

Shaping our Financial Future Medium Term Financial Plan 2015-20

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 2015 – 2020 “*Shaping our Financial Future*”

Foreword by Councillor Iain Malcolm, Leader of the Council

This budget marks a five year milestone in delivering our ambitious ‘Shaping our Future’ programme. Since the change in Government in 2010, local government has been continually asked to make significant savings. South Tyneside Council will receive over 16% less core Government funding in 2015/16 compared to the previous year. However, despite these reductions in funding, we have not changed our vision – we have accelerated it. Over the past five years we have delivered over £100m of efficiencies without any major service closures, council tax rises or compulsory redundancies.

2014 was a remarkable year for South Tyneside. **Haven Point**, our new leisure facility, welcomed record numbers of visitors and memberships. Our South Shields 365 vision reached some important milestones; Wouldhave House has been demolished, making way for a new state-of-the-art **Library and Digital Media Centre**, and plans have progressed for a new transport interchange.

These developments support South Tyneside’s growing reputation as a destination of choice, with record breaking numbers attending our **cultural events**, contributing £245m to our economy as people visit restaurants, bars, shops and other attractions.

However, we are determined not to get complacent and 2015 will continue to build on our success. This year will see the £12.8m **Hebburn Community Hub** open to the public - a major investment designed to kick-start regeneration and make the town centre more attractive to private investors. The South Shields 365 regeneration masterplan will continue to progress at a pace, as will the development of a new **International Advanced Manufacturing Park**, which is expected to attract £295m private sector investment and create more than 5,200 new jobs.

2015 will also see construction start on a new **Integrated Care Services Hub**. This £9m facility is a major part of our response to the ageing population in South Tyneside and will support older people, particularly those with dementia, by providing all the services they need under one roof.

We will continue to invest in housing, with new developments being built across the borough and our **Decent Homes** programme continuing to improve our housing stock, investing a further £60m on home improvements over the next three years.

This plan sets out how we will allocate our resources over the medium term to help us to achieve our ambitious vision.



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...

As a metropolitan borough council, South Tyneside is in the top 25% of 326 councils in terms of population density. 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 more than five million visitors a year.

Renowned for our free 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 powerful 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 2015/16 we plan to spend almost **£482m**...that's more than Bury, York and Blackburn

Our capital spend from 2013 to 2015 was **£187m**

Capital budget for 2015 – 2020 is over **£295m**

We are more than **£100m** more efficient than we were in 2010

As administrators of the Tyne & Wear Pension Fund, we manage more than **£6bn** 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

148,400 people live in South Tyneside...that's more than Preston, Blackpool and Knowsley

We spent **£90m** on commissioned services in 2014/15

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 **5,167** employees

We provide an **'Outstanding'** Adoption Service - rated one of the best nationally

Place

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

Our current regeneration schemes will have attracted over **£276m** in private investment between 2010 and 2020

Over **£260m** has been invested in improving council homes since 2006

Last year we:

Welcomed **5.5m** visitors to South Tyneside

Emptied **6.5m** bins including domestic waste, recycling, green "garden collections" and business waste & recycling

Provided **5,200** older people with direct care

Helped **2,901** people with personal debt problems

Helped over **1,400** children in need at any one time

Handled **491,000** 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

The South Tyneside Council strategy – 'Shaping our Future' identifies four priorities that will make the biggest difference to our residents and will be our focus over the next 3 years, whilst we maintain a continued commitment to progressing the delivery of our other outcomes:

- **Stable and Independent Families**
- **Healthier People**
- **A Regenerated South Tyneside with Increased Business and Jobs**
- **Better Housing and Neighbourhoods**

Knowing where we are going, being clear about what needs to be done most urgently and taking tough decisions when we have 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 work more effectively across services and remove inefficiencies by reducing overlap and duplication. The changes we have made are now embedded across the organisation and underpin delivery of our priorities.

Shaping our Financial Future

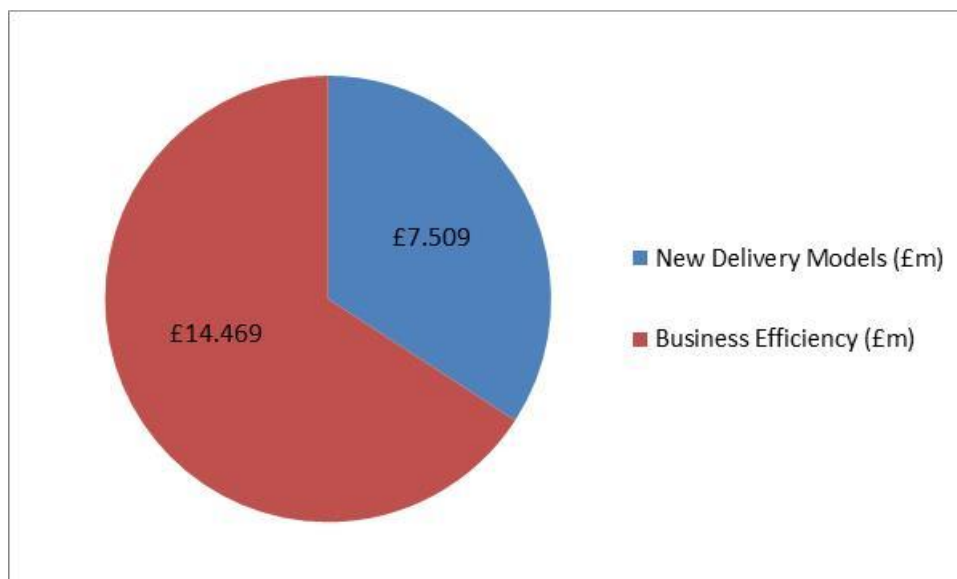
2015 and beyond

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 £100m savings over the last 5 years with no major service closures, while also seeing record levels of investment in the borough. The response from our residents in the budget consultation shows their satisfaction in how we have managed the changes:

- 75% support our policy of reducing the number of buildings we have, to concentrate on delivering services from fewer, higher quality buildings.
- 62% thought 'A Regenerated South Tyneside with Increased Businesses and Jobs' is the priority in the South Tyneside Council Vision that is most important.

This budget for 2015 to 2020 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 £22m funding gap for 2015/16.



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.

Shaping our Financial Future

Innovation and Efficiency

Our innovation and efficiency programme has already helped us to deliver over £100m 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.



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 making South Tyneside a major player in the North East.

Children, Adults and Families

Our ambitious vision can only be fully realised through the people of South Tyneside. Services for children, adults and families have a key role to play in making South Tyneside an outstanding borough. We have a strong focus on services for children, adults and families 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 2015/16.

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's Spending Review in 2010 determined that local government funding would reduce over a four year period. It is expected that reductions will continue over the period of this financial plan based upon the national fiscal forecasts. In 2015/16 we will receive over 16% less core Government funding when compared to the previous year.
2. The Council receives 47% of its income from Council Tax payers and retained business rates. The budget has been calculated incorporating an increase of 1.95% in Council Tax in 2015/16. Taking into account the reduction in Government funding, the revenue resources available to the Council are estimated to fall by over 13% over the next 2 years.
3. The economic downturn continues to impact on the cost pressures of the Council. Interest rates for borrowing, whilst falling, continue to be higher than lending rates. Other pressures include demand on services for vulnerable adults and children driven by demographics.

