

# Shaping our Financial Future Medium Term Financial Plan 2014-19

Council Budget



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



**South Tyneside Council**



| <b>Contents</b>   | <b>Page</b> |
|---|-------------|
| Foreword by the Leader of the Council                     | 1           |
| Shaping our Financial Future                              | 2           |
| Introduction by the Lead Member Resources and Innovation  | 6           |
| Investing in our Future                                   | 7           |
| What are the Council's revenue spending plans?            | 8           |
| What are the Council's capital spending plans?            | 14          |
| What are the Council's prudential indicators?             | 21          |
| 2014/15 Minimum Revenue Provision Policy Statement        | 25          |
| How will the Council manage financial risk?               | 27          |
| What are the Council's housing revenue spending plans?    | 32          |
| What are the Tyne and Wear Pension Fund's spending plans? | 34          |
| Evaluation and Review                                     | 35          |
| Appendix 1A Council Revenue Budget 2014/15                | 36          |
| Appendix 1B Council Standstill Pressures 2014-19          | 37          |
| Appendix 2A Council Capital Investment Programme 2014/15  | 38          |
| Appendix 2B Council Capital External Funding              | 40          |
| Appendix 3 Housing Revenue Account service charges        | 41          |
| Appendix 4 Glossary                                       | 45          |

## Foreword by the Leader of the Council

# Council Budget 2014 – 2019 “Shaping our Financial Future”

## Foreword by Councillor Iain Malcolm, Leader of the Council

This budget marks a four year milestone in delivering our ambitious ‘Shaping our Future’ programme. Since the change in Government, local government have been continuously asked to make significant savings. South Tyneside Council will receive over 9% less core Government funding in 2014/15 compared to the previous year. However, despite these reductions in funding, we have not changed our vision – we have accelerated it. Over the past four years we have delivered £90million of efficiencies without any major service closures, council tax rises or compulsory redundancies.

2013 was a remarkable year for South Tyneside. Our stunning new **Haven Point** Leisure Complex was formally opened by HRH the Duke of Cambridge; **Harton Quays Park** transformed part of our fantastic riverside, our ambitious plan to transform South Shields Town Centre **South Shields 365** was launched and construction started in **Hebburn** town centre on our new Community Hub, Library and Pool.

These developments support South Tyneside’s growing reputation as a destination of choice, with record breaking numbers attending our **cultural events**, contributing over £200million to our economy as people visit restaurants, bars, shops and other attractions.

However, we are determined not to get complacent and 2014 will continue to build on our success. We have an unshakable vision for the future and are delivering on our ambition to make South Tyneside an outstanding place to live, invest and bring up families.

2014 will see Hebburn’s new £12.8million **Community Hub** take shape. The Hub is a major investment designed to kick-start regeneration and make Hebburn Town Centre more attractive to private investors. We will continue to make the **South Shields 365** vision a reality, with building starting on our new Central Library and Community Hub.

2014 will also see the completion of a **new promenade** and **seawall** at **Littlehaven** on South Shields seafront. The £5million scheme will not only create somewhere for relaxing walks and areas to stop and enjoy the views, but will also widen the beach at Littlehaven.

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 £65million 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.



A handwritten signature in black ink that reads "Iain Malcolm". The signature is written in a cursive style and is underlined with a single horizontal stroke.

**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 2014/15 we plan to spend **£473m**...that's more than Bury, York and Blackburn

Our capital spend from 2012 to 2014 was **£186m**

Capital budget for 2014 – 2019 is over **£280m**

We are **£90m** more efficient than we were in 2010

As administrators of the Tyne and Wear Pension Fund, we manage **£5.6bn** of investment assets

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

**148,164** people live in South Tyneside...that's more than Preston, Blackpool and Knowsley

We spent **£86m** on commissioned services in 2013/14

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 **5,321** 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 **£238m** in private investment between 2010 and 2020

Over **£194m** has been invested in improving council homes since 2006

### Last year we:

Welcomed **5.19m** visitors to South Tyneside

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

Provided **5,500** older people with direct care

Helped **2,748** people with personal debt problems

Helped over **1,280** children in need at any one time

Handled **558,000** 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  | Place   |
|---|---|
| <ul style="list-style-type: none"><li>• Better Education and Skills</li><li>• Fewer People in Poverty</li><li>• Protect Children and Vulnerable Adults</li><li>• Stable and Independent Families</li><li>• Healthier People</li></ul> | <ul style="list-style-type: none"><li>• A Regenerated South Tyneside with Increased Business and Jobs</li><li>• Better Transport</li><li>• Better Housing and Neighbourhoods</li><li>• A Clean and Green Environment</li><li>• Less Crime and Safer Communities</li></ul> |

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

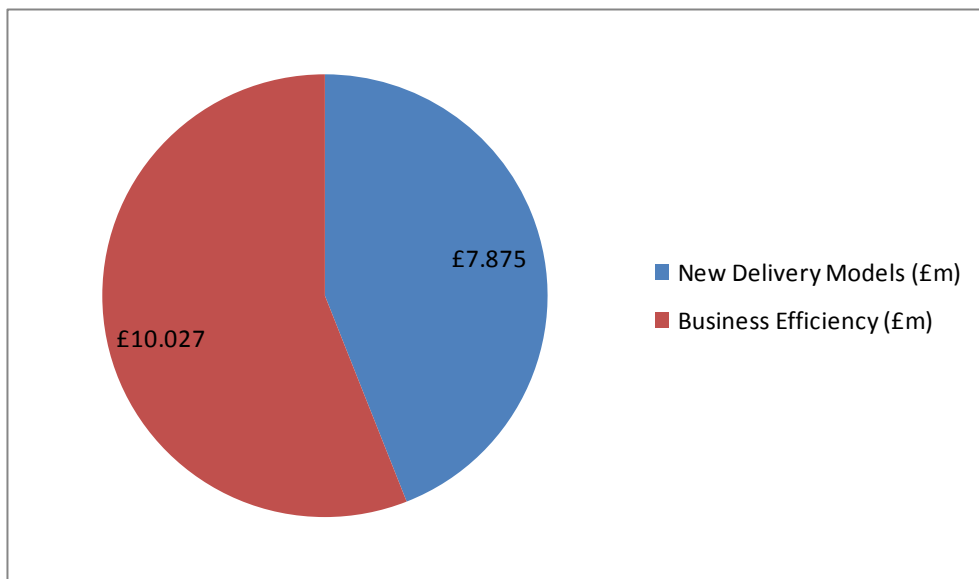
## 2014 and beyond

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 £90million savings over the last 4 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:

- 67% said they are satisfied with their local area as a place to live
- 59% of respondents agree that the Council should stop some services in order to protect others
- 61% thought 'A Regenerated South Tyneside with Increased Businesses and Jobs' is the priority in the South Tyneside Council Vision most in need of improvement.

This budget for 2014 to 2019 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 £18m funding gap for 2014/15.



### 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

## New Models of Service Delivery

We are continuing to roll out our programme of examining all of our services and considering how and why they are provided as well as the impact they make. 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.

## Innovation and Efficiency

In order for South Tyneside to thrive, it needs to be an area where people want to live, work and visit. By looking after our physical environment we will increase pride in our local areas, strengthen communities and attract investment.



## 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 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 outlines our approach to setting out our financial future. This document also sets the Council’s budget for 2014/15.

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. In 2012/13 we received 11% less government funding than the previous year and in 2013/14 we received 5% less than in 2012/13. In 2014/15 we will receive over 9% less than in 2013/14 with a likely further 14% cut in 2015/16.
2. The Council receives 41% of its income from Council Tax payers. The budget has been calculated incorporating no increase in Council Tax in 2014/15. Taking into account the reduction in government funding, the revenue resources available to the Council are estimated to fall by 14% over the next 2 years.
3. The economic downturn continues to impact on the cost pressures of the Council. Interest rates for borrowing continue to be higher than lending rates, while other pressures include demand on services for vulnerable adults and children.

## **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 148,164. 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 (2011) show that by 2021 the population of the borough could be 153,700, representing a 3.7% 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 2014/15 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 2014/15 and provisional spending plans for 2015/16 to 2018/19 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.

| <b>Budget</b>                                       | <b>Budget</b>  | <b>Provisional Spending</b> |                |                |                |
|---|----------------|-----------------------------|----------------|----------------|----------------|
| <b>2013/14 Revenue Spending Plans</b>               | <b>2014/15</b> | <b>2015/16</b>              | <b>2016/17</b> | <b>2017/18</b> | <b>2018/19</b> |
| <b>£m</b>   | <b>£m</b>      | <b>£m</b>                   | <b>£m</b>      | <b>£m</b>      | <b>£m</b>      |
| 161.418 Base Budget                                 | 157.137        | 148.344                     | 133.779        | 126.060        | 119.425        |
| (0.744) Full Year Effect of Prior Year Redirections | -              | -                           | -              | -              | -              |
| 7.935 Budget Pressures                              | 9.109          | 8.000                       | 8.000          | 8.000          | 8.000          |
| (11.472) Redirection of Current Spending            | (17.902)       | (22.565)                    | (15.719)       | (14.635)       | (14.003)       |
| <b>157.137 TOTAL Revenue Spending Plans</b>         | <b>148.344</b> | <b>133.779</b>              | <b>126.060</b> | <b>119.425</b> | <b>113.422</b> |
| <b>-2.77% Percentage Decrease in Council budget</b> | <b>-5.60%</b>  | <b>-9.82%</b>               | <b>-5.77%</b>  | <b>-5.26%</b>  | <b>-5.03%</b>  |
| <b>Group Revenue Budgets</b>                        |                |                             |                |                |                |
| 89.428 Children, Adults and Families                | 82.619         | 74.766                      | 70.451         | 66.743         | 63.388         |
| 19.568 Economic Regeneration                        | 13.904         | 12.582                      | 11.856         | 11.232         | 10.668         |
| 48.141 Business and Resources                       | 51.821         | 46.431                      | 43.753         | 41.450         | 39.366         |
| <b>157.137 TOTAL Group Revenue Budgets</b>          | <b>148.344</b> | <b>133.779</b>              | <b>126.060</b> | <b>119.425</b> | <b>113.422</b> |
| <b>Funded by</b>                                    |                |                             |                |                |                |
| 64.948 Revenue Support Grant                        | 53.991         | 38.774                      | 31.019         | 23.264         | 16.052         |
| 14.775 Business Rates Retained                      | 14.854         | 15.151                      | 15.454         | 15.763         | 16.079         |
| 28.877 Business Rates Top Up                        | 29.439         | 30.252                      | 30.857         | 31.474         | 32.104         |
| 2.654 Education Funding Agency                      | 2.438          | 2.011                       | 1.609          | 1.287          | 1.030          |
| 0.583 Council Tax Freeze Grant                      | 0.582          | 0.582                       | -              | -              | -              |
| 0.300 Use of Council Reserves                       | 0.762          | 0.275                       | 0.325          | 0.375          | 0.425          |
| 0.200 Collection Fund Contribution                  | 0.600          | 0.600                       | 0.200          | 0.200          | 0.200          |
| 44.800 Council Tax Income                           | 45.678         | 46.134                      | 46.596         | 47.062         | 47.532         |
| <b>157.137 TOTAL Revenue Funding Forecast</b>       | <b>148.344</b> | <b>133.779</b>              | <b>126.060</b> | <b>119.425</b> | <b>113.422</b> |
| 102.433 Dedicated Schools Grant                     | 97.658         | 97.658                      | 97.658         | 97.658         | 97.658         |

11. From 2013/14 the Government introduced a new system of funding Councils. Each Council is allowed to retain almost 5% of business rates collected. Government grant has been reduced accordingly to reflect this additional income now retained by Councils.
12. In 2014/15 we will receive 59% of our revenue from central Government and 41% from Council Tax and retained Business Rates. 2014/15 is the second year of a two year funding period which has continued to see significant reductions in our funding from central Government.
13. We have factored in these reductions and have assumed further estimated reductions in funding for 2015/16 to 2018/19 based upon national Government spending plans.

