Shaping our Financial Future Medium Term Financial Plan

2013-18

Council Budget




South Tyneside Council

6737

Contents | Page

Contents	Page
Foreword by the Leader of the Council	1
Shaping our Financial Future	3
Introduction by the Lead Member of 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?	13
What are the Council's prudential indicators?	19
2013/14 Minimum Revenue Provision Policy Statement	23
How will the Council manage financial risk?	26
What are the Council's housing revenue spending plans?	31
What are the Tyne and Wear Pension Fund's spending plans?	33
Evaluation and Review	34
Appendix 1A Council Revenue Budget 2013/14	35
Appendix 1B Council Standstill Pressures 2013-18	36
Appendix 2A Council Capital Investment Programme 2013/14	37
Appendix 2B Council Capital External Funding	39
Appendix 3 Housing Revenue Account Spending charges	40
Appendix 4 Glossary	44

Council Budget 2013 – 2018
“Shaping our Financial Future”

Foreword by Councillor Iain Malcolm, Leader of the Council

This budget marks a three year milestone in delivering our ambitious ‘Shaping our Future’ programme, which is already years ahead of many other local authorities. Over the past three years we have delivered £75m of efficiencies and reduced our staff numbers by 25%, without any major service closures, council tax rises or compulsory redundancies.

Government funding continues to reduce across the country. South Tyneside Council will receive 5% less core Government funding in 2013/14 compared to the previous year. However, whilst we continue to be hard hit, we’re getting on with it.

2013 will be an extremely exciting year for South Tyneside. Whilst other councils have been criticised for proposing closures to services, we have invested in building two state of the art swimming pools and leisure facilities and are in the process of developing new community facilities in the heart of our town centres. Longer term regeneration plans also include significant investment in new community hubs, town centres, riverside and foreshore regeneration, roads and footpaths and strategic plans for housing and transport.

While growth must come from the private sector, local government has a vital role to play by ensuring the infrastructure is in place, that we have highly skilled local people and the area is attractive to businesses and individuals. That is why we continue to make major investments in spite of the difficult economic situation.

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. So far we have invested over £164m in Decent Homes, with a further £57m planned to 2015. Work has completed on the final school in our £178m ‘Building Schools for the Future’ programme. The £270m investment in the second Tyne Tunnel is a significant component of our infrastructure improvement plans, in addition to the £116m invested by the private sector over the last two years in projects such as housing, the foreshore, One Trinity Green and South Marine Park.

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

Councillor Iain Malcolm
Leader of the Council

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 and invests more per head than 90% of other councils. 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 and 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 2013/14 we plan to spend **£470m**...that's more than Bury, York and Blackburn

Anticipated capital spend from 2011 – 2013 is **£238m**

Capital budget for 2013 – 2018 is over **£250m**

We are **£75m** more efficient than we were in 2010

As administrators of the Tyne and Wear Pension Fund, we manage **£5bn** 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 spend **£178m** each year on commissioned services

Since 2008 we have invested over **£170m** into our world class school buildings and ICT equipment

We are the borough's largest employer with a headcount of **5,690** 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

We attracted **£116m** private sector investment for capital regeneration projects since 2010

Over **£185m** has been invested in housing since 2007

South Tyneside is home to over **3,000** local, national and international businesses

We will increase our annual spend with local suppliers by **£29.5m** to **£80.5m** by 2017

We have achieved a **37%** reduction in crime since 2009, the biggest reduction in Tyne & Wear

Our innovative strategic partnership with BT has so far exceeded its jobs creation targets with over 560 jobs created and delivered a **£10m** business centre

We are in the **top quartile** nationally for growth in business start-ups

Last year we:

Welcomed **5.19m** visitors to South Tyneside

Emptied **7m** bins including domestic waste, recycling, green "garden collections" and business waste & recycling

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

Helped **2,567** people with personal debt problems

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

Handled **600,000** transactions through our Telephone Contact Centre

South Tyneside Council

Shaping our Financial Future

Shaped to deliver our priorities

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

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

People

- Better education and skills
- Less people in poverty
- Protect children and vulnerable adults
- Stable and independent families
- Healthier people

Place

- A regenerated South Tyneside with increased business and jobs
- Better transport
- Better housing and neighbourhoods
- A clean and green environment
- Less crime and safer communities

The South Tyneside Council strategy – 'Shaping our Future' identifies four priorities that will make the biggest difference to our residents and will be our focus over the next five years:

- **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 during the last year 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