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 148,400. The majority of our population is white British with 4.9% of the total population from Black, Asian, or Minority Ethnicities, mainly Indian and Pakistani. The latest population projections (2012) show that by 2037 the population of the borough could be 156,600, representing a 5.5% 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. 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 2015/16 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, safeguarding of vulnerable adults and children and waste disposal costs, so it is prudent to extend our planning period.
10. The table below summarises our revenue spending plans for 2015/16 and provisional spending plans for 2016/17 to 2019/20 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			
2014/15 Revenue Spending Plans	2015/16	2016/17	2017/18	2018/19	2019/20
£m	£m	£m	£m	£m	£m
157.137 Base Budget	148.344	135.808	128.577	121.545	115.163
9.109 Budget Pressures	9.442	8.000	8.000	8.000	8.000
(17.902) Redirection of Current Spending	(21.978)	(15.231)	(15.032)	(14.382)	(10.118)
148.344 TOTAL Revenue Spending Plans	135.808	128.577	121.545	115.163	113.045
-2.77% Percentage Decrease in Council budget	-8.45%	-5.32%	-5.47%	-5.25%	-1.84%
Group Revenue Budgets					
82.619 Children, Adults and Families	75.512	71.685	67.765	64.206	63.025
13.904 Economic Regeneration	13.810	13.110	12.393	11.743	11.527
51.821 Business and Resources	46.486	43.782	41.387	39.214	38.493
148.344 TOTAL Group Revenue Budgets	135.808	128.577	121.545	115.163	113.045
Funded by					
53.991 Revenue Support Grant	39.960	32.466	24.350	16.801	13.441
14.854 Business Rates Retained	14.570	14.738	15.033	15.333	15.640
29.439 Business Rates Top Up	30.002	30.602	31.214	31.838	32.475
2.438 Education Funding Agency	1.926	1.541	1.233	0.986	0.789
0.582 Council Tax Freeze Grant	-	-	-	-	-
0.762 Use of Council Reserves	0.500	0.500	0.500	0.500	0.500
0.600 Collection Fund Contribution	0.800	0.200	0.200	0.200	0.200
45.678 Council Tax Income	48.050	48.530	49.015	49.505	50.000
148.344 TOTAL Revenue Funding Forecast	135.808	128.577	121.545	115.163	113.045
97.658 Dedicated Schools Grant	94.785	94.785	94.785	94.785	94.785

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.
12. In 2015/16 we will receive 53% of our revenue from Central Government and 47% from Council Tax and retained Business Rates. This is a one year settlement covering 2015/16 only and has continued to see significant reductions in our funding from Central Government which are also higher than the average across the country.
13. We have factored in these reductions and have assumed further estimated reductions in funding for 2016/17 to 2019/20 based upon national Government spending plans.

What are the Council's revenue spending plans?

14. The table at paragraph 10 shows the amount of Council Tax we will collect in 2015/16 with an increase of 1.95%. **For planning purposes only**, we have included the estimated income in 2016/17 to 2019/20, based upon Council Tax revenues increasing by 1%.
15. The actual increases in Council Tax income in 2016/17 to 2019/20 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 £0.471m of income.
16. Schools expenditure is funded from a Dedicated Schools Grant. The Schools and High Needs elements have been confirmed for 2015/16 but the Recoupment figure and the Early Years block will be confirmed in March and May respectively.
17. Appendix 1A provides more detail on the 2015/16 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 £9m in 2015/16, and a further estimated £8m per year from 2016/17 to 2019/20. 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	2015/16	2016/17	2017/18	2018/19	2019/20
	£m	£m	£m	£m	£m
Inflation	5.142	3.037	3.591	3.461	3.330
Other Standstill Pressures	3.382	4.897	4.346	4.479	4.613
Changes to External Grant	0.918	0.066	0.063	0.060	0.057
TOTAL Revenue Budget Pressures	9.442	8.000	8.000	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.
20. The current economic environment has continued to impact on our revenue budget. Low interest rates have significantly reduced our income on invested balances.

Redirection of current spending

21. 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, 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.

What are the Council's revenue spending plans?

22. Our budget plans have been developed through a programme of workstreams. Each workstream has worked across traditional service lines so that opportunities to develop new ways of working can be more easily identified.
23. The proposals included in our budget, which we have consulted upon, have involved some tough 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.
24. In 2015/16 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. Our target savings are in the region of £37m over the period 2015/16 and 2016/17 alone.
25. Plans for reducing spending, delivering new models of service and increasing efficiency in 2015/16 are shown in the following table.

	Redirection of Current Spending	2015/16 £m
	Integration and Early Help	
1	Commercial Services	0.500
2	Supplies and Services Review	0.250
3	Extended School and Area Grants	0.120
4	Early Years Funding	0.315
5	Change for Life	0.960
6	Early Help Contractual Efficiencies	0.300
7	Review of Information and Advice	0.380
8	Youth Justice	0.170
9	CAF Grants	0.015
10	Service Remodelling	0.134
11	Education, Learning & Skills	0.194
12	Street Lighting Replacement Programme	0.200
13	Review of Culture & Leisure	0.100
	Integration and Early Help Sub Total	3.638
	Commissioning for Independent Living	
14	Case Reviews	2.150
15	Placement Allowances	0.900
16	Community Support Contractual Efficiencies	1.100
17	Public Health Commissioning	0.600
18	Client Contributions Policy	0.250
19	Transport Bursary Scheme	0.060
20	Care Act Implementation Review of Adult Social Care Function	0.250
21	Review Youth Offending Services	0.080
22	Review Public Health / Commissioning Structures	0.233
23	Commissioning Income	0.250
24	Housing Related Support Services	0.300
25	Mental Health Contractual Efficiencies	0.300
26	Revised Direct Services Delivery Model	1.000
27	Court Fees	0.100
	Commissioning for Independent Living Sub Total	7.573

What are the Council's revenue spending plans?

	Redirection of Current Spending	2015/16 £m
	Employment Skills and Training	
28	Integration of Economic Growth and Adult Community Learning Teams	0.433
	Employment Skills and Training Sub Total	0.433
	Redesigned Support Services	
29	Non Staffing Savings	0.240
30	Insurance Efficiencies	0.045
31	Internal Audit Efficiencies	0.060
32	Legal Services Efficiencies	0.251
33	Performance Restructure	0.697
34	Resilience Restructure	0.091
35	Business Support	0.310
36	Direct Payments	0.039
37	Elections	0.070
	Redesigned Support Services Sub Total	1.803
	Housing and Area Management	
38	Area Management Model	0.516
39	Pest Control	0.015
40	Reduction in Supplies and Services Budgets	0.012
41	Photo Voltaic Panels Phase 2	0.080
42	Energy Performance Certificates	0.060
43	Landlord Accreditation	0.028
44	New Business Model	0.139
45	Fleet Management	0.100
	Housing and Area Management Sub Total	0.950
	Corporate Finance	
46	Review of Debt Charges Budget	0.850
47	New Homes Bonus	0.300
48	Corporate Funding	1.242
49	South Tyneside Homes	0.200
50	Discretionary Housing Payments	0.100
51	Rate Relief Policy	0.060
52	Reduction in Council Tax Bad Debt Provision	0.050
53	Recovery of Overpaid Housing Benefit	0.050
54	External Audit Costs	0.030
55	Procurement Efficiencies	3.163
56	Reduce Cash Collection Charge	0.100
57	Housing Supply Management	0.616
58	Transport Levy	0.070
	Corporate Finance Sub Total	6.831
	External Contracts	
59	External Contract Re-Provision	0.750
	External Contracts Sub Total	0.750
	TOTAL Redirection of Current Spending	21.978

What are the Council's revenue spending plans?

Council Tax Income

26. The following section provides further information on our Council Tax levels from 1st April 2015.
27. To fund our spending plans, we need to increase **our proportion of the borough's Council Tax** in 2015/16 to raise **£48.050m**. 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.
28. Northumbria Police and Crime Commissioner and Tyne & Wear Fire and Civil Defence Authority have confirmed a precept increase of 1.99%
29. The table below identifies the Council Tax for each property band:

2015/16 Borough Council Tax						
	Band Weighting	% of Properties in Each Band	South Tyneside Council £	Fire Authority £	Police & Crime Commissioner £	TOTAL £
Band A Properties	6/9	65.2	877.81	49.75	58.89	986.45
Band B Properties	7/9	13.6	1,024.11	58.04	68.70	1,150.85
Band C Properties	8/9	11.3	1,170.41	66.33	78.52	1,315.26
Band D Properties	1	6.0	1,316.71	74.62	88.33	1,479.66
Band E Properties	11/9	2.4	1,609.31	91.20	107.96	1,808.47
Band F Properties	13/9	1.0	1,901.91	107.78	127.59	2,137.28
Band G Properties	15/9	0.5	2,194.52	124.37	147.22	2,466.11
Band H Properties	18/9	0.1	2,633.42	149.24	176.66	2,959.32
Percentage increase from 2014/15			1.95%	1.99%	1.99%	

What are the Council's revenue spending plans?