## What are the Council's revenue spending plans?

14. For the fourth year, part of our funding received from central Government included additional grant in return for the Council agreeing to keep the Council Tax levels static. In 2014/15 this amount is £0.582m. The table at paragraph 11 shows the amount of Council Tax we will collect in 2014/15 with no increase. **For planning purposes only**, we have included the estimated income in 2015/16 to 2018/19, based upon Council Tax revenues increasing by 1%.
15. The actual increases in Council Tax income in 2015/16 to 2018/19 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 £0.457m of income.
16. It is assumed that the Integrated Transport Authority (ITA) Levy will remain at its 2014/15 level for a subsequent 4 years to support the objectives of the County wide bus strategy.
17. Schools expenditure is funded from a Dedicated Schools Grant. The Schools block element has been confirmed for 2014/15 but the High Needs and Early Years blocks will be confirmed in March and May respectively.
18. Appendix 1A provides more detail on the 2014/15 revenue budgets for each service.

### Budget Pressures

19. 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 £9.1m in 2014/15, and a further estimated £8m per year from 2015/16 to 2018/19. 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.

| <b>Revenue Budget Pressures</b>       | <b>2014/15</b> | <b>2015/16</b> | <b>2016/17</b> | <b>2017/18</b> | <b>2018/19</b> |
|---------------------------------------|----------------|----------------|----------------|----------------|----------------|
|                                       | <b>£m</b>      | <b>£m</b>      | <b>£m</b>      | <b>£m</b>      | <b>£m</b>      |
| Inflation                             | 4.987          | 4.265          | 4.165          | 4.415          | 4.415          |
| Other Standstill Pressures            | 4.082          | 3.664          | 3.768          | 3.521          | 3.524          |
| Changes to External Grant             | 0.040          | 0.071          | 0.067          | 0.064          | 0.061          |
| <b>TOTAL Revenue Budget Pressures</b> | <b>9.109</b>   | <b>8.000</b>   | <b>8.000</b>   | <b>8.000</b>   | <b>8.000</b>   |

20. 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.
21. The current economic environment has continued to impact on our revenue budget. Low interest rates have significantly reduced our income on invested balances.

## What are the Council's revenue spending plans?

### Redirection of current spending

22. 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.
23. 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.
24. 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.
25. In 2014/15 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 £40m over the period 2014/15 and 2015/16 alone.
26. Plans for reducing spending, delivering new models of service and increasing efficiency in 2014/15 are shown in the following table.

| <b>Redirection of Current Spending</b>                                  |   | <b>2014/15<br/>£m</b> |
|---|---|-----------------------|
| <b>Integration and Early Help</b>                                       |   |                       |
| 1   | Supplies and Services Budget Review     | 0.425                 |
| 2   | Education Services Review               | 0.195                 |
| 3   | Internal Commissioning of Public Health | 0.550                 |
| 4   | Early Years and Extended Services       | 0.385                 |
| 5   | Community and Leisure Services          | 0.100                 |
| 6   | Development Services                    | 0.384                 |
| 7   | Service Remodelling                     | 0.127                 |
| 8   | Services for Young People               | 0.242                 |
| 9   | 2 Year Old Funding                      | 0.100                 |
| 10  | Local Welfare Efficiencies              | 0.200                 |
| <b>Integration and Early Help Sub Total</b>                             |   | <b>2.708</b>          |
| <b>Commissioning for Maximum Independence &amp; Wellbeing</b>           |   |                       |
| 11  | Complex Cases Review                    | 4.037                 |
| 12  | Older Persons Review                    | 0.831                 |
| 13  | Public Health Review                    | 1.605                 |
| 14  | Directly Provided Services              | 0.830                 |
| 15  | Income                                  | 0.650                 |
| 16  | Mental Health Services Review           | 0.670                 |
| <b>Commissioning for Maximum Independence &amp; Wellbeing Sub Total</b> |   | <b>8.623</b>          |



## What are the Council's revenue spending plans?

|    | <b>Redirection of Current Spending</b>                 | <b>2014/15<br/>£m</b> |
|----|--|-----------------------|
|    | <b>Employment Skills and Training</b>                  |                       |
| 17 | Service Redesign                                       | 0.100                 |
| 18 | Internal Commissioning of Employment & Skills Delivery | 0.225                 |
| 19 | Budget Efficiencies across Integrated Team             | 0.325                 |
| 20 | Economic Development                                   | 0.070                 |
|    | <b>Employment Skills and Training Sub Total</b>        | <b>0.720</b>          |
|    | <b>Redesigned Support Services</b>                     |                       |
| 21 | Business Services                                      | 0.300                 |
| 22 | Increased Income & Revenue                             | 0.130                 |
| 23 | Minor Staffing Changes                                 | 0.111                 |
| 24 | Resource Utilisation                                   | 0.146                 |
|    | <b>Redesigned Support Services Sub Total</b>           | <b>0.687</b>          |
|    | <b>Housing and Area Management</b>                     |                       |
| 25 | Revised Area Management Model                          | 0.618                 |
| 26 | New Models of Delivery                                 | 0.100                 |
|    | <b>Housing and Area Management Sub Total</b>           | <b>0.718</b>          |
|    | <b>Corporate Finance</b>                               |                       |
| 27 | Review of Corporate Training Provision                 | 0.050                 |
| 28 | Review of Debt Charges Budget                          | 1.000                 |
| 29 | Additional Housing Benefits Subsidy                    | 0.100                 |
| 30 | Pension Cost Allocation                                | 0.430                 |
| 31 | Business Rates Income                                  | 0.200                 |
| 32 | Additional Government Funding                          | 0.614                 |
| 33 | Procurement Efficiencies                               | 0.100                 |
| 34 | Government Grant Rebate                                | 0.225                 |
|    | <b>Corporate Finance Sub Total</b>                     | <b>2.719</b>          |
|    | <b>Asset Management</b>                                |                       |
| 35 | Property Rationalisation                               | 0.601                 |
| 36 | Energy Management                                      | 0.213                 |
| 37 | Asset Management Staffing                              | 0.120                 |
| 38 | Jarrow Town Hall Partnership                           | 0.060                 |
| 39 | Replacement Telephony System                           | 0.060                 |
| 40 | Street Lighting  | 0.100                 |
| 41 | Additional Income                                      | 0.035                 |
| 42 | TWEDCO Efficiencies                                    | 0.030                 |
| 43 | Bridge Repairs and Maintenance                         | 0.010                 |
|    | <b>Asset Management Sub Total</b>                      | <b>1.229</b>          |
|    | <b>External Contracts</b>                              |                       |
| 44 | Contract Re-modelling                                  | 0.498                 |
|    | <b>External Contracts Sub Total</b>                    | <b>0.498</b>          |
|    |  |                       |
|    | <b>TOTAL Redirection of Current Spending</b>           | <b>17.902</b>         |

## What are the Council's revenue spending plans?

### Council Tax Income

27. The following section provides further information on our Council Tax levels from 1<sup>st</sup> April 2014.
28. The budget has been planned with a zero increase in **our proportion of the borough's Council Tax** in 2014/15 to raise **£45.678m**. 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.
29. Northumbria Police and Crime Commissioner and Tyne & Wear Fire and Civil Defence Authority have confirmed a precept increase of 0%.
30. The table below identifies the Council Tax for each property band:

| 2014/15 Borough Council Tax      |                |                              |                             |                     |                                  |            |
|----------------------------------|----------------|------------------------------|-----------------------------|---------------------|----------------------------------|------------|
|                                  | Band Weighting | % of Properties in Each Band | South Tyneside Council<br>£ | Fire Authority<br>£ | Police & Crime Commissioner<br>£ | TOTAL<br>£ |
| Band A Properties                | 6/9            | 65.5                         | 861.02                      | 48.77               | 57.74                            | 967.53     |
| Band B Properties                | 7/9            | 13.5                         | 1,004.53                    | 56.90               | 67.36                            | 1,128.79   |
| Band C Properties                | 8/9            | 11.2                         | 1,148.03                    | 65.03               | 76.99                            | 1,290.05   |
| Band D Properties                | 1              | 5.9                          | 1,291.53                    | 73.16               | 86.61                            | 1,451.30   |
| Band E Properties                | 11/9           | 2.4                          | 1,578.53                    | 89.42               | 105.86                           | 1,773.81   |
| Band F Properties                | 13/9           | 1.0                          | 1,865.54                    | 105.68              | 125.10                           | 2,096.32   |
| Band G Properties                | 15/9           | 0.5                          | 2,152.55                    | 121.93              | 144.35                           | 2,418.83   |
| Band H Properties                | 18/9           | 0.1                          | 2,583.06                    | 146.32              | 173.22                           | 2,902.60   |
| Percentage increase from 2013/14 |                |                              | 0.00%                       | 0.00%               | 0.00%                            |            |

# What are the Council's revenue spending plans?

## South Tyneside Council Tax for 2014/15

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

| 2014/15 Borough Council Tax | Band Weighting | South Tyneside Council 2013/14 | South Tyneside Council 2014/15 | Fire Authority 2013/14 | Fire Authority 2014/15 | Police & Crime Commissioner 2013/14 | Police & Crime Commissioner 2014/15 | Borough Council Tax 2013/14 | Borough Council Tax 2014/15 |
|-----------------------------|----------------|--------------------------------|--------------------------------|------------------------|------------------------|-------------------------------------|-------------------------------------|-----------------------------|-----------------------------|
| <b>Band A Properties</b>    | 6/9            | £861.02                        | <b>£861.02</b>                 | £48.77                 | <b>£48.77</b>          | £57.74                              | <b>£57.74</b>                       | £967.53                     | <b>£967.53</b>              |
| Percentage increase         |                |                                | 0.0%                           |                        | 0.0%                   |                                     | 0.0%                                |                             | 0.0%                        |
| Annual Increase             |                |                                | £0.00                          |                        | £0.00                  |                                     | £0.00                               |                             | £0.00                       |
| Weekly Increase             |                |                                | £0.00                          |                        | £0.00                  |                                     | £0.00                               |                             | £0.00                       |
| <b>Band B Properties</b>    | 7/9            | £1,004.53                      | <b>£1,004.53</b>               | £56.90                 | <b>£56.90</b>          | £67.36                              | <b>£67.36</b>                       | £1,128.79                   | <b>£1,128.79</b>            |
| Percentage increase         |                |                                | 0.0%                           |                        | 0.0%                   |                                     | 0.0%                                |                             | 0.0%                        |
| Annual Increase             |                |                                | £0.00                          |                        | £0.00                  |                                     | £0.00                               |                             | £0.00                       |
| Weekly Increase             |                |                                | £0.00                          |                        | £0.00                  |                                     | £0.00                               |                             | £0.00                       |
| <b>Band C Properties</b>    | 8/9            | £1,148.03                      | <b>£1,148.03</b>               | £65.03                 | <b>£65.03</b>          | £76.99                              | <b>£76.99</b>                       | £1,290.05                   | <b>£1,290.05</b>            |
| Percentage increase         |                |                                | 0.0%                           |                        | 0.0%                   |                                     | 0.0%                                |                             | 0.0%                        |
| Annual Increase             |                |                                | £0.00                          |                        | £0.00                  |                                     | £0.00                               |                             | £0.00                       |
| Weekly Increase             |                |                                | £0.00                          |                        | £0.00                  |                                     | £0.00                               |                             | £0.00                       |
| <b>Band D Properties</b>    | 1              | £1,291.53                      | <b>£1,291.53</b>               | £73.16                 | <b>£73.16</b>          | £86.61                              | <b>£86.61</b>                       | £1,451.30                   | <b>£1,451.30</b>            |
| Percentage increase         |                |                                | 0.0%                           |                        | 0.0%                   |                                     | 0.0%                                |                             | 0.0%                        |
| Annual Increase             |                |                                | £0.00                          |                        | £0.00                  |                                     | £0.00                               |                             | £0.00                       |
| Weekly Increase             |                |                                | £0.00                          |                        | £0.00                  |                                     | £0.00                               |                             | £0.00                       |
| <b>Band E Properties</b>    | 11/9           | £1,578.53                      | <b>£1,578.53</b>               | £89.42                 | <b>£89.42</b>          | £105.86                             | <b>£105.86</b>                      | £1,773.81                   | <b>£1,773.81</b>            |
| Percentage increase         |                |                                | 0.0%                           |                        | 0.0%                   |                                     | 0.0%                                |                             | 0.0%                        |
| Annual Increase             |                |                                | £0.00                          |                        | £0.00                  |                                     | £0.00                               |                             | £0.00                       |
| Weekly Increase             |                |                                | £0.00                          |                        | £0.00                  |                                     | £0.00                               |                             | £0.00                       |
| <b>Band F Properties</b>    | 13/9           | £1,865.54                      | <b>£1,865.54</b>               | £105.68                | <b>£105.68</b>         | £125.10                             | <b>£125.10</b>                      | £2,096.32                   | <b>£2,096.32</b>            |
| Percentage increase         |                |                                | 0.0%                           |                        | 0.0%                   |                                     | 0.0%                                |                             | 0.0%                        |
| Annual Increase             |                |                                | £0.00                          |                        | £0.00                  |                                     | £0.00                               |                             | £0.00                       |
| Weekly Increase             |                |                                | £0.00                          |                        | £0.00                  |                                     | £0.00                               |                             | £0.00                       |
| <b>Band G Properties</b>    | 15/9           | £2,152.55                      | <b>£2,152.55</b>               | £121.93                | <b>£121.93</b>         | £144.35                             | <b>£144.35</b>                      | £2,418.83                   | <b>£2,418.83</b>            |
| Percentage increase         |                |                                | 0.0%                           |                        | 0.0%                   |                                     | 0.0%                                |                             | 0.0%                        |
| Annual Increase             |                |                                | £0.00                          |                        | £0.00                  |                                     | £0.00                               |                             | £0.00                       |
| Weekly Increase             |                |                                | £0.00                          |                        | £0.00                  |                                     | £0.00                               |                             | £0.00                       |
| <b>Band H Properties</b>    | 18/9           | £2,583.06                      | <b>£2,583.06</b>               | £146.32                | <b>£146.32</b>         | £173.22                             | <b>£173.22</b>                      | £2,902.60                   | <b>£2,902.60</b>            |
| Percentage increase         |                |                                | 0.0%                           |                        | 0.0%                   |                                     | 0.0%                                |                             | 0.0%                        |
| Annual Increase             |                |                                | £0.00                          |                        | £0.00                  |                                     | £0.00                               |                             | £0.00                       |
| Weekly Increase             |                |                                | £0.00                          |                        | £0.00                  |                                     | £0.00                               |                             | £0.00                       |

