 2019/2020 this report covers the following areas:

- Current Overall Position 2019/2020 to 2021/2022 (section 4);
- Final position at February 2019 (section 5);
- Spending Pressures and Commitments (section 6);
- Summary Funding gap (section 7);
- Proposals To Meet the Funding Gap 2019/2020(section 8);
- Overall Budget Position 2019/2020 (section 9);
- Workforce Planning, Transformational costs and Capital Receipts Flexibilities (section 10);
- Medium Term Financial Position and associated Efficiency Strategy (section 11);
- Budget Consultation (section 12);
- Equality and the Budget Proposals (section 13);
- Balances and Reserves (section 14);
- Detailed Revenue Budget 2019/2020(section 15).

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. Current Overall Position 2019/2020 to 2021/2022

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.

The final settlement received on 29th January 2019 confirmed no changes to the funding set out in the provisional settlement.

Section 5 below sets out further information about the grant changes in accordance with the indicative settlement, while section 6 sets out the final spending pressures and commitments to be taken into account in setting the budget for 2019/2020.

The overall position remains unchanged with reductions of circa £54m estimated to be required over the period.

5. Final Position February 2019

Collection Fund

- 5.1 The Collection Fund position is reported elsewhere on this agenda. The position is positive with the surplus available to the Council being £353,199. This surplus, together with £146,801 drawn from the previously accumulated council tax surplus reserves, will enable £500,000 to be taken into account in supporting the 2019/2020 budget.

Council Tax Base

- 5.2 The Council, at its meeting on 30th January, 2019, approved the Council Tax Base for the area covered by Hetton Town Council (3,786) and the City Council area (70,389).

Retained Business Rates

- 5.3 The NNDR1 form sets out the Business Rate income forecast for 2019/2020 and was submitted to Government on 31st January 2019 in accordance with regulations. The amount of Business Rates to be retained by the Council for 2019/2020 is forecast to be £44.398m.

Final Local Government Finance Settlement

- 5.4 The final position on the Local Government Finance Settlement for 2019/2020 was confirmed on the 29th January 2019. The final Settlement confirmed the position as set out in the provisional settlement and as such there is no change to the position set out in the January Cabinet report.
- 5.5 Following the final Settlement the key issues affecting Sunderland for 2019/2020 are set out below:
- The Councils Settlement Funding Assessment (SFA) level is £112.000m;
 - SFA includes Revenue Support Grant (RSG) of £27.507m in 2019/2020 representing a reduction of £8.650m (-23.9%) compared to 2018/2019 RSG;
 - Sunderland's final baseline funding level is therefore £84.493m. Within this the Government have assessed the level of Retained Business Rates income which the Council will collect and retain as £41.470m (however the Council must determine for itself the level of Business Rate income to take into account in setting its budget as set out at paragraph 5.3 above);
 - The Council will receive Government Top Up Grant of £43.023m for 2019/2020 representing an increase of £0.964m compared to 2018/2019.
 - The Safety Net Threshold, set by Government at 92.5% of a Council's baseline funding level, equates to £78.156m for Sunderland;
 - The position in respect of changes to other Government funding is set out at section 5.7, 5.8, 5.9 and 5.10;
 - The position in respect of schools funding is set out at section 5.11.

Council Tax

- 5.6 In accordance with the Localism Act the public have the right to approve or veto excessive council tax rises. Government have proposed that a referendum principle will apply to all principal local authorities, Police and Crime Commissioner and Fire and Rescue Authorities.
- In the Settlement, the Government confirmed the referendum threshold for 2019/2020, comprising 3% for the core Council Tax element plus the balance of the three year Adult 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.
 - With regard to the Adult Social Care Precept, the overall limit of a 6% increase across the three years to 2019/2020 remains, with no one year to exceed 3%. Sunderland raised the Social Care Precept by 3% in 2017/2018 and 2% in 2018/2019. There is therefore scope to increase the Social Care Precept by a further 1% in 2019/2020.
 - The government is to allow Police and Crime Commissioners to increase Council Tax up to a flat rate £24 increase at Band D, in 2019/2020.

Changes to Grants from 2018/2019

- 5.7 The table at 5.8 sets out the impact of changes to the Council Core Spending Power Calculation which includes Revenue Support Grant, Top-up Grant, New Homes Bonus grant, Improved Better Care Fund, Winter Pressures Grant and Social Care Support Grant compared to 2018/2019 following the final settlement. This shows an increase in available Spending Power for 2019/2020 of £4.9m, representing a 2.1% increase compared to 2018/2019. This is below the national average increase of 2.8% and below the rate of inflation.
- Within this, Revenue Support Grant funding has reduced by £8.650m (-23.9%). This illustrates that the grant element within the funding system which is intended to recognise low income resources and high needs, has again been significantly cut.
 - It is also noted that the Government's Core Spending Power measure takes into account assumed income generated through Council Tax, the Social Care Council Tax precept and an assumed level of retained business rates.
- 5.8 The Government will continue to compensate Councils for any changes to nationally determined reliefs allowed for in the Business Rate regime. This includes for the business rates Retail Discount Scheme. The core spending power includes for an assumed allocation of £2.7m Section 31 grant in 2019/2020.

Spending Power Components	Core Spending Power		Final Core Spending Power		Changes	
	2018-19	2019-20	2018-19	2019-20		
	£m	£m	£m	£m	£m	%
Council Tax Requirement excluding parish precepts		88.924		93.461	4.537	5.1%
Social Care Council Tax precept		6.223		7.512	1.289	20.7%
Settlement Funding Assessment (SFA)						
RSG	36.157		27.507		-8.650	-23.9%
Baseline Funding (Top up Grant)	42.059		43.023		0.964	2.3%
Assumed Business Rates	40.541		41.470		0.929	2.3%
		118.757		112.000	-6.757	-5.7%
Compensation for under-indexing		1.893		2.753	0.860	45.4%
Improved Better Care Funding		13.038		16.567	3.529	27.1%
Provisional New Homes Bonus		3.195		2.957	-0.238	-7.4%
Adult Social Care Support Grant		0.980		0.000	-0.980	-100.0%
Winter Pressures Grant		1.568		1.568	0.000	0.0%
Social Care Support Grant		0.000		2.678	2.678	0.0%
Sunderland Total Core Spending Power		234.578		239.496	4.918	2.1%
<i>Memorandum - national position</i>						2.8%

Impact of Changes to Specific Grants

5.9 In accordance with the budget planning framework and as reported to Cabinet in January, changes in specific grants have been addressed as follows:

- The New Homes Bonus Grant is being used to support the overall budget position in 2019/2020 in accordance with the Budget Planning framework, with appropriate housing related investment factored into both revenue budget and capital programme proposals.
- A reduction in Housing Benefit and Council Tax Administration grants of £0.127m has been built into the planning assumptions.
- Public Health grant of £22.768m for 2019/2020 represents a reduction of £0.618m which has been built into the planning assumptions.
- Allocations in respect of LA Improved Better Care Fund (£16.6m) have been built into the planning assumptions.
- NHS Better Care Funding (BCF) is included in allocations to Health.. Pooled BCF budgets for use of the 2019/2020 allocations will be agreed by the Health and Wellbeing Board in due course.
- The council is to receive £1.568m 'Winter Pressures' funding for 2019/2020. The funding is ringfenced and to be pooled into the Better Care Fund via the IBCF, and monitored and reported through the BCF arrangements. Plans are being developed with health partners as to where this additional funding should be focussed, including to support cost pressures currently being experienced in Adult Social Care.
- The Council's allocation for Social Care Support Grant for 2019/2020 is £2.678m. While the government have stated this funding is not ringfenced they expect that councils will use it to meet pressures in adults and children's social care.
- The Council will receive £1.296m from the government distribution of the Business Rates Levy Account Surplus in 2018/2019. As this is a one-off funding distribution for 2018/2019 only, the funding will be used to support one-off spending pressures.

- 5.10 In addition, in January 2019 Government announced £56.5m funding nationally to support local authority Brexit preparations over 2018/2019 and 2019/2020. It is anticipated the Council will receive £0.105m funding in each financial year. The funding will be earmarked to support Brexit preparations.
- 5.11 At the time of preparing this report a number of minor grant allocations are still to be announced by Government. The outcome of allocations for Local Reform and Community Voices and Extended Rights to Free Travel will be considered once received.

Schools Funding

- 5.12 The School Funding announcement on the 17th December 2018 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 2017 to October 2018:

	Provisional Funding allocations 2019/20	Settlement Information 2019/20	Change in Funding
	£m	£m	£m
Schools Block	166.234	167.470	1.236
High Needs Block	23.299	23.477	0.178
Additional High Needs Funding	-	0.568	0.568
Central Services Block	1.273	1.275	0.002
Total	190.806	192.790	1.984
Early Years	N/A	18.664	N/A
Total	190.806	211.454	1.984

It should be noted that the above settlement information for 2019/2020 includes Sunderland's allocation of the £250m additional funding for High Needs as announced by the Education Secretary.

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 census data.

The pupil premium per pupil amounts are unchanged.

- 5.13 Cabinet agreed in January to the principles proposed by the Sunderland Schools Forum for the 2019/2020 Sunderland local funding formula. The National funding formula (NFF) is to be implemented with the following local adjustments:
- The Free School Meal Indicator will now be used in the Sunderland Formula, although at a reduced rate of £210 per pupil (NFF £440).
 - Sunderland Lump Sum value of £150,000 will reduce to £130,000.
- 5.14 The Local Funding Formula was submitted to the Education Funding Agency on 21 January 2019. School Funding Briefings were held with all schools and academies on the 24 January 2019.

6. Spending Pressures and Commitments

- 6.1 When the Budget Planning Framework was approved in October 2018, Cabinet agreed that the following spending commitments would be taken into account:
- provision in respect of a pay-award;
 - price increases on the basis of prudent assumptions in respect of energy and contractual arrangements;
 - provision for spending commitments in respect of debt charges and interest receipts;
 - the impact of demographic changes and complex needs in respect of adult social care;
 - the impact of demand pressures within Children's social care;
 - replacement of one-off resources utilised in setting the 2018/2019 budget.
- 6.2 In addition in January 2019 Cabinet agreed as part of the Budget Update report to make additional provision in respect of:
- service pressures arising as a result of demand pressures and the economic position;
 - Member priorities for additional investment;
 - transitional support to allow for service transformation changes within Sunderland Care and Support;
 - one-off investment in Adult and Children's social care drawing on the additional grant funding provided by government as part of the settlement.

In this context it is proposed to make provision to address a number of spending commitments and pressures as set out below:

6.3 Deputy Leader

6.3.1 Port Trading

The Port continues to operate in a highly competitive trading market with significant supply opportunities available across the North East ports. This coupled with reductions in demand primarily due to the uncertainty around the outcome of the Brexit process which is impacting upon the willingness of companies to invest and trade significant volumes of cargoes is forecast to have a negative impact upon the trading position of the Port during 2019/2020. Provision is included within the budget for a reduction in trading surplus.

6.4 Cabinet Secretary

6.4.1 Pay award

Trade unions accepted a 2 year pay offer for Local Government covering the period to 31 March 2020. Provision for the impact of the agreed 2% pay award for 2019/2020, together with anticipated additional costs of the proposed merging of some pay scale bands, is factored into the budget planning.

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

6.4.2 National Living Wage

The government implemented the National Living Wage with effect from April 2016 at £7.20. This has increased annually and will increase to £8.21 from April 2019. The Office of Budgetary Responsibility forecasts a subsequent increase to £8.62 by April 2020. While the Council's pay and grading structure exceeds this rate, the National Living Wage represents a significant additional cost pressure for local councils through external contract suppliers passing the cost on through increased contract prices. Appropriate provision has been factored into the budget planning.

6.4.3 Inflationary Increases

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

6.4.4 Member Priorities - Community Development

Sunderland, as a Co-operative Council, is committed to developing co-operative models of business within the city as the model of choice. Provision is included within the budget to launch a Co-operative Business Development Fund targeted at developing new business, mutual and social enterprise start-ups that embrace the co-operative model, as well as existing co-operatives looking to expand their activities.

6.4.5 Capital Financing

Prudential borrowing has 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.

6.5 Children Learning and Skills

6.5.1 Inflationary increase

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

6.5.2 Demand Pressures

As agreed by Cabinet as part of the Budget Planning Framework in October, the budget includes prudent provision for the impact of additional costs arising from increased demand in Looked after Children numbers which has continued to be experienced during 2018/2019.

6.5.3 Derwent Hill

The budget includes provision for the realignment of income targets at Derwent Hill following the impact of a major company reducing their use of the training facility.

6.6 Communities and Culture

6.6.1 The Member Priorities - Area Committees

The budget includes for an additional allocation of £0.500m on an on-going basis, to be allocated £0.100m to each of the Area Committees to be used towards local area priorities.

6.6.2 Member Priorities - Events

The budget includes provision of an additional £0.500m funding on an on-going basis to support moving the city forward as an events city. This will enable an enhanced portfolio of core events delivered by the Council along with partners, which will be complemented by a large number of events led by others.

6.6.3 Leisure Joint Venture

The budget provides for a sum to be held in contingency pending commercial discussions with the Councils Leisure Joint Venture operator following a steady decline in the monthly fitness memberships at the JV leisure centres. This is primarily as a result of the significant level of competition in the leisure facilities market, together with growth in group fitness classes, boot camps and personal fitness trainers which have impacted negatively on public leisure centre membership. In addition, delays in structural changes to buildings have built a delay in achieving saving targets.

6.7 Environment and Transport

6.7.1 City Centre Street Scene

The budget includes an additional allocation of £0.300m on an on-going basis, to enable an improved intensive street cleaning regime within the city centre.

6.8 Health and Social Care

6.8.1 Demand pressures

Pressures in both the NHS and Adult Social care 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 to provide for increases in demand and cost for 2019/2020.

6.8.2 Inflationary increases

As referred to in section 6.4.2, the National Living Wage represents a significant cost pressure for councils as service providers, particularly in the social care sector, endeavour to recover the impact of these increased costs through annual inflationary uplifts to contract prices.

6.8.3 Short Term Support

The budget includes £0.300m to support pressures in Short Term Support on a one-off basis to be funded from the 2019/2020 Winter Pressures Grant, whilst savings plans are being developed and implemented.

6.8.4 Sunderland Care and Support

As reported as part of the January Budget update report, Sunderland Care and Support (SCAS) have pressures as a result of the impact of workforce transformation. Plans are being progressed to address the budget pressure during 2019/2020 on an on-going basis, however as a result of pay protection arrangements there is a one-off pressure into 2019/2020 of £1.250m which it is proposed be met from reserves.

6.9 Housing and Regeneration

6.9.1 Domestic Violence

The budget includes £0.500m to support Domestic Violence services in the city drawing on the Adult and Children's social care grant on a one-off basis while plans are developed to support services on an on-going basis.

7. Summary Funding Gap

- 7.1 Taking into account the issues set out in section 5 and section 6, there is a budget gap of £25.37m in 2019/2020 and £54.48m over the three years to 2021/2022, as a result of funding changes, spending pressures and commitments as set out below:

	2019/20	2020/21	2021/22	Total
	£m	£m	£m	£m
Government Funding Changes	1.05	7.12	(0.20)	7.97
On-going Spending Pressures	24.32	10.28	11.91	46.51
Total Gross Funding Gap	25.37	17.40	11.71	54.48

8. Proposals to meet the funding gap 2019/2020

8.1 Budget Savings proposals

- 8.1.1 As reported to Cabinet in November 2018

- As part of the 2017/2018 budget process, an initial suite of budget cuts through to 2019/2020 were approved by Council in March 2017 and subsequently updated as part of the 2018/2019 budget process.
- To assist in addressing the remaining 2019/2020 and 2021/2022 budget gap, additional budget savings proposals were approved to be taken forward through the budget process for consideration by Scrutiny Coordinating Committee and for the purposes of consultation.

- 8.1.2 The Budget Update Report to Cabinet in January 2019 included for £1m further savings proposals as a result of a proposed restructure to management arrangements.

- 8.1.3 The plans considered by Cabinet in November 2019 included the proposal to introduce charges for public toilets across the city. This proposal has been reconsidered in light of public concern and comments. This proposal has therefore been removed from the final budget proposals for 2019/2020 to allow a longer term solution to be identified.

- 8.1.4 Taking account of the above, a suite of budget reductions totalling £18.658m over the MTFS period is included for within the budget plans, as summarised in the table below.

	2019/20	2020/21	2021/22	Total
	£'m	£m	£m	£m
Current Savings Plans to Meet the Funding Gap				
Leader (Appendix A.1)	(0.208)	0.000	0.000	(0.208)
Deputy Leader (Appendix A.2)	(0.069)	0.000	0.000	(0.069)
Cabinet Secretary (Appendix A.3)	(4.549)	(0.337)	0.000	(4.886)
Children, Learning and Skills (Appendix A4)	(5.000)	0.000	0.000	(5.000)
Communities and Culture (Appendix A.5)	(0.924)	0.000	0.000	(0.924)
Environment and Transport (Appendix A.6)	(3.443)	(0.310)	(0.025)	(3.778)
Health and Social Care (Appendix A.7)	(3.095)	(0.593)	0.000	(3.688)
Housing and Regeneration (Appendix A.8)	(0.076)	(0.029)	0.000	(0.105)
Total Current Savings Programme	(17.364)	(1.269)	(0.025)	(18.658)

- 8.1.5 Further detail on each of the budget reductions is set out at Appendix A.
- Those savings previously approved by Council are presented for information only at section 1 of each Portfolio together with the relevant web-link to the March Council Budget report and associated Equalities Analysis.
 - The additional savings proposals as agreed by Cabinet in November 2018 and now taken forward for inclusion in the budget, are presented in more detail from section 2 onwards of each portfolio appendix alongside associated Equalities Analysis.
- 8.1.6 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 Medium Term Financial Strategy and attached to this report as Appendix Gi).

8.2 Proposed Council Tax Increase 2019/2020

- 8.2.1 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 levy for 2019/2020.
- 8.2.2 Consultation undertaken as part the 2019/2020 budget setting process asked respondents whether they supported increases in Council Tax within the Governments referendum limit.

74% of respondents to the question supported an increase in Council Tax:

- 56% supported an increase in Council Tax within the Government's set referendum limit;
 - 18 % supported an increase above the referendum limit.
- 8.2.3 The referendum limits set out in the local government settlement for 2019/2020 enable the combined council tax and social care precept to be increased by up to 3.99% without the need for a referendum.
- 8.2.4 For 2019/2020 it is proposed to increase core council tax by 2.99% and to increase the social care precept by 1%, resulting in a combined increase of 3.99% i.e. within the referendum limit permitted by government.
- 8.2.5 The formal decisions of the major precepting bodies are awaited regarding their precept proposals for 2019/2020. Consequently, the Proposed Council Tax for 2019/2020 will be tabled as Appendix F to this report at the Cabinet meeting on 13th February 2019.

8.3 Proposed Use of One-off Resources

- 8.3.1 It is proposed that £1.250m one-off resources (Reserves) be utilised in 2019/2020 to support one off budget pressures and while work continues to develop further savings proposals to address the medium term budget gap.

9. Overall Budget Position 2019/2020

- 9.1 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 2019/2020 taking into account proposed council tax and social care levy increases and use of reserves. There remains a budget gap of £22.04m for 2020/2021 to 2021/2022.

	2019/20 £m	2020/21 £m	2021/22 £m	Total £m
Government Grant Changes	1.05	7.12	(0.20)	7.97
On-going Spending Pressures	24.32	10.28	11.91	46.51
Total Gross Funding Gap	25.37	17.40	11.71	54.48
Savings Proposals to meet funding gap:				
Leader (Appendix A.1)	(0.21)	0.00	0.00	(0.21)
Deputy Leader (Appendix A.2)	(0.07)	0.00	0.00	(0.07)
Cabinet Secretary (Appendix A.3)	(4.55)	(0.34)	0.00	(4.89)
Children, Learning and Skills (Appendix A.4)	(5.00)	0.00	0.00	(5.00)
Communities and Culture (Appendix A.5)	(0.92)	0.00	0.00	(0.92)
Environment and Transport (Appendix A.6)	(3.44)	(0.31)	(0.03)	(3.78)
Health and Social Care (Appendix A.7)	(3.10)	(0.59)	0.00	(3.69)
Housing and Regeneration (Appendix A.8)	(0.08)	(0.03)	0.00	(0.11)
Total Savings Proposals	(17.36)	(1.27)	(0.03)	(18.66)
On-Going Funding Gap after previously approved budget cuts and additional savings proposals	8.01	16.13	11.68	35.82
Assumed Council Tax Increase (inc Social Care levy)	(3.80)	(1.97)	(2.01)	(7.78)
Council Tax Base Increase	(0.43)	(0.50)	(0.51)	(1.44)
Business Rates - Base and Inflationary Increase (inc one-off 2017/18 collection fund surplus)	(2.53)	(0.64)	(1.39)	(4.56)
MTFS Gap @ February 2019 before one-off use of Resources	1.25	13.02	7.77	22.04
Use of One-Off reserves to support SCAS One-off Pressure	(1.25)	0.00	0.00	(1.25)
Pressure from one-off use of reserves in previous year	0.00	1.25	0.00	1.25
MTFS Gap @ February 2019 after one-off use of resources	(0.00)	14.27	7.77	22.04

9.2 The above table demonstrates a remaining budget gap of £22.04m over the period to 2021/2022. However, it is noted that this position assumes that when a revised system of 75% retained business rates is implemented in 2020/2021, Government will take action to ensure a 'status quo' impact on the funding position for each council through the top-ups and tariffs system, to ensure no detrimental impact on each councils overall funding position.

9.3 Further work is continuing to identify and capture additional savings to support the budget position going forward, with the aim of identifying during 2019/2020, a suite of proposals to address the medium term budget gap of £22m. Further updates will be provided to Members in due course and the Medium Term Financial Strategy 2019-2022 will be refined and updated as this work progresses.

10. Workforce Planning, Transformational Costs and Capital Receipts Flexibilities

10.1 One-off transformational costs will arise through workforce planning arrangements in order to assist in delivering the on-going reduction proposals for 2019/2020 through to 2021/2022.

10.2 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.

10.3 Workforce Planning arrangements will incur circa £3.75m of transformational costs associated with reducing the workforce to deliver £2.80m of planned savings relating to 2019/2020, 2020/2021 and 2021/2022. This represents a payback period of 1.34 years. However, it is possible that an element of this cost will fall in the current financial year. In addition it is likely that additional transformational costs in excess of workforce planning may arise, for example on ICT systems or other one-off costs.

- 10.4 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 utilised to meet workforce planning arrangements and other transformation costs arising in 2019/2020, 2020/2021 and 2021/2022.
- 10.5 In order to comply with the capital receipts flexibility requirements it is proposed to earmark capital receipts generated in 2019/2020 and 2020/2021 of £3.75m for this purpose. The Council's Efficiency Strategy is set out at Appendix Gi), and supports the government requirements in making use of these flexibilities. The requirements in respect of prudential indicators are reflected in the Capital Programme 2019/2020 to 2022/2023 and Treasury Management Policy and Strategy 2019/2020 report elsewhere on this agenda.
- 10.6 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.

11. Medium Term Financial Position

- 11.1 In considering the Revenue Budget for 2019/2020, 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 Medium Term Financial Strategy 2019/2020 to 2021/2022 is set out at Appendix G.

12. Budget Consultation Results 2019/2020

- 12.1 Cabinet agreed the proposed consultation and communication arrangements in October 2018 as part of the Budget Planning Framework 2019/2020.
- 12.2 This took into account the detailed consultation that informed the MTFS 2017/2018 to 2019/2020, the outcome of which was reported to Cabinet in February 2017 and Council in March 2017. Further consultation did not take place on proposals that were agreed in previous MTFS reports.
- 12.3 Cabinet approved a suite of savings proposals for the purposes of consultation in November 2018. The consultation launched on Thursday 22nd November and closed on Wednesday 2nd January. The budget proposals were grouped together and presented by portfolio themes, along with a simple survey to determine levels of agreement, and to enable an understanding of specific concerns. The survey results are set out in detail at Appendix C.
- 12.4 In general, the findings demonstrate continuing support for the Council's overall approach to meeting the budget cuts.

The highest level of agreement to proposals was in relation to Housing and Regeneration (89.89%), followed by Corporate and Support Services (73.57%), Children, Learning and Skills (67.98%), Community and Culture (61.06%), Environment and Transport (57.46%) and the lowest level of agreement was in relation to Health and Social Care (44.49%).

- 12.5 In addition the following were raised:
- In relation to both Children, Learning and Skills and in Health and Social Care respondents expressed views that there should be no cuts in these areas.
 - In relation to Community and Culture there was concern/uncertainty expressed regarding the impact of Brexit on European funding and concern regarding impact on the voluntary sector.
 - In relation to Environment and Transport there was concern over charges for staff parking and disapproval of charges for public toilets. Following the consultation, the proposal in relation to charging for public toilet provision has been withdrawn. There were also objections to charges for bulky waste including concern that this could lead to increased fly tipping.
- Further detail on comments for all portfolio areas is at Appendix C.
- 12.6 Overall, 73.99% of respondents indicated that they would support an increase in council tax; 55.61% in favour of an increase within the Government's set referendum limit and 19.39% for an increase above this limit. 26.01% opposed a council tax increase.
- 12.7 The results have been used to inform the final budget decisions and to help us to understand whether any concerns raised are associated with particular characteristics protected by equality law and in order to assist Members in paying due regard to the Public Sector Equality Duty whilst making their decisions. Although some proposals, due to their nature, relate to people with protected characteristics (i.e. Children, Learning and Skills and Health and Social Care) there have been few comments directly relating to concerns for people with protected characteristics. Those concerns that have been raised are reflected in Appendix C.
- 12.8 Existing networks have been utilised to communicate with a range of partners including Trades Unions, Chamber of Commerce and Sunderland Business Innovation District (BID), the voluntary and community sector and the city's Equality Forums.
- 12.9 Feedback from formal consultation with Trade Unions and Business representatives with commentary is set out at Appendix D.
- 12.10 At each stage in the budget process Scrutiny Committee is being consulted. Comments from Scrutiny Coordinating Committee on 17th January 2019 are set out at Appendix E.
- 12.11 All of the feedback from the various consultations has been considered in bringing together the budget proposals in this report.
- 12.12 A review of the 2019/2020 budget consultation arrangements will be undertaken to help inform proposed arrangements for future budget consultations. Scrutiny Co-ordinating committee will be engaged in this process.