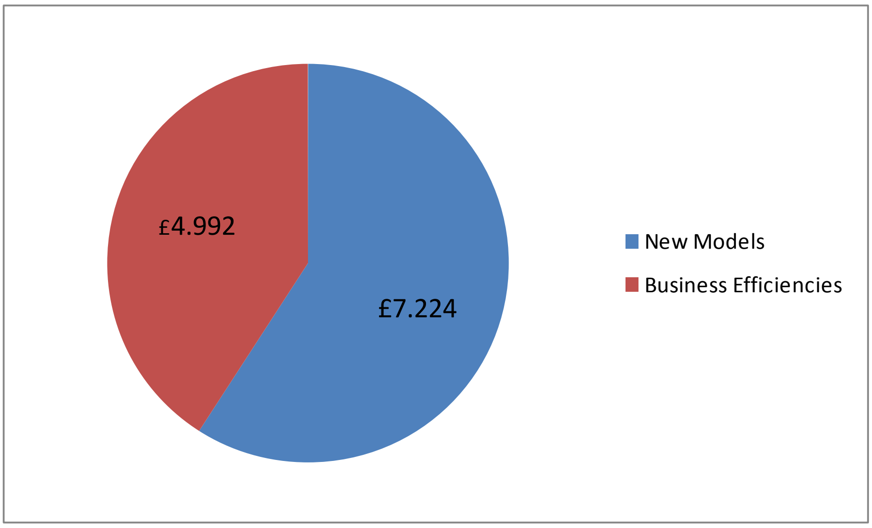
2013 and beyond

Central Government reductions continue to affect councils across the country and South Tyneside is no different. We have known for some time that we will continue to see a reduction in our budget, so have started budget planning early, and consulted widely with residents, partners and our staff.

We have made significant progress and achieved £75m savings over the last 3 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:

- 72% said they are satisfied with their local area as a place to live
- 54% of respondents agree that the Council should stop some services in order to protect others
- 63% 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 2013 to 2018 focuses on how we will use our limited resources in the best possible 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 £12m funding gap for 2013/14.



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.

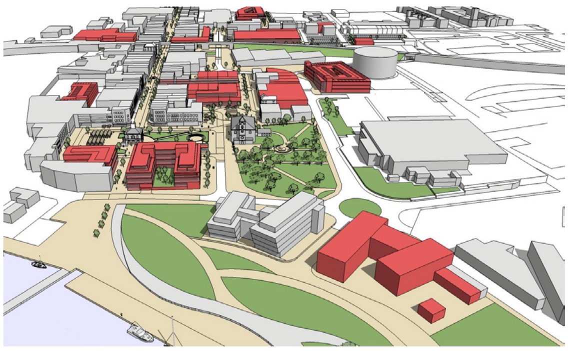
Shaping our Financial Future

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 of 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 2013/14.

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 five 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 than the previous year and in 2013/14 we will receive 5% less than in 2012/13. We plan to see further reductions in funding throughout 2014 to 2018.

2. The Council receives 38% of its income from Council Tax payers. The budget has been calculated incorporating no increase in Council Tax in 2013/14.

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 148,200. 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.

6. The latest population projections (2011) show that by 2021 the population of the borough could be 153,700, representing a 3.9% increase.

7. 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

8. 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

9. Improving value for money is at the heart of everything we do. In South Tyneside, we work hard to ensure that we achieve value for money for all our services. 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 2013/14 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

10. 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.

11. The table below summarises our revenue spending plans for 2013/14 and provisional spending plans for 2014/15 to 2017/18 and how this is allocated across the Council's corporate groups, as well as identifying the resources that we have available to fund our spending.

Budget 2012/13 £m	Revenue Spending Plans	Budget 2013/14 £m	Provisional Spending 2014/15 £m	2015/16 £m	2016/17 £m	2017/18 £m
163.767	Base Budget	154.422	150.141	140.540	133.007	126.621
-	Full Year Effect of Prior Year Redirections	(0.744)	-	-	-	-
10.738	Budget Pressures	7.935	9.000	7.000	9.000	9.000
(20.083)	Redirection of Current Spending	(11.472)	(18.601)	(14.533)	(15.386)	(14.879)
154.422	**TOTAL Revenue Spending Plans**	**150.141**	**140.540**	**133.007**	**126.621**	**120.742**
-5.71%	**Percentage Decrease in Council budget**	**-2.77%**	**-6.39%**	**-5.36%**	**-4.80%**	**-4.64%**
	Changes in Grant Funding	**6.996**	**6.996**	**6.996**	**6.996**	**6.996**
	TOTAL Revenue Spending Plans	**157.137**	**147.536**	**140.003**	**133.617**	**127.738**
	Group Revenue Budgets					
78.464	Children, Adults and Families	89.428	83.964	79.677	76.043	72.697
12.501	Economic Regeneration	19.568	18.372	17.434	16.639	15.907
62.016	Business and Area Management	46.692	43.839	41.601	39.703	37.956
1.441	Strategy and Performance	1.449	1.360	1.291	1.232	1.178
154.422	**TOTAL Group Revenue Budgets**	**157.137**	**147.536**	**140.003**	**133.617**	**127.738**
	Funded by					
84.639	Revenue Support Grant and Business Rates	-	-	-	-	-
-	Revenue Support Grant	64.948	53.917	45.525	37.673	30.305
-	Business Rates Retained	14.775	14.771	15.066	15.368	15.675
-	Business Rates Top Up	28.877	29.763	30.358	30.965	31.585
9.862	Early Intervention Grant	-	-	-	-	-
-	Education Funding Agency	2.654	2.654	2.654	2.654	2.654
1.449	Council Tax Freeze Grant	0.583	0.583	-	-	-
0.250	Use of Council Reserves	0.300	0.400	0.500	0.600	0.700
0.200	Collection Fund Contribution	0.200	0.200	0.200	0.200	0.200
58.022	Council Tax Income	44.800	45.248	45.700	46.157	46.619
154.422	**TOTAL Revenue Funding Forecast**	**157.137**	**147.536**	**140.003**	**133.617**	**127.738**
102.382	Dedicated Schools Grant	102.433	102.433	102.433	102.433	102.433