## 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. Target levels of borrowing are affordable and consistent with our revenue budget forecasts. The success of the investment strategy depends in part upon the funding generated from capital receipts. These receipts are generated through the disposal of Council land and buildings that are surplus to Council requirements.

External funding streams will be secured to support the funding of the programme. New and innovative funding sources 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.

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 library. There will also be improvements to Ocean Road and a new Littlehaven promenade and sea wall.



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**

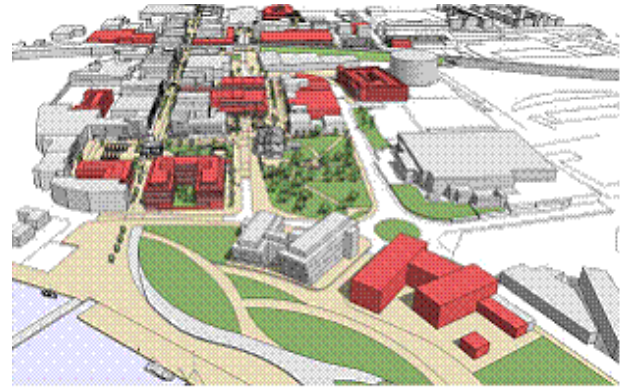
**corridor** and to maximise the opportunities along the **foreshore and within our key urban centres** and smaller towns and villages. Our ambitious City Deal, in Partnership with Sunderland, will unlock significant growth in the area.

# 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 appointment of Muse Developments to deliver the £100m masterplan. One of the country's leading names in property development and urban regeneration – Muse Developments will turn our vision to reality, making South Shields an exciting destination every day of the year.



Willmott Dixon have been appointed as the main contractor to deliver the development 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 progressing well and is planned for completion in 2015.

## 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.

We will build 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.

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.





## What are the Council's capital spending plans?

### 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 £120m of Decent Homes funding, which has been applied across the borough to renovate the Council Housing stock (up to the end of 2012/13), with a further £31m projected spend from this funding source from 2013/14 to 2014/15.



The capital schemes within this priority include Highways and Transport (funded mainly by Government grant). It also includes a major programme of footpath replacement across the borough and maintenance of our buildings. Funding will be allocated for the reinvigoration of Ocean Road to complement the successful opening of Haven Point, creating an attractive link between the new foreshore and town centre developments.

A new housing development is currently being built to revive the Frederick Street / Trinity South area of South Shields. The developers, Keepmoat, have commenced construction of 222 new dwellings which will offer residents more housing choice with great access to a redeveloped Town Centre and foreshore.

### 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**.

## What are the Council's capital spending plans?

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 21<sup>st</sup> Century
- Enterprising People in Enterprising Places
- **New Services for Children and Adults**

Much of the activity arising from this priority represents service improvements of a revenue nature. 2012/13 saw the effective completion of the Building Schools for the Future (BSF) programme with commitments relating to 2014/15 comprising investment in information technology. In 2014/15 the Council will be investing in the expansion of nursery places available for two year olds across the borough to accommodate increased entitlement to education.



### 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.

There will be continued investment in Telecare and Telehealth equipment as well as grants to provide adaptations to private dwellings to enable residents to stay in their own homes for longer.

### 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

## What are the Council's capital spending plans?

- **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.

Our Innovation and Efficiency programme requires significant capital expenditure on items for example a new social care database software package will be implemented to ensure a fit for purpose recording system to support decision making in relation to social care cases.

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 will relocate our staff to a smaller number of corporate buildings, including provision for the future jobs that will be created by our Strategic Partner, British Telecom South Tyneside.



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?

| <b>Capital Investment Strategy 2014-19</b>  |  |                       |                       |                       |                       |                       |                     |
|---|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|---------------------|
| <b>Strategic Outcome: A Regenerated South Tyneside with increased business and jobs</b> |  |                       |                       |                       |                       |                       |                     |
| <b>Ref</b>  | <b>Project Name</b>  | <b>2014/15<br/>£m</b> | <b>2015/16<br/>£m</b> | <b>2016/17<br/>£m</b> | <b>2017/18<br/>£m</b> | <b>2018/19<br/>£m</b> | <b>Total<br/>£m</b> |
| ER01  | Town Centre Regeneration and Community Hub - South Shields | 15.000                | 25.700                | 20.500                | 4.700                 | 5.900                 | 71.800              |
| ER02  | Jarrow and Hebburn Town centre regeneration                | 8.296                 | -                     | -                     | -                     | -                     | 8.296               |
| ER03  | Great North Run Cultural Programme                         | 0.045                 | -                     | -                     | -                     | -                     | 0.045               |
| ER04  | Coastal Activity Centre                                    | 1.650                 | 0.150                 | -                     | -                     | -                     | 1.800               |
| ER05  | Village Infrastructure Fund                                | 0.100                 | 0.100                 | 0.100                 | 0.100                 | 0.100                 | 0.500               |
| ER06  | Haven Point  | 0.353                 | -                     | -                     | -                     | -                     | 0.353               |
| ER07  | South Shields Riverside                                    | 0.250                 | -                     | -                     | -                     | -                     | 0.250               |
| ER08  | Frederick Street / Trinity South Regeneration              | 3.500                 | 0.837                 | -                     | -                     | -                     | 4.337               |
| ER09  | Construction of a New Coastal Defence at Littlehaven       | 0.450                 | -                     | -                     | -                     | -                     | 0.450               |
|   |  | <b>29.644</b>         | <b>26.787</b>         | <b>20.600</b>         | <b>4.800</b>          | <b>6.000</b>          | <b>87.831</b>       |
| <b>Strategic Outcome: Better Housing and Neighbourhoods</b>                             |  |                       |                       |                       |                       |                       |                     |
| <b>Ref</b>  | <b>Project Name</b>  | <b>2014/15<br/>£m</b> | <b>2015/16<br/>£m</b> | <b>2016/17<br/>£m</b> | <b>2017/18<br/>£m</b> | <b>2018/19<br/>£m</b> | <b>Total<br/>£m</b> |
| BHN01   | Borough Wide Highways & Footways Investment                | 4.932                 | 2.220                 | 2.720                 | 3.520                 | 3.520                 | 16.912              |
| BHN02   | Lindisfarne Junction                                       | -                     | 4.300                 | -                     | -                     | -                     | 4.300               |
| BHN03   | Arches Junction  | -                     | -                     | 7.000                 | -                     | -                     | 7.000               |
| BHN04   | Ocean Road   | 3.000                 | 0.801                 | -                     | -                     | -                     | 3.801               |
| BHN05   | Borough Wide Community Facilities                          | 0.250                 | 0.500                 | 1.865                 | 1.000                 | -                     | 3.615               |
| BHN06   | CAF Environmental Schemes                                  | 0.500                 | 0.500                 | 0.500                 | 0.500                 | 0.500                 | 2.500               |
| BHN07   | Flood Prevention Schemes                                   | 0.450                 | -                     | -                     | -                     | -                     | 0.450               |
| BHN08   | Borough Wide Housing Ventures                              | 6.000                 | 2.000                 | -                     | -                     | -                     | 8.000               |
| HC01  | Decent Homes   | 20.898                | 27.625                | 15.188                | 12.173                | 12.539                | 88.423              |
| HC02  | Programme Fees - Housing Capital                           | 1.529                 | 1.894                 | 1.153                 | 0.978                 | 1.005                 | 6.559               |
| HC03  | Disabled Adaptations                                       | 1.089                 | 1.107                 | 1.125                 | 1.143                 | 1.161                 | 5.625               |
| HC04  | Public Sector Housing Other                                | 4.383                 | 3.436                 | 3.408                 | 2.979                 | 3.056                 | 17.262              |
|   |  | <b>43.031</b>         | <b>44.383</b>         | <b>32.959</b>         | <b>22.293</b>         | <b>21.781</b>         | <b>164.447</b>      |
| <b>Strategic Outcome: Stable and Independent Families</b>                               |  |                       |                       |                       |                       |                       |                     |
| <b>Ref</b>  | <b>Project Name</b>  | <b>2014/15<br/>£m</b> | <b>2015/16<br/>£m</b> | <b>2016/17<br/>£m</b> | <b>2017/18<br/>£m</b> | <b>2018/19<br/>£m</b> | <b>Total<br/>£m</b> |
| SIF01   | BSF ICT Refresh  | 0.438                 | -                     | -                     | -                     | -                     | 0.438               |
| SIF02   | New Primary school   | -                     | -                     | -                     | 3.500                 | -                     | 3.500               |
| SIF03   | Borough Wide Expansion of 2 Year Old Nursery places        | 1.000                 | -                     | -                     | -                     | -                     | 1.000               |
| SIF04   | Schools Devolved Formula capital                           | 0.378                 | 0.378                 | 0.378                 | 0.378                 | 0.378                 | 1.890               |
|   |  | <b>1.816</b>          | <b>0.378</b>          | <b>0.378</b>          | <b>3.878</b>          | <b>0.378</b>          | <b>6.828</b>        |
| <b>Strategic Outcome: Healthier People</b>  |  |                       |                       |                       |                       |                       |                     |
| <b>Ref</b>  | <b>Project Name</b>  | <b>2014/15<br/>£m</b> | <b>2015/16<br/>£m</b> | <b>2016/17<br/>£m</b> | <b>2017/18<br/>£m</b> | <b>2018/19<br/>£m</b> | <b>Total<br/>£m</b> |
| HP01  | Disabled Facilities Grant                                  | 0.500                 | -                     | -                     | -                     | -                     | 0.500               |
| HP02  | Telehealth/Telecare equipment                              | 0.100                 | 0.100                 | 0.100                 | -                     | -                     | 0.300               |
|   |  | <b>0.600</b>          | <b>0.100</b>          | <b>0.100</b>          | <b>-</b>              | <b>-</b>              | <b>0.800</b>        |
| <b>Innovation and Efficiency</b>  |  |                       |                       |                       |                       |                       |                     |
| <b>Ref</b>  | <b>Project Name</b>  | <b>2014/15<br/>£m</b> | <b>2015/16<br/>£m</b> | <b>2016/17<br/>£m</b> | <b>2017/18<br/>£m</b> | <b>2018/19<br/>£m</b> | <b>Total<br/>£m</b> |
| IE01  | IT Development/Security                                    | 0.300                 | 0.300                 | 0.300                 | 0.300                 | 0.300                 | 1.500               |
| IE02  | Photovoltaic Panels on Roofs                               | 0.800                 | -                     | -                     | -                     | -                     | 0.800               |
| IE03  | Consolidation of civic buildings                           | 4.900                 | 0.500                 | -                     | -                     | -                     | 5.400               |
| IE04  | Demolitions for Regeneration Purposes                      | 0.100                 | 0.500                 | -                     | -                     | -                     | 0.600               |
| IE05  | Liquid Logic Phase 2                                       | 0.324                 | -                     | -                     | -                     | -                     | 0.324               |
| IE06  | Asset Maintenance  | 2.485                 | 2.532                 | 2.532                 | 2.700                 | 2.700                 | 12.949              |
| IE07  | Fleet Vehicle Replacement programme                        | 0.300                 | 0.200                 | 0.200                 | 0.300                 | 0.300                 | 1.300               |
|   |  | <b>9.209</b>          | <b>4.032</b>          | <b>3.032</b>          | <b>3.300</b>          | <b>3.300</b>          | <b>22.873</b>       |
| <b>TOTAL</b>  |  | <b>84.300</b>         | <b>75.680</b>         | <b>57.069</b>         | <b>34.271</b>         | <b>31.459</b>         | <b>282.779</b>      |