13. Equality and the Budget Proposals

- 13.1 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.

- 13.2 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.
- 13.3 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 (agreed by council in March 2017 and March 2018), 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 2018, Directorates have considered whether equality is relevant to their budget proposals. The judgements are outlined at Appendix A. The proposals that require an equality analysis which can be accessed via the link within Appendix A.
- 13.4 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.

14. General Fund Balances and Position in Relation to Major Reserves

- 14.1 In considering the level of general balances as part of budget preparation decisions, regard is given to:
- known commitments against balances in future years;
 - financial risks faced by the Council and the measures in place to mitigate them or meet them financially.
- 14.2 The estimated level of general balances as at 31st March 2019 and 31st March 2020 will be circulated separately at the Cabinet with the General Budget Summary Page and proposed contingencies.
- 14.3 As agreed previously savings arising in 2018/2019 from Interest on Balances and Debt Charges, corporate budgets and unutilised contingency provisions will be utilised to fund one-off spending pressures and transformational costs associated with implementing the budget proposals for 2018/2019 and 2019/2020.
- 14.4 In accordance with best practice, 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.

- 14.5 The Council has a range of earmarked reserves e.g. the Strategic Investment Reserve. The major earmarked reserves are set out at Appendix li) for information. Appendix lii) sets out the reserves to be released specifically to support the 2019/2020 Budget.
- 14.6 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.
- 14.7 Based upon the information used in determining this Revenue Budget 2019/2020 report, including specifically:
- the Medium Term Financial Position set out in Appendix G;
 - the approach to budget consultation;
 - the Statement of General Balances (to be tabled);
 - the Risk Analysis set out in Appendix H;
 - the Major Reserves set out in Appendix li.

The Revenue Budget is considered robust and the level of reserves considered to be adequate for 2019/2020 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 2018/2019 are in accordance with the existing policy and are considered prudent and robust given the overall level of reserves.

15. Detailed Budget 2019/2020

- 15.1 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.
- 15.2 The Total Budget Requirement to be approved by the Council is funded through:
- Revenue Support Grant
 - Retained Business Rates
 - Top Up Grant
 - Council Tax and Social Care Levy
- 15.3 The General Summary page of the Revenue Budget together with details of the proposed contingency will be circulated separately at the meeting of Cabinet on the 13th February 2019.
- 15.4 The formal decisions of the major precepting bodies are awaited regarding their precept proposals for 2019/2020. Consequently, the Proposed Council Tax for 2019/2020 will be tabled as Appendix F to this report at the Cabinet meeting on 13th February 2019.

General

- 15.5 Appendix J sets out the detailed Revenue Budget 2019/2020 for each Portfolio. All changes with the exception of the adjustments relating to final considerations of the council tax level, have been incorporated into the Budget.

Service Reporting Code of Practice

- 15.6 The presentation of the budget book was revised from 2017/2018 to show 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 has been adopted to ensure 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.
- 15.7 It should be noted that variations between the budget for 2018/2019 and 2019/2020 have arisen as a result of:
- The implementation of spending pressures referred to in this report;
 - The implementation of the budget reductions referred to in this report;
 - 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

- 15.8 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.

16. Suggested Reason for Decision

- 16.1 To comply with statutory requirements.

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 2019

- Revenue Budget 2019/2020 to 2021/2022 - Update and Provisional Revenue Support Settlement
- Council Tax Base 2019/2020

Cabinet Report October 2018

- Budget Planning Framework, Revenue Budget Proposals and Medium Term Financial Strategy 2019/2020-2021/2022

Cabinet Report November 2018

- Revenue Budget Proposals 2019/2020 – 2021/2022

1. **Leader Proposals – Total Saving £0.208m (£0.208m 2019/2020)**
- 1.1 **Previously Agreed Savings Plans - (Saving £0.121m in 2019/2020) (For Information Only)**

Council Report 01/03/2017 Appendix B ref	Proposal	2019/20 £'m	2020/21 £'m	2021/22 £'m	Total £'m
	Leader				
1.7	Review of Strategy and Partnerships	(0.121)	0.000	0.000	(0.121)
	Leader Total	(0.121)	0.000	0.000	(0.121)

Detail in relation to the above previously agreed budget cuts were contained within Appendix B of item 6 of the Council agenda for the 1st of March 2017, using the reference in the table above. This detail has been reproduced at the following link reflecting any changes to the equality categorisation since approval and a small number of minor implementation changes, and was included as supplementary information on October Cabinet agenda.

[Previously Agreed Proposals - Equality Supplementary Information](#)

1.2 Review of the Policy, Partnerships and Communications service – (Saving £0.013m in 2019/2020)

The service works collaboratively with partners to maximise their impact on the city and its residents. It also provides support to the council's leadership. A review has been undertaken to simplify partnership working arrangements which has reduced the level of support required. Key areas of policy support will be retained, including equality policy advice and engagement of the equality forums. The reduced function will continue to provide clear direction and common purpose through the formulation of partnership-based strategy through to action and evidenced results.

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: Savings will also be made through deleting a vacant post. The work of the service will continue to be reviewed through its annual service business planning process.	

1.3 Reduction in Corporate Printing – (Saving £0.024m in 2019/2020)

The council has reviewed its corporate printing budget requirements and is able to reduce printing in two key areas:

- (a) Printing of committee agendas – In future printing of committee agendas will be reduced, some copies will be provided for members of the public and for any elected member or officer who may have a disability and needs to have a paper-copy over an electronic copy.
- (b) Printing of payslips and associated P60's and P11D's - the cost of printing council payslips has reduced in recent years as the number of employees has reduced. The introduction of a payslip e-portal will enable employees and elected members to view their payslips electronically, reducing printing costs further.

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	✓ (b)
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	✓ (a)
Additional Comment: (a) Printing of committee agendas - Should an elected member or officer require a paper copy of committee agenda papers because of a disability then a paper copy will be provided. (b) The move to electronic payslips has had a full Equality Analysis. Equality considerations include access to and the ability to use ICT equipment for the viewing of payslips for those employees who are not desk-based and therefore may not have access to the internet. The employee Supporting Equality Network has been consulted to help inform Equality Analysis. If an employee has a disability and is unable to access the electronic portal reasonable adjustments will be made, which will need to involve providing a printed copy.	

Further equality information, can be found at: [Equality Supplementary Information](#)

1.4 Maximising fee recovery for professional support and advice services provided by the Policy, Partnerships and Communications Team – (Saving £0.050m in 2019/2020)

A number of staff across the Policy, Partnership and Communications Team provide support throughout the lifecycle of various capital projects and funding streams. The service will ensure that income for the team is generated where appropriate from such projects, e.g. IAMP.

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 budget saving is purely financial in nature and does not have an impact on the public therefore no Equality Analysis is required.	

2. Deputy Leader Proposals – Total Saving £0.069m (£0.069m 2019/2020)

2.1 Cease Membership of Eurocities Network – (Saving £0.019m in 2019/20)

The Council has been a member and a participant in the Eurocities Network since November 2007. It is proposed that the Council will cease its membership which will generate savings due to removal of the annual membership fee together with travel to participate in the 2 key network meetings held each year.

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: It is felt that the cessation of membership of the Eurocities Network will not directly impact on the public therefore an equality analysis is not required.	

2.2 Review of Business Investment Team staffing arrangements – (Saving £0.030m in 2019/2020)

A review of staffing arrangements within the Business Investment Team will be undertaken which will generate savings.

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 proposals are staff related but will not affect front line service delivery therefore no specific Equality Analysis is required.	

2.3 Review of support in relation to community cohesion and safer communities – (Saving £0.020m in 2019/2020)

The budget available for community safety and cohesion activity will be reduced however the service will mitigate the impacts of the reduction through engagement with partners and prioritising the use of the remaining budget. Savings have been identified in relation to the running costs of the neighbourhood project in Sulgrave Washington by running the office on revised hours. The project will continue with no adverse impact to the public. There will be a small reduction in the problem solving budget reflecting a change in focus to higher threshold cases. This can result in higher impact and will typically require partner agency mainstream resource (e.g. variations in policing) rather than small financial contributions from community safety. The council will continue to work with partners on a regular basis to ensure issues are addressed in an appropriate manner.

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 savings will be made without any impact on protected characteristics and therefore no equality analysis is required.	

3. Cabinet Secretary Proposals – Total Saving £4.886m (£4.549m 2019/2020, £0.337m 2020/2021)

3.1 Previously Agreed Savings Plans - (Saving £2.234m in 2019/2020) (For Information Only)

Council Report 01/03/2017 Appendix B ref *	Council Report 07/03/2018 Appendix B ref **	Proposal	2019/20 £'m	2020/21 £'m	2021/22 £'m	Total £'m
		Cabinet Secretary				
2.1		Review of Legal Services	(0.085)	0.000	0.000	(0.085)
2.3		Review of Corporate ICT arrangements	(0.654)	0.000	0.000	(0.654)
2.4		Cessation of contract for Intelligence Hub support	(0.500)	0.000	0.000	(0.500)
2.5		Review of Transactional Finance Arrangements including Council Tax and Business Rates rationalisation and restructure	(0.024)	0.000	0.000	(0.024)
2.6		Maximising income generation activity and undertaking a review of processes within HR&OD	(0.200)	0.000	0.000	(0.200)
2.8		Review of Business Support (Administration and PA Support service provision)	(0.315)	0.000	0.000	(0.315)
	2.4	Implementation of Hybrid Mail System	(0.045)	0.000	0.000	(0.045)
3.6		Housing Delivery Plan Implementation - Increase in new homes built, beyond current assumptions on New Homes Bonus and Council Tax	(0.108)	0.000	0.000	(0.108)
3.9		Assurance, Procurement and Project Review - Service redesign including maximisation of self-service arrangements and a reduction in the level of support available for transformational change and service delivery.	(0.023)	0.000	0.000	(0.023)
3.10		Financial Management – Further service redesign to focus strictly on strategic legislative responsibilities and reliance on budget manager self service	(0.162)	0.000	0.000	(0.162)
8.2		Customer Services Network – Review of service arrangements	(0.118)	0.000	0.000	(0.118)
		Cabinet Secretary Total	(2.234)	0.000	0.000	(2.234)

* Detail in relation to the above previously agreed budget cuts were contained within Appendix B of item 6 of the Council agenda for the 1st of March 2017, using the reference in the table above. This detail has been reproduced at the following link reflecting any changes to the equality categorisation since approval and a small number of minor implementation changes, and was included as supplementary information on October Cabinet agenda.

** Detail in relation to the above previously agreed budget cuts were contained within Appendix B of item 6 of the Council agenda for the 7th of March 2018, using the reference in the table above. This detail has been reproduced at the following link reflecting any changes to the equality categorisation since approval and a small number of minor implementation changes, and was included as supplementary information on October Cabinet agenda.

[Previously Agreed Proposals - Equality Supplementary Information](#)

3.2 Review of Financial Management Staffing Structure and overheads – (Saving £0.206m in 2019/2020 and 0.048m in 2020/2021)

A review of the structures and roles within Financial Management in the light of the changing council structure and support provided to external organisations, has identified the opportunity for a reduction in staffing budgets, together with additional charging opportunities for services provided.

In addition savings are available from service overheads following a review of the fee structure for the Council's external audit arrangements.

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: Any workforce equality implications will be considered as part of any redundancy consultation. Other elements of reduction relate in a statutory fee paid for external audit and as such has no equality implication.	

3.3 Review of Law & Governance Staffing Structures – (Saving £0.118m in 2019/2020)

The service will be tailored to support the demands of the Council on a flexible basis with the use of short term external support as and when required.

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: Savings will relate to the deletion of recently created posts that have not yet been appointed to.	

3.4 ICT – Maximising Data Centre income, contract renegotiation and reduced overheads - (Saving £0.088m in 2019/2020)

The ICT Service will increase income from tenant hosting fees in the Data Centre to reflect the recent improvements to the robustness and resilience of the facility. In addition some existing ICT Third Party Contracts will be decommissioned and/or re-negotiated with a reduction in associated specific budgets.

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: This budget saving is based upon income generation by increasing charges to existing customers and to a reduction in third party spend in respect of a number of ICT contracts, and associated specific budgets. Items will not have any impact therefore an Equality Analysis is not required.	

3.5 Review of Benefits and ICT Structures (Saving £0.103m in 2019/2020)

A review of staffing arrangements within the Housing Benefits and ICT teams will be undertaken which will generate savings.

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: This efficiency is based upon staffing changes.	

3.6 Review of External Funding, Revenues and Commercial Finance Structure - (Saving £0.023m in 2019/2020 and £0.034m in 2020/2021)

Development of the Councils financial information system (SAP) and investment in the Revenues ICT systems will lead to business process improvements as well as enabling online access to council tax accounts and e-billing. This will result in savings in staffing costs.

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: This efficiency is based on process improvements.	

3.7 Assurance, Procurement and Performance Service Review (Saving £0.367m in 2019/2020)

The following proposals will result in budget savings:

- Review management and staffing arrangements for the Insurance and Claims Handling teams leading to a reduction in staffing costs. The loss of specialist knowledge will be managed through the increased use of external insurance brokers.
- Review of staffing arrangements within the internal audit and risk management service leading to a reduction in staffing costs, with the focus of Risk Management work/support limited to the Strategic Risk Profile, Corporate Risk Profile and major projects.
- Maximise fee recovery for professional support and advice services provided by the Project Office from capital projects.
- Reduce the revenue contribution to internal insurance funds, reflecting the good performance of the insurance funds.
- Realign income budgets to reflect actual level achieved for NEPO contract rebates and provision of audit and risk services.
- Reduction in Corporate Services Directorate Training Budget to reflect actual levels of spend.
- Staffing savings arising from implementation of SAP SRM upgrade / new functionality re self-service.

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: An element of the above savings relates to staffing changes. The other elements relate to income generation, reclassification of costs, and reduction on the level of contribution to the internal insurance fund which have no impact on front line services therefore it is considered that an Equality Analysis is not required.	

3.8 NECA Transport Levy - population change - (Saving £0.220m in 2019/2020)

The Council makes an annual payment to the Tyne and Wear Joint Transport Committee, being its contribution to the costs of running public transport including the metro, buses, ferry and concessionary travel. Sunderland's payment each year is based on the overall value of the levy, the Joint Committee's decision on the use of its reserves and the relative population of the 5 constituent Tyne and Wear authorities. Whilst the final budget position will not be known until later in the financial year, when the Joint Committee sets its budget for 2019/2020 (expected in February 2019), indications are that there will be a reduction in the levy to be paid by Sunderland due in part to the impact of population change across the Tyne and Wear area. There will be no change to the level of service provided during the year.

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: No impact on service levels.	

3.9 Implementation of Hybrid Mail System – (Saving £0.100m in 2019/2020)

The on-going implementation of a hybrid mail system is resulting in a move to a consolidated and digitised mail solution across the organisation, incorporating setting business rules for both incoming and outgoing mail solutions.

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 proposals will be implemented through changes to internal procedures and new contracts freeing up internal resources but will have no impact on the public therefore a full equality analysis is not required.	

3.10 Increased Income - Data Protection Service – (Saving £0.050m in 2019/2020)

The Council's Data Protection Office will enter into a number of Service Level Agreements with a range of clients for which fee income will be generated.

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 efficiency saving does not have an impact on the public therefore no Equality Analysis is required.	

3.11 Maximising fee recovery for professional support and advice services provided by the Transformation and Business Support Team – (Saving £0.062m in 2019/2020)

A number of staff across the Transformation and Business Support Team provide support throughout the lifecycle of various capital projects and funding streams. The service will ensure that income for the team is generated where appropriate from such projects, e.g. New Council Headquarters project.

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 efficiency saving is purely financial in nature and does not have an impact on the public therefore no Equality Analysis is required.	

3.12 Council Wide review of Senior Management Structure – (Saving £1.000m in 2019/2020)

Review of Senior Management Structures across the organisation to streamline arrangements and ensure they are fit for purpose going forward.

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 saving relates to staffing changes.	

3.13 Undertake a mini review of Fawcett Street property holdings – (Additional cost (£0.022m) in 2019/2020 and saving £0.255m in 2020/2021)

A review will be undertaken in relation to the Council's property holdings and leases in Fawcett Street. The review will focus primarily on lease break opportunities relating to the first floor and selling the second and third floor of the City Library and Arts Centre. This would require the relocation of the services currently housed in Fawcett Street i.e. the Council's Housing Benefits and Customer Services Network but will reduce Council holding costs and lease costs in future years.

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	✓
<p>Additional Comment:</p> <p>At present the Council's Housing Benefits and Customer Service Network operate from the ground floor of the City Library and Arts Centre building. As these are heavily accessed by the public. Further Equality Analysis will be required to be undertaken prior to relocation however it is anticipated that a neutral impact will be achieved as the Council will endeavour to relocate the services to equally accessible facilities.</p> <p>The remaining elements of proposals have no impact on frontline services or the public therefore no equality analysis is required.</p>	

Further equality information, can be found at: [Equality Supplementary Information](#)

4. Children's Learning and Skills Proposals – Total Saving £5.000m (£5.000m 2019/2020)

4.1 Financial Discipline - Cost Control – (Target Saving £0.400m in 2019/2020)

Together for Children, which delivers Children's Services for the Council, is committed to be as efficient as possible and, in addition to specific initiatives articulated in separate business cases, it will seek to minimise inefficiencies in its operations.

A comprehensive review of overheads is underway to deliver savings including a review of mobile phone usage, reduction in printing and MFD usage, and use of tele-conferencing and phone-conferencing to reduce travel costs and improve productivity.

Other measures include optimising VAT recovery wherever possible and maximising the use of alternative funding sources to provide financial assistance to children and families.

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: This project changes no policies or impacts on any staff terms and conditions. In addition there is no impact on service delivery as the proposals seek to improve financial discipline – no equalities impacts are foreseen.	

4.2 Review of Fostering Service – (Target Saving £1.500m in 2019/2020)

Fostering is a key element of the approach to Looked After Children. Whilst the ultimate goal for children is a permanent arrangement with biological or adopted family members, a strong foster care arrangement can give a child a strong foundation in their life.

As at 14 January 2019, there were 602 looked after children in Sunderland, of which 435 were in Foster Care.

The cost of a foster care arrangement within the city boundaries (internal foster care placements) is less than the cost of a foster care arrangement outside of the city (external foster care placements). In addition the cost of residential placements outside of the city (external residential placements) as an alternative to fostering is significantly more expensive.

This review will generate savings by seeking to optimise Internal Foster Care placements, including by recruiting additional carers, and moving out of more expensive arrangements such as external residential placements and reducing use of external fostering agencies (IFA). It will take into account the current demographics of the Foster Carer cohort and the interaction with the external IFA market including the unit price paid. It will also consider the interdependency with the Residential Care Review and its market.

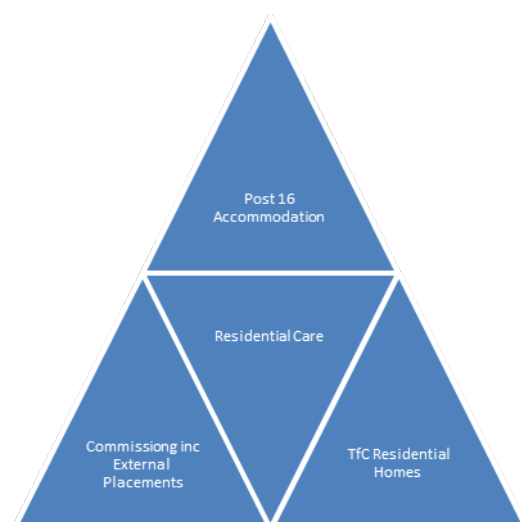
Equality Analysis

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 review recognises that Internal Fostering arrangements are as good a quality as external placements and are much less expensive. A transition from one category to the other will not disadvantage service users and enhancement of the internal capacity will benefit the service by way of enhanced flexibility. Finally, the review will consider how best to support foster carers by way of care, coaching, training and ongoing support. General concerns were raised in the budget consultation in relation to budget reductions in children, learning and skills.	

Further equality information, can be found at: [Equality Supplementary Information](#)

4.3 Residential Care – (Target Saving £2.500m in 2019/2020)

This review will explore the existing provision within the city for: residential children's care, placements outside of the city, Post-16 Accommodation, and will carefully consider the options for future delivery.



The review will look at how children enter care and the ongoing suitability of placements in order to ensure the needs of the child are being met in a child-centred and cost-effective way.

This could include reducing the use of out of city placements where it is not necessary, maximising the use of capacity within own residential care provision, and developing arrangements with partner organisations. The review will also consider the benefits of internal versus external provision, taking into account both cost and quality.

The review will take into account the potential lead-time for the current residential market to change as some mobilisation will be required. In addition, the review will consider the potential for legal challenge in moving any children to a new placement, which may not be considered to be in the best interests of the child and their safety.

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: This review focuses on the child and will seek to find the right placement for the child as a transition towards the ultimate goal of permanent placement. Only positive outcomes are anticipated. General concerns were raised in the budget consultation in relation to budget reductions in children, learning and skills.	

Further equality information, can be found at: [Equality Supplementary Information](#)

4.4 Sustainable Transport – (Saving £0.250m in 2019/2020)

The delivery of many social care outreach services requires staff to travel to assist service users. In addition transport to / from schools is also provided for pupils with Special Education Needs.

The review will deliver savings of £250,000 by reducing mileage travelled wherever possible, sharing vehicles, use of public transport, avoiding duplicated journeys and a service redesign for some school and/or college transport routes to enhance efficiency.

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: No major changes are envisaged simply a reset in the use of personal vehicles when more cost-effective and environmentally friendly alternatives may be available.	

4.5 Trading Opportunities – (Income generated £0.350m in 2019/2020)

Children's Services wishes to optimise income generation to deliver a positive financial and service contribution without detriment to core services.

The optimisation of income generated by sales of support, training and consultancy services to schools and academies across Sunderland and beyond, including services provided by Educational Psychology, Human Resources and Finance.

This will include partnering with other bodies including the University.

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: This review seeks to optimise traded services which are already provided and no adverse equalities impacts are foreseen.	

5. **Communities and Culture Proposals – Total Saving £0.924m (£0.924m 2019/2020)**
- 5.1 **Previously Agreed Savings Plans - (Saving £0.904m in 2019/2020) (For Information Only)**

Council Report 01/03/2017 Appendix B ref	Proposal	2019/20 £'m	2020/21 £'m	2021/22 £'m	Total £'m
	Communities and Culture				
6.1	Culture - Continue to develop a cultural offer for the city	(0.407)	0.000	0.000	(0.407)
6.1	Activities and Events - planned reduction in council contribution as part of leisure JV arrangements	(0.497)	0.000	0.000	(0.497)
	Communities and Culture Total	(0.904)	0.000	0.000	(0.904)

Detail in relation to the above previously agreed budget cuts were contained within Appendix B of item 6 of the Council agenda for the 1st of March 2017, using the reference in the table above. This detail has been reproduced at the following link reflecting any changes to the equality categorisation since approval and a small number of minor implementation changes, and was included as supplementary information on October Cabinet agenda.

[Previously Agreed Proposals - Equality Supplementary Information](#)

5.2 Maximising fee recovery for professional support and advice provided by the Member Support and Community Partnership Team in relation to capital projects and other funding streams – (Saving £0.020m in 2019/2020)

A number of staff across the Member Support and Community Partnership Team provide support throughout the lifecycle of the Community Led Local Development Fund funding stream. The service will ensure that fees for managing this funding stream will be recovered where appropriate.

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 efficiency saving is purely financial in nature and does not have an impact on the public therefore no Equality Analysis is required.	

6. Environment and Transport Proposals – Total Saving £3.778m (£3.443m 2019/2020, £0.310m 2020/2021, £0.025m 2021/2022)

6.1 Previously Agreed Savings Plans - (Saving £1.919m in 2019/2020 and £0.300m in 2020/2021) (For Information Only)

Council Report 01/03/2017 Appendix B ref *	Council Report 07/03/2018 Appendix B ref **	Proposal	2019/20 £'m	2020/21 £'m	2021/22 £'m	Total £'m
		Environment and Transport				
7.1		Place Management - Commercial Growth via wider trading opportunities	(0.155)	0.000	0.000	(0.155)
7.2		Place Shaping - Commercial Growth via wider trading opportunities	(0.100)	0.000	0.000	(0.100)
7.3		Bereavement Services - Annual increase in charges	(0.250)	0.000	0.000	(0.250)
7.4		Registrars - Review of staffing and annual fee increase	(0.050)	0.000	0.000	(0.050)
7.5		Highways Maintenance - Revised responsive maintenance. Recovery of costs in relation to road traffic accidents	(0.150)	0.000	0.000	(0.150)
7.9		Waste Management - Annual increase in charges - bulky item and green waste collection	(0.110)	0.000	0.000	(0.110)
7.11		Pest Control - Review of service and charges	(0.005)	0.000	0.000	(0.005)
7.14		Highways and Infrastructure - increased income from design activity and permits	(0.150)	0.000	0.000	(0.150)
7.16		Parking Services - Income generation from expansion of measures in the Parking Plan	(0.200)	0.000	0.000	(0.200)
	7.2	Street Lighting - Phase 2 of LED replacements	(0.569)	(0.300)	0.000	(0.869)
7.18		Public Protection and Regulatory Services - Review and integration of functions	(0.095)	0.000	0.000	(0.095)
7.19		Waste Disposal - Reduction in costs by encouraging increased recycling	(0.085)	0.000	0.000	(0.085)
		Environment and Transport Total	(1.919)	(0.300)	0.000	(2.219)

* Detail in relation to the above previously agreed budget cuts were contained within Appendix B of item 6 of the Council agenda for the 1st of March 2017, using the reference in the table above. This detail has been reproduced at the following link reflecting any changes to the equality categorisation since approval and a small number of minor implementation changes, and was included as supplementary information on October Cabinet agenda.