South Tyneside Council Tax for 2015/16

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

2015/16 Borough Council Tax	Band Weighting	South Tyneside Council 2014/15	South Tyneside Council 2015/16	Fire Authority 2014/15	Fire Authority 2015/16	Police & Crime Commissioner 2014/15	Police & Crime Commissioner 2015/16	Borough Council Tax 2014/15	Borough Council Tax 2015/16
Band A Properties	6/9	£861.02	£877.81	£48.77	£49.75	£57.74	£58.89	£967.53	£986.45
Percentage increase			1.95%		1.99%		1.99%		1.95%
Annual increase			£16.79		£0.98		£1.15		£18.92
Weekly increase			£0.32		£0.02		£0.02		£0.36
Band B Properties	7/9	£1,004.53	£1,024.11	£56.90	£58.04	£67.36	£68.70	£1,128.79	£1,150.85
Percentage increase			1.95%		1.99%		1.99%		1.95%
Annual increase			£19.58		£1.14		£1.34		£22.06
Weekly increase			£0.38		£0.02		£0.03		£0.42
Band C Properties	8/9	£1,148.03	£1,170.41	£65.03	£66.33	£76.99	£78.52	£1,290.05	£1,315.26
Percentage increase			1.95%		1.99%		1.99%		1.95%
Annual increase			£22.38		£1.30		£1.53		£25.21
Weekly increase			£0.43		£0.02		£0.03		£0.48
Band D Properties	1	£1,291.53	£1,316.71	£73.16	£74.62	£86.61	£88.33	£1,451.30	£1,479.66
Percentage increase			1.95%		1.99%		1.99%		1.95%
Annual increase			£25.18		£1.46		£1.72		£28.36
Weekly increase			£0.48		£0.03		£0.03		£0.55
Band E Properties	11/9	£1,578.53	£1,609.31	£89.42	£91.20	£105.86	£107.96	£1,773.81	£1,808.47
Percentage increase			1.95%		1.99%		1.99%		1.95%
Annual increase			£30.78		£1.78		£2.10		£34.66
Weekly increase			£0.59		£0.03		£0.04		£0.67
Band F Properties	13/9	£1,865.54	£1,901.91	£105.68	£107.78	£125.10	£127.59	£2,096.32	£2,137.28
Percentage increase			1.95%		1.99%		1.99%		1.95%
Annual increase			£36.37		£2.10		£2.49		£40.96
Weekly increase			£0.70		£0.04		£0.05		£0.79
Band G Properties	15/9	£2,152.55	£2,194.52	£121.93	£124.37	£144.35	£147.22	£2,418.83	£2,466.11
Percentage increase			1.95%		1.99%		1.99%		1.95%
Annual increase			£41.97		£2.44		£2.87		£47.28
Weekly increase			£0.81		£0.05		£0.06		£0.91
Band H Properties	18/9	£2,583.06	£2,633.42	£146.32	£149.24	£173.22	£176.66	£2,902.60	£2,959.32
Percentage increase			1.95%		1.99%		1.99%		1.95%
Annual increase			£50.36		£2.92		£3.44		£56.72
Weekly increase			£0.97		£0.06		£0.07		£1.09

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 whilst 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 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.

Through successfully securing both national and regional strategic transport funding, the re-modelling of the Testos junction as well as Lindisfarne and Arches roundabouts will complement the regeneration and business creation strategy through improved traffic flow. Our ambitious City Deal, in Partnership with Sunderland, signed in June 2014 will unlock significant growth in the area with the aim of creating 5,200 new jobs in the long term.



Our 'South Shields 365' vision will connect the Riverside, Foreshore and Town Centre with new retail and leisure facilities, improved public spaces, a remodelled market place, and a new transport interchange and digital media centre.

What are the Council's capital spending plans?

Key Delivery Priorities

- **Regeneration of Town Centres and Villages**
- **Economic Growth and New 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. Construction of the new South Shields Digital Media Centre and improved Market Place will commence in 2015. The Council is also working to acquire the sites required to deliver the next phases that include a new public transport interchange and a much enhanced retail offer. This is turning our vision to reality, making South Shields an exciting destination every day of the year.



Willmott Dixon are making strong progress in the construction of a Community Hub for Hebburn, as part of the wider Hebburn Town Centre Regeneration and local infrastructure schemes driven by neighbourhood priorities. The scheme is planned for completion in summer 2015 and will generate significant new footfall in the town centre.

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.



What are the Council's capital spending plans?

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 £150m of Decent Homes funding, which has been applied across the borough to renovate the Council Housing stock, with this work continuing into 2015/16. This is complemented by a range of environmental improvements on estates throughout the borough and selective demolition of unsuitable properties.



To ensure both council properties and private dwellings are protected from flood risk there will be continued investment in this area to alleviate the threat of flooding in the areas worst affected.



The capital schemes within this priority include Highways and Transport (funded mainly by Government grant), and renewing critical elements of our vehicle fleet. It also includes an ongoing major programme of footpath replacement across the borough. Funding will be allocated for the planned completion by the end of 2015 of a re-invigorated Ocean Road to complement the successful opening of the iconic Haven Point leisure facility, creating an attractive link between the new foreshore and town centre developments.

What are the Council's capital spending plans?



A new housing development is being completed to revive the Frederick Street / Trinity South area of South Shields with a total of 222 new homes. The developers – Keepmoat – have commenced construction of 55 private dwellings and 10 social rented dwellings which will offer residents more housing choice with great access to a redeveloped Town Centre and foreshore. A further 40 dwellings are planned for 2015/16.

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.

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 invested in the expansion of nursery places available for two year olds across the borough to accommodate increased entitlement to education. It will continue to maintain the school estate. Investment will also be made in a new software package to help create a more structured system for Special Educational Needs school transport.



What are the Council's capital spending plans?

Strategic Outcome: Healthier People



We want people in South Tyneside to live **healthier and longer lives**. Through a 'life course' approach, we will encourage people to take positive decisions that will improve their health and wellbeing. We will improve health in specific groups and areas by focusing on prevention and early intervention, and improving access to personalised services and support.

To meet the challenge of an **ageing population**, we will work with our health partners, communities, the voluntary and private sectors to support people to **maintain their independence and reduce the need for care support**. Support will focus on helping people to retain and regain independence, with a range of information available regarding alternative services and support for those who require it. We will ensure that there are **sensible safeguards** against the risk of neglect and abuse and we will intervene to protect the most vulnerable.

The Better Care Fund which is pooling local government and health budgets, will provide adaptations to allow residents to live in their own homes for longer. There will be further investment in technology to allow the Council to provide directly a range of co-ordinated health interventions through its change for life programme. This will allow information and support on nutrition, exercise, smoking cessation etc. to be delivered effectively through an integrated model.

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.

What are the Council's capital spending plans?

We will invest further to ensure that we maximise the use of technology for our residents and communities. Examples include the development of a portal to allow health and social care professionals to access patient / resident information. Also we have already installed solar panels to a number of council houses which are generating income for the council through the Feed in Tariff and we will continue with this scheme into 2015/16.



Consolidation of Civic Buildings – During our budget consultation, 8 out of 10 residents said they supported our plans to reduce the number of council buildings as part of our borough wide asset management strategy. We are now implementing that strategy with the closure of a number of corporate buildings.

