

CABINET

7 FEBRUARY 2018

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

Report of the Executive Director of Corporate Services

1. Purpose of Report

1.1 To report:

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

2. Description of Decision

2.1 Members are requested to:

- recommend to Council the proposals set out in the report including the proposed Revenue Budget for 2018/2019 set out at Appendix J;
- recommend to Council the Medium Term Financial Strategy 2018/2019 to 2020/2021 including Efficiency Strategy as set out in Appendix G and the proposed use of Capital Receipts Flexibility set out at section 10 of the report;
- recommend to Council the proposed Council Tax for 2018/2019 at Appendix F ;
- note the views, expressed by the North East Chamber of Commerce, Trade Unions and Scrutiny Coordinating Committee.

3. Introduction

3.1 Cabinet will be aware that in March 2017, Council approved a programme of budget proposals covering the period 2017/2018 to 2019/2020.

3.2 In September 2017 Cabinet subsequently agreed a programme of additional proposals to assist in addressing the outstanding gap for 2018/2019 and 2019/2020 at that time.

3.3 In January 2018 Cabinet received an update on the budget position following the Indicative Local Government Finance Settlement 2018/2019. At that stage there were a number of uncertainties still to be resolved, primarily:

- the outcome of the final Local Government Revenue Support Grant Settlement for 2018/2019 and related grant announcements;
- transitional costs in relation to the implementation of savings proposals;

- the final agreed pay award;
- the estimation of Business Rates resources;
- the final Collection Fund position for both Council Tax and Business Rates.

3.4 In presenting the Revenue Budget 2018/2019 this report covers the following areas:

- Current Overall Position 2018/2019 to 2020/2021 (section 4);
- Final position at February 2018 (section 5);
- Spending Pressures and Commitments (section 6);
- Budget gap (section 7);
- Proposals To Meet the Funding Gap (section 8);
- Overall Budget Position 2018/2019 (section 9);
- Workforce Planning, Transformational costs and Capital Receipts Flexibilities (section 10);
- Medium Term Financial Position and associated Efficiency Strategy (section 11);
- Budget Communication and Consultation (section 12);
- Equality and the Budget Proposals (section 13);
- Balances and Reserves (section 14);
- Detailed Revenue Budget (section 15).

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

4. Current Overall Position 2018/2019 to 2020/2021

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

The final settlement was not announced at the time of writing this report. On January 25th, Government issued revised calculations relating to the Top Up grant allocations which resulted in a minor change to the net Top up grant to be received in 2018/2019. The impact of this change has been reflected in the Budget planning for 2018/2019. It is not anticipated there will be any further significant changes to the funding position set out in the January Cabinet report as a result of the final settlement.

Section 5 below sets out further information about the grant changes in accordance with the indicative settlement, while section 6 sets out the final spending pressures and commitments to be taken into account in setting the budget for 2018/2019.

The overall position remains unchanged with reductions of circa £53m estimated to be required over the period.

5. Final Position February 2018

Collection Fund

- 5.1 The Collection Fund position is reported elsewhere on this agenda. The position is positive with the surplus available to the Council being £1,844,629, of which £500,000 has been taken into account in the 2018/2019 budget with the balance to be held in reserves to fund future Medium Term Financial Strategy (MTFS) requirements.

Council Tax Base

- 5.2 The Council, at its meeting on 24th January, 2018, approved the Council Tax Base for the area covered by Hetton Town Council (3,711) and the City Council area (69,991).

Retained Business Rates

- 5.3 The NNDR1 form sets out the Business Rate income forecast for 2018/2019 and was submitted to Government on 31st January 2018 in accordance with regulations. The amount of Business Rates to be retained by the Council for 2018/2019 is forecast to be £43.024m, after cost of collection allowance.

Final Local Government Finance Settlement

- 5.4 The final position on the Local Government Finance Settlement for 2018/2019 was not announced at the time of writing this report but it is not anticipated there will be any change to the position set out in the January Cabinet report.
- 5.5 Details of the final settlement will be circulated separately as Appendix A following the Government announcement. Based on the Indicative Settlement the key issues affecting Sunderland for 2018/2019 are set out below:
- The Councils Settlement Funding Assessment (SFA) level is £118.641m;
 - SFA includes Revenue Support Grant (RSG) of £36.157m in 2018/2019 representing a reduction of £8.555m (-19.1%) compared to 2017/2018 adjusted RSG;
 - Sunderland's final baseline funding level is therefore £82.484m. Within this the Government have assessed the level of Retained Business Rates income which the Council will collect and retain as £40.425m (however the Council must determine for itself the level of Business Rate income to take into account in setting its budget as set out at paragraph 5.3 above);
 - Based on revised data published on 25th January the Council will receive Government Top Up Grant of £42.059m for 2018/2019 representing an increase of £1.360m compared to 2017/2018. The revised allocation has been reflected in the budget position set out in this report.
 - The Safety Net Threshold, set by Government at 92.5% of a Council's baseline funding level, equates to £76.297m for Sunderland;
 - The position in respect of changes to other Government funding is set out at section 5.7, 5.8, 5.9 and 5.10;
 - The position in respect of schools funding is set out at section 5.11.

Council Tax

5.6 In accordance with the Localism Act the public have the right to approve or veto excessive council tax rises. Government have proposed that a referendum principle will apply to all principal local authorities, Police and Crime Commissioner and Fire and Rescue Authorities.

- In the Settlement, the Government announced that the referendum threshold for 2018/2019 is 6%, comprising up to 3% for the Adult Social Care precept and up to 3% for the core council tax element. Any increase above the core council tax limit will require a referendum to give the local electorate the opportunity to approve or veto the increase.
- With regard to the Adult Social Care precept, the overall limit of a 6% increase across the three years to 2019/2020 remains, with no one year to exceed 3%. Sunderland raised the Social Care precept by 3% in 2017/2018, leaving a further 3% to be raised across 2018/2019 and 2019/2020.
- The government is to allow Police and Crime Commissioners to increase Council Tax up to a flat rate £12 increase at Band D, in 2018/2019.

Changes to Grants from 2017/2018

5.7 The table at 5.8 sets out the impact of changes to the Council Core Spending Power Calculation which includes Revenue Support Grant, Top up grant, and New Homes Bonus grant, Improved Better Care Fund and Adults Social Care Grant compared to 2017/2018 following the final settlement. This shows an increase in available Spending Power for 2018/19 of £3.3m, representing a 1.4% increase compared to 2017/2018. This is marginally below the national average increase of 1.5%.

- Within this, Revenue Support Grant funding has reduced by £8.555m (-19.1%). This illustrates that the grant element within the funding system which is intended to recognise low income resources and high needs, has again been significantly cut.
- It is also noted that the Government's Core Spending Power measure takes into account assumed income generated through Council Tax, the Social Care Council Tax precept and an assumed level of retained business rates.
- It is also noted that Government have subsumed the one off tapering element of Improved Better Care Fund into the on-going IBCF allocation to present a composite figure.

5.8 The Government will continue to compensate Councils for any changes to nationally determined reliefs allowed for in the Business Rate regime. This includes for changes to Small Business Rates Relief thresholds introduced in April 2017 and the change from RPI to CPI announced as part of the November budget. The core spending power includes for an assumed allocation of £1.7m section 31 grant in 2018/2019.

Spending Power Components	Core Spending Power 2017-18		Final Core Spending Power 2018-19		Changes	
	£m	£m	£m	£m	£m	%
Council Tax Requirement excluding parish precepts		85.616		89.956	4.340	5.1%
Social Care Council Tax precept		4.247		7.212	2.965	69.8%
Settlement Funding Assessment (SFA)						
RSG	44.712		36.157		-8.555	-19.1%
Baseline Funding (Top up Grant)	40.699		42.059		1.360	3.3%
Assumed Business Rates	39.491		40.425		0.934	2.4%
		124.902		118.641	-6.261	-5.0%
Compensation for under-indexing		1.033		1.721	0.688	66.6%
Improved Better Care Funding		9.336		13.038	3.702	39.7%
Provisional New Homes Bonus		3.728		3.195	-0.533	-14.3%
Adult Social Care Support Grant		1.575		0.000	-1.575	-100.0%
Sunderland Total Core Spending Power		230.437		233.763	3.326	1.4%
<i>Memorandum - national position</i>						1.5%

Impact of Changes to Specific Grants

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

- The New Homes Bonus Grant is being used to support the overall budget position in 2018/2019 in accordance with the Budget Planning framework, with appropriate housing related investment factored into both revenue budget and capital programme proposals.
- A reduction in Housing Benefit and Council Tax Administration grants of £0.152m has been built into the planning assumptions.
- Public Health grant of £23.386m for 2018/2019 represents a reduction of £0.617m which has been built into the planning assumptions.
- Allocations in respect of LA Improved Better Care Fund (£13.0m) have been built into the planning assumptions.
- Provision has been included within the Budget Planning Framework for the impact on Education Support Grant reduction in funding and academy transfers.
- NHS Better Care Funding (BCF) is included in allocations to Health. Sunderland's CCG allocation for 2018/2019 is £23.352m representing an increase of £0.435m over 2017/2018. Pooled BCF budgets for use of the 2017/2018 and 2018/2019 allocations were agreed by the Health and Wellbeing Board in November 2017.

5.10 At the time of preparing this report a number of grant allocations are still to be announced by Government. The outcome of allocations for Local Reform and Community Voices, Extended Rights to Free Travel and Independent Living Fund grants will be considered once received.

Schools Funding

5.11 The Secretary of State for Education has confirmed the future arrangements for school funding:

- The dedicated schools grant for LAs will be allocated in 4 blocks (schools, high needs, early years and central schools services). Each will be calculated on the basis of a different national formula.
- It remains DfE long-term intention that schools' budgets should be set on the basis of a single, national formula (a 'hard' formula). To ensure some transitional stability, LAs will continue to set a local formula for schools in 2018/2019 and 2019/2020.

5.12 The School Funding announcement on the 19th December 2017 confirmed the following information based on the October Schools Census data. The change from the provisional funding allocation to the settlement information reflects changes in pupil numbers from October 2016 to October 2017:

	Adjusted Baselines 2017-18	Provisional Funding allocations 2018-19	Settlement Information 2018-19	Change in Funding
	£m	£m	£m	£m
Schools Block	163.249	165.418	165.702	0.284
High Needs Block	22.327	22.932	22.784	-0.148
Central Services Block	1.225	1.250	1.251	0.001
Total	186.801	189.600	189.737	0.137
Early Years	17.508	N/a	18.291	N/a
Total	204.309	189.600	208.028	0.137

The early years block comprises funding for the free early education entitlements for 3 and 4-year-olds and disadvantaged 2-year-olds. The figures are initial allocations for this block as early years funding is based on the January census data.

5.13 Cabinet agreed in January to the principles proposed by the Sunderland Schools Forum for the 2018/2019 Sunderland local funding formula. The National funding formula is to be implemented with the following local adjustments to protect Sunderland schools in the initial years:

- The new Free School Meal Indicator will not be used in the Sunderland Formula to support the following protection to all schools:
- Sunderland Lump Sum value of £150,000 will remain.
- Minimum Funding Guarantee to be implemented at minus 0.087%. This is a minor change from the 0% previously reported and is the amount that is affordable within the schools block funding allocation. This will protect schools and limit the reduction in per pupil funding in 2018/2019.

The Local Funding Formula was submitted to the Education Funding Agency on 19 January 2018. School Funding Briefings were held with all schools and academies on the 25 January 2018.

- 5.14 The pupil premium per pupil amounts are unchanged, with the exception of the pupil premium plus, which will increase from £1,900 per pupil to £2,300, for Looked After Children and those adopted from care or who leave care under a Special Guardianship Order or Child Arrangements Order.

6. Spending Pressures and Commitments

- 6.1 When the Budget Planning Framework was approved in September 2017, Cabinet agreed that the following spending commitments would be taken into account:
- provision in respect of a pay-award;
 - price increases on the basis of prudent assumptions in respect of energy and contractual arrangements;
 - the impact of the National Living wage on contract prices;
 - the incremental impact of workforce transformation;
 - provision for spending commitments in respect of debt charges and interest receipts;
 - the impact of demographic changes and complex needs in respect of adult social care;
 - service pressures as a result of the economic position;
 - replacement of one off resources utilised in setting the 2017/2018 budget.
- 6.2 In addition in January 2018 Cabinet agreed as part of the Budget update report to make additional provision in respect of:
- demand pressures within children's social care;
 - transitional support to allow for service transformation changes within Sunderland Care and Support;
 - reinvestment in place based services to reflect resident feedback;
 - one-off investment to support the Tall Ships event in 2018.

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

6.3 Cabinet Secretary

6.3.1 Pay award

The proposed budget includes for the impact of the final pay offer made by the National Employers in December 2017 covering the period 1 April 2018 to 31 March 2020. The pay offer includes:

- From 1 April 2018 ('Year One'):
 - Bottom-Loading on SCPs 6-19 - higher increases on the lower pay points resulting in a new bottom rate of £8.50 per hour on SCP6;
 - SCPs 20 and above a flat rate increase of 2%;

- 1 April 2019 ('Year Two'):
 - A bottom rate of £9.00 per hour;
 - Pairing of bottom twelve pay points into six new pay points;
 - 'Ironing out' the current random gaps between pay points and even increments of 2.0% between new SCPs 1 to 22;
 - From new SCP23 onwards, a flat-rate increase of 2.0% and retention of the current random differentials.

6.3.2 National Living Wage

The National Living Wage will increase to £7.83 from April 2018. Latest forecasts included within the low pay commission autumn 2017 update, suggest it will rise to £8.61 by 2020. This represents a significant additional cost pressure for local councils. In particular home care and care home providers will seek to pass the cost on through increased contract prices. Appropriate provision has been factored into the Budget planning.

6.3.3 Apprenticeship Levy

The Apprenticeship Levy, introduced in April 2017 for large employers (over 250 employees) was reflected in base budgets from 2017/2018. In addition, the council must have regard to a public sector apprenticeship target to employ an average of 2.3% of staff as new apprenticeships start over the period 1 April 2017 to 31 March 2021. Provision is included within the planning to support achieving this target.

6.3.4 Workforce Transformation

The financial implications associated with the incremental impact of the workforce transformation review have been factored into the budget planning.

6.3.5 North East Combined Authority

The North East Combined Authority budget setting arrangements for the Tyne and Wear Transport Levy for 2018/2019 incorporate the results of changes in the population of the five Districts. This results in a saving of £0.350m to the council which has been reflected in the budget.

6.4 Children Services

- 6.4.1 As reported as part of the January Budget update report TfC continue to face pressure as a result of increased numbers of looked after children over that provided for within the budget, and the continued use of agency social workers.

The budget provides for additional contract funding of £4m on an on-going basis from 1 April 2018/2019. The Council continue to work intensively with the Company to develop an action plan that will allow the Company to operate within a sustainable funding envelope that is affordable.

6.5 Adults Health and Housing

- 6.5.1 The increasing longevity of the national and city's population continues to place pressure on Adult Social Services budgets. In addition, client expectations and increasing demand to support clients with complex needs to enable them to maintain independent living requires reconfigured services and additional investment. In addition increased demand for social care packages to support hospital discharges is likely to continue given the national focus on delayed transfers of care and the requirement for Sunderland to maintain its good level of performance. The Budget includes prudent provision to provide for increases in demand and cost for 2018/2019.
- 6.5.2 Additional pressures are likely to arise as a result of the government commitment to move complex need clients from hospital placements into community based support. The council continues to lobby health partners and government to ensure an appropriate transfer of resources to support this additional burden to minimise any additional cost impact to the council. Prudent provision has been allowed for in the contingencies budget to reflect this uncertainty. This position will be kept under review and an update provided in future budget reports.
- 6.5.3 As reported as part of the January Budget update report, Sunderland Care and Support (SCAS) have pressures as a result of the impact of workforce transformation. Plans are being progressed to address the budget pressure during 2018/2019. The budget provides for a one-off additional contribution of £1.8m in 2018/2019 in order to provide for a lead in time for further changes to be implemented.

6.6 Public Health, Wellness and Culture

- 6.6.1 The Tall ships event in July 2018 is anticipated to attract significant numbers of visitors to the city with significant associated economic benefits. The budget includes for £2m one-off additional funding to meet the costs of dredging, and event infrastructure to support the event.

6.7 City Services

- 6.7.1 The Budget consultation feedback for 2017/2018 highlighted the importance of place based services to city residents, however satisfaction levels were low. The service has been subject to significant reductions in recent years as a result of austerity measures. Additional on-going funding of £0.5m was provided as part of the 2017/2018 budget.

The budget provides for continued reinvestment in Place based services with £0.5m on-going additional funding to be provided in each year of the three years 2018/2019 to 2020/2021, so that by 2020/2021 there is an additional £1.5m in the place base budget provision. In addition it is proposed that in 2018/2019 and 2019/2020 one-off resources are utilised to boost the base budget position so that the service has available a total additional £1.5m in each of the next three years to improve outcomes for residents.

7. Summary Funding Gap

- 7.1 Taking into account the issues set out in section 5 and section 6, there is a budget gap of £27.37m in 2018/2019 and £53.01m over the three years to 2020/2021, as a result of funding changes, spending pressures and commitments as set out below:

	2018/19 £'m	2019/20 £m	2020/21 £m	Total £m
Funding Changes	1.81	6.59	0.27	8.67
Total Ongoing Spending Pressures	25.56	6.19	12.59	44.34
Additional IBCF Social Care grant allocation	(4.49)	(2.22)	0.00	(6.71)
Use of additional IBCF Social Care grant for social care purposes	4.49	2.22	0.00	6.71
Total Budget Gap	27.37	12.78	12.86	53.01

8. Proposals to meet the funding gap 2018/2019

8.1 Budget Savings proposals

- 8.1.1 As reported to Cabinet in September 2017 as part of the Budget Planning Framework:

- In March 2017, Council agreed a three year programme of savings covering the period of the MTFS. This included approval of £25.75m of budget reductions for the period 2018/2019 to 2020/2021.
- To assist in addressing the remaining 2018/2019 and 2019/2020 budget gap, additional budget savings proposals of £4.15m were approved to be taken forward through the budget process for consideration by Scrutiny Coordinating committee.

Taken together, this represents a suite of budget reductions totalling £29.90m over the MTFS period, as summarised in the table below.

	2018/19 £'m	2019/20 £m	2020/21 £m	Total £m
Current Savings Plans to Meet the Funding Gap				
Leader (Appendix B.1)	(0.38)	(0.20)	0.00	(0.58)
Deputy Leader (Appendix B.2)	(1.41)	(1.83)	0.00	(3.24)
Cabinet Secretary (Appendix B.3)	(3.88)	(1.89)	0.00	(5.77)
Childrens Services (Appendix B.4)	(2.61)	(3.58)	0.00	(6.19)
Health, Housing and Adult Services (Appendix B.5)	(4.78)	(1.33)	(0.14)	(6.25)
Public Health, Wellness and Culture (Appendix B.6)	(0.45)	(0.90)	0.00	(1.35)
City Services (Appendix B.7)	(2.62)	(2.65)	(0.30)	(5.57)
Responsive Services and Customer Care (Appendix B.8)	(0.48)	(0.47)	0.00	(0.95)
Total Current Savings Programme	(16.61)	(12.85)	(0.44)	(29.90)

8.1.2 Further detail on each of the budget reductions is set out at Appendix B.

- Those savings previously approved by Council in March 2017 are presented for information only at section 1 of each Portfolio together with the relevant web-link to the March Council Budget report and associated Equalities Analysis.
- The additional savings proposals as agreed by Cabinet in September 2017 are presented in more detail from section 2 onwards of each portfolio appendix alongside associated Equalities analysis.