** Detail in relation to the above previously agreed budget cuts were contained within Appendix B of item 6 of the Council agenda for the 7th of March 2018, using the reference in the table above. This detail has been reproduced at the following link reflecting any changes to the equality categorisation since approval and a small number of minor implementation changes, and was included as supplementary information on October Cabinet agenda.

[Previously Agreed Proposals - Equality Supplementary Information](#)

6.2 Place Management Commercial Growth – (Saving £0.110m in 2019/2020)

New business opportunities within Place Management will be developed, including increasing buffet and café refresh business, and increasing trade waste service provision to private sector clients.

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: It is considered that an Equality Analysis is not required as this efficiency will be achieved through generating additional income from the delivery of services to a broader range of customers.	

6.3 Place Shaping Commercial Growth – (Saving £0.220m in 2019/2020)

Increased income will be generated within Place Shaping through delivery of the highways schemes for the Council, other authorities, and the private sector as well as recovery of a management fee for the delivery of the road surfacing contract.

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: It is considered that an Equality Analysis is not required as this efficiency will be achieved through generating additional income from the delivery of services to a broader range of internal and external customers.	

6.4 Increased income from bulky waste item collection – (Saving £0.015m in 2019/2020)

The Council introduced charges for bulky item 4 years ago. It is proposed that going forward the Council will introduce a modest annual increase in charge alongside the introduction of a wider range of rates for bulky collections based upon the number of items and the nature of the items to be collected.

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 services affected are discretionary services which the public can elect to use or not. If a member of the public does not wish to use the service then they can utilise the council's Housing Waste Recycling Centre at Beech Street, however, older people, disabled people and pregnant women may find this alternative more difficult to utilise. It may also impact on people who don't have access to their own transport e.g. lower income groups. Concern was raised about this proposal in the budget consultation but no specific equality concerns were raised.	

Further equality information, can be found at: [Equality Supplementary Information](#)

6.5 Developing a cost effective Pest Control Service – (Saving £0.002m in 2019/2020)

A review of business clients has been undertaken which has resulted in an increase in take up of the pest control service by the commercial sector which will in turn result in increased service income. In addition a modest inflationary increase in charges will also be applied.

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: Pest control services are a discretionary service. Since the introduction of charges for the whole range of pest control work, (which was covered by an Equality Analysis in 2015 and showed a negative impact), there has been a decrease in demand for the service from members of the public. The extra capacity available has been utilised to target the service to the commercial sector and thus increase income. Alongside the increased take up in service from the commercial sector a modest inflationary increase in fees will be applied universally but due to the wide range of service providers and products available to the public for pest control, it is felt that no new Equality Analysis is required.	

6.6 Maximising income from Highways and Infrastructure design activity, and reductions to Infrastructure and Transportation budgets – (Saving £0.010m in 2019/2020)

Additional income will be generated through a more proactive approach to working with developers to support the design and delivery of highways improvements required by new planning permissions, and also ensuring that the full costs for all work undertaken to support capital schemes is recovered.

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: It is considered that an Equality Analysis is not required as this efficiency will be achieved through generating additional income from the delivery of services to a broader range of customers as well as ensuring that all work undertaken to support capital schemes is charged for accordingly.	

6.7 Street Lighting LED Phase 2 energy cost savings and management fee recovery– (Saving £0.285m in 2019/2020 and (£0.250m) in 2020/2021)

A review of reduced energy consumption as a result of implementation of Phase 2 of the LED street lighting replacement programme has identified an additional £0.035m ongoing saving. There is a one off saving of £0.250m in project management costs which will be drawn down in 2019/2020.

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	✓
<p>Additional Comment:</p> <p>The proposal is to replace, in 2 phases, approximately 48,000 street lamps with energy efficient LED lighting (24,513 for implementation from 2018/19) which will result in lower energy costs and lower carbon emissions. Phase 1 was completed in February 2018 at which time 23,135 units had been converted. Work commenced on Phase 2 of the project in March 2018 and by March 2020, a further 24,513 conventional street lamps are scheduled to be replaced with LEDs. Residents and visitors to areas where the new lighting is installed should be impacted upon positively as the new LED lighting actually provides a white light source with better night-time colour recognition and concentrates the light onto the road and footway where it is needed, with less light pollution into homes and gardens.</p> <p>Equality analyses were completed at both the pilot phase (published with 2016/17 MTFS papers and phase 1 published with 2017/18 MTFS papers). No disproportionate impacts for any groups were identified in the last equality analysis, which reviewed feedback from the pilot scheme. Feedback from Phase 1 has been very positive in relation to the impact and effect that the scheme has had in concentrating a better quality of light onto the road and footway. Based upon previous equality analysis and the feedback received to date it has been decided that there is no requirement to undertake further equality analysis in relation to this initiative.</p>	

6.8 Review of Public Protection and Regulatory Services expenditure and income – (Saving £0.122m in 2019/2020)

Savings will be made through a review of operational budgets, procurement activity undertaken by the service and the non-filling of vacant posts. In addition the service will introduce modest inflationary increases in fees relating to taxi licensing, and miscellaneous licensing and a greater focus will be applied to ensuring the service obtains income for advice and support provided for capital schemes.

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 review of operational budgets and procurement activity within the service and providing a greater focus on ensuring the service obtains income for advice and support provided for capital schemes will have no impact on frontline service delivery. The increase in fees relating to taxi and miscellaneous licenses will be inflationary in nature and affects business operators rather than the general public therefore no Equality Analysis is required.	

Further equality information, can be found at: [Equality Supplementary Information](#)

6.9 Increased income from digital advertising– (Saving £0.092m in 2019/2020 and £0.108m in 2020/21)

A review of advertising income from large format screens, free standing units (FSUs) and bus shelters will be undertaken to identify suitable sites for further advertising and also to enable the renegotiation of the current FSU \ Bus Shelter contract to generate a better income return for the Council.

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 review of income from advertising will have no impact on frontline service delivery therefore no Equality Analysis is required	

6.10 Introduction of parking permits for staff at all Council office locations – (Saving £0.117m in 2019/2020)

At present the Council only operates a chargeable parking permit system for those staff based within the City Centre (mainly staff within the Civic Centre and the Fawcett Street offices). It is proposed that a permit system for staff be brought into effect at all other Council offices that have parking provision in place. A part-year saving is assumed in 2019/20 to allow for the scheme to be fully researched and developed prior to an expected implementation from October 2019.

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 charge will be applied to staff that want a permit on a sliding scale salary basis with those staff earning lower salaries benefitting from a reduced rate in comparison to those staff on higher salaries. The permit system will be applied on the same basis as that within the City Centre i.e., preference given to those staff who need their car for work related purposes and free parking provision will be in place for those employees that are in possession of a Blue Badge. There is recognition that there is a different gender split at different sites and therefore the change may impact more on males at some sites and females at others. Analysis is ongoing on this issue. Although concerns were raised about this proposal in the public consultation, no specific equality issues were cited by respondents.	

Further equality information, can be found at: [Equality Supplementary Information](#)

6.11 Reduced contribution to Safer Roads initiative – (Saving £0.050m in 2019/2020)

Northumberland Safer Roads Initiative agreement ceased 2 years ago and a revised initiative at a lower cost is currently being formulated.

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: Equality Analysis is not required as there will be no impact on the public as the previous initiative has already ceased.	

6.12 Review of Fleet arrangements and greater use of carpooling – (Saving £0.160m in 2019/2020 and £0.050m in 2020/2021)

A review of vehicles has identified that 2 fewer refuse collection vehicles are required. This coupled with the development of a Service Level Agreement with the lessor of our vehicles, to allow safety inspections to be undertaken by the Council at the Council workshops, will reduce the cost of fleet and associated maintenance costs. In addition it is proposed that a more structured approach to car pool usage will also reduce the amount of car mileage payments for work related visits, whilst also contributing to carbon reduction targets.

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 proposals do not impact on frontline service delivery therefore no equality analysis is required.	

6.13 Review of Standby arrangements across the Council and cleaning standards within Council buildings – (Saving £0.065m in 2019/2020 and £0.005m in 2020/2021)

At present the Council spends approximately £0.150m per annum on standby arrangements. Analysis of the expenditure and standby roles has identified that there is duplication in the amount of cover provided across the Council. It is proposed that a detailed review be undertaken with a view to removing duplication and considering where externalisation of standby support is more appropriate.

At the same time the implementation of revised cleaning standards within low profile Council buildings would generate savings through staffing reductions.

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 proposals do not impact on frontline service delivery therefore no equality analysis is required. The savings generated by revised cleaning standards and the review of standby arrangements however will be delivered through staffing changes therefore workforce equality implications will be considered as part of the redundancy consultation for this service area.	

6.14 Increase in annual fees for allotments – (Saving £0.035m in 2019/2020)

The Council manages a number of allotments across the city and generates income from each tenant that has been allocated a plot. It is proposed that a modest rise in fees for plots be applied.

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: Equality Analysis has identified, through general service knowledge, that there is likely to be an impact on males and older age groups, as there is a larger proportion of allotment holders in these groups. One respondent raised concerns about the impact of the proposal on older groups in the consultation process.	

Further equality information, can be found at: [Equality Supplementary Information](#)

6.15 Introduction of a Trade Waste Permit Scheme – (Saving £0.025m in 2021/2022)

The Council proposes to introduce a new Trade Waste Permit System which will enable the Council to charge businesses for the disposal of their waste at Household Waste Recycling Centres.

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 new permitting system will purely apply to businesses and has no impact on the service available to the public it therefore does not require an Equality Analysis.	

6.16 Maximise External Funding for maintenance of bowling green provision – (Saving £0.015m in 2019/2020)

The Council currently maintains 15 bowling greens across the City. For 2019/2020 funding will be prioritised from external sources to allow a longer term solution to be found, which could include the bowling clubs increasing membership to contribute to the cost of maintaining the facilities.

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	
<p>Additional Comment:</p> <p>During the budget consultation concerns were raised over encouraging others to maintain bowling facilities. This included mention of quality of life and mental health benefit by one respondent.</p> <p>For 2019/2020 funding will be allocated from alternative funding sources on the basis that the Bowling Clubs try to increase participation, particularly for more vulnerable groups e.g. people with learning disabilities who are some of the most socially isolated members of the community.</p> <p>Increasing membership of bowling clubs would lead to a longer term solution to bowling green provision and maintenance, in the sense that it would enable the bowling clubs to contribute more to the cost of maintaining the facilities. The Council will work with Bowling Clubs in the interim period towards the goal of increased membership which would enable an increased contribution for the maintenance and management of Bowling Greens to the Bowling Clubs.</p> <p>Due to the focus on increased participation for more isolated members of the community there will be a positive impact on people with disabilities.</p>	

Further equality information, can be found at: [Equality Supplementary Information](#)

6.17 Review of vacant posts within Place Management Services – (Saving £0.080m in 2019/2020)

A review of vacant posts across the whole of Place Management Services.

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 savings will be generated through a restructure which will not affect frontline service provision therefore no equality analysis is required.	

6.18 Implement a Heating Plan for the Sunderland City Council property portfolio – (Saving £0.150m in 2019/2020)

It has been calculated that putting measures in place across the Sunderland City Council property portfolio to set limits on heating to a maximum of 20 degrees celsius, will generate energy cost savings.

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: Setting a maximum temperature of 20 degrees Celsius is well within statutory health and safety requirements therefore no Equality Analysis is required.	

6.19 Develop a joint CCTV facility in conjunction with South Tyneside Metropolitan Borough Council – (Saving £0.053m in 2019/2020 and £0.037m in 2020/2021)

Discussions are underway with South Tyneside MBC around the development and staffing of a CCTV facility within the Tyne and Wear Fire and Rescue Service Centre at Barmston, Washington that will be jointly staffed and cover the CCTV requirements of Sunderland and South Tyneside Councils. The implementation of joint staffing arrangements will assist both Councils in reducing their CCTV operational costs.

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: There will be no reduction in the level of CCTV service received by Sunderland City Council the savings will be a result of staffing changes.	

7. **Health and Social Care – Total Saving £3.688m (£3.095m 2019/2020 and £0.593m 2020/2021)**
- 7.1 **Previously Agreed Savings Plans - (Saving £1.331m in 2019/2020 and £0.143m in 2020/2021)**

Council Report 01/03/2017 Appendix B ref	Proposal	2019/20 £'m	2020/21 £'m	2021/22 £'m	Total £'m
	Health and Social Care				
5.6	Long Term Care (Integrated) - Reduction in Residential & Nursing Home Placements	(1.064)	0.000	0.000	(1.064)
5.8	Long Term Care (Integrated) - Review of non-intensive home support care packages	(0.125)	0.000	0.000	(0.125)
5.9	Long Term Care (Integrated) - SCAS Increase Telecare Charges	(0.142)	(0.143)	0.000	(0.285)
	Health and Social Care Total	(1.331)	(0.143)	0.000	(1.474)

Detail in relation to the above previously agreed budget cuts were contained within Appendix B of item 6 of the Council agenda for the 1st of March 2017, using the reference in the table above. This detail has been reproduced at the following link reflecting any changes to the equality categorisation since approval and a small number of minor implementation changes, and was included as supplementary information on October Cabinet agenda.

[Previously Agreed Proposals - Equality Supplementary Information](#)

7.2 Additional Contributions (Saving £0.250m in 2019/2020)

Recent trend analysis demonstrates clients have more disposable income resulting in a contribution towards their means tested social care costs. This is not an increase in charge.

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: This proposal is not a change in policy or increase in charge and therefore an Equality Analysis is not needed.	

7.3 Alignment of Safeguarding Board Arrangements – (Saving £0.080m in 2019/2020)

The Sunderland Safeguarding Children's Board (SSCB) and Sunderland Safeguarding Adult's Board (SSAB) arrangements will be aligned to ensure the support arrangements to both boards are agile and responsive to the board's business needs and priorities. Budget savings can be achieved by the following:

Savings in Safeguarding Adult Reviews (SAR) and Serious Case Reviews (SCR) costs: legislative changes which come into effect in September 2019 will allow more local discretion and flexibility, with a national team taking over significant Children's Reviews, for example, complex abuse reviews. In future, local learning reviews will not require external chairs and authors, therefore significantly reducing costs. In respect of SARs, the SSAB has recently piloted use of partner chairs for reviews saving £400 approx. per day in chairing costs and this will be extended to authors where appropriate.

Savings in printing, administration and Board Independent Chairing costs: Both Sunderland Boards have the same chair, therefore more efficient planning and use of briefings will manage meeting costs. In addition a pilot programme in Children's Safeguarding across Northumbria is looking at greater procedural and strategic joint working which will reduce demand on local Business Units.

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 approach taken to aligning the safeguarding board arrangements will allow a more efficient way of providing council support to the city's Children and Adult's Safeguarding Board business units. The alignment of the two teams will allow the boards support arrangements to be agile and responsive to the boards' business needs and priorities. This will have no implications for service users.	

7.4 Remodelling of Sunderland Care and Support service delivery (Saving £0.539m in 2019/2020)

Savings associated with service remodelling including the work patterns of staff within Sunderland Care and Support. This will not impact on meeting the assessed needs of those people who receive care.

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: Savings will be achieved through staffing changes.	

7.5 Improved Hospital Discharge Response (Saving £0.255m in 2019/2020)

Work is underway with Health partners to remodel the pathway for recovery at home services. This will involve more streamlined pathways to support people to leave hospital and to prevent hospital admission. The review will also look to improve the productivity of the service.

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: General concerns were raised about changes in health and social care in the budget consultation, including impact on age.	

7.6 Remodelling of Day Care service (Saving £0.300m in 2020/2021)

Remodelling of day opportunities across all client groups. This will potentially involve a new purpose built day centre on a suitable site in the city to replace current schemes alongside increased employment and day time opportunities for people in the community. Although service users' needs would still be met this may be through a different service offer in the future.

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: General concerns were raised about changes in health and social care in the budget consultation, including impact on age.	

7.7 Evening Service Review (Saving £0.040m in 2019/2020)

The Evening Service, which provides social opportunities, is currently ran by Sunderland Care and Support is a non-assessed service that operates from Washington Multi-Purpose Centre and Leechmere Centre. The service is well used by Sunderland residents but also neighbouring authorities. Although people pay for the service currently it is still subsidised by the Council. This proposal would remove the subsidy to the service.

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: Discussions are on-going with SCAS on how to remodel the service offer to increase revenue. There is a risk that any increase in charge for attendance at evening social events may mean some customers no longer attend the opportunities. The customer base for the service is almost exclusively people with learning or physical disabilities. General concerns were raised about changes in health and social care in the budget consultation, including impact on age. Concerns about this particular proposal were raised by seven respondents.	

7.8 Expand use of Disabled Facilities Grant (Saving £0.200m in 2019/2020)

Proposal is to use Disabled Facilities Grant (DFG) to support the work of the Home Improvement Agency and Minor Adaptions service that prevent people from requiring more costly forms of service. This means more people will receive a preventative service and the existing DFG service will be maintained.

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: General concerns were raised about changes in health and social care in the budget consultation, including impact on age.	

7.9 Improved use of technology enabled care (Saving £0.150m in 2020/2021)

Introduce support to address social care needs through the use of assistive technology. This will identify where assessed needs can be met through a technological solution usually as part of a blended care package (traditional care package complemented by use of technology) and where the blended package is more cost effective than a traditional home care package. It is anticipated that further savings will be achieved through the delay in clients requiring a move into residential care and also through an increase in family and carer support roles as the technology will make these easier to achieve.

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: Roll out of Assistive Technology Programmes: The introduction of appropriate technology will have a positive impact on many of the individuals currently receiving support. Technology will result in increased independence for some clients, particularly those with physical disabilities. It will also offer continued support beyond the fixed-time care package visits. It is likely that family members/carers will be able to more easily support their loved ones and have greater reassurance that they are safe and well. The technology will support improvements in care arrangements which better meet the lifestyle of clients (as evidenced by case studies). All technological solutions will be agreed by the customer prior to introduction. General concerns were raised about changes in health and social care in the budget consultation, including impact on age.	

7.10 Implementation of more efficient care monitoring systems (Saving £0.250m in 2019/2020)

A new electronic homecare monitoring system (CM2000) is being rolled out with homecare providers. The system will enable actual service delivery provided to be monitored and paid for on a more accurate basis, which will result in an overall reduction in cost. This proposal is an extension of a current project where projections have been reworked and further opportunities for savings are available.

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: Individual service users may pay a lower weekly contribution. General concerns were raised about changes in health and social care in the budget consultation, including impact on age.	

7.11 Maximise external funding and re-modelling Integrated Wellness – (Saving £0.100m in 2019/2020)

The re-provision of Integrated Wellness will be more focused, targeting those with greatest need and those with multiple risks to their health as evidenced by the 2017 Sunderland Health and Lifestyle Survey. The new approach will support behaviour change through a virtual universal offer while providing a more bespoke approach to those who have complex needs and behaviours. It will build capacity in the community to increase the availability of healthy opportunities for all, working with third sector organisations who support those with greatest need and/or address the social determinants of health.

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: This new approach may result in redundancies if staff in the current services cannot be redeployed by the provider. These redundancies will not, however, be a result of the savings but rather part of the service remodelling following an independent evaluation. General concerns were raised about changes in health and social care in the budget consultation, including impact on age.	

7.12 Children's Weight Management Service – (Saving £0.050m in 2019/2020)

The Children's Weight Management Service at City Hospitals Sunderland is currently under notice that it may end on 30th June 2019. The service has been reviewed and it has been identified that the service now almost exclusively operates at Tier 3 which is not the responsibility of Local Government. In addition, there is also now an opportunity for the 0-19 service to provide much of the training that was originally part of this contract. The remodelling of Integrated Wellness will also support different approaches to helping children achieve a healthy weight. Discussions will be had with the Clinical Commissioning Group (CCG) to ensure that stopping this contract will not impact on the health of children and young people. Should they be unable to fund the clinical services which this contract is helping to fund then it may be necessary to revise the equality analysis.

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: This new approach may result in redundancies if staff in the current services cannot be redeployed by the provider. These redundancies will not, however, be a result of the savings but rather part of the service remodelling following an independent evaluation. General concerns were raised about changes in health and social care in the budget consultation, including impact on age.	

Appendix A (continued)

8. Housing and Regeneration Proposals – Total Saving £0.105m (£0.076m 2019/2020, £0.029m 2020/2021)

8.1 Previously Agreed Savings Plans - (Cost £0.041m in 2019/2020) (For Information Only)

Council Report 01/03/2017 Appendix B ref	Proposal	2019/20 £m	2020/21 £m	2021/22 £m	Total £m
	Housing and Regeneration				
1.7	Service Review of Planning Service	(0.074)			(0.074)
3.4	Strategic Acquisitions - Increase rental income	0.145	0.000	0.000	0.145
3.7	Planning - Increased income from a higher proportion of planning pre-application advice	(0.030)	0.000	0.000	(0.030)
	Housing and Regeneration Total	0.041	0.000	0.000	0.041

Detail in relation to the above previously agreed budget cuts were contained within Appendix B of item 6 of the Council agenda for the 1st of March 2017, using the reference in the table above. This detail has been reproduced at the following link reflecting any changes to the equality categorisation since approval and a small number of minor implementation changes, and was included as supplementary information on October Cabinet agenda.

[Previously Agreed Proposals - Equality Supplementary Information](#)

8.2 Review of staffing arrangements within Planning and Regeneration and maximise external funding – (Saving £0.117m in 2019/2020 and £0.029m in 2020/2021)

A review of staffing arrangements will be undertaken in Planning and Regeneration which will remove the requirement to lead upon the Safety Advisory Group, enable a continued career break and remove a vacant post that will generate a more streamlined fit for purpose structure. In addition a greater focus will be applied to increasing income in relation to externally funded project support activity.

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: A majority of the savings are staff related and will be considered as part of the redundancy consultation for the service area. The remaining element of the saving is based upon increased income arising out of supporting a number of externally funded schemes, therefore no Equality Analysis is required.	

EQUALITY AND THE 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.
 - 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.
 - Tackle prejudice and promote understanding.

2 How equality analysis has fed into the budget-setting process

- 2.1 Each Directorate has considered the equality impact of their proposals. Where it is timely and appropriate an equality analysis has been completed (the Council adopted approach to analyse and record equality impacts). The detail of the analysis is dependent on the nature of the proposal and its stage of development. For existing proposals (agreed in March 2017) Equality Analysis that supported decision-making are available within the links at Appendix A. In each case the equality position has been reconsidered to ensure the position is current and any planned equality analyses have been completed if appropriate.
- 2.2 Nine new proposals have a completed equality analysis, a further eight have equality analysis planned and the remaining new proposals do not require one. Appendix A outlines the judgements in relation to whether equality analyses are required. Two newly completed equality analyses identify positive impacts, with a further four anticipating positive impacts and one identifying both positive and negative impacts. Proposals acknowledging some negative impact include impact on age (6.4 and 6.14), disability (6.4 and 1.3) and gender (6.10 and 6.14). However, these impacts have either been mitigated as far as possible or are considered low level. It is worth noting that the budget consultation raised general concern about budget cuts in relation to both health and social care and children's services. Both of these by their nature impact on age and disability.

- 2.3 Finalised Equality Analyses continue to be sampled as part of a quality assurance process to ensure the relevant considerations are being made in a thorough manner.

3 Key Messages

- 3.1 Individual proposals for additional savings are currently at different stages of equality analysis depending on the stage of the development of the proposal. The equality considerations can be summarised as follows:
- Equality Analysis, whether complete or at initial consideration, has identified or anticipated positive impacts.
 - Equality Analysis, whether complete or at initial consideration, has identified or anticipated negative impacts. Where negative impacts are identified, it is the responsibility of the services to minimise these as far as possible. Some proposals have already identified possible ways to mitigate against potential impacts.
 - No impacts have been identified or are anticipated.
 - The proposal has potential employment impacts, or the saving will be partially made from staffing changes. Where there are impacts for the Council as an employer, equality considerations will be made as part of the redundancy consultation for the particular service area.
 - No equality analysis is needed. This is generally where the proposal will have no impact on service users / employees or where the proposal is focused on income generation.

Appendix B continued

3.2 The summary of impacts as at publication date, by portfolio, is outlined below.

	Leader	Deputy Leader	Cabinet Secretary	Children, Learning and Skills	Community and Culture	Env and Transport	Health and Social Care	Housing and Regen
Positive impact identified or anticipated	0	0	0	2	0	1	4	0
Negative impact identified or anticipated	0	0	0	0	0	3	1	0
Neutral impact identified or anticipated (Note 1)	0	0	1	0	0	1	3	0
Both positive and negative impacts identified or anticipated (Note 1)	1	0	0	0	0	0	0	0
Employee implications	1	1	6	0	0	3	1	1
No Equality Analysis needed	2	2	9	3	1	13	2	1
	4	3	16	5	1	21	11	2

Note 1: Where the current draft of the Equality Analysis does identify potential negative impacts, the services will be considering how these impacts can be mitigated as far as possible during the development of detailed proposals.

Note 2: The number of impacts is greater than the number of proposals due to more than one element within a proposal (e.g. a service review with staffing implications)

3.3 Where Equality Analysis is finalised, there has been a sampled quality assurance process to ensure the relevant considerations are being made in a thorough manner.

3.4 Leader Proposals

The only proposal to impact on equality in this area is in relation to payslips. Both positive and negative impacts were identified. A thorough engagement and pilot process has been undertaken to ensure all staff could access the new system and has helped to minimise any potential equality impact.