## What are the Council's capital spending plans?

### Capital Funding

The table below summarises our capital funding estimates for 2014/15 and provisional funding estimates for 2015/16 to 2018/19.

| <b>Capital Programme By Funding</b>                                | <b>2014/15</b> | <b>2015/16</b> | <b>2016/17</b> | <b>2017/18</b> | <b>2018/19</b> | <b>Total</b>   |
|--|----------------|----------------|----------------|----------------|----------------|----------------|
|  | <b>£m</b>      | <b>£m</b>      | <b>£m</b>      | <b>£m</b>      | <b>£m</b>      | <b>£m</b>      |
| <b>Council General Fund Programme</b>                              |                |                |                |                |                |                |
| External Funding   | 13.131         | 18.280         | 11.730         | 5.930          | 5.930          | <b>55.001</b>  |
| Capital Receipts   | 8.500          | 13.000         | 7.000          | 3.000          | 3.000          | <b>34.500</b>  |
| Borrowing  | 33.070         | 9.138          | 16.265         | 6.868          | 3.568          | <b>68.909</b>  |
| <b>Total Council General Fund Programme</b>                        | <b>54.701</b>  | <b>40.418</b>  | <b>34.995</b>  | <b>15.798</b>  | <b>12.498</b>  | <b>158.410</b> |
| <b>Housing Programme (funded from the Housing Revenue Account)</b> |                |                |                |                |                |                |
| External Funding   | 12.480         | -              | -              | -              | -              | <b>12.480</b>  |
| Revenue Funding of Decent Homes Maintenance                        | 16.983         | 17.521         | 22.074         | 18.473         | 18.961         | <b>94.012</b>  |
| HRA Borrowing  | 0.136          | 17.741         | -              | -              | -              | <b>17.877</b>  |
| <b>Total Housing Programme</b>                                     | <b>29.599</b>  | <b>35.262</b>  | <b>22.074</b>  | <b>18.473</b>  | <b>18.961</b>  | <b>124.369</b> |
| <b>Combined Housing and General Fund</b>                           | <b>84.300</b>  | <b>75.680</b>  | <b>57.069</b>  | <b>34.271</b>  | <b>31.459</b>  | <b>282.779</b> |



## What are the Council's prudential indicators?

### Prudential Code

32. 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.
33. 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.
34. 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.
35. 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

36. 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.
37. 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

38. 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?

| 2013/14<br>Revised<br>£m | Affordability Measures  | 2014/15<br>£m  | 2015/16<br>£m  | 2016/17<br>£m  |
|--------------------------|---|----------------|----------------|----------------|
|                          | <b>Capital Spending Plans</b>                                       |                |                |                |
| 49.977                   | Council capital programme   | 54.701         | 40.418         | 34.995         |
| 46.059                   | Housing capital programme   | 29.599         | 35.262         | 22.074         |
| <b>96.036</b>            | <b>Total Capital Programme</b>                                      | <b>84.300</b>  | <b>75.680</b>  | <b>57.069</b>  |
|                          | <b>Capital Financing Requirement</b>                                |                |                |                |
| 372.748                  | Council capital programme   | 394.292        | 395.784        | 384.942        |
| 269.626                  | Housing capital programme   | 269.762        | 287.503        | 287.503        |
| <b>642.374</b>           | <b>Total Capital Financing Requirement</b>                          | <b>664.054</b> | <b>683.287</b> | <b>672.445</b> |
|                          | <b>Ratio of Financing Costs to net revenue stream</b>               |                |                |                |
| 10.94%                   | Council capital programme   | 14.56%         | 15.56%         | 16.02%         |
| 42.63%                   | Housing capital programme   | 42.33%         | 42.44%         | 42.12%         |
|                          | <b>Estimated Incremental effect of Capital investment Decisions</b> |                |                |                |
|                          | For the Band D Council Tax (Annually)                               | 8.81           | 23.04          | 13.61          |
|                          | For Average Weekly Housing rents                                    | -0.24          | 0.31           | 0.59           |

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

### Prudence – Council Treasury Management Practices

40. The Council has an integrated treasury management strategy and has adopted the CIPFA Code of Practice for Treasury Management in the Public Services.
41. The Council has, at any point in time, a number of cashflows 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.
42. The Council's Treasury Management Strategy and Annual Plan for 2014/15 was presented to Cabinet for approval on 12<sup>th</sup> February 2014.

### Prudence Indicator - Net Debt and the Capital Financing Requirement

43. 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”.

44. 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

45. The Council's actual external debt at 31<sup>st</sup> March 2013 was £583.8m. The Council's external debt at 31<sup>st</sup> March 2014 is estimated to be £642.4m. 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 2014/15.
46. 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.
47. The following table identifies the Council's authorised limit for external debt for 2014/15 to 2016/17. For 2014/15, the authorised limit of £860m is the statutory limit determined under section 3(1) of the Local Government Act 2003.

| <b>Authorised Limit for External Debt</b> | <b>2014/15</b> | <b>2015/16</b> | <b>2016/17</b> |
|---|----------------|----------------|----------------|
|   | <b>£m</b>      | <b>£m</b>      | <b>£m</b>      |
| Borrowing                                 | 720            | 710            | 705            |
| Other Long Term Liabilities               | 140            | 140            | 135            |
| <b>Total</b>                              | <b>860</b>     | <b>850</b>     | <b>840</b>     |

48. 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.
49. The following table identifies the **Council's operational boundary for external debt** for 2014/15 to 2016/17.

| <b>Operational Boundary</b> | <b>2014/15</b> | <b>2015/16</b> | <b>2016/17</b> |
|-----------------------------|----------------|----------------|----------------|
|                             | <b>£m</b>      | <b>£m</b>      | <b>£m</b>      |
| Borrowing                   | 655            | 645            | 640            |
| Other Long Term Liabilities | 125            | 125            | 120            |
| <b>Total</b>                | <b>780</b>     | <b>770</b>     | <b>760</b>     |

50. 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.
51. As part of the Council's Treasury Management Strategy the Corporate Director, Business and Resources, 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

52. 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:

|   | 2014/15 | 2015/16 | 2016/17 |
|---|---------|---------|---------|
| <b>Upper Limit for Fixed Rate Exposure</b>    | %       | %       | %       |
| Debt Portfolio                                | 100     | 100     | 100     |
| <b>Upper Limit for Variable Rate Exposure</b> |         |         |         |
| Debt Portfolio                                | 35      | 35      | 35      |

### Prudence – Maturity Structure of Council Borrowing

53. The following table sets upper and lower limits for the maturity structure of the Council's borrowing during 2014/15. 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 |
|-----------------------------------|-------------|-------------|
|                                   | %           | %           |
| <b>Maturity Structure of</b>      |             |             |
| 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

54. 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 2013/14 is £15m.

## 2014/15 Minimum Revenue Provision Policy Statement

55. 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. 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.
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. 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 31<sup>st</sup> March 2014, expenditure on these will be deferred from any MRP charge in 2014/15, but reconsidered for MRP in 2015/16, or such later year, subject to the date of their completion as allowed by option 3 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 created.
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.
60. The Council also determines that available resources for financing capital expenditure, such as capital receipts, 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.



## **2014/15 Minimum Revenue Provision Policy Statement**

61. 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 major Housing receipts and any small, miscellaneous Housing receipts to appropriate capital schemes.
62. 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 earmarked funds. This is however entirely discretionary. 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.
63. Final decisions regarding the manner in which such resources are to be allocated to schemes will be taken under delegated powers.
64. In allocating financing to capital expenditure it is the Council's intention to apply external funding and capital receipts to assets with the shortest useful economic lives. The remaining expenditure is grouped together in a manner that reflects the life of the asset as detailed in paragraph 58.
65. 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.
66. 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?

67. 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 2014 to 2019. The Council carefully identifies the things that could go wrong and might undermine the medium term financial plan.
68. 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.
69. 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.
70. Some of our strategic risks have been assessed as particularly uncertain with a potentially significant financial impact. Reserves have been established for these risks.
71. 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

| <b>Risk to the delivery of the MTFP</b>  | <b>Risk Managed by:</b>   |
|--|---|
| 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.<br>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 <sup>st</sup> April 2013 has been built into our financial planning. The next valuation is due on 1 <sup>st</sup> April 2016 with the results impacting on the 2017/18 budget.                        |
| Resulting from the new Business Rates Retention model introduced in April 2013 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.  |
| Failure to reduce the waste going to landfill sites mean that the Council has to pay additional costs.   | A joint Waste Partnership with Sunderland and Gateshead Council will commence in April 2014 which should limit the potential impact of the long-term cost to the Council.   |

## How will the Council manage financial risk?

| Risk to the delivery of the MTFP  | Risk Managed by:   |
|---|--|
| <p>Cost of equal pay claims are greater than anticipated.</p>   | <p>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.</p> <p>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.</p>  |
| <p>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.</p>   | <p>Revenue spending is monitored on a monthly basis as part of the Council's corporate performance monitoring framework.</p> <p>Robust budgets consistent with agreed demand management plans.</p>   |
| <p>The 'credit crunch' has resulted in a risk to investment income due to the fluctuating interest rates and the security of capital sums invested following significant losses elsewhere e.g. Icelandic banks.</p> | <p>A prudent approach to the setting of interest rates has been adopted to protect the budget against adverse movements in rates. The borrowing and lending strategy is continually reviewed to respond to changing interest rate expectations. We have reviewed the credit rating approach and stress tested our lending list by assuming that each organisation would be downgraded by the credit rating agencies.</p> <p>The Council has a strategic financial risk reserve, anticipated to be £1.7m at April 2014, which could potentially meet any further unexpected fluctuations in this budget that have not already been met from our revised budget.</p> |
| <p>Uncertainty over the future funding of the capital programme because of the economic circumstances impacting upon the level of capital receipts.</p>   | <p>Our budget has been set with ambitious but achievable estimates of capital receipts.</p> <p>Capital receipts are monitored and reported to the Capital Investment Group. The forecast of receipts is included in our quarterly monitoring reports to Members. Other sources of funding are also being explored.</p>   |
| <p>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.</p>                   | <p>The Council is implementing plans to rationalise accommodation.</p> <p>This project involves a combination of capital investment, remodelling of current buildings and disposal and demolition of buildings no longer required.</p>   |
| <p>Emergency event occurs e.g. major flooding incident / significant traffic incident / flu pandemic which incurs additional unbudgeted costs.</p>  | <p>The Council maintains a Strategic Reserve to meet unforeseen liabilities. This is anticipated to be £3.1m at April 2014.</p>  |

## How will the Council manage financial risk?

### Our risk – based reserves policy

72. 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;
- **General Reserve** established to support future spending plans and one-off spending;
- **Earmarked Reserve for equal pay claims and the additional costs of job evaluation**, established to manage the risks that the actual cost of job evaluation is higher than estimated. The reserve will be used to finance the revenue cost of defending and settling known and potential equal pay claims.
- **Earmarked Reserve for Streetlighting PFI**, to balance the funding of the PFI scheme between advance grant payments and contractual payments towards the end of the scheme.
- **Other Earmarked Reserves** are held for specific commitments and principally include cash balances held on behalf of schools.

