

CABINET – 8 FEBRUARY 2022**CAPITAL PROGRAMME 2022/2023 TO 2025/2026 AND TREASURY MANAGEMENT POLICY AND STRATEGY 2022/2023, INCLUDING PRUDENTIAL INDICATORS FOR 2022/2023 TO 2025/2026.****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 overall Capital Programme 2022/2023 to 2025/2026 and the Treasury Management Policy and Strategy (including both borrowing and investment strategies) for 2022/2023, to approve the Prudential Indicators for 2022/2023 to 2025/2026 and the Minimum Revenue Provision Statement for 2022/2023.

2. Description of Decision

- 2.1 Cabinet is requested to recommend to Council approval of:
- i. the proposed Capital Programme for 2022/2023;
 - ii. the Treasury Management Policy and Strategy for 2022/2023 (including specifically the Annual Borrowing and Treasury Investment Strategies);
 - iii. the Prudential Indicators for 2022/2023 to 2025/2026; and
 - iv. the Minimum Revenue Provision Statement for 2022/2023.

3. Background

- 3.1 The Council currently has an ambitious approved Capital Programme, with £493m spend profiled over the period 2022/2023 to 2025/2026 linked to the City Plan priorities (see Appendix 1).
- 3.2 On 12th October 2021 Cabinet approved an updated Capital Strategy. On 16th November 2021 Cabinet approved a suite of new start capital proposals commencing from 2022/2023 which had been developed in accordance with the updated Capital Strategy and City Plan. The delivery of the City Plan will drive transformation and economic regeneration in the City.
- 3.3 Since the November report to Cabinet, further work has progressed on the development of schemes and the programme now presented at Section 4 below includes additional proposed investment in the City of Sunderland Arena, further details of which are set out at section 4.6 and Appendix 2 of this report.
- 3.4 Since the Capital Programme Third Review 2021/2022 (including Treasury Management) report approved by Cabinet on 11 January 2022, there is some further proposed revisions to the current Capital Programme, as follows:
- Sunderland Museum and Wintergardens. The £21.755m approved budget includes £16m external funding yet to be secured, as well as £5.755m borrowing. Given the limited availability of external funding for this, it is proposed to reduce the estimated level of external funding that could be secured to £5m, providing a revised project budget of £10.755m which would deliver an appropriate level of restoration and improvements for future requirements.

- International Advanced Manufacturing Park, the expenditure profile has been updated to align with the forecast delivery timescales by IAMP LLP with significant investment now forecast to take place during 2022/2023.

4. Capital Programme 2022/2023 to 2025/2026

- 4.1 The proposed Capital Programme for 2022/2023 to 2025/2026 has been 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.
- 4.2 The total proposed programme amounts to £627.601m, with £295.541m programmed in 2022/2023, as set out below:

Expenditure by Portfolio	Estimated Payments				
	2022/2023	2023/2024	2024/2025	2025/2026	Total
	£'m	£'m	£'m	£'m	£'m
Deputy Leader	117.760	45.483	16.149	1.150	180.542
Cabinet Secretary	9.657	7.115	1.300	0.329	18.401
Children's Learning and Skills	25.445	5.301	2.705	0.000	33.451
Dynamic City	122.698	123.653	78.654	10.736	335.741
Healthy City	4.024	7.152	0.550	0.250	11.976
Vibrant City	15.957	17.456	8.500	5.577	47.490
Total Capital Expenditure	295.541	206.160	107.858	18.042	627.601

- 4.3 In 2021/2022, the Council committed resources towards a Capital Programme spanning 2021/2022 to 2024/2025, which included schemes that were reliant upon securing external funding. Therefore, the proposed 2022/2023 to 2025/2026 programme reflects:
- ongoing capital scheme commitments from previous years of £493.506m (£267.675m in 2022/2023) as set out in Appendix 1;
 - new starts / additional investment of £134.095m (£27.866m in 2022/2023) summarised at section 4.6 with further detail set out in Appendix 2.

The details of the full Capital Programme for 2022/2023 to 2025/2026 are set out in Appendix 3. The rest of this section of the report covers proposals for new starts / additional investments in more detail.

4.4 Additional Capital Project Proposals 2022/2023 to 2025/2026 – Capital Strategy

- 4.4.1 The 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 City Plan.
- 4.4.2 The Capital Strategy is updated annually for approval by Council, with the latest revision approved by Council in November 2021.

4.4.3 The capital priorities are aligned to the City Plan “Sunderland 2019-2030” Themes:

- By 2030 Sunderland will be a **dynamic smart city** with more and better jobs, a low carbon economy and a great choice of housing. It will be a leading digital city, deploying smart and sustainable technologies for the benefit of residents, business, and visitors;
- Sunderland will be a **healthy smart city** where people will live healthier, independent lives for longer. It will be a clean and attractive city with great transport and travel links; and
- Sunderland will be a **vibrant smart city** with more resilient people feeling safe in their homes and neighbourhoods. There will be a range of opportunities for people to participate in their communities and in cultural events and activities.

In addition, a continuing priority for the Council is to deliver the best possible services and support to our residents, with a focus on long term benefits for our children and young people beyond 2030.

4.5 Resources Available for New Starts / Additional Investments

4.5.1 Resources - Grants

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

Significant investment has been secured in the last 5 years from Central Government and regional funds to support major infrastructure priorities, including Riverside Sunderland, the International Advanced Manufacturing Park (IAMP), Sunderland Strategic Transport Corridor Phase 3 (SSTC3), the Port of Sunderland Enterprise Zone, digital connectivity and housing infrastructure.

With the Local Growth Fund and European funding programmes now committed in the North East Local Enterprise Partnership (North East LEP) area, the Council continues to access and investigate funding opportunities linked to the UK's Industrial Strategy and the Levelling Up agenda. Capital funding secured for major projects includes support from the Housing Infrastructure Fund for the South Sunderland Growth Area projects, Transforming Cities Fund support for the redevelopment of Central Station, and Future High Streets Fund support for a city centre transformation programme. The Council has also secured Getting Building Fund approval for two capital projects to support digital and strategic infrastructure in the city centre and riverside areas, and for investment in additional energy infrastructure on the Hillthorn Business Park site in Washington.

In October 2021, the Council secured £20m from Round 1 of the Government's Levelling Up Fund to support the City Centre Housing Ecosystem, including co-funding towards construction of the Housing Innovation and Construction Skills Academy, and support for the development of two sustainable housing developments in Riverside Sunderland and Sunnyside. The Council is currently developing proposals for future rounds of the fund due to be launched in early 2022. It is also awaiting further guidance on the UK Shared Prosperity Fund and City Region Sustainable Transport Fund both of which should offer additional capital funding opportunities for the city in the next 3-5 years.

The Council and its partners continue to access and explore new opportunities to invest in the city's heritage, tourism, sporting and cultural assets. This involves pursuing funding opportunities through the National Lottery Heritage Fund, Historic England, National Lottery Community Fund, Arts Council England, Sport England and other major funders. Development work is ongoing to identify a pipeline of future projects to enhance the city's overall cultural offer, including redevelopment of the Sunderland Museum and Winter Gardens.

The Council has secured grant funding for operational properties via the Public Sector Decarbonisation Scheme and also domestic properties via Green Homes Grant Local Authority Delivery Phase 2 programme in 2021/2022 via low carbon heating systems. Further iterations of these programmes are expected to be announced by Government in the coming months, and the Council will continue to apply for funding to help meet the targets of carbon neutrality for the Council by 2030 and the City by 2040.

The Spending Review in October 2021 provided further information on Government plans for the introduction of the UK Shared Prosperity Fund (SPF) in 2022. The Spending Review outlined plans to allocate over £2.6 billion to the SPF (from 2022/2023-2024/2025) 'focused on helping people into jobs and to get on in life across the UK.' It was confirmed that the SPF will be worth £0.4bn in 2022/2023, £0.7bn in 2023/2024 and £1.5bn in 2024/2025. Local authorities, and others, are waiting to see how the money will be allocated; and, whether regions that benefitted from EU structural funds will be as well off as before. No details were given for beyond 2024/2025.

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. These grants, in the main, support recurring capital activity.

The table below details Government Grants announced for 2022/2023 onwards for Transport, Adult Social Care and Schools.

Funding Source		2021/2022	2022/2023
		£'000	£'000
City Region Sustainable Transport Fund	Highways Capital Maintenance	1,835	1,835
	Highways Capital Maintenance - Incentive Funding	459	459
	Pot Hole & Challenge Fund	1,835	tbc
	Highways Integrated Transport	1,618	1,618
	Nexus Allocation	42	42
Emergency Active Travel Fund		1,160	0
Total Transport		6,949	3,954
Disabled Facilities Grant		4,055	tbc
Total Adult Social Care		4,055	tbc
Schools Condition Allocation		1,636	1,097
Education Basic Need		3,440	0
Schools Devolved Funding		315	tbc
Special Educational Needs and Disability (SEND) grant		520	tbc
Total Department for Education		5,911	1,097

All above 2022/2023 grants at this stage are provisional until confirmed, which will be reported to Cabinet in due course. At this stage no allocations have been announced beyond 2022/2023.

Appendix 2 sections 2 to 4 sets out further details and proposed use of the above funding for 2022/2023.

4.5.2 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 are realised, or where they have been included as part of any project financial plan as part of the overall business case.

S106 Reserves - Upon confirmation of S106 agreements with developers, monies received are held in reserves until detailed plans on the 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 the development/improvement of play provision, educational assets, highways infrastructure, affordable housing, public open spaces and ecological improvements.

Following a review of available resources and project business cases, it is proposed that no capital receipts or reserves are earmarked to support the Capital Programme proposals in this report.

Elsewhere on the agenda, the Revenue Budget and Proposed Council Tax report for 2022/2023 sets out the Council's Efficiency Strategy for the period 2022/2023 to 2025/2026. In accordance with Government guidance on the availability of flexibility around the use of capital receipts for transformation purposes, the Efficiency Strategy includes the option to use capital receipts to support transformation costs arising from implementing the Council's savings programme.

- 4.5.3 Resources – Capital Expenditure charged to Revenue Account (CERA)
Given the financial position in recent years, other than for current commitments included within the approved Capital Programme, the only provision for revenue funding for Capital is £0.064m resource already allocated for this purpose.

4.5.4 Resources – Borrowing

Historically the Council has utilised flexibility in funding its Capital Programme using 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 the Medium Term Financial Plan (MTFP). 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 £86.086m of prudential borrowing (£7.716m in 2022/2023 and £78.370m from 2023/2024 to 2025/2026). It is proposed to use this borrowing flexibly by switching with surplus capital receipts once realised and through using temporary cash balances. This would reduce planned capital finance charges that may arise from this borrowing.

4.5.5 Resources – Other Funding – Enterprise Zones

The current Capital Programme includes for investment in infrastructure 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 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.

4.6 Detailed Proposals for New Starts and Capital Programme 2022/2023 to 2025/2026

- 4.6.1 Following consultation with Portfolio Holders and approval by Cabinet in November 2021, and subsequent work in finalising the investment proposal for the City of Sunderland Arena (ref 1.4.2 in the table below), the projects in the table below are included in the Capital Programme for 2022/2023 to 2025/2026 with further details set out in Appendix 2.
- 4.6.2 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 2.

App 2 Ref	Project Name	Total Project Spend	Spend 2022/23	Spend Future Years	External Funding	Council Provision in Current Capital Programme	Additional Council Funding
		£m	£m	£m	£m	£m	£m
Deputy Leader							
1.2.1	Fleet - Refuse Collection Vehicle Replacement Programme	1.088	1.088	0.000	0.000	0.000	1.088
1.2.2	Scheme Feasibility and Design – Neighbourhood Services	0.550	0.100	0.450	0.000	0.000	0.550
1.2.3	Replacement Coalfields Depot and provision of a Salt Barn	6.503	0.695	5.808	0.000	0.000	6.503
1.2.4	Improvement to Parks and Open Spaces	4.500	1.500	3.000	0.000	0.000	4.500
1.2.5	Elmore Green Space and Social Enterprise Development	1.400	0.595	0.805	0.400	0.000	1.000
Total		14.041	3.978	10.063	0.400	0.000	13.641
Cabinet Secretary							
1.3.1	Smart Cities - Replacement of End User Devices	1.697	0.000	1.697	0.000	0.000	1.697
1.3.2	Smart Cities - Network Monitoring	0.158	0.158	0.000	0.000	0.000	0.158
1.3.3	Smart Cities - Back-up Solution and Data Storage	0.200	0.200	0.000	0.000	0.000	0.200
1.3.4	Smart Cities - Essential Hardware Replacement	0.135	0.135	0.000	0.000	0.000	0.135
1.3.5	Smart Cities - Remote Connection Solution	0.125	0.000	0.125	0.000	0.000	0.125
1.3.6	Bishopwearmouth Cemetery - South Chapel Repair/Conservation Works	0.600	0.600	0.000	0.600	0.000	0.000
Total		2.915	1.093	1.822	0.600	0.000	2.315
Dynamic City							
1.4.1	Sunnyside Regeneration (Nile & Villiers Street)	24.000	6.000	18.000	24.000	0.000	0.000
1.4.2	City of Sunderland Arena	82.157	9.365	72.792	7.968	9.554	64.635
Total		106.157	15.365	90.792	31.968	9.554	64.635
Healthy City							
1.5.1	Technology Solutions – Neighbourhoods	1.000	0.250	0.750	0.000	0.000	1.000
1.5.2	Community Equipment Service - New Storage Facilities at Leechmere	0.500	0.500	0.000	0.000	0.000	0.500
1.5.3	Day Centre Replacement - Additional Costs	2.602	0.000	2.602	0.000	0.000	2.602
1.5.4	Learning Disabilities Out of Hospital Community Provision	0.724	0.724	0.000	0.362	0.000	0.362
Total		4.826	1.474	3.352	0.362	0.000	4.464
Vibrant City							
1.6.1	Arts Centre Washington Refurbishment	0.200	0.200	0.000	0.000	0.000	0.200
1.6.2	Raich Carter Centre Improvement Works	0.250	0.250	0.000	0.000	0.000	0.250
1.6.3	Modernising Libraries (Washington and Houghton Libraries)	0.500	0.300	0.200	0.000	0.000	0.500
1.6.4	Reinstatement of Bridleway (Downhill)	0.110	0.110	0.000	0.000	0.000	0.110
1.6.5	Overflow car park - North Area Playing Fields Washington	0.045	0.045	0.000	0.010	0.000	0.035
Total		1.105	0.905	0.200	0.010	0.000	1.095
Service New Grant Allocations							
2.0	Transport (Highways) Schemes	3.954	3.954	0.000	3.954	0.000	0.000
3.0	Adult Social Care - Disabled Facilities Grant Allocation	0.000	0.000	0.000	0.000	0.000	0.000
4.0	Education	1.097	1.097	0.000	1.097	0.000	0.000
Total		5.051	5.051	0.000	5.051	0.000	0.000
TOTAL OF INVESTMENT PROPOSALS		134.095	27.866	106.229	38.391	9.554	86.150

- 4.6.3 The proposed additional new starts investment totals £134.095m, (£27.866m in 2022/2023 and £106.229m in future years). Of the total £134.095m:
- £38.391m is externally funded;
 - £9.554m is existing Council funding already included in the current Capital Programme; and
 - The remaining balance of £86.150m is to be met from available Council resources primarily via prudential borrowing.

It is important to note that:

- Some of the above investment is anticipated to be recouped through either S106 or commercial arrangements over time; and
 - Some investments are linked to the generation of savings to support the revenue budget.
- 4.6.4 Planned funding sources for individual capital schemes may be subject to amendment to achieve best value for 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.
- 4.6.5 The recommended Capital Programme is included in full as Appendix 3 to this report.
- 4.6.6 Additional capital project proposals were approved by Cabinet on 16th November 2021 for inclusion in this Capital Programme report. The Scrutiny Coordinating Committee on 9th December 2021 acknowledged the Capital Programme and is satisfied with the proposed variations to the Capital Programme.

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 2021, although some changes to reporting requirements as a result of this update are deferred to 2023/2024.
- 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; and

- 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 was reported to Cabinet in October 2021 and subsequently approved by Council in November 2021. The Capital 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 2022/2023, taking into account all matters specified in the Prudential 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 4 in full compliance with the Code, the new Prudential Code introduces one further prudential indicator (the Liability Benchmark) which will be introduced from 2023/2024.
- 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 Department for Levelling Up, Housing and Communities' (DLUHC) guidance when assessing its MRP. DLUHC revised their MRP guidance in February 2018 and this guidance has been considered when setting the MRP policy for 2022/2023. The Council 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. There is currently a live consultation on proposed MRP regulations being carried out by DLUHC.
- 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 MTFP at that time.

- 5.8 It is proposed the Council continue the MRP policy used in 2021/2022 and the recommended Minimum Revenue Provision Statement for 2022/2023 is set out in Appendix 5.

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 6), and
- set out its Treasury Management Strategy Statement 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 7).

The DLUHC '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 2021. The Council is statutorily required to have regard to this advice when setting its Treasury Management Policy Statement and Treasury Management Strategy.

In November 2020, the Government published revised lending terms for the Public Works Loan Board (PWLB), which were implemented from the 26 November 2020 with a revision on 12 August 2021. The main feature of the new lending terms was to prevent local authorities from using PWLB loans to buy commercial assets primarily for yield.

This investment guidance focused particularly on non-treasury commercial investments reported within the Commercial Activity – Investment Strategy section of the Capital Strategy presented to Cabinet in October 2021, rather than in the Treasury Management Strategy. Ensuring 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 reaffirm 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 way the Council will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.
 - investment management practices (IMPs) for investments that are not for treasury management purposes

The content of the Treasury Management Policy Statement is detailed in Appendix 6 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 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 Council's Treasury Management 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 2022/2023

- 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 2022/2023.
- 6.4.2 There are no major changes proposed to the overall Treasury Management Strategy in 2022/2023, which maintains the careful and prudent approach adopted by the Council in previous years. Areas that inform the strategy include the extent of potential borrowing included in the 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 2022/2023 is set out in Appendix 7 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 Council's TMPs are 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 2021/2022 using the prudent treasury management strategy adopted shows that the current average rate of borrowing at 2.54% is low in comparison with other local authorities whilst the current rate earned on investments at 0.16% is higher than the benchmark rate of -0.07%. 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 to approve an affordable Capital Programme, Treasury Management Strategy and Prudential Indicators.

8. Alternative Options

- 8.1 No alternative options are proposed.

9. Impact Analysis

- 9.1 Impact assessments will be undertaken by Directorates in delivering the schemes and to ensure programmes are delivered within budget.

10. List of Appendices

- 10.1 Appendix 1 - Capital Commitments into 2022/2023
Appendix 2 - Capital Programme 2022/2023 New Starts / Additional Investments
Appendix 3 - Capital Programme 2021/2022 to 2025/2026
Appendix 4 - Prudential and Treasury indicators 2022/2023 to 2025/2026
Appendix 5 - Minimum Revenue Provision Policy Statement 2022/2023
Appendix 6 - Treasury Management Policy Statement
Appendix 7 - Treasury Management Strategy Statement for 2022/2023

11. Background Papers

Cabinet Report – 16^h November 2021 - Capital Programme Planning 2022/2023 to 2025/2026.