3.5 Deputy Leader Proposals

No equality impacts have been identified within the Deputy Leader proposals.

3.6 Cabinet Secretary Proposals

No equality impacts have been identified for Cabinet Secretary proposals.

3.7 Children, Learning and Skills Proposals

Two proposals identify a positive equality impact (4.2 and 4.3) through maximising local placements for looked after children. During budget consultation general concerns were raised by respondents about budget reductions in this area. By the nature of the services, proposals impact on age and disability.

3.8 Community and Culture Proposals

No equality impacts have been identified within the Community and Culture proposals.

3.9 Environment and Transport Proposals

Three proposals within this area identified a negative impact on equality. In relation to charges for bulky waste, it was recognised that it could be harder for older, disabled or pregnant people to dispose of their waste at the council facility. In relation to charging for staff parking, it is recognised that some sites will have a greater concentrations of one gender and therefore may have a disproportionate impact. Following consultation (including discussion with Trade Unions) implementation has been delayed to allow for further research and development of this proposal. In relation to increasing allotment fees, it was acknowledged that this could be more likely to impact on older males. All three of these proposals received negative comments during budget consultation (though only the allotment proposal from an equality perspective). A proposal, in relation to bowling greens has been modified after the consultation period and now identifies positive impacts on disabled people. Concerns were also raised about a proposal to charge for public toilets during consultation; this proposal has now been withdrawn.

3.10 Health and Social Care Proposals

Equality analysis in this area is planned, with four proposals anticipated to be positive, three neutral and one negative. It is worth noting that there was general concern regarding these proposals mentioned during budget consultation. Because of the nature of services affected by the proposals, both age and disability are relevant.

3.11 Housing and Regeneration Proposals

No equality impacts have been identified within the Housing and Regeneration proposals.

4 CONCLUSIONS

4.1 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 considerations into decision making processes and the assessment of proposals.

4.2 When looking at impacts across all new proposals, there are minimal equality impacts, though some considerations are still underway. In addition to those impacts on service users outlined, the group most affected are employees (thirteen proposals). The council continues to take seriously its responsibilities for employee health, safety and wellbeing and will maintain a range of supportive measures for staff and the proper management of health and safety, for example, access to the council's coaching, counselling, occupational health services and equality advisors, and access to the city's Live Life Well services. Employee equality implications will be assessed by ensuring fair and lawful HR processes are followed, that do not result in any discrimination on the grounds of any protected characteristics. We anticipate that the composition of the employees affected will reflect the composition of the workforce generally, for example the significant majority being women.

- 4.3 Where analysis or consultation has highlighted some equality implications, services and directorates are responsible for assessing how these can be mitigated. Where a proposal includes a review of services a full and/or updated version of equality analysis will be undertaken and presented to decision makers as proposals are shaped.

Budget Consultation 2019/2020 Results**1 Background and Context**

- 1.1. The budget consultation that took place in 2018 built on a larger scale consultation process carried out in 2016. Therefore the 2018 consultation focussed on new proposals for 2019/2020. Proposals were grouped into Cabinet portfolio areas and respondents were asked to indicate their general level of agreement or disagreement, outlining any reasons for disagreeing. The aim was to capture detail on concerns regarding the proposals including any that could help to inform the Equality Analysis of the proposals.
- 1.2. The consultation was launched with articles in the local media, promotion on the Sunderland City Council website and it was shared with a variety of existing networks including those 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.
- 1.3. A reminder was sent half way through the consultation period.
- 1.4. In addition, briefings to the following stakeholders were given:
 - Trade Unions;
 - North East Chamber of Commerce, representatives of business ratepayers and Sunderland Business Innovation District (BID);
 - Voluntary and Community Sector, including via Area VCS Networks; and
 - Schools Forum.

2 Methodology and analysis

- 2.1 Proposals were grouped into six areas aligned with portfolio responsibilities:
 - 1) Corporate and Support Services
 - 2) Children, Learning and Skills
 - 3) Community and Culture
 - 4) Environment and Transport
 - 5) Health and Social Care
 - 6) Housing and Regeneration
- 2.2 For each of the areas respondents were asked their level of agreement with the proposals made. This was rated on a 5-point scale ranging from 'strongly agree' through to 'strongly disagree'. Respondents who disagreed with proposals were also asked to provide information on the reasons for this. A further question assessed attitudes towards a potential council tax increase. Demographic information was also gathered in the survey. Although this is useful to determine whether the respondents have a similar diversity to the general population of Sunderland, we are unable to present the results by demographic make-up because the numbers in each category are too low to allow meaningful analysis.

3 Response Rates

In total, 230 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

The results present overall percentage agreement to the proposals followed by a summary of the responses given to explain why people disagreed. All illustrative quotes that have been used are written verbatim

4.1 Corporate and Support Services Proposals

Proposals in this area focussed on continuing to place emphasis on reducing costs of corporate and support services. The proposals were listed as follows:

- Reduce staffing, through merging services, reducing management costs, streamlining processes and focusing on statutory and business critical requirements
- Maximise income generation by selling services and recovering costs
- Renegotiate contracts and charges levied on the council from other public sector bodies
- Change working practices such as reducing printing and working more digitally, which also improves our carbon footprint

This area had a significant level of agreement with the planned proposals. More than half (50.1%) of the respondents indicated that they agreed with these proposals, with a further 22.47% in strong agreement.

Corporate and Support Services Proposals		
Response	Count	% Answer
Strongly agree	51	22.46
Agree	116	51.10
Neither agree nor disagree	29	12.78
Disagree	19	8.37
Strongly disagree	12	5.29
No response	3	
Total	230	100.00

Appendix C (continued)

Of the 31 respondents who indicated some level of disagreement with the proposals, 29 provided a qualitative response identifying their reasons. Several of the responses were unrelated to Corporate and Support services, while others were general negative comments about the council without providing any relevant context. Of the remaining data, the key themes that came through were the disagreement with the reduction of staffing, unless this was with regards to senior management or elected members; and a disapproval of the privatisation/selling of services. However, the disapproval of selling services indicates the wording in the survey was unclear as it actually was referring to income generation activity.

“The council has lost enough staff, what staff are left are tired and overworked. This would place even more stress and duress on them. Savings can be made elsewhere such as not paying councillors allowances or sponsoring the tall ships.”

“When you reduce staff through merging services it reduces the time spent and knowledge of staff dealing with enquiries. It has a massive effect on the quality of service provided.”

“Selling off services never works always ends up costing more when you have to buy in service. False economy reducing staffing as staff left have twice as much to do for same salary get frustrated and leave and filling position then becomes impossible”

4.2 Children, Learning and Skills

Proposals relating to children and learning focussed on the services provided by ‘Together for Children’, who run all of Council’s children’s services on behalf of the council. The proposals are outlined below:

- Continuing to reduce the costs of overheads associated with providing Children’s Services, such as , reducing printing, working in a more agile way digitally and encouraging greener travel plans to reduce mileage
- Improving the availability of the right kind of care to meet children’s needs, for example maximising opportunities for children to be placed with local foster carers and in other local accommodation
- Maximising income generation opportunities, such as trading services to schools and academies where that adds value to outcomes for children

Appendix C (continued)

The level of agreement for these proposals is relatively similar to that of Corporate and Support services. Over half of respondents indicated they agreed with the proposals (51.32%). When this figure is combined with those that were in strong agreement, it rises to over two thirds (67.98%).

33	Children, Learning and Skills Proposals			of the
	Response	Count	% Answer	
	Strongly agree	38	16.67	
	Agree	117	51.31	
	Neither agree nor disagree	31	13.60	
	Disagree	24	10.53	
	Strongly disagree	18	7.89	
	No response	2		
	Total	230	100.0	

respondents who disagreed with the proposals went on to leave comments. Over half of these respondents (57.58%) stated, in various ways, that no further cuts should be made to Children's services, arguing it needs more funding as opposed to less. Once more, this was in relation to the quality of service provided. Some respondents were negative about the current services provided in this area.

"You should be investing more in this critical service not reducing the amount! It's a critical service that needs to be provided to a high standard."

"Together for Children is still under considerable pressure to reach it's identified areas of improvement. Cutting budgets any further, will make the required improvements harder to achieve, place further strain on the already stretched staff and more importantly place the children and young people of Sunderland at greater risk of harm."

Further themes throughout this section were limited; most other responses linked to children in care and the fostering system, finding this area to be underfunded already and providing limited support for carers.

"The care of looked after children in this City is very poor quality, disorganised, combative, underfunded and non-child oriented. It should be subject of investment, not cost savings [...]."

"It would be good to maximise local placements especially to facilitate family contact but not just because they are cheaper. If specialist placements are needed they should be obtained. These placements however should be regularly monitored so they are utilised for the shortest appropriate period."

4.3 Community and Culture

This section had only one proposal:

- Recovering costs to support and engage the Voluntary and Community Sector to access European funding for community based projects.

Although this section had a lower level of agreement (61.06%) than previous sections, the amount of respondents who disagreed with the proposals was lower. This is because a quarter of respondents neither agreed nor disagreed (25.66%).

Community and Culture Proposals		
Response	Count	% Answer
Strongly agree	46	20.35
Agree	92	40.71
Neither agree nor disagree	58	25.66
Disagree	15	6.64
Strongly disagree	15	6.64
No response	4	
Total	230	100.00

Of the

13.28% respondents who disagreed with the outlined proposals, 27 individuals explained their reasons. Only one-third of these responses directly related to the proposal set out (33.33%), with the remainder highlighting concerns over the relevance and likelihood of funding following the country's withdrawal from the EU. This indicates that respondents were unsure of the relevance of the proposal in the current climate.

“As brexit is on the horizon the ability to access European funding could be reduced, therefore making this proposal unworkable.”

The relatively limited other responses from this section surround the notion that this proposal suggests relying too heavily on the third sector, arguing it pressures volunteers to reach targets.

“European funding should I hope be on the way out, and voluntary work is great but as a volunteer myself I feel I am being lent on heavily already.”

“It would be unethical to charge the voluntary sector for support provided by the local authority to access/secure non-council funds for the benefit of our local community.”

4.4 Environment and Transport

This area set out the most proposals for change:

- Increasing business opportunities, such as catering, collecting trade waste, digital advertising, selling pest control services to the private sector, and selling environmental and highway services to other councils
- Increase income from bulky waste services, pest control services, allotments and taxi licensing
- Introducing charging for council staff parking at all sites, public toilets and a new trade waste permit scheme
- Reducing the cost of street lighting by installing energy efficient lighting, and one-off management cost savings
- Encouraging others to maintain bowling facilities
- Reducing the number of fleet vehicles
- Developing a joint CCTV monitoring facility with other partners
- Smarter property heating plans in council premises to reduce energy costs
- Reducing staffing costs, through merging services, reducing management costs, car-pooling, streamlining 'standby' processes and focusing on statutory and business critical requirements
- Continuing to renegotiate contracts

The total level of agreement with these proposals stood at 57.46%. Although this figure is not significantly lower than other areas, the level of disagreement is one of the highest (28.07%).

Environment and Transport Proposals		
Response	Count	% Answer
Strongly agree	42	18.42
Agree	89	39.04
Neither agree nor disagree	33	14.47
Disagree	45	19.74
Strongly disagree	19	8.33
No response	2	
Total	230	100.00

Notably, this area encompasses the largest number of proposals. The overall levels of agreement with this area may have been influenced by disagreement with specific elements of the proposal rather than the area as a whole. Of the 64 respondents who disagreed with the proposals, 55 went on to provide reasons, though 18.18% answers were unrelated to the topic and were generally critical of the council. Of the remaining responses, the main source of disapproval was in relation to introducing charges for council staff parking and public toilets, accounting for 36.36% responses. Largely, respondents were very critical of staff paying for parking, with some linking this proposal, alongside the reduction in jobs, to the perception of council staff being treated unfairly.

Appendix C (continued)

"You shouldn't be charging for toilet facilities, it's a basic human right."

"Some of these proposals have my support, but charging your own staff for parking is, I feel, totally inappropriate, as is charging for public toilets. I would also say that you need to exercise great care when charging for waste services. The last time you did this, the volume of fly tipping increased significantly and proved self-defeating [...]"

"Staff have had to endure pay cuts in real terms year on year since global financial crisis. Morale should not be further eroded by charging for parking."

A significant number of individuals had strong concerns about charging for bulky waste collection, proposing that this would lead to further problems regarding fly-tipping, negatively impacting the environment and inducing further economic expenditure. This was among various other components in the proposals that were perceived as causing further issues if implemented.

"The proposals to increase charges for bulky waste services will encourage avoidance, pest control increases will discourage reporting, allotment charging will discourage healthy activity, charging for use of public toilets will discourage visitors and cause distress to older people."

"If you make bulk waste services, allotments and pest control services more expensive people will not use them, which will lead to more fly tipping, unused and derelict allotments...this will undoubtedly lead to more costs in follow up action, also an increase in vermin and spread of diseases [...]"

After the consultation period, the proposal in relation to public toilets was withdrawn. In addition, implementation of staff parking charges has been delayed to allow further research and analysis. The proposal in relation to bowling greens has been developed to try and ensure a more positive impact on disabled people by encouraging more use of the facilities and increasing sustainability in the longer term.

Reducing the number of fleet vehicles and reducing the cost of street lighting through energy efficient installations were not mentioned, potentially indicating agreement with these proposals; a number of respondents adding that energy-saving principles should be applied to the council buildings. Compared to other sections, the written/qualitative feedback is generally lengthier here. It appears that most respondents had multiple issues with the proposals, rather than just highlighting concerns with one or two. Opinions on various issues were interlinked; many reiterating the knock-on effect changes would have across the city.

4.5 Health and Social Care

The proposals in this section were:

- Maximising income generation by selling services, recovering income and charging for services
- Reducing staffing, through merging services, reducing management costs, streamlining processes and focusing on statutory and business critical requirements
- Remodelling the pathway for recovery at home services, supporting people to leave hospital and preventing unnecessary hospital admission.
- Removing the subsidy to the adult social care evening service
- Improved use of technology enabled care and more efficient care monitoring systems
- Renegotiating contracts and remodelling services, such as the Integrated Wellness service providing a more bespoke approach to those with complex needs and behaviours

The proposals for Health and Social Care had the lowest levels of agreement across all portfolios. While 44.49% agreed to with the proposals, 35.68% disagreed,

A total of 61 respondents left feedback on their reasons for disagreeing with the proposals.

Health and Social Care Proposals		
Response	Count	% Answer
Strongly agree	24	10.57
Agree	77	33.92
Neither agree nor disagree	45	19.82
Disagree	46	20.27
Strongly disagree	35	15.42
No response	3	
Total	230	100.00

The largest portion of responses, 44.26%, related generally to Health and Social Care services being essential, with the opinion that any cuts across this sector would considerably negatively affect older people and the most vulnerable. Most often this was in relation to staff reductions and the cutting or merging of services; many respondents expressing the belief that either of these would dramatically reduce the quality of service required for those under its care.

“Reducing the support provided by the local authority to the most vulnerable of our local citizens is morally abhorrent [...]”

“I think that Sunderland's Health and Social Care Budget supports the most vulnerable in Society and any further reduction in it can only serve to put more strain on services with some people falling through gaps or unable to receive the care necessary for them.”

There were numerous responses specifically relating to the removal of subsidy for evening adult social care. This service was deemed imperative in the aging population of the city.

“This is a critical service that should be protected from cost savings within the ageing generation we live in.”

“For many people using the adult social care evening service this is one of the main social outlets that they have. If subsidies are cut then this may mean that they cannot access the service and could become socially isolated. I have seen first-hand how important this service is for many people and the enjoyment that this can bring to them.”

It is clear that for a significant proportion of respondents there are concerns about reducing costs in this area and the impact this could have on the groups the services are provided to.

4.6 Housing and Regeneration

These proposals focused on reducing costs and maximising income, set out as:

- Bringing empty properties back into use
- Reducing property leasing costs
- Reducing staffing and remodelling services
- Maximising income generation opportunities from project activity

This section gained the most positive feedback with 82.89% in some level of agreement with the proposals, 36.84% of this in strong agreement. Only 8.34% respondents disagreed with the proposals, 18 individuals providing reasons for this.

Housing and Regeneration Proposals		
Response	Count	% Answer
Strongly agree	84	36.84
Agree	105	46.05
Neither agree nor disagree	20	8.77
Disagree	16	7.02
Strongly disagree	3	1.32
No response	2	
Total	230	100.00

Appendix C (continued)

Once again, disagreement was in relation to reducing staffing, a third of respondents (33.33%) arguing that staff should not be cut in this sector.

“Staff in housing have been decimated. Staff need to be increased and not cut with the focus being on preventative.”

As for the other responses, opinions were very mixed. While some actively endorsed redevelopment of empty buildings, others were dubious of the availability and economic value of regeneration work in this way.

“Agree on the whole but returning 40 empty homes back to use will not bring in much revenue although there could be a capital return. Also it takes a really long time to acquire an empty property.”

Several other respondents had strong views on development of housing on ‘green-belt’ land. This was either linked to building elsewhere (e.g. brown field sites) or simply that housing development is too concentrated and unnecessary.

“Stop selling off valuable land for housing development that no one needs and costs money in expanding infrastructure Provide incentives to build on brown field sites e.g land around St Ignatius church in Hendon”

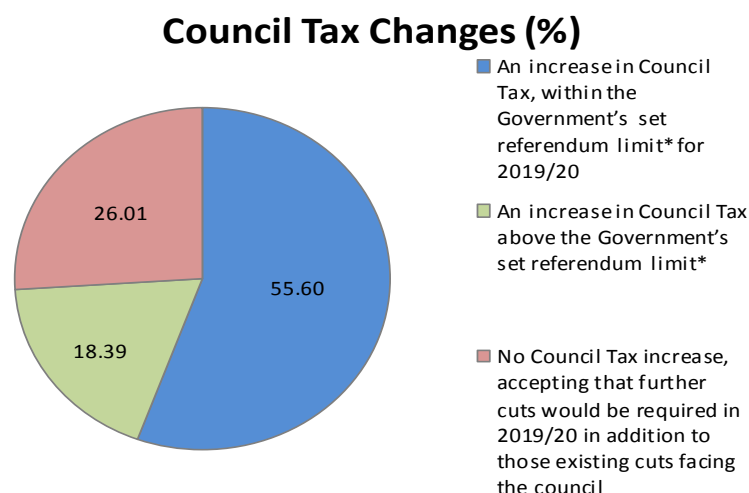
“Housing developments in my area are continuous and it forever feels that new estates etc. are being built on green belt areas. Once these areas are gone, we will never get them back. A program focusing on more empty properties should be a key feature of the future of Sunderland. To many stay empty and need work. These should be recovered and regenerated for people in the city.”

Although these responses help us to understanding why people are concerned about this area of work, the vast majority of respondents were in agreement with the proposals made for Housing and Regeneration.

4.7 Council Tax

The survey outlined the current council tax position in Sunderland in relation to the Government's national threshold. It highlighted that a tax increase would benefit the city by generating a further £3.8million, and without it further cuts to the council's budget would be required. The survey presented three options, two relating to a tax increase and one stating tax should not be increased for 2019/2020. The results are as follows.

□



Just over one quarter of respondents opposed an increase in Council Tax (26.01%), accepting that further cuts would have to be made in 2019/2020. The vast majority supported an increase in Council Tax (73.99%); over half were in favour of this increase being within the Government's set referendum limit (55.60%), while 18.39% supported an increase above the Government's limit.

When asked if respondents had any other suggestions about how else the Council could meet its budget, several respondents expressed their views on Council Tax. Opinions were varied, some arguing that Council Tax is already too high, while others actively endorsed an increase with stricter provisions.

4.8 Further feedback

Upon completion of the survey, respondents were asked for further suggestions on how the council could meet its budget challenge. Results were varied, though key themes have emerged. There were limited comments in relation to Children's services so no particular themes emerged. Comments in relation to Health and Social Care indicated that the elderly should not be jeopardised by cuts to services. From the remaining comments, those mentioned more than four times have been themed into four categories:

• Corporate and Support Services suggestions

The main themes in this section were in relation to elected members and management costs. The most dominant suggestion across all sections was to dramatically decrease wages, allowances and expenses of elected members, accounting for 21.74% of responses. 14.13% of respondents suggested that the number of elected members should be reduced from 3 to 2 and 13.04% suggested that senior management should face wage reductions or streamlining.

"Cut the number of councillors and significantly reduce their expenses, allowances and freebies e.g. free tickets to the Empire and free hospitality [...]"

"Reduce excessive salary's of chief exec and senior officers, reduce payments to councillors, reduce the number of senior officers and councillors [...]"

• Community and Culture suggestions

The main theme in this area related to the eradication or at least reduction of funding for leisure events (10.87%), respondents directly naming the Air Show, Tall Ships and the Illuminations as 'wasted' funding. Others identified this as a fund-raising venture, highlighting the possibility of charging for these events.

"[...] Stop all unnecessary wasteful expenditure e.g. air shows, illuminations, tall ships and city of culture debacles and firework displays"

"A substantial amount of money could be saved if this "luxury" service was to be removed or at the very least reduced. For example, events such as the Air Show, Illuminations, BIG Walk, BIG Bike Ride etc. could be operated by private event companies (such as those who have very successfully delivered events such as Hadrian's Teepee and Chinese New Year [...])"

While the view was mainly that these events should be cut entirely, a number of respondents argued events were beneficial, but perhaps that they should change in nature.

"Stop the ridiculously expensive and boringly repetitive airshow. Give us a variety of attractions for different interests over the summer instead of 2/3 days of niche boring airshow."

“Continue to make Sunderland a place to visit! E.g. Tall Ships and Leonardo cartoons!”

Enhancing community involvement, typically through third-sector involvement was a further theme. However, it is worth noting that in other areas of the survey concerns were expressed about reliance and pressure on the voluntary sector.

“Work more with the voluntary and community sector and local trader groups - they all want to help but they need further encouragement”

• Environment and Transport

Suggestions in this area were relatively dispersed, yet all were in relation to the topics covered by the proposals. Interestingly, there were minimal responses in relation to transport; predominantly they were in reference to the environment. The only transport related suggestions were to increase public transport costs.

“Charge a nominal .50p per journey to users of Free Travel Passes.”

There appeared to be endorsement of stricter policies regarding waste collection and efficiency targets. This included the suggestion of charges being brought in, as well as specific in-council schemes to cut costs on energy usage.

“[...] Increase number of fines issued against residents who do not manage their waste correctly Stiffer financial efficiency targets on waste disposal to force the Council to improve its recycling service, especially to business, schools etc”

“[...] Also consider much simpler changes that if made by everyone could result in greater savings such as not having lights in buildings left on all the time and computers switching off after a period of inactivity rather than monitors being left on all night. Encourage more staff to work from home or work remotely out of partner agency buildings when they don't have to office based all the time so as to reduce running costs of council buildings. [...]”

“Turning off street lights (even if they have energy saving led lamps) during quieter times (ie 0000 - 0500). Cutting the grass less often More focus on dog fouling (bringing increased revenue through fines, as well as cleaner streets & parks) More focus on littering (including cigarette butts), (bringing increased revenue through fines, as well as cleaner streets & parks) More focus on parking (illegal parking, poor parking, etc), (bringing increased revenue through fines) [...] Congestion charging for the city centre? Increase charges to exhibitors at Sunderland air show? Increase charges for collection of garden waste bins? Fines for putting recyclable items in green bins? Fines for putting non-recyclable items in blue bins? Fines for leaving any Wheely bin on the street when not a collection day? [...]”

- **Health and Social Care suggestions**

Interestingly, the proposal area that produced the lowest levels of agreement did not receive any suggestions on how to save money in line with the budget. Taking into account previous responses this is likely due to the belief that costs and services should not face any changes or reductions.

- **Housing and Regeneration suggestions**

Comments in this area related to the Civic Centre with differing views on the efficiency of a new building. Some respondents suggested moving to another council-owned building and others thought it would be more cost efficient to retain the current Civic Centre.

"[...] £40 million spent on a new civic centre is ridiculous when there are empty buildings elsewhere in the city."

"Move out of civic centre sell the land and move into existing council owned buildings eg old library in Fawcett street."

A number of respondents linked their suggestions to the proposal on bringing empty properties back into use.

"Increase the number of empty homes available for developers to get more back in use - revenue and dealing with the homelessness problem. Perhaps also look at schemes like Liverpool's £1 house scheme. It seems to have had mixed results but there must be first time buyers out there who would like the opportunity."

4.9 Demographics

Demographic information was examined to gain understanding of who responded to the consultation and to determine whether the respondents were generally reflective of the population. Because the survey was promoted through the city's partnerships and networks it was acknowledged that people may need to respond in a capacity other than as a resident. However, the vast majority of respondents answered the survey as residents of the city (84.65%). This was followed by voluntary organisation representatives (5.12%) and representatives from public sector organisations (3.94%), with other responses in fewer numbers. Some respondents selected more than one option – i.e. resident but also a representative of the public sector.

A large portion of respondents were employed full-time (56.09%), though there was also considerable representation from retired people (30%). Less than 10% were in part-time employment (8.26%), with figures lower across other employment statuses.

Appendix C (continued)

There were more female respondents than male – 52.17% identified themselves as female while 39.57% identified as male (compared to 49% and 51% in the city population). A further 5.22% preferred not to say, while 0.87% stated they identified as ‘other’.

When respondents were asked to identify which age bracket they belong to 40% indicated they were aged 45-59, 30.87% over the age of 60 and 22.17% aged 25-44. A very small number of respondents were aged 18-24 and none were aged below 17 but 12% of the city’s population are in this age range so this is an under-representation. Given the results for employment status indicating a high-level of retired respondents it is unsurprising that this figure for over 60 accounts for almost a third of responses. This is a different age profile of respondents from the last detailed budget consultation which had an under-representation of over 60 year olds (24% of the city’s population).

