

Shaping our Financial Future Medium Term Financial Plan 2017-22

Council Budget



South Tyneside will be an outstanding place to live, invest and bring up families



South Tyneside Council

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Foreword by the Leader of the Council

Council Budget 2017 – 2022 - “*Shaping our Financial Future*”

Foreword by Councillor Iain Malcolm, Leader of the Council

Looking back, it is clear to see that we have come a very long way since we embarked upon our ambitious 20 year ‘Shaping our Future’ vision back in 2010.

It has not always been easy: with austerity measures from the Government, we have repeatedly faced the challenge of achieving significant savings. With cuts to government support to South Tyneside, our core government funding has been reduced by almost 50% since 2010, with new research by the Institute of Fiscal Studies confirming that we are the third **hardest hit council in the country**. However, in the face of these challenges, we have shown resilience and innovation, becoming £145m more efficient and finding new ways to deliver quality services and improvements for our residents.

There is unprecedented pressure on Adult Social Care due to the Government’s austerity agenda and increased demand with an ageing population. As you will be aware from media coverage this is a national issue and is having a major impact in our Borough. In South Tyneside we are disproportionately affected because of the scale of our budget reductions, a low council tax base which minimises the benefit of the Adult Social Care precept, our demographics and the low proportion of ‘self-funders’. We are working with our partners on a whole system change programme to minimise the impact for our residents and continue to prioritise services for our most vulnerable residents

We are working hard to regenerate our town centres and neighbourhoods, and bring economic growth to the Borough. Since 2010, we have made £690m of capital investments into South Tyneside and as our strategic investments come to life, we are seeing real benefits. This year brought the opening of **The Word, The National Centre for the Written Word**, which has created an outstanding addition to our tourism offer and is already proving to be a high demand cultural hotspot. The Word’s opening marked the **completion of the first phase of our £100m South Shields 365** project, which builds on the dramatic improvements across the foreshore, Ocean Road and town centre. Moving into Phase 2, plans are already underway to deliver a new state of the art **South Shields Transport Interchange** to support further economic growth and making the town centre more accessible to both residents and visitors.

Across South Tyneside, residents are experiencing the benefits of investments made in local communities. The multi-award-winning **Hebburn Central** is celebrating a strong performance in its first year, with 221,000 leisure admissions counted, 200% more lenders than the old library and 369% more people logging onto public computers. On the heels of this success, plans are underway to develop a similar **Jarrow Hub** bringing together improved leisure and community facilities.

2016 also saw the opening of **Haven Court Integrated Care Services Hub**, which is a critical asset in allowing the borough to provide specialist integrated care to dementia sufferers, revolutionising the way we care for vulnerable adults as we tackle the problem of an aging population.

Foreword by the Leader of the Council

The last year has also seen us advance our plans for developing the new **International Advanced Manufacturing Park**, which is forecast to attract £295m private sector investment and create more than 5,200 local jobs. Over £40m of regional funding has recently been secured to support the project. We are also moving forward with the **Holborn riverside development**, which has secured Enterprise Zone status and will attract employers and deliver new jobs. These projects will create space for advanced manufacturing, offshore and subsea, digital and business services sectors, closely aligned to the Strategic Regional Plan for the north east.

Alongside securing economic growth and improvements to our town centres, we are continuing to invest in housing. This year our **Decent Homes programme** reached conclusion, marking the end of a £243m investment since 2010 which has enabled improvements to over 17,000 homes. We have also continued to support new housing developments, and South Tyneside Housing Ventures Trust has built 182 new houses and is on track to deliver 400 homes within its first five years. We are also exploring commercial house building and supporting the private sector to deliver new homes in the borough.

I am proud that almost 95% of our schools and educational settings are rated good or outstanding by Ofsted which is amongst the highest in the country. Our aim is to continue to ensure that there is a choice of high quality early years settings, schools and post 16 providers across South Tyneside.

As we look to the future, this plan sets out how we will allocate our resources over the midterm in a way that will enable our continued success in making South Tyneside an outstanding place to live, invest and bring up families.



Iain Malcolm

**Councillor Iain Malcolm
Leader of the Council**

Shaping our Financial Future

South Tyneside – An Outstanding place to live, invest and bring up families

South Tyneside is bursting with assets...

With its unique blend of spectacular coastal scenery, picturesque villages and rich local heritage, there is more to experience per square mile in South Tyneside than anywhere! It's no wonder our borough attracts close to six million visitors a year.

Renowned for our festivals, world class educational facilities, award winning green developments, South Tyneside Council operates with a commercial edge underpinned by strong public sector values.

With a strong regional presence South Tyneside is also home to a number of international brands and exports across the world through the Port of Tyne. Our proud communities comprise a workforce ready for new challenges, living in quality homes and benefiting from outstanding health and care services.

...and we're still growing...



South Tyneside is bigger than you think...

Innovation & Efficiency

In 2016/17 we plan to spend more than **£541m**...that's more than Bury, York or Blackburn

Our capital spend from 2015 to 2017 was **£151m**

Capital budget for 2017 – 2022 is over **£300m**

We are more than **£145m** more efficient than we were in 2010

As administrators of the Tyne & Wear Pension Fund, we manage more than **£7bn** of investments

South Tyneside Council is **lead authority** for and a key shareholder of Newcastle Airport

We represent the North East councils' interests on European matters

People

148,671 people live in South Tyneside...that's more than Preston, Blackpool or Knowsley

We spent **£188m** on commissioned services in 2016/17

Since 2008 we have invested over **£173m** into our world class school buildings and ICT equipment

We are the borough's largest employer with a headcount of **4,872** employees

94% of primary school children and 92% of secondary school children in South Tyneside are learning in schools graded 'good' or 'outstanding'

Place

South Tyneside covers **64 sq km**...that's larger than Southampton, Luton or Blackpool

Over **£334m** has been invested in improving council homes since 2006

Last year we:

Welcomed **5.96m** visitors to South Tyneside

Emptied **6.7m** bins including domestic waste, recycling, green "garden collections" and business waste & recycling

Provided over **4,800** adults with a social care service

Processed over **99,000** applications for housing benefit

Helped over **1,300** children in need at any one time

Handled over **340,000** transactions through our Telephone Contact Centre

Shaping our Financial Future

Shaped to deliver our priorities

Our vision is for South Tyneside to be **an outstanding place to live, invest and bring up families**. We have ambitious plans to regenerate our towns, homes and communities that will help us to attract investment, create jobs, improve health and create greater opportunity in the borough for years to come.

To achieve our overall vision, we have agreed **10 strategic outcomes** with partners under the themes 'People' and 'Place'. These are the things we will achieve over the next 20 years:

People

- Better Education and Skills
- Fewer People in Poverty
- Protect Children and Vulnerable Adults
- Stable and Independent Families
- Healthier People

Place

- A Regenerated South Tyneside with Increased Business and Jobs
- Better Transport
- Better Housing and Neighbourhoods
- A Clean and Green Environment
- Less Crime and Safer Communities

Knowing where we are going, being clear about what needs to be done most urgently and taking difficult decisions when we need to – this is how we remain focused on our priorities.

We have strengthened our organisational structure so that we are Shaped to Deliver our vision for South Tyneside. We are committed to the delivery of high quality, value for money services but we must do this in a different way, taking a much more corporate approach. With real drive and energy we will continue to work more effectively across services and reduce overlap and duplication. The changes we have made are now embedded across the organisation and underpin delivery of our priorities.

2017 and beyond

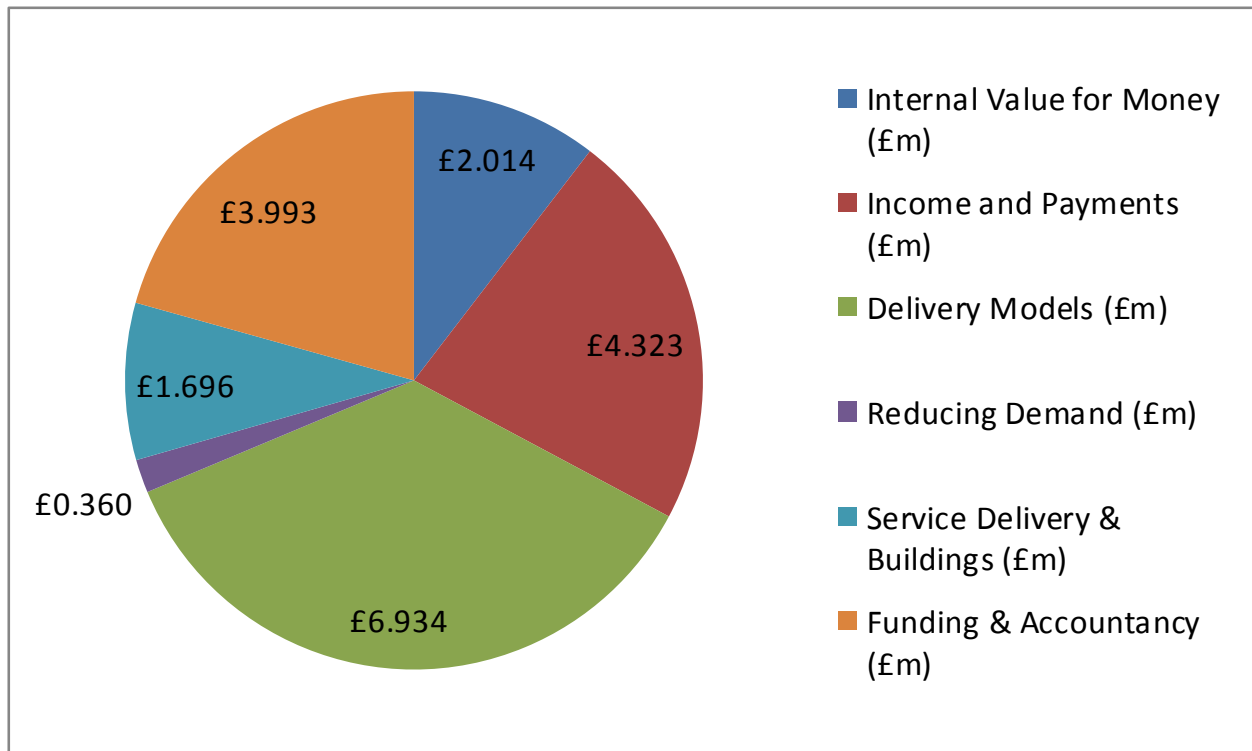
Central Government reductions continue to affect councils across the country and South Tyneside is no different. We continue to see a reduction in our budget, so start our budget planning early and consult widely with residents, partners and our staff.

We have made significant progress and achieved over £145m savings over the last 7 years with no major service closures, while also seeing record levels of investment in the borough. Key messages from our residents in the budget consultation are shown below:

- 62% support our policy of reducing the number of buildings we have, to concentrate on delivering services from fewer, higher quality buildings.
- 'A Regenerated South Tyneside with Increased Businesses and Jobs' is the priority in the South Tyneside Council Vision that is most important.

Shaping our Financial Future

This budget for 2017 to 2022 focuses on how we will use our limited resources in the best way to ensure that we focus on the things that matter the most. The diagram below shows how we are redirecting resources to meet the £19.3m funding gap for 2017/18.



Business Efficiencies

Each year, our budget programme looks at the best ways to achieve our savings while maintaining a high level of service delivery. Our elected members agree a range of options to put forward for consultation with our residents, partners and staff. Robust monitoring arrangements are in place to ensure we deliver our savings programme and continue to manage our finances.

Innovation and Efficiency

Our innovation and efficiency programme has already helped us to deliver over £145m budget reductions through efficiencies and radical new models of service delivery.

We plan strategically for the future and have a systematic process for reviewing all of our services to ensure we deliver maximum impact for every pound we spend. We look at all options and learn from others in order to help us to reduce costs while improving the quality of services we deliver.

Shaping our Financial Future



Economic Regeneration

Our vision for South Tyneside will only be achieved through investment in the borough. We will continue to create the infrastructure to attract new, sustainable businesses to the borough, while also allowing our current businesses to flourish. Our business community is home to a range of local, national and global brands and we will utilise their expertise and influence to encourage more investment. Our partnerships are essential in maintaining South Tyneside as a major player in the North East.