12. The Government has introduced from 2013/14 a new system of funding Councils. Each Council will be allowed to retain a proportion of business rates collected with Government grant being reduced accordingly.

13. In 2013/14 we will receive 62% of our revenue from central Government and 38% from Council Tax and retained Business Rates. 2013/14 is the first year of a two year funding

period which has continued to see significant reductions in our funding from central Government.

14. We have factored in these reductions and have assumed further estimated reductions in funding for 2014/15 to 2017/18 based upon national Government spending plans.

15. For the third 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 2013/14 this amount is £0.583m. The table at paragraph 11 shows the amount of Council Tax we will collect in 2013/14 with no increase. **For planning purposes only**, we have included the estimated income in 2014/15 to 2017/18, based on a Council Tax increase of 1%.

16. The actual increases in Council Tax income in 2014/15 to 2017/18 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 £0.448m of income.

17. Schools expenditure is funded from a Dedicated Schools Grant. The funding is provisional for 2013/14 and will be confirmed in March. For later years we have presumed no further increases. The actual figure is driven by the number of pupils in our schools.

18. Appendix 1A provides more detail on the 2013/14 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 £7.9m in 2013/14, a further £9m in 2014/15 and a further £7m in 2015/16. These figures have been estimated from forecasted activity / volume levels using specific cost drivers and taking account of changes in specific grant funding. A summary of these pressures is shown in the table below and full details are set out in Appendix 1B.

Revenue Budget Pressures	2013/14	2014/15	2015/16	2016/17	2017/18
	£m	£m	£m	£m	£m
Inflation	3.718	3.915	3.915	3.915	4.915
Other Standstill Pressures	6.417	5.010	3.014	5.018	4.021
Changes to External Grant	(2.200)	0.075	0.071	0.067	0.064
TOTAL Revenue Budget Pressures	**7.935**	**9.000**	**7.000**	**9.000**	**9.000**

20. Demand for our services, especially adult care and looked after 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 and inflation is currently running at almost 3%.

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. The proposals included in our budget, which we have consulted upon, have involved some tough decisions and we have done all that we can to minimise the impact on service delivery. Where possible, we have identified where we can reduce spending on support functions by working more efficiently so that we can protect front line services.

24. In 2013/14 and beyond, we have significant financial pressures to face, which means that we must fundamentally transform the way we deliver some of our services. Our target savings are in the region of £30m over the period 2013/14 and 2014/15 alone.

25. Plans for reducing spending, delivering new models of service and increasing efficiency in 2013/14 are shown in the following table.

	Redirection of Current Spending	**2013/14 £m**
	Corporate	
1	Further Integration with South Tyneside Homes	1.203
	Corporate Sub Total	**1.203**
	Strategy & Performance	
2	Reduction in Supplies and Services	0.022
3	Additional Income following review	0.037
4	Non Staffing Budget Review	0.043
	Strategy & Performance Sub Total	**0.102**
	Business and Area Management	
5	Review of Corporate Training Provision	0.077
6	Review of Business Support	0.412
7	Staff Savings due to Secondment	0.050
8	Cash Collection	0.050
9	Further Integration of Finance Teams	0.020
10	Review of Internal Audit Staffing	0.039
11	Review of Information Governance Staffing	0.016
12	Insurance Premiums	0.047
13	Roll Out of Alternate Weekly Waste Collections	0.200
14	Waste Management Contracts	0.300
15	Integration of Community Teams	0.200
16	Review of Subscriptions Budget	0.030
17	Review of Debt Charges Budget	1.300
18	Review of Equal Pay Compensation Provision	0.255
19	Reduction in External Audit Fee Requirement	0.100
20	Additional Housing Benefits Subsidy	0.250
21	Reduction in Integrated Transport Authority (ITA) Levy	0.250
22	Strategic Partnership Efficiency Savings	0.332

What are the Council's revenue spending plans?