The vast majority of respondents identified as being heterosexual (79.57%). All other sexual orientations listed were in very low numbers, with 2.17% identifying as bisexual and less than 1% in both gay and lesbian categories. A larger proportion of responses opted not to say (13.9%). Although there are no official figures for lesbian, gay and bisexual residents in Sunderland, current estimates indicate 10% of the UK population are in these groups and so this suggests an under-representation.

Respondents predominantly identified as being White, English/ Welsh/ Scottish/ Northern Irish/ British (91.73%). Although this is unsurprising with a 96% white British population in Sunderland, we are unable to determine whether other ethnicities were appropriately represented because most of the remaining respondents did not declare their ethnicity (6.09%)

When asked what their religious beliefs are, responses were mainly split into two groups – Christian (all denominations) (51.74%) and No Religion (30.87%). A significant number of respondents indicated that they preferred not to say (9.13%). This compares with 70% of the city’s population stating they are Christian and 22% having no religion.

10% disclosed that they had a disability, 77.39% did not and 9.13% preferred not to say. In Sunderland, 5% of the population are economically inactive due to permanent sickness and disability and 23.4% of residents have a lifelong limiting illness.

4.10 Evaluation

Findings from this year's Budget Consultation can only be taken as a general indication of views, and cannot be generalised to the wider population given the response rate.

The main themes that emerged from this budget consultation were that:

- Respondents expressed concerns about reducing staff any further across all service areas, stating many areas are already understaffed and overworked with any further reductions impacting on the quality of service. However, there were suggestions to reduce the number of elected members (typically from 3 to 2) and senior level management.
- There was a belief that elected members/senior management are paid too much, as well as being allocated too many allowances and expenses.
- It was expressed that Children's Services and Health and Social Care should not face cuts and a view that these services need more funding rather than less, with any cuts negatively affecting the most vulnerable (and older generations).
- Generally, views were expressed against all forms of selling off services/privatisation, the belief being that they should remain in the public sector domain. However, this appeared to be in response to a misinterpretation of the wording.
- Charging for services such as waste management would be ultimately detrimental in the future – i.e. charging for bulky waste collection will lead to fly-tipping, enhanced environmental issues and induce more costs to tackle this issue itself.
- Charging for parking and/or public toilets will deter residents/visitors from entering the city centre and therefore enhance the decline of the high street.
- The majority of respondents were in favour of some form of increase in Council Tax 2019/20 (73.99%).

Formal Budget Consultation Meetings held at Sunderland Civic Centre on Monday 21st January 2019.

Representatives for Trade Unions, Business Improvement District (BID) and North East Chamber of Commerce (NECC) 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
Patrick Melia	-	Chief Executive
Jon Ritchie	-	Executive Director of Corporate Services
Fiona Brown	-	Executive Director of People
Peter McIntyre	-	Executive Director of Economy & Place
Les Clark	-	Chief Operating Officer – Place
John Rawling	-	Head of HR & OD

Trade Union Representatives

Diane Peacock	-	Unison
Lisa Foot	-	Unison
George Pearson	-	Unison
David Riddle	-	GMB
Graham Avery	-	GMB
John Kelly	-	Unite

Business Improvement District (BID) Representative

Sharon Appleby

North East Chamber of Commerce Representatives

Paul Carbert	-	NECC
Natasha McDonough	-	MMC Ltd
Claudia Binder	-	Liebherr
Trevor Hines	-	Station Taxis
Clare Langley	-	Sunderland University

The Executive Director of Corporate Services, Jon Ritchie (JRit) gave a brief presentation highlighting context and headline points.

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

Questions and Comments

- 1 Diane Peacock (DP) from Unison expressed concerns regarding car park charges and the impact it will have to members of staff which other Trade Union representatives agreed and gave their views. John Kelly (JK) from Unite asked if it is a proposal.

Appendix D (Continued)

It was confirmed that it is and will be dealt with under the Environment and Transport portfolio. Proposals are currently being drawn up by the Car Parking Team and further consultation will take place.

- 2 David Riddle (DR) from GMB asked why Together for Children are to move to the Stansfield Centre at a cost of over £1m when they should stay until the move to Vaux site.

Officers confirmed that they did not recognise the £1m estimate of the cost of the move to the Stansfield Centre and that the specific cost would be significantly less than that. Further, it was noted that this move was linked to a wider budget proposal regarding the upper floors in Fawcett Street, which can be vacated with staff, for example the Revenues and Benefits teams, being relocated to the Civic Centre. Overall, these moves will lead to savings.

- 3 JK asked how the funding received for Potholes will be used.

Les Clark (LC), Chief Operating Officer, confirmed that the funding is being used efficiently to ensure that the benefit of the extra funding is maximised. This will include transferring some other planned works into next financial year's spend, leading to an additional programme for Highways in 2019/20.

- 4 Sharon Appleby (SA) from the BID welcomed that there will be funds to invest in the City, with which she would assist with the Council on engaging with businesses. She asked what feedback had been received from the public consultation.

JRit confirmed that the response rate from the general public was lower than the previous year, which was disappointing but also consistent with the experience of many local authorities. Often the responses, both formally through the consultation and through the local media, was focussed on specific topics that were of interest to the respondents; for example the proposals around public toilets had attracted the attention in the Sunderland Echo.

JRit welcomed SA assistance on getting businesses on board with the City Plan.

- 5 Natasha McDonough (NMd) from MMC enquired how Brexit would affect the Business Retention Relief.

JRit responded that that Central Government had not confirmed what the impact of a "no deal Brexit" would be, but that the Chancellor, in the October Budget announcement, had highlighted that it may be necessary to revisit the Budget position in light of the UK leaving on this basis.

Appendix D (Continued)

- 6 Paul Carbert (PC) of NECC enquired on the detailed plans for the Civic Centre. Clare Langley (CL) of Sunderland University asked about the value arising from moving staff to a new location.

Peter McIntyre (PMc), Executive Director of Economy and Place explained that the plans include the creation of a Public Sector Hub to be built on Vaux site. The scheme is shortly to be submitted for planning approval and further reports will be taken to Cabinet and Council in the coming months for approval. The building is intended to house a range of public sector bodies, with the Council currently expected to take around 73% of the floor area.

The current site after decommissioning will be demolished and advertised as a site for housing which could facilitate a new community of 4-5,000 people, including a range of housing provision.

Patrick Melia (PM) the Chief Executive added that a range of public sectors would come together in one building to provide better services for residents as well as changing the culture and efficiency of the organisation. It will also act as a catalyst for further development of the Vaux site.

- 7 NMc enquired about the investment to support the growth of the local economy through Make it Sunderland brand and Business Investment Team.

JRit confirmed that the Business Investment Team's budget has been extended into 2022/23 to support businesses to move to the city. The new Beam building on Vaux will bring people into the city and create job opportunities. PM highlighted the City Plan objectives of creating a Dynamic, Healthy and Vibrant City where all residents access jobs through growing businesses in the city.

- 8 PC enquired on the Apprenticeship Levy.

JRit explained that the Council acknowledged that the full benefit of the scheme has not been gained, which is consistent with the position for many organisations nationally. The Council is revisiting its approach to maximise the benefit of working with other businesses, for example to utilise the new rules regarding how the Council's levy can be transferred to partner organisations.

- 9 Trevor Hines (TH) of Station Taxis enquired about the hotel on Keel Square and raised concerns on the potential changes in Fawcett Street.

PMc said that there is the potential for investment for up to 3 new hotels for Seaburn and City Centre, with proposals currently under review with a range of partner organisations.

Appendix D (Continued)

The plans for the changes in the Fawcett Street facilities are being considered as part of the wider plan for the city centre, including the new Public Sector Hub discussed earlier in the session.

Cllr Michael Mordey (MM) also highlighted the investment on Mackies Corner and updated on progress.

- 10 PC asked CL for her views regarding the sufficiency of accommodation for students in the City.

CL explained that a significant proportion of their student population are mature and local students, so there is not as much demand for accommodation compared to other universities. The challenge around providing the right job and skill mix in the city is a key area of focus for the University, the Council and their partners. Developments such as the new Medical School will help drive this area forward in coming years.

Scrutiny Coordinating Committee Consultation on the Budget 2019/2020

Comments of Scrutiny Coordinating Committee

1. On 6th December 2018, Scrutiny Coordinating Committee considered the Revenue Budget Proposals 2019/2020 – 2021/2022 report which was referred from the November Cabinet meeting.

Scrutiny Coordinating Committee commented as follows:

“The Scrutiny Coordinating Committee continues to acknowledge the challenging financial situation that the Council operates within and notes the continued work being undertaken to meet the budget funding gap and is satisfied with the content of the report.”

2. On 17th January 2019, Scrutiny Coordinating Committee considered the Revenue Budget 2019/2020 – 2021/2022 report which was referred from the January Cabinet meeting.

Scrutiny Coordinating Committee commented as follows:

“The Scrutiny Coordinating Committee notes the content of the report and is satisfied with the update provided on the impact of the local government finance settlement on the Council’s budget setting, acknowledging that a number of uncertainties still remain.”

Proposed Council Tax for 2019/2020

As detailed in the Council Report – Determination of Council Tax 2019/2020

Medium Term Financial Strategy 2019/2020 – 2021/2022

Report of the Executive Director of Corporate Services

1 Purpose of the MTFS

- 1.1 The MTFS is a key part of the Council's Budget Policy framework. It aims to ensure that significantly reduced resources are aligned to ensure that the residents of Sunderland are offered the best possible public services in future.
- 1.2 The current MTFS sets out the strategic financial position and financial direction of the Council over the next three years taking into account council policy objectives, government funding levels, other resources and service pressures. It is regularly updated to reflect the dynamic changes in local government finance. The MTFS is currently over a three year period. The key objectives of the strategy are:
- To ensure the continued strong financial resilience of the authority;
 - To identify and draw together strands of activity that will meet the reductions requirement;
 - 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 MTFS is underpinned by the Efficiency Strategy set out as Appendix Gi.

- 1.3 While the following MTFS reflects the settlement data for 2019/2020 released by Government, there is considerable uncertainty over the impact of the Spending Review 2019, Fair Funding Review and move to 75% Business Rates Retention in 2020/2021. The strategy will be kept under review and updated as further details emerge.
- 1.4 The Medium Term Financial Strategy provides background planning assumptions covering:
- National funding outlook (section 2)
 - Local funding position (section 3)
 - Government funding (section 3.1 - 3.5)
 - Locally raised income - Council Tax and Business Rates (section 3.6)
 - 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)
 - Conclusion (section 11).

2 National Funding Outlook

2.1 The Chancellor delivered his Budget Statement on 29th October 2018, providing an update on the economic climate, including growth and borrowing projections. Key announcements affecting 2019/2020 are reflected in section 5 of the main budget report for 2019/2020. Key announcements affecting the Medium Term position for local government were:

- Business rates relief for retailers in England with a rateable value below £51,000 will result in a reduction of up to one third in business rates payable for 2019/2020 and 2020/2021.
In addition 100 per cent business rates relief for all public lavatories will be introduced from 2020/2021.
Local Authorities are to be fully compensated through Section 31 grant for these policy decisions.
- The Government has launched a new Future High Street Fund to invest £675m to support local areas to develop and fund plans to make their town and city centres fit for the future. This fund will be available from 2019/2020 via a bidding process to the MHCLG.
- Additional funding of £240m in 2018/2019 and £240m in 2019/2020 for adults social care to help alleviate winter pressures. In addition, the budget provided for a further one-off allocation of £410m in 2019/2020 for adults and children's social care. Individual authority allocations were confirmed as part of the Local Government Finance Settlement.

2.2 The economic outlook could be influenced significantly by the response of households, businesses and financial markets to developments related to the process of EU withdrawal and the risk of a “no-deal” Brexit.

The Chancellor made clear that should a “no-deal” Brexit materialise then the spring statement 2019 may need to revert to a full Budget with a “different strategy”. As such, funding announcements made are predominantly one-off in nature with no certainty as to any additional funding post 2020/2021 and the accompanying spending review.

2.3 In January 2019, the government published its long term plan for the NHS which aims to improve the quality of patient care and health outcomes. It sets out how the £20.5 billion budget settlement for the NHS, announced by the Prime Minister in summer 2018, will be spent over the next 5 years.

The plan focuses on building an NHS fit for the future by:

- enabling everyone to get the best start in life
- helping communities to live well
- helping people to age well

The funding implications of these plans for Local Government are not yet set out and it is hoped that this will become clearer once the Social Care Green Paper is published. In January 2019, the Health Secretary informed the House of Commons that the paper will be published before April 2019.

2.4 Economic Outlook

- 2.4.1 The Bank of England's (BoE) Monetary Policy Committee (MPC) voted at its August 2018 meeting to increase the Bank Rate by 0.25% to 0.75%, the highest level since April 2009. The MPC also noted that, were the economy to continue to develop broadly in line with its projections, interest rates were likely to increase further over the forecast period to return inflation to the 2% target. However they stressed that any future increases in Bank Rate are likely to be at a gradual pace and to a limited extent.
- 2.4.2 Separately, in his 2018 Autumn Budget on 29th October, the Chancellor announced the end of austerity based on improved financial forecasts of 1.6% GDP growth in 2019 (1.4% in 2020). Public Sector Net Borrowing forecasts have also been updated, with the 2019/20 deficit of £31.8bn now expected to be below 1.4% of GDP. Annual Net Borrowing is projected to fall each year to around £19.8bn in 2023/24, with the total Public Sector Net Debt falling to 74.1% of GDP in 2023/24 from a peak of 85.2% in 2016/17.
- 2.4.3 At its meeting on 19th December 2018, the MPC voted unanimously to maintain Bank Rate at 0.75% although they noted that risks to growth had increased and that shifting expectations about Brexit among financial markets, businesses and households could lead to greater-than-usual short-term volatility in UK data. The BoE Governor has also warned that a No-Deal Brexit could see the pound plunge and trigger a worse recession than the financial crisis in 2008.
- 2.4.4 Economic forecasting is difficult, with Brexit and other external influences weighing on the UK and will be liable to further amendment depending on how economic data and developments in financial markets transpire over the next year.

3 Local Funding Position

3.1 Core Spending Power

3.1.1 This measure includes:

- Settlement Funding Assessment (SFA) comprising Revenue Support Grant (RSG), Retained Business Rates; and Top Up Grant;
- Compensation for the under-indexing of the Business Rates Multiplier;
- New Homes Bonus;
- Local Government share of the Improved Better Care Fund;
- Adult Social Care Winter Pressures Grant;
- Adult and Children's Social Care Grant;
- Council Tax Income - Government figures assume a 6% increase in the precept to support social care over the three years 2017/2018 and 2019/2020.

Appendix G (continued)

3.1.2 In December 2018, as part of the Provisional Local Government Finance Settlement 2019/2020, the government provided details of their assumptions on Core Spending Power for 2019/2020. The detail for Sunderland over the CSR 15 period is set out below.

	2015/16 £ m	2016/17 £ m	2017/18 £ m	2018/19 £ m	2019/20 £ m
Settlement Funding Assessment*	150.7	135.8	124.9	118.8	112.0
Compensation for under-indexing the business rates multiplier (Section 31 Grant)	1.1	1.1	1.2	1.8	2.7
Council Tax of which;					
<i>Council Tax Requirement excluding parish precepts (including base growth and levels increasing by CPI)</i>	78.3	81.7	85.6	88.9	93.5
<i>additional revenue from referendum principle for social care</i>	0.0	1.6	4.2	6.2	7.5
Improved Better Care Fund	0.0	0.0	9.3	13.0	16.6
New Homes Bonus	3.4	4.6	3.7	3.2	2.9
Adult Social Care Support Grant	0.0	0.0	1.6	1.0	0.0
Winter Pressures Grant	0.0	0.0	0.0	1.6	1.6
Social Care Support Grant	0.0	0.0	0.0	0.0	2.7
Sunderland Total Core Spending Power	233.5	224.8	230.5	234.5	239.5

Change over the Spending Review Period (£ millions) 6.0

Change over the Spending Review Period (% change) 2.6%

Memorandum - National Change Over Spending Review Period 3.8%

SFA can be analysed as follows	2017/18	2018/19	2019/20	change from 2017/18 to 2019/20	
	£'m	£'m	£'m	£'m	%
Top up grant	40.699	42.059	43.023	2.324	5.7%
Business Rate Share - Government assumed	39.491	40.541	41.470	1.979	5.0%
Revenue Support Grant	44.712	36.157	27.507	-17.205	-38.5%
Total	124.902	118.757	112.000	-12.902	-10.3%

Memorandum: National Position

-18.70%

3.1.3 This is the final year of the four year settlement offer for the period to 2019/2020. The Council is one of 97% of councils to have accepted the four year settlement offer which provides a guaranteed minimum Revenue Support Grant envelope through to 2019/2020.

3.1.4 The following is noted from the above tables:

- Core Spending Power will increase by 2.6% over the spending review period (2015/2016 to 2019/2020) period which is lower than the national average increase of 3.8%. This reflects the inability for councils with low council tax bases such as Sunderland to raise significant additional income from council tax.

- Within Core Spending Power, Sunderland's Settlement Funding Assessment will reduce by 10.3% (£13m in cash terms) over the period 2017/2018 to 2019/2020 compared to a national average reduction of 18.7%. While the government has made some improvements to the fairness of the funding formula (evidenced by the fact the Council will incur lower cuts in SFA than the national average), once local resources are also taken into account (Core Spending Power) then the more deprived areas with lower local resources lose out disproportionately from the current funding system over the Spending Review period.
- Within the SFA, the amount of Revenue Support Grant to be received by Sunderland is reducing by 38.5% from 2017/2018 to 2019/2020 compared to a national average reduction over the period of 39.9%.
- Government figures include an assumption that the council will increase council tax in line with the referendum limit and adopt the social care levy in full over the three years.

3.1.5 Figures beyond 2019/2020 have not been published by Government, although they have confirmed their intention to implement the impact of the Spending Review 2019, the Fair Funding Review and the move to 75% Retained Business Rates in 2020/2021.

3.2 Top Up Grant / Tariff

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 council, receiving £43.023m in 2019/2020. Top Up grant is increased annually by inflation.

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 Sunderland in understanding its future funding and sustainability.

3.3 Section 31 Grant - Business Rates

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.

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 Government at the end of January.

3.4 Other Core Grant and Revenue Funding

3.4.1 Improved Better Care Fund (IBCF)

The Council's IBCF grant will increase by £3.6m in 2019/2020 to £16.6m. This allocation includes the reducing 'Additional IBCF Social Care' allocations awarded in 2017/2018 which has tapered over the three year period with a reduction of £2.220m factored into the 2019/2020 allocation.

The tapering element of IBCF funding can be used solely for adult social care purposes and be for additional purposes to existing plans. As such the funding is assumed to have a nil net impact for overall council budget planning purposes as additional plans are brought forward to utilise the funds. Proposals for the use of the additional IBCF funds for 2019/20 will be brought forward as part of the 2019 Better Care Fund submission for approval by the Health and Wellbeing Board.

3.4.2 New Homes Bonus

The Council's indicative new homes bonus will reduce from the £3.2m received in 2018/2019 to £2.9m in 2019/2020.

Government have reaffirmed their intention to revisit New Homes Bonus as a means to incentivising the number of new homes built, and therefore there is no certainty over the amount of New Homes Bonus funding to be received beyond 2019/2020.

3.4.3 Winter Pressures Grant and Social Care Grant

While Government have included additional funding of £1.568m winter pressures funding and £2.678m social care grant funding within the core spending power calculation for 2019/2020, there has been no indication from government that this funding will be added to the overall funding available following the spending review. At this stage it is therefore assumed that this funding is not recurrent within the MTFS.

3.4.4 Public Health Grant

The Public Health Grant for 2019/2020 has been confirmed at £22.768m.

Following government consultation on whether councils should fully fund public health spending from their retained business rates receipts, the government have subsequently announced that Public Health grant is to be funded through retained business rates from 2020/2021.

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. Applying the 2016 data to the indicative allocations for 2019/2020 would result in a loss of circa £5.7m to Sunderland in 2020/2021.

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.

3.4.5 Pooled Better Care Fund

Pooled Better Care Fund continues to be included in Health allocations. For the purposes of medium term planning no changes are assumed to the level of available pooled Better Care funding, with the funding ringfenced for the purposes of Health and Social Care commitments.

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

There have been no announcements on future funding levels, however provision for a further reduction in funding of 10% per annum has been included within the MTFS in line with reductions experienced in recent years. Given other reductions arising from welfare reform there is a potential that the reduction could be more than this. The position will be kept under review and the MTFS updated as more details emerge.

3.5 Schools Funding

In light of the significant progress made in relation to the National Funding Formula, and in order to continue to support a smooth transition, the DfE has confirmed that local authorities will continue to determine local formulae in 2020/2021.

Cabinet agreed in January 2019 to the principles proposed by the Sunderland Schools Forum for the 2019/2020 Sunderland local funding formula. The National Funding Formula (NFF) to be implemented with the following local adjustments to protect Sunderland schools:

- The Free School Meal Indicator will now be used in the Sunderland Formula, although at a reduced rate of £210 per pupil (NFF £440).
- Sunderland Lump Sum value of £150,000 will reduce to £130,000.

These principles will be used to finalise the local formula.

3.6 Locally Raised Income

3.6.1 Council Tax

- In the 2019/2020 provisional settlement the Government announced a referendum threshold for 2019/2020 at 2.99%. In addition Social Care councils are able to levy a social care precept.
- The Adult Social Care precept has an overall limit of a 6% increase across the three years to 2019/2020, with no one year to exceed 3%. Sunderland raised the Social Care precept by 3% in 2017/2018, 2% in 2018/2019, and proposes to raise by 1% for 2019/2020.

At this stage there is no indication of the government approach to council Tax increases or Social Care levy beyond 2019/2020.

Decisions on application of options available will be made as part of the detailed budget planning on an annual basis.

3.6.2 Local Council Tax Support Scheme

The current 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.

3.6.3 Business Rates

3.6.3.1 Current funding mechanism

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 Revenue Support Grant and police funding;
- 50% is retained locally. Of this 50% the Council must distribute 2% to the Tyne and Wear Fire and Rescue Authority.

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 MTFS takes into account prudent growth in the base income position, based on anticipated new developments over the period.

3.6.3.2 Risk arising from Appeals

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. 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.

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 £12m (2018/2019 position) before the threshold is triggered and the Council receives any safety net funding from Government.

3.7 Impact of Spending Review, Fair Funding Review and 75% Retained Business Rates

The outcome of the proposals to change the way local government is funded with 75% retention of business rates by 2020/21, 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.

The government has set up a number of working groups to look at the 3 key strands, overseen by the Business Rates Retention Steering Group established by the DCLG, the Local Government Association (LGA) and representatives from interested parties. The three key strands are:

- Needs and Distribution Working Group – to carry out a fundamental review of relative need and fair funding principles.
- Systems Design Working Group – to look at mechanisms needed to set up and run the proposed 75% business rate retention system covering issues such as redistribution, appeals, safety net and split tiers of local government.
- Responsibilities Working Group – to review the potential new burdens that the new system can fund so that it is fiscally neutral e.g. Public Health, RSG etc.

The government has recently issued two consultations, in relation to fair funding and Business Rate retention, both of which close on the 21 February. Current timescales suggest a broad outline of the new system will be published in the Spring of 2019, with indicative figures available Summer 2019.

4 Spending Pressures and Commitments

- 4.1 Spending pressures and commitments are detailed in section 6 of the Cabinet Report 'Revenue Budget and Proposed Council Tax for 2019/2020 and Medium Term Financial Strategy 2019/2020 to 2021/2022.
- 4.2 In addition, the outcome of the next Triennial Actuarial Review of the Local Government Pension Scheme will be effective from April 2020. The potential impact on the council budget will be kept under review as details emerge and provision included within the MTFS as appropriate.
- 4.3 The cost pressures and commitments across the MTFS period are summarised below:

	2019/20	2020/21	2021/22	Total
	£m	£m	£m	£m
Spending Pressures and Additional Investment				
Pay, Prices and Other Pressures including Contract Inflation	7.77	8.33	8.91	25.01
People - Adults Demand Pressures	0.50	0.50	0.50	1.50
Children's Social Care Pressures	8.50	0.00	0.00	8.50
Port Trading Pressure	0.15	0.00	0.00	0.15
Utilities - Inflationary Pressure	0.50	0.00	0.00	0.50
Member Priority - Community Development	0.25	0.00	0.00	0.25
Adult Social Care Ongoing Demand Pressure from 2018/19	0.61	0.00	0.00	0.61
Domestic Violence - Use of Social Care Grant	0.50	(0.50)	0.00	0.00
Short Term Support Services - Use of Social Care Grant	0.30	(0.30)	0.00	0.00
SCAS - One-off Pressures	1.25	(1.25)	0.00	0.00
Derwent Hill - Income Pressure	0.17	0.00	0.00	0.17
Member Priority - Area Committees	0.50	0.00	0.00	0.50
Member Priority - Events	0.50	0.00	0.00	0.50
City Centre Streetscene	0.30	0.00	0.00	0.30
Debt Charges	0.00	3.50	2.50	6.00
Pressure from one-off Use of Reserves	2.52	0.00	0.00	2.52
Total On-Going Pressures	24.32	10.28	11.91	46.51

5 Summary Overall Budget Gap 2019/2020 to 2021/2022

- 5.1 In relation to 2020/2021 and 2021/2022 at this stage no information has been released by government on funding levels either on a national or individual council basis. Therefore for the purposes of preparing an MTFS 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 2019 are fully worked through, Government will take action to ensure a 'status quo' impact on the funding position for each council through the top-ups and tariffs system, to ensure no detrimental impact on each councils overall funding position.