8.1.3 The suite of budget reductions set out at Appendix B, have been prepared in accordance with the Council's Efficiency Strategy as approved by Council in March 2017 (updated and attached as Appendix Gi). The Strategy sets out that in order to deliver the level of savings required in the medium term, further transformation of service delivery is required with resources prioritised to support statutory requirements and key priorities, reflecting the council's core value principles:

- People - caring for, protecting and supporting the most vulnerable adults and children in our communities;
- Place - keeping our communities as safe, clean and well maintained as possible within the resources available;
- Economy - continuing support to the economic regeneration of the city by encouraging businesses and jobs into the city.

8.1.4 For all service areas this includes consideration of:

- Ensuring resources are targeted on statutory and front line services and protecting key priority services;
- Redesigning and reshaping services to deliver required outcomes at least cost and maximise productivity;
- Maximising back office savings with a reduction in strategic and support services, with proportionately greater reductions as the Council reduces in size and headcount;
- Maximising opportunities afforded through use of technology and manager self-service;
- Strategic commissioning based on outcomes - with reduced commissioning and service standards;
- Ensuring commercial procurement arrangements and contract management deliver maximum outcomes for less resource;
- Maximising commercial income opportunities where there is a market and business case;
- Involving the community – residents, businesses, partners, voluntary sector to ensure best outcomes for the city;
- Continued focus on regeneration, and inward investment, funding leverage and commercial opportunities.

8.1.5 The strategy is reviewed annually to reflect latest information. The updated Efficiency Strategy is incorporated in the update to the Medium Term Financial Strategy and attached to this report as Appendix Gi).

8.2 Proposed Council Tax Increase 2018/2019

8.2.1 In order to prevent further cuts to front line services and enable some investment in services which previous consultation has told us is important to residents, it is proposed to increase the council tax and the social care levy for 2018/2019.

8.2.2 Previous consultation undertaken as part the 2017/2018 budget setting process asked respondents whether they supported increases in Council Tax within the Governments referendum limit.

Over 77% of respondents to the question supported an increase in Council Tax:

- 58% supported an increase in Council Tax within the Government's set referendum limit;
- 19% supported an increase above the referendum limit.

8.2.3 The referendum limits set out in the local government settlement for 2018/2019 enable the combined council tax and social care precept to be increased by up to 5.99% without the need for a referendum.

8.2.4 For 2018/2019 it is proposed to increase core council tax by 2.99% and to increase the social care precept by 2%, resulting in a combined increase of 4.99% i.e. 1% below the referendum limit permitted by government.

8.2.5 The formal decisions of the major precepting bodies are awaited regarding their precept proposals for 2018/2019. Consequently, the Proposed Council Tax for 2018/2019 will be tabled as Appendix F to this report at the Cabinet meeting on 7th February 2018.

8.3 Proposed Use of One-off Resources

8.3.1 It is proposed that one-off resources (Reserves) be utilised in 2018/2019 and 2019/2020 to support the budget while work continues to develop further savings proposals to address the medium term budget gap.

It is proposed that reserves of £6.40m are utilised in 2018/2019 in order to ensure a balanced budget position is maintained while smoothing the impact of the funding cuts and cost pressures. It is also proposed that reserves of £3.49m be utilised in 2019/2020 in order to allow time for additional savings plans to be developed over the MTFS period.

9. Overall Budget Position 2018/2019

- 9.1 The overall budget position is set out below, taking into account government funding changes, cost pressures and proposals to meet the funding gap. This shows a balanced budget position for 2018/2019 (and 2019/2020) taking into account proposed council tax and social care levy increases and use of reserves. There remains a budget gap of £14.0m for 2020/2021.

	2018/19 £'m	2019/20 £m	2020/21 £m	Total £m
Government Funding Changes and Spending Pressures	27.37	12.78	12.86	53.01
Total Current Savings Programme	(16.61)	(12.85)	(0.44)	(29.90)
Funding Gap	10.76	(0.07)	12.42	23.11
Use of Reserves to meet meet pressures on one-off basis	(6.40)	(3.49)	0.00	(9.89)
Pressure from one-off use of reserves in 2018/2019 and 2019/2020	0.00	6.40	3.49	9.89
Net Position	4.36	2.84	15.91	23.11
Council Tax Increase				
Core Council Tax 2.99% Increase 2018/19	(2.57)	(1.89)	(1.91)	(6.37)
Social Care Levy 2% Increase 2018/19	(1.79)	(0.95)		(2.74)
Overall Budget Gap	0.00	0.00	14.00	14.00

- 9.2 The above table demonstrates a remaining budget gap of £14.0m in 2020/2021. However, it is noted that this position assumes that when a revised system of 75% retained business rates is implemented in 2020/2021, Government will take action to ensure a 'status quo' impact on the funding position for each council through the top-ups and tariffs system, to ensure no detrimental impact on each councils overall funding position.
- 9.3 In addition, it is noted that Indicative data released by government through to 2020 assumes Social Care Council's will apply a council tax increase in line with the referendum limit, and apply a social care levy increase in total of 6% over the three years 2017/2018 to 2019/2020. While decisions on application of these options will be made as part of the detailed budget planning on an annual basis, the application of these principles have been included at this stage, to demonstrate reduction in the overall budget gap to £14.0m by 2020/2021.
- 9.4 Further work is continuing to identify and capture additional savings to support the budget position going forward, with the aim of identifying during 2018/2019, a suite of proposals to address the medium term budget gap of £14.0m and to reduce the call on one-off resources in 2019/2020 wherever possible. Further updates will be provided to Members in due course and the Medium Term Financial Strategy 2018-2021 will be refined and updated as this work progresses.

10. Workforce Planning, Transformational Costs and Capital Receipts Flexibilities

- 10.1 One-off transformational costs will arise through workforce planning arrangements in order to assist in delivering the on-going reduction proposals for 2018/2019 through to 2020/2021.
- 10.2 As part of the 2018/2019 Settlement, the Government have extended the flexibilities allowing capital receipts generated in each year through to 2021/2022 to be used to fund transformational costs incurred in those years.
- 10.3 Workforce Planning arrangements will incur circa £3.5m of transformational costs associated with reducing the workforce to deliver £5.39m of planned savings relating to 2018/2019, 2019/2020 and 2020/2021. This represents a payback period of 0.66 years. However, it is possible that an element of this cost will fall in the current financial year. In addition it is likely that additional transformational costs in excess of workforce planning may arise, for example on ICT systems or other one-off costs.
- 10.4 It is proposed to continue the approach adopted in recent years in relation to the capital receipts flexibility in order to ensure maximum flexibility in funding options available, with the capital receipts received utilised to meet workforce planning arrangements and other transformation costs arising in 2018/2019, 2019/2020 and 2020/2021.
- 10.5 In order to comply with the capital receipts flexibility requirements it is proposed to earmark capital receipts generated in 2018/2019 and 2019/2020 of £3.5m for this purpose. The council Efficiency Strategy is set out at Appendix Gi), and supports the government requirements in making use of these flexibilities. The requirements in respect of prudential indicators are reflected in the Capital Programme 2018/2019 to 2021/2022 and Treasury Management Policy and Strategy 2018/2019 report elsewhere on this agenda.
- 10.6 The position will be kept under review throughout the year as transformational costs and capital receipts generated are finalised. Final arrangements on funding transformational costs arising in each year will be considered as part of the outturn position each year, taking account of the overall corporate outturn position, available reserves, and capital receipts availability.

11. Medium Term Financial Position

- 11.1 In considering the Revenue Budget for 2018/2019, the latest information regarding reductions to public spending, and estimated pressures over the medium term were taken into account and summarised in this report. This position is subject to on-going update as information emerges. The latest updated Medium Term Financial Strategy 2018/2019 to 2020/2021 is set out at Appendix G.

12. Budget Communication and Consultation

- 12.1 Cabinet agreed the proposed communication arrangements in September 2017 as part of the budget planning framework. This took into account the detailed consultation that informed the MTFS 2017/2018 to 2019/2020, the outcome of which was reported to Cabinet in February 2017 and Council in March 2017.
- 12.2 Additional savings proposals set out at the September Cabinet for 2018/2019 and 2019/2020 focussed on contract reviews; business process and consumption reviews; and maximising income. This enables front line services to be protected from the requirement for further cuts and as such, a large scale consultation exercise as undertaken in previous years was not considered necessary.
- 12.3 A media release in September 2017 set out how the council proposed to meet the current budget gap, and reminded people of some of the savings that have already been made. Further media releases in January 2018 informed residents of the budget proposals that are being discussed by Cabinet and communications will continue to be produced prior to implementation of specific proposals, where considered relevant.
- 12.4 Existing networks have been utilised to communicate with a range of partners including Trades Unions, Chamber of Commerce and Sunderland Business Innovation District (BID).
- 12.5 Feedback from formal consultation with Trade Unions and Business representatives with commentary is set out at Appendix D. This has been considered in framing the final budget proposals to be submitted to Cabinet in February 2018.
- 12.6 At each stage in the budget process Scrutiny Committee is being consulted. Comments from Scrutiny Coordinating Committee on 11th January 2018 are set out at Appendix E.
- 12.7 All of the feedback from the various consultations has been considered in bringing together the budget proposals in this report.
- 12.8 A review of the 2017/2018 to 2019/2020 budget consultation arrangements will be undertaken to help inform proposed arrangements for future budget consultations. Scrutiny Coordinating committee will be engaged in this process.

13. Equality and the Budget Proposals

- 13.1 The Equality Act 2010 places a specific duty on Local Authorities through the Public Sector Equality Duty. The Act requires Local Authorities to give 'due regard' to the three aims of the duty to: eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Equality Act; advance equality of opportunity between people who share a protected characteristic and those who do not; and to foster good relations between people who share a protected characteristic and those who do not. Understanding the effect of decisions on people with different protected characteristics is an important part of complying with the general equality duty.
- 13.2 The council continues to seek to meet its obligations in relation to equality and diversity and has procedures in place at both a general and budget specific level to incorporate equality and diversity issues into decision making processes and the assessment of proposals.
- 13.3 In accordance with the approach followed in previous years the council continues to fully consider the impact of its plans by following a robust approach to equalities analysis (this is the council's adopted approach to analysing and recording equality impacts). Each directorate has considered the equality impact of their proposals:
- For existing proposals (agreed by council in March 2017), equality analysis that support the decision making are available via the links in Appendix B. In each case the equality position has been reconsidered to ensure the position is current. Two equality analyses have been updated / completed and are available to view (ref. 5.1 and 7.1). Should there be instances where there are further significant changes, new or updated equality analysis will be completed in relation to the proposal at the appropriate time.
 - In relation to additional proposals agreed by Cabinet in September 2017, Directorates have considered whether equality is relevant to their budget proposals. The judgements are outlined at Appendix B. One proposal requires an equality analysis which can be accessed via the link within Appendix B (ref. 5.3).
- 13.4 Elected Members must review Appendix B and C, and the associated documents as having regard to them will assist members in complying with the public sector equality duty when considering the proposals. Copies have also been deposited in the Elected Members' group rooms.

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

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

- 14.1 In considering the level of general balances as part of budget preparation decisions, regard is given to:
- known commitments against balances in future years;
 - financial risks faced by the Council and the measures in place to mitigate them or meet them financially.
- 14.2 The estimated level of general balances as at 31st March 2018 and 31st March 2019 will be circulated separately at the Cabinet with the General Budget Summary Page and proposed contingencies.
- 14.3 As agreed previously savings arising in 2017/2018 from Interest on Balances and Debt Charges, corporate budgets and unutilised contingency provisions will be utilised to fund one-off spending pressures and transformational costs associated with implementing the budget proposals for 2017/2018 and 2018/2019.
- 14.4 In accordance with best practice, an analysis of the major financial risks has been undertaken in order to inform the level of balances deemed necessary. These are detailed at Appendix H.
- 14.5 The Council has a range of earmarked reserves e.g. the Strategic Investment Reserve. The major earmarked reserves are set out at Appendix li) for information.
- 14.6 In accordance with Part 2 of the Local Government Act 2003 there is a requirement for the Chief Financial Officer (CFO) to report upon the robustness of the estimates and the level of reserves. In making the statement, the CFO places reliance on information provided to him by other officers of the Council as part of the budget setting process. This process involves reasonable checks and other verification, which is undertaken in accordance with the overall system of internal control to validate the information provided.
- 14.7 Based upon the information used in determining this Revenue Budget 2018/2019 report, including specifically:
- the Medium Term Financial Position set out in Appendix G;
 - the approach to budget communication and consultation;
 - the Statement of General Balances (to be tabled);
 - the Risk Analysis set out in Appendix H;
 - the Major Reserves set out in Appendix li.

The Revenue Budget is considered robust and the level of reserves considered to be adequate for 2018/2019 after an assessment of the financial risks and future plans of the Council have been taken into account. The underlying level of General Fund Balances at £10.0m to the end of 2017/2018 are in accordance with the existing policy and are considered prudent and robust given the overall level of reserves.

15. Detailed Budget 2018/2019

- 15.1 As set out above since the initial budget proposals were formulated, consideration has been given to the outcome of formal budget consultation, the final settlement, the collection fund position, the council tax base, the Business Rates income and government guidance in relation to council tax levels.
- 15.2 The Total Budget Requirement to be approved by the Council is funded through:
- Revenue Support Grant
 - Retained Business Rates
 - Top Up Grant
 - Council Tax and Social Care Levy
- 15.3 The General Summary page of the Revenue Budget together with details of the proposed contingency will be circulated separately at the meeting of Cabinet on the 7th February 2018.
- 15.4 The formal decisions of the major precepting bodies are awaited regarding their precept proposals for 2018/2019. Consequently, the Proposed Council Tax for 2018/2019 will be tabled as Appendix F to this report at the Cabinet meeting on 7th February 2018.

General

- 15.5 Appendix J sets out the detailed Revenue Budget 2018/2019 for each Portfolio. All changes with the exception of the adjustments relating to final considerations of the council tax level, have been incorporated into the Budget.

Service Reporting Code of Practice

- 15.6 The presentation of the budget book was revised from 2017/2018 to show delegated budget only against services, rather than the full cost of services, including support service costs. Support service costs, IAS19 (Pensions) and asset charges have been appropriately distributed to each portfolio and are shown for information only at the foot of each page. This approach has been adopted to ensure the budget book fully reflects internal management responsibilities and thereby aids transparency of individual budgets. It does not, therefore, reflect external reporting requirements which will contain apportionment of support service costs.
- 15.7 It should be noted that variations between the budget for 2017/2018 and 2018/2019 have arisen as a result of:
- The implementation of spending pressures referred to in this report;
 - The implementation of the budget reductions referred to in this report;
 - Realignment between budgets and services to reflect changed operational requirements.

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

Revised Estimates

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

16. Suggested Reason for Decision

- 16.1 To comply with statutory requirements.

17. Alternative options to be considered and recommended to be rejected

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

Background Papers

Cabinet Reports 10th January 2018

- Revenue Budget 2018/2019 to 2020/2021 - Update and Provisional Revenue Support Settlement
- Council Tax Base 2018/2019

Cabinet Reports 20th September 2017

- Budget Planning Framework, Revenue Budget Proposals and Medium Term Financial Strategy 2018/2019-2020/2021

Council Reports 1st March 2017

- Revenue Budget and Proposed Council Tax for 2017/2018 and Medium Term Financial Strategy 2017/2018 to 2019/2020

Appendix A

Revenue Budget and Proposed Council Tax for 2018/2019 and Medium Term Financial Strategy 2018/2019 to 2020/21

Final Settlement 2018/2019

1. The Final Local Government Settlement for 2018/2019 was published on Tuesday 6th February 2018.
2. As part of the final settlement, Government have announced an additional £150million one-off funding nationally for Adult Social Care.

Sunderland is to receive £980,000 additional Adult Social Care Grant funding next year. Government have indicated that they expect councils to use the funding to support sustainable local care markets.

3. Given the lateness of the additional funding announcement, the one-off nature of the additional grant and that it must be used to support Adult Social Care, the additional funding will be held in contingencies pending proposals to be brought forward by the Executive Director People Services on the use of the funding.
4. The final settlement reflects the revised Top-Up Grant data previously notified to the council on 16th January following the identification an error in the government's indicative settlement information.
5. The key elements of the final local government funding for 2018/2019 for Sunderland are set out in the Core Spending Power as shown below:

Spending Power Components	Core Spending Power 2017-18		Final Core Spending Power 2018-19		Changes	
	£m	£m	£m	£m	£m	%
Council Tax Requirement excluding parish precepts		85.616		89.956	4.340	5.1%
Social Care Council Tax precept		4.247		7.212	2.965	69.8%
Settlement Funding Assessment (SFA)						
RSG	44.712		36.157		-8.555	-19.1%
Baseline Funding (Top up Grant)	40.699		42.192		1.493	3.7%
Assumed Business Rates	39.491		40.408		0.917	2.3%
		124.902		118.757	-6.145	-4.9%
Compensation for under-indexing Business Rates Multiplier		1.205		1.893	0.688	57.1%
Improved Better Care Funding		9.336		13.038	3.702	39.7%
Provisional New Homes Bonus		3.728		3.195	-0.533	-14.3%
Adult Social Care Support Grant		1.575		0.980	-0.595	-37.8%
Sunderland Total Core Spending Power		230.609		235.031	4.422	1.9%
<i>Memorandum - national position</i>						<i>1.9%</i>

This shows:

- The Councils Settlement Funding Assessment (SFA) level is £118.7m, a reduction of 4.9% compared to 2017/2018;
- Within SFA Revenue Support Grant (RSG) of £36.2m for 2018/2019 represents a reduction of £8.6m (19.1%) compared to 2017/2018;
- Sunderland's Total Core Spending Power will increase by 1.9% in 2018/2019 which is in line with the national average increase.

Appendix B

1. Leader Proposals – Total Saving £0.577m (£0.382m 2018/2019, £0.195m 2019/2020)

1.1 Previously Agreed Savings Plans - (Saving £0.382m in 2018/2019 and £0.195m in 2019/2020)

Council Report 01/03/2017 Appendix B ref	Proposal	2018/19	2019/20	2020/21	Total
1.2	Review of Revenue Grants provided to SMEs	0.118	0.000	0.000	0.118
1.6	Corporate Affairs and Communications Service	0.045	0.000	0.000	0.045
1.7	Review of Strategy and Partnerships	0.219	0.195	0.000	0.414
	Leader Total	0.382	0.195	0.000	0.577

Further detail in relation to the above previously agreed savings plans can be found within Appendix B of item 6 of the Council agenda for the 1st of March 2017, using the reference in the table above. This can be found at:

[Revenue Budget and Proposed Council Tax for 2017/2018 and Medium Term Financial Strategy 2017/2018 to 2019/2020](#)

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

Appendix B (continued)

2. Deputy Leader Proposals – Total Saving £3.237m (£1.414m 2018/2019, £1.823m 2019/2020)

2.1 Previously Agreed Savings Plans - (Saving £0.732m in 2018/2019 and £1.778m in 2019/2020)

Council Report 01/03/2017 Appendix B ref	Proposal	2018/19	2019/20	2020/21	Total
2.1	Review of Legal Services	0.085	0.085	0.000	0.170
2.3	Review of Corporate ICT arrangements	0.000	0.654	0.000	0.654
2.4	Cessation of contract for Intelligence Hub support	0.000	0.500	0.000	0.500
2.5	Review of Transactional Finance Arrangements including Council Tax and Business Rates rationalisation and restructure	0.024	0.024	0.000	0.048
2.6	Maximising income generation activity and undertaking a review of processes within HR&OD	0.276	0.200	0.000	0.476
2.8	Review of Business Support (Administration and PA Support service provision)	0.347	0.315	0.000	0.662
	Deputy Leader Total	0.732	1.778	0.000	2.510

Further detail in relation to the above previously agreed savings plans can be found within Appendix B of item 6 of the Council agenda for the 1st of March 2017, using the reference in the table above. This can be found at:

[Revenue Budget and Proposed Council Tax for 2017/2018 and Medium Term Financial Strategy 2017/2018 to 2019/2020](#)

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

Appendix B (continued)

2.2 Contract Reviews - Savings on Vodafone Contract arrangements – (Saving £0.100m in 2018/2019)

A new contract has been entered into with Vodafone and is now fully operational which has delivered efficiencies of £0.100m against the previous contract price.