Children, Adults and Health

Our ambitious vision can only be fully realised through the people of South Tyneside. Services for children and adults have a key role to play in making South Tyneside an outstanding borough. We have a strong focus on services for children and adults to provide world class services based around education, health, care and support. Our vision for the future involves raising aspirations and encouraging families to take advantage of new opportunities as they arise.



Introduction by the Lead Member Resources and Innovation



Councillor Ed Malcolm
Lead Member Resources and Innovation

Everything we do is focused around delivering our vision for South Tyneside:

“South Tyneside will be an outstanding place to live, invest and bring up families”

Achieving our vision cannot be achieved in isolation. Service planning, commissioning and delivery must be planned, consistent and joined-up. All of our services must remain focused on improving outcomes for our communities.

What is the Medium Term Financial Plan?

This Medium Term Financial Plan (MTFP) outlines our approach to setting out our financial future. This document also sets the Council’s budget for 2017/18.

The Medium Term Financial Plan is one of the key Council strategic planning documents. It is fully integrated with and flows from both our partnership plan ‘**The South Tyneside Vision**’ and ‘**Shaping Our Future – South Tyneside Council Strategy**’, which together set out our long-term vision, priorities for the next three years and the steps we will take to achieve them.

Our Financial Strategy

We have adopted an overall financial strategy, which commits us to a number of guiding principles. These are:

- Spending should be allocated to our priorities;
- Council Tax should be affordable for our residents;
- Financial planning be based upon a long term time horizon;
- Value for Money is achieved for all our spending;
- Members make real choices about investments.

Investing in our Future

The National Financial and Economic Context

1. The Government remains committed to a policy of eliminating the national public expenditure deficit although there are no firm timescales in which this is to be achieved.
2. The Government's Spending Review in 2015 determined that local government funding would further reduce over the next four years. This is on top of almost a 50% reduction in core Government funding since 2010. In 2017/18 we will receive almost 10% less core Government funding when compared to the previous year.
3. The Council receives 54% of its income from Council Tax payers and retained business rates. The budget has been calculated incorporating an increase of 4.95% in Council Tax in 2017/18. **3% of the increase contributes towards the funding gap within Adult Social Care Services.** Taking into account the reduction in Government funding, the revenue resources available to the Council are estimated to fall by almost 8% over the next 2 years.

The Local Picture

4. The Medium Term Financial Plan is central to achieving our vision. In order to ensure our resources are directed towards the right priorities, we have developed a detailed understanding of the borough and our communities.
5. South Tyneside borough has a population of 148,671. The majority of our population is white British with 4.9% of the total population from Black, Asian, or Minority Ethnicities, mainly Bangladeshi and Indian. The latest population projections (2014) show that by 2037 the population of the borough could be 155,043, representing a 4% increase.
6. The population is projected to increase overall, but decrease amongst those of school and working age. The rising numbers of older people will have significant impact on how we provide services and represents a major challenge for the future, particularly for adult social care services and the costs of the national concessionary travel scheme. These projections have been factored into our financial planning.

Equality and Diversity

7. Equality is embedded throughout all of our services. It is not an extra piece of work, but part of everything we do. Whenever we create, review or remove a service, we carry out an Equality Check to make sure we do not discriminate against individuals. An Equality Check helps to identify any potential discrimination or unfair treatment and puts measures in place to mitigate these.

Value for Money

8. Improving value for money is at the heart of everything we do. We always challenge ourselves to make sure our costs compare well with others by identifying and challenging areas of high spend. Many of the redirection proposals within our 2017/18 budget will make us work more efficiently and will mean that Council Tax payers get more for their money.

What are the Council's revenue spending plans?

Revenue Spending Plans

9. Each year, we have to identify what we need to spend on Council services in the coming year, and also have to identify our provisional spending plans for future years. Our planning period covers 5 years so that we ensure that our spending plans are affordable and match the money we expect to receive from Government and Council Tax payers over a longer period. More of the financial risks we face cover longer periods e.g. demand on services from an ageing population and safeguarding of vulnerable adults and children, so it is prudent to extend our planning period.
10. The table below summarises our revenue spending plans for 2017/18 and provisional spending plans for 2018/19 to 2021/22 and how this is allocated across the Council's service groups, as well as identifying the resources that we have available to fund our spending.

Budget	Budget	Provisional Spending			
2016/17 Revenue Spending Plans	2017/18	2018/19	2019/20	2020/21	2021/22
£m	£m	£m	£m	£m	£m
135.808 Base Budget	130.759	124.980	120.579	119.582	118.457
8.452 Budget Pressures	13.541	9.000	10.000	8.000	8.000
(13.501) Redirection of Current Spending	(19.320)	(13.401)	(10.997)	(9.125)	(8.434)
130.759 TOTAL Revenue Spending Plans	124.980	120.579	119.582	118.457	118.023
-3.72% Percentage Decrease in Council budget	-4.42%	-3.52%	-0.83%	-0.94%	-0.37%
Group Revenue Budgets					
76.624 Children, Adults and Health	80.671	77.831	77.187	76.461	76.181
26.510 Economic Regeneration	23.815	22.976	22.786	22.572	22.490
27.625 Business and Resources	20.494	19.772	19.609	19.424	19.352
130.759 TOTAL Group Revenue Budgets	124.980	120.579	119.582	118.457	118.023
Funded by					
31.980 Revenue Support Grant	24.677	19.696	14.666	-	-
15.160 Business Rates Retained	13.985	14.265	14.550	26.842	25.138
30.250 Business Rates Top Up	32.620	33.670	34.870	35.567	36.279
1.750 Education Funding Agency	0.492	-	-	-	-
- Use of Council Reserves	(2.000)	(2.000)	-	-	-
1.000 Collection Fund Contribution	1.000	0.200	0.200	0.200	0.200
50.619 Council Tax Income	54.206	54.748	55.296	55.848	56.406
130.759 TOTAL Revenue Funding Forecast	124.980	120.579	119.582	118.457	118.023
92.310 Dedicated Schools Grant	95.815	95.815	95.815	95.815	95.815

11. From 2013/14 the Government introduced a new system of funding councils. Each Council is allowed to retain almost 50% of business rates collected. Government grant has been reduced accordingly to reflect this additional income now retained by councils. The Government are planning to remove all revenue support grant from the Councils by 2020/21 with Councils being able to retain 100% of business rates collected.
12. In 2017/18 we will receive 46% of our revenue from Central Government and 54% from Council Tax and retained Business Rates. This settlement is year 2 of a 4 year settlement accepted by the council to allow us to plan ahead. The settlement has continued to see significant reductions in our funding from Central Government which are also higher than the average across the country.

What are the Council’s revenue spending plans?

13. We have factored in these reductions and have assumed further estimated reductions in funding in 2020/21 and 2021/22 based upon national Government anticipated spending plans.
14. For 2017/18 Councils with responsibility for adult social care have been given by the Government the ability to raise council tax by 3% to fund a budget shortfall in this area. This is in addition to the annual increase of 1.95%. The table at paragraph 10 shows the amount of Council Tax we will collect in 2017/18 with an increase of 4.95%. **For planning purposes only**, we have included the estimated income in 2018/19 to 2021/22, based upon Council Tax revenues increasing by 1%.
15. The actual increases in Council Tax income in 2018/19 to 2021/22 will depend on circumstances at the time, including the level of actual funding received from Government. This may be higher or lower than these planning assumptions and, as such do not represent commitments by the Council at this time. At our current Council Tax Base, a 1% increase in the Council Tax level would generate an additional £0.542m of income.
16. Schools expenditure is funded from a Dedicated Schools Grant. The Schools, Early Years and High Needs elements have been confirmed for 2017/18 but the Recoupment figure which is paid over to academy schools will be confirmed in April.
17. Appendix 1A provides more detail on the 2017/18 revenue budgets for each service.

Budget Pressures

18. The Council needs to spend more money to keep services at their current level. We also need to spend money to deliver our vision for South Tyneside by progressing our priorities. To continue to deliver our current services and to deliver our vision we will need to spend an extra £13.5m in 2017/18, and a further estimated £9m in 2018/19, £10m in 2019/20 and £8m in both 2020/21 and 2021/22. These figures have been estimated from forecasted activity / volume levels using specific cost drivers and taking account of changes in specific grant funding. A summary of these pressures is shown in the table below and full details are set out in Appendix 1B.

Revenue Budget Pressures	2017/18	2018/19	2019/20	2020/21	2021/22
	£m	£m	£m	£m	£m
Inflation	3.456	3.652	3.580	3.580	3.580
Other Standstill Pressures	9.189	4.848	5.920	4.370	4.370
Changes to External Grant	0.896	0.500	0.500	0.050	0.050
TOTAL Revenue Budget Pressures	13.541	9.000	10.000	8.000	8.000

19. Demand for our services, especially adult care and supporting vulnerable children, continues to increase and means that we need to spend more money just to carry on providing the services we currently offer.

Redirection of current spending

20. The funding we estimate to receive from Government and from Council Tax payers over the next five years is not sufficient to cover our current level of spend plus our new budget pressures. Therefore, to make sure we can continue to focus spending on our priorities,

What are the Council's revenue spending plans?

we have identified proposals for reducing spending and increasing efficiency across all of the Council's services both in the short and medium term. This will mean that our spending plans are affordable, and match the money we expect to receive.

21. The proposals included in our budget, which we have consulted upon, have involved some difficult decisions and we have done all that we can to minimise the impact on service delivery. Where possible, we have identified where we can reduce spending on support functions by working more efficiently so that we can protect front line services.
22. In 2017/18 and beyond, we have significant financial pressures to face, which means that we must continue to re-shape the way we deliver some of our services.
23. Plans for reducing spending, delivering new models of service and increasing efficiency in 2017/18 are shown in the following table.

	Redirection of Current Spending	2017/18 £m
	Adult Social Care	
1	Direct Services New Models	1.650
2	Care Management Redesign & Integration	0.400
3	Direct Payments	0.050
4	Fair Charging for Care	0.050
5	Online Services	0.060
	Adult Social Care Sub Total	2.210
	Asset Management	
6	Building Rationalisation & Efficiencies	0.495
7	Commission Wind Turbines	0.143
8	Additional Income Generation	1.222
9	Further LED Installation	0.075
10	Management Restructure	0.205
11	Public Conveniences	0.038
12	STH Efficiency	0.075
13	Deletion of Vacant Posts	0.110
14	Pro Active Tree Maintenance	0.025
15	Revised Grounds Maintenance Client Team	0.015
16	Revised Recycling Village Offer	0.040
17	Refuse Collection Revise Modernisation Agreement	0.075
18	Waste Client Team to Joint Waste Partnership	0.010
19	On-site Recycling	0.150
20	Community Safety	0.050
21	Grounds Maintenance Various	0.100
	Asset Management Sub Total	2.828
	Children and Families Social Care	
22	Allowance Policy	0.050
23	Section 17 Efficiencies	0.033
24	Staffing Efficiencies	0.030
	Children and Families Social Care Sub Total	0.113

What are the Council's revenue spending plans?

	Redirection of Current Spending	2017/18 £m
	Corporate Finance	
25	North East Combined Authority Transport Levy	0.250
26	Miscellaneous Government Grants	0.048
27	Debt Rescheduling	3.850
28	Miscellaneous Savings	0.074
	Corporate Finance Sub Total	4.222
	Culture and Leisure	
29	Community Associations Asset Transfer	0.184
30	Increased Leisure Membership	0.175
31	New Income Streams	0.050
32	Leisure Supplies and Staffing	0.083
33	Reconfiguration of Library Offer	0.051
34	Customs House Efficiencies	0.010
35	TWAM Efficiencies	0.010
36	Jarrow Hall Efficiencies	0.025
37	Culture and Events Efficiencies	0.145
	Culture & Leisure Sub Total	0.733
	Education, Learning and Skills	
38	Asset Management Integration	0.034
39	Early Years Income	0.070
40	Increase traded services with schools	0.060
41	Continue re-profiling STANLEY's staffing	0.030
42	Remodel SEND Services	0.221
43	Education, Learning & Skills Staffing	0.269
44	CEIAG Review	0.137
45	Government Funding Changes	0.405
46	Additional income from delivery of first aid training	0.050
	Education, Learning and Skills Sub Total	1.276
	External Contracts	
47	Procurement Savings Share	4.540
	External Contracts Sub Total	4.540
	Public Health	
48	Substance Misuse review and retender	0.450
49	Sexual Health Contract Efficiencies	0.050
50	0-19 New Integrated Model	0.400
51	Change 4 Life - Refresh Model	0.500
52	Review Public Health and Shared Services Staffing	0.140
53	Review External Funding	0.100
	Public Health Sub Total	1.640
	Development Services	
54	Staff Review	0.175
55	Reduction in Supplies and Services Budgets	0.020
56	Photo Voltaic Panels	0.040
	Development Services Sub Total	0.235

What are the Council's revenue spending plans?