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 2015-20							
Strategic Outcome 1 : A regenerated South Tyneside with increased business and jobs							
Ref	Project Name	2015/16 £m	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m	Total £m
	Town Centre regeneration and community hub -						
ER01	South Shields	13.000	10.000	20.700	6.000	3.300	53.000
ER02	Hebburn Town centre regeneration	2.166	0.202	-	-	-	2.368
ER03	Foreshore-Promenade Improvements	2.363	-	-	-	-	2.363
ER04	Village Infrastructure Fund	0.100	0.100	0.100	0.100	0.100	0.500
ER05	South Shields Riverside	0.500	-	-	-	2.000	2.500
ER06	Jarrow Hub	-	1.000	2.000	-	-	3.000
ER07	International Advanced Manufacturing Park	-	-	-	11.000	-	11.000
		18.129	11.302	22.800	17.100	5.400	74.731
Strategic Outcome 2 : Better Housing and Neighbourhoods							
Ref	Project Name	2015/16 £m	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m	Total £m
BHN01	Highways & Footways Investment	4.680	4.000	4.000	4.000	5.078	21.758
BHN02	Lindisfarne Junction	4.500	0.500	-	-	-	5.000
BHN03	Arches Junction	-	4.320	2.380	-	-	6.700
BHN04	Testo's Roundabout	-	3.000	1.500	-	-	4.500
BHN05	Southern Portal of New Tyne Crossing	-	3.000	1.500	-	-	4.500
BHN06	Ocean Road	0.800	-	-	-	-	0.800
BHN07	Fellgate Flood Alleviation	3.500	-	-	-	-	3.500
BHN08	Monkton Village/Hebburn South Flood Alleviation	2.000	2.000	1.500	0.750	0.600	6.850
BHN09	CAF Environmental Schemes	0.500	0.500	0.500	0.500	0.500	2.500
BHN10	Flood Prevention Schemes (Studies)	0.200	-	-	-	-	0.200
BHN11	Rail Crossing Works	0.200	0.200	-	-	-	0.400
BHN12	Community and Green Space Improvements	0.100	-	-	-	-	0.100
BHN13	Housing Ventures	11.300	10.000	9.500	-	-	30.800
HC01	Decent Homes	18.813	18.938	10.963	11.105	12.895	72.714
HC02	Programme Fees - Housing Capital	1.365	1.378	0.854	0.849	0.922	5.368
HC03	Voids / Environmental Schemes	2.837	2.908	2.981	3.055	2.769	14.550
HC04	Disabled Adaptations	1.106	1.124	1.142	1.161	1.017	5.550
HC05	Public Sector Housing Other	0.500	0.500	0.500	0.500	0.500	2.500
		52.401	52.368	37.320	21.920	24.281	188.290
Strategic Outcome 3 : Stable and Independent Families							
Ref	Project Name	2015/16 £m	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m	Total £m
SIF01	SEN Home to School Transport	0.024	-	-	-	-	0.024
SIF02	Primary School Kitchens	0.106	-	-	-	-	0.106
SIF03	Schools Devolved Formula Capital	0.363	0.363	0.363	0.363	0.363	1.815
SIF04	Future School Provision	-	-	-	-	6.000	6.000
		0.493	0.363	0.363	0.363	6.363	7.945
Strategic Outcome 4 : Healthier People							
Ref	Project Name	2015/16 £m	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m	Total £m
HP01	Disabled Facilities Grant	0.792	0.792	0.792	0.792	0.792	3.960
HP02	Health/Social Care Integration	0.780	-	-	-	-	0.780
HP03	Public Health ICT	0.300	-	-	-	-	0.300
		1.872	0.792	0.792	0.792	0.792	5.040
Innovation and Efficiency							
Ref	Project Name	2015/16 £m	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m	Total £m
IE01	IT Development	0.200	-	-	-	-	0.200
IE02	Broadband Connectivity	0.400	-	-	-	-	0.400
IE03	Photovoltaic Panels on Roofs	0.850	-	-	-	-	0.850
IE04	Consolidation of Civic Buildings	3.300	-	-	-	-	3.300
IE05	Temple Park Development	0.800	1.200	-	-	-	2.000
IE06	Crematorium Upgrade	0.300	-	-	-	-	0.300
IE07	Liquid Logic Phase 2	0.473	-	-	-	-	0.473
IE08	Asset Maintenance	2.532	2.532	2.700	2.700	2.700	13.164
IE09	Street Lighting	2.000	-	-	-	-	2.000
IE10	Town Centre Management	0.300	-	-	-	-	0.300
IE11	Fleet Vehicle Replacement Programme	0.580	0.340	0.340	-	-	1.260
IE12	Investment Reprogramming	-	(0.792)	(2.731)	(0.822)	-	(4.345)
		11.735	3.280	0.309	1.878	2.700	19.902
TOTAL		84.630	68.105	61.584	42.053	39.536	295.908

What are the Council's capital spending plans?

Capital Funding

The table below summarises our capital funding estimates for 2015/16 and provisional funding estimates for 2016/17 to 2019/20.

Capital Programme By Funding	2015/16	2016/17	2017/18	2018/19	2019/20	Total
	£m	£m	£m	£m	£m	£m
Council General Fund Programme						
External Funding	27.296	26.057	27.944	5.183	5.033	91.513
Capital Receipts	6.000	6.800	10.000	4.000	4.000	30.800
Borrowing	25.513	9.200	6.000	15.000	11.200	66.913
Total Council General Fund Programme	58.809	42.057	43.944	24.183	20.233	189.226
Housing Programme (funded from the Housing Revenue Account)						
Revenue Funding of Decent Homes Maintenance	17.183	17.411	17.640	17.870	19.303	89.407
HRA Borrowing	8.638	8.637	-	-	-	17.275
Total Housing Programme	25.821	26.048	17.640	17.870	19.303	106.682
Combined Housing and General Fund	84.630	68.105	61.584	42.053	39.536	295.908

What are the Council's prudential indicators?

Prudential Code

31. 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.
32. 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.
33. 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.
34. 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

35. 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.
36. 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

37. 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?

2014/15 Affordability Measures Revised £m		2015/16 £m	2016/17 £m	2017/18 £m
Capital Spending Plans				
68.341	Council capital programme	60.009	43.257	45.144
55.191	Housing capital programme	25.821	26.084	17.640
123.532	Total Capital Programme	85.830	69.341	62.784
Capital Financing Requirement				
395.928	Council capital programme	431.080	431.806	432.962
270.154	Housing capital programme	278.829	287.503	287.503
666.082	Total Capital Financing Requirement	709.909	719.309	720.465
Ratio of Financing Costs to net revenue stream				
13.95%	Council capital programme	15.55%	16.23%	16.49%
42.55%	Housing capital programme	42.35%	42.61%	42.44%
Estimated Incremental effect of Capital investment Decisions				
	For the Band D Council Tax (Annually)	-59.65	29.73	50.14
	For Average Weekly Housing rents	0.45	-0.03	-0.34

38. The change in cost attributable to Council Tax from 2014/15 reflects the impact of planned borrowing by the Council.

Prudence – Council Treasury Management Practices

39. The Council has an integrated treasury management strategy and has adopted the CIPFA Code of Practice for Treasury Management in the Public Services.
40. 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.
41. The Council's Treasury Management Strategy and Annual Plan for 2015/16 was presented to Cabinet for approval on 11th February 2015.

Prudence Indicator - Net Debt and the Capital Financing Requirement

42. 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”.

43. 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

44. The Council's actual external debt at 31st March 2014 was £599.3m. The Council's external debt at 31st March 2015 is estimated to be £666m. This figure is inclusive of internal funding, Private Finance Initiative (PFI) and leasing costs and therefore represents the estimated capital financing requirement for the year 2015/16.
45. 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.
46. The following table identifies the Council's authorised limit for external debt for 2015/16 to 2017/18. For 2015/16, the authorised limit of £915m is the statutory limit determined under section 3(1) of the Local Government Act 2003.