Cabinet Report – 12th October 2021 - Budget Planning Framework and Medium Term Financial Plan 2022/2023 – 2025/2026.

Current Approved Capital Programme Commitments from 2022/2023 to 2025/2026

Project	Existing Capital Programme		
	2022/2023 £m	2023/2024 to 2025/2026 £m	TOTAL £m
Vaux Housing	22.945	25.992	48.937
Riverside Sunderland Infrastructure	12.558	32.270	44.828
Housing Delivery Investment Plan	11.500	32.802	44.302
Sunderland Eye Infirmary	11.872	25.282	37.154
Culture House	12.270	13.807	26.077
Northern Spire Park	9.203	13.550	22.753
Sunderland Central Station Redevelopment & Car Park	19.949	1.500	21.449
International Advanced Manufacturing Park (IAMP)	13.473	6.511	19.984
Strategic Acquisitions and Developments	15.309	1.689	16.998
Willowfield Supported Housing Village	12.500	3.000	15.500
HICSA (Housing Innovation Construction & Skills Academy)	9.577	4.349	13.926
Sunderland Museum and Winter Gardens Redevelopment	0.500	10.155	10.655
Riverside Sunderland Multi-Storey Car Park	8.455	0.000	8.455
Coastal Defence - Strategic Frontage 3	2.000	6.178	8.178
Replacement Crematorium	0.483	7.000	7.483
Thorney Close Primary School - new build	0.426	6.405	6.831
Inspiring Futures Programme - Delivering a new approach to Homelessness Services and Accommodation	2.371	4.182	6.553
SSGA - Ryhope Doxford Link Road	6.143	0.000	6.143
Day Centre Transformation & Improvement	1.950	4.000	5.950
Redevelopment of Parsons Depot including Electrical Vehicle Infrastructure	5.644	0.000	5.644
Smart Cities Project	2.752	2.752	5.504
Strategic Cycle Network	5.109	0.000	5.109
Planned Property Capital Maintenance	2.500	2.500	5.000
Seaton Lane Junction Imps – Durham CC	4.812	0.000	4.812
Washington F Pit Heritage Visitor Centre and Albany Park Improvements	0.350	4.300	4.650
Sunningdale Primary School - new build	4.632	0.000	4.632
Barnes Junior School Refurbishment	4.365	0.000	4.365
Schools - other projects	4.222	0.000	4.222
Farringdon Academy Refurbishment	4.000	0.000	4.000
Hetton Primary School - new build	3.857	0.000	3.857
Housing Other Sites	2.249	1.500	3.749
Newbottle Primary Academy Extension & ASD Unit	2.146	1.601	3.747
Microgrid Backbone	3.355	0.282	3.637
Refuse Collection Vehicle Replacement Programme	3.601	0.000	3.601
Investment Corridors	1.424	2.000	3.424
Energy and Carbon 2030 Development	1.000	2.025	3.025
Other projects (=<£3m)	38.173	10.199	48.372
TOTAL CURRENT PROGRAMME	267.675	225.831	493.506

Capital Programme 2022/2023 to 2025/2026 – New Starts / Additional Investments

1. Other Capital New Start / Additional Investment Proposals 2022/2023 to 2025/2026

The following projects are proposed for inclusion in the 2022/2023 to 2025/2026 Capital Programme. Gross amounts represent the total estimated project cost. For projects with external funding provision, the net amounts represent the estimated net increase in the Council's financial investment. The figures in brackets show the anticipated annual gross spend profile for each scheme.

1.2 Deputy Leader New Start Proposals

1.2.1 Fleet - Refuse Collection Vehicle Replacement Programme - £1.088m, all in 2022/2023

Refuse Collection Vehicle (RCV) fleet requirements have been reviewed against with the current vehicle replacement profile in the existing Capital Programme. The review included an assessment of the future need for vehicles in light of increasing demands from housebuilding and commercial waste. This further investment will also support the increased cost of RCVs, as well as the pilot electric RCV which will support the Council becoming carbon neutral by 2030.

Area Outcomes / Benefits and Contribution to Strategic Priorities:

The investment will provide benefits to residents city-wide, and will contribute to the following strategic priorities:

- Dynamic Smart City: low carbon city and digital connectivity for all
- Healthy Smart City: cleaner and more attractive city and neighbourhoods

1.2.2 Scheme Feasibility and Design – Neighbourhood Services – £0.550m (£0.100m in 2022/2023 and £0.150m in each year 2023/2024 to 2025/2026)

To provide the ability for projects to be developed from concept and feasibility stage within the Neighbourhoods Directorate. This will inform future project requirements so that full detailed design and costs can be developed, informing future capital project business cases with more accurate design, costs and financial profile. A review of actual costs on historical schemes have been assessed to inform the funding required.

Area Outcomes / Benefits and Contribution to Strategic Priorities:

The investment will provide benefits to residents city-wide, and will contribute to the following strategic priorities:

- Dynamic Smart City: more and better housing
- Dynamic Smart City: stronger City Centre
- Dynamic Smart City: low carbon city and digital connectivity for all
- Healthy Smart City: cleaner and more attractive city and neighbourhoods

1.2.3 Replacement Coalfields Depot and Provision of a Salt Barn - £6.503m (£0.695m in 2022/2023, £4.310m in 2023/2024 and £1.498m in 2024/2025)

This project will provide a comprehensive redevelopment / replacement of the Houghton Depot. This will include the provision of an improved service depot and facilities for Refuse, Local Services and Winter Maintenance teams and their equipment and vehicles, and also include investigating wider waste arrangements within the Coalfields area. A new salt storage barn is also incorporated into the scheme. The current depot facilities are poor and need redevelopment so that services and employees can operate within a modern, fit for purpose facility.

Area Outcomes / Benefits and Contribution to Strategic Priorities:

The investment will provide benefits to residents city-wide, and will contribute to the following strategic priorities:

- Dynamic Smart City: low carbon city and digital connectivity for all
- Healthy Smart City: cleaner and more attractive city and neighbourhoods
- Healthy Smart City: city with great transport and travel links

1.2.4 Improvement to Parks and Open Spaces - £4.500m (£1.500m in 2022/2023 and £1.000m in each year 2023/2024 to 2025/2026)

Capital provision of £2.500m was made available in 2021/2022 to support an improvement in parks, open spaces and allotment provision. Consultation with residents in conjunction with Neighbourhood Plans has since been undertaken to identify priorities and needs regarding parks, open spaces and fixed play in each area. Whilst it is clear that some significant improvements can be made funded from the existing provision, it is also clear that necessary infrastructure such as car park surfacing, signage and litter bins will require further investment. The provision of a further £4.500m funding will therefore expand and enhance the planned improvements to parks and open spaces.

Area Outcomes / Benefits and Contribution to Strategic Priorities:

The investment will provide benefits to residents city-wide, and will contribute to the following strategic priorities:

- Dynamic Smart City: low carbon city and digital connectivity for all
- Healthy Smart City: access to equitable opportunities and life chances
- Healthy Smart City: reduced health inequalities enabling more people to live healthier longer lives
- Healthy Smart City: cleaner and more attractive city and neighbourhoods
- Vibrant Smart City: more residents participating in the communities
- Vibrant Smart City: more visitors visiting Sunderland and residents participating in events
- Vibrant Smart City: more people feel safe in their neighbourhoods and homes
- Vibrant Smart City: more resilient people

1.2.5 Elemore Green Space and Social Enterprise Development - £1.400m gross, £1.000m net after external funding provision (0.595m in 2022/2023 and £0.805m in 2023/2024)

Further funding of £1.4m will support the next phase of planned works to Elemore Green Space following the approval of £1.0m for 2021/2022. Phase 1 works are to redevelop the former golf club house into a café, garden centre, visitor, community and heritage space, as well as improve the existing car park. The second phase of works, to be

funded by this approval will create an additional car park, extensively improve the wider landscape of the park areas, including outdoor play facilities, signage and interpretation and seating, whilst also protecting the extensive ecology which has developed on the site over time, reduce anti-social behaviour and celebrate the heritage of the area. The delivery of the full project is reliant upon securing £0.4m external funding.

Area Outcomes / Benefits and Contribution to Strategic Priorities:

Whilst directly benefitting residents in Coalfields, it is envisaged that this community space will support the city-wide population.

- Dynamic Smart City: more and better jobs
- Dynamic Smart City: more and better skills and qualifications
- Dynamic Smart City: low carbon city and digital connectivity for all
- Healthy Smart City: access to equitable opportunities and life chances
- Healthy Smart City: reduced health inequalities enabling more people to live healthier longer lives
- Healthy Smart City: people enjoy independent lives
- Healthy Smart City: cleaner and more attractive city and neighbourhoods
- Vibrant Smart City: more creative and cultural businesses
- Vibrant Smart City: more residents participating in the communities
- Vibrant Smart City: more visitors visiting Sunderland and residents participating in events
- Vibrant Smart City: more people feel safe in their neighbourhoods and homes
- Vibrant Smart City: more resilient people

1.3 Cabinet Secretary New Start Proposals

1.3.1 Smart Cities - Replacement of End User Devices - £1.697m (£0.493m in 2023/2024, £0.875m in 2024/2025 and £0.329m in 2025/2026)

Provision to continue the ongoing replacement of ICT end user devices (laptops, desktop PC's and mobile phones) to ensure the continued up-to-date and secure use of ICT services by its 3,600 customers.

Area Outcomes / Benefits and Contribution to Strategic Priority:

Having fit for purpose and resilient technical solutions for ICT users underpins the effective running of the Council and therefore indirectly supports the delivery of the City Plan.

1.3.2 Smart Cities - Network Monitoring - £0.158m, all in 2022/2023

The network equipment procured for City Hall will provide Digital Network Architecture (DNA) appliance and advantage licencing for ongoing monitoring purposes. To gain maximum value across the whole ICT estate it is recommended to upgrade to advantage licencing to ensure full monitoring and enable uninterrupted network access for all ICT users.

Area Outcomes / Benefits and Contribution to Strategic Priority:

Having fit for purpose and resilient technical solutions for ICT users underpins the effective running of the Council and therefore indirectly supports the delivery of the City Plan.

1.3.3 Smart Cities - Back-up Solution and Data Storage - £0.200m, all in 2022/2023

Extension of the licencing software and support and maintenance to 2024 when the hardware reaches end of life. This will ensure the continuation of robust and resilient ICT Services with the ability to appropriately back-up and protect the integrity of customers data. Also, replacement of the aging and soon to be unsupported corporate data storage system with a new solution to ensure the continuation of robust and resilient ICT Services with the ability to protect the integrity of customers data that cannot be stored on Office 365.

Area Outcomes / Benefits and Contribution to Strategic Priority:

Having fit for purpose and resilient technical solutions for ICT users underpins the effective running of the Council and therefore indirectly supports the delivery of the City Plan.

1.3.4 Smart Cities - Essential Hardware Replacement - £0.135m, all in 2022/2023

Replacement of the aging hardware infrastructure at key Council sites including Uninterruptible Power Supply (UPS), Edge Switches and Connectivity hardware. This will ensure the continuation of robust and resilient ICT Services.

Area Outcomes / Benefits and Contribution to Strategic Priority:

Having fit for purpose and resilient technical solutions for ICT users underpins the effective running of the Council and therefore indirectly supports the delivery of the City Plan.

1.3.5 Smart Cities - Remote Connection Solution - £0.125m, all in 2024/2025

Replacement of the Netscaler solution once it reaches end of life - the Netscaler is the remote connection solution and web content load balancer. Its replacement will ensure the continuation of robust and resilient ICT Services.

Area Outcomes / Benefits and Contribution to Strategic Priority:

Having fit for purpose and resilient technical solutions for ICT users underpins the effective running of the Council and therefore indirectly supports the delivery of the City Plan.

1.3.6 Bishopwearmouth Cemetery - South Chapel Repair/Conservation Works - £0.600m gross, £0.000m net after external funding provision, all in 2022/2023

A condition report on the South Chapel building at Bishopwearmouth Cemetery has identified that repair and conservation works are required to prevent further decay and preserve the building. It is proposed to develop a detailed design and specification to carry out a programme of repair and conservation works in accordance with recommendations of the condition report, however, this would only progress if external funding can be secured to meet the full costs.

Area Outcomes / Benefits and Contribution to Strategic Priority:

The investment would provide direct benefits in the East Sunderland area but also benefit residents across the city, and will contribute to the following strategic priorities:

- Healthy Smart City: cleaner and more attractive city and neighbourhoods
- Vibrant Smart City: more people feel safe in their neighbourhoods and homes

1.4 Dynamic City New Start Proposals

1.4.1 Sunnyside Regeneration (Nile & Villiers Street) - £24.000m gross, £0.000m net after external funding provision (£6.000m in 2022/2023, £10.000m in 2023/2024 and £8.000m in 2024/2025)

The continued regeneration of Sunnyside through the development of new and better homes, provision of new workspaces and establishment of a sustainable new community is a longstanding ambition of the Council and its partners and is aligned with the objectives of the City Plan.

A partnership comprising TownDev Ltd and Create Streets, with support from Hendon based charity Back on the Map, has produced a vision for the development of a Living Arts Hub at the Council owned Site in Nile & Villiers Street. The Living Arts Hub will be an exemplar residential-led mixed-use scheme comprising 87 high quality, sustainable homes and workspaces which will be particularly appealing to Sunderland's vibrant creative community and will kickstart regeneration in Sunnyside and Old Sunderland.

Delivery of the scheme is dependent on securing third party funding to cover the full capital cost of the development. The Council has been successful in securing grant funding of £4.7m from the Government's Levelling Up Fund to support delivery of the scheme. In addition, the partnership is exploring mechanisms to secure the balance of funding.

Area Outcomes / Benefits and Contribution to Strategic Priorities:

The proposed regeneration will deliver social and economic benefits in an area of the city which is in much need of intervention and will contribute to the following strategic priorities:

- Dynamic Smart City: more and better jobs
- Dynamic Smart City: more and better housing
- Dynamic Smart City: more and better skills and qualifications
- Dynamic Smart City: stronger City Centre
- Dynamic Smart City: low carbon city and digital connectivity for all
- Healthy Smart City: reduced health inequalities enabling more people to live healthier longer lives
- Healthy Smart City: people enjoy independent lives
- Healthy Smart City: cleaner and more attractive city and neighbourhoods
- Healthy Smart City: city with great transport and travel links
- Vibrant Smart City: more residents participating in the communities
- Vibrant Smart City: more people feel safe in their neighbourhoods and homes

1.4.2 City of Sunderland Arena - £82.157m gross, £64.635m net after external funding and current Council funding provision (£9.365m in 2022/2023, £36.601m in 2023/2024, £35.257m in 2024/2025 and £0.934m in 2025/2026)

The site of the former Crowtree leisure centre is a pivotal location in the City Centre. The site has been further impacted by the demise of a number of high street retailers in adjacent properties. It has accelerated the need to intervene in this part of the city and transition to a more diverse and sustainable City Centre offer.

Sunderland City Centre, like many town and city centres across the country, has an oversupply of retail space, which has often strangled or hindered leisure development in the city. This over reliance on retail as a means to attract people to the City Centre has been unsuccessful due to the increasing trend to internet-based shopping and the regional consolidation of retailers. To address this, the scheme will concentrate on creating a much richer mix of attractions and activities in the City Centre, with an emphasis on complementing and support the existing successful cultural attractions in the City, such as the Empire Theatre, the Auditorium and the investments in Keel Square such as Culture House and the Keel Square hotel.

The regeneration of this key location provides an ideal opportunity to deliver a long-overdue commercial leisure development in the heart of the City, which will provide a new mixed use leisure development on the site of the former Crowtree leisure centre. The new development will be a vibrant visitor attraction by day and night. It will be activated by two important leisure anchors, an arena with a capacity of c. 10,000 and food hall, which will be complemented by restaurants, shops, a hotel and new public realm.

The full investment is subject to a long-term lease agreement with a leisure operator, the income from which is anticipated to recoup the Council's investment. The project is also supported by £7.968m from the Future High Streets Fund. Any operator agreement and progress to full development works will be subject to Cabinet approving a separate report and business case.

Area Outcomes / Benefits and Contribution to Strategic Priorities:

The proposed regeneration will deliver economic benefits in the City Centre as well as support the city-wide population and visitors, and will contribute to the following strategic priorities:

- Dynamic Smart City: more and better jobs
- Dynamic Smart City: stronger City Centre
- Dynamic Smart City: low carbon city and digital connectivity for all
- Healthy Smart City: cleaner and more attractive city and neighbourhoods
- Vibrant Smart City: more creative and cultural businesses
- Vibrant Smart City: more people visiting Sunderland & residents informing & participating in events

1.5 Healthy City New Start Proposals

1.5.1 Technology Solutions – Neighbourhoods - £1.000m (£0.250m in each year 2022/2023 to 2025/2026)

The 'Technology Solutions' project is aimed at building upon the previously successful capital project of Assistive Technology within the Neighbourhoods directorate. During the previous project, funding was utilised for assistive technology specific to adult social care and also mini schemes focused upon Technology Aided Productivity (TAP) benefiting the productivity of operational teams.

To continue these improvements, a rolling programme will progress for technology solutions to support Neighbourhoods Services to reduce operational costs through the deployment of various technological solutions including for example virtualised infrastructure, desktops and applications.

Area Outcomes / Benefits and Contribution to Strategic Priorities:

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

- Dynamic Smart City: more and better housing
- Dynamic Smart City: more and better skills and qualifications
- Dynamic Smart City: stronger City Centre
- Dynamic Smart City: low carbon city and digital connectivity for all
- Healthy Smart City: access to equitable opportunities and life chances
- Healthy Smart City: reduced health inequalities enabling more people to live healthier longer lives
- Healthy Smart City: people enjoy independent lives
- Healthy Smart City: cleaner and more attractive city and neighbourhoods
- Vibrant Smart City: more residents participating in the communities
- Vibrant Smart City: more visitors visiting Sunderland and residents participating in events
- Vibrant Smart City: more people feel safe in their neighbourhoods and homes
- Vibrant Smart City: more resilient people

1.5.2 Community Equipment Service - New Storage Facilities at Leechmere - £0.500m, all in 2022/2023

The Community Equipment Service (CES) operates from Leechmere training centre. Due to the impact of the pandemic and hospital discharges, the equipment storage requirement has significantly increased. A new storage, admin and workshop facility is planned at Leechmere to help deliver:

- equipment to support activities of daily living
- equipment to support home nursing
- mobility equipment and nonpowered wheelchairs
- fitting of telecare/assistive technology
- 24/7 equipment delivery and repair service

Area Outcomes / Benefits and Contribution to Strategic Priorities:

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

- Healthy Smart City: access to equitable opportunities and life chances
- Healthy Smart City: reduced health inequalities enabling more people to live healthier longer lives
- Healthy Smart City: people enjoy independent lives
- Vibrant Smart City: more people feel safe in their neighbourhoods and homes
- Vibrant Smart City: more resilient people

1.5.3 Day Centre Replacement - Additional Costs - £2.602m, all in 2023/2024

There is £6m provided for within the current capital programme for a replacement adult social care day centre. However, after recent revised cost proposals, including the inclusion of Hydrotherapy pool, the cost estimate has increased to £8.602m, resulting in additional funding required of £2.602m.