	Redirection of Current Spending	2017/18 £m
	Business, Employment and Skills	
57	Employment and Skills Activity	0.029
58	Business Support Projects	0.069
59	Business Incubation	0.083
60	Adult Community Learning	0.087
61	Regeneration Team	0.015
62	Commercial Workspace	0.050
	Business, Employment and Skills Sub Total	0.333
	Redesigned Support Services	
63	Remodelling of Business Support	0.450
64	Reductions in Finance Service	0.060
65	Reduction in Corporate Print	0.100
66	Reduce Insurance Fund	0.050
67	Income Generation through wider provision of services	0.025
68	Members Support / Events	0.050
69	Digital Strategy	0.030
70	Remodelling of Strategy and Performance	0.020
71	Printing New Model	0.150
72	Income Generation Legal and Registrars Service	0.080
73	Remodelling of HR Services	0.175
	Redesigned Support Services Sub Total	1.190
	TOTAL Redirection of Current Spending	19.320

What are the Council's revenue spending plans?

Council Tax Income

24. The following section provides further information on our Council Tax levels from 1st April 2017.
25. To fund our spending plans, we need to increase **our proportion of the borough's Council Tax** in 2017/18 to raise **£54.206m**. The overall council tax level set for the borough includes precepts for the Tyne & Wear Fire and Civil Defence Authority and Northumbria Police and Crime Commissioner. For 2017/18 Council's with responsibility for adult social care have been given the ability to raise council tax by 3% to cover a funding shortfall in this area. This is in addition to the annual increase and is incorporated into the figures below. Due to the pressures within Adult Social Care, there will still remain a significant funding gap.
26. Tyne & Wear Fire and Civil Defence Authority and the Northumbria Police and Crime Commissioner have confirmed a precept increase with of 1.99% and 5.36% respectively.
27. The table below identifies the Council Tax for each property band:

2017/18 Borough Council Tax						
	Band Weighting	% of Properties in Each Band	South Tyneside Council £	Fire Authority £	Police & Crime Commissioner £	TOTAL £
Band A Properties	6/9	64.4	957.65	51.75	65.55	1,074.95
Band B Properties	7/9	13.8	1,117.25	60.37	76.48	1,254.10
Band C Properties	8/9	11.6	1,276.86	69.00	87.40	1,433.26
Band D Properties	1	6.1	1,436.47	77.62	98.33	1,612.42
Band E Properties	11/9	2.5	1,755.69	94.87	120.18	1,970.74
Band F Properties	13/9	1.0	2,074.90	112.12	142.03	2,329.05
Band G Properties	15/9	0.5	2,394.12	129.37	163.88	2,687.37
Band H Properties	18/9	0.1	2,872.94	155.24	196.66	3,224.84
Percentage increase from 2016/17			4.95%	1.99%	5.36%	4.83%

What are the Council's revenue spending plans?

South Tyneside Council Tax for 2017/18

28. The Council Tax increase for the borough is shown in the table below for each property band.

2017/18 Borough Council Tax	Band Weighting	South Tyneside Council 2016/17	South Tyneside Council 2017/18 *	Fire Authority 2016/17	Fire Authority 2017/18	Police & Crime Commissioner 2016/17	Police & Crime Commissioner 2017/18	Borough Council Tax 2016/17	Borough Council Tax 2017/18
Band A Properties	6/9	£912.48	£957.65	£50.74	£51.75	£62.22	£65.55	£1,025.44	£1,074.95
Percentage increase			4.95%		1.99%		5.36%		4.83%
Annual increase			£45.17		£1.01		£3.33		£49.51
Weekly increase			£0.87		£0.02		£0.06		£0.95
Band B Properties	7/9	£1,064.56	£1,117.25	£59.20	£60.37	£72.59	£76.48	£1,196.35	£1,254.10
Percentage increase			4.95%		1.99%		5.36%		4.83%
Annual increase			£52.69		£1.17		£3.89		£57.75
Weekly increase			£1.01		£0.02		£0.07		£1.11
Band C Properties	8/9	£1,216.64	£1,276.86	£67.65	£69.00	£82.96	£87.40	£1,367.25	£1,433.26
Percentage increase			4.95%		1.99%		5.36%		4.83%
Annual increase			£60.22		£1.35		£4.44		£66.01
Weekly increase			£1.16		£0.03		£0.09		£1.27
Band D Properties	1	£1,368.72	£1,436.47	£76.11	£77.62	£93.33	£98.33	£1,538.16	£1,612.42
Percentage increase			4.95%		1.99%		5.36%		4.83%
Annual increase			£67.75		£1.51		£5.00		£74.26
Weekly increase			£1.30		£0.03		£0.10		£1.43
Band E Properties	11/9	£1,672.88	£1,755.69	£93.02	£94.87	£114.07	£120.18	£1,879.97	£1,970.74
Percentage increase			4.95%		1.99%		5.36%		4.83%
Annual increase			£82.81		£1.85		£6.11		£90.77
Weekly increase			£1.59		£0.04		£0.12		£1.75
Band F Properties	13/9	£1,977.04	£2,074.90	£109.94	£112.12	£134.81	£142.03	£2,221.79	£2,329.05
Percentage increase			4.95%		1.99%		5.36%		4.83%
Annual increase			£97.86		£2.18		£7.22		£107.26
Weekly increase			£1.88		£0.04		£0.14		£2.06
Band G Properties	15/9	£2,281.20	£2,394.12	£126.85	£129.37	£155.55	£163.88	£2,563.60	£2,687.37
Percentage increase			4.95%		1.99%		5.36%		4.83%
Annual increase			£112.92		£2.52		£8.33		£123.77
Weekly increase			£2.17		£0.05		£0.16		£2.38
Band H Properties	18/9	£2,737.44	£2,872.94	£152.22	£155.24	£186.66	£196.66	£3,076.32	£3,224.84
Percentage increase			4.95%		1.99%		5.36%		4.83%
Annual increase			£135.50		£3.02		£10.00		£148.52
Weekly increase			£2.61		£0.06		£0.19		£2.86

* Percentage change is inclusive of a 3% increase as permitted by Government towards the rising costs of adult social care

What are the Council's capital spending plans?

Capital Investment Programme

The Capital Investment Programme sets out our investment plans over the next 5 years to support regeneration and achieve our priorities. This will be underpinned by our asset delivery model, which uses our resources as efficiently and effectively as possible to ensure services are provided in areas where they are needed.

The programme is financed by a mixture of external funding, Government grants, borrowing and capital receipts from sales of our assets. These receipts are generated through the disposal of Council land and buildings that are surplus to Council requirements. The target level of borrowing is affordable and consistent with our revenue budget forecasts.

External funding streams have been secured to support the funding of the programme. These include regional funds applied locally to support the overarching economic objectives of the wider region. New and innovative funding sources exploiting the value within our assets are being explored to provide the finance to deliver the Council's ambitions.

Strategic Outcome: A regenerated South Tyneside with increased business and jobs

We want South Tyneside to be a place that is attractive, prosperous, well-connected and business friendly. We want new businesses to set up here, existing businesses to grow and more high quality jobs for our residents.

We target our interventions to help **unlock the potential of our businesses and sites**, and **connect all our communities and residents with employment and enterprise opportunities**. These will be focused on those sectors and clusters that are strategically important to the economic growth of the borough in terms of increased employment and Gross Value Added (GVA). The key to this investment and growth is our ability to **exploit the key strategic assets** of the **River Tyne**, the **A19 strategic employment corridor** and to maximise the opportunities along the **foreshore** and **within our key urban centres** and smaller towns and villages.

The Council has secured external funding of £6.11m (of the total estimated costs of £7.56m) to carry out major highway improvements at the Lindisfarne roundabout. The scheme will reduce congestion and increase the capacity between Lindisfarne and John Reid roundabout. A significant drainage system will also be installed to reduce the risk of flooding. Construction works have commenced and are progressing well. The scheme is on programme to complete in summer 2017. Following completion of Lindisfarne the Council are proposing to deliver further major



What are the Council's capital spending plans?

improvements to the network. The next major highway project is planned to reduce congestion around the Arches roundabout/A185.

Our 'South Shields 365' vision will connect the Town Centre with the Riverside and Foreshore, with new retail and family leisure facilities, better transport facilities and improved public spaces. 'The Word – the National Centre for the Written Word' opened in October 2016 and houses new library space, public exhibitions and state-of-the-art ICT, as well as a café. The remodelled Market Place is also complete, together with a new car park at Harton Quays Park. Strengthening Town Centre infrastructure is central to our regeneration plans and we will deliver a new transport interchange providing 21st century facilities for Metro and Bus passengers, as well as new retail and leisure units around Barrington Street and improvements to the public realm. Highways links will also be strengthened providing better routing for buses as well as cars.

Key Delivery Priorities

- **Regeneration of Town Centres and Villages**
- **Economic Growth and New High Quality Jobs**
- Support and Develop Key Sectors
- Educate, Retain and Attract Young People
- Maximise the Impact of the Riverside Assets and the A19 Corridor
- Promote the Area as Best for Business

The Council's Town Centre vision 'South Shields 365' is progressing well, with the Council and Muse Developments working together to deliver the £100m Masterplan. The Council is working to acquire the sites required to deliver the next phases that include a new public transport interchange and a much enhanced retail offer. We have also secured Enterprise Zone status for the riverside area at Holborn to create an office development of circa 200,000sqft of grade A space. In addition the Council is working with Sunderland City Council to bring forward a joint strategic employment site, the International Advanced Manufacturing Park (IAMP), north of Nissan and west of the A19. This will enable the release of land and develop the infrastructure for IAMP which will create 5,200 jobs for the local economy by 2026 (500 per year from 2018).



We are continuing to remodel our stock of community buildings so that they are fit for purpose and bring a range of services together in one place. We will appoint a contractor in the spring of 2017 to start work on a revamped community hub in Jarrow providing a wide variety of local services. Construction will begin in the autumn of 2017 with a planned completion date of summer 2018.

What are the Council's capital spending plans?

Strategic Outcome: Better Housing and Neighbourhoods

We want South Tyneside to be clean, green and safe, with a housing market and local services that offer affordability, quality and choice. We want to devolve more power to local communities and encourage residents to get involved in making their communities better.



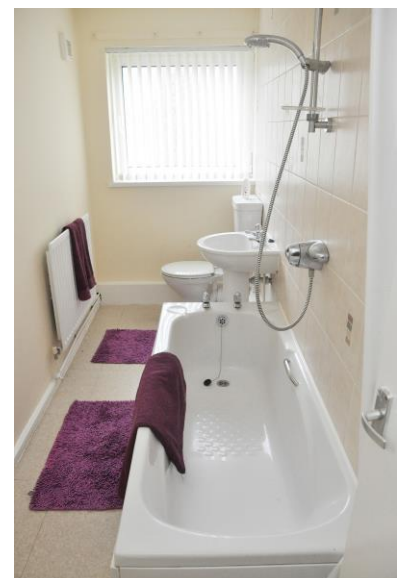
In partnership with Housing Ventures, we have built new affordable homes for sale and rent that will add value to our economic growth and regeneration ambitions and provide a return on investment. Our ambition is to meet the demand for up to 10,000 new homes over the next 20 years. We are exploring options to further unlock the value within our housing stock through, for example, the establishment of a commercial development company.

The borough will lead the way in the **generation of renewable energy**, building on existing new build projects and ongoing housing retrofit schemes through the 'Warm Up North' partnership. We will use our residential and community assets to their greatest effect and will work alongside partner local authorities to lever external investment.