Equality Analysis

Equality Statement	Status
Equality analysis is complete and a positive impact has been identified	
Equality analysis is planned and a positive impact is anticipated	
Equality analysis is complete and neutral impact has been identified	
Equality analysis is planned and a neutral impact is anticipated	
Equality analysis is complete and a negative impact has been identified	
Equality analysis is planned and a negative impact is anticipated	
Equality analysis is complete and both positive and negative impacts have been identified	
Equality analysis is planned and both positive and negative impacts are anticipated	
The saving is from staffing changes and therefore workforce equality implications will be considered as part of the redundancy consultation for this service area	
No equality analysis required	✓
Additional Comment: The proposals relate to reduced internal contract spend and, as such, would have no equality impact.	

Appendix B (continued)

2.3 Contract Reviews - Review of telephone Usage – (Saving £0.172m in 2018/2019)

Renegotiation of the existing BT wide area network contract and the award of a contract for fixed telephony and support maintenance will result in a council wide reduction equating to £0.172m per annum from 2018/2019.

Equality Analysis

Equality Statement	Status
Equality analysis is complete and a positive impact has been identified	
Equality analysis is planned and a positive impact is anticipated	
Equality analysis is complete and neutral impact has been identified	
Equality analysis is planned and a neutral impact is anticipated	
Equality analysis is complete and a negative impact has been identified	
Equality analysis is planned and a negative impact is anticipated	
Equality analysis is complete and both positive and negative impacts have been identified	
Equality analysis is planned and both positive and negative impacts are anticipated	
The saving is from staffing changes and therefore workforce equality implications will be considered as part of the redundancy consultation for this service area	
No equality analysis required	✓
Additional Comment: The proposals relate to reduced internal contract spend and, as such, would have no equality impact.	

Appendix B (continued)

2.4 Implementation of Hybrid Mail System – (Saving £0.205m in 2018/2019 and £0.045m in 2019/2020)

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

Equality Analysis

Equality Statement	Status
Equality analysis is complete and a positive impact has been identified	
Equality analysis is planned and a positive impact is anticipated	
Equality analysis is complete and neutral impact has been identified	
Equality analysis is planned and a neutral impact is anticipated	
Equality analysis is complete and a negative impact has been identified	
Equality analysis is planned and a negative impact is anticipated	
Equality analysis is complete and both positive and negative impacts have been identified	
Equality analysis is planned and both positive and negative impacts are anticipated	
The saving is from staffing changes and therefore workforce equality implications will be considered as part of the redundancy consultation for this service area	
No equality analysis required	✓
Additional Comment: The proposals will be implemented through changes to internal procedures and new contracts freeing up internal resources but will have no impact on the public therefore a full equality analysis is not required.	

2.5 Business Process and Consumption Review

Unification of generic consumables budgets – (Saving £0.075m in 2018/2019)

The unification of generic consumables budgets and management of supplies through a centralised stock will result in a saving across the council of £0.075m in 2018/2019. Consolidating the budgets, ordering and management of stock will allow for smarter procurement and control of stock which should generate the efficiencies.

Equality Analysis

Equality Statement	Status
Equality analysis is complete and a positive impact has been identified	
Equality analysis is planned and a positive impact is anticipated	
Equality analysis is complete and neutral impact has been identified	
Equality analysis is planned and a neutral impact is anticipated	
Equality analysis is complete and a negative impact has been identified	
Equality analysis is planned and a negative impact is anticipated	
Equality analysis is complete and both positive and negative impacts have been identified	
Equality analysis is planned and both positive and negative impacts are anticipated	
The saving is from staffing changes and therefore workforce equality implications will be considered as part of the redundancy consultation for this service area	
No equality analysis required	✓
Additional Comment: The proposals relate to internal processes and management of stock but, having no impact on front line delivery would not require full equality analysis.	

2.6 Reduction in printing and MFD Usage – (Saving £0.050m in 2018/2019)

A review of the usage of the MFDs will lead to a reduction in the price per click charges and the number of devices deployed across the council. A communications campaign has begun to highlight the cost of printing whilst promoting smarter ways of working which will lead to a reduction in the number of pages being printed with particular emphasis on a reduction in colour printing.

Equality Analysis

Equality Statement	Status
Equality analysis is complete and a positive impact has been identified	
Equality analysis is planned and a positive impact is anticipated	
Equality analysis is complete and neutral impact has been identified	
Equality analysis is planned and a neutral impact is anticipated	
Equality analysis is complete and a negative impact has been identified	
Equality analysis is planned and a negative impact is anticipated	
Equality analysis is complete and both positive and negative impacts have been identified	
Equality analysis is planned and both positive and negative impacts are anticipated	
The saving is from staffing changes and therefore workforce equality implications will be considered as part of the redundancy consultation for this service area	
No equality analysis required	✓
Additional Comment: The efficiencies will be achieved through changes in working practise and will not impact on the general public therefore there is no need for an equality analysis.	

Appendix B (continued)

2.7 Review of Corporate / Cross-Cutting Budgets in light of 2016/2017 outturn Corporate Training Budget reduction – (Saving £0.050m in 2018/2019)

Downsizing of the Council has resulted in subsequent reduction in training requirements allowing the budgets to be reduced to more appropriate levels.

Equality Analysis

Equality Statement	Status
Equality analysis is complete and a positive impact has been identified	
Equality analysis is planned and a positive impact is anticipated	
Equality analysis is complete and neutral impact has been identified	
Equality analysis is planned and a neutral impact is anticipated	
Equality analysis is complete and a negative impact has been identified	
Equality analysis is planned and a negative impact is anticipated	
Equality analysis is complete and both positive and negative impacts have been identified	
Equality analysis is planned and both positive and negative impacts are anticipated	
The saving is from staffing changes and therefore workforce equality implications will be considered as part of the redundancy consultation for this service area	
No equality analysis required	✓
Additional Comment: The savings relate to removal of underspends (based on historic trends) and as such will not result in any reduction in training being provided therefore no impact on equality.	

Appendix B (continued)

2.8 Review of Corporate / Cross-Cutting Budgets in light of 2016/2017 outturn Car Mileage Budgets – (Saving £0.030m in 2018/2019)

Following the downsizing of the council workforce, budgets are able to be realigned in line with a decreased demand for car mileage.

Equality Analysis

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

Appendix B (continued)

3. Cabinet Secretary Proposals – Total Saving £5.769m (£3.881m 2018/2019, £1.888m 2019/2020)

3.1 Previously Agreed Savings Plans - (Saving £1.981m in 2018/2019 and £1.888m in 2019/2020)

Council Report 01/03/2017 Appendix B ref	Proposal	2018/19	2019/20	2020/21	Total
3.1	Port - Improved trading position	0.130	0.180	0.000	0.310
3.4	Strategic Acquisitions - Increase rental income	0.275	-0.145	0.000	0.130
3.5	Property Services - Review of operational property assets	0.000	0.380	0.000	0.380
3.6	Housing Delivery Plan Implementation - Increase in new homes built, beyond current assumptions on New Homes Bonus and Council Tax	0.108	0.108	0.000	0.216
3.7	Planning - Increased income from a higher proportion of planning pre-application advice	0.045	0.030	0.000	0.075
3.8	Security Services - Rationalisation of CCTV and alarms panel monitoring.	0.030	0.000	0.000	0.030
3.9	Assurance, Procurement and Project Review - Service redesign including maximisation of self-service arrangements and a reduction in the level of support available for transformational change and service delivery.	0.128	0.023	0.000	0.151
3.10	Financial Management – Further service redesign to focus strictly on strategic legislative responsibilities and reliance on budget manager self service	0.165	0.162	0.000	0.327
3.12	Council Tax base growth and increased collection allowance	0.600	0.600	0.000	1.200
3.14	Business Rates Growth based on known and planned developments	0.500	0.550	0.000	1.050
	Cabinet Secretary Total	1.981	1.888	0.000	3.869

Further detail in relation to the above previously agreed savings plans can be found within Appendix B of item 6 of the Council agenda for the 1st of March 2017, using the reference in the table above. This can be found at:

[Revenue Budget and Proposed Council Tax for 2017/2018 and Medium Term Financial Strategy 2017/2018 to 2019/2020](#)

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

Appendix B (continued)

3.2 Contract Reviews - Insurance Savings following contract renewal – (Saving £0.100m in 2018/2019)

Insurance Premium contract renewal arrangements have been completed, releasing resources of £0.100m on an annual basis.

Equality Analysis

Equality Statement	Status
Equality analysis is complete and a positive impact has been identified	
Equality analysis is planned and a positive impact is anticipated	
Equality analysis is complete and neutral impact has been identified	
Equality analysis is planned and a neutral impact is anticipated	
Equality analysis is complete and a negative impact has been identified	
Equality analysis is planned and a negative impact is anticipated	
Equality analysis is complete and both positive and negative impacts have been identified	
Equality analysis is planned and both positive and negative impacts are anticipated	
The saving is from staffing changes and therefore workforce equality implications will be considered as part of the redundancy consultation for this service area	
No equality analysis required	✓
Additional Comment: The proposals relate to reduced premiums for insurance policies and, as such, would have no equality impact.	

Appendix B (continued)

3.3 Contract Review - Energy Budgets – (Saving £0.500m in 2018/2019)

As a result of previous investment in energy efficiency measures and successful NEPO advance purchase arrangements, there are reduced consumption levels and less volatility to price fluctuations. This will generate efficiencies of £0.500m in relation to utilities and Carbon Reduction Commitment costs.

Equality Analysis

Equality Statement	Status
Equality analysis is complete and a positive impact has been identified	
Equality analysis is planned and a positive impact is anticipated	
Equality analysis is complete and neutral impact has been identified	
Equality analysis is planned and a neutral impact is anticipated	
Equality analysis is complete and a negative impact has been identified	
Equality analysis is planned and a negative impact is anticipated	
Equality analysis is complete and both positive and negative impacts have been identified	
Equality analysis is planned and both positive and negative impacts are anticipated	
The saving is from staffing changes and therefore workforce equality implications will be considered as part of the redundancy consultation for this service area	
No equality analysis required	✓
Additional Comment: The proposals relate to energy efficiency and reduced price volatility and, as such, would have no equality impact.	

Appendix B (continued)

3.4 Rainton Bridge Extension – increased rental income – (Saving £0.110m in 2018/2019)

In April 2017, Cabinet agreed to the extension of the Lear Factory at Rainton Bridge. Works relating to the extension are underway and are expected to be completed by January 2018. As part of the development of the premises extension, the Council will receive £0.110m per annum increased rental income from the premises.

Equality Analysis

Equality Statement	Status
Equality analysis is complete and a positive impact has been identified	
Equality analysis is planned and a positive impact is anticipated	
Equality analysis is complete and neutral impact has been identified	
Equality analysis is planned and a neutral impact is anticipated	
Equality analysis is complete and a negative impact has been identified	
Equality analysis is planned and a negative impact is anticipated	
Equality analysis is complete and both positive and negative impacts have been identified	
Equality analysis is planned and both positive and negative impacts are anticipated	
The saving is from staffing changes and therefore workforce equality implications will be considered as part of the redundancy consultation for this service area	
No equality analysis required	✓
Additional Comment: The saving is related to increased rental income arising from the extension of a commercial property holding of the Council and therefore has no equality implications.	

Appendix B (continued)

3.5 Pensions Deficiency Payment Budget – (Saving £0.649m in 2018/2019)

Following confirmation in March 2017 of the outcome of the 2016 actuarial review, the council has opted to pay annually in advance rather than monthly instalments releasing savings from improved treasury management returns.

Equality Analysis

Equality Statement	Status
Equality analysis is complete and a positive impact has been identified	
Equality analysis is planned and a positive impact is anticipated	
Equality analysis is complete and neutral impact has been identified	
Equality analysis is planned and a neutral impact is anticipated	
Equality analysis is complete and a negative impact has been identified	
Equality analysis is planned and a negative impact is anticipated	
Equality analysis is complete and both positive and negative impacts have been identified	
Equality analysis is planned and both positive and negative impacts are anticipated	
The saving is from staffing changes and therefore workforce equality implications will be considered as part of the redundancy consultation for this service area	
No equality analysis required	✓
Additional Comment: The reduction has no service provision or internal workforce impact and, as such, no equality analysis is deemed necessary.	

3.6 Airport Loan Notes Income – (Saving £0.253m in 2018/2019)

Annual loan note interest payments agreed with NIAL (Newcastle International Airport Ltd) until 2032, therefore budgets can be realigned to reflect this level of income being received.

Equality Analysis

Equality Statement	Status
Equality analysis is complete and a positive impact has been identified	
Equality analysis is planned and a positive impact is anticipated	
Equality analysis is complete and neutral impact has been identified	
Equality analysis is planned and a neutral impact is anticipated	
Equality analysis is complete and a negative impact has been identified	
Equality analysis is planned and a negative impact is anticipated	
Equality analysis is complete and both positive and negative impacts have been identified	
Equality analysis is planned and both positive and negative impacts are anticipated	
The saving is from staffing changes and therefore workforce equality implications will be considered as part of the redundancy consultation for this service area	
No equality analysis required	✓
Additional Comment: The efficiencies will be achieved through reflecting the on-going effect of a contractual agreement; therefore there will be no equality impact.	

3.7 Council Tax Base Income – (Saving £0.288m in 2018/2019)

An update to the Council Tax Income base in light of collection fund outturn position as at March 2017 and consideration of the latest forecast for housing numbers growth.

Equality Analysis

Equality Statement	Status
Equality analysis is complete and a positive impact has been identified	
Equality analysis is planned and a positive impact is anticipated	
Equality analysis is complete and neutral impact has been identified	
Equality analysis is planned and a neutral impact is anticipated	
Equality analysis is complete and a negative impact has been identified	
Equality analysis is planned and a negative impact is anticipated	
Equality analysis is complete and both positive and negative impacts have been identified	
Equality analysis is planned and both positive and negative impacts are anticipated	
The saving is from staffing changes and therefore workforce equality implications will be considered as part of the redundancy consultation for this service area	
No equality analysis required	✓
Additional Comment: This reduction has no service provision or internal workforce impact and, as such, no equality analysis is deemed necessary.	

Appendix B (continued)

4. Children's Services Proposals – Total Saving £6.195m (£2.614m 2018/2019, £3.581m 2019/2020)

4.1 Previously Agreed Savings Plans - (Saving £2.614m in 2018/2019 and £3.581m in 2019/2020)

Council Report 01/03/2017 Appendix B ref	Proposal	2018/19	2019/20	2020/21	Total
	Children's Services				
4.1	Children Looked After - Increase contributions from Health for Looked after Children	0.100	0.000	0.000	0.100
4.2	Children Looked After – Reductions in the Number of Looked after Children at an average cost of £600	0.780	1.560	0.000	2.340
4.3	Children Looked After - Phased reductions in number of external placements replaced with increased places, within Sunderland, in Semi Independent and Children's Homes	0.984	0.343	0.000	1.327
4.4	Children with Disabilities – Transfer of Sea View Road and Leisure Link to LATC and review staffing structures. Redesign the procurement of new short break contracts including Summer Schemes Quest	0.050	0.000	0.000	0.050
4.5	Review of Early Help offer, to a more targeted approach supporting children and families whilst the children remain in the care of the family. The model will be based on tiered delivery and a streamlined pathway of services	0.000	0.940	0.000	0.940
4.6	Review of School Improvement Service in light of the greater autonomy of schools and to broker effective partnerships between schools to effect school improvement	0.100	0.000	0.000	0.100
4.8	Children's Company - Review following year 2 of operation to identify opportunities for improved value for money	0.000	0.500	0.000	0.500
4.9	To maximise income from Derwent Hill in 2018/19 and in future years	0.270	0.000	0.000	0.270
*	Children's Company - reduction in back office support	0.330	0.238	0.000	0.568
	Children's Services Total	2.614	3.581	0.000	6.195
	* Realignment of support services targets following creation of TfC				

Further detail in relation to the above previously agreed savings plans can be found within Appendix B of item 6 of the Council agenda for the 1st of March 2017, using the reference in the table above. This can be found at:

[Revenue Budget and Proposed Council Tax for 2017/2018 and Medium Term Financial Strategy 2017/2018 to 2019/2020](#)

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

Appendix B (continued)

5. Health, Housing and Adult Services Proposals – Total Saving £6.255m (£4.781m 2018/2019, £1.331m 2019/2020 and £0.143m 2020/2021)

5.1 Previously Agreed Savings Plans - (Saving £4.481m in 2018/2019, £1.331m in 2019/2020 and £0.143m in 2020/2021)

Council Report 01/03/2017 Appendix B ref	Proposal	2018/19	2019/20	2020/21	Total
5.6	Long Term Care (integrated) Reduction in Residential & Nursing Home Placements	1.125	1.064	0.000	2.189
5.7	Long Term Care (integrated) Move to Locality based budgeting	0.712	0.000	0.000	0.712
5.8	Long Term Care (integrated) Review of non-intensive home support care packages	0.125	0.125	0.000	0.250
5.10	Long Term Care (integrated) Review of Home support Arrangements	0.500	0.000	0.000	0.500
5.13	Access and Assessment Implementation of a new case management system	0.200	0.000	0.000	0.200
5.14	Early Help Adult Social Care - Early Help (First Point of Contact): to implement a system of first contact which reduces the number of "failed" contacts to the Council by earlier signposting to VCS and partners, ensuring a swifter response for customers who received no on-going service.	0.108	0.000	0.000	0.108
5.16	Commissioning & Market Design Extra Care Schemes - rationalisation of costs	0.250	0.000	0.000	0.250
5.17	Housing & Community Living Housing Related Support - to cease the current approach to the delivery of Housing Related Support Services at the conclusion of the current commissioned services in June 2017	0.508	0.000	0.000	0.508
5.18	Housing & Community Living The development of a new approach to tackle Anti-Social Behaviour	0.109	0.000	0.000	0.109
5.21	Commissioning & Market Design Review of Care Act 2014 Contributions Policy	0.437	0.000	0.000	0.437
5.22	Commissioning & Market Design Introduction of pre-payment cards for Direct Payment users	0.037	0.000	0.000	0.037
5.90	Long Term Care (integrated) SCAS Increase Telecare Charges	0.370	0.142	0.143	0.655
	Health, Housing and Adult Services Total	4.481	1.331	0.143	5.955

Further detail in relation to the above previously agreed savings plans can be found within Appendix B of item 6 of the Council agenda for the 1st of March 2017, using the reference in the table above. This can be found at:

[Revenue Budget and Proposed Council Tax for 2017/2018 and Medium Term Financial Strategy 2017/2018 to 2019/2020](#)

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

Updated equality information as presented to September 2017 cabinet can be found at: [Updated Equality Analysis](#)

5.2 Contract Reviews - Review of adult social care block Home Support contract – (Saving £0.050m in 2018/2019)

Review of Adult Social Care current contract arrangements to ensure commissioning is not taking place outside of existing contracts which are fixed price. Work is also underway to look at aspects of home care that could be better delivered on a block contract basis such as core and cluster schemes and services to support hospital discharge.

Equality Analysis

Equality Statement	Status
Equality analysis is complete and a positive impact has been identified	
Equality analysis is planned and a positive impact is anticipated	
Equality analysis is complete and neutral impact has been identified	
Equality analysis is planned and a neutral impact is anticipated	
Equality analysis is complete and a negative impact has been identified	
Equality analysis is planned and a negative impact is anticipated	
Equality analysis is complete and both positive and negative impacts have been identified	
Equality analysis is planned and both positive and negative impacts are anticipated	
The saving is from staffing changes and therefore workforce equality implications will be considered as part of the redundancy consultation for this service area	
No equality analysis required	✓
Additional Comment: This work is covered in earlier wider equality analysis. An equality analysis was completed at the point the Directorate tendered for the home support contract which was designed to minimise the risk of using non-contracted home care providers. This review of the Adult Social Care contract arrangements will ensure commissioning is not taking place outside of existing contracts which are fixed price. Work is also underway to look at aspects of home care that could be better delivered on a block contract basis such as core and cluster schemes and services to support hospital discharge and this work will be taken forward under the current contractual frameworks that are already in place.	