The new day centre building, planned to be located on a site beside North View Academy School in South Hylton, will provide a day care service offering social stimulation that is outcome focused but is able to meet the person's holistic health and social care needs. The service will be designed specifically to meet the needs of people with complex disabilities and behaviours, most of which are currently accessing current provision based in Washington and Fulwell.

Area Outcomes / Benefits and Contribution to Strategic Priorities:

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

- Dynamic Smart City: more and better jobs
- Dynamic Smart City: more and better skills and qualifications
- Healthy Smart City: access to equitable opportunities and life chances
- Healthy Smart City: reduced health inequalities enabling more people to live healthier longer lives
- Healthy Smart City: people enjoy independent lives
- Vibrant Smart City: more residents participating in the communities
- Vibrant Smart City: more resilient people

1.5.4 Learning Disabilities Out of Hospital Community Provision - £0.724m gross, £0.362m net of external funding, all in 2022/2023

Investment into accommodation tailored solutions to ensure that people with a learning disability and/or autism in hospital who could be supported in the community are discharged into a community setting as soon as possible and to prevent inappropriate admissions, and longer-term work to reshape the provision of care and support services. Match funding has been provided by the Clinical Commissioning Group (CCG).

Area Outcomes / Benefits and Contribution to Strategic Priorities:

- Healthy Smart City: access to equitable opportunities and life chances
- Healthy Smart City: reduced health inequalities enabling more people to live healthier longer lives
- Healthy Smart City: people enjoy independent lives
- Vibrant Smart City: more residents participating in the communities
- Vibrant Smart City: more resilient people

1.6 Vibrant City New Start Proposals

1.6.1 Arts Centre Washington Refurbishment - £0.200m, all in 2022/2023

Planned investment to update, improve and make more accessible a number of hire spaces at Arts Centre Washington. This will generate additional income to support operations and programme, and result in the Low Barn, Granary and Theatre being upgraded.

Area Outcomes / Benefits and Contribution to Strategic Priorities:

The investment will provide benefits to residents in the Washington area of the city, as well as city-wide, and will contribute to the following strategic priorities:

- Dynamic Smart City: more and better jobs
- Dynamic Smart City: more and better skills and qualifications
- Dynamic Smart City: stronger City Centre
- Healthy Smart City: access to equitable opportunities and life chances
- Healthy Smart City: reduced health inequalities enabling more people to live healthier longer lives
- Healthy Smart City: people enjoy independent lives
- Healthy Smart City: cleaner and more attractive city and neighbourhoods
- Healthy Smart City: city with great transport and travel links
- Vibrant Smart City: more creative and cultural businesses
- Vibrant Smart City: more residents participating in the communities
- Vibrant Smart City: more visitors visiting Sunderland and residents participating in events
- Vibrant Smart City: more resilient people

1.6.2 Raich Carter Centre Improvement Works - £0.250m, all in 2022/2023

Following community engagement and consultation in September 2021 improvement works are planned to Raich Carter Sports Centre. The investment will deliver replacement of the surface of the 3G football pitch on site which is currently unplayable and therefore reduces the opportunities for residents to engage in sport and physical activity.

Area Outcomes / Benefits and Contribution to Strategic Priorities:

The investment will provide benefits to residents in the East Sunderland area of the city, as well as city-wide, and will contribute to the following strategic priorities:

- Healthy Smart City: access to equitable opportunities and life chances
- Healthy Smart City: reduced health inequalities enabling more people to live healthier longer lives
- Healthy Smart City: people enjoy independent lives
- Vibrant Smart City: more residents participating in the communities
- Vibrant Smart City: more resilient people

1.6.3 Modernising Libraries (Washington and Houghton Libraries) - £0.500m (£0.300m in 2022/2023 and £0.200m in 2023/2024)

A modernisation and refurbishment of both Houghton and Washington libraries will be aligned to Culture House, equally profiling the professional Libraries Services in the City to a position where they can support and improve life skills and chances of residents of all ages and backgrounds. The investment in Culture House will create an exciting City centre space for learning, creativity and socialisation, the modernisation of both Houghton & Washington will create a similar vibrant, physical experience for residents across the City, ahead of Culture House opening. The initial modernisation will update and refurbish the libraries to make them dynamic, exciting, and stimulating for people of all ages but at the same time welcoming and comfortable safe spaces.

In addition, and separate to the above investment, an Expression of Interest has been submitted to the Arts Council England (ACE) Library Improvement Fund for £0.250m to develop two Library Lab spaces at Houghton and Washington that would provide residents with spaces for creative learning through cultural engagement, technologies, reading, socialising in local spaces that will build their confidence to transition to other venues. A full funding bid for Library Labs was submitted to ACE September 2021, and the outcome is expected February 2022.

Area Outcomes / Benefits and Contribution to Strategic Priorities:

The investment will provide benefits to residents in the Washington and Coalfields areas of the city and will contribute to the following strategic priorities:

- Dynamic Smart City: more and better skills and qualifications
- Dynamic Smart City: low carbon city and digital connectivity for all
- Healthy Smart City: access to equitable opportunities and life chances
- Healthy Smart City: reduced health inequalities enabling more people to live healthier longer lives
- Healthy Smart City: people enjoy independent lives
- Vibrant Smart City: more creative and cultural businesses
- Vibrant Smart City: more residents participating in the communities
- Vibrant Smart City: more visitors visiting Sunderland and residents participating in events
- Vibrant Smart City: more resilient people

1.6.4 Reinstatement of Bridleway (Downhill) - £0.110m, all in 2022/2023

Planned improvements to a stretch of the bridle path to the south of the Downhill Football Hub. The widening of an existing path would provide an improved access solution for residents accessing the site and using the public right of way recreationally.

Area Outcomes / Benefits and Contribution to Strategic Priorities:

The investment will provide benefits to residents in the North Sunderland area of the city, as well as city-wide, and will contribute to the following strategic priorities:

- Healthy Smart City: reduced health inequalities enabling more people to live healthier longer lives
- Healthy Smart City: cleaner and more attractive city and neighbourhoods
- Vibrant Smart City: more residents participating in the communities
- Vibrant Smart City: more people feel safe in their neighbourhoods and homes

1.6.5 Overflow car park - North Area Playing Fields Washington - £0.045m gross, £0.035m net after external funding provision, all in 2022/2023

The creation of circa 90 car parking spaces on unused land adjacent to the west of the approach road to the former Northern Area Playing Fields which is now home to the Washington Football Hub and additionally is the access point for the Washington Riding Centre. The existing gates will also be repaired, along with the installation of timber fencing. The works will be supported by £0.010m S106 developer contributions.

Area Outcomes / Benefits and Contribution to Strategic Priorities:

The investment will provide benefits to residents in the Washington area of the city, as well as city-wide, and will contribute to the following strategic priorities:

- Healthy Smart City: reduced health inequalities enabling more people to live healthier longer lives
- Healthy Smart City: cleaner and more attractive city and neighbourhoods
- Vibrant Smart City: more residents participating in the communities
- Vibrant Smart City: more people feel safe in their neighbourhoods and homes

2.0 Highways Capital Funding 2022/2023

2.1 Highways Maintenance & Local Transport Plan Allocations

The Spending Review (SR20) committed £1.125 billion of local roads maintenance funding in 2021/2022, including £500 million for the Potholes Fund to fix potholes and resurface roads. This was supported by £260 million allocated to Local Authorities in 2021/2022 for shovel-ready local transport schemes through the Integrated Transport Block. The allocations Sunderland received from these national pots in 2021/2022 are set out in table 2.3 below.

Government announced in 2019 that eight eligible English city regions would receive £4.2bn of additional funding over a 5-year period for local transport networks via the new City Region Sustainable Transport Fund (CRSTF), and likely to be a successor to the Transforming Cities Fund. The Autumn 2021 Budget confirmed that £5.7bn will be provided through the CRSTF, with the additional £1.5bn allocated to replace current allocations for the Integrated Transport Block (ITB) and Highways Maintenance funding, including the Potholes Action Fund. However, of the 8 regions, only 7 have received confirmation of allocations; the North East Combined Authority (NECA) allocation has yet to be confirmed.

Until the confirmation of the local allocations, the values set out in Table 2.3 will be used as provisional allocations for inclusion in the Highway Maintenance and Integrated Transport Capital Programme 2022/2023; this excludes a provisional allocation for potholes, which varies year-on-year.

2.2 Emergency Active Travel Fund

The Council secured £1.160m Tranche 2 Emergency Active Travel Fund in 2021/2022, distributed via the NECA, for the A183 Whitburn Rd project (Tram Shelter to Roker Café). No further allocations have been confirmed.

2.3 Funding Allocations

The table below details the Highways Capital Funding announced for 2021/2022 and provisional allocations for 2022/2023.

Funding Source		2021/2022 £'000	2022/2023 £'000
City Region Sustainable Transport Fund	Highways Capital Maintenance	1,835	1,835
	Highways Capital Maintenance – Incentive Funding	459	459
	Pot Hole & Challenge Fund	1,835	tbc
	Highways Integrated Transport	1,618	1,618
	Nexus Allocation	42	42
Emergency Active Travel Fund		1,160	n/a
Total Transport		6,949	3,954

The total provisional funding for transport schemes for 2022/2023 from new grants is £3.954m.

2.4 Proposals for Highways Capital Programme New Starts 2022/2023

The proposed Capital Programme for 2022/2023 of **£3.954m** is proposed to support the following priorities:

- The structural maintenance of highways – £1.546m;
- The structural maintenance of bridges – £0.382m;
- 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 - £1.984m (including £0.063m contribution to fund the regional transport team);
- Public transport infrastructure improvements, Nexus funded - £0.042m; and

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

3.0 Adult Social Care Capital 2022/2023

- 3.1 The Disabled Facilities Grant original allocation for 2021/2022 is £3.574m, supplemented by £0.100m from Gentoo, providing £3.674m for Disabled Facilities Grants for that year. A further £0.481m was provided for Disabled Facilities Grants in that year, to bring the total grant to £4.055m.

The Disabled Facilities Grant allocations for 2022/2023 have yet to be confirmed. Upon funding confirmation, proposals will be reported back to Cabinet for approval.

4.0 Children's Services - Education Capital 2022/2023

- 4.1 The table below details the Children's Education Government provisional and announced grants for 2022/2023, with a comparison to 2021/2022.

	2021/22 £'000	2022/23 £'000
Schools Condition Allocation	1,636	1,097*
Education Basic Need	3,440	0
Schools Devolved Funding	315	tbc
High Needs Capital Funding	520	tbc
Total Children's Services	5,991	1,097

**provisional*

4.1.1 Schools Conditions Allocation

The Schools Condition Allocation is provided to the Council for the maintenance / improvement of maintained schools. Academies and Voluntary Aided (VA) schools receive this funding direct from the Department of Education and determine their own spending plans. As of January 2022, the Council has not yet received the value of its Schools Condition Allocation for 2021/2022 but a provisional allocation of £1.097m has been included in the Capital Programme, being the same value as the 2020/2021 allocation before an in-year uplift following the Spending Review.

Separate to the above, the voluntary-aided sector is allocated grant funding based on pupil numbers and reflecting the governors' 10 per cent contribution and eligibility for VAT for Schools Condition Allocation. This is to be spent on the priorities that those schools determine.

4.1.2 Basic Need

The Council remains the responsible body for receiving and managing 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. The Council received a £3.440m Basic Need allocation for 2021/2022. It will not receive an allocation for 2022/2023. The Council has not yet been notified of its allocation beyond that year.

4.1.3 Funding Availability from 2021/2022

Current allocations:

As of January 2022, there is £1.837m of the Schools Condition Allocation and Basic Needs Education Capital grant allocations up to 2021/2022 uncommitted towards projects, with £0.715m profiled for potential use in 2021/2022 and £1.122m in 2022/2023.

2022/23 allocations:

The allocations for 2022/23, confirmed and provisional are:

- Basic Needs funding £0, and
- Schools Condition Allocation £1.097m.
- Total **£1.097m**.

The total estimated balance of these current uncommitted grants for allocations up to 2022/2023 is therefore £2.934m. However, initial planning of works indicates a programme of at least £1.650m will be required across maintenance and expansion projects in 2022/2023 with a similar amount required in 2023/2024.

Upon confirmation of the 2022/2023 Schools Condition Allocation, the Capital Programme will be updated. Capital investment requirements from these grant allocations will be submitted to Cabinet for approval, where required.

**Capital Programme
Summary of Programme 2021/2022 to 2025/2026**

Expenditure by Portfolio	Gross Cost	Expend. to 31.3.21	Estimated Payments				
			2021/2022	2022/2023	2023/2024	2024/2025	2025/2026
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Deputy Leader	454,173	185,532	88,099	117,760	45,483	16,149	1,150
Cabinet Secretary	51,234	10,945	21,888	9,657	7,115	1,300	329
Children's Learning and Skills	67,441	15,234	18,756	25,445	5,301	2,705	0
Dynamic City	460,823	72,760	52,322	122,698	123,653	78,654	10,736
Healthy City	29,054	11,817	5,261	4,024	7,152	550	250
Vibrant City	69,419	18,841	3,088	15,957	17,456	8,500	5,577
TOTAL CAPITAL EXPENDITURE	1,132,144	315,129	189,414	295,541	206,160	107,858	18,042

CAPITAL PROGRAMME

Source of Finance	Estimated Resources				
	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
FROM EXTERNAL SOURCES					
Loans					
Prudential Borrowing	112,415	183,557	176,232	86,587	11,761
Salix	1,197	0	0	0	0
Government Grants					
DoH&SC - Disabled Facilities	4,532	0	0	0	0
DfE - School's Condition Allocation Grant	1,615	2,471	250	0	0
DfE - Basic Need Grant	2,600	1,059	250	0	0
DfE - Schools DFC Grant	862	0	0	0	0
DfE - Special Educational Needs and Disability	400	121	0	0	0
DfT - Local Transport Plan (LTP)	3,787	4,037	0	0	0
DfT - Pothole Grant	1,835	0	0	0	0
DfT - Safer Roads Funding	746	0	0	0	0
DfT - Transforming Cities Fund	5,564	16,049	0	0	0
DfT - Active Travel Fund - Tranche 2	35	3,190	0	0	0
DLUHC - Getting Building Fund (GBF)	4,830	0	0	0	0
DLUHC - Future High Street Fund (FHSF)	2,981	20,946	281	0	0
DLUHC - Coastal Communities Fund (CCF)	314	0	0	0	0
DLUHC - Levelling Up Fund (LUF)	4,346	15,654	0	0	0
EA - Coast Protection	0	650	1,000	1,280	0
DCMS - 5G Create	118	0	0	0	0
BEIS - Dept for Business, Energy & Industrial Strategy grants	15,550	3,355	282	0	0
Government Grants General	249	1,211	155	0	0
Grants from Other Public Bodies					
Lottery - Heritage Lottery Fund (HLF)	248	521	0	1,994	3,006
European Regional Development Fund (ERDF)	1,719	3,025	83	0	0
Nexus LTP	42	42	0	0	0
Homes England - Housing Infrastructure Fund (HIF)	8,318	12,794	0	0	0
Homes England - Other	3,772	10,325	10,016	7,117	3,275
Education Skills & Funding Agency (ESFA)	270	0	0	0	0
Historic England	66	82	0	0	0
Salix Grant	50	150	150	150	0
Other External Funding					
Gentoo	100	0	0	0	0
CCG	0	362	0	0	0
Nexus	1,176	256	0	0	0
Other Capital Contributions	0	1,299	10,000	8,000	0
Total External Sources	179,737	281,156	198,699	105,128	18,042
FROM INTERNAL SOURCES					
Revenue Contributions					
Neighbourhood Fund	276	0	0	0	0
Directorate	30	64	0	0	0
Reserves					
Strategic Investment Reserve	2,498	948	300	0	0
Strategic Investment Plan Reserve	162	0	0	0	0
S106 Reserve	2,128	1,582	1,751	0	0
Capital Priorities Reserve	593	3,810	27	0	0
Other Capital Reserves	1,621	692	150	150	0
Capital Receipts	2,369	7,289	5,233	2,580	0
Total Internal Sources	9,677	14,385	7,461	2,730	0
TOTAL FINANCING	189,414	295,541	206,160	107,858	18,042

**DEPUTY LEADER
CAPITAL PROGRAMME**

Project Ref. No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
Continuing Projects										
	Strategic Economic Development									
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.	C Auld	9,200	5,046	730	1,424	2,000	0	0
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 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 jointly promoted by IAMP LLP, a JV company comprising both local authorities.	P McIntyre	57,753	37,006	763	13,473	5,517	994	0
CP0203	Energy Masterplan - Heat Network Feasibility.	Development of a Full Business Case for a low carbon city centre heat network, building upon the findings of previous feasibility work, utilising the thermal energy stored within the former workings of Wearmouth Colliery. Key to this next stage isare the drilling of pilot boreholes to prove source and concept.	M Jackson	2,532	272	160	2,100	0	0	0
CP0266	Vaux Phase 1 (Beam)	Development of the first office building of 60,000 sq. ft. over 5 floors on the former Vaux site, and infrastructure works to roads and footpaths.	A Crabb	25,812	24,443	1,369	0	0	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.	M Jackson	1,341	1,302	39	0	0	0	0

**DEPUTY LEADER
CAPITAL PROGRAMME**

Project Ref. No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
CP0493	Scheme Feasibility & Design	Feasibility and Design works for a number of strategically important projects to support the economic regeneration of the City Centre and wider city including a new Wear Footbridge, additional Railway Station Development, Vaux Developments, Smart Connected Cities and Holmeside Developments. Proposals to proceed with any of the above projects following feasibility are subject to reports to Cabinet for consideration at the appropriate time.	A Crabb	7,495	2,112	4,508	875	0	0	0
CP0494	Sunderland Eye Infirmary	Development of a Sunderland Eye Infirmary to be located on the Riverside Sunderland site, and to be supported by a long-term lease arrangement subject to agreement with the tenant.	A Crabb	40,000	934	1,912	11,872	22,673	2,609	0
CP0513	Hillthorn Business Park - Power Supply	Provision of power supply works at Hillthorn Business Park site to facilitate the subsequent development of this key strategic site as a primary employment area.	P Littlefair	3,192	1,954	1,238	0	0	0	0
CP0518	Sunderland Central Station Redevelopment & Car Park	Redevelopment of the Sunderland Central Station and a 500-space car park on the nearby Holmeside site. This will be via the demolition and reconstruction of the main southern concourse of the Station above platform level with the provision of a new modern facility to act as an improved arrival experience for people arriving into the city by rail and also the associated parking facilities to serve the station and the City.	M Jackson	27,989	0	6,540	19,949	1,500	0	0

**DEPUTY LEADER
CAPITAL PROGRAMME**

Project Ref. No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
CP0556	Microgrid Backbone	Significant energy infrastructure enabling works at the International Advanced Manufacturing Park (IAMP). The works, fully funded by a grant from the Department for Business, Energy and Industrial Strategy, include diversion of National Grid infrastructure (towers) to remove an obstruction from the IAMP development site to maximise the land available to enable optimum construction and operation of up to 4m square feet of Gigafactory development as part of the UK's first EV Hub. It also covers progression of development work to secure additional power supplied via a direct connection to National Grid on IAMP with an associated distribution sub-station which is designed to enable further development of an energy microgrid securing cost competitive energy with the ability to scale-up renewable energy supply.	Paul Littlefair	14,951	0	11,314	3,355	282	0	0
	Port									
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 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.	M Hunt	8,201	4,632	697	2,872	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.	M Hunt	723	250	223	250	0	0	0