Authorised Limit for External Debt	2015/16	2016/17	2017/18
	£m	£m	£m
Borrowing	780	770	765
Other Long Term Liabilities	135	135	130
Total	915	905	895

47. 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.
48. The following table identifies the **Council's operational boundary for external debt** for 2015/16 to 2017/18.

Operational Boundary	2015/16	2016/17	2017/18
	£m	£m	£m
Borrowing	715	700	700
Other Long Term Liabilities	120	120	115
Total	835	820	815

49. 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.
50. 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

51. 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:

	2015/16	2016/17	2017/18
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

52. The following table sets upper and lower limits for the maturity structure of the Council's borrowing during 2015/16. 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

53. The Council can invest for longer than 364 days. The maximum amount to be invested for periods above 364 days will be limited to £13m. Within this limit, £5m will be available for investment for between 364 days and two years and a further £8m for investment between 364 days and five years. 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 2014/15 was £15m.

2015/16 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 continue to be charged at the rate of 4% on the reducing balance of that borrowing as per option 1 of the guidance. Application of this provision will be on a discretionary basis, in that any utilisation of the continuing 4% option is entirely discretionary.
57. In cases where schemes are not fully completed or assets brought into use as at 31st March 2015, expenditure on these will be deferred from any MRP charge in 2015/16, but reconsidered for MRP in 2016/17, 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 Wall | 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 |
| • 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.

2015/16 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. The remaining expenditure is grouped together in a manner that reflects the life of the asset as detailed in paragraph 58.
62. Under Housing Finance Regulations, where the Council obtains receipts from the disposal of former Housing land, it may only use those receipts to finance capital expenditure on affordable housing and regeneration schemes; otherwise the receipts come under the national pooling arrangements. It is the Council's intention to apply Housing receipts to appropriate capital schemes.
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 for MRP purposes, 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 equivalent to the principal element of rental or charge that goes to write down the balance sheet liability created from such arrangements.

How will the Council manage financial risk?

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 2015 to 2020. 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:
The Council may have insufficient funds to achieve its priorities.	The achievement of the MTFP is imperative and is monitored every month as part of our performance monitoring process including challenge to budget holders. We have established a minimum level of reserves to cover the revenue costs of organisational change.
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 2013 has been built into our financial planning. The next valuation is due on 1 st April 2016 with the results impacting on the 2017/18 budget.
The Council fails to collect the required level of Business Rates assumed for the year.	The policy for Collection of Business Rates is constantly being reviewed to ensure that it remains robust and the Council maximises it's revenue via greater use of a wider range of recovery methods.
The costs of implementing new obligations as set down in the Care Act exceed resources provided by Government.	The Council maintains a Risk & Structural Change Reserve to manage the impact of strategic financial risks materialising. This is anticipated to be £6.8m at April 2015.

How will the Council manage financial risk?

Risk to the delivery of the MTFP	Risk Managed by:
Cost of equal pay claims are greater than anticipated.	Our reserves strategy includes allocations to meet liabilities for equal pay and single status costs. This reserve has been used to finance the revenue cost of settling equal pay claims and meeting some costs of job evaluation. We have settled a number of significant claims for equal pay to date and continue to monitor any further liabilities for the Council to ensure appropriate provision within our accounts.
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 are in place.
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. 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 2015.

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

- **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;

How will the Council manage financial risk?

- **General Reserve** established to support future spending plans and one-off spending;
- **School Balances** are cash balances held on behalf of schools;
- **Other Earmarked Reserves** are held 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).
75. Our forecast of the total Council cash reserves at 31st March 2015 is £23.922m as shown in the table below.

Council Reserves	Strategic Reserves (minimum) £m	Risk & Structural Change £m	School Balances £m	Earmarked Reserves £m	TOTAL Reserves £m
Balance as at 31st March 2014	3.021	10.695	8.885	9.408	32.009
Planned Use of Reserves in 2014/15					
Use of reserves	-	(3.908)	-	(5.066)	(8.974)
Contribution to reserves	-	-	-	0.887	0.887
Planned Contribution to Reserves in 2014/15	-	(3.908)	-	(4.179)	(8.087)
Estimated Balance as at 31st March 2015	3.021	6.787	8.885	5.229	23.922

76. The following tables identify the planned use of Council reserves during 2015/16 to 2019/20.

Council Reserves	Strategic Reserves (minimum) £m	Risk & Structural Change £m	School Balances £m	Earmarked Reserves £m	TOTAL Reserves £m
Estimated Balance as at 31st March 2015	3.021	6.787	8.885	5.229	23.922
Planned Use of Reserves in 2015/16					
Use of reserves	-	(0.500)	-	-	(0.500)
Contribution to reserves	-	-	-	-	-
Planned Contribution to Reserves in 2015/16	-	(0.500)	-	-	(0.500)
Estimated Balance as at 31st March 2016	3.021	6.287	8.885	5.229	23.422

Council Reserves	Strategic Reserves (minimum) £m	Risk & Structural Change £m	School Balances £m	Earmarked Reserves £m	TOTAL Reserves £m
Estimated Balance as at 31st March 2016	3.021	6.287	8.885	5.229	23.422
Planned Use of Reserves in 2016/17					
Use of reserves	-	(0.500)	-	-	(0.500)
Contribution to reserves	-	-	-	-	-
Planned Contribution to Reserves in 2016/17	-	(0.500)	-	-	(0.500)
Estimated Balance as at 31st March 2017	3.021	5.787	8.885	5.229	22.922

How will the Council manage financial risk?

Council Reserves	Strategic Reserves (minimum) £m	Risk & Structural Change £m	School Balances £m	Earmarked Reserves £m	TOTAL Reserves £m
Estimated Balance as at 31st March 2017	3.021	5.787	8.885	5.229	22.922
Planned Use of Reserves in 2017/18					
Use of reserves	-	(0.500)	-	-	(0.500)
Contribution to reserves	-	-	-	-	-
Planned Contribution to Reserves in 2017/18	-	(0.500)	-	-	(0.500)
Estimated Balance as at 31st March 2018	3.021	5.287	8.885	5.229	22.422

Council Reserves	Strategic Reserves (minimum) £m	Risk & Structural Change £m	School Balances £m	Earmarked Reserves £m	TOTAL Reserves £m
Estimated Balance as at 31st March 2018	3.021	5.287	8.885	5.229	22.422
Planned Use of Reserves in 2018/19					
Use of reserves	-	(0.500)	-	-	(0.500)
Contribution to reserves	-	-	-	-	-
Planned Contribution to Reserves in 2018/19	-	(0.500)	-	-	(0.500)
Estimated Balance as at 31st March 2019	3.021	4.787	8.885	5.229	21.922

Council Reserves	Strategic Reserves (minimum) £m	Risk & Structural Change £m	School Balances £m	Earmarked Reserves £m	TOTAL Reserves £m
Estimated Balance as at 31st March 2019	3.021	4.787	8.885	5.229	21.922
Planned Use of Reserves in 2019/20					
Use of reserves	-	(0.500)	-	-	(0.500)
Contribution to reserves	-	-	-	-	-
Planned Contribution to Reserves in 2019/20	-	(0.500)	-	-	(0.500)
Estimated Balance as at 31st March 2020	3.021	4.287	8.885	5.229	21.422

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	Budget		Provisional Budget		
	2015/16	2016/17	2017/18	2018/19	2019/20
	£m	£m	£m	£m	£m
Expenditure					
Management	19.878	19.749	19.474	19.434	19.439
Repairs & Maintenance	15.180	14.877	14.579	14.287	14.002
Rents, Rates, Taxes, Insurance	2.604	2.670	2.739	2.810	2.883
Provision for Bad Debts	1.178	1.614	2.050	2.073	2.007
Maintenance of Decent Homes	17.183	17.411	17.640	17.870	18.102
Debt Interest	12.295	12.668	12.643	12.369	12.596
Depreciation Non Dwellings	0.518	0.536	0.550	0.560	0.552
Other Capital Charges	0.226	0.233	0.240	0.220	0.228
TOTAL Housing Revenue Account Expenditure	69.062	69.758	69.915	69.623	69.809
Income					
Rents - Dwellings	(65.792)	(66.662)	(67.538)	(68.421)	(70.754)
Income - Other Services / Property	(4.224)	(4.323)	(4.422)	(4.533)	(4.657)
Housing Related Support Charges	(0.167)	(0.171)	(0.175)	(0.178)	(0.182)
Contributions & Interest	(0.963)	(1.038)	(1.010)	(0.937)	(0.910)
TOTAL Housing Revenue Account Income	(71.146)	(72.194)	(73.145)	(74.069)	(76.503)
(Surplus)/Deficit on Housing Revenue Account	(2.084)	(2.436)	(3.230)	(4.446)	(6.694)

What are the Council's housing revenue spending plans?