	Redirection of Current Spending	2013/14 £m
23	Legal Services Review	0.092
24	Area Management Service Review	1.995
25	Strategic Partnership Review	0.080
	Business and Area Management Sub Total	**6.095**
	Economic Regeneration	
26	Review Grants to Partnership Organisations	0.043
27	Tyne & Wear Museums & Archive Service	0.065
28	Temple Park Gymnastic Centre	0.060
29	Income from South Tyneside Homes Rental	0.020
30	Rating Appeal and Recovery	0.070
31	Capitalisation of Salaries	0.020
32	Regulatory Services Review	0.058
33	Regeneration, Economic Growth & Housing Strategy Service Review	0.834
34	Leisure Review	0.145
	Economic Regeneration Sub Total	**1.315**
	Children, Adults & Families	
35	Services for Young People Remodelling	0.331
36	Efficiencies in Supporting People Contracts	0.212
37	Efficiencies in Direct Payments	0.250
38	Befriending Service	0.028
39	Community Link	0.020
40	Mental Health Services Review	0.070
41	Drug and Alcohol Support	0.095
42	Direct Services Staffing Review	0.390
43	Charges for Community Alarms / Telecare	0.048
44	Telecare Medication Dispensers	0.075
45	Financial Assessments Reviews	0.080
46	Community Equipment Service	0.058
47	Children & Families Social Care Cross Service Efficiencies	0.147
48	Review of Education, Learning & Skills Budgets	0.164
49	Early Years Review	0.589
50	Efficiencies in Public Health Commissioning	0.200
	Children, Adults & Families Sub Total	**2.757**
	TOTAL Redirection of Current Spending	**11.472**

Council Tax Income

26. The following section provides further information on our Council Tax levels from 1st April 2013.

27. The budget has been planned with a zero increase in **our proportion of the borough's Council Tax** in 2013/14 to raise **£44.8m**. The overall council tax level set for the borough includes precepts for the Tyne & Wear Fire and Civil Defence Authority and Northumbria Police and Crime Commissioner.

28. Northumbria Police and Crime Commissioner and Tyne & Wear Fire and Civil Defence Authority have confirmed a precept increase of 3.5% and 0% respectively.

What are the Council's revenue spending plans?

29. The table below identifies the council tax for each property band:

2013/14 Borough Council Tax	Band Weighting	% of Properties in Each Band	South Tyneside Council £	Fire Authority £	Police & Crime Commissoner £	TOTAL £
Band A Properties	6/9	65.7	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	11.1	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 2012/13			0.00%	0.00%	3.50%	

South Tyneside Council Tax for 2013/14

30. The council tax increase for the borough is shown in the table below for each property band.

2013/14 Borough Council Tax	Band Weighting	South Tyneside Council 2012/13	South Tyneside Council 2013/14	Fire Authority 2012/13	Fire Authority 2013/14	Police & Crime Commissioner 2012/13	Police & Crime Commissioner 2013/14	Borough Council Tax 2012/13	Borough Council Tax 2013/14
Band A Properties	6/9	£861.02	**£861.02**	£48.77	**£48.77**	£55.79	**£57.74**	£965.58	**£967.53**
Percentage increase			0.0%		0.0%		3.5%		0.2%
Annual Increase			£0.00		£0.00		£1.95		£1.95
Weekly Increase			£0.00		£0.00		£0.04		£0.04
Band B Properties	7/9	£1,004.53	**£1,004.53**	£56.90	**£56.90**	£65.08	**£67.36**	£1,126.51	**£1,128.79**
Percentage increase			0.0%		0.0%		3.5%		0.2%
Annual Increase			£0.00		£0.00		£2.28		£2.28
Weekly Increase			£0.00		£0.00		£0.04		£0.04
Band C Properties	8/9	£1,148.03	**£1,148.03**	£65.03	**£65.03**	£74.38	**£76.99**	£1,287.44	**£1,290.05**
Percentage increase			0.0%		0.0%		3.5%		0.2%
Annual Increase			£0.00		£0.00		£2.61		£2.61
Weekly Increase			£0.00		£0.00		£0.05		£0.05
Band D Properties	1	£1,291.53	**£1,291.53**	£73.16	**£73.16**	£83.68	**£86.61**	£1,448.37	**£1,451.30**
Percentage increase			0.0%		0.0%		3.5%		0.2%
Annual Increase			£0.00		£0.00		£2.93		£2.93
Weekly Increase			£0.00		£0.00		£0.06		£0.06
Band E Properties	11/9	£1,578.53	**£1,578.53**	£89.42	**£89.42**	£102.28	**£105.86**	£1,770.23	**£1,773.81**
Percentage increase			0.0%		0.0%		3.5%		0.2%
Annual Increase			£0.00		£0.00		£3.58		£3.58
Weekly Increase			£0.00		£0.00		£0.07		£0.07
Band F Properties	13/9	£1,865.54	**£1,865.54**	£105.68	**£105.68**	£120.87	**£125.10**	£2,092.09	**£2,096.32**
Percentage increase			0.0%		0.0%		3.5%		0.2%
Annual Increase			£0.00		£0.00		£4.23		£4.23
Weekly Increase			£0.00		£0.00		£0.08		£0.08
Band G Properties	15/9	£2,152.55	**£2,152.55**	£121.93	**£121.93**	£139.47	**£144.35**	£2,413.95	**£2,418.83**
Percentage increase			0.0%		0.0%		3.5%		0.2%
Annual Increase			£0.00		£0.00		£4.88		£4.88
Weekly Increase			£0.00		£0.00		£0.09		£0.09
Band H Properties	18/9	£2,583.06	**£2,583.06**	£146.32	**£146.32**	£167.36	**£173.22**	£2,896.74	**£2,902.60**
Percentage increase			0.0%		0.0%		3.5%		0.2%
Annual Increase			£0.00		£0.00		£5.86		£5.86
Weekly Increase			£0.00		£0.00		£0.11		£0.11