**DEPUTY LEADER
CAPITAL PROGRAMME**

Project Ref. No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
CP0491	Port Warehousing Developments	Construction of industrial warehousing at the Port of Sunderland to meet expanding demand for both leased space and undercover cargo storage capacity that will improve the Port's commercial offer. This will also help position the Port to attract long term tenants linked to opportunities arising from market opportunities as identified in the Port's Business Plan from the commodity, circular economy and offshore oil, gas and renewable supply chains.	M Hunt	2,500	114	506	1,880	0	0	0
CP0492	Port Mobile Crane Refurbishment	Replacement of the crane's current slew bearing and undercarriage pipework which are nearing the end of their operational life. The effective operation and reliability of the Port's plant and machinery is of paramount importance in fulfilling the Port's cargo handling commercial offer.	M Hunt	158	150	8	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 Riverside Sunderland and IAMP may require assistance packages over coming years.	C Auld	3,907	1,332	1,875	700	0	0	0
Major Highway Schemes										
CP0194	SSTC Phase 3 Road	Construction of a new road linking the Northern Spire new wear crossing and the city centre. The road opened to traffic November 2021.	M Jackson	70,800	60,119	9,979	702	0	0	0
Local Transport Plan										
CP0024	Highways Maintenance	Implement the Highway Maintenance Programme of road resurfacing and footway reconstruction schemes.	M Jackson	12,749	11,246	1,503	0	0	0	0
CP0025	Bridge Maintenance	Annual programme of Structural Bridge maintenance.	M Jackson	1,936	867	1,069	0	0	0	0
CP0026	Integrated Transport	Annual programme for the implementation of Road Safety and Traffic Congestion improvement schemes.	M Jackson	6,608	3,810	2,400	398	0	0	0

**DEPUTY LEADER
CAPITAL PROGRAMME**

Project Ref. No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
CP0232	Parking Meters	The replacement and provision of parking meters for new locations in the City and an ongoing programme of reviewing provision and introducing new locations for pay and display.	M Jackson	125	100	25	0	0	0	0
CP0398	New City Boundary Signs	Provision of new city boundary signs.	M Jackson	150	54	96	0	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.	M Jackson	10,982	3,982	4,250	2,750	0	0	0
CP0422	Bridge Maintenance Investment Programme	Improvements to the condition of the Council's stock of bridges and to reduce the significant maintenance backlog.	M Jackson	2,961	994	1,947	20	0	0	0
CP0455	A182 Chartershaugh Bridge	Improvements to the A182 Chartershaugh Bridge through re-painting the deck steelwork of the river span, and repairs to the concrete piers and the bridge drainage.	M Jackson	505	131	374	0	0	0	0
CP0457	A1231 Bridge Maintenance (Phase 2)	A programme of Structural maintenance to bridges on the Nissan Interchange and Low Barmston Access Bridge. Phase 2 comprises works below the bridge decks, including concrete repairs and re-painting the steel beams of the road bridges and the adjacent Access Bridge.	M Jackson	714	138	576	0	0	0	0
CP0471	A1290 Road Safety Improvement Scheme Ph2	Safety improvements to junctions and existing cycling infrastructure on A1290 between A19 and A184.	M Jackson	783	37	746	0	0	0	0
CP0505	A182 Bridge Maintenance (Phase 2)	Phase 2 of maintenance works to bridges on A182	M Jackson	1,039	19	40	980	0	0	0
CP0523	Vehicle Actuated Signs (VAS) Programme	Purchase of new and replacement Vehicle Actuated Signs (VAS) as part of the citywide VAS programme	M Jackson	200	0	50	50	50	50	0

**DEPUTY LEADER
CAPITAL PROGRAMME**

Project Ref. No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
	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 providing match funding for external funding available through central government for flood alleviation schemes to protect properties, businesses, and infrastructure.	M Jackson	4,795	3,193	539	500	500	63	0
CP0357	Coastal Defence - Strategic Frontage 3	Coastal defence scheme situated around the east of the Port which will protect the Port's infrastructure. The delivery of the project in full is reliant upon successful external funding bids.	M Jackson	10,500	850	1,472	2,000	3,000	3,178	0
CP0431	Panns East Quay Replacement	Reconstruction of a 60m stretch of the Panns East Quay.	M Jackson	1,500	196	1,304	0	0	0	0
	Infrastructure and Transportation									
CP0009	Private Streetworks	Council contribution to the upgrade of private streets.	M Jackson	50	0	50	0	0	0	0
CP0310	LED Street Lighting Phase 2	Following on from the progress of phase 1 installation of LED lights, a further 24,513 lamps of varying energy consumption are to be converted to LED lamps. The majority of units (over 20,000), are units currently burning between 100W and 250W of energy and the proposed replacements would burn at lower levels between 50W and 100W without detriment to required lighting levels.	M Jackson	7,900	6,703	1,197	0	0	0	0
CP0361	SSGA - Ryhope Doxford Link Road	New road infrastructure which will support new homes in the South Sunderland Growth Area (SSGA) in advance of S106 funding. SSGA is to provide; 4,000 family and executive homes, 300 affordable homes and significant construction job creation/safeguards.	M Jackson	9,081	1,322	1,616	6,143	0	0	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 investment will provide infrastructure to support the delivery of the SSGA.	M Jackson	3,600	3,449	151	0	0	0	0

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CAPITAL PROGRAMME**

Project Ref. No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
CP0425	Major Pipeline Scheme Design	Provision to ensure that resources are in place to develop designed solutions for the Council's infrastructure aspirations, which can be utilised as part of the bidding processes for external funds.	M Jackson	1,000	498	252	250	0	0	0
CP0426	Replacement of Road Safety Vehicle	Replace the existing road safety vehicle, used to carry out enforcement of bus stops and school keep clears.	M Jackson	20	0	20	0	0	0	0
CP0428	Lorry Parking Facility	Infrastructure works to clear a vacant plot and to provide a hard -stand to be used as a lorry parking / lay -up area (including facilities) to accommodate 48 – 54 articulated HGVs).	M Jackson	750	0	750	0	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.	M Jackson	500	107	393	0	0	0	0
CP0476	Specialist Vehicle / Plant Replacement	Purchase 4 crane wagons for the Highways Operations service to reduce the reliance on, and cost of, using hired vehicles.	I Richardson	470	0	470	0	0	0	0
CP0477	City Gateways Large Screen Advertising	To install large advertising screens at key gateways into the city, providing an additional revenue income stream for the Council.	M Jackson	800	2	50	548	200	0	0
CP0478	Sustainability Mobility Hub	To implement a staff pool car scheme and one - stop self-sufficient business travel hub for local travel to reduce grey fleet journeys, vehicle emissions across the city, costs of business travel and administration. This will increase sustainable business travel and contribute to the Council's objective to be carbon zero by 2030, and to be supported by new technology software to manage staff travel, fleet, bookings, administration, legislative requirements and data capture within one business unit.	M Jackson	750	5	350	395	0	0	0

**DEPUTY LEADER
CAPITAL PROGRAMME**

Project Ref. No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
CP0511	City Way Dualling	Highway Improvements to City Way to alleviate anticipated pressures and potential congestion problems at the A690/A19 Junction. Works involve widening of the carriageway to provide additional queuing capacity. The investment will provide infrastructure to support the delivery of the SSGA.	M Jackson	5,951	282	4,690	979	0	0	0
CP0519	Holmeside Bus Rationalisation and Priority Measures	The rationalisation of traffic movements to and through Holmeside, thereby permanently improving pedestrian and cycle facilities and changes to the public transport network and movements around the City Centre.	M Jackson	1,135	0	200	935	0	0	0
CP0520	Strategic Cycle Network	Improved cycling route provision towards, and around, the City Centre with associated changes to the inner ring road to facilitate safe movement of cyclists to promote active travel and healthier lifestyles.	M Jackson	5,609	0	500	5,109	0	0	0
CP0546	Seaton Lane Junction Imps–Durham CC	Seaton Lane Junction Improvements, works to be delivered by Durham County Council, fully funded by Housing Infrastructure Fund grant provided to the Council as lead authority to provide infrastructure to support the delivery of the South Sunderland Growth Area.	M Jackson	5,571	102	657	4,812	0	0	0
CP0553	A183 Whitburn Road Two-Way Cycle Lane	2-way segregated on-road cycle lane on A183 Whitburn Rd (Tram Shelter, Seaburn to Bungalow Café) estimated to cost £1.250m to be funded from the Council's allocation of £1.125m from the Government's Active Travel Fund (ATF) Phase 2. (formerly the Emergency Active Travel Fund) and a £0.125m match funding contribution from the Council's 2021/2022 LTP grant allocation.	M Jackson	1,250	0	35	1,215	0	0	0
CP0557	Onstreet Residential Charge point Scheme	Provision of charge points in residential areas which have no off-street parking. Grant of £69,300 awarded from Office for Zero Emission Vehicles. Match funding of 25% from LTP.	M Jackson	92	0	92	0	0	0	0

**DEPUTY LEADER
CAPITAL PROGRAMME**

Project Ref. No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
Infrastructure and Transportation - Parking										
CP0360	Roker Car Park Extension	Extension to the existing Roker car park will create an additional 25 spaces and disabled coach parking. Planned works will include improved signage, new bins and cycle parking.	M Jackson	150	24	126	0	0	0	0
CP0479	Riverside Sunderland Multi-Storey Car Park	Establish a 650 space car park at Riverside Sunderland to service the occupants and visitors to the development and the City Centre. The car park is proposed to include both pre -paid permits and pay & display parking and will provide the Council with a revenue stream.	M Jackson	14,000	445	5,100	8,455	0	0	0
CP0480	New Dykelands Road Car Park	Acquisition of a 93 space car park to service the seafront area to replace in part the Ocean Park car park that will be removed as part of the sea front redevelopment project.	M Jackson	600	461	139	0	0	0	0
Bereavement Services										
CP0161	Improvements to the Crematorium	Physical and structural improvements to the Crematorium.	S Mitchell	107	62	45	0	0	0	0
CP0285	Parks & Cemetery Infrastructure - Paths	Provision for a repair inspection and maintenance programme in cemeteries and parks.	S Mitchell	300	184	116	0	0	0	0
CP0473	Replacement Crematorium	Provision for a new purpose -built crematorium with extended car parking facilities, that will be more efficient to operate and maintain than the existing facility. A new facility will help improve the experience for users whilst also affording the opportunity to reduce future running and maintenance costs.	S Mitchell	7,500	17	0	483	2,000	5,000	0
Environmental Services (Street Scene)										
CP0299	Play and Urban Games	Improvement works to play areas across the city.	I Richardson	966	622	344	0	0	0	0
CP0352	Replacement Household Waste and Recycling Centre	Provision of a new household waste facility at Pallion Industrial Estate.	I Richardson	5,000	1,129	3,871	0	0	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.	I Richardson	4,025	424	0	3,601	0	0	0

**DEPUTY LEADER
CAPITAL PROGRAMME**

Project Ref. No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
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 to purchase of electric / hybrid options.	I Richardson	1,998	784	613	410	70	121	0
CP0355	Redevelopment of Parsons Depot including Electrical Vehicle Infrastructure	Redevelopment of the operational depot at Parsons, Washington. The works also include electric vehicle infrastructure to future proof Parsons depot as well as Jack Crawford House by ensuring that site energy can be provided from renewable sources including solar, wind and through the use of electric vehicle battery charging. 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.	I Richardson	10,943	1,099	4,200	5,644	0	0	0

**DEPUTY LEADER
CAPITAL PROGRAMME**

Project Ref. No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
CP0423	Environmental Services Vehicles and Equipment	<p>A series of investments in vehicles and equipment is proposed to support the Place Management Service Operations including:</p> <ul style="list-style-type: none"> • Replace existing specialist vehicle and plant fleet which will come to the end of their planned operational life. • 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. • Fit safety equipment to the fleet of large goods vehicles. • 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. 	I Richardson	3,950	1,980	525	653	331	461	0
CP0444	Pocket Park - Doxford Park	Creation of an outdoor space within Doxford Park by thinning out/making good existing areas of planting. This will be supplemented with new scrub and woodland planting and the creation of a mix of native habitats and an increase in biodiversity. In addition, there will be provision of an educational zone and improvements to existing paths.	S Mitchell	26	5	21	0	0	0	0
CP0463	Landscaping & Grounds Improvements	Landscaping, grounds and parks improvements to several Council sites including Hylton Castle, Barley Mow Park and Barnes Park.	I Richardson	448	102	346	0	0	0	0

**DEPUTY LEADER
CAPITAL PROGRAMME**

Project Ref. No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
CP0472	Light Commercial Vehicle Fleet	Provision to replace the fleet of 32 specialist light commercial vehicles, which are currently provided through a lease arrangement which is shortly due to come to an end. The replacement vehicles, funded by the lease cost savings, will facilitate the transition of a significant part of the specialised light commercial fleet from diesel to Ultra Low Carbon (ULC) electric powered vehicles.	I Richardson	700	275	110	315	0	0	0
CP0474	Roker Park Lodge	Restoration of Roker Park Lodge to provide a café on the ground floor with associated external improvements to provide an outside eating area and kitchen garden. The project will contribute to continued improvements in the seafront area.	I Richardson	750	5	50	600	95	0	0
CP0475	Herrington Country Park	Delivery of a reconfigured Café and Events space within the site office at Herrington Country Park. The project will help make more effective use of the existing building at the park and generate revenue income.	I Richardson	650	5	445	200	0	0	0
CP0503	Assistive Technology in Neighbourhoods Services	Given the proven benefits of technological advancements and investments into Adult Social Care, investment has been expanded to support service delivery and staff productivity improvements across other Neighbourhood Directorate service areas. Plans include the digitisation of services in relation to Housing Allocations and School Admissions as well as extending existing Bartec technology for refuse collection.	V French	300	30	270	0	0	0	0
CP0504	Urban Tree Challenge Fund	Increase tree cover in key parts of Sunderland that have been identified as having a combination of low tree cover, poorer quality urban environments and areas with social and economic deprivation.	I Richardson	176	126	19	31	0	0	0

**DEPUTY LEADER
CAPITAL PROGRAMME**

Project Ref. No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
CP0522	Open Spaces and Allotment Improvements	This project will support a Citywide Parks and Open Spaces Strategy to improve open spaces and allotments infrastructure. Parks and greenspaces will be enhanced at a number of locations citywide. In addition, demand for allotments has also grown significantly, particularly during 'lockdown' in 2020 a further 1,500 requests have been received from residents wishing to take an allotment tenancy. In order to seek to satisfy demand, the project will seek to recover redundant plots within existing sites, with the aim of bringing allotment plots back into use by improving the allotment plots where a current tenancy has been cancelled or abandoned. Scoping work will also identify suitable areas of land where further additional allotment plots / community gardens can be provided.	I Richardson	2,500	0	1,000	1,500	0	0	0
CP0524	Fleet - Bulky Waste Collection Service	To cope with anticipated sustained demand into next year and onwards, two additional specialist service vehicles to collect bulky household waste will be purchased. It is expected that this investment will also reduce the level of fly tipping or waste in rear lanes and make the service more accessible by reducing service lead in times.	I Richardson	109	0	109	0	0	0	0

**DEPUTY LEADER
CAPITAL PROGRAMME**

Project Ref. No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
	Carbon 2030									
CP0521	Energy and Carbon 2030 Development	This project seeks the procurement of an operator / generator / advisor with institutional experience in successful green energy and a portfolio of projects initially for a 5 year partnership to develop the response in the medium term to Carbon 2030 and to identify the long term strategy. The medium future is a transition shift away from gas towards a much greater electricity dominant infrastructure coupled with renewables. The shift to electric vehicles is visible worldwide. The Department for Business, Energy and Industrial Strategy have reviewed electricity cost predictions which shows that UK costs are set to increase over the next 5 years. The major high demand users of electricity face serious challenges, for example manufacturing faces a severe challenge against competitiveness with the rest of the world; similarly, the Riverside Sunderland development investment and the wider Council asset base face rising operational costs.	P Littlefair	3,350	0	325	1,000	1,000	1,025	0
	Regeneration									
CP0517	Elemore Green Space and Social Enterprise Development	Feasibility study and consultation to develop the former Elemore Golf Course at Hetton. Planned capital improvement works are to the former golf club, car park and adjacent green space. This will enable a social enterprise to become mobilised on site, delivering initially from the refurbished golf club house and ensuring the long-term sustainability of the Elemore Green Space. External funding will be sought alongside support from the Coalfield Area Neighbourhood Investment capital programme.	S Mitchell	1,000	0	600	400	0	0	0
TOTAL CONTINUING PROJECTS				436,178	185,532	88,099	109,828	39,218	13,501	0

**DEPUTY LEADER
CAPITAL PROGRAMME**

Project Ref. No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
Projects Commencing 2022/23										
	Local Transport Plan									
CP0024	Highways Maintenance	Implement the Highway Maintenance Programme of road resurfacing and footway reconstruction schemes.	M Jackson	1,546	0	0	1,546	0	0	0
CP0025	Bridge Maintenance	Annual programme of Structural Bridge maintenance.	M Jackson	382	0	0	382	0	0	0
CP0026	Integrated Transport	Annual programme for the implementation of Road Safety and Traffic Congestion improvement schemes.	M Jackson	2,026	0	0	2,026	0	0	0
	Environmental Services (Street Scene)									
CP0353	Fleet - Refuse Collection Vehicle Replacement Programme	This further investment into the Refuse Collection Vehicle (RCV) fleet is planned to meet increasing demands from housebuilding and commercial waste. It will also support an increased cost of RCVs and fund the pilot electric RCV which will support the Council becoming carbon neutral by 2030.	I Richardson	1,088	0	0	1,088	0	0	0
CP0572	Improvement to Parks and Open Spaces	Extension of provision of funding to further expand and enhance improvements to parks and open spaces across the City. Priorities of investment will be identified with consultation with residents in conjunction with Neighbourhood Plans regarding parks, open spaces and fixed play in each area.	I Richardson	4,500	0	0	1,500	1,000	1,000	1,000
CP0584	Replacement Coalfields Depot and Provision of a Salt Barn	A comprehensive redevelopment / replacement of the Houghton Depot so that services and employees can operate within a modern, fit for purpose facility. This will include the provision of an improved service depot and facilities for Refuse, Local Services and Winter Maintenance teams and their equipment and vehicles, as well as a new salt storage barn.	I Richardson	6,503	0	0	695	4,310	1,498	0

**DEPUTY LEADER
CAPITAL PROGRAMME**

Project Ref. No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
	Regeneration									
CP0517	Elemore Green Space and Social Enterprise Development	A second phase of works to Elemore Green Space to create an additional car park, extensively improve the wider landscape of the park areas, including outdoor play facilities, signage and interpretation and seating, whilst also protecting the extensive ecology which has developed on the site over time, reduce anti-social behaviour and celebrate the heritage of the area. The delivery of the full works is reliant upon securing £0.4m external funding.	S Mitchell	1,400	0	0	595	805	0	0
CP0583	Scheme Feasibility & Design - Neighbourhood Services	Feasibility and design works for a number of strategically and operationally important projects within the Neighbourhoods Directorate. This will inform future project requirements so that full detailed design and costs can be developed, informing future capital project business cases with more accurate design, costs and financial profile. Following feasibility, specific proposals to be delivered are subject to reports to Cabinet for consideration at the appropriate time.	S Mitchell	550	0	0	100	150	150	150
TOTAL PROJECTS COMMENCING 2022/23				17,995	0	0	7,932	6,265	2,648	1,150
TOTAL DEPUTY LEADER CAPITAL PROGRAMME				454,173	185,532	88,099	117,760	45,483	16,149	1,150