Housing Revenue Plans for 2015/16

82. The provision for bad debts is now at £1.2m due to expected increases in bad debts as a result of welfare reform changes to be introduced.
83. Rental income has been increased in line with Government guidelines in relation to rent calculation under self financing.

Service Charges for 2015/16

84. Service charges for 2015/16 will be as set out in Appendix 3.

What are the Tyne and Wear Pensions 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 2015/16 and provisional spending plans for 2016/17 and 2017/18, as agreed by the Pensions Committee on 6th February 2015.

Budget Tyne and Wear Pension fund 2014/15 £m	Provisional Budgets		
	2015/16 £m	2016/17 £m	2017/18 £m
27.637 Investment Management Fees	26.450	26.772	27.113
1.254 Investments Office	1.175	0.961	0.936
28.891 Total Investments Office	27.625	27.733	28.049
2.559 Pensions Office	2.643	2.701	2.620
0.067 Pension Fund Governance	0.121	0.122	0.124
31.517 TOTAL	30.389	30.556	30.793

87. The budget for 2015/16 shows a decrease of £1.128m over the 2014/15 budget. Increases of £0.167m and £0.237m are projected for 2016/17 and 2017/18 respectively.
88. The table below analyses the budget proposal for the next three years.

	2015/16 £m	2016/17 £m	2017/18 £m
Base Budget	31.517	30.389	30.556
Investment Management Fees	(1.187)	0.322	0.341
Standstill Pressures	0.114	0.129	0.058
Budget Growth/New Initiatives	0.113	0.160	-
Redirection of Current Spending	(0.168)	(0.444)	(0.162)
Revised Budget	30.389	30.556	30.793

89. The main reason for the decrease in investment management fees is due to a move into a passive fundamental indexation product and ceasing to invest in currency mandates.
90. The direct costs and recharges to the Investment Office and the Pensions Office increase by £0.059m in 2015/16 because of spending commitments to a number of new projects which will produce savings in future years and the filling of vacant positions within the Pensions Office. Reductions of £0.155m and £0.102m are forecast for 2016/17 and 2017/18 respectively as projects are expected to be completed.

Evaluation and Review

Shaped to Deliver

91. 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.
92. 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.
93. 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.
94. Senior officers review the financial reports at a bi-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.
95. 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

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

Appendix 1A: Council Revenue Budget 2015/16

Line Ref	Council Revenue Budget	Total Cost	Total Income	2015/16 Budget	Staffing 2015/16	
		£	£	£	No of Posts	FTE's
BUSINESS AND RESOURCES GROUP						
1	Strategy and Performance	5,383,528	(490,490)	4,893,038	190	161.07
2	Area Management	21,693,177	(11,061,140)	10,632,037	286	192.67
3	Corporate Finance	141,789,795	(117,790,383)	23,999,412	29	27.00
4	Culture and Leisure Services	6,371,700	(3,473,550)	2,898,150	243	169.88
5	Corporate Assurance	1,882,730	(1,568,850)	313,880	9	8.54
6	Legal Services	2,051,769	(1,065,349)	986,420	48	37.95
7	Organisational Development	3,004,050	(450,600)	2,553,450	27	26.50
8	Service Management	231,160	(21,400)	209,760	2	2.00
SUB TOTAL BUSINESS AND RESOURCES GROUP		182,407,909	(135,921,762)	46,486,147	834	625.61
PENSIONS						
9	Pensions Office	30,389,000	(30,389,000)	0	68	60.50
SUB TOTAL PENSIONS		30,389,000	(30,389,000)	0	68	60.50
TOTAL BUSINESS AND RESOURCES GROUP		212,796,909	(166,310,762)	46,486,147	902	686.11
ECONOMIC REGENERATION GROUP						
10	Asset Management and Design	25,085,787	(14,993,714)	10,092,073	641	302.66
11	Communications	1,247,000	(357,700)	889,300	25	23.03
12	Development Services	4,501,667	(2,981,000)	1,520,667	98	74.58
13	Economic Growth	5,891,500	(4,998,200)	893,300	36	35.26
14	Regeneration	527,600	(281,000)	246,600	9	8.80
15	Service Management	214,600	(47,000)	167,600	2	2.00
TOTAL ECONOMIC REGENERATION GROUP		37,468,154	(23,658,614)	13,809,540	811	446.33
CHILDREN, ADULTS AND FAMILIES GROUP						
16	Children and Families Social Care	21,188,913	(4,028,000)	17,160,913	219	210.40
17	Education, Learning and Skills	41,171,650	(30,975,500)	10,196,150	806	499.30
18	Adult Social Care	64,528,550	(31,217,600)	33,310,950	576	463.40
19	Public Health	12,917,300	0	12,917,300	15	14.40
20	Commissioning & Quality Assurance	3,951,700	(2,024,700)	1,927,000	38	34.45
SUB TOTAL CHILDREN, ADULTS AND FAMILIES BUDGET EXCLUDING SCHOO		143,758,113	(68,245,800)	75,512,313	1,654	1,221.95
SCHOOLS DELEGATED						
21	Delegated Schools Budget	87,959,900	(87,959,900)	0		
SUB TOTAL SCHOOLS DELEGATED		87,959,900	(87,959,900)	0		
TOTAL CHILDREN, ADULTS AND FAMILIES GROUP		231,718,013	(156,205,700)	75,512,313	1,654	1,221.95
TOTAL COUNCIL REVENUE BUDGET		481,983,076	(346,175,076)	135,808,000	3,367	2,354.39

Appendix 1B: Council Standstill Pressures 2015-20

Revenue Standstill Pressures	2015/16	2016/17	2017/18	2018/19	2019/20
	£m	£m	£m	£m	£m
Inflation					
Cost of living increase	1.015	0.750	1.500	1.500	1.500
Living Wage	0.074	0.292	-	-	-
Net Inflation on prices and income	4.053	1.995	2.091	1.961	1.830
TOTAL Inflation	5.142	3.037	3.591	3.461	3.330
Other Pressures					
Changes in employer pension contributions	-	-	1.000	0.750	0.750
Pension Contribution in respect of previous employees	0.316	0.328	0.700	-	-
Revenue Implications of Capital Programme	1.000	0.300	0.300	0.300	0.300
Increased NI Contributions	-	3.000	-	-	-
Adult Services Demographic Pressures	0.400	0.500	0.500	0.500	0.500
Contractual Requirements	0.934	-	-	-	-
Design Team Under Recovery of Income	0.232	-	-	-	-
Adult Social Care Warden Costs	0.084	-	-	-	-
Gatehouse Security	0.095	-	-	-	-
Chuter Ede Loss of Income	0.126	-	-	-	-
Winter Maintenance	0.050	-	-	-	-
Adult Social Care Deprivation of Liberty Case	0.120	-	-	-	-
SEN Reforms - additional staffing required	0.025	-	-	-	-
Digital Media Centre	-	0.400	0.400	-	-
C4L Training	-	0.075	-	-	-
Forecasted Pressures	-	0.294	1.446	2.929	3.063
TOTAL Other Pressures	3.382	4.897	4.346	4.479	4.613
Changes to External Grant					
Changes in External Funding	0.918	0.066	0.063	0.060	0.057
TOTAL Changes to External Grant	0.918	0.066	0.063	0.060	0.057
TOTAL Revenue Standstill Pressures	9.442	8.000	8.000	8.000	8.000