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 supported through a new asset delivery model ensuring services are provided in areas where they are needed and using our existing resources as efficiently and safely as possible.

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. The programme requires £5m of capital receipts to be generated in 2013/14 (excluding right to buy sales) to be applied to the financing of the schemes. This is needed to fund about 14% of the Council’s non-housing programme.

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.

Priority 1: A regenerated South Tyneside with increased business and jobs

The Council has an important role in creating the conditions for business growth and investment in South Tyneside. Our physical regeneration activity will continue as we **invest in prominent locations** where there is potential to lever in private sector investment and underpin existing economic activity. We will focus capital investment in **Hebburn, Jarrow and South Shields town centres**, whilst also ensuring that key locations such as the Foreshore, River Corridor and key housing sites are targeted.

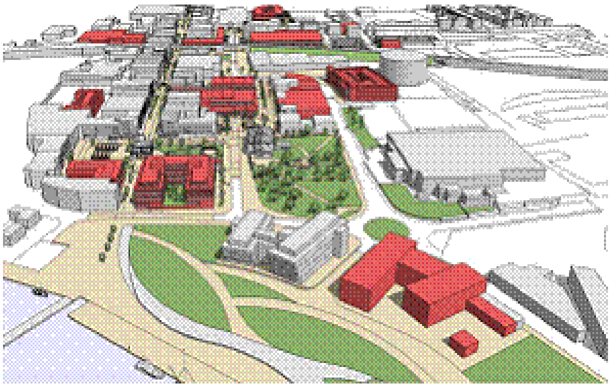
We will target our interventions to help **unlock the potential of our businesses and sites**, and **connect all our communities and residents with employment and enterprise opportunities**. These will be focused on those sectors and clusters that are strategically important to the economic growth of the borough in terms of increased employment and Gross Value Added (GVA). The key to this investment and growth will be 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.

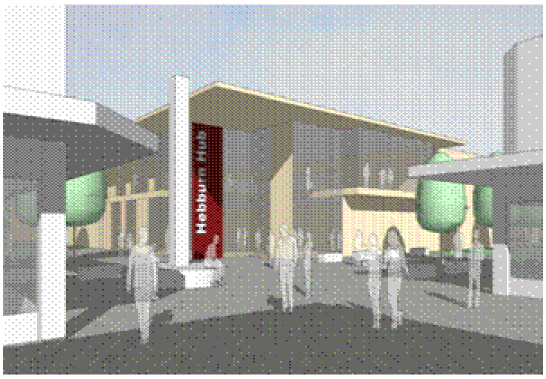
Big things to do

- Improve our town centres and create sustainable neighbourhoods
- Support and develop our key sectors
- Educate, retain and attract young people and raise their aspirations
- Maximise the impact of the riverside assets and the A19 corridor
- Promote the area as best for business and attract, grow and retain businesses

What are the Council's capital spending plans?

The redevelopment of South Shields Town Centre, our 365 town centre vision, represents a key scheme for maximising the potential of the borough for business regeneration. A procurement exercise has commenced to invite proposals from the private sector to improve the retail and leisure offer within the town centre as well as provide new community facilities.