Key Delivery Priorities

- **Housing Integration and Growth**
- **Investment in Neighbourhoods**
- Reduce the Number of Long-term Empty Properties
- Improve Access to Schools, Services and Jobs
- Sufficient and Suitable Accommodation for Older People
- Reduce Crime and Disorder and Improve Perceptions
- **Community and Civic Buildings**
- Reducing Waste to Landfill, Increase Recycling and Reduce Our Carbon Footprint

The major part of the Council's Capital Programme relating to this priority comprises expenditure on the Council's own housing stock. The Council bid for and secured over £160m of Decent Homes funding, which has been applied across the borough to renovate the Council Housing stock. The Decent Homes work was completed in December 2016 with the mop up programme continuing into 2017/18. This is complemented by a range of environmental improvements on estates throughout the borough and selective demolition of unsuitable properties. The Council also plan to add to the borough's housing stock by setting up a development company to build and sell new houses.



What are the Council's capital spending plans?

To ensure private dwellings and businesses are protected from flood risk the Council have been working in partnership with Northumbrian Water Limited and the Environment Agency on an innovative pilot project in the Monkton Village/Hebburn South area since 2010. The aim of the project is to remove surface water from the sewer network and manage this in a more sustainable way. Northumbrian Water have recently invested over £5m in this area to improve the sewer network as part of this partnership approach with the Council's elements of the scheme now being progressed. The detailed design and then construction in 2017 will help to reduce the risk of flooding to over 250 residents across the study area.



The capital schemes within this priority include Highways and Transport (funded mainly by Government grant but including significant Council capital investment to maximise the benefits to the wider community). It incorporates major road and footway improvements across the borough. The new Highways Asset Management Plan details the process for delivery of a rolling three year road and footway programme, including carriageway resurfacing across the borough, ensuring forward visibility of proposed works.

The Trinity South housing development is progressing well, with a total of 223 new homes to be delivered on completion. Keepmoat, the developer, continue to report strong sales and will commence work on a new linear park in the area that was previously occupied by the derelict Frederick Street terraced units.



Strategic Outcome: Stable and Independent Families

We want to ensure that children, adults and families in South Tyneside are healthy and happy, with the education, skills and resilience to become the best that they can be. We will support families to ensure that our children and young people have a safe and positive start to their lives.

We want South Tyneside's children and families to get the best start in life, remain healthy and aspire to a brighter future. To ensure everyone reaches their full potential, we will work with partners to provide the **best possible learning opportunities**, with targeted **protection, care and support for those in greatest need**.

This is the vision we have developed for children and young people in South Tyneside. Our **Children and Families Plan and Child Poverty Strategy**, sets out our commitment and approach to improving the lives of children and families in South Tyneside.

What are the Council's capital spending plans?

Key Delivery Priorities

- Safer and Stronger Families in Healthier Communities
- Learning and Learners for the 21st Century
- Enterprising People in Enterprising Places
- **New Services for Children and Adults**

The Council has a high proportion of teenagers who become looked after. In response to this, an innovative service which will support vulnerable children, young people and families to stay together, or separate positively, is being developed. Interventions will focus on achieving stability and permanence for vulnerable families where young people are on the edge of entering the care system and becoming 'looked after'. Outreach work will be enhanced through short break accommodation for some young people where this is part of their individual Support Plan. The Council operates two children's homes, both of which will be fully refurbished and registered with Ofsted. Henderson Road continues to operate as a children's home whilst work is underway at Whiteleas Way. Works will then commence at Henderson Road whilst the children's home is decanted to Whiteleas Way. On completion of the full programme of works across both properties, the provision of the children's home will return to Henderson Road and the service working with young people on the edge of care will operate from Whiteleas Way.



Strategic Outcome: Healthier People

Investment in road safety will continue with a particular focus around pedestrian safety and the introduction of 20mph speed limits. The capital funding will help provide safer routes for all vulnerable road users as well as encourage healthier forms of travel like walking and cycling.



In a bid to encourage residents to use our outdoor spaces the Council has been successful in securing £194k grant from the Heritage Lottery Fund to create plans for the revitalisation of the North Marine Park. The funding will allow for the restoration of the original Victorian features, the installation of a destination play area and improvements to lighting, access, pay and play and the inclusion of a

café and concession area. A further grant funding bid is to be submitted in the summer of 2017 with a decision expected by December of that year. Success at this stage will secure funding of £2.45m with proposed works to start early 2018 and completion in late 2019.

What are the Council's capital spending plans?

Key Delivery Priorities

- Giving Every Child A Good Start in Life
- Increase Healthy Life Expectancy
- Better Employment Prospects for Young People
- Reduce Social Isolation amongst Older People
- Integrate Health and Social Care Services
- **New Services for Children and Adults**
- **Community and Civic Buildings**

Innovation and Efficiency

We need to be clear about how we **support and underpin the delivery of our priorities** by investing in our future and **managing our resources effectively**. The current economic climate means that achieving value for money and efficiency in our services will be more important than ever. Our new operating model has a clear focus on delivery, and we are innovating and changing how we do things so we can deliver our priorities in the most efficient way.

The Council will continue to reduce the number of buildings in its estate with further consolidation of both corporate buildings and buildings in the community. This will release capital from disposal of surplus buildings for investment in core buildings to be retained to ensure they are fit for purpose and meet the needs of the residents and businesses in the borough. Site preparation and demolition of surplus buildings will be undertaken to ensure early sale and development.

Local generation of electricity provides savings to the Council's energy bill by displacing a proportion of the mains electricity from the grid and by providing a revenue stream from the Feed in Tariffs that support the adoption of renewable energy supply. Photo Voltaic Cells (PV's) have already been installed on the roofs of a number of our core buildings and the Council plans to utilise the parcel of contaminated land in the Viking Business Park to create a substantive PV field installation of around 700kW.

In partnership with BT the Council will continue to invest in its digital and ICT capacity. This will ensure that the Council has an effective platform from which to support the transformation of services to residents through a "digital by design" offer. Investment will support a stable, safe and responsive ICT infrastructure to underpin the delivery of services.



The Capital Investment Programme outlined by priority and year is set out in the table over the page. The funding of the programme is presented in a further table.

What are the Council's capital spending plans?

Capital Investment Strategy 2017-22							
Strategic Outcome 1 : A regenerated South Tyneside with increased business and jobs							
Ref	Project Name	2017/18 £m	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m	Total £m
ER01	International Advanced Manufacturing Park	-	11.500	-	-	-	11.500
ER02	St Hilda's Pit Head - Heritage Lottery Fund	0.624	-	-	-	-	0.624
ER03	South Shields 365	8.787	10.418	20.411	6.925	-	46.541
ER04	Holborn Riverside Development	22.672	5.949	8.950	3.825	3.750	45.146
ER05	Access Improvements to Testo's Major Scheme	0.125	2.000	5.375	-	-	7.500
ER06	Mill Lane/A194 Roundabout Improvements	-	-	1.900	5.400	-	7.300
ER07	The Arches Junction Improvement Scheme	3.597	5.446	-	-	-	9.043
ER08	Lindisfarne Junction Improvement Scheme	2.797	-	-	-	-	2.797
ER09	Resurfacing of Car Parks	-	-	0.050	0.050	0.050	0.150
ER10	Highway Structures Capital Programme	0.300	0.300	0.300	0.300	0.300	1.500
		38.902	35.613	36.986	16.500	4.100	132.101
Strategic Outcome 2 : Better Housing and Neighbourhoods							
Ref	Project Name	2017/18 £m	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m	Total £m
BHN01	Asset Transfer Programme	0.320	0.320	0.200	-	-	0.840
BHN02	Monkton Village/Hebburn South Flood Alleviation	2.400	-	-	-	-	2.400
BHN03	Flags to Flexible Footways	2.000	2.000	2.000	2.000	2.000	10.000
BHN04	Local Transport Plan	2.262	2.219	2.088	2.088	2.088	10.745
BHN05	CAF Grants	0.500	0.500	0.500	0.500	0.500	2.500
BHN06	Housing Ventures	9.500	3.000	3.000	3.000	3.000	21.500
BHN07	Disabled Facilities Grant	0.792	0.792	0.792	0.792	0.792	3.960
BHN08	Development Company	5.000	5.000	5.000	5.000	5.000	25.000
HC01	Decent Homes	10.700	12.400	10.900	11.900	11.900	57.800
HC02	Programme Fees - Housing Capital	1.100	1.100	1.100	1.100	1.100	5.500
HC03	Voids	1.200	1.000	1.000	1.000	1.000	5.200
HC04	Disabled Adaptations	0.700	0.700	0.700	0.700	0.700	3.500
HC05	Public Sector Housing Other	1.800	1.800	1.800	1.300	1.300	8.000
		38.274	30.831	29.080	29.380	29.380	156.945
Strategic Outcome 3 : Stable and Independent Families							
Ref	Project Name	2017/18 £m	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m	Total £m
SIF01	Expanded School Provision - Primary	1.400	3.645	-	-	-	5.045
SIF02	Expanded Nursery Provision	0.520	-	-	-	-	0.520
SIF03	Schools Devolved Formula Capital	0.363	0.363	0.363	0.363	0.363	1.815
		2.283	4.008	0.363	0.363	0.363	7.380
Strategic Outcome 4 : Healthier People							
Ref	Project Name	2017/18 £m	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m	Total £m
HP01	North Marine Park - Heritage Lottery Fund	0.016	1.368	1.637	0.109	0.101	3.231
HP02	Pedestrian Safety Works	0.150	-	-	-	-	0.150
HP03	School Safety Works	0.100	0.100	0.100	-	-	0.300
HP04	Jarrow Hub	2.000	1.000	-	-	-	3.000
		2.266	2.468	1.737	0.109	0.101	6.681
Innovation and Efficiency							
Ref	Project Name	2017/18 £m	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m	Total £m
IE01	Asset Maintenance	2.747	2.747	3.197	2.747	2.747	14.185
IE02	Local Energy Supply - PV and Wind	1.000	-	-	-	-	1.000
IE03	Demolition of Vacant Buildings	0.300	0.300	0.300	0.300	0.300	1.500
IE04	Securing Buildings that are Vacated	0.100	0.100	0.100	0.100	0.100	0.500
IE05	Remodelling of Building Assets	1.500	-	-	-	-	1.500
IE06	Vehicle Replacement Programme	0.300	0.200	0.300	0.320	0.320	1.440
IE07	ICT and Digital Development	0.200	0.200	0.250	0.200	-	0.850
		6.147	3.547	4.147	3.667	3.467	20.975
TOTAL		87.872	76.467	72.313	50.019	37.411	324.082

What are the Council's capital spending plans?

Capital Funding

29. The table below summarises our capital funding estimates for 2017/18 and provisional funding estimates for 2018/19 to 2021/22.

Capital Programme By Funding	2017/18	2018/19	2019/20	2020/21	2021/22	Total
	£m	£m	£m	£m	£m	£m
Council General Fund Programme						
External Funding	54.479	37.033	32.801	24.911	16.303	165.527
Capital Receipts	4.000	4.000	4.000	4.000	4.000	20.000
Borrowing	12.893	17.434	19.012	5.108	1.108	55.555
Total Council General Fund Programme	71.372	58.467	55.813	34.019	21.411	241.082
Housing Programme (funded from the Housing Revenue Account)						
Revenue Funding of Decent Homes Maintenance	16.500	18.000	16.500	16.000	16.000	83.000
Total Housing Programme	16.500	18.000	16.500	16.000	16.000	83.000
Combined Housing and General Fund	87.872	76.467	72.313	50.019	37.411	324.082

What are the Council's prudential indicators?

Prudential Code

30. Section 3 of the Local Government Act 2003 requires the Council to determine its own affordable borrowing requirement necessary to fund capital expenditure. The Prudential Code is a professional code of practice, backed by legislation, to support Councils when taking investment decisions on their programmes.
31. The key objectives of the Code are to ensure, within a clear framework, that capital investment plans of Councils are affordable, prudent and sustainable and that treasury management decisions are taken in accordance with good professional practice.
32. This system of capital finance allows the Council to have much greater flexibility and freedom over its borrowing. However, it does not provide additional central Government support for the cost of borrowing. Consequently, the cost of additional capital expenditure has to be met from revenue and has to be affordable and sustainable in the long term.
33. To demonstrate that the Council has fulfilled these objectives, the following sections set out the prudential code indicators that must be set and agreed by full Council. Full Council must also agree any future changes to these indicators.