**DEPUTY LEADER
CAPITAL PROGRAMME**

Source of Finance	Estimated Resources				
	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
FROM EXTERNAL SOURCES					
Loans					
Prudential Borrowing	49,077	69,913	42,126	14,789	1,150
Salix	1,197	0	0	0	0
Government Grants					
DfT - Local Transport Plan (LTP)	3,787	4,037	0	0	0
DfT - Pothole Grant	1,835	0	0	0	0
DfT - Safer Roads Funding	746	0	0	0	0
DfT - Transforming Cities Fund	5,564	16,049	0	0	0
DfT - Active Travel Fund - Tranche 2	35	3,190	0	0	0
DLUHC - Getting Building Fund (GBF)	896	0	0	0	0
EA - Coast Protection	0	650	1,000	1,280	0
BEIS - Dept for Business, Energy & Industrial Strategy grants	11,584	3,355	282	0	0
Government Grants General	249	611	155	0	0
Grants from Other Public Bodies					
European Regional Development Fund (ERDF)	714	715	0	0	0
Nexus LTP	42	42	0	0	0
Homes England - Housing Infrastructure Fund (HIF)	7,114	11,934	0	0	0
Other External Funding					
Nexus	1,176	256	0	0	0
Total External Sources	84,016	110,752	43,563	16,069	1,150
FROM INTERNAL SOURCES					
Revenue Contributions					
Neighbourhood Fund	123	0	0	0	0
Directorate	22	0	0	0	0
Reserves					
Strategic Investment Reserve	957	798	200	0	0
S106 Reserve	221	197	150	0	0
Capital Priorities Reserve	510	3,810	27	0	0
Other Capital Reserves	1,057	196	0	0	0
Capital Receipts					
Capital Receipts	1,193	2,007	1,543	80	0
Total Internal Sources	4,083	7,008	1,920	80	0
TOTAL FINANCING	88,099	117,760	45,483	16,149	1,150

**CABINET SECRETARY
CAPITAL PROGRAMME**

Project Ref. No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
Continuing Projects										
	Management of Council Land and Buildings									
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 is to develop a cost-effective smart water metering system.	P Davies	100	43	57	0	0	0	0
CP0314	Solar PV Battery Storage	Installation of solar PV and battery storage at Council buildings. This is expected to reduce electricity costs and carbon emissions and to access capacity auctions in conjunction with the National Grid. The buildings that would benefit by this investment include Jack Crawford, Evolve, Software Centre, Washington Business Centre and the Port's transit shed 7 which also feeds Capstan House. Investment to other buildings will be sought subject to funding availability.	P Davies	2,963	430	1,475	1,058	0	0	0
CP0317	Accommodation Review	Provision to support the ongoing review of Council accommodation requirements.	A Crabb	251	160	91	0	0	0	0
CP0417	City Hall - Furniture and Equipment	Furniture and equipment provision for the City Hall.	A Crabb	3,953	0	3,953	0	0	0	0
CP0418	Planned Property Capital Maintenance	Various construction, mechanical and electrical services-based projects / works required to maintain and improve the Council's property portfolio.	P Davies	12,694	3,101	4,593	2,500	2,500	0	0
CP0470	Security Control Room	The provision of a new CCTV and Security Control Room.	P Davies	400	14	330	56	0	0	0
CP0502	Jacky Whites Market Improvements	Refurbishment works to improve the physical fabric and viability of the market and provide an enhanced provision for traders and visitors.	P Davies	400	0	0	400	0	0	0
CP0526	Salix Decarbonisation Fund	A recycling decarbonisation fund for energy conservation and renewable energy technology measures (e.g. solar panels) in the Council's operational buildings and schools. The recycling element of this fund allows the savings to repay the capital cost of works and for funds to be reinvested, thus providing a sustainable long term fund for low carbon measures.	P Davies	1,000	0	100	300	300	300	0

**CABINET SECRETARY
CAPITAL PROGRAMME**

Project Ref. No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
CP0554	Green Homes Grant – Local Authority Delivery Phase 2	The Council successfully bid for £1.75m Green Homes Grant from the Department for Business, Energy and Industrial Strategy to carry out approximately 500 energy efficiency and low carbon interventions in 270 properties across a wide range of tenures on a city-wide basis. Interventions include loft and cavity wall insulation, low carbon heating sources, solar panels and external wall insulation.	P Davies	1,750	0	1,750	0	0	0	0
CP0590	Public sector Decarbonisation Scheme	Funding of £2.219m has been secured from Department for Business, Energy and Industrial Strategy. The Project will focus on 8 Council owned properties (City Hall, Evolve, Bunnyhill Centre, Farnborough Court, Houghton Library, Thorney Close Action and Enterprise Centre, Ryhope Customer Service Centre, and Austin House). The proposal will deliver low carbon heating and hot water systems. The Project will achieve significant energy demand reduction resulting in expected carbon savings of 375 tonnes per annum.	P Davies	2,219	3	2,216	0	0	0	0
Digital and Customer Services										
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.	L St Louis	4,323	3,723	600	0	0	0	0
CP0419	ICT Infrastructure	Five strands of investment into ICT services to provide efficiencies to support the Medium Term Financial Plan: o Replacement of End User Devices. o Replacement of Storage & Server Infrastructure. o Upgrade or Replacement of Virtualised Desktop Infrastructure. o Disaster Recovery/Secondary Data Centre Replacement. o Civica Revenues & Benefits System.	L St Louis	2,720	1,286	216	1,198	20	0	0

**CABINET SECRETARY
CAPITAL PROGRAMME**

Project Ref. No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
CP0461	Backup Solution	Replacement of aging data backup infrastructure with a new solution to ensure the continuation of robust and resilient ICT Services with the ability to retrieve and restore data and systems in the event of an issue or incident. In addition, services are moving towards a hybrid Cloud / On-Premise model with projects such as Office 365 which will be fully supported via a replacement back-up solution.	L St Louis	500	409	91	0	0	0	0
CP0464	Fibre Upgrade	Extension of the Council's fibre optic network to the Port's Capstan House and the Port Control building to mitigate current networking issues.	L St Louis	60	54	6	0	0	0	0
CP0500	Replacement of End User ICT Devices	Provision to continue the replacement programme of physical end user devices (laptops, base units and mobile telephones) across the Council as they reach the end of their effective lifecycle.	L St Louis	750	0	0	0	750	0	0
CP0501	Smart Cities Project	Sunderland has set its vision that 'By 2030, Sunderland will be a connected, international city with opportunities for all'. To achieve this objective, next generation fibre and mobile infrastructure is vital to connect people and organisations, attract new businesses and private sector investment, increase local economic output and deliver a range of use cases to enable transformational change across public service delivery. This project will provide upfront investment to support delivery of the necessary fibre and 5G network infrastructure within the city and is the estimated Council contribution requirement for the overall city-wide project.	L St Louis	13,236	1,722	6,010	2,752	2,752	0	0
CP0525	Internet Filtering, Firewall and Monitoring Solution and Upgrade to Gigabit Capable Fibre Connectivity	Provision for the replacement of the Council's internet filtering, firewall and monitoring solution and upgrade to gigabit capable fibre connectivity to support the continued effective running of Council services.	L St Louis	1,000	0	400	300	300	0	0
TOTAL CONTINUING PROJECTS				48,319	10,945	21,888	8,564	6,622	300	0

**CABINET SECRETARY
CAPITAL PROGRAMME**

Project Ref. No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
Projects Commencing 2022/23										
	Management of Council Land and Buildings									
CP0582	Bishopwearmouth Cemetery - South Chapel Repair/Conservation Works	Planned repair and conservation works to the South Chapel building at Bishopwearmouth Cemetery to prevent further decay and preserve the building. This would only progress if external funding can be secured to meet the full costs.	P Davies	600	0	0	600	0	0	0
	Digital and Customer Services									
CP0567	Smart Cities - Replacement of End User Devices	Provision to continue the ongoing replacement of ICT end user devices (laptops, desktop PC's and mobile phones) to ensure the continued up-to-date and secure use of ICT services by its 3,600 customers.	L St Louis	1,697	0	0	0	493	875	329
CP0568	Smart Cities - Network Monitoring	Provision of network equipment for the City Hall. This will provide Digital Network Architecture (DNA) appliance and advantage licencing for ongoing monitoring purposes and enable uninterrupted network access for all ICT users.	L St Louis	158	0	0	158	0	0	0
CP0569	Smart Cities - Back-up Solution and Data Storage	Extension of the licencing software and support and maintenance to 2024 when the hardware reaches end of life to ensure the continuation of robust and resilient ICT Services with the ability to appropriately back-up and protect the integrity of customers data. Also, replacement of the aging and soon to be unsupported corporate data storage system with a new solution to ensure the continuation of robust and resilient ICT Services with the ability to protect the integrity of customers data that cannot be stored on Office 365.	L St Louis	200	0	0	200	0	0	0
CP0570	Smart Cities - Essential Hardware Replacement	Replacement of the aging hardware infrastructure at key Council sites including Uninterruptible Power Supply (UPS), Edge Switches and Connectivity hardware.	L St Louis	135	0	0	135	0	0	0
CP0571	Smart Cities - Remote Connection Solution	Replacement of the Netscaler solution once it reaches end of life - the Netscaler is the remote connection solution and web content load balancer.	L St Louis	125	0	0	0	0	125	0
TOTAL PROJECTS COMMENCING 2022/23				2,915	0	0	1,093	493	1,000	329
TOTAL CABINET SECRETARY CAPITAL PROGRAMME				51,234	10,945	21,888	9,657	7,115	1,300	329

**CABINET SECRETARY
CAPITAL PROGRAMME**

Source of Finance	Estimated Resources				
	2021/22	2022/23	2023/24	2024/25	2025/26
	£'000	£'000	£'000	£'000	£'000
FROM EXTERNAL SOURCES					
Loans					
Prudential Borrowing	12,329	6,910	6,045	1,000	329
Government Grants					
DLUHC - Getting Building Fund (GBF)	2,770	0	0	0	0
DCMS - 5G Create	118	0	0	0	0
BEIS - Dept for Business, Energy & Industrial Strategy grants	3,966	0	0	0	0
Government Grants General	0	600	0	0	0
Grants from Other Public Bodies					
European Regional Development Fund (ERDF)	814	529	0	0	0
Salix Grant	50	150	150	150	0
Total External Sources	20,047	8,189	6,195	1,150	329
FROM INTERNAL SOURCES					
Revenue Contributions					
Directorate	0	64	0	0	0
Reserves					
Strategic Investment Reserve	1,051	0	0	0	0
Strategic Investment Plan Reserve	162	0	0	0	0
Capital Priorities Reserve	3	0	0	0	0
Other Capital Reserves	409	206	150	150	0
Capital Receipts					
Capital Receipts	216	1,198	770	0	0
Total Internal Sources	1,841	1,468	920	150	0
TOTAL FINANCING	21,888	9,657	7,115	1,300	329

**CHILDREN'S LEARNING & SKILLS
CAPITAL PROGRAMME**

Project Ref. No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'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.	S Mitchell	2,168	1,306	862	0	0	0	0
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. Extensions are planned to St Pauls CE VC Primary and Benedict Biscop Primary Academy.	S Mitchell	1,981	1,077	904	0	0	0	0
CP0403	Harry Watts Academy	Development of a new Local Authority Commissioned Special Free School ('Harry Watts Academy') at the former Bishop Harland CE VA Primary School site, primarily funded by the Department for Education.	S Mitchell	6,373	6,103	270	0	0	0	0
CP0454	Willow Wood Primary School - new build	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.	S Mitchell	5,315	3,368	1,947	0	0	0	0
CP0485	Sunningdale Primary School - new build	Sunningdale Primary School provision to be relocated from Shaftoe Road, Springwell to a new building at Clinton Place, Doxford Park. The proposal seeks to increase the appropriateness of and the capacity of the provision, creating additional school places for the city's primary cohort with severe learning difficulties, profound and multiple learning difficulties and physical disabilities while also improving the resources for those children already accessing primary aged provision at Sunningdale School.	S Mitchell	13,562	655	8,275	4,632	0	0	0

**CHILDREN'S LEARNING & SKILLS
CAPITAL PROGRAMME**

Project Ref. No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
CP0486	Thorney Close Primary School - new build	Relocation of the Thorney Close Primary School and provision of a new build on the existing Sunningdale Primary School site.	S Mitchell	6,861	0	30	426	3,700	2,705	0
CP0487	Hetton Primary School - new build	Replacement of the current Consortium of Local Authorities Special Programme, Hetton Primary School buildings with a new expanded building. It will provide 70 additional school places and add a nursery provision to the existing school offer. The new school will be delivered on the current Hetton Primary School site with the current buildings remaining operational during the build period.	S Mitchell	6,702	237	2,608	3,857	0	0	0
CP0488	Newbottle Primary Academy Extension & ASD Unit	Extension of the current mainstream facilities at Newbottle Primary Academy and also the creation of Special Education Needs resourced provision for primary aged children from across the Coalfields and other areas of the City with Autism. It will expand the current capacity of the school from 420 to 630 places with a further 24 autism places.	S Mitchell	4,564	409	408	2,146	1,601	0	0
CP0515	Farringdon Academy Refurbishment	Refurbishment of former teaching areas at Farringdon Academy to increase secondary pupil place capacity to support the delivery of the SSGA.	S Mitchell	4,000	0	0	4,000	0	0	0
CP0528	Barnes Junior School Refurbishment	Structural repair, electrical and mechanical works at Barnes Junior School. Planned works to include upgrades / replacement of windows, doors, heat sources as well as internal alterations and refurbishments. as well as replacement of the current kitchen and dining facilities with a new kitchen and dining block. Additional studio space will be incorporated into the building to facilitate increased delivery of dance, drama and performing art provision at the school. It is anticipated that the footprint of the block can be reduced, increasing the proportion of available outdoor play space at the school.	S Mitchell	5,399	74	960	4,365	0	0	0

**CHILDREN'S LEARNING & SKILLS
CAPITAL PROGRAMME**

Project Ref. No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
CP0529	Fulwell Junior School Refurbishment	Structural repair, electrical and mechanical works at Fulwell Junior School. Planned works to include upgrades / replacement of; windows, doors, heat sources as well as internal alterations and refurbishments.	S Mitchell	2,500	0	0	2,500	0	0	0
Other Schools Asset Management Projects										
CP0260	Schools' Asset Management Unallocated	School capital grants provision to continue to provide window replacements, heating improvements, roofing works, electrical and technical and urgent health and safety works.	S Mitchell	1,837	0	715	1,122	0	0	0
CP0386	Schools Capital Maintenance Works	Capital maintenance works to schools including roof repairs/replacement and structural repairs.	S Mitchell	1,451	990	461	0	0	0	0
CP0212	Schools' Asset Management Plan - Primary	Provision of window replacements, heating improvements, roofing works, electrical and technical and urgent health and safety works in primary schools.	S Mitchell	396	288	108	0	0	0	0
CP0214	School Asset Management Plan - Special	Provision of window replacements, heating improvements, roofing works, electrical and technical and urgent health and safety works in special schools.	S Mitchell	66	51	15	0	0	0	0
CP0545	Harry Watts Academy - Harraton	Conversion of the former skills academy building at Harraton into a satellite site for the Harry Watts Academy to provide a further minimum 64 new autism spectrum disorder (ASD) places.	S Mitchell	700	0	400	300	0	0	0
CP0516	ASD Place Provision	Creation of ASD (autism spectrum disorder) places to support the delivery of the SSGA.	S Mitchell	300	0	0	300	0	0	0
CP0509	Farringdon Secondary Academy School	Works are to be undertaken to facilitate the projected increase in pupil numbers at Farringdon Academy. The school's proximity to the SSGA is anticipated to lead to a shortfall of capacity in the area.	S Mitchell	100	95	5	0	0	0	0
CP0327	New Condition Works / EAW (Electricity at Work)	Delivery of electricity at work (EAW) and schools condition surveys.	S Mitchell	175	100	75	0	0	0	0
CP0205	Access Equipment	Purchase of equipment to assist children with disabilities to access school places.	S Mitchell	89	64	25	0	0	0	0

**CHILDREN'S LEARNING & SKILLS
CAPITAL PROGRAMME**

Project Ref. No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
CP0204	Schools Asbestos & Legionella Management	Asbestos and legionella management for schools.	S Mitchell	343	178	165	0	0	0	0
CP0088	Other Site Misc.	Management and grounds maintenance of vacant school sites.	S Mitchell	12	2	10	0	0	0	0
	Social Care									
CP0490	Children's Residential Homes	Feasibility study leading to a design and build/refurbish project for the creation of new children's residential facilities. This could create local provision for future placement decisions and/or the re-patriation of children from external settings both of which should yield better outcomes for children. A revenue saving is anticipated from the reduced use of more costly external placements and the associated staff costs in supporting the children in those placements.	S Mitchell	1,300	237	363	700	0	0	0
	School Meals									
CP0530	School Meals Kitchen Equipment Replacement	Replacement of school meals equipment across all schools where the school meals service is provided by the Council's inhouse catering team.	V French	150	0	150	0	0	0	0
TOTAL CONTINUING PROJECTS				66,344	15,234	18,756	24,348	5,301	2,705	0
Projects Commencing 2022/23										
	Other Schools Asset Management Projects									
CP0260	Schools' Asset Management Unallocated	School capital grants provision to continue to provide window replacements, heating improvements, roofing works, electrical and technical and urgent health and safety works.	S Mitchell	1,097	0	0	1,097	0	0	0
TOTAL PROJECTS COMMENCING 2022/23				1,097	0	0	1,097	0	0	0
TOTAL CHILDRENS LEARNING AND SKILLS CAPITAL PROGRAMME				67,441	15,234	18,756	25,445	5,301	2,705	0

**CHILDREN'S LEARNING & SKILLS
CAPITAL PROGRAMME**

Source of Finance	Estimated Resources				
	2021/22	2022/23	2023/24	2024/25	2025/26
	£'000	£'000	£'000	£'000	£'000
FROM EXTERNAL SOURCES					
Loans					
Prudential Borrowing	10,556	15,799	3,200	2,705	0
Government Grants					
DfE - School's Condition Allocation Grant	1,615	2,471	250	0	0
DfE - Basic Need Grant	2,600	1,059	250	0	0
DfE - Schools DFC Grant	862	0	0	0	0
DfE - Special Educational Needs and Disability	400	121	0	0	0
Grants from Other Public Bodies					
Homes England - Housing Infrastructure Fund (HIF)	1,204	860	0	0	0
Education Skills & Funding Agency (ESFA)	270	0	0	0	0
Total External Sources	17,507	20,310	3,700	2,705	0
FROM INTERNAL SOURCES					
Reserves					
Strategic Investment Reserve	150	0	0	0	0
S106 Reserve	979	1,375	1,601	0	0
Capital Receipts	120	3,760	0	0	0
Total Internal Sources	1,249	5,135	1,601	0	0
TOTAL FINANCING	18,756	25,445	5,301	2,705	0