Appendix G (continued)

- 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:

	2019/20	2020/21	2021/22	Total
	£'m	£m	£m	£m
Funding Changes	1.05	7.12	(0.20)	7.97
Total Ongoing Spending Pressures	24.32	10.28	11.91	46.51
Total Budget Gap	25.37	17.40	11.71	54.48

- 5.3 Based on high level assumptions, the on-going savings requirement for 2019/2020 to 2021/2022 is in the region of £54.5million. However, this position is subject to change given the significant uncertainties in the funding system at present including future funding announcements, the outcome of the Spending Review, Fair Funding Review and the move to 75% business rates retention.

6 Addressing the Budget Gap and Efficiency Strategy 2019/20 to 2021/2022

- 6.1 As reported to Cabinet in November 2018, plans have been developed to seek to address the funding gap in 2019/2020. At this stage savings plans have been developed totalling £18.7m through to 2021/2022 as set in the table at 6.2 below. Further detail on the savings plans is set out in Appendix B of the main Budget report and further plans will be developed to address the remaining 2020/2021 to 2021/2022 budget gap.

- 6.2 In addition, the following table shows:

- the Budget proposals and MTFS assume the use of one off reserves of £1.25m in 2019/2020 to support one-off budget pressures.
- Council tax and social care levy increases in line with referendum principles would generate a further £7.78m of resources to support the budget position over the three years to 2021/2022. 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 £6m.

Appendix G (continued)

Taken together, this will reduce the overall budget gap to £22.04m by 2021/2022.

	2019/20	2020/21	2021/22	Total
	£m	£m	£m	£m
Government Grant Changes	1.05	7.12	(0.20)	7.97
On-going Spending Pressures	24.32	10.28	11.91	46.51
Total Gross Funding Gap	25.37	17.40	11.71	54.48
Savings Proposals to meet funding gap:				
Leader (Appendix A.1)	(0.21)	0.00	0.00	(0.21)
Deputy Leader (Appendix A.2)	(0.07)	0.00	0.00	(0.07)
Cabinet Secretary (Appendix A.3)	(4.55)	(0.34)	0.00	(4.89)
Children Learning and Skills (Appendix A.4)	(5.00)	0.00	0.00	(5.00)
Culture and Communities (Appendix A.5)	(0.92)	0.00	0.00	(0.92)
Environment and Transport (Appendix A.6)	(3.44)	(0.31)	(0.03)	(3.78)
Health and Social Care (Appendix A.7)	(3.10)	(0.59)	0.00	(3.69)
Housing and Regeneration (Appendix A.8)	(0.08)	(0.03)	0.00	(0.11)
On-Going Funding Gap after previously approved budget cuts and additional savings proposals	8.01	16.13	11.68	35.82
Assumed Council Tax Increase (inc Social Care levy)	(3.80)	(1.97)	(2.01)	(7.78)
Council Tax Base Increase	(0.43)	(0.50)	(0.51)	(1.44)
Business Rates - Base and Inflationary Increase (inc one-off 2017/18 collection fund surplus)	(2.53)	(0.64)	(1.39)	(4.56)
MTFS Gap @ February 2019 before one-off use of Resources	1.25	13.02	7.77	22.04
Use of One-Off reserves to support SCAS One-off Pressure	(1.25)	0.00	0.00	(1.25)
Pressure from one-off use of reserves in previous year	0.00	1.25	0.00	1.25
MTFS Gap @ February 2019 after one-off use of Resources	(0.00)	14.27	7.77	22.04

- 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 approach to delivering the savings requirement is encapsulated in the Efficiency Strategy 2019/2020 to 2021/2022 (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 Medium Term Financial Strategy 2019-2022 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 MTFS, 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 2019/2020 to 2022/2023 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 2020/2021 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 councils 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 Section 151 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 MTFS without reliance on the use of the general reserve.
 - 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 major reserves at 31st March 209 are attached at Appendix li 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 2019/2020 included consultation on budget proposals covering the period 2019/2020 to 2021/2022. In general, the findings demonstrated continuing support for the Councils overall approach to meeting the budget cuts.
- 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 MTFS. The key strategic financial risks to be considered in developing the MTFS are as set out at Appendix Gii.

11 Conclusion

- 11.1 The Government has announced funding levels for 2019/2020 but as yet has provided no indications of funding beyond that year. The impact of the Spending Review 2019, the Fair Funding Review, 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 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 2019/2020 to 2021/2022 in the region of £55m. This is in addition to over £290m savings already achieved in the period 2010/2011 to 2018/2019.
- 11.2 The impact of the proposed changes to the local government funding system will be critical to understanding the future sustainability of services within Sunderland. All opportunities will be taken to influence government thinking in this regard.
- 11.3 Government and regional support for capital investment also continues to be restricted over the life of the MTFS, 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.

Appendix G (continued)

- 11.4 The Council is no longer able to protect frontline services from the impact of the government cuts and unfunded spending pressures. 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.
- 11.5 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 2021/2022 to be agreed.

Efficiency Strategy 2019/2020 to 2021/2022

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 is 2019/2020.

It is recognised that the impact of the Spending Review 2019, the Fair Funding Review and the move to 75% Business Rates could have a significant effect on the assumptions within the MTFS 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 2019/2020.

1 Purpose

- 1.1 The Efficiency Strategy 2019/2020 to 2021/2022 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 MTFS;
 - ensure the best use of resources available;
 - ensure the financial resilience of the Council is maintained;
 - 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 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;
 - 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 MTFS set out at Appendix G shows savings requirements through to 2022 as follows:

	2019/20	2020/21	2021/22	Total
	£'m	£m	£m	£m
Funding Changes	1.05	7.12	(0.20)	7.97
Total Ongoing Spending Pressures	24.32	10.28	11.91	46.51
Total Budget Gap	25.37	17.40	11.71	54.48

On-going savings of £54m are estimated to be required over the three years to 2021/2022. This is in addition to more than £290m savings already achieved in the period 2010/2011 to 2018/2019.

- 4.2 The Revenue Budget and Proposed Council Tax for 2019/2020 report to February 2019 Cabinet includes proposals to meet the funding gap for 2019/2020. Section 5 below sets out the approach to develop a full suite of proposals to meet the remaining funding gap through to 2021/2022.
- 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 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

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

5.4.1 Retained Business Rates

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 Settlement Funding Assessment. However the Council must determine for itself the anticipated level of Business Rate Income collection. The Business Rate income for 2019/2020 to be retained by the Council is £44.398m.

Monitoring and management of the various strands that impact on levels of income collection are focussed and robust, and involves collaboration across the Council to gain insight and intelligence about potential growth or reduction in the business rate base, performance and trends in terms of collection as well as gaining external intelligence from the Valuation office.

The impact of the Regeneration activity (see 5.5) 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 proposed moves to 75% retained business rates by 2020.

The efficiency strategy assumes prudent growth in the Business rates base of £0.900m per annum in 2019/2020 and £0.500m per annum in 2020/2021 and 2021/2022 based on historical growth, forecast developments impacting on the business rates baseline, and the volatility of the appeals position.

5.4.2 Council Tax

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 (see 5.5) 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 Chapelgarth and 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.

The Efficiency Strategy assumes growth in the council tax base of circa £0.5m per annum in 2020/2021 and 2021/2022 based on historical experience of growth in the base and known development activity which will impact during the period of the MTFS.

The Local Government settlement for 2019/2020 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 levy. The Council will consider the position regarding Council Tax as part of each annual budget process.

5.4.3 Fees and Charges

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.

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, which is included in the Capital Programme report elsewhere on today's agenda. This encompasses the aims of the new 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. 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

Appendix Gi) (continued)

- 5.5.4 A key priority of the Capital programme 2019/2020 to 2022/2023 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 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.
- 5.5.4 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
- 5.6.4 The Council continues to explore and maximise external funding opportunities to support its core priorities including economic development and regeneration, education and skills, health and well-being and culture and heritage.
- 5.6.5 Significant investment has been secured to date from central government and regional funds to support the Council's 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.
- 5.6.6 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 and National Productivity Investment Fund. Major projects in the pipeline include the development of the South Sunderland Growth Area bid to the Housing Infrastructure Fund, and support for the North East bid to the Transforming Cities Fund.
- 5.6.7 Continued investment in the city's heritage, tourism, sporting and cultural assets is also being pursued through the Heritage Lottery Fund, Historic England, Arts Council, Coastal Communities Fund, Department for Culture, Media and Sport, the Football Foundation and other major funders. This 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.

- 5.6.8 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, and a range of local educational projects.
- 5.6.9 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 for the next 1-2 years until all remaining funds are committed.
- 5.6.10 While the above position provides some reassurance on the NELEP area's European Structural and Investment Fund allocation for 2014-2020, 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 launch its consultation on the 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

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

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, and more recently development of the Housing investment company. 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

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.

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;
- 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.

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

5.9 Reserves and Balances

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

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;
- 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 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 One-off transformational costs will arise through Workforce Planning arrangements in order to assist in delivering the on-going reduction proposals for 2019/2020 through to 2021/2022.
- 6.2.2 As part of the 2018/2019 Settlement, the Government has 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 Workforce Planning arrangements will incur circa £3.75m of transformational costs associated with reducing the workforce to deliver £2.80m of planned savings relating to 2019/2020, 2020/2022 and 2021/2022. This represents a payback period of 1.34 years. However, it is possible that an element of this cost will fall in the current financial year. In addition it is likely that additional transformational costs in excess of workforce planning may arise, for example on ICT systems or other one-off costs.
- 6.2.4 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, utilised to meet Workforce Planning arrangement transformation costs arising in 2019/2020. In addition it is anticipated that additional transformation costs in excess of workforce planning may arise, for example on ICT systems or other one-off costs.
- 6.2.5 In order to comply with the capital receipts flexibility requirements it is proposed to earmark capital receipts generated in 2019/2020 of £3.75m for this purpose. 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 2019/2020 and Treasury Management Policy and Strategy 2019/2020.
- 6.2.6 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 2018/2019 through to 2021/2022 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.

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

MTFS 2019/2020 to 2021/2022 Risk Assessment

Risk	Likelihood	Impact	Risk Management
1. Future available resources less than notified. MTFS is based on data as known, but this does not reflect any potential impact of Brexit or impact of Government Fair Funding review and 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 2019/2020 with forecasts beyond 2019/2020 based on assumption government will use Top up and Tariff mechanisms to smooth impact on individual authorities of spending review, fair funding review and implementation of 75% retained business rates. MTFS is regularly updated to reflect latest intelligence. Annual review of reserves and reserves policy to identify available future resources.
2. Changes to Government and/or policy.	Possible	High	Source alternative funding options including short term use of reserves. Pressures factored into MTFS. Latest funding cut indications reflected in MTFS.
3. Pay Awards and price inflation higher than assumed.	Possible	Low	Provision included in MTFS based on agreed 2019/20 pay award @2%. Provision for contingencies set on the basis of the best available evidence.
4. Future spending plans underestimated.	Possible	Medium	Service planning process and regular MTFS review identifies future budget pressures.
5. Anticipated savings not achieved.	Possible	High	Regular monitoring and reporting take place but the size of the funding cuts increase 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.

Appendix Gii) (continued)

Risk	Likelihood	Impact	Risk Management
6. Revenue implications of capital programmes not fully anticipated.	Unlikely	Low	Revenue impacts considered in framing the capital programme. Given reduced availability of funding new projects primarily invest to save or regeneration activity. Capital programme links to council priorities.
7. Income Targets for Business Rates and Council Tax not achieved	Possible	High	Prudent approach taken in setting the forecast income levels. Rigorous monitoring processes in place, including through corporate performance arrangements to identify forecast shortfall and remedial action will be taken. Government Safety Net arrangements
8. Other Miscellaneous Income targets not achieved	Possible	Medium	Economic climate potential impact, mitigated by planned short term use of reserves. Regular monitoring / reporting and review of fees and charges undertaken.
9. Budget monitoring not effective	Unlikely	High	Regular 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 and greater use of low risk debt management approach.
12. Interest rates lower than expected.	Unlikely	Low	Regular review, monitoring and reporting on interest rates. Prudent assumptions on likely interest rates for 2019/2020 onwards factored into the MTFS.
13. All MTFS risks not adequately identified.	Unlikely	Low	Council's Risk Management Profile ensures all operational and strategic risks identified as part of annual service planning process.

General Balances – Financial Risk Analysis**Inflation**

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

This is very unlikely to occur due to the realistic prudent provisions made:

- Prudent provision has been included for known pay offers;
- CPI was 2.1% in December 2018. The Bank of England will vary the bank base rate if economic circumstances change to help bring inflation to their 2.0% target. In their November 2018 quarterly inflation report, inflation was forecast to be marginally above the 2% target two years ahead, (at about 2.1%), given a scenario of minimal increases in Bank Rate and assuming an agreement is reached on Brexit between the UK and the EU.
- Inflation will put further pressure on Council budgets, however;
 - appropriate provision for price increases has been included in the budget including a prudent provision for increases in contract prices 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;
 - 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.

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;
- headroom exists within the debt charge budget for any additional new borrowing costing more than forecast.

Investment Interest

Risk is that income generated will not match budget provision.

This is unlikely to arise as the base budget reflects a prudent rate of return, which reflects the investments made to date, the prevailing market conditions and the economic forecasts for the year ahead.

Appendix H (continued)

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 2019/2020;
- the total contingency provision will be considered in the context of the net revenue budget.

Risk Management

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

This is unlikely to occur due to:

- existence of Bellwin Scheme;
- the Council has a corporate risk profile in place, which is regularly and formally reviewed, and action is taken to mitigate and manage risks;
- corporate and directorate risk management action plans are maintained;
- comprehensive self and external insurance arrangements are in place;
- adequate self-insurance funds including both provisions and reserves;
- risk management practices have been subject to external assessment and found to be robust and highly rated.

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 Medium Term Financial Strategy process with regular updates during the year;
- networking with other senior finance staff in other authorities who are likely to identify similar liabilities.

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;

- Corporate performance monitoring arrangements includes monitoring of delivery of savings and overall budget position at Chief Executive, Executive Director and Head of Service 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;

Appendix H (continued)

- 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.

Capital Programme Implications

Risk is that funding will not be available as planned or that 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;
- Budgeted revenue contributions to fund capital expenditure and the Prudential Borrowing regime gives added flexibility in terms of financing the Capital Programme.

Reductions to the Revenue Budget

Risk is that planned reductions to the Revenue Budget will not occur or are unachievable.

This is unlikely to occur due to:

- 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 Directorate level and is embedded as part of the routine budget monitoring processes with exception reporting to Directorate Senior management teams, Portfolio Holders and Leadership team with corrective action agreed or set in train;
- Contingencies / Reserves exist to safeguard against the non - realisation or temporary delay of some of the budget reductions.

Major Earmarked Reserves - Position Statement

Title and Purpose of Earmarked Reserve	Opening Balance 1/4/2018 £'000	Forecast Movement during 2018/2019 £'000	Forecast Closing Balance 31/3/2019 £'000
Strategic Investment Reserve A reserve established to address some of the Council's key developments, strategic priorities and address other major liabilities	29,575	(13,822)	15,753
Schools Delegated Budget Surpluses These are the financial reserves held by schools under School Finance Regulations.	6,574	(677)	5,897
Insurance Reserve This reserve has been established to provide for potential claims associated with the housing stock transfer; future claims increases, and the Port and risk management funds. The Reserve is also intended to cover the excess element of any significant claims in relation to Fire Insurance and Official and Professional Indemnity liability claims should they arise in future	4,628	0	4,628
Street Lighting PFI Smoothing Reserve The reserve was established in order to smooth the financial impact of the Street Lighting PFI contract across the 25 years of the contract life.	4,766	(349)	4,417
HCA Transfer Reserves The reserve was established to fund on-going maintenance of Homes and Communities Agency Land Transferred to the Council, including the Stadium Park transfer.	14,832	(586)	14,266
Medium Term Smoothing Reserve This reserve was established to address any potential impact arising from the increased risk and uncertainty within the new Business Rates Retention Scheme. It is being utilised to smooth the impact of government austerity measures.	8,176	(2,578)	5,598
Economic Strategy / Inward Investment Reserve Established to progress economic regeneration activity, promote inward investment and address potential impacts of Brexit.	7,100	(1,500)	5,600
Service Pressure Reserve A reserve established to meet known service pressures on-going into future years.	3,161	0	3,161
Saving Target Reserve This reserve is to provide temporary transitional funding relating to the implementation of planned service reductions.	2,555	0	2,555
Improvement Action Priorities Reserve A reserve established to enable invest to save priorities to be implemented which enable ongoing savings to be delivered.	3,000	(3,000)	0

Reserves to be released to support 2019/2020 Budget

Reserve Title	Original Reserve Purpose	£'m	Supporting One off SCAS Pressures 2019/2020 £'m
Strategic Investment Reserve	Reserve held to meet future liabilities	1.250	1.250
Reserves to be released to support 2019/2020 Budget		1.250	1.250

REVENUE BUDGET 2019/20

**SUNDERLAND CITY COUNCIL
REVENUE ESTIMATES 2019/2020
GENERAL SUMMARY**

ANNEX 1

Revised Estimate 2018/19		Estimate 2019/20
£		£
3,811,565	Leader	3,808,097
2,547,867	Deputy Leader	2,693,278
14,091,827	Cabinet Secretary	13,858,082
70,346,488	Children, Learning and Skills	75,692,339
11,737,518	Community and Culture	11,958,964
43,831,641	Environment and Transport	42,416,805
78,816,910	Health and Social Care	77,635,055
3,955,697	Housing and Regeneration	4,485,256
7,963,905	Provision for Contingencies	5,802,000
	Capital Financing Costs	
19,740,000	- Debt Charges	19,827,926
(300,000)	- Interest on balances	(300,000)
(1,253,000)	- Interest on Airport long term loan notes	(1,253,000)
	Transfer to/from Reserves	
926,047	- Medium Term Planning Smoothing Reserve	926,047
1,344,629	- Use of Collection Fund Surplus Reserve	(146,801)
(3,500,000)	- Use of Medium Term Planning Smoothing Reserve	0
(2,900,000)	- Use of Strategic Investment Reserve	(1,250,000)
(26,549,158)	Technical Adjustments: IAS19 and Reversal of Capital Charges	(26,395,813)
224,611,936		229,758,235
LEVIES		
15,218,556	North East Combined Authority Transport Levy	14,998,556
224,250	Environment Agency	226,940
63,357	North East Inshore Fisheries Conservation Authority	63,357
15,506,163		15,288,853
Less Grants		
(13,037,752)	Improved Better Care Fund	(16,566,645)
(979,861)	Adult Social Care Grant	0
0	Adult Social Care Grant – Winter Pressures Grant	(1,567,778)
0	Social Care Support Grant	(2,678,287)
(4,538,059)	Section 31 Grants – Business Rates and Brexit Grant	(6,486,626)
(3,195,199)	New Homes Bonus	(2,956,926)
(13,781)	Inshore Fisheries Conservation Authority	(13,781)
218,353,447	TOTAL NET EXPENDITURE / LOCAL BUDGET REQUIREMENT	214,777,045
65,506	Hetton Town Council	66,591
218,418,953	TOTAL BUDGET REQUIREMENT	214,843,636
Deduct Grants etc.		
36,156,881	Revenue Support Grant	27,507,383
43,023,994	National Non Domestic Rates/Retained Business Rates	44,398,085
42,191,923	Top up Grant	43,022,701
1,844,629	Collection Fund Surplus - Council Tax	353,199
123,217,427		115,281,368
95,201,526	LOCAL COUNCIL TAX REQUIREMENT INCLUDING PARISH PRECEPT	99,562,268
95,147,865	LOCAL COUNCIL TAX REQUIREMENT EXCLUDING PARISH PRECEPT	99,507,522

**SUNDERLAND CITY COUNCIL
CONTINGENCIES**

**APPENDIX F
ANNEX 1**

	£m
Pay and Cost Pressures	3.623
General Contingency	1.000
Adult Social Care - Community Based Support	1.074
Service Pressures and Economic Downturn	0.700
Winter Maintenance	0.300
Council Wide Management Restructure	(1.000)
Brexit Preparation Grant	0.105
Total Contingency	5.802

STATEMENT OF GENERAL BALANCES

	£m
Balances as at 31st March 2018	12.000
Use / Addition to Balances 2018/2019	
Use of Balances 2018/2019	
- Contribution to Revenue Budget	(6,400)
Addition to Balances 2018/2019	
- Transfer from Medium Term Planning Smoothing Reserve to support the 2018/2019 budget	3.500
- Transfer from Strategic Investment Reserve to support the 2018/2019 budget	2.900
Estimated Balances 31st March 2019	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

REVENUE BUDGET 2019/2020 LEADER

ROLES AND RESPONSIBILITIES

- 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, leading on regional and sub-regional governance.
- To provide democratic leadership on all major strategic and commercially sensitive issues and setting Revenue and Capital budgets.
- To provide democratic leadership to partners, residents and stakeholders and ensure effective communication channels are in place, including a digital presence.
- To co-ordinate and apportion the roles and responsibilities of Executive Members.

FINANCIAL

OBJECTIVE SUMMARY

Ref.	Head of Service Ref.	Revised Estimate 2018/2019 £		Estimate 2019/2020 £
Corporate Services				
1	EDoCS	260,882	Corporate and Strategic Management	275,591
2	HoLG	1,406,887	Democratic Core	1,406,887
3	HoPPC	770,580	Local Enterprise Partnership	755,954
		2,438,349	Total Corporate Services	2,438,432
Strategy, Partnerships and Transformation				
4	HoPPC	1,128,436	Corporate Affairs and Communications	1,024,492
5	HoPPC	14,828	Local Strategic Partnership	10,828
6	HoMSCP	74,553	Member Support	72,378
7	HoPPC	1,348,845	Strategy, Policy and Performance Management	1,284,400
		2,566,662	Total Strategy, Partnerships and Transformation	2,392,098
		5,005,011	TOTAL DELEGATED BUDGET	4,830,530
Non Delegated Budgets				
8		229,852	IAS19 (Pensions)	237,340
9		1,896,905	Support Service Costs - received from other services	1,924,762
10		(3,323,051)	Support Service Costs - charged to other services	(3,187,383)
11		2,848	Asset Charges	2,848
		3,811,565	TOTAL PORTFOLIO BUDGET	3,808,097

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

EDoCS	Executive Director of Corporate Services
HoLG	Head of Law and Governance
HoPPC	Head of Policy, Partnerships and Communications
HoMSCP	Head of Member Support and Community Partnerships

**REVENUE BUDGET 2019/2020
DEPUTY LEADER**

ROLES AND RESPONSIBILITIES

- To provide political leadership and to support the Leader as appropriate working collectively with the Cabinet.
- To lead on strategic economic, transport, planning and international strategy and policy development.
- To lead on strategy and policy development and coordination across the council for equalities, promoting social inclusion, safer and cohesive communities and working with the armed forces.

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:

- To ensure that the Council's approach to economic, social and physical regeneration of the City is integrated, enabling and effective, leading on regional and sub-regional governance.
- To provide democratic leadership on all major strategic and commercially sensitive issues and setting Revenue and Capital budgets.
- To provide democratic leadership to partners, residents and stakeholders and ensure effective communication channels are in place, including a digital presence.

FINANCIAL

OBJECTIVE SUMMARY

Ref.	Head of Service Ref.	Revised Estimate 2018/2019 £		Estimate 2019/2020 £
			Economy and Place	
1	HoBI&IM	1,002,824	Business and Investment	975,838
2	PD	(305,750)	Port of Sunderland*	(154,572)
		697,074	Total Economy and Place	821,266
			Strategy, Partnerships and Transformation	
3	HoPPC	54,826	Equalities and Integration	44,826
4	HoPPC	92,799	Safer Communities	83,894
		147,625	Total Strategy, Partnerships and Transformation	128,720
		844,699	TOTAL DELEGATED BUDGET	949,986
			Non Delegated Budgets	
5		184,212	IAS19 (Pensions)	190,976
6		942,713	Support Service Costs - received from other services	976,073
7		0	Support Service Costs - charged to other services	0
8		576,243	Asset Charges	576,243
		2,547,867	TOTAL PORTFOLIO BUDGET	2,693,278

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

HoBI&IM	Head of Business Investment and International Manager
PD	Port Director
HoPPC	Head of Policy, Partnerships and Communications

REVENUE BUDGET 2019/2020
CABINET SECRETARY

ROLES AND RESPONSIBILITIES

Primary overview of Council priorities:

- Ensuring that the resources of the council are effectively deployed and ensuring that the council is an effective commissioner and collaborator 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 are met.
- Strategic oversight of the commissioned and procured partnerships as well as partnerships where Sunderland is the lead authority and those that directly benefit the city.
- Policy Oversight to include: Council and city resources direction and development including productivity, transformation and value for money oversight and the effective management of budget, people and systems.