The planned improvement to our town centres includes development of a Community Hub for Hebburn, as part of the wider Hebburn Town Centre Regeneration and local infrastructure schemes driven by neighbourhood priorities.

Priority 2: Better housing and neighbourhoods

We will work alongside the private sector and neighbouring local authorities to provide an expanded range of services for our residents that will provide **greater housing choices, raise the standard of housing in the borough and reduce the number of children in South Tyneside who live in fuel poverty**. We will demonstrate real leadership in housing by building new **affordable homes for sale and rent** that will add value to our economic growth and regeneration ambitions and provide a return on investment.

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 utilise our residential and operational assets to their greatest effect and will work alongside partner local authorities to lever external investment.

Big things to do

- Increase supply and mix of good quality housing to meet the needs and aspirations of current and future residents
- Reduce the number of long term empty properties in the borough
- Improve access to schools, services and jobs in neighbourhoods
- Ensure the sustainability of our housing estates
- Ensure we have sufficient, fit for purpose accommodation for older people
- Reduce crime and disorder and improve perceptions of crime

What are the Council's capital spending plans?

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 £99m of Decent Homes funding, which has been applied across the borough to renovate the Council Housing stock (up to the end of 2011/12), and a further £52m is projected to be spent from this funding source from 2012/13 to 2014/15.

The capital schemes within this priority also include Highways and Transport (funded mainly by Government grant). It also includes a major programme of footpath replacement and funding will be carried forward for the reinvigoration of Ocean Road.

Priority 3: Stable and Independent Families

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

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

Big things to do

- Safeguarding children and giving them the best start in life
- Raising Aspirations
- Improving Health

Much of the activity arising from this priority represents service improvements of a revenue nature. 2012/13 saw the effective completion of the £178m Building Schools for the Future (BSF) programme. BSF commitments relating to 2013/14 onwards comprise investment in information technology and some remaining landscape works. Schools which have been rebuilt or renovated through the BSF programme include:

- Mortimer School
- St. Joseph's School
- St Wilfrid's RC College
- Jarrow School
- Harton Technology College
- Hebburn Comprehensive
- South Shields Community School
- Keelmans Way
- Park View School

What are the Council's capital spending plans?

The Council has also invested £27m since 2009/10 on the Transforming our Primary Schools (TOPS) programme, including:

- Harton School
- Stanhope
- Forest View
- Hebburn Lakes

Demographic pressures in South Shields mean that additional primary school capacity will be required in the next few years.

Priority 4: Healthier People

We want people in South Tyneside to live **healthier and longer lives**. We will encourage people to make **positive decisions** about things that impact on their health. 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. We will ensure that there are **sensible safeguards** against the risk of neglect and abuse and we will intervene to protect the most vulnerable. We will ensure a range of information regarding alternative services and support is available for those of our residents who do not meet our eligibility criteria.

Similarly to the Stable and Independent Families priority – much of the activity arising from the Healthier People priority represents revenue rather than capital expenditure.

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**. As we work to deliver high quality services for the people of South Tyneside, 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 looking at how we can innovate and change 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 including:

- New Social Care Information System – to ensure a fit for purpose recording system to support decision making in relation to social care cases.

What are the Council's capital spending plans?

- Rationalisation of Civic Buildings – to allow more efficient use of civic buildings and freeing up other dispersed offices.

- The Development of a new waste transfer facility at Middlefields as an element of the Joint Waste PFI with Gateshead and Sunderland.

The Capital Investment Programme combined by priority and year is set out in the table below. The funding of the programme is presented in the table at paragraph 31. The indicative programme for 2014/15 onwards is not fully funded. This will be addressed through re-prioritisation and re-profiling to ensure affordability.