Appendix 2A: Council Capital Investment Programme 2015/16

Line Ref		Budget Holder	2015/16 Budget £	External Funding £	Council Funding £
Council Capital Budget		Budget Holder			
ECONOMIC REGENERATION		David Cramond			
REGENERATION		John Sparkes			
1	Town Centre Regeneration - South Shields	John Sparkes	13,000,000	-	13,000,000
2	Hebburn Town Centre Regeneration	Rick O'Farrell	2,166,000	-	2,166,000
3	Foreshore-Promenade Improvements	John Sparkes	2,363,000	1,605,000	758,000
4	South Shields Riverside	John Sparkes	500,000	-	500,000
TOTAL REGENERATION			18,029,000	1,605,000	16,424,000
ASSET MANAGEMENT & DESIGN		Paul Scrafton			
5	South Shields Town Hall	Paul Scrafton	3,000,000	-	3,000,000
6	Asset Maintenance	Paul Scrafton	2,532,000	1,200,000	1,332,000
7	Street Lighting	Paul Scrafton	2,000,000	-	2,000,000
8	Temple Park Development	Paul Scrafton	800,000	-	800,000
9	Securing Vacant Buildings	Paul Scrafton	100,000	-	100,000
10	Demolitions for Regeneration Purposes	Paul Scrafton	200,000	-	200,000
TOTAL ASSET MANAGEMENT & DESIGN			8,632,000	1,200,000	7,432,000
DEVELOPMENT SERVICES		George Mansbridge			
11	Fellgate Flood Alleviation	George Mansbridge	3,500,000	3,100,000	400,000
12	Photovoltaic panels	George Mansbridge	850,000	-	850,000
13	Flood Prevention Schemes	George Mansbridge	200,000	50,000	150,000
14	Monkton Village/Hebburn South Flood Alleviation	George Mansbridge	2,000,000	1,600,000	400,000
15	Housing Ventures	George Mansbridge	11,300,000	11,300,000	-
16	Rail Crossing Works	George Mansbridge	200,000	100,000	100,000
TOTAL DEVELOPMENT SERVICES			18,050,000	16,150,000	1,900,000
ECONOMIC GROWTH		John Scott			
17	Broadband Connectivity	John Scott	400,000	200,000	200,000
TOTAL ECONOMIC GROWTH			400,000	200,000	200,000
TOTAL ECONOMIC REGENERATION			45,111,000	19,155,000	25,956,000
BUSINESS AND RESOURCES		John Hewitt			
AREA MANAGEMENT		Andrew Whittaker			
18	Highways & Footways Investment	Andrew Whittaker	4,680,000	2,380,000	2,300,000
19	Lindisfarne Roundabout	Andrew Whittaker	4,500,000	4,000,000	500,000
20	CAF Environmental Schemes	Andrew Whittaker	500,000	-	500,000
21	Village Infrastructure Fund	Andrew Whittaker	100,000	-	100,000
22	Ocean Road	Andrew Whittaker	800,000	-	800,000
23	Community and Green Space Improvements	Andrew Whittaker	100,000	-	100,000
24	Crematorium Upgrade	Andrew Whittaker	300,000	-	300,000
25	Town Centre Management	Andrew Whittaker	300,000	-	300,000
26	Fleet Vehicle Replacement programme	Andrew Whittaker	580,000	-	580,000
TOTAL AREA MANAGEMENT			11,860,000	6,380,000	5,480,000
CORPORATE FINANCE		Stuart Reid			
27	IT Development	Stuart Reid	200,000	-	200,000
TOTAL CORPORATE FINANCE			200,000	-	200,000
TOTAL BUSINESS AND RESOURCES			12,060,000	6,380,000	5,680,000

Appendix 2A: Council Capital Investment Programme 2015/16

Line Ref		2015/16 Budget £	External Funding £	Council Funding £
	Council Capital Budget			
	CHILDREN, ADULTS AND FAMILIES			
	ADULT SOCIAL CARE			
	Budget Holder			
	Helen Watson			
	Louise Carverhill			
28	Disabled Facilities Grant	792,000	792,000	-
29	Health/Social Care Integration	500,000	500,000	-
30	Public Health ICT	300,000	-	300,000
31	Palmers Hospital Mental Health Team	280,000	-	280,000
32	Liquid Logic Phase 2	473,000	-	473,000
	TOTAL ADULT SOCIAL CARE	2,345,000	1,292,000	1,053,000
	COMMISSIONING AND QUALITY ASSURANCE			
	Joanne Moore			
33	SEN Home to School Transport	24,000	-	24,000
	TOTAL COMMISSIONING AND QUALITY ASSURANCE	24,000	-	24,000
	EDUCATION, LEARNING AND SKILLS			
	Peter Cutts			
34	Primary School Kitchens	106,000	106,000	-
35	Schools Devolved Formula capital	363,000	363,000	-
	TOTAL EDUCATION, LEARNING AND SKILLS	469,000	469,000	-
	TOTAL CHILDREN, ADULTS AND FAMILIES	2,838,000	1,761,000	1,077,000
	TOTAL COUNCIL CAPITAL BUDGET 2015/16	60,009,000	27,296,000	32,713,000
	HOUSING CAPITAL PROGRAMME			
	SOUTH TYNESIDE HOMES			
	Martin Knowles			
36	Decent Homes	18,812,698	-	18,812,698
37	Programme Fees - Housing Capital	1,365,330	-	1,365,330
38	Public Sector Housing Stock (Other)	3,336,688	-	3,336,688
	TOTAL SOUTH TYNESIDE HOMES	23,514,716	-	23,514,716
	COUNCIL RETAINED			
	George Mansbridge			
39	Disabled Adaptations	1,106,119	-	1,106,119
	TOTAL COUNCIL RETAINED CAPITAL PROGRAMME	1,106,119	-	1,106,119
	TOTAL HOUSING CAPITAL PROGRAMME	24,620,835	-	24,620,835
	TOTAL COUNCIL CAPITAL BUDGET 2015/16	84,629,835	27,296,000	57,333,835

Appendix 2B: Council Capital External Funding

The table below identifies the external funding for the capital programme, the majority of which is secured or probable, half of which is provisional because we are still at the bidding stage, or we are awaiting confirmation of future funding levels.