FINANCIAL

OBJECTIVE SUMMARY

Ref.	Head of Service Ref.	Revised Estimate 2018/2019 £		Estimate 2019/2020 £
Corporate Services				
1	HoAP&PM	2,484,080	Audit, Risk and Assurance	2,288,780
2	HoCS,I&ICT	209,450	Benefits Service	70,175
3	HoCR	103,102	Contractual Relationships	107,301
4	HoFM	12,648,595	Corporate Management	13,516,970
5	HoCS,I&ICT	2,029,296	Customer Service Network	1,986,375
6	HoES	616,882	Electoral Services	634,183
7	HoFM	2,067,727	Financial Management	2,020,398
8	HoLG	457,081	Governance Services	530,520
9	HoCS,I&ICT	5,995,237	ICT	6,016,496
10	HoCS,I&ICT	671,721	Intelligence Hub	178,868
11	HoLG	796,129	Legal Services	726,337
12	HoAP&PM	391,428	Procurement	392,352
13	HoAP&PM	416,615	Purchase to Pay	400,530
14	HoEF,R&CF	150,102	Revenues	539,580
15	HoHR&OD	1,959,933	Strategic and Operational HR	1,876,937
16	HoEF,R&CF	287,492	Strategic External Funding Unit	298,817
		31,284,870	Total Corporate Services	31,584,619
Economy and Place				
17	HoPROP	(264,748)	Area Facilities	(218,045)
18	HoPROP	746,166	Asset Management	828,717
19	HoPROP	1,485,664	Civic Buildings	1,581,906
20	HoPROP	213,262	Civil Contingencies	231,467
21	HoPROP	2,187,453	Repairs and Renewals	2,186,321
22	HoPROP	1,063,420	Security Services	1,066,340
		5,431,217	Total Economy and Place	5,676,706
Strategy, Partnerships and Transformation				
23	HoTCP	2,645,153	Business Support	2,288,562
24	HoSPT	160,417	Data Protection Office	168,205
25	HoLG	45,175	Information Governance	37,096
26	HoTCP	516,647	Transformational Change Team	477,371
		3,367,392	Total Strategy, Partnership and Transformation	2,971,234
		40,083,479	TOTAL DELEGATED BUDGET	40,232,559
Non Delegated Budgets				
27		(9,758,621)	IAS19 (Pensions)	(10,388,715)
28		17,043,227	Support Service Costs - received from other services	16,695,009
29		(35,722,852)	Support Service Costs - charged to other services	(34,871,971)
30		2,446,594	Asset Charges	2,191,200
		14,091,827	TOTAL PORTFOLIO BUDGET	13,858,082

REVENUE BUDGET 2019/2020
CABINET SECRETARY

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

HoAP&PM	Head of Assurance, Procurement and Performance Management
HoCS,I&ICT	Head of Customer Service, Intelligence and ICT
HoCR	Head of Contractual Relationships
HoES	Head of Electoral Services
HoFM	Head of Financial Management
HoLG	Head of Law and Governance
HoEF,R&CF	Head of External Funding, Revenues and Commercial Finance
HoHR&OD	Head of HR and OD
HoPROP	Head of Property
HoTCP	Head of Transformational Change Programme
HoSPT	Head of Strategy, Partnerships & Transformations
HoPR	Head of Planning and Regeneration

**REVENUE BUDGET 2019/2020
CHILDREN, LEARNING AND SKILLS**

ROLES AND RESPONSIBILITIES

Primary overview of Children, Learning and Skills priorities:

- Ensuring Sunderland's children and young people achieve the best outcomes and supporting all age learning and skills agenda.
- To ensure that the Council's approach to the Children, Learning and Skills priorities of the City are integrated, enabling and effective.
- To provide democratic leadership in ensuring that the Council's strategic and statutory roles in relation to children, learning and skills.
- Key contribution to partnerships relating to children and young people, learning and skills.

Policy Oversight to include:

- Council and City Children and Young People, Learning and Skills direction and development.

FINANCIAL

OBJECTIVE SUMMARY

Ref.	Head of Service Ref.	Revised Estimate 2018/2019 £		Estimate 2019/2020 £
People Services				
Educational Attainment and Lifelong Learning				
1	CE-SDoCS	68,340,756	DSG and Other Grant – Schools	67,799,279
2	CE-SDoCS	603,735	DSG and Other Grant – Central School Services	610,780
3	CE-SDoCS	18,739,839	DSG Early Years Block	18,663,853
4	CE-SDoCS	17,191,915	DSG High Needs Block	18,000,655
5	CE-SDoCS	(105,449,039)	DSG and Other School Grants	(105,657,337)
6	CE-SDoCS	1,999,381	Retained Activity – Schools and Learning	2,034,490
7	HoPROG	(184,852)	Trading Operations - Connexions Hub	(225,007)
		1,241,735	Total Educational Attainment and Lifelong Learning	1,226,713
Early Help				
8	CE-SDoCS	60,735	Parent Partnership	60,280
		60,735	Total Early Help	60,280
9	HoE	255,652	Trading Operations - Derwent Hill*	467,017
10	CE-SDoCS	56,109,568	Together for Children	60,858,568
11	CE-SDoCS	34,958	Director of Children's Services	38,484
12	HoPROG	(183,604)	Family, Adult and Community Learning	(302,998)
		57,519,044	Total Peoples Services	62,348,064
Strategy, Partnerships and Transformation				
13	CE-SDoCS	268,473	Sunderland Safeguarding Children's Board	242,812
		268,473	Total Strategy, Partnerships and Transformation	242,812
		57,787,517	TOTAL DELEGATED BUDGET	62,590,876
Non Delegated Budgets				
14		3,057,279	IAS19 (Pensions)	3,074,125
15		122,514	Support Service Costs - received from other services	47,537
16		(895,567)	Support Service Costs - charged to other services	(247,484)
17		10,274,745	Asset Charges	10,227,285
		70,346,488	TOTAL PORTFOLIO BUDGET	75,692,339

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

CE-SDoCS	Chief Executive - Sunderland Director of Children's Services
HoPROG	Head of Programmes
HoE	Head of Events

**REVENUE BUDGET 2019/2020
COMMUNITY AND CULTURE**

ROLES AND RESPONSIBILITIES

Primary overview of Community priorities:

- Ensuring Sunderland's local communities achieve the best outcomes and have access to the widest opportunities that support their economic, social and physical wellbeing.
- To ensure that the Council's approach to the communities of the City are integrated, enabling and effective.
- To provide democratic leadership in ensuring that the Council's strategic and statutory roles in relation to communities are met. This includes access to health and other partner services relating to communities.
- Responsibility for oversight of Area Committees.
- Key contribution to partnerships relating to communities and local neighbourhoods.

Policy Oversight to include:

- Council and City community and cultural policy direction and development (including tourism, leisure and heritage).

FINANCIAL

OBJECTIVE SUMMARY

Ref.	Head of Service Ref.	Revised Estimate 2018/2019 £		Estimate 2019/2020 £
Strategy, Partnerships and Transformation				
1	HoMSCP	1,091,983	Area Arrangements	1,443,059
2	HoMSCP	1,776,666	Strategic Initiative Budget / Community Chest Grant	2,276,666
3	HoPPC	79,204	Tourism	79,204
		2,947,853	Total Strategy, Partnerships and Transformation	3,798,929
People Services				
4	HoPROG	89,556	Arts and Creative Development	103,106
5	HoE	651,228	Community Sports and Physical Activity Development	677,688
6	HoE	870,506	Events	1,389,782
7	HoPROG	60,856	Grants to Community Projects and Miscellaneous Contributions	62,189
8	HoPROG	130,876	Heritage	135,707
9	HoE	808,072	Libraries	801,676
10	HoPROG	684,851	Museums and Archives Service	306,051
11	HoE	(14,500)	Resorts	(14,500)
12	HoE	1,237,494	Sport and Leisure Facilities	233,147
13	HoPROG	327,536	Theatre	332,747
		4,846,475	Total People Services	4,027,593
		7,794,328	TOTAL DELEGATED BUDGET	7,826,522
Non Delegated Budgets				
14		318,362	IAS19 (Pensions)	338,235
15		1,786,166	Support Service Costs - received from other services	1,798,812
16		(1,022,418)	Support Service Costs - charged to other services	(856,160)
17		2,861,080	Asset Charges	2,851,555
		11,737,518	TOTAL PORTFOLIO BUDGET	11,958,964

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

HoMSCP	Head of Member Support and Community Partnerships
HoPROG	Head of Programmes
HoE	Head of Events
HoPPC	Head of Policy, Partnerships and Communications

REVENUE BUDGET 2019/2020 ENVIRONMENT AND TRANSPORT

ROLES AND RESPONSIBILITIES

Primary overview of Environment and Transport priorities:

- Ensuring the City is made as attractive, sustainable and accessible for all.
- To ensure that the Council's approach to environment and transport is integrated, enabling and effective (Council services that impact on place and the wider partnership activities).
- To provide democratic leadership in ensuring that the Council's strategic and statutory roles in relation to the environment and transport are met. This includes services that improve the physical environment and its connectivity for sustainable living, working and visiting the city and other partner services relating to place.
- Key contribution to partnerships relating to environment and transport, sustainability, energy and access.

Policy Oversight to include:

- Environment, Strategic transport and infrastructure, Public Protection and Place Regulation.

FINANCIAL

OBJECTIVE SUMMARY

Ref.	Head of Service Ref.	Revised Estimate 2018/2019 £		Estimate 2019/2020 £
Economy and Place				
1	HoPM	(2,331,380)	Bereavement	(2,553,923)
2	HoPM	995,256	Building Cleaning	1,071,942
3	HoPM	184,596	Building Services*	193,440
4	COO	208,052	Business Development	210,898
5	HoPM	63,384	Civic Catering	68,965
6	HoPM	712,677	Coroners Court	721,449
7	HoPM	537,511	Depots	566,683
8	HoPM	4,184,415	Fleet	3,824,261
9	Hol&T	1,724,998	Infrastructure and Transportation*	900,654
10	HoPM	6,998,619	Local Services	7,307,297
11	Hol&T	(999,497)	Parking Services	(1,200,767)
12	HoPM	154,584	Public Conveniences	175,615
13	HoPP&RS	920,859	Public Protection and Regulatory Services	718,932
14	HoPM	(163,036)	Registrars	(195,157)
15	HoPM	(388,303)	School Meals	(208,190)
16	COO	211,572	Strategic Management	217,517
17	Hol&T	6,599,025	Street Lighting	6,669,116
18	HoPM	1,174,111	Waste Collection and Recycling	1,004,899
19	HoPM	9,762,629	Waste Disposal	9,727,524
		30,550,072	TOTAL DELEGATED BUDGET	29,221,155
Non Delegated Budgets				
20		1,803,603	IAS19 (Pensions)	1,927,499
21		14,064,456	Support Service Costs - received from other services	13,466,980
22		(11,295,567)	Support Service Costs - charged to other services	(10,876,380)
23		8,709,077	Asset Charges	8,677,551
		43,831,641	TOTAL PORTFOLIO BUDGET	42,416,805

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

HoPM	Head of Place Management
COO	Chief Operating Officer
Hol&T	Head of Infrastructure and Transportation
HoPP&RS	Head of Public Protection and Regulatory Services

REVENUE BUDGET 2019/2020 HEALTH AND SOCIAL CARE

ROLES AND RESPONSIBILITIES

Primary overview of Adults priorities:

- Ensuring Sunderland's adults population achieves the best outcomes and improves the life chances of adults and providing all-population approach to public health (children and adults)
- To ensure that the Council's approach to the Adults and Public Health priorities of the City are integrated, enabling and effective.
- To provide democratic leadership in ensuring that the Council's strategic and statutory roles in relation to adults and public health are met.
- Key contribution to partnerships relating to adults and public health.

Policy Oversight to include:

- Council and City Adult and Public Health policy direction and development.

FINANCIAL

OBJECTIVE SUMMARY

Ref.	Head of Service Ref.	Revised Estimate 2018/2019 £		Estimate 2019/2020 £
People Services				
1	HoASC	42,417,744	Adult Social Care, including Older People, People with Physical, Learning and Mental Health Disabilities	42,255,754
2	HoIC / HoPROG	27,416,842	Strategic Commissioning	26,853,134
3	HoPROG	230,035	Tyne and Wear Care Alliance	400,451
4	HoIC	466,876	Welfare Reform	473,355
5	DoPH	(4,604,246)	Public Health	(4,136,246)
		65,927,251	TOTAL DELEGATED BUDGET	65,846,448
Non Delegated Budgets				
6		1,300,122	IAS19 (Pensions)	1,417,356
7		41,910,940	Support Service Costs - received from other services	41,176,226
8		(30,548,404)	Support Service Costs - charged to other services	(31,013,128)
9		227,001	Asset Charges	208,153
		78,816,910	TOTAL PORTFOLIO BUDGET	77,635,055

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

HoASC	Head of Adult Social Care
HoIC	Head of Integrated Commissioning
HoPROG	Head of Programmes
DoPH	Director of Public Health

REVENUE BUDGET 2019/2020 HOUSING AND REGENERATION

ROLES AND RESPONSIBILITIES

Primary overview of Housing and Regeneration priorities:

- Ensuring that Sunderland achieves the best outcomes from physical and economic regeneration including business and housing growth. To ensure an increasing focus on driving economic growth and income.
- To ensure that the Council's approach to housing and regeneration of the City is integrated, enabling and effective (Council services that impact on housing regeneration and the wider partnership activities).
- To provide leadership in ensuring that the Council's strategic and statutory roles in relation to the planning and delivery of housing and regeneration are met.
- Key contribution to partnerships relating to housing and regeneration.

Policy Oversight to include:

- Regeneration and Housing and Jobs.

FINANCIAL

OBJECTIVE SUMMARY

Ref.	Head of Service Ref.	Revised Estimate 2018/2019 £		Estimate 2019/2020 £
Economy and Place				
1	HoPR	(74,984)	Building Control	(67,050)
2	HoPR	(158,789)	Development Control	(223,806)
3	HoPROP	(4,029,036)	Miscellaneous Land, Property and Industrial Estates	(4,016,492)
4	HoPR	990,139	Planning Implementation	965,659
5	HoPROP	(308,795)	Retail Market	(313,240)
		(3,581,465)	Total Economy and Place	(3,654,929)
People Services				
6	HoIC	425,975	Access to Housing	478,190
7	HoPROG	107,030	Anti-Social Behaviour	112,318
8	HoIC	100,000	Supporting People	600,000
		633,005	Total People Services	1,190,508
		(2,948,460)	TOTAL DELEGATED BUDGET	(2,464,421)
Non Delegated Budgets				
9		322,063	IAS19 (Pensions)	356,420
10		3,068,371	Support Service Costs - received from other services	3,072,905
11		(71,567)	Support Service Costs - charged to other services	(64,938)
12		3,585,290	Asset Charges	3,585,290
		3,955,697	TOTAL PORTFOLIO BUDGET	4,485,256

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

HoPR	Head of Planning and Regeneration
HoPROP	Head of Property
HoIC	Head of Integrated Commissioning
HoPROG	Head of Programmes

EQUALITY ANALYSIS

You must complete this in conjunction with reading Equality Analysis Guidance

Name of Policy/Decision/Project/Activity:

Proposed Council Tax Increase

Date: 29/01/2019

Version Number: v2

Equality Analysis completed by:

Name/Job title: James Magog (Chief Accountant)

Responsible Officer or Group:

Name/Job title: Jon Ritchie (Executive Director of Corporate Services)

Is the Activity:

New/Proposed () Changing/Being Reviewed () Other (x)

1. Purpose and scope

Purpose

In this section outline briefly:

- what the policy, decision or activity is and what the intended outcomes/benefits are (linked to the Corporate Outcomes Framework)
- over what period of time the outcomes will be achieved
- why it needs to be implemented or revised
- what populations are affected by the proposal
- who is expected to benefit and how, i.e. young people, older people, carers, BME groups, ward areas/communities, etc
- whether there are any overlaps with regional, sub-regional, national priorities.

Council Tax raises circa 15% of total council income, inclusive of the social care levy. It goes towards providing a wide range of services to the people of Sunderland and 2016/17 was the first increase since the 2010/2011 financial year. The current Band D Council Tax in Sunderland in respect of the Council is £1,359. The Council Tax paid to Sunderland City Council is the lowest in both Tyne and Wear (average £1,531) and the wider North East region (average £1,535), and compares favourably to the metropolitan council average (£1,449)

The proposed 3.99% increase, inclusive of the social care precept, is allowable without contravening the government imposed referendum limit. The increase will add £1.04 per week to Band D properties or 70p a week for the majority of households in Sunderland who are in a Band A property. It will raise £4.4m that will be used to provide vital local services, including adult social care.

All Council Tax payers will be affected by the increase; however, those on lower incomes are likely to experience a greater impact on their ability to pay. This could disproportionately affect the young, disabled people and low income pensioners. To mitigate this impact, the Council operates a Council Tax Support scheme and the eligibility criteria remains unchanged so enabling some of those affected to claim support. Whilst pensioners' entitlement to Council Tax Support is protected, Sunderland's localised scheme entitles claimants of working age who submit a claim for Council Tax Support to receive up to a maximum of 91.5 % reduction in respect of their Council Tax liability depending on their circumstances. None of the protected groups are restricted from claiming Council Tax Support. Their eligibility is determined by their financial and personal circumstances. The current caseload is 32,875 of which 13,766 are pensioners and 19,109 are working age claimants. The impact of the proposed increase equates to an increase of 9p per week for those working age claimants who are in receipt of maximum Council Tax Support in a Band D property, or 6p per week for the majority of households in Sunderland who are of working age and in receipt of maximum Council Tax Support in a Band A property. As the support scheme works on a percentage of Council Tax, it is recognised that there will still be an impact even for those receiving support

However, the proposed increase has wider benefits in that it avoids further budget cuts, over and above the £17.4m planned, so preserving services, including within adult social care as a result of the adult social care precept increase.

Intelligence and Analysis

Please describe:

- What sources of information have been used to inform this assessment/analysis (this should include but is not limited to consultations, resident/service user feedback and statistical data and intelligence)
- **What the information is telling you** – this should be broken down by each of the protected characteristics or other identified groups which could be disadvantaged. Each of the aims of the equality act should be considered in relation to each of the protected characteristics.

Statistics show that Sunderland City Council's Council Tax is low assessed against all comparators. It will remain comparatively low even after this increase.

The budget consultation undertaken showed that, of those that responded, almost three quarters supported an increase in council tax. 56% agreed that an increase within the governments referendum limit would be acceptable, with a further 18% supporting an increase above the referendum limit.

Gaps in intelligence and information

Having analysed the information available to you:

- are there any gaps in intelligence or areas where understanding needs to be improved? Please describe what these are and what actions you intend to take to obtain/improve the information. These actions should be covered in the action plan.
- are there any groups who should be expected to benefit who do not? Please describe why not and whether you will amend the decision to change this outcome. This should also be covered in the action plan.

The data cannot be broken down to determine whether levels of support vary within different equality characteristics. However, no concerns were raised in relation to any one group in the open text questions.

Additional Impacts

The policy or action may also have an impact on other groups or individuals which are not covered by statutory requirements. Please outline any additional individuals or groups which have not already been covered. This could include socio-economic groups, voluntary and community sector, carers or specific communities which face additional challenges (such as former coal mining areas or areas of high deprivation)

People on low incomes, as reflected in 'purpose' above.

2. Analysis of impact on people

In this section you must **review the intelligence described above and summarise the intended and potential impact of the policy, decision or activity** on the people of Sunderland. This includes specific consideration of the impact on individuals, groups with protected characteristics and communities of interest within the city. Please briefly outline any positive, neutral or negative impacts on the specific groups below. Please note that any negative impacts should have a corresponding action in the action plan in the page below.

In this assessment it is important to remember the **Council is required to give due regard 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.
- Foster good relations between people who share a protected characteristic and those who do not.

Each of these aims must be summarised in turn in relation to the groups outlined below.

Characteristic	List of Impacts		
	Positive	Neutral	Negative
Age	Benefits will be seen in the ability to protect the adult and children's social care budget and children's budget.	There is no significant impact, relative to other groups. Pensioners will continue to receive support through the Council Tax Support scheme.	
Disability	Benefits will be seen in the ability to protect the adult and children's social care budget.	There is no significant impact relative to other groups. Disabled people will continue to receive support through the Council Tax Support scheme.	
Gender/Sex		There is no significant impact relative to other groups. Whilst woman may be statistically lower earners, there is no evidence of a greater impact from any council tax rise.	
Marriage & Civil Partnership		There is no significant impact relative to other groups.	
Pregnancy and maternity		There is no significant impact relative to other groups.	
Race/Ethnicity		There is no significant impact relative to other groups.	

Religion/belief		There is no significant impact relative to other groups.	
Sexual Orientation		There is no significant impact relative to other groups.	
Gender identity		There is no significant impact relative to other groups.	
Low income groups			People on low income who are applicable will continue to receive support through the Council Tax Support scheme, which will significantly mitigate any financial impact. In a minority of cases, there will potentially be some impact albeit, at a small value.

Please add any additional groups mentioned in “additional impacts” above to this table.

3. Response to Analysis, Action Plan and Monitoring

In this section please outline what actions you propose to take to minimise the negative, and maximise the positive, impacts that have been identified through the analysis. By considering and implementing these actions the policy or action can be refined to make sure that the greatest benefits are achieved for the people of Sunderland. The performance monitoring process should also be set out to explain how ongoing progress is going to be followed to make sure that the aims are met.

From the analysis four broad approaches can be taken, (No major change; continue with the policy/action despite negative implications; adjust the policy/decision/action; or stop the policy/action). Please indicate, using the list below, which is proposed.

No Major Change (x)

Continue Despite Negative Implications ()

Adjust the Policy/Decision/Project/Activity ()

Stop ()

Action Plan

ACTION	WHO	WHEN	MONITORING ARRANGEMENTS
Monitor the impact through payment and arrears statistics	Sharon Holden (Revenues Manager)	Quarterly	As part of routine Council Tax performance monitoring

Report of the Human Resources Committee

The HUMAN RESOURCES COMMITTEE reports and recommends as follows:-

1. City Plan – Reshaping the Council

That they had given consideration to a report of the Chief Executive on recommended changes to the Council's directorate and senior management structure to support the delivery of the City Plan.

In considering the report, the Human Resources Committee gave approval to:-

- (i) a new Chief Officer Group and management structure, as set out in the attached extract from the report headed "Section 4 - Proposals – Reshaping the Organisation's Structure" and the associated structure charts, which are set out in Appendix 1, to take effect from 1st April 2019,
- (ii) implementation arrangements, as set out in the report to the Human Resources Committee, including
 - (a) the delegation to the Chief Executive or his nominee, of authority to make appointments to Assistant Director posts, and
 - (b) the noting and endorsement of the authority of the Chief Executive and chief officers to dismiss and deploy staff within the approved establishment structure, as a consequence of the restructuring exercise.

The Human Resources Committee was also advised of the necessity to reallocate delegated functions as a consequence of approval of the restructure, as set out in the attached extract from the report headed "Section 5 - Reallocation of Delegated Functions" which is set out in Appendix 2.

The Human Resources Committee agreed to recommend Council to:

- (1) confirm the designations of statutory officers and statutory roles to which the Council must make appointments, as set out in Appendix 1, including:
 - the designation of the holder of the newly created post of Assistant Director of Infrastructure, Planning and Transportation as the statutory Traffic Manager;
 - the authorisation of the Chief Executive, to designate the post which will be the Council's statutory Scrutiny Officer following the determination of the staffing structure in respect of the Scrutiny function, within Law and Governance Services; and
 - the appointment of the Director of People, Communications and Partnerships as statutory Scrutiny Officer on a temporary basis with effect from 1st April 2019, until the Chief Executive makes the designation referred to above and

(2) authorise the Assistant Director of Law and Governance to amend the Constitution to reflect the new management structure and resulting transfer of delegated functions and to include provision in the delegated functions to the Assistant Director of Law and Governance and Article 16 of the Constitution to permit the Assistant Director to make amendments to the Constitution that fall within the following categories of changes, namely those:-

- (i) to give effect to decisions by the Council, the Cabinet, committees or sub-committees or officers in accordance with their statutory functions or delegated powers, which need to be reflected in the Constitution, such amendments to include the reallocation of delegated functions to officers, following management restructures or duly authorised changes in the managerial or professional areas of responsibility of officers;
- (ii) to give effect to changes in the law which apply directly to the Council and which need to be reflected in the Constitution; and
- (iii) to make typographical and stylistic corrections or improvements.

Extract from report to Human Resources Committee 21 February 2019

City Plan – Reshaping the Council

Section 4 - Proposals – Reshaping the Organisation's Structure

4.1 This report proposes changes to the directorate and senior management structure of the Council with effect from 1 April 2019. The proposals apply a number of design principles, to:

- focus on the key priorities for the city that impact on all residents
- focus on achieving the key Council priorities of the City Centre and wider Sunderland regeneration and the building of resilient communities,
- release cost savings and redirect resource to focus on the improvement of resident-focused service delivery,
- maximise the value of spend by the Council on making a difference to residents in Sunderland

4.2 The proposals streamline and produce a leaner management structure, with resource and budget provision focused on the Council's purpose and key objectives; with an emphasis on strong leadership and management in line with the Council's proposed values:

- We Innovate,
- We Enable and
- We are Respectful.

4.3 The proposed structure for the Chief Officer Group is set out in Appendix 1.

4.4 It is proposed that the existing Chief Officer Group is realigned as follows:

- Executive Director of City Development
(formerly the Executive Director of Economy and Place)
- Executive Director of Corporate Services (The post title remains the same as the existing post and the holder of this post will remain the officer designated under section 151 Local Government Act 1972)
- Executive Director of Public Health and Joint Commissioning
(a new post to be created)
- Executive Director of Neighbourhoods
(This post was formerly the Executive Director of People Services. The holder of the post will continue to be the statutory Director of Adult Social Services.)

- Chief Executive for Together for Children
(The post remains unchanged although some services to schools will be realigned under TfC. The postholder will continue to be the statutory Director of Children's Services)
- Director of People, Communications and Partnerships
(formerly the Director of Strategy, Partnerships and Transformation)

Within the Council, Chief Officers will lead a new Directorate structure. The senior staffing structure of Together for Children is not in scope of this report.

- 4.5 It is proposed that the post of Chief Operating Officer (Place) and existing posts of Head of Service shown in Appendix 3 [of the report to the Human Resources Committee] are deleted and new posts of Assistant Director introduced.

City Development Directorate

- 4.6 The proposed City Development Directorate will drive forward future economic prosperity of the city as a whole with a key focus on strategic development, regeneration and the economic revival of the city centre, bringing together activity around inward investment and growing businesses, strategic international engagement and partnerships, key strategic regeneration projects including the IAMP, the Port, infrastructure, transportation and planning.
- 4.7 It is proposed that the following posts be created:
- Assistant Director of Economic Regeneration, at pay level 5 in the Council's strategic leadership grades (£80,514 - £91,063)
 - Assistant Director of Infrastructure, Planning and Transportation, at pay level 5 in the Council's strategic leadership grades.