Appendix B (continued)

5.3 Review of assessed direct payments – (Saving £0.050m in 2018/2019)

The directorate is implementing a 12 week review for direct payment customers. Customer analysis has shown that a number of people do not utilise their full personal budget after a period of intensive social care support. This reflects the success of a reablement approach. The new business process will reflect this customer behaviour and realise revenue savings.

Equality Analysis

Equality Statement	Status
Equality analysis is complete and a positive impact has been identified	✓
Equality analysis is planned and a positive impact is anticipated	
Equality analysis is complete and neutral impact has been identified	
Equality analysis is planned and a neutral impact is anticipated	
Equality analysis is complete and a negative impact has been identified	
Equality analysis is planned and a negative impact is anticipated	
Equality analysis is complete and both positive and negative impacts have been identified	
Equality analysis is planned and both positive and negative impacts are anticipated	
The saving is from staffing changes and therefore workforce equality implications will be considered as part of the redundancy consultation for this service area	
No equality analysis required	
Additional Comment: The introduction of pre-paid cards validations will make the direct payment scheme easier to manage and reduce the requirements on the recipient.	

The equality analysis for this proposal, as presented to September cabinet can be found here: [September Cabinet - new equality analysis](#)

Appendix B (continued)

5.4 Income Recovery arrangements within People Services – (Saving £0.200m in 2018/2019)

New processes are being put in place to more accurately predict the level of client income for home care and residential care. Alongside this the Welfare Benefits team are also calculating the income implications of benefit uplifts, this will not result in customers being worse off in real terms but will increase income levels. The revised business processes are facilitated by the implementation of the Liquid Logic system for Adult Social Care.

Equality Analysis

Equality Statement	Status
Equality analysis is complete and a positive impact has been identified	
Equality analysis is planned and a positive impact is anticipated	
Equality analysis is complete and neutral impact has been identified	
Equality analysis is planned and a neutral impact is anticipated	
Equality analysis is complete and a negative impact has been identified	
Equality analysis is planned and a negative impact is anticipated	
Equality analysis is complete and both positive and negative impacts have been identified	
Equality analysis is planned and both positive and negative impacts are anticipated	
The saving is from staffing changes and therefore workforce equality implications will be considered as part of the redundancy consultation for this service area	
No equality analysis required	✓
Additional Comment: The savings arise from the implementation of a new case management system for adult social care (Liquid Logic) which will enhance the council's effectiveness in collecting client income by automating existing manual process. Alongside this, national changes to welfare benefits and increases in the number of people eligible to contribute to their care costs will also provide further revenue.	

Appendix B (continued)

6. Public Health, Wellness and Culture Proposals – Total Saving £1.339m (£0.435m 2018/2019, £0.904m 2019/2020)

6.1 Previously Agreed Savings Plans - (Saving £0.435m in 2018/2019 and £0.904m in 2019/2020)

Council Report 01/03/2017 Appendix B ref	Proposal	2018/19	2019/20	2020/21	Total
6.1	Culture Continue to develop a Cultural Offer for the City	0.435	0.407	0.000	0.842
6.1	Activities and Events Planned reduction in council contribution as part of Leisure JV arrangements	0.000	0.497	0.000	0.497
	Public Health, Wellness and Culture Total	0.435	0.904	0.000	1.339

Further detail in relation to the above previously agreed savings plans can be found within Appendix B of item 6 of the Council agenda for the 1st of March 2017, using the reference in the table above. This can be found at:

[Revenue Budget and Proposed Council Tax for 2017/2018 and Medium Term Financial Strategy 2017/2018 to 2019/2020](#)

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

Appendix B (continued)

7. City Services Proposals – Total Saving £5.573m (£2.620m 2018/2019, £2.653m 2019/2020 and £0.300m 2020/2021)

7.1 Previously Agreed Savings Plans - (Saving £2.274m in 2018/2019 and £2.084m in 2019/2020)

Council Report 01/03/2017 Appendix B ref	Proposal	2018/19	2019/20	2020/21	Total
	City Services				
7.1	Place Management - Commercial Growth via wider trading opportunities	0.150	0.155	0.000	0.305
7.2	Place Shaping - Commercial Growth via wider trading opportunities	0.100	0.100	0.000	0.200
7.3	Bereavement Services - Annual increase in charges	0.250	0.250	0.000	0.500
7.4	Registrars - Review of staffing and annual fee increase	0.050	0.050	0.000	0.100
7.5	Highways Maintenance - Revised responsive maintenance. Recovery of costs in relation to road traffic accidents	0.150	0.150	0.000	0.300
7.6	Fleet - Reduction in vehicle numbers due to service downsizing	0.200	0.000	0.000	0.200
7.8	Alternative Weekly Waste & Recycling Collection	0.150	0.000	0.000	0.150
7.9	Waste Management - Annual increase in charges - bulky item and green waste collection	0.110	0.110	0.000	0.220
7.11	Pest Control - Review of service and charges	0.033	0.005	0.000	0.038
7.12	Local Services - Creation of a Trust Model for management of sports pitches and bowling greens	0.000	0.359	0.000	0.359
7.13	Building Services - Review of operational and system processes	0.020	0.000	0.000	0.020
7.14	Highways and Infrastructure - increased income from design activity and permits	0.225	0.150	0.000	0.375
7.15	Place Strategic Commissioning - Delivery of services via outsourcing	0.125	0.375	0.000	0.500
7.16	Parking Services - Income generation from expansion of measures in the Parking Plan	0.236	0.200	0.000	0.436
7.17	Street Lighting - Phase 2 of LED replacements	0.250	0.000	0.000	0.250
7.18	Public Protection and Regulatory Services - Review and integration of functions	0.090	0.095	0.000	0.185
7.19	Waste Disposal - Reduction in costs by encouraging increased recycling	0.085	0.085	0.000	0.170
7.20	Waste Disposal - Review of PFI Contract	0.050	0.000	0.000	0.050
	City Services Total	2.274	2.084	0.000	4.358

Further detail in relation to the above previously agreed savings plans can be found within Appendix B of item 6 of the Council agenda for the 1st of March 2017, using the reference in the table above. This can be found at:

[Revenue Budget and Proposed Council Tax for 2017/2018 and Medium Term Financial Strategy 2017/2018 to 2019/2020](#)

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

Updated equality information as in relation to 7.12 can be found at: [Supplementary information - updated equality analysis](#)

Appendix B (continued)

7.2 Street Lighting LED Phase 2 Energy Cost Savings – (Saving £0.346m in 2018/2019, £0.569m in 2019/2020 and £0.300m in 2020/2021)

A programme of changing conventional lighting to LEDs in residential areas to reduce energy costs started in 2015/16 and resulting savings are already accounted for. It is proposed to expand this approach with a further 24,513 lamps of varying energy consumption to be converted to LED lamps. The majority, over 20,000, are units currently burning between 100W and 250W of energy and the proposed replacements would burn at between 50W and 100W without detriment to required lighting levels. The replacement of these lamps will provide significant savings on utility costs through lower energy usage.

Equality Analysis

Equality Statement	Status
Equality analysis is complete and a positive impact has been identified	
Equality analysis is planned and a positive impact is anticipated	
Equality analysis is complete and neutral impact has been identified	
Equality analysis is planned and a neutral impact is anticipated	
Equality analysis is complete and a negative impact has been identified	
Equality analysis is planned and a negative impact is anticipated	
Equality analysis is complete and both positive and negative impacts have been identified	
Equality analysis is planned and both positive and negative impacts are anticipated	
The saving is from staffing changes and therefore workforce equality implications will be considered as part of the redundancy consultation for this service area	
No equality analysis required	✓
<p>Additional Comment:</p> <p>The proposal is to replace approximately 48,000 lighting columns in total on highways with energy efficient LED lighting (24,513 for implementation in 2018/19) which will result in lower energy costs and lower carbon emissions. Residents and visitors to areas where the new lighting is installed should be impacted upon positively as the new LED lighting actually provides a white light source with better night-time colour recognition and concentrates the light onto the road and footway where it is needed, with less light pollution into homes and gardens.</p> <p>Equality analyses were completed at both the pilot phase (published with 2016/17 MTFS papers and phase 1 published with 2017/18 MTFS papers). No disproportionate impacts for any groups were identified in the last equality analysis, which reviewed feedback from the pilot scheme. Feedback from Phase 1 has been very positive in relation to the impact and effect that the scheme has had in concentrating a better quality of light onto the road and footway. Based upon previous equality analysis and the feedback received to date it has been decided that there is no requirement to undertake further equality analysis in relation to this initiative.</p>	

Appendix B (continued)

8. Responsive Services and Customer Care Proposals – Total Saving £0.947m (£0.479m 2018/2019, £0.468m 2019/2020)

8.1 Previously Agreed Savings Plans - (Saving £0.479m in 2018/2019 and £0.468m in 2019/2020)

Ref.	Proposal	2018/19	2019/20	2020/21	Total
	Responsive Services and Customer Care				
8.1	Member Services including Elections – A further review of service provision	0.302	0.350	0.000	0.652
8.2	Customer Services Network – Review of service arrangements	0.177	0.118	0.000	0.295
	Responsive Services and Customer Care Total	0.479	0.468	0.000	0.947

Further detail in relation to the above previously agreed savings plans can be found within Appendix B of item 6 of the Council agenda for the 1st of March 2017, using the reference in the table above. This can be found at:

[Revenue Budget and Proposed Council Tax for 2017/2018 and Medium Term Financial Strategy 2017/2018 to 2019/2020](#)

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

EQUALITY AND THE BUDGET PROPOSALS

1 Equality in Decision Making

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

2 How equality analysis has fed into the budget-setting process

- 2.1 Each Directorate has considered the equality impact of their proposals. Where it is timely and appropriate an equality analysis has been completed (the Council adopted approach to analyse and record equality impacts). The detail of the analysis is dependent on the nature of the proposal and its stage of development. For existing proposals (agreed in March 2017) Equality Analysis that supported decision-making are available within the links at Appendix B. In each case the equality position has been reconsidered to ensure the position is current and any planned equality analyses have been completed if appropriate. One equality analysis (5.1, sub reference 5.8) has been reviewed and one has been completed (in relation to one element of 7.12) and these are available to view.
- 2.2 One new proposal (5.3) has a completed equality analysis with the remaining new proposals not requiring one. Appendix B outlines the judgements in relation to whether equality analyses are required. All three of newly completed and reviewed equality analyses identify positive impacts. 5.1, sub reference 5.8 also identifies some negative impacts for disabled people. The overall position in relation to equality is similar to the conclusions drawn last year. The equality analyses are available to view at the links within Appendix B and the conclusions from last year can be viewed at:
- [Revenue Budget and Proposed Council Tax for 2017/2018 and Medium Term Financial Strategy 2017/2018 to 2019/2020](#)
- 2.3 Finalised Equality Analyses continue to be sampled as part of a quality assurance process to ensure the relevant considerations are being made in a thorough manner.

3 Consultation and communication

- 3.1 The consultation and communication approach is outlined at section 12 of the main report. Surveys carried out in 2016 to inform the 2017/2018 to 2019/2020 proposals collected demographic data that was analysed to help inform equality considerations where possible. Communications for the past consultation processes were focussed on a range of groups and communities in order to maximise involvement.

4. Conclusions

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

Notes of the Budget Consultation meeting between representatives of the Council and the Chamber of Commerce held at Sunderland Civic Centre on Friday 12th January 2018 at 11.00am.

Present:

Council Representatives

Cllr Henry Trueman	-	Deputy Leader of the Council
Cllr Mel Speding	-	Cabinet Secretary
Irene Lucas	-	Chief Executive
Barry Scarr	-	Executive Director of Corporate Services
Fiona Brown	-	Executive Director of People
Peter McIntyre	-	Executive Director of Economy & Place
Les Clark	-	Chief Operating Officer – Place
John Rawling	-	Head of HR & OD

Chamber of Commerce Representatives

Jonathan Walker	-	NECC – Head of Policy & Campaigns
Natasha McDonough	-	MMC Ltd
Ralph Saelzer	-	Liebherr
Ernie Johnson	-	North East Vending
Ed Tutty	-	Ed Tutty Communications
John Walker	-	Gentoo

The Deputy Leader of the Council, Cllr Henry Trueman welcomed the representatives from the North East Chambers of Commerce, thanked them for their attendance and asked for each individual to introduce themselves. The Chief Executive, Irene Lucas (IL) proceeded to identify the priorities of Sunderland City Council going forward

- Adult Social Care & Looked after Children; under pressure and looking at different ways to deliver to meet demand.
- Work around Place; projects such as The Bridge, IAMP, Housing Programme and enhancement of the A19 Scheme.
- City Council; looking at every single line and service we deliver to drive out costs and replenish funding in some areas where it was lacking before.

The Director of Corporate Services, Barry Scarr (BS) outlined the current position with regard to the Council's revenue budget for 2018/19 and the Medium Term Financial Strategy to 2020/21 and then gave a brief overview of the proposed savings plans regarding contract reviews that are currently being consulted on.

BS concluded his presentation and invited questions and comments from the floor.

Questions

- 1 Jonathan Walker (JW) of NECC asked what opportunities will there be with Brexit for next year and how local businesses and the Council can work together.

IL mentioned that she takes pride in working with local businesses and would welcome further discussions regarding Brexit. IL indicated that she did not have all the information to see what the agenda will be with Brexit and it was agreed that a future session to be arranged to info share.

- 2 Ed Tutty (ET) of Tutty Communications asked due to austerity what opportunities are around if the budget decreases to fund projects like IAMP.

IL mentioned that there are opportunities and gave an example of the current Council building and she mentioned that it has been commissioned to see how the site can be regenerated as the building is no longer beneficial.

IL advised that Peter McIntyre (PMc), Executive Director of Economy and Place has been speaking with leading investors and PMc gave further information. IL also indicated that out of £48m of funding obtained for regeneration, £42.5m went into IAMP.

- 3 Ernie Johnson (EJ) of NE Vending praised the Council for its superb Welfare System and briefed on his experience.

IL mentioned that Fiona Brown (FB), Director of People and her team were working well to support the community and explained the type of work being carried out including work on benefits.

- 4 Cllr Henry Trueman mentioned that the devolution deal is up for debate and Northumberland are leading on the consultation. He welcomed NECC members to contribute to the debate and feedback on Sunderland. He mentioned that there is still a lot of work to do and himself and Cllr Mel Speding, Cabinet Secretary are working together.

JW commented that invitations were going out to businesses to hold a consultation and he indicated that businesses want to know what happens next and what conversations will there be between Sunderland and other local authorities.

- 5 Natasha McDonough (NMc) of MMC Ltd praised the assistance received from the Council's Business and Investment Team and was discussed further. Cllr Mel Speding indicated that the Business and Investment Team was integral part of investment and economy of the City and it was agreed the importance of businesses having opportunities.

Notes of the Budget Consultation meeting between representatives of the Council and the Trade Unions held at Sunderland Civic Centre on Friday 12th January 2018 at 10.00am.

Present:

Council Representatives

Cllr Henry Trueman	-	Deputy Leader of the Council
Cllr Mel Speding	-	Cabinet Secretary
Irene Lucas	-	Chief Executive
Barry Scarr	-	Executive Director of Corporate Services
Fiona Brown	-	Executive Director of People
Peter McIntyre	-	Executive Director of Economy & Place
Les Clark	-	Chief Operating Officer – Place
John Rawling	-	Head of HR & OD

Trade Union Representatives

Diane Peacock	-	Unison
Conor McCardle	-	Unison
George Pearson	-	Unison
David Riddle	-	GMB
Keir Howe	-	GMB
Graham Avery	-	GMB
Cllr Kevin Johnston	-	Unite
Liz Gale	-	NUT

The Chief Executive, Irene Lucas (IL) welcomed the representatives from the Trade Unions and thanked them for their attendance and proceeded to update the meeting on the work which has been on-going and identify the priorities of Sunderland City Council going forward:

- Consolidated a number of projects in Place such as The Bridge, IAMP, Housing Programme and Enhancement of the A19 Scheme.
- City Council focus on performance overall. Performance information can be accessed quarterly from Paul Davies. IL to carry out a presentation at the end of the year.
- Re-negotiated a number of contracts to reduce costs and become more commercial.
- People and Children pressures have increased and Executive Director of People, Fiona Brown (FB) introducing efficiency targets.

Before the Director of Corporate Services, Barry Scarr (BS) gave his presentation, Cllr Henry Trueman, Deputy Leader of the Council asked for each individual to introduce themselves.

Appendix D Continued

BS outlined the current position with regard to the Council's revenue budget for 2018/19 and the Medium Term Financial Strategy to 2020/21 and then gave a brief overview of the proposed savings plans currently being consulted on.

BS concluded his presentation and invited questions and comments from the floor.

Questions

- 1 Connor McCardle (CMc) from Unison enquired if the extra £4m for Together for Children (TfC) is a one off payment or will it be an annual payment.

It was confirmed that it will be an annual payment.

- 2 CMc asked if the pay award was funded for TfC employees.

It was confirmed that it is covered in the base budget.

- 3 CMc enquired what the long term intentions are for TfC.

FB confirmed that it is a 10 year contract.

- 4 CMc enquired if there is an update on commissioning on Place Services.

LC confirmed that the TU's would be invited to a briefing very shortly.

- 5 CMc enquired why Tall Ships had been allocated additional £2m and none for Adult Social Care.

FB confirmed that an additional £7m has been allocated to Adult Social Care, to then be reduced to £4m and then reduced to £2m over the next 3 years.

FB mentioned that work relating to Tall Ships had gone out for tendering to deal with things such as dredging and awaiting feedback. Cllr Mel Speding, Cabinet Secretary emphasised the benefits to local businesses when awarded such an event as the Tall Ships and it is predicated 1.5 million visitors.

Scrutiny Coordinating Committee Consultation on the Budget 2018/2019

Comments of Scrutiny Coordinating Committee

1 Scrutiny Coordinating Committee 12th October 2017

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

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

2 Scrutiny Coordinating Committee 11th January 2018

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

The Scrutiny Coordinating Committee acknowledges the challenging financial situation that the Council continues to operate within and is satisfied with the content of the report presented. The Committee would like, at this point to, also acknowledge the continued work and commitment of Members and Officers in developing proposals for a balanced budget under such difficult financial constraints.

Proposed Council Tax for 2018/2019

As detailed in the Council Report – Determination of Council Tax 2018/2019

Medium Term Financial Strategy 2018/2019 – 2020/2021

Report of the Executive Director of Corporate Services

1 Purpose of the MTFS

- 1.1 The MTFS is a key part of the Council's Budget Policy framework. It aims to ensure that significantly reduced resources are aligned to ensure that the residents of Sunderland are offered the best possible public services in future. The current MTFS sets out the strategic financial position and financial direction of the Council over the next three years taking into account council policy objectives, government funding levels, other resources and service pressures. It is regularly updated to reflect the dynamic changes in local government finance. The MTFS is currently over a three year period. The key objectives of the strategy are:

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

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

- 1.2 While the following MTFS has been updated to reflect the indicative data up to 2019/2020 released by Government as part of the 2018/2019 Settlement, there is considerable uncertainty over the impact of the Fair Funding Review and moving to 75% Business Rates retention in 2020/2021. The strategy will be kept under review and updated as further details emerge.
- 1.3 The Medium Term Financial Strategy provides background planning assumptions covering:
- National funding outlook (section 2)
 - Local funding position (section 3)
 - Government funding (section 3.1 - 3.5)
 - Locally raised income - Council Tax and Business Rates (section 3.6)
 - Spending pressures and commitments (section 4)
 - Summary overall budget gap (section 5)
 - Addressing the budget gap and Efficiency Strategy (section 6)
 - Capital and prudential borrowing (section 7)
 - Reserves and balances, and Reserves Policy (section 8)
 - Budget consultation and equality analysis (section 9)
 - Risk assessment (section 10)
 - Conclusion (section 11).