**DYNAMIC CITY
CAPITAL PROGRAMME**

Project Ref. No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'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 development of the site.	N Guthrie	510	388	122	0	0	0	0
	Strategic Economic Development									
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.	M Jackson	750	0	0	750	0	0	0
CP0264	City of Sunderland Arena Enabling Works	In advance of the main contract works of the redevelopment of the City of Sunderland Arena, enabling works will be undertaken in the 2021/2022.	A Crabb	1,475	32	1,443	0	0	0	0
CP0409	International Innovation Centre	Provision of an international innovation centre to support existing and future automotive and advanced manufacturing companies with a facility for innovation and research and development.	A Crabb	18,000	16,057	352	1,591	0	0	0
CP0495	Strategic Acquisitions and Developments	Provision for real estate assets to support strategic economic regeneration and the City Plan. Proposals will be brought forward in accordance with the Council's policy for the acquisition of land and buildings.	N Guthrie	76,046	37,297	21,751	15,309	1,689	0	0
	Housing Services									
CP0072	Hetton Downs Regeneration	Acquisition and demolition of properties for housing renewal in the Hetton Downs area.	G Scanlon	9,111	8,957	14	140	0	0	0
CP0302	Hetton Downs Development Phase 2	To support housing and community regeneration in Edward & Fairy Street.	G Scanlon	1,205	124	0	1,081	0	0	0
CP0392	Affordable Housing Provision	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.	G Scanlon	710	52	658	0	0	0	0

**DYNAMIC CITY
CAPITAL PROGRAMME**

Project Ref. No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
CP0407	Empty Properties Programme	To support the delivery of affordable homes in collaboration with Thirteen Group as well as wider Housing Delivery and Investment Plan gap funding through S106 contributions.	G Scanlon	1,164	259	905	0	0	0	0
CP0467	Cork Street Day Centre	Replacement provision via a new purpose-built facility for people with physical disabilities who are eligible for support under the Care Act 2014, a statutory requirement for the Council. The development of the day centre will receive support from Northeast Disabilities Resource Centre (NDRC) who will run the service at the day centre and is part of a wider project that will deliver purpose-built bungalows for people with physical disabilities.	G Scanlon	1,400	449	951	0	0	0	0
CP0499	Housing Delivery Investment Plan	Delivery of the Housing Delivery and Investment Plan. Cabinet approved on 19 November 2019 for the Council to become involved in the direct provision of new Social Housing with Investor Partner status. The Plan will bring empty homes back into use via purchase and improvement of empty homes and will provide new affordable bungalows and further supported accommodation units. The Plan will be supported by external funding from Homes England, and the rental income streams arising from this investment will fund the initial borrowing costs as well as ongoing maintenance and management.	G Scanlon	59,000	4,560	10,138	11,500	11,500	11,500	9,802

**DYNAMIC CITY
CAPITAL PROGRAMME**

Project Ref. No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
CP0531	Vaux Housing	The design and development of a new residential scheme on the former Vaux site consisting of carbon neutral dwellings for rent and sale. It will provide a new high-quality housing offer in a vibrant well-connected community, creating a place where people want to live, and also complement the wider masterplan for Riverside Sunderland including the Beam and the new City Hall. This site will be the home of the Sunderland Future Living Expo, which will showcase regional skills and housing innovation and the Home of 2030. The project is supported by grants from Homes England, DLUHC and ERDF. The commercial business case demonstrates the recovery of the capital investment over a 25-year period from rental income and subsequent asset portfolio sale.	N Guthrie	52,767	0	3,830	22,945	25,327	665	0
CP0532	Northern Spire Park	Infrastructure, remediation works and the strategic acquisition of adjacent land and buildings to enable a high quality and affordable new housing development on the former Groves Cranes site. This will help to regenerate a neglected former industrial site to create an attractive new riverside residential community flanking the Northern Spire Bridge and the strategic transport corridor. The project is expected to be supported by grants from Homes England. The commercial business case demonstrates the recovery of the capital investment over a 15-year period from sale of land to developers.	N Guthrie	23,003	0	250	9,203	7,800	5,750	0
CP0533	Housing Other Sites	Provision for planning and infrastructure works to allow the Council to bring forward a number of pipeline development sites to meet the city's strategic housing need and optimise land receipts.	N Guthrie	3,999	0	250	2,249	1,000	500	0

**DYNAMIC CITY
CAPITAL PROGRAMME**

Project Ref. No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
CP0534	Willowfield Supported Housing Village	Provision of self-contained supported living apartments for those adults requiring Extra Care and those living with the onset of Dementia. The scheme will also incorporate a separate Intermediate Care unit consisting of apartments with en-suite bedrooms and rehabilitation support, which will be used by the Council and health partners. The project is expected to be supported by grants from Homes England, and the net investment is expected to be recouped by rental income.	G Scanlon	16,000	0	500	12,500	3,000	0	0
CP0535	Inspiring Futures Programme - Delivering a new approach to Homelessness Services and Accommodation	Provision of accommodation and support for those who are homeless, have complex needs and require support to move forward with their lives towards independent living. The project is expected to be supported by grants from Homes England and Department for Levelling Up, Housing and Communities, and the net investment is expected to be recouped by rental income.	G Scanlon	7,229	0	676	2,371	4,182	0	0
Seafront Regeneration										
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.	C Auld	2,212	2,209	3	0	0	0	0
CP0358	Sunderland Seafront Trust - CCF Round 5	Bring into use vacant assets as commercial premises as part of further development of assets in conjunction with the Seafront Trust, supported by funding from the Coastal Communities Round 5 fund.	C Auld	1,007	175	612	220	0	0	0

**DYNAMIC CITY
CAPITAL PROGRAMME**

Project Ref. No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'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 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.	C Auld	55	5	50	0	0	0	0
CP0498	Seaburn Public Realm	The Public Realm investment at Ocean Park seeks to complement the previous investment at Seaburn as well as pipeline development projects at the site. The scheme will seek to deliver new equipped play facilities to replace the play area to the north of Cut Throat Dene, upgrade of paving to the west of Whitburn Road (Ocean Park frontage) and the formation of a new east-west pedestrian link and public realm upgrades to Dykelands Road.	C Auld	2,325	119	500	1,706	0	0	0
Regeneration Projects										
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.	C Auld	2,269	1,239	253	641	136	0	0

**DYNAMIC CITY
CAPITAL PROGRAMME**

Project Ref. No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
CP0413	Heritage Action Zone (HAZ) Partnership Grant Scheme	The Partnership Grant Scheme will deliver key elements of the HAZ Delivery Plan by securing the repair, restoration and enhancement of the key landmark listed buildings in the City: Mackie's Corner and 170-175 High Street West, Elephant Tea Rooms and a new traditional shop front for 177 High Street West securing wider conservation area enhancement. This scheme is part funded by Historic England, and also supplemented by third party contributions to the grants provided by the Council. The Elephant Tea Rooms project is also part funded through the Future High Street Fund initiative.	C Auld	1,424	598	178	367	281	0	0
CP0414	Regeneration Feasibilities	Provision of a Regeneration Feasibilities fund to support early planning and options appraisal for future potential capital projects.	C Auld	80	65	15	0	0	0	0
CP0415	Hendon Health Centre	Provision for demolition or refurbishment of Hendon Health Centre.	P Davies	125	0	0	125	0	0	0

**DYNAMIC CITY
CAPITAL PROGRAMME**

Project Ref. No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
CP0496	Riverside Sunderland Infrastructure	Riverside Sunderland is located to the east of the city, lying north of the City Centre with the River Wear running through it. The area for regeneration includes Sheepfolds and Bonnersfield to the north, Vaux, Farrington Row, Galley's Gill, Riverside Park and High Street West to the south. The Riverside Sunderland Masterplan was launched November 2019. Over the next 10-15 years, it is intended that the Council and partners will create a new urban quarter at the heart of the city, which will provide new homes and quality workspaces and attract new investors, residents, skilled workers, students and visitors. Riverside Sunderland will drive economic growth, set new standards for sustainable development and promote wellbeing and inclusion. In order to support the delivery of the Riverside Sunderland Masterplan to create 1,000 new homes and 1 million sq. foot of commercial development, several integrated infrastructure improvements are planned. This includes a new high level footbridge connecting Sheepfolds to Vaux, a riverside park to be developed on either side of the River Wear, a reconfiguration of a part of St Mary's Boulevard to better connect the City centre to the Vaux site, improvements to St Mary's car park, provision of a cliff edge footpath and 5G infrastructure, and developments with the Central Business District linking High Street West to St Mary's Boulevard. The works will also seek to activate the area through the construction of infrastructure to support the delivery of events and celebrations within the park and on the river, as well as provide a greater sense of safety to promote use of the space.	A Crabb	49,164	50	4,286	12,558	15,288	16,982	0

**DYNAMIC CITY
CAPITAL PROGRAMME**

Project Ref. No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
CP0536	HICSA (Housing Innovation Construction & Skills Academy)	Design and construction of a new Housing, Innovation and Construction Skills Academy (HICSA). This will be a shared facility which will be occupied by the Ministry of Building Innovation and Education (MOBIE) and Sunderland College. The HICSA will deliver education and training in traditional construction skills and innovative new methods of constructing homes. The project is supported by grant from the Levelling Up Fund.	N Guthrie	14,633	0	707	9,577	4,349	0	0
CP0537	Commercial Road Development	The development of a site at Commercial Road, providing: <ul style="list-style-type: none"> • A mixture of industrial and trade counter units; • Promotion of the regeneration of the Commercial Road corridor and will in turn encourage additional economic activity at the Port and the Council area; • A site that will form part of a wider strategic development area which also includes Council assets; and • Access to the railway line to be included to ensure connectivity to the Port and wider rail network. This will support the creation of local jobs within the local and wider area and the physical and economic regeneration of the Commercial Road corridor providing a modern gateway to the City.	N Guthrie	4,303	0	2,303	2,000	0	0	0
CP0538	City Centre Highways Improvements	Highways improvement works at Burdon Road and Cowan Terrace to provide improved access into the new planned residential development on the current civic centre site.	M Jackson	3,000	0	0	500	2,500	0	0
CP0552	Keel Square Hotel	Provision to fit out two of the ground floor commercial units in Keel Square Hotel, fully funded by the Future High Streets Fund grant.	A Crabb	1,700	125	1,575	0	0	0	0
TOTAL CONTINUING PROJECTS				354,666	72,760	52,322	107,333	77,052	35,397	9,802

**DYNAMIC CITY
CAPITAL PROGRAMME**

Project Ref. No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
Projects Commencing 2022/23										
	Regeneration Projects									
CP0575	Sunniside Regeneration (Nile & Villiers Street)	Development of a Living Arts Hub in Nile & Villiers Street which will be an exemplar residential-led mixed-use scheme comprising 87 high quality, sustainable homes and workspaces which will be particularly appealing to Sunderland's vibrant creative community and will kickstart regeneration in Sunniside and Old Sunderland. Delivery of the scheme is dependent on securing third party funding to cover the full capital cost of the development.	N Guthrie	24,000	0	0	6,000	10,000	8,000	0
CP0588	City of Sunderland Arena	The creation of a new mixed use leisure development on the site of the former Crowtree Leisure centre. The new development will be a vibrant visitor attraction by day and night. It will be activated by two important leisure anchors, an arena and food hall, and will be complemented by restaurants, shops, hotel and new public realm.	A Crabb	82,157	0	0	9,365	36,601	35,257	934
TOTAL PROJECTS COMMENCING 2022/23				106,157	0	0	15,365	46,601	43,257	934
TOTAL DYNAMIC CITY CAPITAL PROGRAMME				460,823	72,760	52,322	122,698	123,653	78,654	10,736

**DYNAMIC CITY
CAPITAL PROGRAMME**

Source of Finance	Estimated Resources				
	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
FROM EXTERNAL SOURCES					
Loans					
Prudential Borrowing	38,777	83,676	100,353	61,037	7,461
Government Grants					
DLUHC - Getting Building Fund (GBF)	1,164	0	0	0	0
DLUHC - Coastal Communities Fund (CCF)	314	0	0	0	0
DLUHC - Future High Street Fund (FHSF)	1,625	8,746	281	0	0
DLUHC - Levelling Up Fund (LUF)	4,346	15,654	0	0	0
Grants from Other Public Bodies					
Lottery - Heritage Lottery Fund (HLF)	248	521	0	0	0
European Regional Development Fund (ERDF)	191	1,781	83	0	0
Historic England	66	82	0	0	0
Homes England - Other	3,772	10,325	10,016	7,117	3,275
Other External Funding					
Other Capital Contributions	0	1,299	10,000	8,000	0
Total External Sources	50,503	122,084	120,733	76,154	10,736
FROM INTERNAL SOURCES					
Revenue Contributions					
Directorate	8	0	0	0	0
Reserves					
Strategic Investment Reserve	65	0	0	0	0
S106 Reserve	838	0	0	0	0
Other Capital Reserves	68	290	0	0	0
Capital Receipts					
Capital Receipts	840	324	2,920	2,500	0
Total Internal Sources	1,819	614	2,920	2,500	0
TOTAL FINANCING	52,322	122,698	123,653	78,654	10,736

**HEALTHY CITY
CAPITAL PROGRAMME**

Project Ref. No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'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.	G King	15,821	11,189	4,632	0	0	0	0
CP0351	Assistive Technology in Adult Social Care	Assistive Technology (AT) support to vulnerable people to enable them to remain in their own homes avoiding, or delaying, the need to go into residential care. Research has shown use of AT can delay residential care by an average 8 months. Investment includes: • Provision of demonstration showrooms and training facilities at the Independent Living Centre • Increased use of technology to transform service delivery and increase staff productivity • Provision of show rooms to promote technological solutions to improve resident's independence.	V French	765	523	242	0	0	0	0
CP0432	Day Centre Transformation & Improvement	A newly built facility that will provide a resource centre offering care, social stimulation and day opportunities that is outcome focused but is able to meet the person's holistic health and social care needs. The service will be designed specifically to meet the needs of people with complex disabilities and behaviours, most of which are currently accessing current provision based in Washington and Fulwell.	G King	6,000	4	46	1,950	4,000	0	0
CP0433	Emergency Accommodation	Provision towards units to support victims of domestic abuse	G Scanlon	104	0	104	0	0	0	0
CP0434	Barnes Park Café (Coffee Shop) - Flood Defence Measures	Improvements to the Café, specifically on flood defence measures.	G King	30	26	4	0	0	0	0
CP0484	Bishopwearmouth Horticultural Nursery Carpark & Lighting Improvements	Improvements to the facilities at Bishopwearmouth Horticultural Nursey, namely the resurfacing of the existing aggregate car park and adjoining road with asphalt and the installation of outdoor lighting to car parks and outside work areas.	G King	108	75	33	0	0	0	0

**HEALTHY CITY
CAPITAL PROGRAMME**

Project Ref. No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
CP0539	ICT / Assistive Technology	Provision for the promotion of independence and wellbeing through the use of digital services and technology. The investment will help to close gaps in health inequalities and better supporting the future financial sustainability of local health and care systems.	G King	1,400	0	200	600	300	300	0
TOTAL CONTINUING PROJECTS				24,228	11,817	5,261	2,550	4,300	300	0
Projects Commencing 2022/23										
	Adult Services									
CP0432	Day Centre Replacement - Additional Costs	Extension of the provision within the current capital programme for a replacement adult social care day centre, including the inclusion of Hydrotherapy pool. The new day centre building, planned to be located on a site beside North View Academy School in South Hylton, will provide a day care service offering social stimulation that is outcome focused but is able to meet the person's holistic health and social care needs. The service will be designed specifically to meet the needs of people with complex disabilities and behaviours, most of which are currently accessing current provision based in Washington and Fulwell.	G King	2,602	0	0	0	2,602	0	0
CP0576	Technology Solutions – Neighbourhoods	Investment into further assistive technology specific to adult social care and also mini schemes focused upon Technology Aided Productivity (TAP) benefiting the productivity of operational teams.	V French	1,000	0	0	250	250	250	250
CP0577	Community Equipment Service - New Storage Facilities at Leechmere	A planned new storage, admin and workshop facility in the Community Equipment Service (CES) located in the Leechmere Centre, including: <ul style="list-style-type: none"> • equipment to support activities of daily living • equipment to support home nursing • mobility equipment and nonpowered wheelchairs • fitting of telecare/assistive technology • 24/7 equipment delivery and repair service. 	G King	500	0	0	500	0	0	0

**HEALTHY CITY
CAPITAL PROGRAMME**

Project Ref. No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
CP0578	Learning Disabilities Out of Hospital Community Provision	Investment into accommodation tailored solutions to ensure that people with a learning disability and/or autism in hospital who could be supported in the community are discharged into a community setting as soon as possible and to prevent inappropriate admissions, and longer-term work to reshape the provision of care and support services.	G King	724	0	0	724	0	0	0
TOTAL PROJECTS COMMENCING 2022/23				4,826	0	0	1,474	2,852	250	250
TOTAL HEALTH CITY CAPITAL PROGRAMME				29,054	11,817	5,261	4,024	7,152	550	250

**HEALTHY CITY
CAPITAL PROGRAMME**

Source of Finance	Estimated Resources				
	2021/22	2022/23	2023/24	2024/25	2025/26
	£'000	£'000	£'000	£'000	£'000
FROM EXTERNAL SOURCES					
Loans					
Prudential Borrowing	187	3,662	7,152	550	250
Government Grants					
DoH&SC - Disabled Facilities	4,532	0	0	0	0
Other External Funding					
Gentoo	100	0	0	0	0
CCG	0	362	0	0	0
Total External Sources	4,819	4,024	7,152	550	250
FROM INTERNAL SOURCES					
Reserves					
Strategic Investment Reserve	275	0	0	0	0
Capital Priorities Reserve	80	0	0	0	0
Other Capital Reserves	87	0	0	0	0
Total Internal Sources	442	0	0	0	0
TOTAL FINANCING	5,261	4,024	7,152	550	250

**VIBRANT CITY
CAPITAL PROGRAMME**

Project Ref. No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
Continuing Projects										
	Community Services									
CP0412	Neighbourhood Renewal	Provision for devolved priority investments into Neighbourhood Renewals.	S Mitchell	2,653	34	987	1,632	0	0	0
	Culture, Events and Sport									
CP0309	Parklife Football Hubs	Provision of 3 football hub sites strategically located in areas of demand, geographically positioned and with good transport links.	V French	18,370	18,265	105	0	0	0	0
CP0585	Football Hubs Sinking Fund	Provision of a sinking fund for football hubs replacement of 3G surfaces.	V French	2,571	0	0	0	0	0	2,571
CP0405	Sunderland Museum and Winter Gardens Redevelopment	A planned refurbishment of the Sunderland Museum and Winter Gardens to improve the cultural offer in the city and seek to refurbish many of the tired exhibits as well as ensuring that the museum delivery is fully integrated to ensure maximum opportunity for events, programme, exhibitions and learning lessons. The proposal is subject to securing circa £5m external funding.	V French	10,755	0	100	500	149	7,000	3,006
CP0540	Culture House	Creation of a new 80,000 square foot library and archive facility as an anchor attraction and focal point to the Central Business District, generating additional footfall and expenditure into the City. The building will incorporate indoor city square, adult library, children and young people's library, learning zone, creative/making spaces, local history and archives, events space, café and outdoor space. It will be designed to the highest achievable sustainability requirements in order to minimise ongoing revenue costs and to meet the Council's objective of being Carbon Zero by 2030. The project is part funded through external funding secured from the Future High Street Fund.	A Crabb	27,975	542	1,356	12,270	13,807	0	0
CP0541	Washington F Pit Heritage Visitor Centre and Albany Park Improvements	Construction of a new heritage visitor centre incorporating exhibition, teaching and community spaces and a café for the museum and park users. Along with repair and improvement works to the existing Museum engine house, there will be improvement works to Albany Park including new play areas, car park, trim trails, wetland area, wildflower meadows, interpretation and dedicated events space.	C Auld	4,650	0	0	350	3,000	1,300	0