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

74. Our forecast of the total Council cash reserves at 31<sup>st</sup> March 2014 is £20.583m as shown in the table below.

| Council Reserves                                   | Strategic Reserves (minimum) £m | Risk Reserve £m | School Balances £m | Earmarked Reserves £m | TOTAL Reserves £m |
|--|---------------------------------|-----------------|--------------------|-----------------------|-------------------|
| Balance as at 31st March 2013                      | 3.021                           | 2.000           | 7.080              | 12.225                | 24.326            |
| <b>Planned Use of Reserves in 2013/14</b>          |                                 |                 |                    |                       |                   |
| Use of reserves                                    | -                               | (0.331)         | -                  | (3.534)               | (3.865)           |
| Contribution to reserves                           | 0.122                           | -               | -                  | -                     | 0.122             |
| <b>Planned Contribution to Reserves in 2013/14</b> | <b>0.122</b>                    | <b>(0.331)</b>  | <b>-</b>           | <b>(3.534)</b>        | <b>(3.743)</b>    |
| <b>Estimated Balance as at 31st March 2014</b>     | <b>3.143</b>                    | <b>1.669</b>    | <b>7.080</b>       | <b>8.691</b>          | <b>20.583</b>     |

## How will the Council manage financial risk?

75. The tables below identify the planned use of Council reserves during 2014/15 to 2018/19.

| <b>Council Reserves</b>                            | <b>Strategic Reserves (minimum) £m</b> | <b>Financial Risk Reserve £m</b> | <b>School Balances £m</b> | <b>Earmarked Reserves £m</b> | <b>TOTAL Reserves £m</b> |
|--|--|----------------------------------|---------------------------|------------------------------|--------------------------|
| <b>Estimated Balance as at 31st March 2014</b>     | <b>3.143</b>                           | <b>1.669</b>                     | <b>7.080</b>              | <b>8.691</b>                 | <b>20.583</b>            |
| <b>Planned Use of Reserves in 2014/15</b>          |  |                                  |                           |                              |                          |
| Use of reserves                                    | (0.183)                                | -                                | -                         | (0.762)                      | (0.945)                  |
| Contribution to reserves                           | -                                      | 0.183                            | -                         | -                            | 0.183                    |
| <b>Planned Contribution to Reserves in 2014/15</b> | <b>(0.183)</b>                         | <b>0.183</b>                     | <b>-</b>                  | <b>(0.762)</b>               | <b>(0.762)</b>           |
| <b>Estimated Balance as at 31st March 2015</b>     | <b>2.959</b>                           | <b>1.853</b>                     | <b>7.080</b>              | <b>7.929</b>                 | <b>19.821</b>            |

| <b>Council Reserves</b>                            | <b>Strategic Reserves (minimum) £m</b> | <b>Financial Risk Reserve £m</b> | <b>School Balances £m</b> | <b>Earmarked Reserves £m</b> | <b>TOTAL Reserves £m</b> |
|--|--|----------------------------------|---------------------------|------------------------------|--------------------------|
| <b>Estimated Balance as at 31st March 2015</b>     | <b>2.959</b>                           | <b>1.853</b>                     | <b>7.080</b>              | <b>7.929</b>                 | <b>19.821</b>            |
| <b>Planned Use of Reserves in 2015/16</b>          |  |                                  |                           |                              |                          |
| Use of reserves                                    | (0.279)                                | -                                | -                         | (0.275)                      | (0.554)                  |
| Contribution to reserves                           | -                                      | 0.279                            | -                         | -                            | 0.279                    |
| <b>Planned Contribution to Reserves in 2015/16</b> | <b>(0.279)</b>                         | <b>0.279</b>                     | <b>-</b>                  | <b>(0.275)</b>               | <b>(0.275)</b>           |
| <b>Estimated Balance as at 31st March 2016</b>     | <b>2.680</b>                           | <b>2.132</b>                     | <b>7.080</b>              | <b>7.654</b>                 | <b>19.546</b>            |

| <b>Council Reserves</b>                            | <b>Strategic Reserves (minimum) £m</b> | <b>Financial Risk Reserve £m</b> | <b>School Balances £m</b> | <b>Earmarked Reserves £m</b> | <b>TOTAL Reserves £m</b> |
|--|--|----------------------------------|---------------------------|------------------------------|--------------------------|
| <b>Estimated Balance as at 31st March 2016</b>     | <b>2.680</b>                           | <b>2.132</b>                     | <b>7.080</b>              | <b>7.654</b>                 | <b>19.546</b>            |
| <b>Planned Use of Reserves in 2016/17</b>          |  |                                  |                           |                              |                          |
| Use of reserves                                    | (0.153)                                | -                                | -                         | (0.325)                      | (0.478)                  |
| Contribution to reserves                           | -                                      | 0.153                            | -                         | -                            | 0.153                    |
| <b>Planned Contribution to Reserves in 2016/17</b> | <b>(0.153)</b>                         | <b>0.153</b>                     | <b>-</b>                  | <b>(0.325)</b>               | <b>(0.325)</b>           |
| <b>Estimated Balance as at 31st March 2017</b>     | <b>2.527</b>                           | <b>2.285</b>                     | <b>7.080</b>              | <b>7.329</b>                 | <b>19.221</b>            |

| <b>Council Reserves</b>                            | <b>Strategic Reserves (minimum) £m</b> | <b>Financial Risk Reserve £m</b> | <b>School Balances £m</b> | <b>Earmarked Reserves £m</b> | <b>TOTAL Reserves £m</b> |
|--|--|----------------------------------|---------------------------|------------------------------|--------------------------|
| <b>Estimated Balance as at 31st March 2017</b>     | <b>2.527</b>                           | <b>2.285</b>                     | <b>7.080</b>              | <b>7.329</b>                 | <b>19.221</b>            |
| <b>Planned Use of Reserves in 2017/18</b>          |  |                                  |                           |                              |                          |
| Use of reserves                                    | (0.132)                                | -                                | -                         | (0.375)                      | (0.507)                  |
| Contribution to reserves                           | -                                      | 0.132                            | -                         | -                            | 0.132                    |
| <b>Planned Contribution to Reserves in 2017/18</b> | <b>(0.132)</b>                         | <b>0.132</b>                     | <b>-</b>                  | <b>(0.375)</b>               | <b>(0.375)</b>           |
| <b>Estimated Balance as at 31st March 2018</b>     | <b>2.395</b>                           | <b>2.417</b>                     | <b>7.080</b>              | <b>6.954</b>                 | <b>18.846</b>            |

## How will the Council manage financial risk?

| <b>Council Reserves</b>                            | <b>Strategic Reserves (minimum) £m</b> | <b>Financial Risk Reserve £m</b> | <b>School Balances £m</b> | <b>Earmarked Reserves £m</b> | <b>TOTAL Reserves £m</b> |
|--|--|----------------------------------|---------------------------|------------------------------|--------------------------|
| <b>Estimated Balance as at 31st March 2018</b>     | <b>2.395</b>                           | <b>2.417</b>                     | <b>7.080</b>              | <b>6.954</b>                 | <b>18.846</b>            |
| <b>Planned Use of Reserves in 2018/19</b>          |  |                                  |                           |                              |                          |
| Use of reserves                                    | (0.119)                                | -                                | -                         | (0.425)                      | (0.544)                  |
| Contribution to reserves                           | -                                      | 0.119                            | -                         | -                            | 0.119                    |
| <b>Planned Contribution to Reserves in 2018/19</b> | <b>(0.119)</b>                         | <b>0.119</b>                     | <b>-</b>                  | <b>(0.425)</b>               | <b>(0.425)</b>           |
| <b>Estimated Balance as at 31st March 2019</b>     | <b>2.276</b>                           | <b>2.536</b>                     | <b>7.080</b>              | <b>6.529</b>                 | <b>18.421</b>            |



## What are the Council's housing revenue spending plans?

76. 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.
77. 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.
78. 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.
79. 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.
80. The following table shows provisional HRA expenditure and income plans for the following 5 years.

| Housing Revenue Account                             | Budget          |                 | Provisional Budget |                 |                 |
|---|-----------------|-----------------|--------------------|-----------------|-----------------|
|   | 2014/15         | 2015/16         | 2016/17            | 2017/18         | 2018/19         |
|   | £m              | £m              | £m                 | £m              | £m              |
| <b>Expenditure</b>                                  |                 |                 |                    |                 |                 |
| Management  | 19.043          | 19.160          | 19.486             | 19.828          | 20.207          |
| Repairs & Maintenance                               | 15.490          | 15.704          | 15.921             | 16.141          | 16.363          |
| Rents, Rates, Taxes, Insurance                      | 2.539           | 2.611           | 2.685              | 2.762           | 2.841           |
| Provision for Bad Debts                             | 1.334           | 1.747           | 2.216              | 2.698           | 2.753           |
| Maintenance of Decent Homes                         | 16.982          | 17.521          | 18.074             | 18.474          | 18.961          |
| Debt Interest                                       | 12.422          | 12.415          | 12.757             | 12.861          | 12.753          |
| Depreciation Non Dwellings                          | 0.489           | 0.501           | 0.513              | 0.526           | 0.539           |
| Other Capital Charges                               | 0.219           | 0.229           | 0.239              | 0.249           | 0.233           |
| Contribution to Capital                             | 0.000           | 0.000           | 4.000              | 0.000           | 0.000           |
| <b>TOTAL Housing Revenue Account Expenditure</b>    | <b>68.518</b>   | <b>69.888</b>   | <b>75.891</b>      | <b>73.539</b>   | <b>74.650</b>   |
| <b>Income</b>                                       |                 |                 |                    |                 |                 |
| Rents - Dwellings                                   | (65.186)        | (66.828)        | (68.629)           | (70.405)        | (72.155)        |
| Income - Other Services / Property                  | (4.244)         | (4.395)         | (4.557)            | (4.729)         | (4.912)         |
| Housing Related Support Charges                     | (0.174)         | (0.174)         | (0.174)            | (0.174)         | (0.174)         |
| Contributions & Interest                            | (0.963)         | (0.983)         | (0.995)            | (0.947)         | (0.944)         |
| <b>TOTAL Housing Revenue Account Income</b>         | <b>(70.567)</b> | <b>(72.380)</b> | <b>(74.355)</b>    | <b>(76.255)</b> | <b>(78.185)</b> |
| <b>Contribution From Reserves</b>                   | <b>0.000</b>    | <b>0.000</b>    | <b>(4.000)</b>     | <b>0.000</b>    | <b>0.000</b>    |
| <b>(Surplus)/Deficit on Housing Revenue Account</b> | <b>(2.049)</b>  | <b>(2.492)</b>  | <b>(2.464)</b>     | <b>(2.716)</b>  | <b>(3.535)</b>  |

## **What are the Council's housing revenue spending plans?**

### **Housing Revenue Plans for 2014/15**

81. The provision for bad debts has been increased by an additional £1m, due to expected increases in bad debts as a result of welfare reform changes to be introduced.
82. The South Tyneside Homes Management Fee has been reduced by 1% from £10.133m to £10.031m. A 1% per annum reduction is assumed for the following four years.
83. Rental income has been increased in line with Government guidelines in relation to rent calculation under self financing.