Compliance with the Prudential Code

34. The Council has established procedures to monitor all forward looking prudential indicators and has developed a measurement and reporting process that highlights significant deviations from expectations.
35. In considering the capital programme, the code requires the Council to have regard to: -
 - **Affordability** – the implications of capital investment decisions on future Council Tax and Council housing rents;
 - **Prudence and sustainability** – the implications for external borrowing;
 - **Value for money** and **options appraisal**;
 - **Stewardship** of Council assets (asset management planning);
 - **Service objectives** - strategic planning;
 - **Practicality** – the achievability of the forward plan.

Affordability

36. To assess the affordability of prudential borrowing, we review 4 key elements:
 - The estimates of capital expenditure as part of the Capital Spending Plans.
 - The level of the Council's capital financing requirement, which demonstrates our underlying need to borrow to fund the capital spending plans.
 - The estimated ratio of financing costs (debt charges, interest payments and interest received) to the Council's net revenue stream for current and future spending plans.
 - The movement in Council Tax and housing rents as a result of our capital spending plans.

What are the Council's prudential indicators?

2016/17 Affordability Measures Revised £m		2017/18 £m	2018/19 £m	2019/20 £m
Capital Spending Plans				
60.969	Council capital programme	71.372	58.467	55.813
26.605	Housing capital programme	16.500	18.000	16.500
87.574	Total Capital Programme	87.872	76.467	72.313
Capital Financing Requirement				
443.809	Council capital programme	452.258	463.700	463.727
287.503	Housing capital programme	287.503	287.503	287.503
731.312	Total Capital Financing Requirement	739.761	751.203	751.230
Ratio of Financing Costs to net revenue stream				
13.46%	Council capital programme	14.09%	14.77%	15.79%
40.85%	Housing capital programme	42.74%	44.66%	40.89%
Estimated Incremental effect of Capital investment Decisions				
	For the Band D Council Tax (Annually)	-29.57	-28.62	-14.31
	For Average Weekly Housing rents	-0.33	-0.29	-0.05

37. The change in cost attributable to Council Tax from 2017/18 reflects the impact of planned borrowing by the Council.

Prudence – Council Treasury Management Practices

38. The Council has an integrated treasury management strategy and has adopted the CIPFA Code of Practice for Treasury Management in the Public Services.
39. The Council has, at any point in time, a number of cash flows both positive and negative and manages its treasury position in terms of its borrowings and investments in accordance with its approved treasury management strategy and practices.
40. The Council's Treasury Management Strategy and Annual Plan for 2017/18 is due to be presented to Cabinet for approval on 8th February 2017.

Prudence Indicator - Net Debt and the Capital Financing Requirement

41. The Prudential Code includes the following as a key indicator of prudence:

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

42. No difficulties are envisaged in meeting this requirement. This view takes into account current commitments, existing plans, and the proposals in this Medium Term Financial Plan.

What are the Council's prudential indicators?

Prudence – Council External Debt

43. The Council's actual external debt at 31st March 2016 was £710m. The Council's external debt at 31st March 2017 is estimated to be £730m. This figure is inclusive of internal funding, Private Finance Initiative (PFI) and leasing costs and therefore represents the estimated capital financing requirement at 1st April 2017.
44. The Council needs to approve an authorised limit and operational boundary for its external debt (gross of investments) for the next three financial years. These limits separately identify borrowing from other long-term liabilities such as finance leases and the Private Finance Initiative.
45. The following table identifies the Council's authorised limit for external debt for 2017/18 to 2019/20. For 2017/18, the authorised limit of £925m is the statutory limit determined under section 3(1) of the Local Government Act 2003.

Authorised Limit for External Debt	2017/18	2018/19	2019/20
	£m	£m	£m
Borrowing	795	800	780
Other Long Term Liabilities	130	125	120
Total	925	925	900

46. These authorised limits are consistent with the Council's current commitments, existing plans and proposals in this budget report for capital expenditure and financing, and with its proposed treasury management policy statement and practices. They are based on the estimate of the most likely, prudent but not worst-case scenario, with sufficient headroom over and above to allow for operational management (e.g. unusual cash movements). Risk analysis and risk management strategies have been taken into account, as have plans for capital expenditure, estimates of the capital financing requirement and estimates of cashflow requirements for all purposes.
47. The following table identifies the **Council's operational boundary for external debt** for 2017/18 to 2019/20.

Operational Boundary	2017/18	2018/19	2019/20
	£m	£m	£m
Borrowing	720	725	710
Other Long Term Liabilities	115	110	105
Total	835	835	815

48. The operational boundary is calculated in the same way as the authorised limit but without the additional headroom and equates to the maximum of external debt projected by this budget.
49. As part of the Council's Treasury Management Strategy the Head of Finance, as Section 151 Officer, has delegation from Council to operate between the operational boundary for external debt and the authorised limit for external debt.

What are the Council's prudential indicators?

Prudence – Council Fixed and Variable Interest Rate Exposure

50. Most of the investment portfolio is classified as being on variable rate terms. As most of the investments are classed as temporary the Council is not setting formal limits. It is therefore appropriate to express the controls over fixed and variable rate exposures as a proportion of the Council's borrowing. The upper limits on borrowing are:

	2017/18	2018/19	2019/20
Upper Limit for Fixed Rate Exposure	%	%	%
Debt Portfolio	100	100	100
Upper Limit for Variable Rate Exposure			
Debt Portfolio	35	35	35

Prudence – Maturity Structure of Council Borrowing

51. The following table sets upper and lower limits for the maturity structure of the Council's borrowing during 2017/18. The limits represent the amount of projected fixed rate borrowing maturing in each period, as a percentage of total projected fixed rate borrowing.

	Upper Limit	Lower Limit
	%	%
Maturity Structure of		
Under 12 months	40	0
From 12 months to under 24 months	40	0
From 24 months to under 5 years	50	0
From 5 years to under 10 years	75	0
From 10 years	100	25

No change to our borrowing maturity structure is proposed.

Prudence - Investments for Periods Longer Than 364 Days

52. The Council can invest for longer than 364 days. The maximum amount to be invested for periods above 364 days will be limited to £5m. This limit has been set following a review of the Council's reserves and other cash balances, and after taking account of cash flow requirements and future spending plans as set out in the Medium Term Financial Plan. The limit in 2016/17 was £13m.
53. The limit has to be viewed alongside the Council's appetite for risk, given the economic environment and the creditworthiness of counterparties at any point in time. At the time of writing the Council has no organisations on its lending list to which it will lend for periods over one year.

2017/18 Minimum Revenue Provision Policy Statement

54. The Minimum Revenue Provision (MRP) is the charge made to the revenue account to reflect repayment of borrowing over the useful life of the assets that have been funded from that borrowing. The Council implemented the Minimum Revenue Provision (MRP) guidance in 2007/08, and has since assessed the MRP in accordance with the main recommendations contained within the guidance issued by the Secretary of State under section 21(1A) of the Local Government Act 2003. Authorities are obliged by new section 21(1B) to “have regard” to such guidance. In particular, the Council are satisfied that the guidelines for their annual amount of MRP set out within this Policy Statement will result in their making the requisite prudent provision that is required by the guidance.
55. The DCLG guidance, revised in February 2012, allows for MRP to be charged at different rates depending on whether the borrowing is supported or unsupported. Options 1 and 2 of the guidance relate to supported borrowing whilst options 3 and 4 relate to unsupported borrowing. The guidance notes state that these options are recommendations not regulations and it is down to individual authorities to either follow the guidance or consider a more individually designed MRP approach which remains consistent with statutory duty.
56. Any supported borrowing remaining from the previous financial regime will be charged using the annuity method as per option 2 of the guidance.
57. In cases where schemes are not fully completed or assets brought into use by year end, expenditure in year on these will be deferred from any MRP charge, but reconsidered for MRP in the following year, or such later year, subject to the date of their completion as allowed by option 3, the Asset Life Method of the guidance.
58. MRP will be spread over a period which reflects the life/beneficial use, which in the case of this type of expenditure is determined to be:
- | | |
|--------------------------------------|------------------|
| • Sea Defences | 100 years |
| • Land (excluding regeneration land) | 100 years |
| • New Buildings | 60 years |
| • Roads and Infrastructure Assets | 50 years |
| • Building Enhancement* | 40 years |
| • Major Regeneration Projects | 40 years |
| • Airport Infrastructure | 32 years |
| • Public Realm | 25 years |
| • Non Asset Related Costs | 20 years |
| • Capital Equipment and Others | 10 years or less |
- *Building enhancement will have a minimum life of 40 years depending on the judgement made by the Head of Asset Management and Design as to the expected useful life of the asset enhanced.
59. These periods are determined for MRP purposes only, and the Council may account for depreciation of assets differently under the Code of Practice on Local Authority Accounting, after having had regard to the different conditions that apply for such accounting purposes.

2017/18 Minimum Revenue Provision Policy Statement

60. The Council has in place a £40m finance agreement with South Tyneside Housing Venture Trust Limited. MRP will be charged to match the annuity loan repayment profile from the Company over the life of any loans issued as part of this agreement.
61. The Council also determines that available resources for financing capital expenditure, such as capital receipts and external funding, will be applied to new expenditures in a manner that is considered appropriate in any financial year. For example, it will be considered financially efficient to apply such resources in the first instance to expenditures that have a shorter estimated lifespan. Capital receipts may also be utilised to partially offset some or all of the MRP charge due for the year. The remaining expenditure is grouped together in a manner that reflects the life of the asset as detailed in paragraph 58.
62. It is the Council's intention to either apply Housing receipts to appropriate capital schemes or to use them as a means of repaying debt, whichever is deemed more appropriate.
63. When adopting the recommendations contained within option 3, the Council may, where applicable, treat any new capital expenditures/schemes which are both commenced and finalised within the financial year as having been financed from any associated grants, Section 106 monies, or similarly unringfenced funds. This is however entirely discretionary.
64. In cases where expenditure is incurred on only part of a scheme which is not completed by the year end, any grant or similar financing resources will be either allocated to other new expenditures under delegated powers, or carried forward, as necessary or appropriate.
65. Final decisions regarding the manner in which such resources are to be allocated to schemes will be taken under delegated powers.
66. The determination as to which schemes shall be deemed to be financed from available resources, and those which will remain as an outstanding debt liability to be financed by borrowing or other means will be assessed under delegated powers.
67. Additional statutory guidance was issued in 2009/10 regarding the MRP in respect of finance leases and PFI schemes. This results in an MRP charge that is either equivalent to the principal element of rental or charge that goes to write down the balance sheet liability created from such arrangements or an annuity based principal repayment based on the useful life of the asset acquired.

How will the Council manage financial risk?

68. Over the medium term the Council faces continuing financial pressures and has refocused its priorities, and built challenging budget redirections and savings targets into the spending plans for 2017 to 2022. The Council carefully identifies the things that could go wrong and might undermine the Medium Term Financial Plan.
69. To do this an assessment is made of what the impact would be if these things happen and how likely they are to happen. The Council ensures that it has plans in place in case things do not turn out as expected. This is part of our risk management strategy, which underpins all that we do, not just our financial plans.
70. The significant financial risks are identified on the Council's strategic risk register. They have all been assessed as part of the strategic planning process. These risks are being actively managed and the estimated financial implications have been built into this Medium Term Financial Plan.
71. Some of our strategic risks have been assessed as particularly uncertain with a potentially significant financial impact. Reserves have been established for these risks.
72. The following table identifies the key risks to the delivery of the MTFP, the actions taken (within this financial plan) and the actions proposed to reduce the impact of these risks on the Council's future financial position.

Strategic Financial Risk and Risk Management

Risk to the delivery of the MTFP	Risk Managed by:
Risk that the demand for services (adults and children) could increase further than estimated and that the volatile demand led budgets are not rigorously managed.	Revenue spending is monitored on a monthly basis as part of the Council's corporate performance monitoring framework. Robust budgets consistent with agreed demand management plans and improvement programmes are in place.
The Council is unable to deliver its financial plans.	The achievement of the MTFP is imperative and is monitored every month as part of our performance monitoring process incorporating challenge to budget holders and corporate oversight.
Uncertainty over the level of contributions that will be required to meet the future pensions funding gap.	The result of the previous triennial actuarial valuation on 1 st April 2016 has been built into our financial planning. The next valuation is due on 1 st April 2019 with the results impacting on the 2020/21 budget. Additional anticipated costs have been built into our financial plans.
Future government plans to revise the system of funding for local government may result in a reduction in resources greater than already forecast.	Future changes to the funding system will be analysed and the impact on resources will be factored into the MTFP.
The costs of commissioned care may increase due to the national living wage.	The Council has anticipated cost pressures in this area within its financial plans.