**VIBRANT CITY
CAPITAL PROGRAMME**

Project Ref. No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
CP0542	Digitisation of Local History & Library collections	Digitisation of local history and library collections. The biggest collection of local and social history records owned by the Council chart the development and changing face of the City over hundreds of years.	V French	650	0	300	150	150	50	0
CP0543	Redesign and Replacement of City Centre Christmas Lighting	Provision for a City Centre Christmas lighting refresh to complement the work undertaken on the route of lights in the Fawcett Street and St Mary's Boulevard areas.	V French	150	0	150	0	0	0	0
CP0544	Festival of Light	Refresh of the lighting offer for the Festival of Light, to support the delivery of the event over a 4- year period.	V French	450	0	0	150	150	150	0
CP0558	Washington AFC Sports Facilities Upgrade	Upgrade of sports facilities at Washington AFC fully funded by S106 developer funding.	V French	90	0	90	0	0	0	0
TOTAL CONTINUING PROJECTS				68,314	18,841	3,088	15,052	17,256	8,500	5,577
Projects Commencing 2022/23										
	Culture, Events and Sport									
CP0573	Reinstatement of Bridleway (Downhill)	Planned improvements to a stretch of the bridle path to the south of the Downhill Football Hub. The widening of an existing path would provide an improved access solution for residents accessing the site and using the public right of way recreationally.	V French	110	0	0	110	0	0	0
CP0574	Overflow car park - North Area Playing Fields Washington	The creation of circa 90 car parking spaces on unused land adjacent to the west of the approach road to the former Northern Area Playing Fields which is now home to the Washington Football Hub and additionally is the access point for the Washington Riding Centre. The existing gates will also be repaired, along with the installation of timber fencing.	V French	45	0	0	45	0	0	0
CP0579	Arts Centre Washington Refurbishment	Planned investment to update, improve and make more accessible a number of hire spaces at Arts Centre Washington. This will generate additional income to support operations and programme, and result in the Low Barn, Granary and Theatre being upgraded.	V French	200	0	0	200	0	0	0

**VIBRANT CITY
CAPITAL PROGRAMME**

Project Ref. No.	Project	Project Description	Project Sponsor	Gross Cost £'000	Expend to 31.3.21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
CP0580	Raich Carter Centre Improvement Works	Planned improvement works to the Raich Carter Sports Centre. The investment will deliver a replacement of the surface of the 3G football pitch on site which is currently unplayable and therefore reduces the opportunities for residents to engage in sport and physical activity.	V French	250	0	0	250	0	0	0
CP0581	Modernising Libraries (Washington and Houghton Libraries)	A modernisation and refurbishment of both Houghton and Washington libraries will be aligned to Culture House, equally profiling the professional Libraries Services in the City to a position where they can support and improve life skills and chances of residents of all ages and backgrounds. The investment in Culture House will create an exciting City centre space for learning, creativity and socialisation, the modernisation of both Houghton & Washington will create a similar vibrant, physical experience for residents across the City, ahead of Culture House opening.	V French	500	0	0	300	200	0	0
TOTAL PROJECTS COMMENCING 2022/23				1,105	0	0	905	200	0	0
TOTAL VIBRANT CITY CAPITAL PROGRAMME				69,419	18,841	3,088	15,957	17,456	8,500	5,577

**VIBRANT CITY
CAPITAL PROGRAMME**

Source of Finance	Estimated Resources				
	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
FROM EXTERNAL SOURCES					
Loans					
Prudential Borrowing	1,489	3,597	17,356	6,506	2,571
Government Grants					
DLUHC - Future High Street Fund (FHSF)	1,356	12,200	0	0	0
Grants from Other Public Bodies					
Lottery - Heritage Lottery Fund (HLF)	0	0	0	1,994	3,006
Total External Sources	2,845	15,797	17,356	8,500	5,577
FROM INTERNAL SOURCES					
Revenue Contributions					
Neighbourhood Fund	153	0	0	0	0
Reserves					
Strategic Investment Reserve	0	150	100	0	0
S106 Reserve	90	10	0	0	0
Total Internal Sources	243	160	100	0	0
TOTAL FINANCING	3,088	15,957	17,456	8,500	5,577

**PROJECT SPONSORS KEY
CAPITAL PROGRAMME**

Project Sponsor	Job Title
A Crabb	Project Director
C Auld	Assistant Director of Economic Regeneration
I Richardson	Interim Assistant Director of Environmental Services
G King	Assistant Director Adult Services / Chief Operating Officer Sunderland Care & Support
G Scanlon	Assistant Director of Housing Services
L St Louis	Assistant Director of Digital and Customer Services
M Hunt	Port Director
M Jackson	Assistant Director of Infrastructure, Planning and Transportation
P Davies	Assistant Director of Business and Property Services
P McIntyre	Executive Director City Development
S Mitchell	Assistant Director of Community Resilience
V French	Assistant Director of Culture and Events
N Guthrie	Assistant Director of Development Residential
P Littlefair	Assistant Director of Major Projects Development

Prudential and Treasury Indicators 2022/2023 to 2025/2026

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 2020/2021 was £96.620 million and the estimates of capital expenditure to be incurred for the current and future years that are recommended for approval are:

	2021/22	2022/23	2023/24	2024/25	2025/26
	£000	£000	£000	£000	£000
Estimated Capital Expenditure	189,414	295,541	206,160	107,858	18,042

The capital expenditure plans set out in Appendix 2 provide details of the service activity of the Council.

The treasury management function ensures that the Council's cash is managed in accordance with the relevant professional codes, so that sufficient cash is available to meet its activity taking into account the estimated expenditure profile and any grant awards received.

- 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 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 does not invest in commercial activity for financial return, and therefore receives no income linked to this type of investment.

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 Plan (MTFP). 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 2020/2021 are:

	Estimates of financing costs to net revenue stream				
2020/2021 Actual	2021/2022 Estimate	2022/2023 Estimate	2023/2024 Estimate	2024/2025 Estimate	2025/2026 Estimate
9.41%	10.34%	12.17%	14.08%	15.13%	15.81%

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 investments included in the Council's Capital Programme.

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

- 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 2021 are:

Capital Financing Requirement

31/03/21	31/03/22	31/03/23	31/03/24	31/03/25	31/03/26
£'000	£'000	£'000	£'000	£'000	£'000
Actual	Estimate	Estimate	Estimate	Estimate	Estimate
501,093	686,120	854,336	1,012,615	1,083,922	1,072,208

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 Council'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. Private Finance Initiative (PFI) schemes and leases which are impacted by the introduction of the accounting standard IFRS16. This accounting standard replaces IAS 17 and means that the majority of leases will now be accounted for in a similar way as a Finance lease under IAS 17, meaning that almost all of the Council's leases will need to be brought onto the balance sheet. 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 £69.857 million of such schemes included in its Capital Financing Requirement as at 31st March 2021.

- 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 2020/2021, 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 2022/2023.

- 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 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				
	2021/2022	2022/2023	2023/2024	2024/2025	2025/2026
	£'000	£'000	£'000	£'000	£'000
Borrowing	911,927	939,926	954,649	1,041,983	1,036,747
Other long-term liabilities	125,181	142,732	137,316	132,176	125,698
Total	1,037,108	1,082,658	1,091,965	1,174,159	1,162,445

The above authorised limits are consistent with the Council'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, 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 2022/2023, the Council is asked to note that the authorised limit determined for 2022/2023 (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 needed to support the Council's Capital Programme has been undertaken for that particular year and the next two financial years and that it will only be exceeded temporarily as a result of the timing of debt rescheduling.

Operational Boundary for External Debt

	2021/2022	2022/2023	2023/2024	2024/2025	2025/2026
	£'000	£'000	£'000	£'000	£'000
Borrowing	886,927	914,926	929,649	1,016,982	1,011,747
Other long-term liabilities	125,181	142,732	137,316	132,176	125,698
Total	1,012,108	1,057,658	1,066,965	1,149,158	1,137,445

- P7 The Council's actual external debt at 31st March 2021 was £492.411 million and was made up of borrowing of £422.554 million and other long-term liabilities of £69.857 million.

The Council includes an element for long-term liabilities relating to PFI schemes and 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 in 2017 by full Council and is re-affirmed annually. The additional reporting elements of the December 2021 code update which aren't required until 2023/2024 will be adhered to in that financial year.

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; and
 - (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 accountable, by providing a clear and transparent framework.

Further, the framework established by the Code should be consistent with and support:

- (a) local strategic planning;
- (b) local asset management planning; and
- (c) 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 2022/2023 to 2025/2026

- P9 It is recommended that the Council sets upper and lower limits for the maturity structure of its borrowings as follows:

Amount of projected borrowing maturing in each period expressed as a percentage of total projected borrowing 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%

- P10 A maximum maturity limit of £75 million is set for each financial year (2022/2023, 2023/2024, 2024/2025 and 2025/2026) 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 7).

At present the Council has £24.894m of long-term investments. This is £11.906m for the value of share capital held in NIAL Holdings PLC (a 18.87% share), a £12.350m equity investment in Siglion (a 100% share), a £0.500m equity share in Sunderland Lifestyle Partnership Ltd (a 50% share) and the Council also holds £0.018m in shares and unit trusts.

Minimum Revenue Provision Policy Statement 2022/2023

- 1.1 The Council is required to repay an element of its accumulated General Fund 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 Department for Levelling Up, Housing and Communities (DLUHC) 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. The latest guidance has been considered when setting the MRP policy for 2022/2023.

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.

This document sets out the MRP policy for 2022/2023.

- 1.2 The statutory guidance issued by the DLUHC 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 DLUHC 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 assesses 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 DLUHC 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 Revenue Support Grant (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 are controlled to a national limit which has been reduced substantially in recent years irrespective of the outstanding supported borrowing levels an individual local authority 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 a proportion of the requirement is now provided. This extended the repayment to 50 years which is considered reasonable given the Council's 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, for example in the case of the Northern Spire bridge which has been assessed as having an asset life of over 50 years.

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 fixed rate borrowing (2.68%). Government guidelines support the 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 receive benefit from the capital expenditure. It is

therefore considered the fairest method 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 DLUHC 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 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 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 2022/2023:
 - 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 leases and PFI contracts, the amount of MRP to be made will be set to ensure that the finance charge and MRP for 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; and
- 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 (updated in December 2021) 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 borrowing, investments and cash flows, including 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.

These principles are intended to provide a working document that forms a detailed framework for treasury management activities. The policy fully encompasses CIPFA’s Code of Practice. In addition, the policy fully takes account of the requirements of the Prudential Code for Capital Finance in Local Authorities and the guidance issue by the DLUHC supporting Part 1 of the Local Government Act 2003 in respect of local authority investments.

The Council re-affirms its commitment to the Treasury Management Policy and Strategy Statement in 2022/2023 as it does every year.

Treasury Management Strategy Statement for 2022/2023

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 over yield.

The suggested strategy for 2022/2023 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, and more recently in December 2021 CIPFA issued a revised Treasury Management Code of Practice and Cross-Sectoral Guidance Notes, and a revised Prudential Code. In February 2018 DLUHC 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 non-treasury type investments e.g. by investing in a property portfolio in order to generate income for the authority at a higher level than can be attained by vanilla treasury investments. This report deals solely with financial investments managed by the Council's Treasury Management function. Non-treasury investments are covered in the Capital Strategy which was approved by Council in November 2021. 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 the:

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

As noted, CIPFA published revised codes for Treasury Management and Prudential Borrowing on 20th December 2021. The changes made to the Prudential Code apply with immediate effect, except that the new revised reporting requirements do not need to be introduced until 2023/2024 financial year. Unlike the Prudential Code, there is no effective date within the new edition of the Treasury Management Code, which is market guidance and has no statutory underpinning. The Council has to have regard to these codes of practice when it prepares the Treasury Management Strategy Statement and the Annual Investment Strategy. In summary, the revised codes have the following implications:

Prudential Code

- Strong reinforcement that local authorities must not borrow to invest primarily for financial return, this applies with immediate effect;
- Objectives continue to focus on; Capital plans and investments plans must be affordable and proportionate, all borrowing / other long-term liabilities are within prudent and sustainable levels; risks associated with investments are proportionate to financial capacity and treasury management decisions are in accordance with good professional practice;
- Further strengthening on matters to be taken into account when setting and revising prudential indicators. In particular decision making on capital investment, determining a capital strategy, prudence and affordability;
- Expansion of Environmental, Social and Governance (ESG) within the Capital Strategy, addressing environmental sustainability in a manner which is consistent with the Council's policies on the issue. This will be addressed when the Capital Strategy is refreshed later in 2022;
- Investment in commercial properties, the code makes clear that the Council's historical asset base is not impacted by the restrictions now in place and any plans to divest should be part of an annual review.
- CIPFA leaves any decision to maintain long term Treasury Investments to each local authority to justify and any longer term Treasury Investment to be linked to the Business Model; and
- The gross debt and the capital financing requirement remain key indicators with a small change which means the inclusion of Heritage Assets. It has been noted that the CFR can be a negative figure.

Treasury Management Code

- Investment Management Practices (IMPs) have now been introduced for Non-Treasury Investment and are expected to follow the same format used for Treasury Management Practices (TMPs);
- The requirement for TMP10 has been strengthened and a requirement to retain an aims and objectives schedule included;
- Reporting should set out Service and Commercial investment risks especially where this is supported by borrowing / leverage, with a proportionate level of any borrowing which is a decision for the S151 Officer. Emphasis also placed on "Local Authorities" so that they must not borrow to invest primarily for the purpose of financial return;
- Treasury Management reports to be produced annually before the financial year, mid-year and after the year-end; and
- The introduction of a Liability Benchmark, which will be included in updated reporting for 2023/2024.

In addition, all investments and investment income must be attributed to one of the following three purposes:

Treasury Management

Arising from the organisations cash flows or treasury risk management activity, this type of investment represents balances which are only held until the cash is required for use. Treasury investments may also arise from other treasury risk management activity which seeks to prudently manage the risks, costs or income relating to existing or forecast debt or treasury investments.

Service Delivery

Investments held primarily and directly for the delivery of public services including housing, regeneration and local infrastructure. Returns on this category of investment which are funded by borrowing are permitted only in cases where the income is “either related to the financial viability of the project in question or otherwise incidental to the primary purpose”.

Commercial Return

Investments held primarily for financial return with no treasury management or direct service provision purpose. Risks on such investments should be proportionate to a council’s financial capacity – i.e., that ‘plausible losses’ could be absorbed in budgets or reserves without unmanageable detriment to local services. An authority must not borrow to invest primarily for financial return.

The Council currently adheres to the majority of the above amendments, and will comply with the remaining new reporting standards by the prescribed date of 2023/2024.

2. Treasury Management Strategy

2.1 Borrowing

2.1.1 Current Treasury Management Position

The Council’s treasury portfolio position at 31 st December 2021 comprised:		Principal (£m)	Total (£m)	Average Rate (%)
Treasury external borrowing				
Fixed Rate Funding	PWLB	434.6		
	Market	39.6		
	Other	11.3	485.5	2.68
			4	
Variable Rate Funding	Temporary / Other		27.6	0.72
Total external borrowing			513.1	2.54
Total treasury investments				
	In house – short term		294.3	0.16
Net treasury borrowing			218.8	

The Council currently has a net deficit of £218.8m 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 4) 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 levels (and council housing rent levels where relevant) is ‘acceptable’.

The “Affordable Borrowing Limit” comprises of the capital plans to be considered for inclusion in corporate 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 4 (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 4. 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 was 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. 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 6). The additional reporting elements of the December 2021 code which aren’t required until 2023/2024 will be adhered to in that financial year.

2.1.3 Prospects for Interest Rates

Over the last two years, the coronavirus outbreak has resulted in significant economic damage to the UK and to economies around the world. After the Bank of England’s Monetary Policy Committee (MPC) took emergency action in March

2020 to cut the Bank Rate to 0.10%, it left the rate unchanged at its subsequent meetings until raising it to 0.25% at its meeting on 16th December 2021 primarily in response to rising inflation.

As for the timing of the next increase in Bank Rate, the MPC dropped the comment from November's statement that the Bank Rate would be raised "in the coming months". This may imply another rise is unlikely at the next meeting in February and that May is more likely. However, much could depend on how adversely, or not, the economy is affected by Omicron in the run up to the next meeting on 3rd February. Once 0.50% is reached, the Bank would act to start shrinking its stock of Quantitative Easing (gilts purchased by the Bank would not be replaced when they mature).

Since the start of 2021, there has been significant volatility in gilt yields, and hence PWLB rates. As the interest forecast table for PWLB certainty rates below shows, there is forecast to be a steady, but slow, rise in rates during the forecast period to March 2025, though there will doubtless be unpredictable volatility during this forecast period.

The following table shows the average PWLB rates for Quarters 1, 2 and 3 and the figures for Quarter 4 to 12th January 2022.

2021/2022	Qtr 1* (Apr - Jun) %	Qtr 2* (Jul - Sep) %	Qtr 3* (Oct – Dec) %	Qtr 4* (rates to 12th Jan 2022) %
7 days notice	-0.08	-0.08	-0.06	-0.06
1 year	0.81*	0.87*	1.11*	1.36*
5 year	1.18*	1.15*	1.47*	1.73*
10 year	1.68*	1.52*	1.75*	1.94*
25 year	2.14*	1.90*	1.99*	2.12*
50 year	1.94*	1.68*	1.68*	1.79*

*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 2022	0.25	1.50	1.90	1.70
June 2022	0.50	1.50	2.00	1.80
Sept 2022	0.50	1.60	2.10	1.90
Dec 2022	0.50	1.60	2.10	1.90
March 2023	0.75	1.70	2.20	2.00
June 2023	0.75	1.80	2.20	2.00
Sept 2023	0.75	1.80	2.20	2.00
Dec 2023	0.75	1.80	2.30	2.10
March 2024	1.00	1.90	2.30	2.10
June 2024	1.00	1.90	2.40	2.20
Sept 2024	1.00	1.90	2.40	2.20
Dec 2024	1.00	2.00	2.50	2.30
March 2025	1.25	2.00	2.50	2.30

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, 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.

2.1.4 Borrowing Strategy

The Council's strategy for 2021/2022 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 2.6% for long-term borrowing was set considering the views prevalent at the time the Treasury Management policy was set in March 2021.