### **Service Charges for 2014/15**

84. Service charges for 2014/15 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 2014/15 and provisional spending plans for 2015/16 and 2016/17, as agreed by the Pensions Committee on 7<sup>th</sup> February 2014.

| <b>Budget Tyne and Wear Pension fund</b>       | <b>Budget</b>  | <b>Provisional Budgets</b> |                |
|--|----------------|----------------------------|----------------|
| <b>2013/14</b>                                 | <b>2014/15</b> | <b>2015/16</b>             | <b>2016/17</b> |
| <b>£m</b>                                      | <b>£m</b>      | <b>£m</b>                  | <b>£m</b>      |
| 27.492 Investment Management Fees              | 27.637         | 30.155                     | 32.348         |
| 1.551 Direct Costs and Recharges               | 1.307          | 0.938                      | 0.982          |
| <b>29.043 Total Investments Office</b>         | <b>28.944</b>  | <b>31.093</b>              | <b>33.330</b>  |
| <b>2.475 Pensions Office</b>                   | <b>2.573</b>   | <b>2.545</b>               | <b>2.699</b>   |
| <b>31.518 TOTAL Tyne and Wear Pension Fund</b> | <b>31.517</b>  | <b>33.638</b>              | <b>36.029</b>  |

87. The budget for 2014/15 shows a decrease of £0.001m over the 2013/14 budget. Increases of £2.121m and £2.391m are projected for 2015/16 and 2016/17 respectively.
88. The table below analyses the budget proposal for the next three years.

|                                 | <b>2014/15</b> | <b>2015/16</b> | <b>2016/17</b> |
|---------------------------------|----------------|----------------|----------------|
|                                 | <b>£m</b>      | <b>£m</b>      | <b>£m</b>      |
| <b>Base Budget</b>              | <b>31.518</b>  | <b>31.517</b>  | <b>33.638</b>  |
| Investment Management Fees      | 0.145          | 2.518          | 2.194          |
| Standstill Pressures            | 0.183          | 0.022          | 0.209          |
| Budget Growth/New Initiatives   | 0.026          | 0.005          | 0.000          |
| Redirection of Current Spending | (0.355)        | (0.424)        | (0.012)        |
| <b>Revised Budget</b>           | <b>31.517</b>  | <b>33.638</b>  | <b>36.029</b>  |

89. The main reason for the increase in investment management fees is due to additional commitments to asset classes such as Private Equity, Global Property and Infrastructure.
90. The direct costs and recharges to the Investment Office and the Pensions Office decrease by £0.146m in 2014/15 because of spending commitments to ongoing projects coming to an end in 2013/14. A further reduction of £0.397m is forecast for 2015/16 as a number of other projects are expected to be completed in 2014/15.

## 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 the Head of Finance 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 2014/15

| Line Council Revenue Budget Ref   | Total Cost         | Total Income         | 2014-15 Budget     | Staffing 2014/15 |                 |
|---|--------------------|----------------------|--------------------|------------------|-----------------|
|   | £                  | £                    | £                  | No of Posts      | FTE's           |
| <b>BUSINESS AND RESOURCES GROUP</b>                                     |                    |                      |                    |                  |                 |
| 1 Strategy and Performance  | 1,637,000          | (309,500)            | 1,327,500          | 32               | 31.02           |
| 2 Area Management   | 28,850,100         | (18,519,100)         | 10,331,000         | 540              | 395.62          |
| 3 Corporate Finance   | 130,963,200        | (105,514,900)        | 25,448,300         | 10               | 10.00           |
| 4 Culture and Leisure Services  | 6,575,800          | (3,195,700)          | 3,380,100          | 239              | 169.70          |
| 5 Democratic Services   | 2,292,800          | (231,900)            | 2,060,900          | 31               | 26.50           |
| 6 Internal Audit  | 300,700            | (99,900)             | 200,800            | 8                | 7.60            |
| 7 Legal Services  | 1,633,500          | (813,500)            | 820,000            | 44               | 37.45           |
| 8 Business Support / Human Resources                                    | 6,363,700          | (360,800)            | 6,002,900          | 160              | 138.33          |
| 9 Risk and Resilience   | 1,960,900          | (1,533,600)          | 427,300            | 7                | 7.00            |
| 10 Strategic Partnership  | 4,057,800          | (2,235,600)          | 1,822,200          | 3                | 3.00            |
| <b>SUB TOTAL BUSINESS AND RESOURCES GROUP</b>                           | <b>184,635,500</b> | <b>(132,814,500)</b> | <b>51,821,000</b>  | <b>1,074</b>     | <b>826.22</b>   |
| <b>PENSIONS</b>   |                    |                      |                    |                  |                 |
| 11 Pensions Office  | 31,517,000         | (31,517,000)         | 0                  | 67               | 61              |
| <b>SUB TOTAL PENSIONS</b>   | <b>31,517,000</b>  | <b>(31,517,000)</b>  | <b>0</b>           | <b>67</b>        | <b>61</b>       |
| <b>TOTAL BUSINESS AND RESOURCES GROUP</b>                               | <b>216,152,500</b> | <b>(164,331,500)</b> | <b>51,821,000</b>  | <b>1,141</b>     | <b>887</b>      |
| <b>ECONOMIC REGENERATION GROUP</b>                                      |                    |                      |                    |                  |                 |
| 12 Asset Management and Design (including building cleaning)            | 17,339,700         | (7,700,700)          | 9,639,000          | 483              | 203.67          |
| 13 Communications   | 1,083,500          | (114,500)            | 969,000            | 22               | 19.64           |
| 14 Development Services   | 4,664,800          | (2,853,300)          | 1,811,500          | 103              | 82.60           |
| 15 Economic Growth  | 1,254,000          | (45,400)             | 1,208,600          | 7                | 7.00            |
| 16 Regeneration   | 516,800            | (241,000)            | 275,800            | 9                | 8.80            |
| <b>TOTAL ECONOMIC REGENERATION GROUP</b>                                | <b>24,858,800</b>  | <b>(10,954,900)</b>  | <b>13,903,900</b>  | <b>624</b>       | <b>321.71</b>   |
| <b>CHILDREN, ADULTS AND FAMILIES GROUP</b>                              |                    |                      |                    |                  |                 |
| 17 Children and Families Social Care                                    | 22,386,600         | (4,107,500)          | 18,279,100         | 221              | 213.92          |
| 18 Education, Learning and Skills                                       | 35,597,700         | (24,504,800)         | 11,092,900         | 777              | 495.04          |
| 19 Adult Social Care  | 67,284,768         | (29,062,468)         | 38,222,300         | 612              | 497.33          |
| 20 Public Health  | 12,917,300         | 0                    | 12,917,300         | 25               | 22.88           |
| 21 Commissioning & Quality Assurance                                    | 3,899,200          | (1,791,700)          | 2,107,500          | 39               | 35.45           |
| <b>SUB TOTAL CHILDREN, ADULTS AND FAMILIES BUDGET EXCLUDING SCHOOLS</b> | <b>142,085,568</b> | <b>(59,466,468)</b>  | <b>82,619,100</b>  | <b>1,674</b>     | <b>1,264.62</b> |
| <b>SCHOOLS DELEGATED</b>  |                    |                      |                    |                  |                 |
| 22 Delegated Schools Budget   | 90,214,155         | (90,214,155)         | 0                  |                  |                 |
| <b>SUB TOTAL SCHOOLS DELEGATED</b>                                      | <b>90,214,155</b>  | <b>(90,214,155)</b>  | <b>0</b>           |                  |                 |
| <b>TOTAL CHILDREN, ADULTS AND FAMILIES GROUP</b>                        | <b>232,299,723</b> | <b>(149,680,623)</b> | <b>82,619,100</b>  | <b>1,674</b>     | <b>1,264.62</b> |
| <b>TOTAL COUNCIL REVENUE BUDGET</b>                                     | <b>473,311,023</b> | <b>(324,967,023)</b> | <b>148,344,000</b> | <b>3,439</b>     | <b>2,473.55</b> |



## Appendix 1B: Council Standstill Pressures 2014-19

| Revenue Standstill Pressures                          | 2014/15      | 2015/16      | 2016/17      | 2017/18      | 2018/19      |
|---|--------------|--------------|--------------|--------------|--------------|
|   | £m           | £m           | £m           | £m           | £m           |
| <b>Inflation</b>                                      |              |              |              |              |              |
| Cost of living increase                               | 0.750        | 1.250        | 1.250        | 1.500        | 1.500        |
| Net Inflation on prices and income                    | 4.237        | 3.015        | 2.915        | 2.915        | 2.915        |
| <b>TOTAL Inflation</b>                                | <b>4.987</b> | <b>4.265</b> | <b>4.165</b> | <b>4.415</b> | <b>4.415</b> |
| <b>Other Pressures</b>                                |              |              |              |              |              |
| Changes in employer pension contributions             | 0.972        | -            | -            | 0.500        | -            |
| Pension Contribution in respect of previous employees | 0.700        | 0.300        | 0.300        | -            | -            |
| Revenue Implications of Capital Programme             | 1.000        | 1.000        | -            | -            | -            |
| Increased NI Contributions                            | -            | -            | 2.000        | -            | -            |
| Local Government Elections                            | 0.213        | -            | -            | -            | -            |
| Business Rates  | 0.425        | 0.100        | 0.100        | 0.100        | 0.100        |
| Adult Services Demographic Pressures                  | 0.500        | 0.500        | 0.500        | 0.500        | 0.500        |
| Schools / Streetlighting PFI                          | 0.340        | 0.070        | 0.072        | 0.075        | 0.077        |
| Carbon Reduction Commitment                           | 0.132        | -            | -            | -            | -            |
| ITA Levy Reduction                                    | (0.200)      | -            | -            | -            | -            |
| Forecasted Pressures                                  | -            | 1.694        | 0.796        | 2.346        | 2.847        |
| <b>TOTAL Other Pressures</b>                          | <b>4.082</b> | <b>3.664</b> | <b>3.768</b> | <b>3.521</b> | <b>3.524</b> |
| <b>Changes to External Grant</b>                      |              |              |              |              |              |
| Changes in External Funding                           | 0.040        | 0.071        | 0.067        | 0.064        | 0.061        |
| <b>TOTAL Changes to External Grant</b>                | <b>0.040</b> | <b>0.071</b> | <b>0.067</b> | <b>0.064</b> | <b>0.061</b> |
| <b>TOTAL Revenue Standstill Pressures</b>             | <b>9.109</b> | <b>8.000</b> | <b>8.000</b> | <b>8.000</b> | <b>8.000</b> |