How will the Council manage financial risk?

Risk to the delivery of the MTFP	Risk Managed by:
Financial pressures in the national health service resulting in additional social care costs.	Integrated working with health partners across the whole system of health and social care is ongoing.
Uncertainty over the future funding of the capital programme.	We maximise the availability of capital receipts and external funding to support the capital programme thereby reducing the call on Council borrowing. Affordability of borrowing is regularly assessed and monitored.
The Council's estate is not fit for purpose. Capital funding is reducing and the maintenance backlog is increasing. The Council occupies more buildings than it requires and can maintain.	The Council is implementing plans to rationalise accommodation and generate external income. This project involves a combination of capital investment, remodelling of current buildings and disposal and demolition of buildings no longer required.
Emergency event occurs e.g. major flooding incident / significant traffic incident / flu pandemic which incurs additional unbudgeted costs.	The Council maintains a Strategic Reserve to meet unforeseen liabilities. This is anticipated to be £3m at April 2017.

Our risk – based reserves policy

73. The Council aims to establish reserves based on financial risk and limit the use of reserves to support on-going spending. The policy is summarised below:

South Tyneside Council Reserves Policy

- **General Reserve** established to support future spending plans and one-off spending;
- **Strategic Reserve** is established to cover emergency events such as unforeseen financial liabilities or natural disasters. This reserve will be maintained at a minimum of 2% of the Council's net revenue budget. This is the recommended minimum amount of reserves that should be retained by the Council as a contingency;
- **Specific Reserve for managing strategic financial risks** which will be used, if required, to manage the impact of our strategic financial risks materialising and in particular to support the volatile demand led budgets, especially in the area of adult care and services for children, and volatility in budgets as a direct result of the economic downturn as well as covering the costs of organisational change;
- **School Balances** are cash balances held on behalf of schools;
- **Other Earmarked Reserves** are held to meet possible shortfalls in the Council's revenue budget from the reduction in Government funding expected over the coming years as well as to fund the future cost of known liabilities e.g. insurance claims, job evaluation costs and any payments due under PFI contracts.

74. The level of Council reserves is reviewed annually in line with CIPFA guidance on Local Authority Reserves and Balances (LAAP Bulletin 77 – November 2008).

How will the Council manage financial risk?

75. Our forecast of the total Council cash reserves at 31st March 2017 is £30.888m as shown in the table below.

Council Reserves	General Reserve £m	Strategic Reserves (minimum) £m	Risk & Structural Change £m	School Balances £m	Earmarked Reserves £m	TOTAL Reserves £m
Balance as at 31st March 2016	1.189	3.021	4.069	7.567	19.643	35.489
Planned Use of Reserves in 2016/17						
Use of reserves	-	-	(4.069)	-	(9.291)	(13.360)
Contribution to reserves	-	-	-	-	8.759	8.759
Planned Contribution to Reserves in 2016/17	-	-	(4.069)	-	(0.532)	(4.601)
Estimated Balance as at 31st March 2017	1.189	3.021	(0.000)	7.567	19.111	30.888

76. The following tables identify the planned use of Council reserves during 2017/18 to 2021/22.

Council Reserves	General Reserve £m	Strategic Reserves (minimum) £m	Risk & Structural Change £m	School Balances £m	Earmarked Reserves £m	TOTAL Reserves £m
Estimated Balance as at 31st March 2017	1.189	3.021	(0.000)	7.567	19.111	30.888
Planned Use of Reserves in 2017/18						
Use of reserves	-	-	-	-	-	-
Contribution to reserves	-	-	2.000	-	-	2.000
Planned Contribution to Reserves in 2017/18	-	-	2.000	-	-	2.000
Estimated Balance as at 31st March 2018	1.189	3.021	2.000	7.567	19.111	32.888

Council Reserves	General Reserve £m	Strategic Reserves (minimum) £m	Risk & Structural Change £m	School Balances £m	Earmarked Reserves £m	TOTAL Reserves £m
Estimated Balance as at 31st March 2018	1.189	3.021	2.000	7.567	19.111	32.888
Planned Use of Reserves in 2018/19						
Use of reserves	-	-	-	-	-	-
Contribution to reserves	-	-	2.000	-	-	2.000
Planned Contribution to Reserves in 2018/19	-	-	2.000	-	-	2.000
Estimated Balance as at 31st March 2019	1.189	3.021	4.000	7.567	19.111	34.888

Council Reserves	General Reserve £m	Strategic Reserves (minimum) £m	Risk & Structural Change £m	School Balances £m	Earmarked Reserves £m	TOTAL Reserves £m
Estimated Balance as at 31st March 2019	1.189	3.021	4.000	7.567	19.111	34.888
Planned Use of Reserves in 2019/20						
Use of reserves	-	-	-	-	-	-
Contribution to reserves	-	-	-	-	-	-
Planned Contribution to Reserves in 2019/20	-	-	-	-	-	-
Estimated Balance as at 31st March 2020	1.189	3.021	4.000	7.567	19.111	34.888

How will the Council manage financial risk?

Council Reserves	General Reserve £m	Strategic Reserves (minimum) £m	Risk & Structural Change £m	School Balances £m	Earmarked Reserves £m	TOTAL Reserves £m
Estimated Balance as at 31st March 2020	1.189	3.021	4.000	7.567	19.111	34.888
Planned Use of Reserves in 2020/21						
Use of reserves	-	-	-	-	-	-
Contribution to reserves	-	-	-	-	-	-
Planned Contribution to Reserves in 2020/21	-	-	-	-	-	-
Estimated Balance as at 31st March 2021	1.189	3.021	4.000	7.567	19.111	34.888

Council Reserves	General Reserve £m	Strategic Reserves (minimum) £m	Risk & Structural Change £m	School Balances £m	Earmarked Reserves £m	TOTAL Reserves £m
Estimated Balance as at 31st March 2021	1.189	3.021	4.000	7.567	19.111	34.888
Planned Use of Reserves in 2021/22						
Use of reserves	-	-	-	-	-	-
Contribution to reserves	-	-	-	-	-	-
Planned Contribution to Reserves in 2021/22	-	-	-	-	-	-
Estimated Balance as at 31st March 2022	1.189	3.021	4.000	7.567	19.111	34.888

What are the Council's housing revenue spending plans?

77. The Housing Revenue Account is required to be maintained by Councils who provide housing accommodation. It records the income and expenditure in relation to the management and maintenance of homes, and keeps this separate from other Council activity.
78. All rents collected are retained in this separate account; they support the management, day-to-day repairs and maintenance, and a capital investment programme which includes planned renewals, improvements to homes and major repairs.
79. South Tyneside Homes Limited have been delegated management of the housing service under the terms of a management agreement with the Council, approved by the Secretary of State under section 27 of the Housing Act 1985.
80. The Council retains a legal duty to set a budget, which avoids a deficit on the Housing Revenue Account, a duty which cannot be delegated. The Council also retains ownership of the homes, sets the level of rents and charges and is the landlord under the tenancy agreements.
81. The following table shows provisional HRA expenditure and income plans for the following 5 years.

Housing Revenue Account	Provisional Budget				
	2017/18	2018/19	2019/20	2020/21	2021/22
	£m	£m	£m	£m	£m
Expenditure					
Management	20.790	20.869	20.957	21.055	21.211
Repairs & Maintenance	14.885	14.738	14.592	14.448	14.305
Rents, Rates, Taxes, Insurance	2.384	2.379	2.373	2.369	2.366
Provision for Bad Debts	1.135	1.473	1.533	1.561	1.583
Maintenance of Decent Homes	18.000	19.000	16.500	16.000	16.000
Debt Interest	11.650	11.415	11.375	11.476	11.582
Other Capital Charges	0.046	0.019	0.019	0.020	0.020
TOTAL Housing Revenue Account					
Expenditure	68.890	69.893	67.349	66.929	67.067
Income					
Rents - Dwellings	(63.063)	(61.769)	(61.755)	(61.454)	(62.421)
Income - Other Services / Property	(3.862)	(3.770)	(3.691)	(3.633)	(3.593)
Housing Related Support Charges	(0.156)	(0.160)	(0.163)	(0.166)	(0.169)
Contributions & Interest	(1.040)	(0.995)	(0.983)	(0.977)	(0.973)
TOTAL Housing Revenue Account					
Income	(68.121)	(66.694)	(66.592)	(66.230)	(67.156)
(Surplus)/Deficit on Housing Revenue Account	0.769	3.199	0.757	0.699	(0.089)

What are the Council's housing revenue spending plans?

Housing Revenue Plans for 2017/18

82. The provision for bad debts is now at £1.135m due to expected increases in bad debts as a result of Universal Credit and Welfare Reforms.
83. Rent levels have been reduced by 1% in line with Government guidelines. This will result in deficits on the account from 2017/18 to 2020/21 to be funded from reserves which have been accumulated from previous years.

Service Charges for 2017/18

84. Service charges for 2017/18 will be as set out in Appendix 3.

What are the Tyne and Wear Pension Fund's spending plans?

85. The Council administers the Local Government Pension Fund for the Tyne and Wear County area and is responsible for agreeing the pension administration and investment budgets for the Fund each year. The cost of the Pension Fund does not fall directly on the Council Tax payer.
86. The table below summarises the spending plans for the Fund for 2017/18 and provisional spending plans for 2018/19 and 2019/20. This is due to be presented to the Pensions Committee for approval on 3rd February 2017.

Budget Tyne and Wear Pension fund	Budget	Provisional Budgets	
2016/17	2017/18	2018/19	2019/20
£m	£m	£m	£m
74.125 Investment Management Fees	92.578	87.086	82.216
1.161 Investments Office	1.420	0.842	0.881
75.286 Total Investments Office	93.998	87.928	83.097
3.262 Pensions Office	2.906	2.752	2.815
0.116 Pension Fund Governance	0.121	0.123	0.124
78.664 TOTAL	97.025	90.803	86.036

87. The budget for 2017/18 shows an increase of £18.361m over the 2016/17 budget. Decreases of £6.222m and £4.767m are projected for 2018/19 and 2019/20 respectively.
88. The table below analyses the budget proposal for the next three years.

	2017/18	2018/19	2019/20
	£m	£m	£m
Base Budget	78.664	97.025	90.803
Investment Management Fees	18.452	(5.492)	(4.870)
Standstill Pressures	0.412	0.095	0.168
Budget Growth/New Initiatives	0.066	-	-
Redirection of Current Spending	(0.569)	(0.825)	(0.065)
Revised Budget	97.025	90.803	86.036

89. The investment management fees dominate the budget. The fees budget has been pulled together in line with industry best practice and is a full estimate of the fees, expenses and costs associated with the investment management of the Fund. The significant increase in the first year is directly attributable to the fees and costs associated with the Fund's private markets programmes.
90. Approximately £12m of the increase is attributable to the fall in the value of Sterling as the fees on the private market programmes are payable in Dollars and Euros. The remainder of the increase largely relates to a forecast rise in the payment of performance fees on the back of projected good performance. The investment management fees are forecast to fall in 2018/19 and 2019/20 as the performance fees fall back to more normal levels and the programmes mature and the associated fees are no longer payable.

What are the Tyne and Wear Pension Fund's spending plans?

91. Excluding investment management fees, the cost of running the Fund is forecast to fall by £0.092m in 2017/18. Whilst the Fund will incur additional costs as part of the governments initiative on pooling the Fund's assets, this is more than offset by some significant items of expenditure dropping out of the budget, including the purchase of IT hardware and software and the triennial valuation. In 2018/19, costs are projected to fall further, before rising again in 2019/20.