2 National Funding Outlook

- 2.1 The Chancellor delivered his Budget Statement on 22nd November 2017.
- 2.2 Included within the 2016 budget was the requirement of government to make additional £3.5bn efficiencies in 2019/2020. Commentary within the detailed budget papers suggests that although an element of this saving has been identified, spending and administrative pressures faced by departments mean the government will not proceed with the remaining efficiency gap. This is good news for local government who could potentially have been impacted upon by these reductions.
- 2.3 Disappointingly there was only very limited additional funding announced to address the difficulties being felt by Local Government in relation to either adult or children's social care. While the budget included for £42m nationally for Disabled Facilities grant funding, this equates to only circa £0.258m additional funding for Sunderland in 2017/2018.
- 2.4 There is to be no additional funding provided for any pay awards in excess of 1% for Local Government.
- 2.5 The Chancellor announced that annual increases in Business Rates would now be linked to CPI rather than RPI and the detailed papers confirmed that Local Authorities will be fully compensated via a section 31 grant.
- 2.6 In relation to Health service pressures, the Government committed to an additional £10bn capital investment in frontline services over the course of the Parliament to support STPs. Outside of the Spending Review process, the Chancellor indicated an additional £2.8bn for the NHS for day-to-day services is to be made available. There will be £335m to be made immediately available for 2017/2018 'winter pressures', with £1.6bn available in 2018/2019 and the remainder in 2019/2021.
- 2.7 Housing and infrastructure was a significant focus of the budget, with capital funding aimed at supporting the housing market to deliver 300,000 homes per year by the mid 2020's and an aim to eliminate rough sleeping by 2027. It remains to be seen the impact this funding will have on areas such as Sunderland.

2.8 Economic Outlook

- 2.8.1 The Bank of England's (BoE) Monetary Policy Committee (MPC) voted at its 2nd November 2017 meeting to increase the Bank Rate by 0.25% to 0.50%, the first increase since July 2007. The MPC also gave forward guidance that they expected to increase Bank Rates very gradually and to a limited extent twice more in the next three years to reach 1.0% by 2020.
- 2.8.2 Separately, the November 2017 Quarterly Inflation Report was notably downbeat about economic growth, with the trend rate having slowed from 2.2% to 1.5%. CPI inflation is expected to peak at 3.0% before falling to 2.1% in the last quarter of 2020. This pessimistic outlook was further reflected in the Chancellor's Autumn Budget on 22nd November with GDP growth forecasts revised down since the March 2017 Budget to 1.5% in 2017, 1.4% in 2018 and 1.3% in 2019 (from 2.0%, 1.6% and 1.7%).
- 2.8.3 Although the UK deficit has fallen over the last seven years, debt and borrowing remain high. Following the EU Referendum the Chancellor scaled back the timing and pace of deficit elimination to as early as possible in the next Parliament. Forecasts for Public sector net borrowing were again increased in the Autumn Budget with borrowing of £34.7bn predicted for 2019/2020 (previously £21.4bn), highlighting the predicted impact of lower economic growth on tax revenues.
- 2.8.4 The MPC, having previously expressed concern over the apparent lack of significant progress in Brexit negotiations sounded more optimistic in December 2017, noting that recent progress in negotiations had reduced the likelihood of a disorderly exit from the EU. However, developments regarding the UK withdrawal from the EU remain the most significant influence on, and source of uncertainty about, the economic outlook.
- 2.8.5 Economic and interest rate forecasting remains difficult, with Brexit and many other external influences weighing on the UK and will be liable to further amendment depending on how economic data and developments in financial markets transpire over the next year.
- 2.8.6 Despite the outcome of the EU referendum in June 2016, further calls for projects have been issued under the European Structural and Investment Fund (ESIF) programme. The European Regional Development Fund (ERDF) programme for the NELEP area has committed a large amount of its funds to projects that will run until 2020 and in some cases through to 2022/23.
- 2.8.7 While a large proportion of the ERDF allocation to the NELEP area is contractually committed or indicatively allocated, approximately £100m of European Social Fund (ESF) grant remains to be committed.
- 2.8.8 In December 2017, the EU and the UK Government agreed that the EU Structural Funds will continue to operate as normal in the UK up until the end of 2020.
- 2.8.9 Opportunities to access EU funding programmes will therefore continue for the next 2-3 years until the remaining funds are fully committed.

3 Local Funding Position

3.1 Core Spending Power

3.1.1 This measure includes:

- Settlement Funding Assessment (SFA) comprising Revenue Support Grant (RSG), Retained Business Rates; and Top Up Grant;
- Compensation for the under-indexing of the Business Rates Multiplier;
- New Homes Bonus;
- Local Government share of the Improved Better Care Fund;
- Council Tax Income - Government figures assume CPI increases and an assumed 6% increase in the precept to support social care over the three years 2017/2018 and 2019/2020.

3.1.2 In December 2017, as part of the Provisional Local Government Finance Settlement 2018/2019, the government provided details of their assumptions on Core Spending power for the 2 years covering 2018/2019 to 2019/2020. The detail for Sunderland is set out below.

Sunderland Core Spending Power	2015/16 £ m	2016/17 £ m	2017/18 £ m	2018/19 £ m	2019/20 £ m
Settlement Funding Assessment (SFA)	150.7	135.8	124.9	118.6	111.9
Compensation for under-indexing the business rates multiplier (Section 31 Grant)	1.1	1.1	1.0	1.7	2.6
Council Tax of which;					
<i>Council Tax Requirement excluding parish precepts (including base growth and levels increasing by CPI)</i>	78.3	81.7	85.6	90.0	94.5
<i>additional revenue from referendum principle for social care</i>	0.0	1.6	4.2	7.2	7.6
Improved Better Care Fund	0.0	0.0	9.3	13.0	16.6
New Homes Bonus	3.4	4.6	3.7	3.2	2.9
Rural Services Delivery Grant	0.0	0.0	0.0	0.0	0.0
Transition Grant	0.0	0.0	0.0	0.0	0.0
The 2017-18 Adult Social Care Support Grant	0.0	0.0	1.6	0.0	0.0
Sunderland Total Core Spending Power	233.5	224.8	230.3	233.7	236.1

Change over the Spending Review Period (£ millions) 2.6

Change over the Spending Review Period (% change) 1.1%

Memorandum - National Change Over Spending Review Period 2.1%

SFA can be analysed as follows	2017/18	2018/19	2019/20	change from 2017/18 to 2019/20	
	£'m	£'m	£'m	£'m	%
Top up grant	40.699	42.059	42.992	2.293	5.6%
Business Rate Share - Government assumed	39.491	40.425	41.449	1.958	5.0%
Revenue Support Grant	44.712	36.157	27.507	-17.205	-38.5%
Total	124.902	118.641	111.948	-12.954	-10.4%

Memorandum: National Position

-18.70%

Appendix G (continued)

- 3.1.3 This is the third year of the four year settlement offer for the period to 2019/2020. The council is one of 97% of councils to have accepted the four year settlement offer which provides a guaranteed minimum Revenue Support Grant envelope through to 2019/2020.
- 3.1.4 While the Government have published their assumptions through to 2019/2020, the following is noted:
- Core Spending Power will increase by 1.1% over the spending review period (2015/2016 to 2019/2020) period which is lower than the national average increase of 2.1%. This reflects the inability for councils with low council tax bases such as Sunderland to raise significant additional income from council tax.
 - Within Core Spending Power, Sunderland's Settlement Funding Assessment will reduce by 10.4% (£13m in cash terms) over the period 2017/2018 to 2019/2020 compared to a national average reduction of 18.7%. While the government has made some improvements to the fairness of the funding formula (evidenced by the fact the Council will incur lower cuts in SFA than the national average), once local resources are also taken into account (Core Spending Power) then the more deprived areas with lower local resources lose out disproportionately from the current funding system over the Spending Review period.
 - Within the Settlement Funding Assessment, the amount of Revenue Support grant to be received by Sunderland is reducing by 38.5% over the two years from 2017/2018 to 2019/2020 compared to a national average reduction over the period of 39.9%.
 - Government figures include an assumption that the council will increase council tax in line with the referendum limit and adopt the social care levy in full over the three years.
- 3.1.5 Figures beyond 2019/2020 have not been published by Government, although they have confirmed their intention to implement the impact of the Fair Funding Review and the move to 75% Retained Business Rates in 2020/2021.

3.2 Top Up Grant / Tariff

A system of Top Up grant and Tariffs allows locally retained Business Rates to be redistributed from high business yield authorities to low yield authorities.

Sunderland is a Top Up council, receiving £42.059m in 2018/2019. Top Up grant is increased annually by inflation.

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

3.3 Section 31 Grant - Business Rates

The government placed a cap on the annual increase in Business Rates at 2% in both 2014/2015 and 2015/2016, and has continued with the doubling up of Small Business Rates Relief, with reimbursement to councils for the consequential shortfall in income through a section 31 grant.

In addition as part of the Budget Statement, the Chancellor announced that annual increases in Business Rates would now be linked to CPI rather than RPI and that Local Authorities will be fully compensated via a section 31 grant.

The indicative settlement includes for £1.7m section 31 grant in 2018/2019, although the actual amount received is dependent on information submitted through the NNDR1 form.

3.4 Other Core Grant and Revenue Funding

3.4.1 Improved Better Care Fund

The allocations within the 2018/2019 settlement include the additional one-off IBCF social care allocations which tapers over the three year period. The total IBCF allocations for 2017/2018 to 2019/2020 are:

	Total in year	Increase
• 2017/2018	£9.3m	£9.3m
• 2018/2019	£13.0m	£3.7m
• 2019/2020	£16.6m	£3.6m

Included within the above allocations are the additional one-off / tapering IBCF social care allocations announced by the Government in March 2017 as follows:

• 2017/2018	£7.534m
• 2018/2019	£4.493m
• 2019/2020	£2.220m

This element of IBCF funding can be used solely for adult social care purposes and be for additional purposes to existing plans. As such the funding is assumed to have a nil net impact for overall council budget planning purposes as additional plans are brought forward to utilise the funds. Proposals for the use of the additional IBCF funds were included in the 2017-2019 Better Care Fund submission approved by the Health and Wellbeing Board in November 2017.

Government have indicated Delayed Transfers of Care (DTOC) will be closely scrutinised and have indicated the potential to reduce 2018/2019 IBCF funding for poor performing areas. Following a review undertaken by the Department of Health, the Council was notified on 6th December that there will be no change to, or impact on, Sunderland's 2018-19 IBCF allocation.

Appendix G (continued)

3.4.2 New Homes Bonus

The council's indicative new homes bonus will reduce from the £3.7m received in 2017/2018 to the following allocations:

- 2018/2019 £3.2m
- 2019/2020 £2.9m

Attainment of these grant allocations will be dependent on actual housing growth within Sunderland over the period. Although housing numbers in Sunderland are increasing, the amount of grant received is reducing due to changes in the way that government allocates the grant.

3.4.3 Public Health Grant

The Public Health Grant for 2018/2019 has been confirmed at £23.386m with £22.768m for 2019/2020. The MTFS reflects year on year reduction in funding. This position will need to be kept under review.

The Government has also confirmed the intention that Public Health Grant will be incorporated into the 75% Retained Business Rates arrangements from 2020/2021.

3.4.4 Pooled Better Care Fund

Pooled Better Care Fund continues to be included in Health allocations. For the purposes of medium term planning no changes are assumed to the level of available pooled Better Care funding, with the funding ringfenced for the purposes of Health and Social Care commitments.

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

There have been no announcements on future funding levels, however provision for a further reduction in funding of 10% per annum has been included within the MTFS in line with reductions experienced in recent years. Given other reductions arising from welfare reform there is a potential that the reduction could be more than this. The position will be kept under review and the MTFS updated as more details emerge.

3.5 Schools Funding

The Secretary of State for Education have confirmed the future arrangements for school funding:

- The dedicated schools grant for LAs will be allocated in 4 blocks (schools, high needs, early years and central schools services). Each will be calculated on the basis of a different national formula.
- It remains DfE long-term intention that schools' budgets should be set on the basis of a single, national formula (a 'hard' formula). To ensure some transitional stability, LAs will continue to set a local formula for schools in 2018/2019 and 2019/2020.

Appendix G (continued)

Cabinet agreed in January to the principles proposed by the Sunderland Schools Forum for the 2018/2019 Sunderland local funding formula. The National funding formula is to be implemented with the following local adjustments to protect Sunderland schools in the initial years:

- The new Free School Meal Indicator will not be used in the Sunderland Formula to support the following protection to all schools.
- Sunderland Lump Sum value of £150,000 will remain.
- Minimum Funding Guarantee to be implemented at 0.087%. This will limit the reduction in per pupil funding in 2018/2019.

These principles will be used to finalise the local formula.

3.6 Locally Raised Income

3.6.1 Council Tax

- In the 2018/2019 provisional settlement the Government announced a referendum threshold for 2018/2019 linked to CPI at 2.99%. In addition Social Care councils are able to levy a social care precept.
- The Adult Social Care precept has an overall limit of a 6% increase across the three years to 2019/2020, with no one year to exceed 3%. Sunderland raised the Social Care precept by 3% in 2017/2018 and proposes to raise the precept by 2% in 2018/2019, leaving a further 1% potentially to be raised for 2019/2020.

Indicative data released by government through to 2020 assumes Social Care Council's will apply a council tax increase in line with the referendum limit and apply the social care levy. Decisions on application of these options will be made as part of the detailed budget planning on an annual basis.

3.6.2 Local Council Tax Support Scheme

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

3.6.2.1 Current funding mechanism

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

- 50% of business rates are paid to Central Government as the national 'central' share to be redistributed to pay Revenue Support Grant and police funding;
- 50% is retained locally. Of this 50% the Council must distribute 2% to the Tyne and Wear Fire and Rescue Authority.

3.6.3 Business Rates

The Council must determine for itself the level of forecast Business Rate income to take into account in setting its budget taking account of the latest information available. The MTFS takes into account prudent growth in the base income position, based anticipated new developments over the period.

3.6.3.1 Risk arising from Appeals

The outcome of valuation appeals continues to be volatile. Whilst good progress has been made, a significant number of lodged appeals remain outstanding with the Valuation office. Under the current system, successful appeals reduce the base income collectable for future years with the Council losing income to the value of 49% of the value of successful appeals. The government introduced a new appeal system from April 2017 with a check, challenge and appeal system intended to make appeals quicker and more efficient and to reduce speculative appeals. To date, this has significantly reduced the number of appeals lodged against the new 2017 list, however, uncertainty remains as to whether this trend will continue.

The Government will only fund losses on business rate collection through the Safety Net mechanism after a certain level of loss has been incurred. Based on our assumptions on business rate income collection, income retained by the Council could fall by up to £8.8m in 2017/2018 (the current financial year) before the Government will provide 100% safety net funding. This means that business rates collected would have to fall by £18m before the threshold is triggered and the Council receives any safety net funding from Government.

3.6.3.2 Business Rates Review

The outcome of the proposals to change the way local government is funded with 75% retention of business rates by 2020/21, full cessation of RSG, and a transfer of responsibilities which will need to be funded from retained business rates will be critical to the future sustainability for Council services.

The government has set up a number of working groups to look at the 3 key strands, overseen by the Business Rates Retention Steering Group established by the DCLG, the LGA and representatives from interested parties. The three key strands are:

- Needs and Distribution Working Group – to carry out a fundamental review of relative need and fair funding principles.
- Systems Design Working Group – to look at mechanisms needed to set up and run the proposed 75% business rate retention system covering issues such as redistribution, appeals, safety net and split tiers of local government.
- Responsibilities Working Group – to review the potential new burdens that the new system can fund so that it is fiscally neutral e.g. Public Health, RSG etc.

A number of consultations have been undertaken on both Business Rate retention and fair funding, with the latest consultation paper on fair funding; a review of relative needs and resources issued in December 2017.

4 Spending Pressures and Commitments

- 4.1 Spending pressures and commitments are detailed in section 6 of the Cabinet Report 'Revenue Budget and Proposed Council Tax for 2018/2019 and Medium Term Financial Strategy 2018/2019 to 2020/2021.

In addition December Cabinet approved additional capital proposals totalling £60.5m from 2018/2019. The proposals result in additional borrowing costs of £1.5m which have been provided for within the MTFS from 2020/2021.

The cost pressures and commitments are summarised below:

	2018/19 £'m	2019/20 £m	2020/21 £m	Total £m
Spending Pressures and Additional investment				
Pay, Prices and Other Pressures including Contract Inflation	7.37	8.93	10.36	26.66
People - Adults Demand Pressures, Extra Care and complex needs	0.85	0.58	0.58	2.01
People - SCAS delays in achieving savings	1.82	(1.82)	0.00	0.00
Together for Children additional investment	4.00	0.00	0.00	4.00
Place Based Services - Additional Investment	0.50	0.50	0.50	1.50
Place Based Services - One-Off additional support	1.00	(0.50)	(0.50)	0.00
Tall Ships one-off additional investment	2.00	(2.00)	0.00	0.00
Debt Charges	0.00	0.00	1.50	1.50
Workforce Transformation - Incremental Impact	1.66	0.50	0.15	2.31
Pressure from Use of Previous One-off Balances 2017/2018	6.36	0.00	0.00	6.36
Total spending pressures	25.56	6.19	12.59	44.34

5 Summary Overall Budget Gap 2018/2019 to 2020/2021

- 5.1 As full data was not included within the 2018/2019 indicative data, best estimates have been made for 2019/2020.
- 5.2 In relation to 2020/2021, an assumption has been made that when a revised system of 75% retained business rates is implemented, Government will take action to ensure a 'status quo' impact on the funding position for each council through the top-ups and tariffs system, to ensure no detrimental impact on each councils overall funding position.
- 5.3 Taking into account the issues set out in section 3, section 4 and section 5.2, the overall position for funding changes for Sunderland and spending pressures and commitments is set out below:

	2018/19 £'m	2019/20 £m	2020/21 £m	Total £m
Funding Changes	1.81	6.59	0.27	8.67
Total Ongoing Spending Pressures	25.56	6.19	12.59	44.34
Additional IBCF Social Care grant allocation	(4.49)	(2.22)	0.00	(6.71)
Use of additional IBCF Social Care grant for social care purposes	4.49	2.22	0.00	6.71
Total Budget Gap	27.37	12.78	12.86	53.01

Based on high level assumptions, the on-going savings requirement for 2018/2019 to 2020/2021 is in the region of £53.01million. However, this position is subject to change given the significant uncertainties in the funding system at present including future funding announcements, the outcome of the Fair Funding Review and the move to 75% business rates retention.

6 Addressing the Budget Gap and Efficiency Strategy 2018/2019 to 2020/2021

- 6.1 As part of the budget preparations for 2017/2018 and 2018/2019 plans have been developed to seek to address the funding gap through to 2019/2020. At this stage savings plans have been developed totalling £29.90m through to 2020/2021 as set in the table at 6.2 below. Further detail on the savings plans is set out in Appendix B of the main Budget report and further plans will be developed to address the remaining 2020/2021 budget gap.
- 6.2 In addition, the following table shows:
- the Budget proposals and MTFS assume the use of one off reserves to support the budget of £6.4m in 2018/2019 and £3.49m in 2019/2020. As this is supporting on-going expenditure, the one off resource will need to be replaced with permanent savings in 2019/2020 and 2020/2021.

Appendix G (continued)

- Council tax and social care levy increases in line with referendum principles would generate a further £9.11m of resources to support the budget position over the three years to 2020/2021. While decisions on council tax and social care precept increases will be taken as part of the budget process on an annual basis, this would reduce the overall budget gap to £14.0m by 2020/2021.