Capital Investment Strategy 2013-18							
	Priority 1 : A Regenerated South Tyneside with increased business and jobs						
		2013/14	**2014/15**	**2015/16**	**2016/17**	**2017/18**	**Total**
Ref	**Project Name**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
ER01	Town Centre Regeneration - South Shields	4.000	8.810	11.374	10.874	2.690	37.748
ER02	Hebburn Town Centre - Community Hub & Leisure Facility	6.000	6.000	-	-	-	12.000
ER03	Town Centre Regeneration - Jarrow	-	1.000	1.000	1.000	1.000	4.000
ER04	Village Infrastructure Fund	0.050	0.250	0.250	0.250	-	0.800
ER05	Green Business Incubator	0.082	-	-	-	-	0.082
ER06	New and Replacement Leisure Facilities	1.300	0.150	-	-	-	1.450
ER07	South Shields Riverside	0.500	0.500	0.500	0.500	0.500	2.500
ER08	Frederick Street / Trinity South Regeneration	3.200	-	-	-	-	3.200
ER09	Construction of a New Coastal Defence at Littlehaven	2.397	2.060	-	-	-	4.457
		17.529	**18.770**	**13.124**	**12.624**	**4.190**	**66.237**
	Priority 2 : Better Housing and Neighbourhoods						
		2013/14	**2014/15**	**2015/16**	**2016/17**	**2017/18**	**Total**
Ref	**Project Name**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
BHN01	Highways & Footways Investment	4.349	4.932	2.000	1.500	1.500	14.281
BHN02	Community Facilities	0.630	4.200	1.240	1.000	1.000	8.070
BHN03	CAF Environmental Schemes	0.420	0.420	0.420	0.420	0.420	2.100
BHN04	Warm Up North Set Up and Warm Zone	2.000	3.500	-	-	-	5.500
BHN05	Flood Prevention Work	0.350	-	-	-	-	0.350
BHN06	Street Lighting	-	0.700	-	-	-	0.700
		7.749	**13.752**	**3.660**	**2.920**	**2.920**	**31.001**
		2013/14	**2014/15**	**2015/16**	**2016/17**	**2017/18**	**Total**
Ref	**Housing Capital Programme**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
HC01	Decent Homes	30.452	21.880	25.418	11.771	14.100	103.621
HC02	New Build	3.061	1.400	0.900	0.900	0.900	7.161
HC03	Programme Fees - Housing Capital	2.200	1.600	1.900	1.000	1.200	7.900
HC04	Disabled Adaptations	1.000	1.000	1.000	1.000	1.000	5.000
HC05	Public Sector Housing Stock (Other)	4.400	4.600	4.300	4.300	3.900	21.500
		41.113	**30.480**	**33.518**	**18.971**	**21.100**	**145.182**
	Priority 3 : Stable and Independent Families						
		2013/14	**2014/15**	**2015/16**	**2016/17**	**2017/18**	**Total**
Ref	**Project Name**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
SIF01	Building Schools for the Future (BSF) Special Education Needs	0.135	-	-	-	-	0.135
SIF02	BSF ICT Refresh	0.255	0.438	-	-	-	0.693
SIF03	New Primary school	-	-	-	-	3.500	3.500
SIF04	Schools Devolved Formula capital	0.399	0.399	0.399	0.399	0.399	1.995
		0.789	**0.837**	**0.399**	**0.399**	**3.899**	**6.323**

What are the Council's capital spending plans?

	Priority 4 : Healthier People						
		2013/14	2014/15	2015/16	2016/17	2017/18	Total
Ref	**Project Name**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
HP01	Disabled Facilities Grant	0.500	0.500	0.500	0.500	0.500	2.500
HP02	Replacement Community Alarms - Adult Services	0.261	-	-	-	-	0.261
		0.761	**0.500**	**0.500**	**0.500**	**0.500**	**2.761**
	Innovation and Efficiency						
		2013/14	**2014/15**	**2015/16**	**2016/17**	**2017/18**	**Total**
Ref	**Project Name**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
IE01	Organisation Change - Compensatory payments	0.900	0.900	0.900	0.900	0.900	4.500
IE02	Middlefields Waste Transfer Station	3.777	-	-	-	-	3.777
IE03	Rationalisation of Civic Buildings	1.562	4.730	1.730	0.210	-	8.232
IE04	Demolition of Wouldhave House	0.150	-	-	-	-	0.150
IE05	Social Care Information System	0.300	0.435	-	-	-	0.735
IE06	Pool Demolition	0.078	0.040	-	-	-	0.118
IE07	Asset Maintenance	2.314	2.266	2.704	2.704	2.704	12.692
IE08	Fleet Vehicle Replacement programme	0.300	0.300	0.300	0.300	0.300	1.500
		9.381	**8.671**	**5.634**	**4.114**	**3.904**	**31.704**
TOTAL		**77.322**	**73.010**	**56.835**	**39.528**	**36.513**	**283.208**

Capital Funding

31. The table below summarises our capital funding estimates for 2013/14 and provisional funding estimates for 2014/15 to 2017/18:

Capital Programme By Funding						
	2013/14	**2014/15**	**2015/16**	**2016/17**	**2017/18**	**Total**
	£m	**£m**	**£m**	**£m**	**£m**	**£m**
Council General Fund Programme						
External Funding	16.209	10.182	3.750	3.750	3.750	**37.641**
Receipts	5.000	10.000	4.000	4.000	4.000	**27.000**
Borrowing	15.000	22.348	15.567	12.807	7.663	**73.385**
Total General Fund Programme	**36.209**	**42.530**	**23.317**	**20.557**	**15.413**	**138.026**
Target borrowing	15.000	11.000	11.000	11.000	11.000	**59.000**
Housing Programme (funded from the Housing Revenue Account)						
External Funding	19.000	12.000	15.000	-	-	**46.000**
Revenue Funding of Decent Homes Maintenance	16.452	16.980	17.518	18.071	20.200	**89.221**
Capital Receipts	0.900	0.900	0.900	0.900	0.900	**4.500**
HRA Borrowing	4.761	0.600	0.100	-	-	**5.461**
Total Housing Programme	**41.113**	**30.480**	**33.518**	**18.971**	**21.100**	**145.182**
Combined Housing and General Fund	**77.322**	**73.010**	**56.835**	**39.528**	**36.513**	**283.208**

32. In many areas, particularly schools' spending, the future years' funding is provisional and subject to further Central Government revision.