## Appendix 2A: Council Capital Investment Programme 2014/15

| Line |   |                          | 2014/15           | External         | Council           |
|------|---|--------------------------|-------------------|------------------|-------------------|
| Ref  | Council Capital Budget                            | Budget Holder            | Budget            | Funding          | Funding           |
|      | <b>ECONOMIC REGENERATION</b>                      | <b>David Cramond</b>     |                   |                  |                   |
|      | <b>ENTERPRISE AND REGENERATION</b>                | <b>Rick O'Farrell</b>    |                   |                  |                   |
| 1    | Town Centre Regeneration - South Shields          | John Sparkes             | 15,000,000        | -                | 15,000,000        |
| 2    | Jarrow and Hebburn Town Centre Regeneration       | Rick O'Farrell           | 8,296,000         | 115,000          | 8,181,000         |
| 3    | Coastal Activity Centre                           | John Sparkes             | 1,650,000         | 955,000          | 695,000           |
| 4    | South Shields Riverside                           | John Sparkes             | 250,000           | -                | 250,000           |
| 5    | Frederick St/Trinity South Regeneration           | John Sparkes             | 3,500,000         | -                | 3,500,000         |
|      | <b>TOTAL ENTERPRISE AND REGENERATION</b>          |                          | <b>28,696,000</b> | <b>1,070,000</b> | <b>27,626,000</b> |
|      | <b>ASSET MANAGEMENT &amp; DESIGN</b>              | <b>Paul Scrafton</b>     |                   |                  |                   |
| 6    | Community Facilities                              | Paul Scrafton            | 250,000           | -                | 250,000           |
| 7    | Consolidation of Civic Buildings                  | Paul Scrafton            | 4,900,000         | -                | 4,900,000         |
| 8    | Asset Maintenance                                 | Paul Scrafton            | 2,485,000         | 1,313,000        | 1,172,000         |
| 9    | Demolitions for Regeneration Purposes             | Paul Scrafton            | 100,000           | -                | 100,000           |
|      | <b>TOTAL ASSET MANAGEMENT &amp; DESIGN</b>        |                          | <b>7,735,000</b>  | <b>1,313,000</b> | <b>6,422,000</b>  |
|      | <b>DEVELOPMENT SERVICES</b>                       | <b>George Mansbridge</b> |                   |                  |                   |
| 10   | Littlehaven Sea Wall                              | George Mansbridge        | 450,000           | -                | 450,000           |
| 11   | Photovoltaic panels                               | George Mansbridge        | 800,000           | -                | 800,000           |
| 12   | Flood Prevention Work                             | George Mansbridge        | 450,000           | -                | 450,000           |
| 13   | Great North Run Cultural Programme                | George Mansbridge        | 45,000            | -                | 45,000            |
| 14   | Housing Ventures                                  | George Mansbridge        | 6,000,000         | 6,000,000        | -                 |
|      | <b>TOTAL DEVELOPMENT SERVICES</b>                 |                          | <b>7,745,000</b>  | <b>6,000,000</b> | <b>1,745,000</b>  |
|      | <b>TOTAL ECONOMIC REGENERATION</b>                |                          | <b>44,176,000</b> | <b>8,383,000</b> | <b>35,793,000</b> |
|      | <b>BUSINESS AND RESOURCES</b>                     | <b>John Hewitt</b>       |                   |                  |                   |
|      | <b>AREA MANAGEMENT</b>                            | <b>Andrew Whittaker</b>  |                   |                  |                   |
| 15   | Highways & Footways Investment                    | Andrew Whittaker         | 4,932,000         | 2,932,000        | 2,000,000         |
| 16   | CAF Environmental Schemes                         | Andrew Whittaker         | 500,000           | -                | 500,000           |
| 17   | Village Infrastructure Fund                       | Andrew Whittaker         | 100,000           | -                | 100,000           |
| 18   | Ocean Road  | Andrew Whittaker         | 3,000,000         | 500,000          | 2,500,000         |
| 19   | Fleet Vehicle Replacement programme               | Andrew Whittaker         | 300,000           | -                | 300,000           |
|      | <b>TOTAL AREA MANAGEMENT</b>                      |                          | <b>8,832,000</b>  | <b>3,432,000</b> | <b>5,400,000</b>  |
|      | <b>CORPORATE AND COMMERCIAL DEVELOPMENT</b>       | <b>Mike Conlon</b>       |                   |                  |                   |
| 20   | IT Development/Security                           | Mike Conlon              | 300,000           | -                | 300,000           |
|      | <b>TOTAL CORPORATE AND COMMERCIAL DEVELOPMENT</b> |                          | <b>300,000</b>    | <b>-</b>         | <b>300,000</b>    |
|      | <b>CULTURAL SERVICES</b>                          | <b>David Brooks</b>      |                   |                  |                   |
| 21   | Haven Point                                       | David Brooks             | 353,000           | -                | 353,000           |
|      | <b>TOTAL CULTURAL SERVICES</b>                    |                          | <b>353,000</b>    | <b>-</b>         | <b>353,000</b>    |
|      | <b>TOTAL BUSINESS AND RESOURCES</b>               |                          | <b>9,485,000</b>  | <b>3,432,000</b> | <b>6,053,000</b>  |

## Appendix 2A: Council Capital Investment Programme 2014/15

| Line |   |                          | 2014/15           | External          | Council           |
|------|---|--------------------------|-------------------|-------------------|-------------------|
| Ref  | Council Capital Budget                          | Budget Holder            | Budget            | Funding           | Funding           |
|      | <b>CHILDREN, ADULTS AND FAMILIES</b>            | <b>Helen Watson</b>      |                   |                   |                   |
|      | <b>ADULT SOCIAL CARE</b>                        | <b>Jane Robinson</b>     |                   |                   |                   |
| 22   | Disabled Facilities Grant                       | Jane Robinson            | 500,000           | 500,000           | -                 |
| 23   | Telehealth/Telecare equipment                   | Jane Robinson            | 100,000           | -                 | 100,000           |
| 24   | Liquid Logic Phase 2                            | Helen Watson             | 324,000           | -                 | 324,000           |
|      | <b>TOTAL ADULT SOCIAL CARE</b>                  |                          | <b>924,000</b>    | <b>500,000</b>    | <b>424,000</b>    |
|      | <b>EDUCATION, LEARNING AND SKILLS</b>           | <b>Peter Cutts</b>       |                   |                   |                   |
| 25   | BSF ICT Refresh                                 | Peter Cutts              | 438,000           | 438,000           | -                 |
| 26   | Schools Devolved Formula capital                | Peter Cutts              | 378,000           | 378,000           | -                 |
| 27   | Expansion of Two-Year Old Nursery Places        | Peter Cutts              | 1,000,000         | -                 | 1,000,000         |
|      | <b>TOTAL EDUCATION, LEARNING AND SKILLS</b>     |                          | <b>1,816,000</b>  | <b>816,000</b>    | <b>1,000,000</b>  |
|      | <b>TOTAL CHILDREN, ADULTS AND FAMILIES</b>      |                          | <b>2,740,000</b>  | <b>1,316,000</b>  | <b>1,424,000</b>  |
|      | <b>TOTAL COUNCIL CAPITAL BUDGET 2014/15</b>     |                          | <b>56,401,000</b> | <b>13,131,000</b> | <b>43,270,000</b> |
|      | <b>HOUSING CAPITAL PROGRAMME</b>                |                          |                   |                   |                   |
|      | <b>SOUTH TYNESIDE HOMES</b>                     | <b>Paul Mains</b>        |                   |                   |                   |
| 28   | Decent Homes                                    | Paul Mains               | 20,898,000        | 12,000,000        | 8,898,000         |
| 29   | Programme Fees - Housing Capital                | Paul Mains               | 1,529,000         | -                 | 1,529,000         |
| 30   | Public Sector Housing Stock (Other)             | Paul Mains               | 4,383,000         | 480,000           | 3,903,000         |
|      | <b>TOTAL SOUTH TYNESIDE HOMES</b>               |                          | <b>26,810,000</b> | <b>12,480,000</b> | <b>14,330,000</b> |
|      | <b>COUNCIL RETAINED</b>                         | <b>George Mansbridge</b> |                   |                   |                   |
| 31   | Disabled Adaptations                            | George Mansbridge        | 1,089,000         | -                 | 1,089,000         |
|      | <b>TOTAL COUNCIL RETAINED CAPITAL PROGRAMME</b> |                          | <b>1,089,000</b>  | <b>-</b>          | <b>1,089,000</b>  |
|      | <b>TOTAL HOUSING CAPITAL PROGRAMME</b>          |                          | <b>27,899,000</b> | <b>12,480,000</b> | <b>15,419,000</b> |
|      | <b>TOTAL COUNCIL CAPITAL BUDGET 2014/15</b>     |                          | <b>84,300,000</b> | <b>25,611,000</b> | <b>58,689,000</b> |

## Appendix 2B: Council Capital External Funding

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

| <b>External Capital Funding Forecast</b>                | <b>2014/15</b> | <b>2015/16</b> | <b>2016/17</b> | <b>2017/18</b> | <b>2018/19</b> | <b>Funding<br/>TOTAL</b> |
|---|----------------|----------------|----------------|----------------|----------------|--------------------------|
|   | <b>£m</b>      | <b>£m</b>      | <b>£m</b>      | <b>£m</b>      | <b>£m</b>      | <b>£m</b>                |
| <b>Capital grant from Government and other Agencies</b> |                |                |                |                |                |                          |
| DFE Schools Devolved Formula Capital                    | 0.378          | 0.378          | 0.378          | 0.378          | 0.378          | 1.890                    |
| DFE Schools Capital Maintenance Allocation              | 1.532          | 1.532          | 1.532          | 1.532          | 1.532          | 7.660                    |
| DoH Capital Grant                                       | 0.502          | -              | -              | -              | -              | 0.502                    |
| Coastal Communities Fund                                | 0.955          | 0.150          | -              | -              | -              | 1.105                    |
| Community Infrastructure levy                           | -              | -              | 2.000          | 2.000          | 2.000          | 6.000                    |
| DFT Integrated Transport Block                          | 1.532          | 0.750          | 0.750          | 0.750          | 0.750          | 4.532                    |
| DFT Highways Maintenance Grant                          | 1.400          | 1.270          | 1.270          | 1.270          | 1.270          | 6.480                    |
| North East Local Transport Board                        | -              | 6.900          | -              | -              | -              | 6.900                    |
| Single Local Growth Fund                                | -              | 3.500          | 5.800          | -              | -              | 9.300                    |
| NEXUS/Better Bus/Public Transport Block                 | 0.180          | 1.800          | -              | -              | -              | 1.980                    |
| DCLG Disabled Facilities Capital Grant                  | 0.652          | -              | -              | -              | -              | 0.652                    |
| Housing Ventures - funded through rent stream           | 6.000          | 2.000          | -              | -              | -              | 8.000                    |
| <b>Council Capital Programme</b>                        | <b>13.131</b>  | <b>18.280</b>  | <b>11.730</b>  | <b>5.930</b>   | <b>5.930</b>   | <b>55.001</b>            |
| <b>Housing Capital Programme</b>                        |                |                |                |                |                |                          |
| Decent Homes Funding and Housing Plus                   | 12.480         | -              | -              | -              | -              | 12.480                   |
| <b>External Capital Funding Housing</b>                 | <b>12.480</b>  | <b>0.000</b>   | <b>0.000</b>   | <b>0.000</b>   | <b>0.000</b>   | <b>12.480</b>            |
| <b>Total External Funding - including Housing</b>       | <b>25.611</b>  | <b>18.280</b>  | <b>11.730</b>  | <b>5.930</b>   | <b>5.930</b>   | <b>67.481</b>            |
| <b>External Funding Secured and Provisional</b>         |                |                |                |                |                |                          |
| External Funding Secured                                | 12.480         | -              | -              | -              | -              | 12.480                   |
| External Funding Provisional                            | 13.131         | 18.280         | 11.730         | 5.930          | 5.930          | 55.001                   |
| <b>TOTAL External Capital Funding Forecast</b>          | <b>25.611</b>  | <b>18.280</b>  | <b>11.730</b>  | <b>5.930</b>   | <b>5.930</b>   | <b>67.481</b>            |