	2018/19	2019/20	2020/21	Total
	£'m	£m	£m	£m
Funding Reductions	1.81	6.59	0.27	8.67
Total Ongoing Spending Pressures	25.56	6.19	12.59	44.34
Additional IBCF Social Care grant allocation	(4.49)	(2.22)	0.00	(6.71)
Use of additional IBCF Social Care grant for social care purposes	4.49	2.22	0.00	6.71
Total Funding Gap	27.37	12.78	12.86	53.01
Proposals to Meet the Funding Gap				
Leader (Appendix B.1)	(0.38)	(0.20)	0.00	(0.58)
Deputy Leader (Appendix B.2)	(1.41)	(1.83)	0.00	(3.24)
Cabinet Secretary (Appendix B.3)	(3.88)	(1.89)	0.00	(5.77)
Childrens Services (Appendix B.4)	(2.61)	(3.58)	0.00	(6.19)
Health, Housing and Adult Services (Appendix B.5)	(4.78)	(1.33)	(0.14)	(6.25)
Public Health, Wellness and Culture (Appendix B.6)	(0.45)	(0.90)	0.00	(1.35)
City Services (Appendix B.7)	(2.62)	(2.65)	(0.30)	(5.57)
Responsive Services and Customer Care (Appendix B.8)	(0.48)	(0.47)	0.00	(0.95)
Total Current Savings Programme	(16.61)	(12.85)	(0.44)	(29.90)
Remaining Funding Gap	10.76	(0.07)	12.42	23.11
Use of One off Resources	(6.40)	(3.49)	0.00	(9.89)
Pressure in following year as a result of use of reserves in 2018/2019 and 2019/2020		6.40	3.49	9.89
Net Position Before Council Tax Increases	4.36	2.84	15.91	23.11
Assumed Council Tax and social care precept increase	(4.36)	(2.84)	(1.91)	(9.11)
Final Funding Gap	(0.00)	0.00	14.00	14.00

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

- People - caring for, protecting and supporting the most vulnerable adults and children in our communities;
- Place - keeping our communities as safe, clean and well maintained as possible within the resources available;
- Economy - continuing support to the economic regeneration of the city by encouraging businesses and jobs into the city

Appendix G (continued)

6.4 The Council approach to delivering the savings requirement is encapsulated in the Efficiency Strategy 2018/2019 to 2020/2021 (attached as Appendix Gi) which incorporates the following improvement design principles:

- Shaping, facilitating and enabling services - Focusing on the Council's Community Leadership role and commissioning, shifting from delivery to shaping, facilitating and enabling services.
- Collaborative partnership working - Taking a 'one Sunderland' approach to core functions, and harnessing the collective contributions of partners.
- Strategic Commissioning - focussing on outcomes and commissioning services so they are delivered in the most effective and efficient models.
- Intelligence led - Using an intelligence-based approach to ensure a sound evidence base for commissioning decisions and effective commissioning arrangements.
- Being customer focussed - using robust data and information to understand our resident's needs and using technology to improve their customer experience.
- Managing demand - implementing strategies and policies that enable the Council to manage demand and facilitate those services which make a difference in the most effective way.
- Being lean and efficient - using technology to maximise productivity, streamline processes, eliminate waste and duplication and drive down support costs; continual review of assets to meet the future needs of the Council and its communities.

6.5 This will include consideration of:

- Ensuring resources are targeted on statutory and front line services and protecting key priority services.
- Redesigning and reshaping services to deliver required outcomes at least cost and maximise productivity.
- Maximising back office savings with a reduction in strategic and support services, with proportionately greater reductions as the Council reduces in size and headcount.
- Strategic commissioning based on outcomes - with reduced commissioning and service standards.
- Ensuring commercial procurement arrangements and contract management deliver maximum outcomes for less resource.
- Maximising commercial income opportunities where there is a market and business case.
- Maximising opportunities afforded through use of technology and manager self-service.
- Involving the Community – residents, businesses, partners, and voluntary sector to ensure best outcomes for the city.
- Continued focus on progressing regeneration and inward investment, funding leverage & commercial opportunities.

6.6 Further updates on the Efficiency Strategy will be provided to Cabinet in due course and the Medium Term Financial Strategy 2018-2021 will be refined and updated as this work progresses.

7 Capital and Prudential Borrowing

- 7.1 The revenue implications of the Council's Capital Programme are considered as part of the process for setting the Capital Programme. The revenue impact of the Capital Programme is reflected in the MTFS, in particular the costs associated with the level of prudential borrowing required to deliver the Capital Programme.
- 7.2 The four year Capital Programme for 2018/2019 to 2021/2022 was set to take account of the reductions in available external funding and the increased pressure on the Council's resources.
- 7.3 New capital schemes for 2019/2020 and beyond, which meet key priority objectives will be considered in light of available resources as the budget process progresses. The borrowing strategy sets out parameters to ensure VFM considerations are safeguarded.

8 Reserves and Balances, and Reserves Policy

- 8.1 The Local Government Finance Act 1992 requires local authorities to have regard to the level of reserves needed for meeting estimated future expenditure when calculating the budget requirement.
- 8.2 In establishing reserves, the Council must comply with the Code of Practice on Local Authority Accounting in the United Kingdom. The Section 151 Officer will consider the level of reserves as part of the budget setting process, and provide a statement on the adequacy of reserves.
- 8.3 The Council's policy on reserves is as follows:
- The Council will maintain its general reserve at a minimum of £10m to cover any major unforeseen expenditure. The Council will aim to balance its revenue budget over the period of the MTFS without reliance on the use of the general reserve.
 - The Council will maintain earmarked reserves for specific purposes which are consistent with achieving its key priorities and these will be kept under regular review.
- 8.4 Other than General Reserve, all reserves are earmarked for specific purposes. The forecast balances on major reserves at 31st March 2018 are attached at Appendix Ii for information.
- 8.5 A general reserve of £10m is held to provide a level of contingency and meet any unforeseen expenditure and support the budget as currently agreed as set out in Appendix F. A full analysis of reserves is included annually in the Statement of Accounts. A financial risk analysis in respect of the level of general reserve is set out at Appendix H.

9 Budget Consultation and Equality Analysis

- 9.1 The budget process for 2017/2018 included consultation of budget proposals covering the period 2017/2018 to 2019/2020. In general, the findings demonstrated continuing support for the Councils overall approach to meeting the budget cuts and indicated broad agreement with plans for transformation of services.
- 9.2 The Council continues to fully consider the impact of its plans by following a robust approach to equalities analysis. The Council continues to seek to meet its obligations in relation to equality and diversity and has procedures in place at both a general and budget specific level to incorporate equality and diversity issues into decision making processes and the assessment of proposals.

10 Risk Assessment

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

11 Conclusion

- 11.1 The Government has announced indicative funding levels through to 2019/2020. The reductions outlined in indicative data, when combined with significant unfunded spending pressures imply the three year on-going savings requirement for 2018/2019 to 2020/2021 is likely to be in the region of £53m. This is in addition to the £290m savings already achieved in the period 2010/2011 to 2017/2018.
- 11.2 However, there remains significant uncertainty due to the proposed changes to the way Local Government is funded with the Fair Funding Review and the move to 75% rates retention with the transfer of additional responsibilities to local government planned to be implemented for 2020/2021. The impact of the proposed changes to the local government funding system will be critical to understanding the future sustainability of services within Sunderland. All opportunities will be taken to influence government thinking in this regard.
- 11.3 It is clear that funding of local government over the medium term will be subject to significant change both in terms of sustained reduced funding from central government and the shift towards local self-sufficiency. The significant cuts required are likely to continue, resulting in fundamental change to the way the council operates.

Appendix G (continued)

- 11.4 Government and regional support for capital investment also continues to be restricted over the life of the MTFS, with potential further impacts arising as a result of Brexit. If the Council wants to continue to invest in capital projects to deliver priorities it will need to be even more self-sufficient and raise income or reduce service costs to support borrowing. There will be an increased focus on use of alternative funding models to support priorities and future service provision.
- 11.5 The Council is no longer able to protect frontline services from the impact of the government cuts and unfunded spending pressures. In seeking to minimise the impact on residents and the city, the Council, will increasingly need to take a citywide approach with partners in health, education and the business sector together with our communities to collectively reshape services to enable the best response for the city. The Council's role will increasingly need to shift from delivering services to enabling individuals, communities and other organisations in the public, private and voluntary sectors to work together to address the needs of the city in new ways and to encourage people to be more self-supporting.
- 11.6 In the short term, all funding options, including budget savings and council tax levels and commitments against reserves, will be considered to allow a balanced and sustainable budget over the period to 2020/2021 to be agreed.

Efficiency Strategy 2018/2019 to 2020/2021

The following strategy sets out the overarching Council approach to meeting the reductions challenge arising from the SR15 and subsequent government funding announcements.

1 Purpose

- 1.1 The Efficiency Strategy 2018/2019 to 2020/2021 sets out the overall approach to the delivery of the required savings to address the reductions in funding and spending pressures during the period.

2 Objectives of the Strategy

- 2.1 The strategy is intended to:
- enable a balanced budget to be achieved throughout the period of the CSR15;
 - ensure the best use of resources available;
 - ensure the financial resilience of the Council is maintained;
 - comply with government requirements in relation to proposed use of Capital Receipts Flexibility.
- 2.2 Sunderland City Council is committed to delivering continual improvement and to providing services that represent good Value for Money to its residents. Through planning and financial and performance management arrangements the council ensures that value for money is embedded into the culture of the council's activities and its arrangements with partners.
- 2.3 The approach set out in this strategy reflects the Council's approach and arrangements for delivery of savings as part of medium term financial planning.

3 Context

- 3.1 This strategy integrates the Council commitment to strengthening its Community Leadership role in the city. As a democratically elected body, the Council will continue to be:
- a champion and advocate for Sunderland communities and interests;
 - a focal point of leadership for partners to work together to deliver on priority outcomes:
 - Economy - ensuring the optimal conditions for investment and growth to create more and better jobs for Sunderland.
 - Health- improving the health and wellbeing of our residents, through the integration of health and social care and supporting our communities to support themselves.
 - Skills and Education - Through the skills strategy aligning education, training and jobs to help both our residents and businesses achieve their full potential.

Appendix Gi) (continued)

- 3.2 The approach includes working with partners in getting closer to communities, to understand and interpret needs and local priorities and in developing innovative means of addressing those needs and priorities. The approach continues to focus on:
- understanding the priorities of communities, and focussing attention on the right priorities and decisions;
 - shaping the most appropriate response to needs;
 - developing relationships with partners, and communities to promote self-help and self-reliance and maximising the contribution of communities;
 - harnessing the potential contribution from other organisations and individuals in achieving key outcomes;
 - promoting Sunderland's interests at sub-regional, regional, national or international levels.

4 The Financial Challenge - Medium Term Financial Plan

- 4.1 The MTFS set out at Appendix G shows savings requirements through to 2021 as follows:

	2018/19 £'m	2019/20 £m	2020/21 £m	Total £m
Funding Reductions	1.81	6.59	0.27	8.67
Total Ongoing Spending Pressures	25.56	6.19	12.59	44.34
Additional IBCF Social Care grant allocation	(4.49)	(2.22)	0.00	(6.71)
Use of additional IBCF Social Care grant for social care purposes	4.49	2.22	0.00	6.71
Total Funding Gap	27.37	12.78	12.86	53.01

On-going savings of £53m are estimated to be required over the three years to 2020/2021. This is in addition to the £290m savings already achieved in the period 2010/2011 to 2017/2018.

- 4.2 The Revenue Budget and Proposed Council Tax for 2018/2019 report to February 2018 Cabinet includes proposals to meet the funding gap for 2018/2019 and 2019/2020. Section 5 below sets out the approach to develop a full suite of proposals to meet the remaining funding gap through to 2020/2021.
- 4.3 A further suite of proposals to balance the budget over the medium term will be considered by Cabinet in due course and form the basis of consultation.

5 The Approach to meeting the funding gap

- 5.1 To deliver the scale of reductions faced by the council over the medium term it is necessary to consider the role of the council as change will be required to the way the council operates in the future. This will inevitably impact on the services provided to communities.
- 5.2 This involves further transforming service delivery, reviewing service standards and commissioned activity and prioritising resources to support statutory requirements and key priorities:
- People - caring for, protecting and supporting the most vulnerable adults and children in our communities;
 - Place - keeping our communities as safe, clean and well maintained as possible within the resources available;
 - Economy - continuing support to the economic regeneration of the city by encouraging businesses and jobs into the city.
- 5.3 The Council will continue to use new and innovative approaches to address priority needs to delivering the savings requirement by:
- Strategic Commissioning - focussing on outcomes and commissioning services so they are delivered in the most effective and efficient models of service provision.
 - Using an intelligence-based approach to ensure a sound evidence base for commissioning decisions and effective commissioning arrangements.
 - Being customer focussed - using robust data and information to understand our resident's needs and using technology to improve their customer experience.
 - Managing demand - implementing strategies and policies that enable the Council to manage demand and facilitate those services which make a difference in the most effective way.
 - Being lean and efficient - using technology to maximise productivity, streamline processes, eliminate waste and duplication and drive down support costs; with continual review of assets to meet the future needs of the Council and its communities.

5.4 Programme of service activity

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

For all service areas this includes consideration of:

- Ensuring resources are targeted on statutory and front line services and protecting key priority services with a focus on need rather than want.
- Redesigning and reshaping services to deliver required outcomes at least cost and maximise productivity. There will be a focus on commissioning, shifting from the council directly delivering services, to a role of shaping, facilitating and enabling services.
- Strategic commissioning based on outcomes with revised commissioning and service standards to enable key priorities to be met with appropriate services commissioned at lower cost.
- Ensuring commercial procurement arrangements and contract management deliver maximum outcomes for less resource.
- Pressing forward with new models of service delivery at reduced cost and increasing commercialisation to maximise income opportunities where there is a market and business case.
- Ensuring opportunities for collaboration with partners to deliver key outcomes that matter to the city.
- Maximising back office savings with a reduction in strategic and support services, with proportionately greater reductions as the Council reduces in size and headcount.
- Maximising opportunities afforded through use of technology and manager self-service.
- Involving the Community – residents, businesses, partners, voluntary sector to ensure best outcomes for the city
- Continued focus on Regeneration and inward investment, Funding Leverage and Commercial Opportunities.

5.5 Income maximisation

In addition to pursuing service related activity strategies as set out at paragraph 5.4, focus will also be made on maximising income levels:

5.5.1 Retained Business Rates

Under the current Retained Business Rates mechanism for funding local Government, the Government makes assumptions about the level of Business Rates which will be achieved and retained by a Local Authority in determining its Settlement Funding Assessment. However the Council must determine for itself the anticipated level of Business Rate Income collection. The Business Rate income for 2018/2019 to be retained by the Council is £43.024m, after cost of collection allowance.

Monitoring and management of the various strands that impact on levels of income collection are focussed and robust and involves collaboration across the Council to gain insight and intelligence about potential growth or reduction in the business rate base, performance and trends in terms of collection as well as gaining external intelligence from the Valuation office.

The impact of the Regeneration activity (see 5.7) and the Council's Capital Strategy will help grow the business rates base within the city. This takes on even greater relevance in light of the government proposed moves to 75% retained business rates by 2020.

The efficiency strategy assumes prudent growth in the Business rates base of £0.500m per annum in 2018/2019 and £0.550m per annum in 2019/2020 based on historical growth, forecast developments impacting on the business rates baseline, and the volatility of the appeals position.

5.5.2 Council Tax

Recent years have seen sustained growth in the council tax base as new houses have been built, bringing with it benefits in terms of both increased council tax income and New Homes Bonus grant. The impact of the Regeneration activity (see 5.7) and Capital Strategy will further help grow the availability of housing in the city resulting in additional Council Tax income which will assist in meeting the cost of services. Over the medium to long term there are a number of proposed residential developments including Siglions proposed developments at Seaburn and Chapelgarth and the South Sunderland Growth Area.

Such development activity will take on even greater importance as the government removes core grant funding in favour of local self-sufficiency.

The Efficiency Strategy assumes growth in the council tax base of £0.500m per annum in 2018/2019 and £0.600m per annum in 2019/2020 based on historical experience of growth in the base and known development activity which will impact during the period of the MTFS.

Appendix Gi) (continued)

The Local Government settlement for 2018/2019 and indicative data through to 2019/2020 includes assumptions that councils will raise council tax annually in line with the level allowed without a local referendum in addition to applying a social care levy. The council will consider the position regarding Council Tax as part of each annual budget process.

5.5.3 Fees and Charges

A review of all fees and charges takes place on an annual basis to ensure that opportunities to maximise resources are followed through.

Opportunities for new charges continue to be actively pursued by Directors as part of the improvement planning process and these will be reflected within future savings plans to be considered by Cabinet in due course.

5.6 Commercial activities - Trading Operations

- **Port**
The general downturn in the provision of general port services and infrastructure continues; this is primarily linked to reduced levels of infrastructure works in the North Sea basin. This is compounded by an over capacity of service provision in the region which continues to impact on operating margins as competition grows for remaining commercial opportunities.

Notwithstanding the above, the Port has grown turnover and improved profit levels over recent years. This has been supported and facilitated by continued capital investment in plant and infrastructure, allowing the Port to reduce its revenue costs and support new areas of trade and react to these in a timely manner. Part of the Port estate has been granted Enterprise Zone status which will assist with attracting new business to the Port and enable further investment in infrastructure underpinned by business rates growth.

- **Local Authority Trading Companies**
Sunderland Care and Support Ltd is in its fourth year of operation in 2017/2018 and is focused on improving its market share through increased productivity and review of cost base to improve the value for money to the council.

Appendix Gi) (continued)

5.7 Capital Programme and Regeneration Activity

5.7.1 The council's capital programme encompasses the aims and priorities set out in the Council's Economic Master Plan ("EMP"), Corporate Plan, 3,6,9 vision and underlying detailed strategies on regeneration (including Housing and Transport) and Culture. It is focused on key strategic priorities of

- City centre regeneration
- economic regeneration and inward investment
- city wide infrastructure and
- area based infrastructure and public realm

A key priority of the Capital programme 2018/2019 to 2021/2022 is to continue to support plans for the regeneration of the City Centre, River Corridor, IAMP, Enterprise Zones, the continued development of city wide infrastructure and to support housing growth.

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

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

5.8 Leverage of External Funding

5.8.1 The council continues to explore and maximise external funding opportunities to support its core priorities including economic development, education and skills, health and well-being and culture and heritage.

5.8.2 In recent years, the council has been successful in securing significant levels of external funding for major regeneration projects. The council has also been able to maximise support from the European Regional Development Fund, Regional Growth Fund, Growing Places Fund and through the North East LEP's North East Infrastructure Fund for key investments.

5.8.3 In the last 12 months, substantial progress has been made in preparing plans for the International Advanced Manufacturing Park (IAMP), which has now secured over £100m of investment, including £41.2m from the Local Growth Fund. The site has also been granted Enterprise Zone status which will enable major investment in infrastructure to be underpinned by business rates growth.