Evaluation and Review

Shaped to Deliver

92. With our strategic and financial plans made, we track our performance over the year and compare it with what we planned to do. We do this from the start to ensure that we can take corrective action, if needed, to get back on target.
93. Our framework includes a robust corporate performance monitoring and reporting system. It ensures we regularly and comprehensively monitor financial performance at service, group and corporate level.
94. Group Management Teams receive a monthly financial monitoring report from finance teams which reviews capital and revenue spending, and identifies actions to ensure spending remains within budget.
95. Senior officers review financial reports at a monthly performance, improvement and monitoring meeting with reports presented quarterly to Cabinet. Progress in delivering agreed efficiencies is monitored monthly with meetings held between finance staff and senior officers.
96. Regular budget monitoring is an important financial control to ensure that spending during the year is in line with budgets agreed by the Council. Each service budget has a named budget holder responsible for managing the budget and real time access to expenditure and income data.

Budget Transfers

97. During the year, budget holders may need to transfer budgets from one service area to another to reflect changed service needs or priorities.
98. A budget transfer is defined as a movement of budget between any budget service line identified in Appendix 1A of this report.
99. **Budget transfers between £100,000 and £250,000** must be discussed with the appropriate Cabinet Member(s) before a decision is taken by the responsible Corporate Director.
100. **Budget transfers greater than £250,000** require the approval of Cabinet.
101. **Budget transfers greater than £1,000,000** require the approval of full Council and must be proposed by Cabinet.

Appendix 1A: Council Revenue Budget 2017/18

Line Ref	Council Revenue Budget	Total Cost	Total Income	2017/18 Budget	Staffing 2017/18	
		£	£	£	No of Posts	FTE's
BUSINESS AND RESOURCES GROUP						
1	Strategy, Performance & Business Support	5,044,384	(1,391,790)	3,652,594	157	131.35
2	Corporate Finance	128,232,180	(115,683,670)	12,548,510	24	23.00
3	Leisure, Libraries and Community Facilities	7,535,130	(6,885,600)	649,530	346	204.70
4	Corporate Assurance	1,700,120	(1,438,110)	262,010	9	8.73
5	Legal Services	2,107,370	(1,181,640)	925,730	44	35.05
6	Organisational Development	2,965,136	(729,580)	2,235,556	21	20.50
7	Service Management	241,740	(21,400)	220,340	2	2.00
SUB TOTAL BUSINESS AND RESOURCES GROUP		147,826,060	(127,331,790)	20,494,270	603	425.33
PENSIONS						
8	Pensions Office	94,025	(94,025)	0	69	61.13
SUB TOTAL PENSIONS		94,025	(94,025)	0	69	61.13
TOTAL BUSINESS AND RESOURCES GROUP		147,920,085	(127,425,815)	20,494,270	672	486.46
ECONOMIC REGENERATION GROUP						
9	Asset Management and Design (including Waste and Green Spaces)	47,665,040	(27,555,120)	20,109,920	617	417.83
10	Communications (including Cultural Services)	2,251,360	(271,770)	1,979,590	26	23.10
11	Development Services	4,310,640	(3,018,280)	1,292,360	85	66.76
12	Business, Employment & Skills	7,781,370	(7,433,700)	347,670	28	25.81
13	Regeneration	453,180	(576,900)	(123,720)	7	7.67
14	Service Management	232,030	(23,170)	208,860	2	2.00
TOTAL ECONOMIC REGENERATION GROUP		62,693,620	(38,878,940)	23,814,680	765	543.17
CHILDREN, ADULTS AND HEALTH GROUP						
15	Children and Families Social Care	20,777,510	(3,747,600)	17,029,910	214	197.66
16	Education, Learning and Skills	123,119,590	(113,906,250)	9,213,340	699	465.26
17	Adult Social Care	73,251,620	(34,726,140)	38,525,480	359	302.12
18	Public Health	14,257,100	(133,100)	14,124,000	12	10.80
19	Commissioning & Quality Assurance	3,848,680	(2,070,360)	1,778,320	40	35.12
SUB TOTAL CHILDREN, ADULTS AND HEALTH BUDGET EXCLUDING SCHOOLS		235,254,500	(154,583,450)	80,671,050	1,324	1,010.96
SCHOOLS DELEGATED						
20	Delegated Schools Budget	95,814,760	(95,814,760)	0		
SUB TOTAL SCHOOLS DELEGATED		95,814,760	(95,814,760)	0		
TOTAL CHILDREN, ADULTS AND HEALTH GROUP		331,069,260	(250,398,210)	80,671,050	1,324	1,010.96
TOTAL COUNCIL REVENUE BUDGET		541,682,965	(416,702,965)	124,980,000	2,761	2,040.59

Appendix 1B: Council Standstill Pressures 2017-22

Revenue Standstill Pressures	2017/18	2018/19	2019/20	2020/21	2021/22
	£m	£m	£m	£m	£m
Inflation					
Cost of living increase	0.750	1.500	1.500	1.500	1.500
Living Wage	0.200	0.200	0.200	0.200	0.200
Net Inflation on prices and income	2.506	1.952	1.880	1.880	1.880
TOTAL Inflation	3.456	3.652	3.580	3.580	3.580
Other Pressures					
Changes in employer pension contributions	0.298	-	-	1.300	0.300
Apprenticeship Levy	0.300	-	-	-	-
Revenue Implications of Capital Programme	0.300	0.300	0.300	0.300	0.300
National Living Wage	2.000	1.000	1.000	1.000	1.000
Adult Services Demographic and Other Pressures	5.500	3.500	2.500	1.500	1.500
Contractual Requirements	0.150	-	-	-	-
Staying Put	0.100	-	-	-	-
The Word	0.541	-	-	-	-
Forecasted Pressures	-	0.048	2.120	0.270	1.270
TOTAL Other Pressures	9.189	4.848	5.920	4.370	4.370
Changes to External Grant					
Changes in External Funding	0.896	0.500	0.500	0.050	0.050
TOTAL Changes to External Grant	0.896	0.500	0.500	0.050	0.050
TOTAL Revenue Standstill Pressures	13.541	9.000	10.000	8.000	8.000

Appendix 2A: Council Capital Investment Programme 2017/18

Line Ref			2017/18 Budget £	External Funding £	Council Funding £
	Council Capital Budget	Budget Holder			
	ECONOMIC REGENERATION	David Cramond			
	REGENERATION	John Sparkes			
1	North Marine Park Heritage Lottery Fund Bid	John Sparkes	16,000	-	16,000
2	Holborn Riverside Development	John Sparkes	22,672,000	20,800,000	1,872,000
3	South Shields 365	John Sparkes	8,787,000	4,050,000	4,737,000
	TOTAL REGENERATION		31,475,000	24,850,000	6,625,000
	ASSET MANAGEMENT & DESIGN	Paul Scrafton			
4	Access Improvements to the Testo's Grade Separation Scheme	Derek Smith	125,000	-	125,000
5	The Arches Junction Improvement Scheme	Derek Smith	3,597,000	3,314,000	283,000
6	Lindisfarne Junction Improvement Scheme	Derek Smith	2,797,000	2,797,000	-
7	Highways Structures Works	Derek Smith	300,000	-	300,000
8	Flags to Flexible Footway Programme	Derek Smith	2,000,000	-	2,000,000
9	Local Transport Plan	Derek Smith	2,262,000	2,262,000	-
10	CAF Environmental Schemes	Derek Smith	500,000	-	500,000
11	Pedestrian Safety Works	Derek Smith	150,000	-	150,000
12	School Safety Works	Derek Smith	100,000	-	100,000
13	Fleet Vehicle Replacement programme	Andrew Whittaker	300,000	-	300,000
14	Asset Transfer Programme	Paul Scrafton	320,000	-	320,000
15	Asset Maintenance	Paul Scrafton	2,747,000	1,247,000	1,500,000
16	Local Energy Supply - PV and Wind	Paul Scrafton	1,000,000	-	1,000,000
17	Demolition of Vacant Buildings	Paul Scrafton	300,000	-	300,000
18	Securing Vacant Buildings	Paul Scrafton	100,000	-	100,000
19	Remodelling of Building Assets	Paul Scrafton	1,500,000	-	1,500,000
	TOTAL ASSET MANAGEMENT & DESIGN		18,098,000	9,620,000	8,478,000
	DEVELOPMENT SERVICES	George Mansbridge			
20	Monkton Village/Hebburn South Flood Alleviation	George Mansbridge	2,400,000	2,000,000	400,000
21	Development Company	George Mansbridge	5,000,000	5,000,000	-
22	Housing Ventures	Peter Mennell	9,500,000	9,500,000	-
	TOTAL DEVELOPMENT SERVICES		16,900,000	16,500,000	400,000
	MARKETING AND COMMUNICATIONS	Tania Robinson			
23	St Hilda's Pit Head - Heritage Lottery Fund	Richard Barber	624,000	564,000	60,000
	TOTAL MARKETING AND COMMUNICATIONS		624,000	564,000	60,000
	TOTAL ECONOMIC REGENERATION		67,097,000	51,534,000	15,563,000
	BUSINESS AND RESOURCES				
	CORPORATE FINANCE	Stuart Reid			
24	ICT and Digital Development	Stuart Reid	200,000	-	200,000
	TOTAL CORPORATE FINANCE		200,000	-	200,000
	CORPORATE AND COMMERCIAL SERVICES	Mike Conlon			
25	Jarrow Hub	Mike Conlon	2,000,000	-	2,000,000
	TOTAL CORPORATE AND COMMERCIAL SERVICES		2,000,000	-	2,000,000
	TOTAL BUSINESS AND RESOURCES		2,200,000	-	2,200,000

Appendix 2A: Council Capital Investment Programme 2017/18

Line Ref		2017/18 Budget £	External Funding £	Council Funding £
	Council Capital Budget			
	Budget Holder			
	CHILDREN, ADULTS AND HEALTH			
	ADULT SOCIAL CARE			
	John Pearce			
	Vicki Pattinson			
26	Disabled Facilities Grant	792,000	792,000	-
	TOTAL ADULT SOCIAL CARE	792,000	792,000	-
	EDUCATION, LEARNING AND SKILLS			
	John Pearce			
27	Expanded School Provision - Primary	1,400,000	1,400,000	-
28	Expanded Nursery Provision	520,000	390,000	130,000
29	Schools Devolved Formula capital	363,000	363,000	-
	TOTAL EDUCATION, LEARNING AND SKILLS	2,283,000	2,153,000	130,000
	TOTAL CHILDREN, ADULTS AND HEALTH	3,075,000	2,945,000	130,000
	TOTAL COUNCIL CAPITAL BUDGET 2017/18	72,372,000	54,479,000	17,893,000
	HOUSING CAPITAL PROGRAMME			
	SOUTH TYNESIDE HOMES			
	Paul Mains			
30	Decent Homes	10,700,000	-	10,700,000
31	Programme Fees - Housing Capital	1,100,000	-	1,100,000
32	Public Sector Housing Stock (Other)	3,000,000	-	3,000,000
	TOTAL SOUTH TYNESIDE HOMES	14,800,000	-	14,800,000
	COUNCIL RETAINED			
	George Mansbridge			
33	Disabled Adaptations	700,000	-	700,000
	TOTAL COUNCIL RETAINED CAPITAL PROGRAMME	700,000	-	700,000
	TOTAL HOUSING CAPITAL PROGRAMME	15,500,000	-	15,500,000
	TOTAL COUNCIL CAPITAL BUDGET 2017/18	87,872,000	54,479,000	33,393,000

Appendix 2B: Council Capital External Funding 2017-22

The table below identifies the external funding for the capital programme, the majority of which is secured or probable for the 2017/18 programme. For later years the majority of the funding has been classified as possible because we are still at the bidding stage, or we are awaiting confirmation of future funding levels.