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;
- current (January 2021) long term PWLB rates (50 years) are around 1.80%. It is forecast that this will rise over the financial year 2021/22 with target rates being, 1.80% Q1, 1.90% Q2, 1.90% Q3 and 2.00% Q4. Should interest rates fall below these targets borrowing should be considered, with preference given to terms which ensure a balanced profile of debt maturity. The current average interest rates forecast across this financial year for various borrowing periods are as follows:
 - 10 years – 1.85%
 - 25 years – 2.10%
 - 50 years – 1.90%

As announced by the Chancellor in November 2020, a prohibition was introduced that denies access to any new borrowing from the PWLB for a local authority that has plans to purchase investment assets "primarily for yield". When applying for PWLB borrowing authorities must now submit a high-level description of their capital spending and financing plans for the following three years. In addition, the Section 151 Officer (Executive Director of Corporate Services) must confirm that there is no intention to buy investment assets primarily for yield at any point in the next three years. This assessment will be based on the Section 151 Officer's professional interpretation of guidance issued along with PWLB lending terms.

Due to the overall financial position and the underlying need to borrow for capital purposes (the Capital Financing Requirement – CFR), new borrowing of £100m was undertaken in December from the PWLB at a historically low rate of 1.4%. Borrowing at this low rate has reduced the average cost of borrowing across the portfolio.

The low PWLB interest rates are likely to make this the cheapest option available to the Council to fund the large borrowing requirement needed to support the capital programme and it will benefit the Council's revenue budget over the longer term. The Treasury Management team continues to closely monitor interest rates to assess the value of possible further new borrowing in line with Capital

Programme requirements. In order to optimise the Council's position, consideration will also be given to various other funding options, including taking out shorter term borrowing, utilising investment balances, and use of other financial institutions to provide borrowing facilities to fund the Council's borrowing requirement.

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 four LOBOs that were subject to a potential rollover in 2021/2022. No changes to loan rates have been received and so these arrangements will continue.

Roll Over Dates	Lender	Amount £m	Rate %	Roll Over Periods
21/04/2021 and 21/10/2021	Barclays	5.0	4.37	Every 6 months
29/09/2021	Dexia Credit Local	5.0	4.45	Every 3 years
03/02/2022	Dexia Credit Local	5.0	4.37	Every 3 years
22/02/2022	Dexia Credit Local	5.0	4.38	Every 3 years
Total		20.0		

The capital expenditure plans set out in Appendix 2 provide details of the service activity of the Council. The treasury management function ensures that the Council's cash is managed 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:

		2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m
1.	Capital Programme Borrowing	183.6	176.2	86.6	11.8
2.	Replacement borrowing (PWLb)	5.0	0.0	0.0	0.0
3.	Replacement LOBO	10.0	19.5	20.0	10.0
TOTAL:		198.6	195.7	106.6	21.8

The Council currently has net treasury borrowing of £218.8m 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 continue utilising some investment balances to fund the borrowing requirement in 2022/2023. 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 an 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 number of investments.

Benefits of having a high level of investments are:

- liquidity risk – having a large number 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 support the Council's overall budget position; and
- 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; and
- 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.

A Municipal Bonds Agency, set up by the Local Government Association, has begun to offer bonds to local authorities. The rates offered by the 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, alongside potential Bank of England base rate increases, a benchmark financing rate of 3.00% for any further long-term borrowing for 2022/2023 is considered 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 forward approved 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, the very low underlying rate of the Council's long-term borrowing together with the current spread between the rates applied to new PWLB borrowing and repayment of PWLB debt means that PWLB debt restructuring is much less attractive. 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.

Following consultation and advice from the Council's treasury advisers the Council has taken the decision to borrow over longer term periods and much of the Council borrowing is for periods over 40 years and on a fixed interest rate basis. 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.

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 regard to the DLUHC 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”). consideration has also been given to the refreshed Code published in December 2021, full adoption is required by 2023/2024.

The DLUHC 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 Council’s Treasury Management function). Non-financial investments, essentially the purchase of income yielding assets, are covered within the Capital Strategy approved by Council in November 2021.

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.

In the current economic climate, it is considered appropriate to keep investments short term to cover cash flow needs. However, where appropriate the Council will also consider the value available in placing investments for longer periods with high credit rated financial institutions, as well as wider range fund options.

The guidance from the DLUHC 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, the Council will:

- apply 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;
- monitor credit ratings daily. 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;
- not use ratings 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;

- 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;
- define 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 Council's creditworthiness policy. In addition to investments in high credit rated companies the Council has agreed to provide an unsecured investment to Education Partnership North East (EPNE) (which is the group brand for Sunderland College, Northumberland College and Hartlepool Sixth Form College) in order to ensure the medium-term financial stability of a key partner in the delivery of the City Plan.
- the type of investments to be used by the in-house treasury management team will be limited to Certificates of Deposit, variable term deposits, 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;
- 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 Council mitigates this risk with its prudent investment policy;
- set 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);
- 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; and

- engage external consultants 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.

In accordance with accounting standard IFRS9, the Council considers the implications of investment instruments which could result in an adverse movement in the value of the amount invested and lead to resultant charges at the end of the year to the General Fund. In November 2018 DLUHC 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 ending 31st March 2023.

The prudential code states that local 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.

2.2.2 Creditworthiness policy

The creditworthiness policy adopted by the 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.

Significant levels of downgrades to Short- and Long-Term credit ratings have not materialised since the crisis in March 2020. In the main, where they did change, any alterations were limited to future outlooks for counterparties. However, as economies are beginning to reopen, there have been some instances of previous lowering of future outlooks being reversed.

Although bank Credit Default Swap (CDS) prices, (these are market indicators of credit risk), spiked upwards at the end of March / early April 2020 due to the heightened market uncertainty and ensuing liquidity crisis that affected financial markets, they have returned to more average levels since then. However, sentiment can easily shift, so it will remain important to undertake continual monitoring of all aspects of risk and return in the current circumstances.

While the Council understands changes that have taken place to reduce ratings, it will 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. 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.

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

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. Given the need for increased PWLB borrowing to fund the Capital Financing Requirement and the associated cash holding requirement, the Money Market Funds limit within Annex B has been increased from £120m to £250m.

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 minimised 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 2022/2023 are likely to range between £50 million and £250 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 2021/2022 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 2022/2023 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;
- 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; and

- Possible funding of long-term borrowing from investment balances (dependent upon appropriate market conditions).

Investments will be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates (i.e. rates for investments up to 12 months). Greater returns are usually obtainable by investing for longer periods. While most cash balances are required in order to manage the ups and downs of cash flow where cash sums can be identified that could be invested for longer periods, the value to be obtained from longer term investments will be carefully assessed.

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 the total value of 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 2022/2023 (i.e. it has not agreed any forward deals).

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 2021/2022 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:

Return	2020/21 Benchmark %	2020/21 Return %	To date 2021/22 Benchmark %	To date 2021/22 %
Council	-0.07	0.45	-0.07*	0.16

* the Benchmark rate is set at 0.125% less than the corresponding 7-Day LIBOR rate which due to the fall in gilts means the benchmark rate in 2020/21 has become negative.

Investment returns are likely to remain low during 2021/22 and are likely to remain very low until the Bank base rate increases.

During 2022/2023 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 advisors.

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 types 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.

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.

Cabinet at its October 2020 meeting endorsed an unsecured investment with EPNE, based on a detailed business plan, in order to ensure the medium-term financial stability of a key partner in the delivery of the City Plan.

The Council's approach to non-treasury investments are covered within the Capital Strategy approved by Council in November 2021 and complies with the guidance that Local Authorities will not use PWLB borrowing primarily for yield.

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
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;
- preparing 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 Council;
- ensuring that the Council has the appropriate legal powers to undertake expenditure on non-financial assets and their financing;
- ensuring the proportionality of all investments so that the Council does not undertake a level of investing which exposes the Council 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;
- providing to members 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 the Council; and
- ensuring that the Council has adequate expertise, either in house or externally provided, to carry out the above.

1. Interest Rate Forecasts

- 1.1 The data set out overleaf shows a variety of forecasts published by Link Asset Services and Capital Economics (an independent forecasting consultancy). PWLB forecasts shown below have taken into account the 20 basis point certainty rate reduction effective as of the 1st November 2012. There are no changes to these forecasts as at 11th January 2022.
- 1.2 The forecast within this strategy statement has been drawn from these diverse sources and officers' own views.

Link Group Interest Ra 20.12.21													
	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25
BANK RATE	0.25	0.50	0.50	0.50	0.75	0.75	0.75	0.75	1.00	1.00	1.00	1.00	1.25
3 month ave earnings	0.30	0.50	0.50	0.60	0.70	0.80	0.90	0.90	1.00	1.00	1.00	1.00	1.00
6 month ave earnings	0.50	0.60	0.60	0.70	0.80	0.90	1.00	1.00	1.10	1.10	1.10	1.10	1.10
12 month ave earnings	0.70	0.70	0.70	0.80	0.90	1.00	1.10	1.10	1.20	1.20	1.20	1.20	1.20
5 yr PWLB	1.50	1.50	1.60	1.60	1.70	1.80	1.80	1.80	1.90	1.90	1.90	2.00	2.00
10 yr PWLB	1.70	1.80	1.80	1.90	1.90	2.00	2.00	2.00	2.10	2.10	2.10	2.20	2.30
25 yr PWLB	1.90	2.00	2.10	2.10	2.20	2.20	2.20	2.30	2.30	2.40	2.40	2.50	2.50
50 yr PWLB	1.70	1.80	1.90	1.90	2.00	2.00	2.00	2.10	2.10	2.20	2.20	2.30	2.30
Bank Rate													
Link	0.25	0.50	0.50	0.50	0.75	0.75	0.75	0.75	1.00	1.00	1.00	1.00	1.25
Capital Economics	0.50	0.75	0.75	1.00	1.25	1.25	1.25	1.25	-	-	-	-	-
5yr PWLB Rate													
Link	1.50	1.50	1.60	1.60	1.70	1.80	1.80	1.80	1.90	1.90	1.90	2.00	2.00
Capital Economics	1.80	1.90	2.10	2.20	2.20	2.30	2.40	2.40	-	-	-	-	-
10yr PWLB Rate													
Link	1.70	1.80	1.80	1.90	1.90	2.00	2.00	2.00	2.10	2.10	2.10	2.20	2.30
Capital Economics	2.00	2.10	2.20	2.30	2.30	2.40	2.50	2.50	-	-	-	-	-
25yr PWLB Rate													
Link	1.90	2.00	2.10	2.10	2.20	2.20	2.20	2.30	2.30	2.40	2.40	2.50	2.50
Capital Economics	2.20	2.30	2.50	2.70	2.70	2.70	2.80	2.90	-	-	-	-	-
50yr PWLB Rate													
Link	1.70	1.80	1.90	1.90	2.00	2.00	2.00	2.10	2.10	2.20	2.20	2.30	2.30
Capital Economics	1.90	2.00	2.20	2.40	2.50	2.60	2.70	2.90	-	-	-	-	-

2. Survey of Economic Forecasts

2.1 HM Treasury November 2021

The current 2021 base rate forecasts are based on samples of both City and non-City forecasters included in the HM Treasury November 2021 report.

BANK RATE FORECASTS	Annual Average Bank Rate				
	Ave. 2021	Ave. 2022	Ave. 2023	Ave. 2024	Ave. 2025
Average	0.13%	0.43%	0.98%	1.30%	1.45%
Highest	0.30%	1.50%	4.50%	5.00%	4.00%
Lowest	0.10%	0.10%	0.16%	0.50%	0.75%

Source: HM Treasury: Forecasts for the UK Economy Nov. 2021 (No.412, Table M4)

Annex B

Lending List Criteria

1. Counterparty Criteria

- 1.1 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.
- 1.2 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 Long-Term Rating	Fitch Short-Term Rating	Moody's Long-Term Rating	Moody's Short-Term Rating	S&P's Long-Term Rating	S&P's Short-Term Rating	Maximum Deposit £m	Maximum Duration
AAA	F1+	Aaa	P-1	AAA	A-1+	120	2 Years
AA+	F1+	Aa1	P-1	AA+	A-1+	100	2 Years
AA	F1+	Aa2	P-1	AA	A-1+	80	2 Years
AA-	F1+	Aa3	P-1	AA-	A-1+	75	2 Years
A+	F1+	A1	P-1	A+	A-1	70	365 days
A+	F1	A1	P-1	A+	A-1	70	365 days
A	F1	A2	P-1	A	A-1	65	365 days
A-	F1	A3	P-1	A-	A-1	50	365 days
A-	F2	A3	P-2	A-	A-2	50	365 days
Local Authorities (limit for each local authority)						30	2 years
UK Government (including debt management office, gilts and treasury bills)						300	2 years
Money Market Funds (CNAV, LVNAV and VNAV) Maximum amount to be invested in Money Market Funds is £250m with a maximum of £50m in any one fund.						250	Liquid Deposits
Local Authority controlled companies						40	20 years
Strategic Partners						Maximum deposit and duration of investments with strategic partners will be based on detailed business case and will be approved by Members prior to any investment taking place	

- 1.3 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.

- 1.4 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 limits are as follows:

2. Country Limit

- 2.1 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.
- 2.2 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 (excluding money market funds) of £300m 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	300
Non-UK	50

3. Sector Limit

- 3.1 The Code recommends that 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	300
Local Government	300
UK Banks	300
Money Market Funds	250
UK Building Societies	100
Foreign Banks	50

4. Group Limit

- 4.1 Where institutions are part of a group of companies e.g. Lloyds Banking Group, Santander and RBS, the 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.
- 4.2 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-		Aa3		AA		300	
Lloyds Banking Group							Group Limit 70	
Lloyds Bank Plc (RFB)	A+	F1	A1	P-1	A+	A-1	70	365 days
Lloyds Bank Corporate Markets plc (NRFB)	A+	F1	A1	P-1	A	A-1	70	365 days
Bank of Scotland Plc (RFB)	A+	F1	A1	P-1	A+	A-1	70	365 days
Royal Bank of Scotland Group (See Note 1)							Group Limit 75	
The Royal Bank of Scotland Plc (RFB)	A+	F1	A1	P-1	A	A-1	75	2 years
National Westminster Bank Plc (RFB)	A+	F1	A1	P-1	A	A-1	75	2 years
NatWest Markets plc (NRFB)	A+	F1	A2	P-1	A-	A-2	75	2 years
Santander UK plc	A+	F1	A1	P-1	A	A-1	65	365 days
Barclays Bank plc (NRFB)	A+	F1	A1	P-1	A	A-1	65	365 days
Barclays Bank plc (RFB)	A+	F1	A1	P-1	A	A-1	65	365 days
Clydesdale Bank */**	A-	F2	Baa1	P-2	A-	A-2	0	
Co-Operative Bank Plc **	B+	B	Ba3	NP	-	-	0	
Goldman Sachs International Bank	A+	F1	A1	P-1	A+	A-1	70	365 days
HSBC Bank plc (NRFB)	AA-	F1+	A1	P-1	A+	A-1	70	365 days
HSBC UK Bank plc (RFB)	AA-	F1+	A1	P-1	A+	A-1	70	365 days
Nationwide BS	A	F1	A1	P-1	A+	A-1	65	365 days
Standard Chartered Bank	A+	F1	A1	P-1	A+	A-1	70	365 days
Close Brothers Ltd	A-	F2	Aa3	P-1	-	-	50	365 days
SMBC Bank International Ltd	A	F1	A1	P-1	A	A-1	65	365 days
Top Building Societies (by asset value)								

	Fitch		Moody's		Standard & Poor's			
	L Term	S Term	L Term	S Term	L Term	S Term	Limit £m	Max Deposit Period
Nationwide BS (see above)								
Coventry BS	A-	F1	A2	P-1	-	-	50	365 days
Leeds BS	A-	F1	A3	P-2	-	-	50	365 days
Nottingham BS **			Baa3	P-3	-	-	0	
Principality BS **	BBB+	F2	Baa2	P-2	-	-	0	
Skipton BS	A-	F1	A2	P-1	-	-	50	365 days
West Bromwich BS **			Ba3	NP	-	-	0	
Yorkshire BS	A-	F1	A3	P-2	-	-	50	365 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 £50m								
Australia	AAA		Aaa		AAA		50	
Australia and New Zealand Banking Group Ltd	A+	F1	Aa3	P-1	AA-	A-1+	50	365 days
Commonwealth Bank of Australia	A+	F1	Aa3	P-1	AA-	A-1+	50	365 days
National Australia Bank	A+	F1	Aa3	P-1	AA-	A-1+	50	365 days
Westpac Banking Corporation	A+	F1	Aa3	P-1	AA-	A-1+	50	365 days
Canada	AA+		Aaa		AAA		50	
Bank of Nova Scotia	AA-	F1+	Aa2	P-1	A+	A-1	50	365 days
Royal Bank of Canada	AA-	F1+	Aa2	P-1	AA-	A-1+	50	2 years
Toronto Dominion Bank	AA-	F1+	Aa1	P-1	AA-	A-1+	50	2 years
Denmark	AAA		Aaa		AAA		50	
Danske A/S	A	F1	A2	P-1	A+	A-1	50	365 days
Finland	AA+		Aa1		AA+		50	
OP Corporate Bank plc	WD	WD	Aa3	P-1	AA-	A-1+	50	2 years
Germany	AAA		Aaa		AAA		50	
DZ Bank AG (Deutsche Zentral-Genossenschaftsbank)	AA-	F1+	Aa2	P-1	A+	A-1	50	365 days

	Fitch		Moody's		Standard & Poor's			
	L Term	S Term	L Term	S Term	L Term	S Term	Limit £m	Max Deposit Period
Landwirtschaftliche Rentenbank	AAA	F1+	Aaa	P-1	AAA	A-1+	50	2 years
NRW Bank	AAA	F1+	Aa1	P-1	AA	A-1+	50	2 years
Netherlands	AAA		Aaa		AAA		50	
Bank Nederlandse Gemeenten	AAA	F1+	Aaa	P-1	AAA	A-1+	50	2 years
Coöperatieve Rabobank U.A.	A+	F1	Aa2	P-1	A+	A-1	50	365 days
Nederlandse Waterschapsbank NV			Aaa	P-1	AAA	A-1+	50	2 years
Singapore	AAA		Aaa		AAA		50	
DBS Bank Ltd	AA-	F1+	Aa1	P-1	AA-	A-1+	50	2 years
Oversea Chinese Banking Corporation Ltd	AA-	F1+	Aa1	P-1	AA-	A-1+	50	2 years
United Overseas Bank Ltd	AA-	F1+	Aa1	P-1	AA-	A-1+	50	2 years
Sweden	AAA		Aaa		AAA		50	
Svenska Handelsbanken AB	AA	F1+	Aa2	P-1	AA-	A-1+	50	2 years
Switzerland	AAA		Aaa		AAA		50	
Credit Suisse AG	A	F1	A1	P-1	A+	A-1	50	365 days
UBS AG	AA-	F1+	Aa2	P-1	A+	A-1	50	365 days
USA	AAA		Aaa		AA+		50	
Bank of New York Mellon	AA	F1+	Aa1	P-1	AA-	A-1+	50	2 years
JP Morgan Chase Bank NA	AA	F1+	Aa1	P-1	A+	A-1	50	365 days
Wells Fargo Bank NA	AA-	F1+	Aa1	P-1	A+	A-1	50	365 days

Strategic Partners

Cabinet in its October 2020 meeting endorsed an unsecured investment with EPNE, based on a detailed business plan, in order to ensure the medium-term financial stability of a key partner in the delivery of the City Plan.

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 £75m.

* 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.