Appendix Gi) (continued)

- 5.8.4 As the New Wear Crossing, *Northern Spire*, nears completion in 2018, work continues on detailed major infrastructure plans for further phases of the Sunderland Strategic Transport Corridor. Phase 3 of the SSTC project has secured a significant provisional contribution of £40.5m from the Local Growth Fund which will be progressed during 2018.
- 5.8.5 Continued investment in the city's heritage, tourism and cultural assets has also been secured through the Great Places scheme, Heritage Lottery Fund, Historic England, Arts Council and Coastal Communities Fund. Development work is underway to identify a pipeline of future projects seeking support to enhance the city's cultural offer.
- 5.8.6 Despite the outcome of the EU referendum in June 2016, further calls for projects have been issued under the European Structural and Investment Fund (ESIF) programme. The European Regional Development Fund (ERDF) programme for the NELEP area has committed a large amount of its funds to projects that will run until 2020 and in some cases through to 2022/23.
- 5.8.7 While a large proportion of the ERDF allocation to the NELEP area is contractually committed or indicatively allocated, approximately £100m of European Social Fund (ESF) grant remains to be committed. A series of ESF calls for projects have taken place since July 2017, with further calls expected in 2018 and 2019 in order to ensure that as many local employment, education and skills projects can be developed and approved prior to the UK exiting the EU. Therefore, there are significant project development opportunities for the council and Sunderland organisations during this period.
- 5.8.8 In December 2017, the EU and the UK Government agreed that the EU Structural Funds will continue to operate as normal in the UK up until the end of 2020. This agreement formed part of the deal at the conclusion of the first phase of Brexit negotiations, and stated that:

Following withdrawal from the Union, the UK will continue to participate in the Union programmes financed by the Multiannual Financial Framework 2014-2020 until their closure..... Entities located in the UK will be entitled to participate in such programmes..... Accordingly, the eligibility to apply to participate in Union programmes and Union funding for UK participants and projects will be unaffected by the UK's withdrawal from the Union for the entire lifetime of such projects.

- 5.8.9 Opportunities to access EU funding programmes will therefore continue for the next 2-3 years until the remaining funds are fully committed. Project activities supported by EU funds will continue into 2022/23. While the above statement provides reassurance on the NELEP area's £437m ESIF allocation for 2014-2020, local government and regional partners continue to lobby for a UK successor programme that will operate beyond 2020.
- 5.8.10 The 2016 Autumn Statement announced the new National Productivity Fund that will add £23 billion in high value investment from 2017/2018 to 2021/2022. The Fund is allocated across a number of priority areas, including housing (for example, the Housing Infrastructure Fund launched in July 2017), research and development, and economic infrastructure including transport

5.9 Other Options for Future Funding

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

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

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

5.10 Partnership / Collaboration / Joint working Activity

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

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

- The Capital Programme reflects on-going work with key partners to review physical assets on a city-wide basis and maximise the potential benefits and opportunities of wider capital and infrastructure;
- The council is progressing work with Health partners as part of the Better Care Fund to enable greater integration of service delivery to improve outcomes for patients and social care users while reducing cost.

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

5.11 Reserves and Balances

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

5.12 Good Housekeeping and General on-going actions

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

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

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

6.1 Some savings may require some initial up-front investment to enable savings to be delivered - examples include investment in technology to enable improved productivity and reduced cost, or investment in extra care facilities to reduce numbers entering residential nursing care. Such Invest to save proposals are considered on a case by case basis and subject to development of a business case with the investment recouped through savings generated over a period of time. Savings proposals for 2018/2019 to 2020/2021 has identified where such investment is required and the position will be kept under review.

6.2 Use of Capital Receipts Flexibility to support transformational costs

6.2.1 One-off transformational costs will arise through Workforce Planning arrangements in order to assist in delivering the on-going reduction proposals for 2018/2019 through to 2020/2021.

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

6.2.3 Workforce Planning arrangements will incur circa £3.5m of transformational costs associated with reducing the workforce to deliver £5.3m of planned savings relating to 2018/2019, 2019/2020 and 2020/2021. This represents a payback period of 0.66 years. However, it is possible that an element of this cost will fall in the current financial year. In addition it is likely that additional transformational costs in excess of workforce planning may arise, for example on ICT systems or other one-off costs.

- 6.2.4 It is proposed to continue the approach adopted in recent years in relation to the capital receipts flexibility in order to ensure maximum flexibility in funding options available with the capital receipts received utilised to meet Workforce Planning arrangement transformation costs arising in 2018/2019. In addition it is likely that additional transformation costs in excess of workforce planning may arise, for example on ICT systems or other one-off costs.
- 6.2.5 In order to comply with the capital receipts flexibility requirements it is proposed to earmark capital receipts generated in 2018/2019 of £3.5m for this purpose. The council Efficiency Strategy supports the government requirements in making use of these flexibilities. The requirements in respect of prudential indicators are reflected in the Capital Programme 2018/2019 and Treasury Management Policy and Strategy 2018/2019.
- 6.2.6 The position will be kept under review throughout the year as transformational costs and capital receipts generated are finalised. Final arrangements on funding transformational costs arising in 2017/2018 through to 2018/2019 will be considered as part of the outturn position each year taking account of the overall corporate outturn position, available reserves, and capital receipts availability.

7 Governance and Monitoring arrangements

The strategy will be robustly managed to ensure financial resilience is maintained. Progress on the delivery of savings required will be closely monitored and reported upon. The arrangements include:

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

Appendix Gii)

MTFS 2018/2019 to 2020/2021 Risk Assessment

Risk	Likelihood	Impact	Risk Management
1. Future available resources less than notified. While the council has signed up to the Multi-year (4 year) guarantee for RSG based on the data as known, this does not reflect any potential impact of Brexit or impact of Government Fair Funding review and move to 75% retained Business Rates. This is likely to be a key impact on the level of funding available in future	Likely	High	Settlement confirmed RSG funding for 2018/2019 with assumptions beyond 2018/2019 based on indicative data released by Government as part of the 2018/2019 settlement adjusted for best local knowledge and information available. Sign up to multi-year 4 year guarantee for RSG (although it is noted this only covers RSG). Assumptions will be updated regularly for impact of government reviews of funding and related announcements. Annual review of reserves and reserves policy to identify available future resources.
2. Changes to Government and/or policy.	Possible	High	The Governments'; manifesto and queens speech following the election (covering a two year period) included little primary legislation proposals affecting local government. Source alternative funding options including short term use of reserves. Pressures factored into MTFS. Latest funding cut indications reflected in MTFS.
3. Pay Awards and price inflation higher than assumed.	Possible	Low	The government is currently holding the line on not funding pay awards for local government, therefore provision included in mtfs based on latest known national employers offer. Provision for contingencies set on the basis of the best available evidence.
4. Future spending plans underestimated.	Possible	Medium	Service planning process and regular MTFS review identifies future budget pressures.
5. Anticipated savings not achieved.	Possible	High	Regular monitoring and reporting take place but the size of the funding cuts increase the likelihood of this risk into the future. None achievement of savings would require compensating reductions in planned spending within services. Principles to maintain General Reserve at £10m. Availability of Transitional Funding

Appendix Gii) (continued)

Risk	Likelihood	Impact	Risk Management
6. Revenue implications of capital programmes not fully anticipated.	Unlikely	Low	Revenue impacts considered in framing the capital programme. Given reduced availability of funding new projects primarily invest to save or regeneration activity with limited revenue cost impacts. Capital programme links to council priorities
7. Income Targets for Business Rates and Council Tax not achieved	Possible	High	Prudent approach taken in setting the forecast income levels. Rigorous monitoring processes in place, including through corporate performance arrangements to identify forecast shortfall and remedial action will be taken. Government Safety Net arrangements
8. Other Miscellaneous Income targets not achieved	Possible	Medium	Economic climate potential impact, mitigated by planned short term use of reserves. Regular monitoring / reporting and review of fees and charges undertaken.
9. Budget monitoring not effective	Unlikely	High	Regular monitoring / reporting in line with corporate performance management framework. Action plans developed to address problem areas.
10. Exit strategies for external funding ceasing/tapering not met.	Possible	Medium	Regular monitoring and reporting. Government policy has largely removed ring fencing providing greater flexibility. External Funding Strategy in place.
11. Loss of principal deposit.	Unlikely	Medium	Limited by the controls in the Treasury Management Strategy which focus on security of deposit rather than returns. Impact limited due to the strategy of a diverse portfolio and top rated institutions and greater use of low risk debt management approach.
12. Interest rates lower than expected.	Unlikely	Low	Regular review, monitoring and reporting on interest rates. Prudent assumptions on likely interest rates for 2018/2019 onwards factored into the MTFS.
13. All MTFS risks not adequately identified.	Unlikely	Low	Council's Risk Management Profile ensures all operational and strategic risks identified as part of annual service planning process.

General Balances – Financial Risk Analysis

Inflation

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

This is very unlikely to occur due to the realistic prudent provisions made:

- Prudent provision has been included for known pay offers;
- CPI was 3.1% in November 2017. The Bank of England are forecasting inflation to peak at 2.2% in October 2018 before falling to 2.1% in the last quarter of 2020. The Bank of England does not expect inflation to return to its 2% target until after 2020.
- Inflation will put further pressure on Council budgets, however;
 - appropriate provision for price increases has been included in the budget including a prudent provision for increases in contract prices and additional provision for fees for independent providers of care services including the impact of the National Living Wage,
 - expenditure in respect of most budgets can be either influenced or controlled;
 - separate provision has been made for fuel and utility costs, which have been subject to price fluctuations over recent years. Council procurement officers continuously monitor price changes in order to take advantage of any purchasing opportunities that may arise.

Debt Charges

Risk is that Debt Charges will be greater than budgeted.

This is unlikely to arise due to:

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

Investment Interest

Risk is that income generated will not match budget provision.

This is unlikely to arise as the base budget reflects a prudent rate of return, which reflects the investments made to date, the prevailing market conditions and the economic forecasts for the year ahead.

Appendix H (continued)

Contingencies

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

This is unlikely to occur due to:

- prudent estimates have been included in respect of each category of contingency provision and specific contingencies have been created for known spending pressures in 2018/2019;
- the total contingency provision will be considered in the context of the net revenue budget.

Risk Management

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

This is unlikely to occur due to:

- existence of Bellwin Scheme;
- the Council has a corporate risk profile in place, which is regularly and formally reviewed, and action is taken to mitigate and manage risks;
- corporate and directorate risk management action plans are maintained;
- comprehensive self and external insurance arrangements are in place;
- adequate self-insurance funds including both provisions and reserves;
- risk management practices have been subject to external assessment and found to be robust and highly rated.

Financial Planning

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

This is unlikely to arise due to:

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

Revenue Budget - Budgetary Control

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

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

- Corporate performance monitoring arrangements includes monitoring of delivery of savings and overall budget position at Chief Executive, Directorate and Head of Service level and is embedded as part of the routine budget monitoring processes with exception reporting to Directorate Senior management teams and Portfolio Holders with corrective action agreed or set in train;

Appendix H (continued)

- quarterly Council-wide Revenue Budget Budgetary Control reviews are undertaken, reported to Cabinet and corrective action agreed or set in train;
- Financial Procedure Rules relating to delegated budgets provide for virement and carry forward of under spending to be used the following financial year;
- clear budget management responsibilities are in place and recorded within the Revenue Budget and Capital Programme.

Capital Programme Implications

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

This is unlikely to happen due to:

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

Reductions to the Revenue Budget

Risk is that planned reductions to the Revenue Budget will not occur or are unachievable.

This is unlikely to occur due to:

- the budgetary control processes that are in place fully integrate monitoring of delivery of budget reduction plans which will identify any shortfall and remedial action will be taken;
- Corporate performance monitoring arrangements includes monitoring of delivery of savings and overall budget position at Directorate level and is embedded as part of the routine budget monitoring processes with exception reporting to Directorate Senior management teams, Portfolio Holders and Leadership team with corrective action agreed or set in train;
- contingencies / transitional funds exist to safeguard against the non - realisation or temporary delay of some of the budget reductions.

Major Earmarked Reserves - Position Statement

Title and Purpose of Earmarked Reserve	Opening Balance 1/4/2017 £'000	Forecast Movement during 2017/2018 £'000	Forecast Closing Balance 31/3/2018 £'000
Strategic Investment Reserve A reserve established to address some of the Council's key developments, strategic priorities and address other major liabilities	28,961	(9,824)	19,137
Schools Delegated Budget Surpluses These are the financial reserves held by schools under School Finance Regulation.	8,224	(3,155)	5,069
Insurance Reserve This reserve has been established to provide for potential claims associated with the housing stock transfer; future claims increases, and the Port and risk management funds. The Reserve is also intended to cover the excess element of any significant claims in relation to Fire Insurance and Official and Professional Indemnity liability claims should they arise in future	5,224	0	5,224
Street Lighting PFI Smoothing Reserve The reserve was established in order to smooth the financial impact of the Street Lighting PFI contract across the 25 years of the contract life.	5,085	(364)	4,721
Strategic Investment Plan Reserve A reserve to fund the Council's contribution to its Strategic Investment Plan approved by Council in April, 2008.	3,617	(2,952)	665
HCA Transfer Reserves The reserve was established to fund on-going maintenance of Homes and Communities Agency Land Transferred to the Council, including the recent Stadium park transfer.	15,460	(1,456)	14,004
Sandhill View PFI Smoothing Reserve The reserve was established in order to smooth the financial impact of the Sandhill View PFI contract across the 25 years of the contract life.	2,519	(34)	2,485
Medium Term Smoothing Reserve This reserve was established to address any potential impact arising from the increased risk and uncertainty within the new Business Rates Retention Scheme, to be considered for future use in supporting the budget over the medium term	8,941	(5,436)	3,505
Economic Strategy Reserve Established to progress economic regeneration activity and address potential impacts of Brexit	4,100	0	4,100
School Redundancy Reserve The reserve was established to meet future redundancy costs which may arise in Local Authority maintained schools.	2,607	0	2,607

Reserves to be released to support 2018/2019 Budget

Reserve Title	Original Reserve Purpose	£'m	Supporting Overall Budget Position 2018/2019 £'m	Supporting one-off Transformational costs 2018/2019 £'m
Strategic Investment Reserve	Reserve held to meet future liabilities	3.102	2.900	0.202
Medium Term Smoothing Reserve	To address increased risk and Uncertainty within the Business Rates Retention Scheme	3.500	3.500	0.000
Reserves to be released to support 2018/2019 Budget		6.602	6.400	0.202

REVENUE BUDGET 2018/2019

REVENUE BUDGET 2018/2019 GENERAL SUMMARY

Revised Estimate 2017/18 £		Estimate 2018/19 £
7,086,280	Leader	7,244,443
6,707,107	Deputy Leader	7,198,729
7,599,006	Cabinet Secretary	6,618,227
64,692,149	Children's Services	67,516,323
80,812,688	Health, Housing and Adult Services	76,795,629
8,424,648	Public Health, Wellness and Culture	7,960,608
41,083,660	City Services	41,729,589
5,403,389	Responsive Services and Customer Care	4,998,530
5,698,155	Provision for Contingencies	10,428,861
	Capital Financing Costs	
19,740,000	- Debt Charges	19,740,000
(300,000)	- Interest on balances	(300,000)
(1,000,000)	- Interest on Airport long term loan notes	(1,253,000)
	Transfer to/from Reserves	
926,047	- Medium Term Planning Smoothing Reserve	926,047
0	- Collection Fund Surplus Reserve	1,344,629
(6,362,000)	- Use of Medium Term Planning Smoothing Reserve	(3,500,000)
0	- Use of Strategic Investment Reserve	(2,900,000)
(19,596,830)	Technical Adjustments: IAS19 and Reversal of Capital Charges	(19,936,679)
<u>220,914,299</u>		<u>224,611,936</u>
LEVIES		
15,569,087	North East Combined Authority Transport Levy	15,218,556
221,431	Environment Agency	224,250
63,357	North East Inshore Fisheries Conservation Authority	63,357
<u>15,853,875</u>		<u>15,506,163</u>
Less Grants		
(9,336,367)	Improved Better Care Fund	(13,037,752)
(1,574,783)	Adult Social Care Grant	(979,861)
(2,688,931)	Section 31 Grants – Business Rates	(4,538,059)
(3,537,113)	New Homes Bonus	(3,195,199)
(194,312)	New Homes Bonus Redistributed Amount	0
(13,781)	Inshore Fisheries Conservation Authority	(13,781)
<u>219,422,887</u>	TOTAL NET EXPENDITURE / LOCAL BUDGET REQUIREMENT	<u>218,353,447</u>
62,720	Hetton Town Council	65,506
<u>219,485,607</u>	TOTAL BUDGET REQUIREMENT	<u>218,418,953</u>
Deduct Grants etc.		
44,711,480	Revenue Support Grant	36,156,881
41,661,043	National Non Domestic Rates/Retained Business Rates	43,023,994
40,699,065	Top up Grant	42,191,923
2,500,000	Collection Fund Surplus - Council Tax	1,844,629
<u>129,571,588</u>		<u>123,217,427</u>
<u>89,914,019</u>	LOCAL COUNCIL TAX REQUIREMENT INCLUDING PARISH PRECEPT	<u>95,201,526</u>
<u>89,863,144</u>	LOCAL COUNCIL TAX REQUIREMENT EXCLUDING PARISH PRECEPT	<u>95,147,865</u>

**REVENUE BUDGET 2018/2019
GENERAL SUMMARY**

	£m
Pay and Cost Pressures	5.025
General Contingency	0.500
Adult Social Care - Community Based Support	1.074
Adult Social Care - Additional Adult Social Care Grant Funded Expenditure 2018/19	0.980
Service Pressures and Economic Downturn	0.550
Winter Maintenance	0.300
Tall Ships	2.000
Total Contingency	10.429

STATEMENT OF GENERAL BALANCES

	£m
Balances as at 31st March 2017	10.000
Use of Balances 2017/2018	
- Contribution to Revenue Budget 2017/2018	(6.362)
Addition to Balances 2017/2018	
- Transfer from Medium Term Planning Smoothing Reserve to support the 2017/2018 budget	6.362
Estimated Balances 31st March 2018	10.000
Use of Balances 2018/2019	
- Contribution to Revenue Budget 2018/2019	(6.400)
Addition to Balances 2018/2019	
- Transfer from Medium Term Planning Smoothing Reserve to support the 2018/2019 budget	3.500
- Transfer from Strategic Investment Reserve to support the 2018/2019 budget	2.900
Estimated Balances 31st March 2019	10.000

REVENUE BUDGET 2018/2019 LEADER

ROLES AND RESPONSIBILITIES

The Leader Portfolio provides Executive leadership to the council on all matters and particularly all major strategic, corporate and cross-cutting, reputational and commercially sensitive issues, strategic transport and the Budget and Capital Programme. The Portfolio also provides community leadership for partners, residents and other interests in order to improve the quality of life and satisfaction in the City. The Portfolio coordinates and apportions the roles and responsibilities on Executive Members. The Portfolio is also responsible in ensuring that the Council's approach to economic, social and physical regeneration of the City is integrated, enabling and effective.

The Portfolio has specific responsibility for the following activities and functions:

- Strategic and policy overview
- Communications, Reputation and Influencing
- Strategic economic development and Inward Investment
- Strategic partnerships
- Sunderland Way of Working and strategic improvement programmes
- International Strategy and Programmes
- Regional and sub-regional governance
- Housing Strategy
- Environmental Policy
- Carbon Management
- Seafront Strategy

FINANCIAL

OBJECTIVE SUMMARY

Ref.	Head of Service Ref.	Revised Estimate 2017/2018 £		Estimate 2018/2019 £
Corporate Services				
1	EDoCS	252,378	Corporate and Strategic Management	259,986
2	HoLG	1,400,395	Democratic Core	1,400,395
3	HoPPC	738,983	Local Enterprise Partnership - Business Rates	770,580
		2,391,756	Total Corporate Services	2,430,961
Economy and Place				
4	HoBI&IM	894,590	Business and Investment	1,000,619
5	HoTCP	440,189	Directorate Business Support	351,342
		1,334,779	Total Economy and Place	1,351,961
Strategy, Partnerships and Transformation				
6	HoPPC	1,127,085	Corporate Affairs and Communications	1,104,588
7	HoPPC	39,828	Local Strategic Partnership	14,828
8	HoMSCP	73,456	Member Support	72,362
9	HoPPC	1,371,993	Strategy, Policy and Performance Management	1,270,081
10	HoTCP	497,468	Transformational Change Team	518,519
		3,109,830	Total Strategy, Partnerships and Transformation	2,980,378
		6,836,365	TOTAL DELEGATED BUDGET	6,763,300
Non Delegated Budgets				
11		251,096	IAS19 (Pensions)	299,810
12		4,560,899	Support Service Costs - received from other services	4,496,724
13		(5,219,263)	Support Service Costs - charged to other services	(4,972,574)
14		657,183	Asset Charges	657,183
		7,086,280	TOTAL PORTFOLIO BUDGET	7,244,443

**REVENUE BUDGET 2018/2019
LEADER**

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

PORTFOLIO GLOSSARY

EDoCS	Executive Director of Corporate Services
HoLG	Head of Law and Governance
HoPPC	Head of Policy, Partnerships and Communications
HoBI&IM	Head of Business Investment and International Manager
HoTCP	Head of Transformational Change Programme
HoMSCP	Head of Member Support and Community Partnerships

REVENUE BUDGET 2018/2019
DEPUTY LEADER

ROLES AND RESPONSIBILITIES

The Deputy Leader deputises for the Leader and has lead responsibility for matters relating to the 'Place' theme within the Council's outcome framework, with specific strategic leadership responsibility for the following Portfolios:

- City Services
- Responsive Service and Customer Care

The Deputy Leader Portfolio has overall responsibility for the efficient, coordinated management and use of the Council's human and ICT resources.