External Capital Funding Forecast	2017/18	2018/19	2019/20	2020/21	2021/22	Funding
	£m	£m	£m	£m	£m	TOTAL £m
Capital Grant from Government and other Agencies						
DFE Schools Devolved Formula Capital	0.363	0.363	0.363	0.363	0.363	1.815
DFE Schools Capital Maintenance Allocation	1.247	1.247	1.247	1.247	1.247	6.235
Education Funding Agency	1.790	3.645	-	-	-	5.435
Heritage Lottery Fund	0.564	1.304	1.229	0.071	0.063	3.231
Local Transport Plan Funding	2.262	2.219	2.088	2.088	2.088	10.745
Private Sector/NE LEP	24.600	5.774	8.875	7.350	3.750	50.349
Single Local Growth Fund	6.111	6.946	6.500	5.000	-	24.557
NEXUS/Local Transport Board	0.250	6.743	3.707	-	-	10.700
Better Care Fund	0.792	0.792	0.792	0.792	0.792	3.960
Environment Agency/Northumbrian Water	2.000	-	-	-	-	2.000
Development Company	5.000	5.000	5.000	5.000	5.000	25.000
Housing Ventures	9.500	3.000	3.000	3.000	3.000	21.500
Council Capital Programme	54.479	37.033	32.801	24.911	16.303	165.527
External Funding Secured and Provisional						
External Funding Secured	15.564	11.266	7.490	7.490	7.490	49.300
External Funding Probable	2.814	8.047	4.936	0.071	0.063	15.931
External Funding Possible	36.101	17.720	20.375	17.350	8.750	100.296
TOTAL External Capital Funding Forecast	54.479	37.033	32.801	24.911	16.303	165.527

Appendix 3: Housing Revenue Account service charges

Landlord Charges - Services & Facilities		Current Charge £/wk	Inflation Increase / Decrease	Proposed Revised Charge £/wk
Garage Rents	General	£4.50	11.1%	£5.00
	Lincoln Road	£4.55	11.2%	£5.05
Tenant Heating Charges	Newtown 1-bed	£3.30	6%	£3.50
	Newtown 2-bed	£9.19	5.6%	£9.70
	Jarrow Card Price	£16.41	9.7%	£18.00
Housing Plus - Landlord Charges for Scheme Managers and Communal Facilities				
Service Charges	Purpose built flats with scheme manager & communal facilities	£12.88	1.7%	£13.10
	Group dwellings with scheme manager & nearby communal facilities	£5.57	2.3%	£5.70
Guest Room Charges	Charges for overnight stay or emergency situations per night	£11.55	2.1%	£11.80
Furnished Tenancies	New Tenancies supplied with a package of furniture and Electrical Goods - Option 1 Points up to 110	£23.88	0.0%	£23.88
	New Tenancies supplied with a package of furniture and Electrical Goods - Option 2 Points up to 160	£31.82	0.0%	£31.82
	New Tenancies supplied with a package of furniture and Electrical Goods - Option 3 Points up to 200	£39.74	0.0%	£39.74
	New Tenancies supplied with a package of furniture and Electrical Goods - Mini Option Points up to 60	£15.23	0.0%	£15.23
	Decent Homes decant properties supplied cookers	£6.21	0.0%	£6.21

Caretaker and Concierge Charges	Caretaker		Concierge	
	Cost per Prop per wk 2016/17	Cost per Prop per wk 2017/18	Cost per Prop per wk 2016/17	Cost per Prop per wk 2017/18
Durham Court	£2.80	£2.85	£10.05	£10.25
Westmorland Court	£2.30	£2.35	£10.05	£10.25
Ellen Court	£7.05	£7.20	£10.05	£10.25
Monastery Court	£7.05	£7.20	£10.05	£10.25
Wilkinson Court	£7.05	£7.20	£10.05	£10.25

Support Service Charges - Supporting People		Current Charge £/wk	Inflation Increase	Proposed Revised Charge £/wk
Community Alarms - Support				
Council Tenants	Standard - Hardwired or Solo Unit	£2.89	2.0%	£2.95
Council Tenants	Enhanced - Hardwired or Solo Unit	£4.40	2.3%	£4.50
Scheme Managers - Support				
Council Tenants	Scheme Managers - Support Services	£11.03	2.0%	£11.25

External Users Community Alarms		Current Charge £/wk	Inflation Increase	Proposed Revised Charge £/wk
Owner/Occupiers	Private including rental of equipment	£5.22	2.4%	£5.35
	Private - additional pendant	£1.61	2.2%	£1.65
Housing Associations / Private	Standard Service	£5.22	2.4%	£5.35
Other Specific Service Charges				
Council - HRA Temporary Accommodation - existing				
	1 - bed accommodation	£25.58	2.2%	£26.15
	2 - bed accommodation	£36.34	2.2%	£37.15
	3 - bed accommodation	£52.49	2.2%	£53.65

Appendix 3: Housing Revenue Account service charges

Tenants - Housing Plus Heating Charges	2016/17			2017/18		
	Cost per property per wk - Bed Sit	Cost per property per wk - 1 Bed	Cost per property per wk - 2 Bed	Cost per property per wk. - Bed Sit	Cost per property per wk. - 1 Bed	Cost per property per wk. - 2 Bed
Davies Hall	£0.00	£11.16	£13.43	£0.00	£11.16	£13.43
McIntyre Hall	£0.00	£12.43	£0.00	£0.00	£12.43	£0.00
Birch Grove	£0.00	£13.28	£0.00	£0.00	£13.28	£0.00
Calf Close	£0.00	£10.58	£12.71	£0.00	£10.58	£12.71
Martin Hall	£0.00	£12.98	£0.00	£0.00	£12.98	£0.00
Nolan Hall	£0.00	£14.41	£0.00	£0.00	£14.41	£0.00
Porlock House	£0.00	£10.13	£12.20	£0.00	£10.13	£12.20
Croftside House (Electric)	£11.45	£12.77	£14.05	£11.45	£12.77	£14.05
Bishop Ramsey	£0.00	£11.02	£13.22	£0.00	£11.02	£13.22
Farding Lake	£0.00	£10.45	£0.00	£0.00	£10.45	£0.00
Prince Ed Court	£0.00	£9.37	£11.22	£0.00	£9.37	£11.22
Blenkinsop House	£6.45	£7.16	£0.00	£6.45	£7.16	£0.00
Borrowdale House	£0.00	£7.31	£0.00	£0.00	£7.31	£0.00
Huntcliffe House	£0.00	£7.94	£0.00	£0.00	£7.94	£0.00
Inskip House	£0.00	£9.80	£0.00	£0.00	£9.80	£0.00
Wingrove House	£0.00	£9.73	£11.74	£0.00	£9.73	£11.74
Clayside House	£0.00	£8.39	£0.00	£0.00	£8.39	£0.00
Glenthorpe House	£0.00	£10.92	£13.15	£0.00	£10.92	£13.15
Hallgarth House	£0.00	£10.51	£12.65	£0.00	£10.51	£12.65
Julius Court	£0.00	£8.59	£0.00	£0.00	£8.59	£0.00
Thomas Bell SA	£0.00	£11.26	£0.00	£0.00	£11.26	£0.00
Patrick Cain House	£0.00	£8.72	£10.51	£0.00	£8.72	£10.51

Leaseholder Charges		
Management Fee	Cost per property per annum 2016/17	Cost per property per annum 2017/18
All Leaseholders	£134.60	£134.60

Appendix 3: Housing Revenue Account service charges

Tenant Communal Cleaning Charges		
	Cost per property per week 2016/17	Cost per property per week 2017/18
HIGH RISE PROPERTIES		
Westmoreland	£1.70	£1.78
Durham Court	£1.49	£1.57
MID RISE PROPERTIES		
Farding Square	£3.58	£3.75
Dean Road	£2.42	£2.54
Laygate	£2.36	£2.48
Whiteleas	£2.42	£2.54
Green Lane	£4.91	£5.16
Tyne Dock	£3.32	£3.49
Galsworthy Road	£2.42	£2.54
River Drive	£0.76	£0.80
Mowbray Road	£1.13	£1.18
Stewart & Fulwell	£0.67	£0.70
SHELTERED HOUSING		
Birch Grove	£6.27	£6.59
Bishop Ramsay	£6.91	£7.25
Blenkinsop House	£3.36	£3.53
Borrowdale House	£5.90	£6.20
Calf Close House	£4.91	£5.16
Cheviot House	£5.42	£5.70
Clayside House	£4.90	£5.15
Croftside House	£4.60	£4.83
Curren House	£8.00	£8.40
Davies Hall	£7.75	£8.14
Farding Lake	£5.75	£6.04
Fernyhough Hall	£4.49	£4.71
Glenthorpe House	£4.91	£5.16
Hallgarth House	£4.60	£4.83
Henley House	£5.98	£6.28
Huntcliffe House	£6.71	£7.04
Inskip House	£5.96	£6.26
Julius Court	£4.60	£4.83
Lincoln Court	£6.91	£7.25
Martin Hall	£4.83	£5.08
McIntyre Hall	£6.17	£6.48
Nolan Hall	£5.07	£5.32
Patrick Cain House	£7.07	£7.43
Porlock House	£5.10	£5.36
Prince Edward Court	£7.70	£8.08
Thomas Bell	£5.51	£5.79
Wingrove House	£4.60	£4.83

Appendix 4: Glossary

Capital Expenditure – Spending on the acquisition of Property, Plant and Equipment or intangible asset, or which enhances the value of an existing asset. Other types of expenditure can be capitalised but only with the express permission of the Secretary of State.

Capital Receipts – These receipts are generated by the disposal of fixed assets. Part of the monies received from Right to Buy sales are paid over to Central Government. The remainder of the receipts generated both from Right to Buy and the sale of other assets can be retained by the Authority and used to finance capital expenditure or repay debt.

Collection Fund – Section 89 of the Local Government Act 1988 requires each Council with the power to raise Council Tax bills (a billing authority) to maintain a collection fund. Council Tax is held in this fund and it should be sufficient to cover expenditure relating to the precepts of the Fire Authority and Police and Crime Commissioner and the net expenditure of the billing authority, after taking account of Business Rate income and Government Grants.

Council Tax – The Local Government Finance Act 1992 introduced Council Tax with effect from 1st April 1993 and is based upon property values. There are eight valuation bands for chargeable dwellings ranging from band “A” (the lowest valued properties) to band “H” (the highest valued properties). The Council levies the tax based upon Band D properties; the actual charge will depend upon the banding of the individual dwelling – i.e. those properties in Bands A to C will pay less Council Tax whilst those in bands E to H will pay more.

Earmarked Reserves – Amounts set aside by the Council to meet future financial liabilities.

General Fund – The General Fund includes the expenditure and income relating to the services provided by the Authority but excluding the Housing Revenue Account activities. The net expenditure on the General Fund is compared to the charge levied upon the Collection Fund and results in a surplus or deficit that will increase or decrease the reserves of the Council.

Housing Revenue Account (HRA) – The provision, management and maintenance of Council house accommodation is required by law to be accounted for separately in a Housing Revenue Account. The account records the net cost that needs to be met by Council tenants. In general the Council cannot transfer sums between the General Fund and the Housing Revenue Account.

Medium Term Financial Plan (MTFP) – The process of identifying and aligning service pressure, corporate priorities and objectives as well as available resources over the medium term (5 years) and budgeting accordingly.

Minimum Revenue Provision (MRP) – The amount of money the Council must statutorily set aside in line with the MRP policy adopted by the Council as part of its Medium Term Financial Plan to support the repayment of debt.

Appendix 4: Glossary

National Non-Domestic Rates – Non-domestic properties must pay these Rates (NNDR) and they are based upon property valuations, as undertaken by the District Valuer, and a nationally set multiplier figure. The Local Authority is responsible for the collection of NNDR and keeps almost 50% of monies collected. The remaining element is paid to Central Government and repaid to Councils as a top-up grant to reflect individual spending requirements.

Precept – In the calculation of the Council Tax for a particular year, precepts levied by appropriate bodies must be taken into account. In the case of this Authority, the precepting bodies are Northumbria Police and Crime Commissioner, Tyne and Wear Fire and Civic Defence Authority and the borough council itself who all charge the Collection Fund with the estimated sums required to cover their net expenditure, in part or in entirety.

Private Finance Initiative (PFI) – A method of procuring assets and services over a longer term period, usually 25 years. The financial risks involved are usually shared between the Council and the PFI operator.

Reserves – Amounts set aside for purposes falling outside the definition of Provisions are considered as Reserves – expenditure is not charged direct to any Reserve.

Revenue Expenditure – Money spent on the day to day running costs of providing the various services. It is usually of a constantly recurring nature and produces no permanent asset.

Revenue Support Grant – A Government Grant in aid of Local Authority services generally. It is based upon the Government assessment of how much a Local Authority needs to spend to provide an average level of service.