## Appendix 3: Housing Revenue Account service charges

| <b>Landlord Charges - Services &amp; Facilities</b>                                |   | <b>No</b> | <b>Current Charge<br/>£/wk</b> | <b>Proposed Revised Charge</b> |
|--|---|-----------|--------------------------------|--------------------------------|
| Garage Rents   | General   | 2698      | £3.86                          | £4.00                          |
|  | Lincoln Road  | 28        | £3.89                          | £4.00                          |
| Tenant Heating Charges   | Newtown 1-bed   | 80        | £2.59                          | £3.11                          |
|  | Newtown 2-bed   | 195       | £7.53                          | £8.66                          |
|  | Jarrow Card Price   | 132       | £16.62                         | £19.94                         |
| <b>Housing Plus - Landlord Charges for Scheme Managers and Communal Facilities</b> |   |           |                                |                                |
| Service Charges  | Purpose built flats with scheme manager & communal facilities   | 787       | £11.97                         | £12.33                         |
|  | Group dwellings with scheme manager & nearby communal facilities                                      | 438       | £5.18                          | £5.34                          |
| Guest Room Charges   | Charges for overnight stay or emergency situations per night  |           | £10.74                         | £11.06                         |
| Furnished Tenancies  | New Tenancies supplied with a package of furniture and Electrical Goods - Option 1 Points up to 110   |           | £22.80                         | £23.47                         |
|  | New Tenancies supplied with a package of furniture and Electrical Goods - Option 2 Points up to 160   |           | £30.29                         | £31.23                         |
|  | New Tenancies supplied with a package of furniture and Electrical Goods - Option 3 Points up to 200   |           | £37.78                         | £38.99                         |
|  | New Tenancies supplied with a package of furniture and Electrical Goods - Mini Option Points up to 60 |           | £14.65                         | £15.01                         |
|  | Decent Homes decant properties supplied cookers   |           | £5.86                          | £6.08                          |

| <b>Tenant Caretaker and Concierge Charges</b> | <b>Caretaker</b>            |                             | <b>Concierge</b>            |                             |
|---|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
|   | <b>Cost per Prop per wk</b> | <b>Cost per Prop per wk</b> | <b>Cost per Prop per wk</b> | <b>Cost per Prop per wk</b> |
|   | <b>2013/14</b>              | <b>2014/15</b>              | <b>2013/14</b>              | <b>2014/15</b>              |
| Durham Court                                  | £2.58                       | £2.66                       | £10.15                      | £9.85                       |
| Westmorland Court                             | £2.12                       | £2.18                       | £10.15                      | £9.85                       |
| Ellen Court                                   | £6.48                       | £6.67                       | £10.15                      | £9.85                       |
| Monastery Court                               | £6.48                       | £6.67                       | £10.15                      | £9.85                       |
| Wilkinson Court                               | £6.48                       | £6.67                       | £10.15                      | £9.85                       |

| <b>Support Service Charges - Supporting People</b> |                                    | <b>No</b> | <b>Current Charge<br/>£/wk</b> | <b>Proposed Revised Charge</b> |
|--|------------------------------------|-----------|--------------------------------|--------------------------------|
| <b>Community Alarms - Support</b>                  |                                    |           |                                |                                |
| Council Tenants                                    | Standard - Hardwired or Solo Unit  | 2466      | £2.77                          | £2.77                          |
| Council Tenants                                    | Enhanced - Hardwired or Solo Unit  | 35        | £4.21                          | £4.21                          |
| <b>Scheme Managers - Support</b>                   |                                    |           |                                |                                |
| Council Tenants                                    | Scheme Managers - Support Services | 1178      | £10.25                         | £10.56                         |



## Appendix 3: Housing Revenue Account service charges

| External Users Community Alarms                  |                                       | No  | Current Charge<br>£/wk | Proposed Revised<br>Charge |
|--|---------------------------------------|-----|------------------------|----------------------------|
| Owner/Occupiers                                  | Private including rental of equipment | 800 | £4.89                  | £5.00                      |
|  | Private - additional pendant          | 800 | £1.50                  | £1.55                      |
| Housing Associations / Private                   | Standard Service                      |     | £4.89                  | £5.00                      |
| Other Specific Service Charges                   |                                       | No  | Current Charge<br>£/wk | Proposed Revised<br>Charge |
| Council - HRA Temporary Accommodation - existing |                                       |     |                        |                            |
|  | 1 - bed accommodation                 | 4   | £23.78                 | £24.49                     |
|  | 2 - bed accommodation                 | 4   | £33.78                 | £34.79                     |
|  | 3 - bed accommodation                 | 4   | £48.79                 | £50.25                     |

| Tenants - Housing Plus Heating Charges | 2013/14                               |                                     |                                     | 2014/15                               |                                     |                                     |
|--|---------------------------------------|-------------------------------------|-------------------------------------|---------------------------------------|-------------------------------------|-------------------------------------|
|  | Cost per property<br>per wk - Bed Sit | Cost per property<br>per wk - 1 Bed | Cost per property<br>per wk - 2 Bed | Cost per property<br>per wk - Bed Sit | Cost per property<br>per wk - 1 Bed | Cost per property<br>per wk - 2 Bed |
| Davies Hall                            | £0.00                                 | £11.27                              | £13.56                              | £0.00                                 | £12.40                              | £14.92                              |
| McIntyre Hall                          | £0.00                                 | £15.06                              | £0.00                               | £0.00                                 | £16.57                              | £0.00                               |
| Birch Grove                            | £0.00                                 | £13.42                              | £0.00                               | £0.00                                 | £14.76                              | £0.00                               |
| Calf Close                             | £0.00                                 | £10.69                              | £12.84                              | £0.00                                 | £11.76                              | £14.12                              |
| Martin Hall                            | £0.00                                 | £13.11                              | £0.00                               | £0.00                                 | £14.42                              | £0.00                               |
| Nolan Hall                             | £0.00                                 | £14.55                              | £0.00                               | £0.00                                 | £16.01                              | £0.00                               |
| Porlock House                          | £0.00                                 | £10.24                              | £12.33                              | £0.00                                 | £11.26                              | £13.56                              |
| Croftside House (Electric)             | £9.46                                 | £10.55                              | £10.55                              | £10.41                                | £11.61                              | £12.77                              |
| Bishop Ramsey                          | £0.00                                 | £11.13                              | £13.35                              | £0.00                                 | £12.24                              | £14.69                              |
| Farding Lake                           | £0.00                                 | £10.55                              | £0.00                               | £0.00                                 | £11.61                              | £0.00                               |
| Prince Ed Court                        | £0.00                                 | £9.46                               | £11.34                              | £0.00                                 | £10.41                              | £12.47                              |
| Blenkinsop House                       | £6.52                                 | £7.24                               | £0.00                               | £7.17                                 | £7.96                               | £0.00                               |
| Borrowdale House                       | £0.00                                 | £7.38                               | £0.00                               | £0.00                                 | £8.12                               | £0.00                               |
| Huntcliffe House                       | £0.00                                 | £8.02                               | £0.00                               | £0.00                                 | £8.82                               | £0.00                               |
| Inskip House                           | £0.00                                 | £9.90                               | £0.00                               | £0.00                                 | £10.89                              | £0.00                               |
| Wingrove House                         | £0.00                                 | £9.83                               | £11.85                              | £0.00                                 | £10.81                              | £13.04                              |
| Clayside House                         | £0.00                                 | £8.47                               | £0.00                               | £0.00                                 | £9.32                               | £0.00                               |
| Flat 28 Glenthorpe House               | £0.00                                 | £11.03                              | £13.28                              | £0.00                                 | £12.13                              | £14.61                              |
| Hallgarth House                        | £0.00                                 | £10.62                              | £12.77                              | £0.00                                 | £11.68                              | £14.05                              |
| Julius Court                           | £0.00                                 | £8.67                               | £0.00                               | £0.00                                 | £9.54                               | £0.00                               |
| Thomas Bell SA                         | £0.00                                 | £11.37                              | £0.00                               | £0.00                                 | £12.51                              | £0.00                               |
| Patrick Cain House                     | £0.00                                 | £8.81                               | £10.62                              | £0.00                                 | £9.69                               | £11.68                              |

## Appendix 3: Housing Revenue Account service charges

| <b>Tenant Communal Cleaning Charges</b> |   |   |
|---|---|---|
|   | <b>Cost per property<br/>per week 2013/14</b> | <b>Cost per property<br/>per week 2014/15</b> |
| <b>HIGH RISE PROPERTIES</b>             |   |   |
| Westmoreland                            | £1.52   | £1.57   |
| Durham Court                            | £1.34   | £1.38   |
| <b>MID RISE PROPERTIES</b>              |   |   |
| Farding Square                          | £3.21   | £3.31   |
| Dean Road                               | £2.17   | £2.24   |
| Laygate                                 | £2.12   | £2.18   |
| Whiteleas                               | £2.17   | £2.24   |
| Green Lane                              | £4.34   | £4.47   |
| Tyne Dock                               | £2.98   | £3.07   |
| Galsworthy Road                         | £2.17   | £2.24   |
| River Drive                             | £0.68   | £0.70   |
| Mowbray Road                            | £1.01   | £1.04   |
| Stewart & Fulwell                       | £0.60   | £0.62   |
| <b>SHELTERED HOUSING</b>                |   |   |
| Birch Grove SA                          | £5.63   | £5.80   |
| Bishop Ramsay SA                        | £6.20   | £6.39   |
| Blenkinsop House SA                     | £3.02   | £3.11   |
| Borrowdale House SA                     | £5.30   | £5.46   |
| Calf Close House SA                     | £4.41   | £4.54   |
| Cheviot House SA                        | £4.87   | £5.02   |
| Clayside House SA                       | £4.40   | £4.53   |
| Croftside House SA                      | £4.13   | £4.25   |
| Curren House SA                         | £7.18   | £7.40   |
| Davies Hall SA                          | £6.96   | £7.17   |
| Farding Lake SA                         | £5.16   | £5.31   |
| Fernyhough Hall SA                      | £4.03   | £4.15   |
| Glenthorpe House SA                     | £4.41   | £4.54   |
| Hallgarth House SA                      | £4.13   | £4.25   |
| Henley House SA                         | £5.37   | £5.53   |
| Huntcliffe House SA                     | £6.02   | £6.20   |
| Inskip House SA                         | £5.35   | £5.51   |
| Julius Court SA                         | £4.13   | £4.25   |
| Lincoln Court SA                        | £6.20   | £6.39   |
| Martin Hall SA                          | £4.34   | £4.47   |
| McIntyre Hall SA                        | £5.54   | £5.71   |
| Nolan Hall SA                           | £4.55   | £4.69   |
| Patrick Cain House SA                   | £6.35   | £6.54   |
| Porlock House SA                        | £4.58   | £4.72   |
| Prince Edward Court SA                  | £6.91   | £7.12   |
| Thomas Bell SA                          | £4.95   | £5.10   |
| Wingrove House SA                       | £4.13   | £4.25   |

## Appendix 3: Housing Revenue Account service charges

| <b>Leaseholder Charges</b> |   |   |
|----------------------------|---|---|
| <b>Management Fee</b>      | <b>Cost per property<br/>per week 2013/14</b> | <b>Cost per property<br/>per week 2014/15</b> |
| All Leaseholders           | £134.60                                       | £134.60                                       |

| <b>Caretaker and Concierge Charges</b> | <b>Caretaker</b>                            |   | <b>Concierge</b>                            |   |
|--|---|---|---|---|
|  | <b>Cost per<br/>Prop per wk<br/>2013/14</b> | <b>Cost per<br/>Prop per wk<br/>2014/15</b> | <b>Cost per<br/>Prop per wk<br/>2013/14</b> | <b>Cost per<br/>Prop per wk<br/>2014/15</b> |
|  | Durham Court                                | £2.58                                       | £2.66                                       | £10.15                                      |
| Westmorland Court                      | £2.12                                       | £2.18                                       | £10.15                                      | £9.85                                       |
| Ellen Court                            | £6.48                                       | £6.67                                       | £10.15                                      | £9.85                                       |
| Monastery Court                        | £6.48                                       | £6.67                                       | £10.15                                      | £9.85                                       |
| Wilkinson Court                        | £6.48                                       | £6.67                                       | £10.15                                      | £9.85                                       |

| <b>Building Cleaning</b> | <b>Cost per<br/>Prop per wk<br/>2013/14</b> | <b>Cost per<br/>Prop per wk<br/>2014/15</b> |       |
|--------------------------|---|---|-------|
|                          | Farding Square                              | £3.21                                       | £3.31 |
|                          | Dean Road                                   | £2.17                                       | £2.24 |
| Laygate                  | £2.12                                       | £2.18                                       |       |
| Whiteleas                | £2.17                                       | £2.24                                       |       |
| Tyne Dock                | £2.98                                       | £3.07                                       |       |
| Galsworthy Road          | £2.17                                       | £2.24                                       |       |
| River Drive              | £0.68                                       | £0.70                                       |       |
| Mowbray Road             | £1.01                                       | £1.04                                       |       |
| Stewart & Fulwell        | £0.60                                       | £0.62                                       |       |

## 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 can be retained by the Authority and used to finance capital expenditure or repay debt. The balance is paid over to central Government.

**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 1<sup>st</sup> 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. The General Fund’s expenditure includes the Passenger Transport Authority’s levy.

**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.