The Portfolio has specific responsibility for the following activities and functions:

- Corporate human resource matters
- Corporate apprenticeships
- Corporate ICT matters
- E-government Champion, Digital Challenge and e-inclusion
- Law and Governance services
- Transactional shared services
- Elections
- Equality and diversity
- Scrutiny liaison

FINANCIAL

OBJECTIVE SUMMARY

Ref.	Head of Service Ref.	Revised Estimate 2017/2018 £		Estimate 2018/2019 £
Corporate Services				
1	HoCS,I&ICT	11,446	Benefits Service	203,873
2	HoCR	93,069	Contractual Relationships	102,715
3	HoES	351,128	Electoral Services	615,977
4	HoLG	512,930	Governance Services	590,364
5	HoCS,I&ICT	6,107,755	ICT	5,857,404
6	HoLG	72,793	Information Governance	82,600
7	HoLG	748,219	Legal Services	778,731
8	HoAP&PM	461,453	Purchase to Pay	356,151
9	HoEF,R&CF	63,146	Revenues	139,503
10	HoHR&OD	2,397,978	Strategic and Operational HR	2,260,257
		10,819,917	Total Corporate Services	10,987,575
Strategy, Partnerships and Transformation				
11	HoTCP	3,102,997	Business Support	2,589,208
12	HoPPC	60,313	Equalities and Integration	54,826
		3,163,310	Total Strategy, Partnerships and Transformation	2,644,034
People Services				
13	HoSC	456,278	Welfare Reform	466,262
		456,278	Total People Services	466,262
		14,439,505	TOTAL DELEGATED BUDGET	14,097,871
Non Delegated Budgets				
14		970,468	IAS19 (Pensions)	1,154,055
15		7,666,733	Support Service Costs - received from other services	7,426,383
16		(18,203,319)	Support Service Costs - charged to other services	(17,176,662)
17		1,833,720	Asset Charges	1,697,082
		6,707,107	TOTAL PORTFOLIO BUDGET	7,198,729

REVENUE BUDGET 2018/2019
DEPUTY LEADER

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

PORTFOLIO GLOSSARY

HoCS,I&ICT	Head of Customer Service, Intelligence and ICT
HoCR	Head of Contractual Relationships
HoES	Head of Electoral Services
HoLG	Head of Law and Governance
HoAP&PM	Head of Assurance, Procurement and Performance Management
HoEF,R&CF	Head of External Finance, Revenues and Commercial Finance
HoHR&OD	Head of HR and OD
HoTCP	Head of Transformational Change Programme
HoPPC	Head of Policy, Partnerships and Communications
HoSC	Head of Strategic Commissioning

**REVENUE BUDGET 2018/2019
CABINET SECRETARY**

ROLES AND RESPONSIBILITIES

The Cabinet Secretary provides support and assistance to the Leader with responsibility for all matters relating to the 'People' theme within the Council's outcomes framework and has specific strategic leadership responsibility for the following Portfolios:

- Children and Families
- Health, Housing and Adult Services
- Public Health, Wellness and Culture

The Cabinet Secretary Portfolio has overall responsibility for the efficient, coordinated management and use of all of the Council's financial resources and assets

The Portfolio has specific responsibility for the following activities and functions:

- Budgetary and financial affairs
- Strategic management of council land and buildings
- Port of Sunderland
- Strategic Procurement Champion
- Efficiency Champion
- Risk Management Champion
- Performance management
- Emergency Planning
- Strategic cultural developments

FINANCIAL

OBJECTIVE SUMMARY

Ref.	Head of Service Ref.	Revised Estimate 2017/2018 £		Estimate 2018/2019 £
Corporate Services				
1	HoAP&PM	2,452,428	Audit, Risk and Assurance	2,521,648
2	HoFM	12,799,375	Corporate Management	12,556,840
3	HoFM	2,177,884	Financial Management	2,082,144
4	HoAP&PM	428,486	Procurement	477,852
5	HoEF,R&CF	270,206	Strategic External Funding Unit	286,310
		18,128,379	Total Corporate Services	17,924,794
Economy and Place				
6	HoPROP	662,682	Asset Management	626,273
7	HoPR	(96,204)	Building Control	(76,722)
8	HoPROP	190,906	Civil Contingencies	197,992
9	HoPR	(150,089)	Development Control	(162,218)
10	HoPROP	(3,755,451)	Miscellaneous Land, Property and Industrial Estates	(4,064,092)
11	HoPR	929,196	Planning Implementation	985,095
12	PD	(201,615)	Port of Sunderland*	(332,211)
13	HoPROP	2,187,215	Repairs and Renewals	2,187,453
14	HoPROP	(291,783)	Retail Market	(283,636)
15	HoPROP	929,599	Security Services	1,060,421
		404,456	Total Economy and Place	138,355
		18,532,835	TOTAL DELEGATED BUDGET	18,063,149
Non Delegated Budgets				
16		(11,220,175)	IAS19 (Pensions)	(11,458,580)
17		8,253,784	Support Service Costs - received from other services	7,893,875
18		(11,588,566)	Support Service Costs - charged to other services	(11,467,585)
19		3,621,128	Asset Charges	3,587,368
		7,599,006	TOTAL PORTFOLIO BUDGET	6,618,227

REVENUE BUDGET 2018/2019
CABINET SECRETARY

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

PORTFOLIO GLOSSARY

HoAP&PM	Head of Assurance, Procurement and Performance Management
HoFM	Head of Financial Management
HoEF,R&CF	Head of External Funding, Revenues and Commercial Finance
HoPROP	Head of Property
HoPR	Head of Planning and Regeneration
PD	Port Director

**REVENUE BUDGET 2018/2019
CHILDRENS SERVICES**

ROLES AND RESPONSIBILITIES

The Children's Services Portfolio provides leadership to improve the life chances of children and young people in the City. The portfolio is responsible for leading the city's response to education, skills and training issues and opportunities in order to promote economic and social regeneration.

The portfolio has specific responsibility for the following activities and functions:

- Children's Trust
- Corporate Parenting
- Protecting children, young people and families from harm
- Promoting good health and health awareness in children and young people
- Reduction of child and family poverty
- Safeguarding and Securing the wellbeing of children, young people and families
- School renewal and improvement programmes
- Developing the potential of children and young people through education, training, personal development and preparation for working life
- Promoting the development of skills and capacity which will enable children, young people and families to support and benefit from the city's continuing economic development.

FINANCIAL

OBJECTIVE SUMMARY

Ref.	Head of Service Ref.	Revised Estimate 2017/2018 £		Estimate 2018/2019 £
People Services				
Educational Attainment and Lifelong Learning				
1	DoCS	74,189,241	DSG and Other Grant – Schools	75,564,049
2	DoCS	1,569,022	DSG and Other Grant – Central School Services	1,598,974
3	DoCS	17,464,467	DSG Early Years Block	18,290,644
4	DoCS	15,985,572	DSG High Needs Block	16,892,496
5	DoCS	(110,264,302)	DSG and Other School Grants	(112,926,163)
6	DoCS	1,897,944	Retained Activity – Schools and Learning	1,964,011
7	DoCS	(50,200)	Special Educational Needs Grant	(50,200)
8	HoPROG	7,532	Trading Operations - Connexions Hub	(1,302)
		799,276	Total Educational Attainment and Lifelong Learning	1,332,509
Early Help				
9	DoCS	152,896	Parent Partnership	156,935
		152,896	Total Early Help	156,935
10	HoE	533,828	Trading Operations - Derwent Hill*	193,237
11	DoCS	49,826,590	Together for Children	52,663,590
12	DoCS	33,991	Director of Children's Services	34,958
		51,346,581	Total Peoples Services	54,381,229
Strategy, Partnerships and Transformation				
13	DoCS	263,458	Sunderland Safeguarding Children's Board	267,909
		263,458	Total Strategy, Partnerships and Transformation	267,909
		51,610,039	TOTAL DELEGATED BUDGET	54,649,138
Non Delegated Budgets				
14		1,856,793	IAS19 (Pensions)	2,289,888
15		1,303,807	Support Service Costs - received from other services	1,249,157
16		(376,358)	Support Service Costs - charged to other services	(879,131)
17		10,297,868	Asset Charges	10,207,271
		64,692,149	TOTAL PORTFOLIO BUDGET	67,516,323

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REVENUE BUDGET 2018/2019
CHILDRENS SERVICES

PORTFOLIO GLOSSARY

DoCS	Director of Children's Services
HoPROG	Head of Programmes
HoE	Head of Events

REVENUE BUDGET 2018/2019
HEALTH, HOUSING AND ADULT SERVICES

ROLES AND RESPONSIBILITIES

The Health, Housing and Adult Services portfolio provides leadership and support for the Council and its partners in securing the social and health care of all adults. The Portfolio also provides leadership in ensuring that the Council's strategic and statutory roles in relation to housing are met and deliver the homes that meet the current and future needs of the City.

The Portfolio has specific responsibility for the following activities and functions:

- Adult social care services
- Strategic partnership with the health community of Sunderland
- Mental health commissioning
- Supporting people including people with disabilities
- Supporting carers
- Promotion of Decent Homes and good housing standards in private sector housing
- Specialist housing support services and provision
- Housing renewal
- Strategic relationships with Registered Social Landlords and private sector housing providers
- Homelessness and Housing Advice.

FINANCIAL

OBJECTIVE SUMMARY

Ref.	Head of Service Ref.	Revised Estimate 2017/2018 £		Estimate 2018/2019 £
People Services				
1	HoSC	448,249	Access to Housing	410,721
2	HoSC	507,760	Housing Related Support	0
3	HoP	46,467,462	Adult Social Care, including Older People, People with Physical, Learning and Mental Health Disabilities	42,673,321
4	HoSC/HoPROG	26,468,584	Strategic Commissioning	26,270,476
		73,892,055	TOTAL DELEGATED BUDGET	69,354,518
Non Delegated Budgets				
5		776,153	IAS19 (Pensions)	959,655
6		32,661,610	Support Service Costs - received from other services	32,906,284
7		(26,768,133)	Support Service Costs - charged to other services	(26,655,236)
8		251,003	Asset Charges	230,408
		80,812,688	TOTAL PORTFOLIO BUDGET	76,795,629

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

PORTFOLIO GLOSSARY

HoSC	Head of Strategic Commissioning
HoP	Head of Personalisation
HoPROG	Head of Programmes

REVENUE BUDGET 2018/2019
PUBLIC HEALTH, WELLNESS AND CULTURE

ROLES AND RESPONSIBILITIES

The Public Health, Wellness and Culture Portfolio leads partners to achieve improvements in public health, health awareness and wellness in the city. The portfolio has responsibility to develop and promote the cultural strategy and initiatives.

The Portfolio has specific responsibility for the following activities and functions:

- Promotion of Public Health and Wellness
- Effective transition of public health responsibilities to the City Council
- Transformational approach to the achievement of improved health and wellbeing outcomes
- WHO EuroHealthy City Network
- Health awareness
- Healthy lifestyles
- Healthy environment
- Sports and Wellness initiatives and facilities
- Tourism, Resorts and Events

FINANCIAL

OBJECTIVE SUMMARY

Ref.	Head of Service Ref.	Revised Estimate 2017/2018 £		Estimate 2018/2019 £
People Services				
1	HoPROG	155,327	Arts and Creative Development	66,818
2	HoE	616,118	Community Sports and Physical Activity Development	647,858
3	HoE	854,775	Events	868,951
4	HoPROG	60,856	Grants to Community Projects and Miscellaneous Contributions	60,856
5	HoPROG	122,659	Heritage	129,911
6	HoPROG	806,087	Libraries	807,300
7	HoPROG	944,588	Museums and Archives Service	631,371
8	HoPROG	55,000	Resorts	52,500
9	HoE	1,189,863	Sport and Leisure Facilities	1,237,494
10	HoPROG	308,969	Theatre	327,536
11	DoPH	(5,221,246)	Public Health	(4,604,246)
		(107,004)	Total People Services	226,349
Strategy, Partnerships and Transformation				
12	HoPPC	49,282	Tourism	49,282
		49,282	Total Strategy, Partnerships and Transformation	49,282
		(57,722)	TOTAL DELEGATED BUDGET	275,631
Non Delegated Budgets				
13		253,964	IAS19 (Pensions)	229,882
14		7,224,545	Support Service Costs - received from other services	6,546,688
15		(948,671)	Support Service Costs - charged to other services	(1,022,192)
16		1,952,532	Asset Charges	1,930,599
		8,424,648	TOTAL PORTFOLIO BUDGET	7,960,608

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REVENUE BUDGET 2018/2019
PUBLIC HEALTH, WELLNESS AND CULTURE

PORTFOLIO GLOSSARY

HoPROG	Head of Programmes
HoE	Head of Events
DoPH	Director of Public Health
HoPPC	Head of Policy, Partnerships and Communications

**REVENUE BUDGET 2018/2019
CITY SERVICES**

ROLES AND RESPONSIBILITIES

The City Services Portfolio has responsibility for ensuring that the council and its partners succeed in making the city attractive and accessible for all. The Portfolio provides leadership for the council and its partners to ensure that the local environment is well managed and meets customer expectations.

The portfolio has specific responsibility for the following activities and functions:

- Management of Place
- Neighbourhood environmental services and street scene
- Highways, traffic and transportation
- Highways maintenance
- Strategic transport
- Parking and road safety
- Facilities management
- Registrars, cemeteries and crematoria
- Play Provision and urban games
- Grounds and building maintenance
- Waste Management including strategy, refuse collection and recycling
- Coastal Protection
- Seafront management
- Licensing, licensing regulation and Controlled Drinking Zones
- Trading Standards
- Public and environmental health

FINANCIAL

OBJECTIVE SUMMARY

Ref.	Head of Service Ref.	Revised Estimate 2017/2018 £		Estimate 2018/2019 £
Economy and Place				
1	HoPM	(2,083,131)	Bereavement	(2,331,172)
2	HoPM	824,079	Building Cleaning	956,980
3	HoPM	(49,249)	Building Services*	(21,464)
4	HoPM	28,106	Civic Catering	50,406
5	HoPM	1,253,027	Civic Centre Management	1,257,649
6	HoPM	680,913	Coroners Court	698,532
7	HoPM	550,097	Depots	538,803
8	HoPM	4,314,425	Fleet	4,101,378
9	Hol&T	1,402,056	Infrastructure and Transportation*	1,217,134
10	Hol&T	(655,605)	Parking Services	(916,075)
11	HoPM	154,918	Public Conveniences	154,313
12	HoPP&RS	860,122	Public Protection and Regulatory Services	801,057
13	HoPM	(118,093)	Registrars	(163,726)
14	HoPM	5,742,600	Local Services	7,310,646
15	HoPM	(587,023)	School Meals	(387,894)
16	Hol&T	6,690,438	Street Lighting	6,599,025
17	HoPM	1,006,085	Waste Collection and Recycling	1,002,172
18	HoPM	9,746,619	Waste Disposal	9,621,352
29,760,384			TOTAL DELEGATED BUDGET	30,489,116
Non Delegated Budgets				
19		1,333,222	IAS19 (Pensions)	1,372,563
20		14,732,280	Support Service Costs - received from other services	14,395,919
21		(13,386,449)	Support Service Costs - charged to other services	(12,775,795)
22		8,644,223	Asset Charges	8,247,786
41,083,660			TOTAL PORTFOLIO BUDGET	41,729,589

REVENUE BUDGET 2018/2019
CITY SERVICES

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

PORTFOLIO GLOSSARY

HoPM	Head of Place Management
Hol&T	Head of Infrastructure and Transportation
HoPP&RS	Head of Public Protection and Regulatory Services

REVENUE BUDGET 2018/2019
RESPONSIVE SERVICES AND CUSTOMER CARE

ROLES AND RESPONSIBILITIES

The Responsive Services and Customer Care Portfolio champions improvement in the responsiveness of services to local needs and customer feedback. The Portfolio provides leadership for the continuing development of area arrangements as a principal means of improving the relevance of services to local communities and circumstances. The Portfolio has responsibility for championing the continuing improvement of customer care policy and practice. The Portfolio is also responsible for developing the community's capacity to engage in the shaping, delivery and review of services and their neighbourhoods and provides leadership for the Council and its partners in order to make Sunderland a safer City.

The Portfolio has specific responsibility for the following activities and functions:

- Responsive Local Service
- Area Committees, Partnerships and Area Boards
- Local Area Plans
- Area Budgets including the Community Chest
- Customer care policy and practice
- Contact Centre and Customer Services Network including Customer Services Centres
- Community development
- Adult and community learning
- Section 17 responsibilities
- Safer Sunderland Partnership
- Anti-social behaviour
- Drugs awareness, prevention and treatment
- Local multi-Agency Problem Solving Groups (LMAPS)
- Community Resilience

FINANCIAL

OBJECTIVE SUMMARY

Ref.	Head of Service Ref.	Revised Estimate 2017/2018 £		Estimate 2018/2019 £
			Corporate Services	
1	HoCS,I&ICT	2,132,206	Customer Service Network	2,083,475
2	HoCS,I&ICT	666,641	Intelligence Hub	672,802
		2,798,847	Total Corporate Services	2,756,277
			Economy and Place	
3	HoPM	(178,225)	Area Facilities	(163,383)
		(178,225)	Total Economy and Place	(163,383)
			Strategy, Partnerships and Transformation	
4	HoMSCP	1,146,638	Area Arrangements	873,926
5	HoPPC	115,546	Safer Communities	94,303
6	HoMSCP	1,676,666	Strategic Initiative Budget / Community Chest Grant	1,676,666
		2,938,850	Total Strategy, Partnerships and Transformation	2,644,895
			People Services	
7	HoPROG	(126,128)	Family, Adult and Community Learning	(126,231)
8	HoPROG	211,984	Anti-Social Behaviour	106,663
		85,856	Total People Services	(19,568)
		5,645,328	TOTAL DELEGATED BUDGET	5,218,221
			Non Delegated Budgets	
9		289,056	IAS19 (Pensions)	314,228
10		2,097,501	Support Service Costs - received from other services	2,079,379
11		(3,386,736)	Support Service Costs - charged to other services	(3,363,037)
12		758,240	Asset Charges	749,739
		5,403,389	TOTAL PORTFOLIO BUDGET	4,998,530

REVENUE BUDGET 2018/2019
RESPONSIVE SERVICES AND CUSTOMER CARE

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

PORTFOLIO GLOSSARY

HoCS,I&ICT	Head of Customer Service, Intelligence and ICT
HoPM	Head of Place Management
HoMSCP	Head of Member Support and Community Partnerships
HoPPC	Head of Policy, Partnerships and Communications
HoPROG	Head of Programmes