The existing posts of Port Director and Project Directors for the IAMP and Commercial Development remain unchanged.

Corporate Services Directorate

- 4.8 Corporate Services will focus on the efficient running of the corporate and support services, both to internal and external customers. The proposals combine many of the current functions of the directorate, with newly aligned functions to provide a co-ordinated, corporate approach to service delivery.
- 4.9 New functions include corporate landlord responsibilities, emergency planning, scrutiny and members support services, transformation support, coroners, registrars and business support. HR and OD Services will transfer to form a new People Management function within the People, Communications and Partnerships Directorate.

4.10 It is proposed that the following posts be created:

- Assistant Director of Finance, at pay level 5 in the Council's strategic leadership grades.
- Assistant Director of Law and Governance at pay level 5 in the Council's strategic leadership grades. (The holder of this post will continue to be the Council's monitoring officer).
- Assistant Director of Business and Property Services, at pay level 5 in the Council's strategic leadership grades.
- Assistant Director of Digital and Customer Services, at pay level 5, in the Council's strategic leadership grades.

The post of Head of Contractual Relationships, pay level 6 in the Council's strategic leadership grades will be re-designated Specialist Lead – Commercial Law. The post of Head of Elections, pay level 7, in the Council's strategic leadership grades, will be re-designated Senior Manager Electoral Services. Both posts will report to the Assistant Director of Law and Governance.

With the transfer of the scrutiny function to the Law and Governance Service, it will be appropriate for an officer within that area to be designated as the Council's statutory Scrutiny Officer.

People, Communications and Partnerships Directorate

4.11 The proposed People, Communications and Partnerships Directorate will take a lead role on cultural change and a focus on supporting and developing the employees within the city council. The renamed directorate will continue to focus on strategy and policy (including support to the NECA) as well as continuing with corporate communications and marketing and with city partnerships.

In summary it will include the following functions and activity:

- People management (formally Human Resources and Organisational Development),
- Economic policy
- Corporate communications and marketing
- Policy unit
- City partnerships (including children's safeguarding support)
- Data protection office

The post of statutory Data Protection officer remains unchanged.

It is proposed that the following posts be created:

- Assistant Director of People Management, at pay level 5, in the Council's strategic leadership grades.
- Assistant Director of Economic Policy, at pay level 5, in the Council's strategic leadership grades.

Neighbourhoods Directorate

4.12 The proposed Neighbourhoods Directorate will include the following functions and activity:

- Adults social care, social work, assessment and review, adult safeguarding, financial assessment and safeguarding, court of protection, deprivation of liberty safeguards, provider services, market shaping and health and safeguarding board
- Neighbourhood management including community safety, cohesion and ASB
- Community resilience including VCS, welfare reform, adult learning & skills, domestic violence and area governance
- Environmental Services – Refuse collection and recycling; waste management; cleansing, parks and grounds maintenance; environmental enforcement, arboricultural services
- Environmental health, trading standards and licensing, Housing Strategy houses in multiple occupation (HMO's), accredited landlords, Housing First, Statutory Homelessness
- Culture, arts, libraries and events, Active Sunderland and Derwent Hill

The Council retained a number of education functions in the transfer to the commissioned model for children's services which have sat with the Executive Director of People Services in the current leadership structure. A review of the governance between the Council and TfC is currently underway in anticipation of the setting of the 2019/20 contract which will address the future management of those retained services.

It is proposed that the following posts be created:

- Assistant Director of Adult Services, at pay level 4, in the Council's strategic leadership grades (£91,063 - £103,295). It is proposed that this post will also carry out the role of Chief Operating Officer at Sunderland Care and Support (SCAS) on a secondment basis, following the proposed secondment of the substantive postholder to the CCG, to carry out the role of Managing Director for the Sunderland All Together Better Alliance (ATBA). The additional responsibilities for SCAS are reflected in the grading of the post at pay level 4. Without the additional responsibility relating to SCAS the grade of the post of Assistant Director of Adult Services would remain at pay level 5.
- Assistant Director of Community Resilience, at pay level 5, in the Council's strategic leadership grades. It is proposed that this post is created for a fixed term of two years to provide additional capacity at a senior leader level for a temporary period. The functions and activities associated with this role will then be reviewed and will be the subject of a separate proposal at that time.
- Assistant Director of Environmental Services, at pay level 5, in the Council's strategic leadership grades.
- Assistant Director of Housing Service, at pay level 5, in the Council's strategic leadership grades.
- Assistant Director of Culture and Events, at pay level 5, in the Council's strategic leadership grades.

Public Health and Joint Commissioning Directorate

- 4.13 A significant challenge for Sunderland remains around the health of our population. Health outcomes are still poor and health behaviours have not yet changed sufficiently. In order to achieve our ambition of being a healthy city it is imperative that we harness resource to support this. To this end it is proposed that a new directorate focused on public health and commissioning is created.

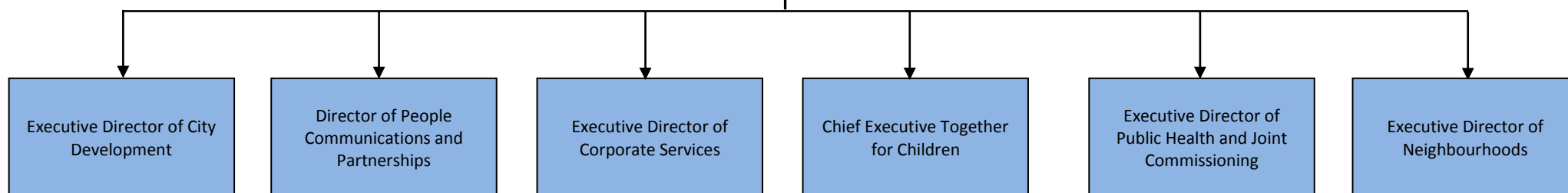
It is proposed that the following posts be created:

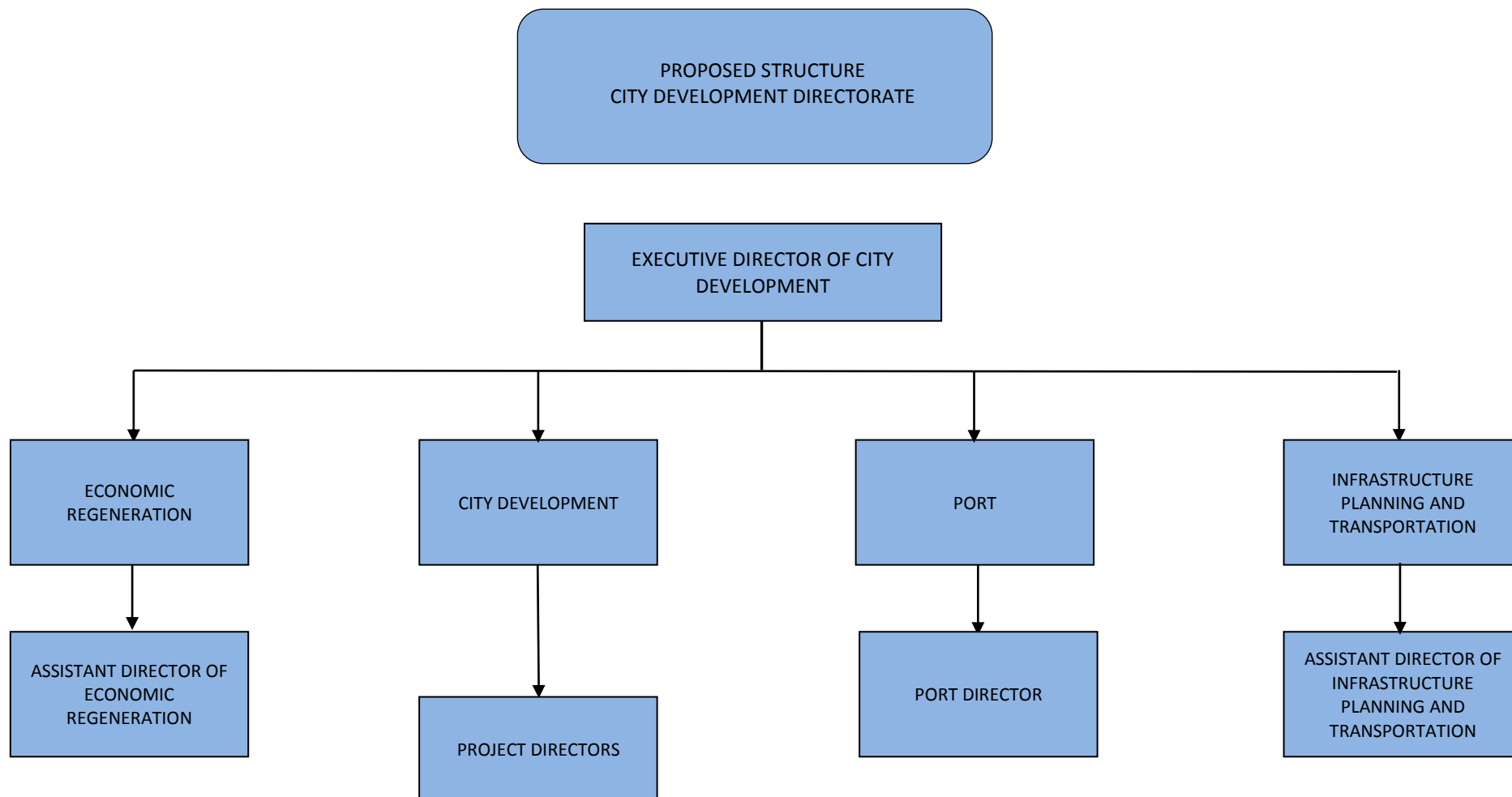
- Executive Director of Public Health and Joint Commissioning, at pay level 3 (£103,295 - £122,590), in the Council's strategic leadership grades.
- Assistant Director of Commissioning, at pay level 5, in the Council's strategic leadership grades.

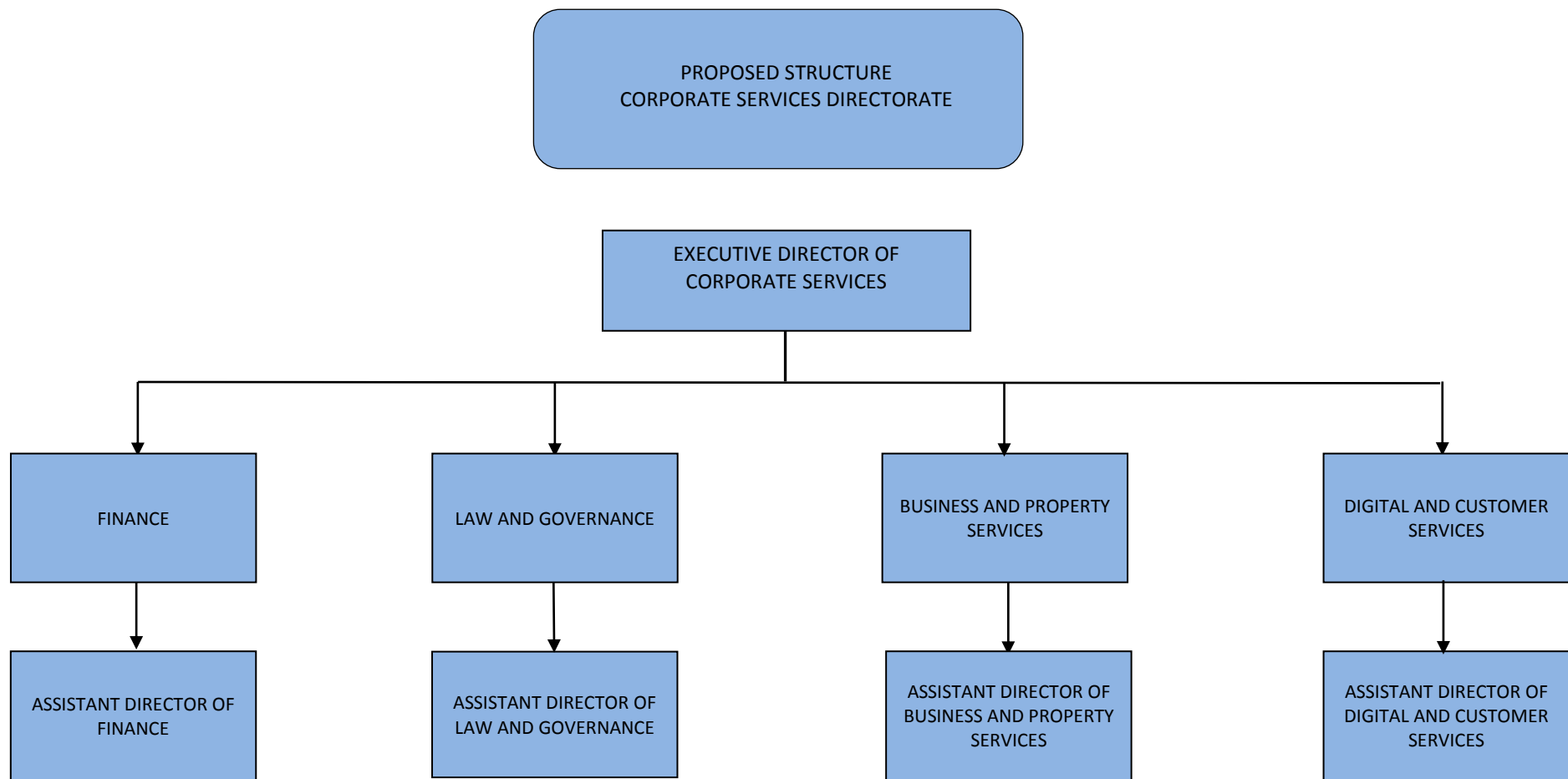
The existing post of Director of Public Health remains unchanged and the holder of this post will continue to be the designated officer for the purposes of section 73A(1) of the National Health Service Act 2006 .

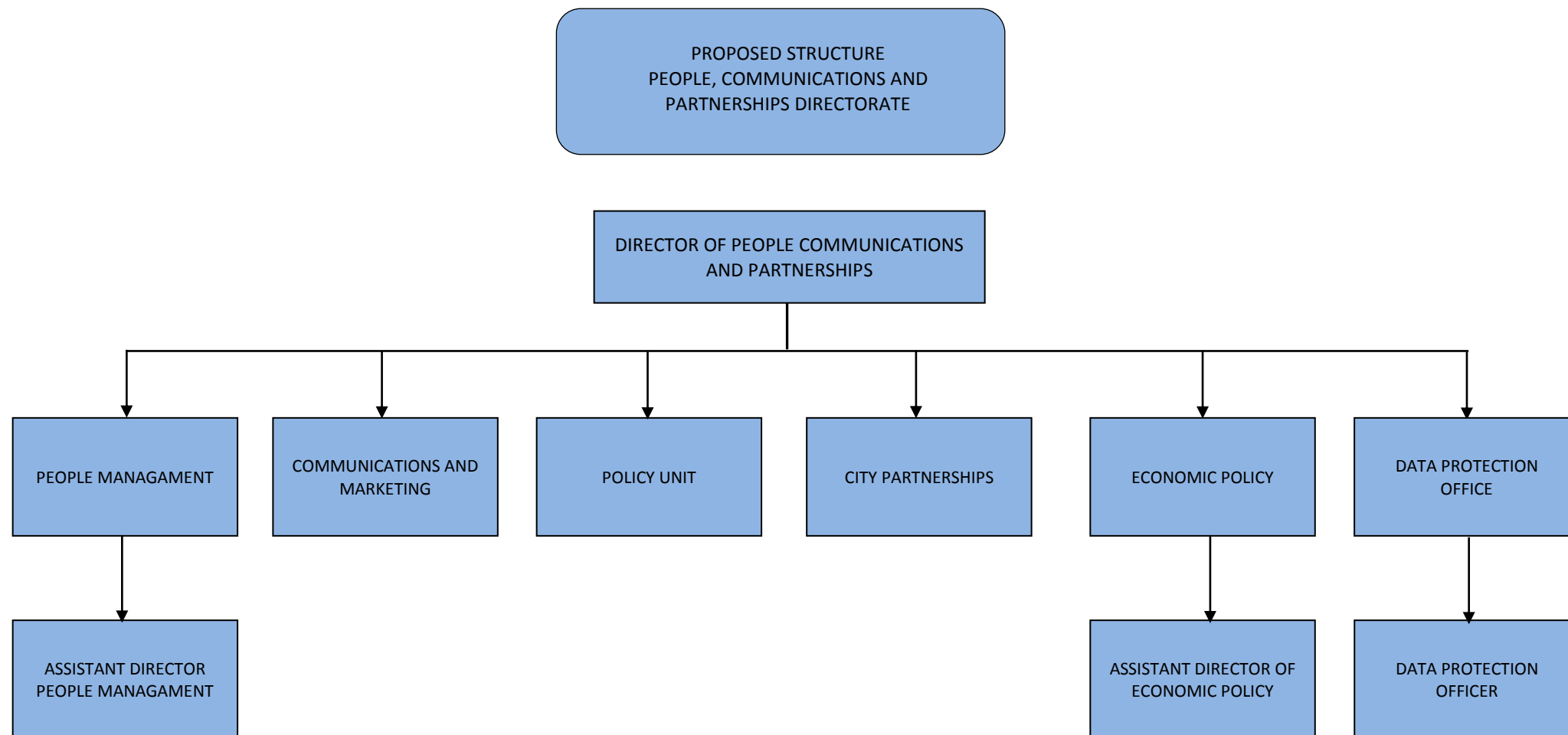
PROPOSED CHIEF OFFICER GROUP
STRUCTURE

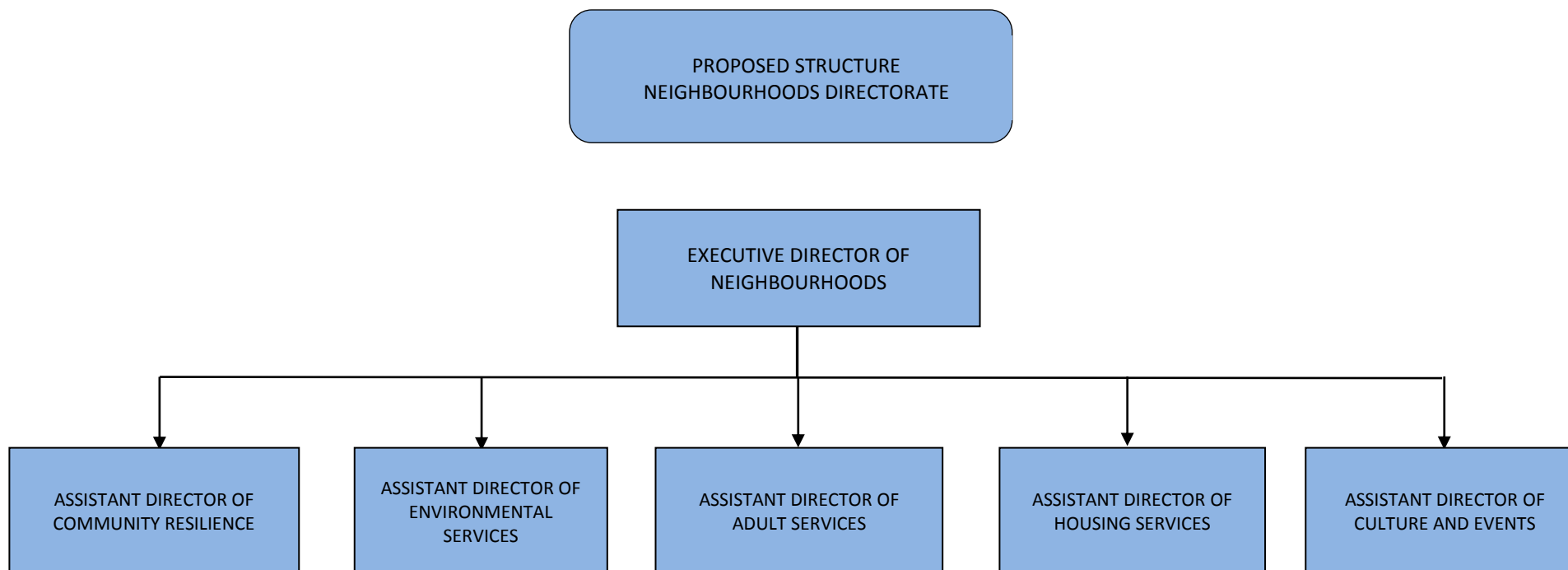
CHIEF EXECUTIVE

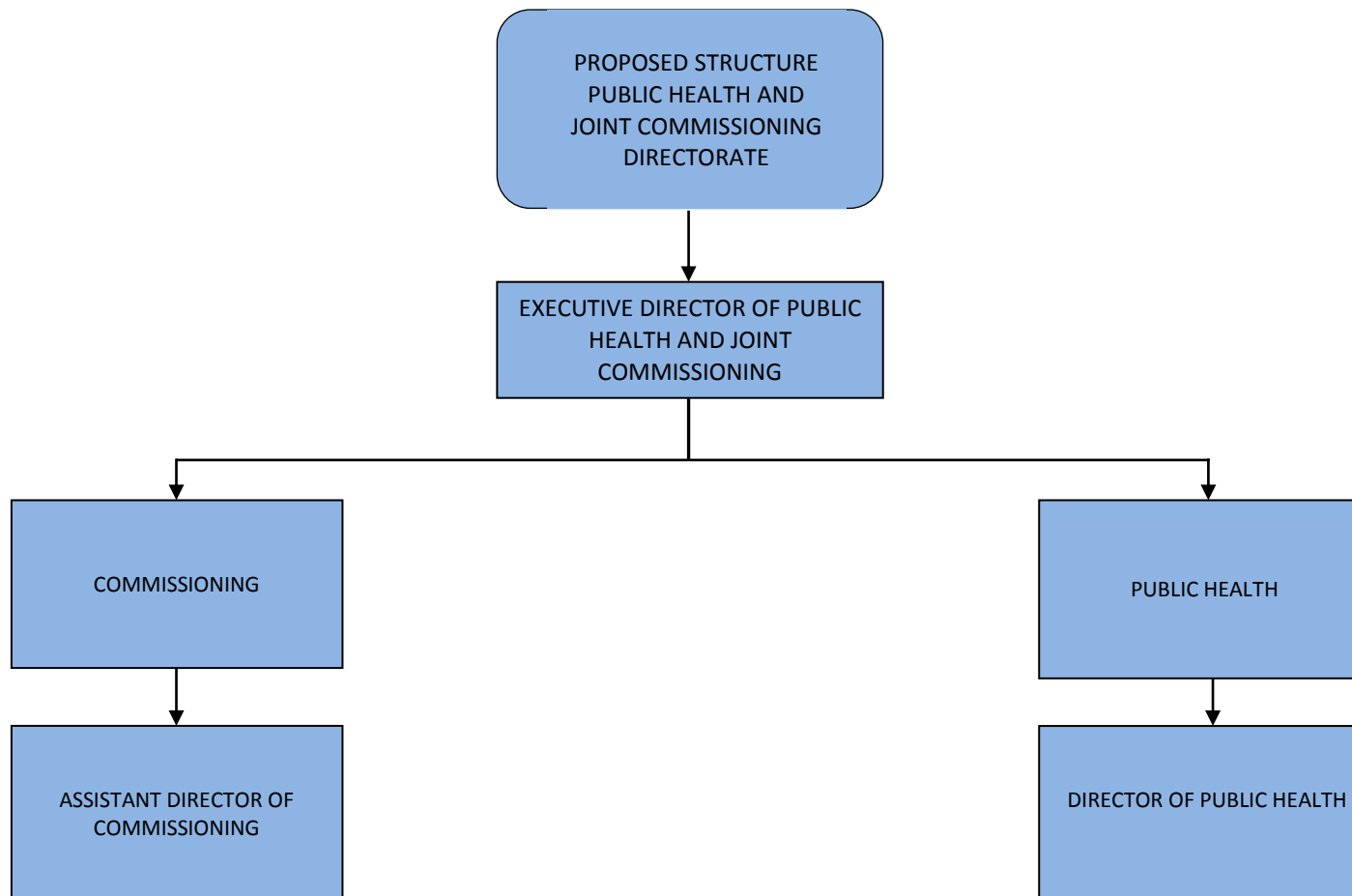












Extract from report to Human Resources Committee 21 February 2019

City Plan – Reshaping the Council

Section 5 - Reallocation of Delegated Functions

- 5.1 If the structure proposals are approved, amendments will be required to the Officer Delegation Scheme to ensure that functions are aligned with the relevant officer who has responsibility for undertaking those functions. Where delegated functions relate to executive matters, the Leader has indicated that subject to the revised structure being approved, executive functions may be reallocated accordingly. With regard to non-executive functions, it is for the Council to approve the relevant amendments.
- 5.2 It is proposed that Council be recommended to authorise the Assistant Director of Law and Governance to make the necessary amendments to the Constitution to reflect the new structure and the reallocation of delegated functions. Further, in order to simplify the process in future for amending the Constitution in circumstances such as this, where the amendments are required to reflect duly authorised decisions, it is proposed that the Assistant Director of Law and Governance be authorised to make such changes, without referring the matter to full Council. It is also proposed that authority be given for the making of any amendments required to reflect changes in the law which fall within the professional or managerial area of officers exercising delegated functions, or to make typographical or stylistic corrections or improvements. This can be effected by amending Article 16 “Review and Revision of the Constitution” and the Delegations to the Assistant Director of Law and Governance to enable the following categories of changes, to be made, namely those:
- (i) to give effect to decisions by the Council, the Cabinet, committees or sub-committees or officers in accordance with their statutory functions or delegated powers, which need to be reflected in the Constitution, such amendments to include the reallocation of delegated functions to officers, following management restructures or duly authorised changes in the managerial or professional areas of responsibility of officers;
 - (ii) to give effect to changes in the law which apply directly to the Council and which need to be reflected in the Constitution; and
 - (iii) to make typographical and stylistic corrections or improvements.