External Capital Funding Forecast	2015/16	2016/17	2017/18	2018/19	2019/20	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	1.200	1.200	1.200	1.200	1.200	6.000
DFE Universal Free School Meal Provision	0.106	-	-	-	-	0.106
DoH Capital Grant	0.500	-	-	-	-	0.500
Coastal Communities Fund	1.605	-	-	-	-	1.605
DFT Local Transport Plan	0.832	0.832	0.832	0.832	0.832	4.160
DFT Highways Maintenance Grant	1.548	1.420	1.377	1.246	1.246	6.837
Network Rail	0.100	0.100	-	-	-	0.200
North East Local Transport Board	-	-	6.900	-	-	6.900
Single Local Growth Fund	4.000	9.850	3.980	-	-	17.830
NEXUS/Better Bus/Public Transport Block	-	-	1.800	-	-	1.800
Better Care Fund	0.792	0.792	0.792	0.792	0.792	3.960
Broadband Connectivity	0.200	-	-	-	-	0.200
Environment Agency/Northumbrian Water	4.750	1.500	1.200	0.750	0.600	8.800
Housing Ventures	11.300	10.000	9.500	-	-	30.800
Council Capital Programme	27.296	26.057	27.944	5.183	5.033	91.513
External Funding Secured and Provisional						
External Funding Secured	16.035	14.607	14.064	4.433	4.433	53.572
External Funding Probable	9.550	11.450	13.880	0.750	0.600	36.230
External Funding Possible	1.711	-	-	-	-	1.711
TOTAL External Capital Funding Forecast	27.296	26.057	27.944	5.183	5.033	91.513

Appendix 3: Housing Revenue Account service charges

Landlord Charges - Services & Facilities		No	Current Charge £/wk	Proposed Revised Charge £/wk
Garage Rents	General	2,698	£4.00	£4.08
	Lincoln Road	28	£4.00	£4.08
Tenant Heating Charges	Newtown 1-bed	80	£3.11	£3.20
	Newtown 2-bed	195	£8.66	£8.92
	Jarrow Card Price	132	£19.94	£21.94
Housing Plus - Landlord Charges for Scheme Managers and Communal Facilities				
Service Charges	Purpose built flats with scheme manager & communal facilities	787	£12.33	£12.60
	Group dwellings with scheme manager & nearby communal facilities	438	£5.34	£5.45
Guest Room Charges	Charges for overnight stay or emergency situations per night		£11.06	£11.31
Furnished Tenancies	New Tenancies supplied with a package of furniture and Electrical Goods - Option 1 Points up to 110		£23.47	£23.99
	New Tenancies supplied with a package of furniture and Electrical Goods - Option 2 Points up to 160		£31.23	£31.92
	New Tenancies supplied with a package of furniture and Electrical Goods - Option 3 Points up to 200		£38.99	£39.85
	New Tenancies supplied with a package of furniture and Electrical Goods - Mini Option Points up to 60		£15.01	£15.34
	Decent Homes decant properties supplied cookers		£6.08	£23.99
Caretaker and Concierge Charges				
	Caretaker		Concierge	
	Cost per Prop per wk 2014/15	Cost per Prop per wk 2015/16	Cost per Prop per wk 2014/15	Cost per Prop per wk 2015/16
Durham Court	£2.66	£2.66	£9.85	£9.55
Westmorland Court	£2.18	£2.18	£9.85	£9.55
Ellen Court	£6.67	£6.67	£9.85	£9.55
Monastery Court	£6.67	£6.67	£9.85	£9.55
Wilkinson Court	£6.67	£6.67	£9.85	£9.55
Support Service Charges - Supporting People				
		No	Current Charge £/wk	Proposed Revised Charge £/wk
Community Alarms - Support				
Council Tenants	Standard - Hardwired or Solo Unit	2,466	£2.77	£2.83
Council Tenants	Enhanced - Hardwired or Solo Unit	35	£4.21	£4.30
Scheme Managers - Support				
Council Tenants	Scheme Managers - Support Services	1,178	£10.56	£10.79
External Users Community Alarms				
		No	Current Charge £/wk	Proposed Revised Charge £/wk
Owner/Occupiers	Private including rental of equipment	800	£5.00	£5.11
	Private - additional pendant	800	£1.55	£1.58
Housing Associations / Private	Standard Service		£5.00	£5.11
Other Specific Service Charges				
		No	Current Charge £/wk	Proposed Revised Charge £/wk
Council - HRA Temporary Accommodation - existing	1 - bed accommodation	4	£24.49	£25.03
	2 - bed accommodation	4	£34.79	£35.56
	3 - bed accommodation	4	£50.25	£51.36

Appendix 3: Housing Revenue Account service charges

Tenants - Housing Plus Heating Charges	2014/15			2015/16		
	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	£12.40	£14.92	£0.00	£11.16	£13.43
McIntrye Hall	£0.00	£16.57	£0.00	£0.00	£12.43	£0.00
Birch Grove	£0.00	£14.76	£0.00	£0.00	£13.28	£0.00
Calf Close	£0.00	£11.76	£14.12	£0.00	£10.58	£12.71
Martin Hall	£0.00	£14.42	£0.00	£0.00	£12.98	£0.00
Nolan Hall	£0.00	£16.01	£0.00	£0.00	£14.41	£0.00
Porlock House	£0.00	£11.26	£13.56	£0.00	£10.13	£12.20
Croftside House (Electric)	£10.41	£11.61	£12.77	£11.45	£12.77	£14.05
Bishop Ramsey	£0.00	£12.24	£14.69	£0.00	£11.02	£13.22
Farding Lake	£0.00	£11.61	£0.00	£0.00	£10.45	£0.00
Prince Ed Court	£0.00	£10.41	£12.47	£0.00	£9.37	£11.22
Blenkinsop House	£7.17	£7.96	£0.00	£6.45	£7.16	£0.00
Borrowdale House	£0.00	£8.12	£0.00	£0.00	£7.31	£0.00
Huntcliffe House	£0.00	£8.82	£0.00	£0.00	£7.94	£0.00
Inskip House	£0.00	£10.89	£0.00	£0.00	£9.80	£0.00
Wingrove House	£0.00	£10.81	£13.04	£0.00	£9.73	£11.74
Clayside House	£0.00	£9.32	£0.00	£0.00	£8.39	£0.00
Glenthorpe House	£0.00	£12.13	£14.61	£0.00	£10.92	£13.15
Hallgarth House	£0.00	£11.68	£14.05	£0.00	£10.51	£12.65
Julius Court	£0.00	£9.54	£0.00	£0.00	£8.59	£0.00
Thomas Bell SA	£0.00	£12.51	£0.00	£0.00	£11.26	£0.00
Patrick Cain House	£0.00	£9.69	£11.68	£0.00	£8.72	£10.51

Leaseholder Charges		
Management Fee	Cost per property per week 2014/15	Cost per property per week 2015/16
All Leaseholders	£134.60	£134.60

Appendix 3: Housing Revenue Account service charges

Tenant Communal Cleaning Charges		
	Cost per property per week 2014/15	Cost per property per week 2015/16
HIGH RISE PROPERTIES		
Westmoreland	£1.57	£1.61
Durham Court	£1.38	£1.42
MID RISE PROPERTIES		
Farding Square	£3.31	£3.41
Dean Road	£2.24	£2.30
Laygate	£2.18	£2.25
Whiteleas	£2.24	£2.30
Green Lane	£4.47	£4.60
Tyne Dock	£3.07	£3.16
Galsworthy Road	£2.24	£2.30
River Drive	£0.70	£0.72
Mowbray Road	£1.04	£1.07
Stewart & Fulwell	£0.62	£0.64
SHELTERED HOUSING		
Birch Grove SA	£5.80	£5.97
Bishop Ramsay SA	£6.39	£6.58
Blenkinsop House SA	£3.11	£3.20
Borrowdale House SA	£5.46	£5.62
Calf Close House SA	£4.54	£4.68
Cheviot House SA	£5.02	£5.17
Clayside House SA	£4.53	£4.67
Croftside House SA	£4.25	£4.38
Curren House SA	£7.40	£7.62
Davies Hall SA	£7.17	£7.38
Farding Lake SA	£5.31	£5.47
Fernyhough Hall SA	£4.15	£4.28
Glenthorpe House SA	£4.54	£4.68
Hallgarth House SA	£4.25	£4.38
Henley House SA	£5.53	£5.70
Huntcliffe House SA	£6.20	£6.39
Inskip House SA	£5.51	£5.68
Julius Court SA	£4.25	£4.38
Lincoln Court SA	£6.39	£6.58
Martin Hall SA	£4.47	£4.60
McIntyre Hall SA	£5.71	£5.88
Nolan Hall SA	£4.69	£4.83
Patrick Cain House SA	£6.54	£6.74
Porlock House SA	£4.72	£4.86
Prince Edward Court SA	£7.12	£7.33
Thomas Bell SA	£5.10	£5.25
Wingrove House SA	£4.25	£4.38

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.