33. A separate table has been included at Appendix 2B providing more detail on the sources of external funding and whether the funding has been secured or is provisional at this stage, either because we are still at the bidding stage or we are awaiting confirmation of future funding levels.

What are the Council's prudential indicators?

Prudential Code

34. 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.

35. 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.

36. 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.

37. 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

38. 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.

39. 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

40. 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?

2012/13 Revised £m	Affordability Measures	2013/14 £m	2014/15 £m	2015/16 £m
	Capital Spending Plans			
71.144	Council capital programme	36.209	42.530	23.317
51.058	Housing capital programme	41.113	30.480	33.518
122.202	**Total Capital Programme**	**77.322**	**73.010**	**56.835**
	Capital Financing Requirement			
336.680	Council capital programme	387.237	386.669	382.573
268.805	Housing capital programme	273.566	274.066	274.166
605.485	**Total Capital Financing Requirement**	**660.803**	**660.735**	**656.739**
	Ratio of Financing Costs to Net Revenue Stream			
10.32%	Council capital programme	11.36%	14.01%	14.69%
46.21%	Housing capital programme	43.76%	43.57%	42.06%
	Estimated Incremental Effect of Capital Investment Decisions			
	For the Band D Council Tax (Annually)	£16.08	£25.79	£10.98
	For Average Weekly Housing rents	-0.27	0.21	-1.00

41. The increase in cost attributable to Council Tax from 2013/14 reflects the impact of planned borrowing by the Council.

Prudence – Council Treasury Management Practices

42. The Council has an integrated treasury management strategy and has adopted the CIPFA Code of Practice for Treasury Management in the Public Services.

43. 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.

44. The Council's Treasury Management Strategy and Annual Plan for 2013/14 was presented to Cabinet for approval on 13th February 2013.

Prudence Indicator - Net Debt and the Capital Financing Requirement

45. 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".

46. 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

47. The Council's actual external debt at 31st March 2012 was £556.1m. The Council's external debt at 31st March 2013 is estimated to be £605.5m. This figure is inclusive of internal funding, PFI and leasing costs and therefore represents the estimated capital financing requirement for the year 2012/13.

48. 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.

49. The following table identifies the Council's authorised limit for external debt for 2013/14 to 2015/16. For 2013/14, the authorised limit of £830m is the statutory limit determined under section 3(1) of the Local Government Act 2003.

Authorised Limit for External Debt	2013/14	2014/15	2015/16
	£m	£m	£m
Borrowing	705	710	700
Other Long Term Liabilities	125	120	120
Total	**830**	**830**	**820**

50. 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.

51. The following table identifies the **Council's operational boundary for external debt** for 2013/14 to 2015/16.

Operational Boundary	2013/14	2014/15	2015/16
	£m	£m	£m
Borrowing	625	630	625
Other Long Term Liabilities	125	120	120
Total	**750**	**750**	**745**

52. 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.

53. As part of the Council's Treasury Management Strategy the Corporate Director, Business and Area Management, 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

54. 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:

	2013/14	2014/15	2015/16
Upper Limit for Fixed Rate Exposure	**%**	**%**	**%**
Debt Portfolio	100	100	100
Upper Limit for Variable Rate Exposure			
Debt Portfolio	35	35	35

Prudence – Maturity Structure of Council Borrowing

55. The following table sets upper and lower limits for the maturity structure of the Council's borrowing during 2013/14. The limits represent the amount of projected fixed rate borrowing maturing in each period, as a percentage of total projected fixed rate borrowing.

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

No change to our borrowing maturity structure is proposed.

Prudence - Investments for Periods Longer Than 364 Days

56. The Council can invest for longer than 364 days. The maximum amount to be invested for periods above 364 days will be limited to £15m. Within this limit, £5m will be available for investment for between 364 days and two years and a further £10m 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 2012/13 is £12m.

2013/14 Minimum Revenue Provision Policy Statement

57. 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.

58. Part of the MRP for 2013/14 will relate to the more historic debt liability that will continue to be charged at the rate of 4%, in accordance with the recommendations and intent of option 1 of the guidance.

59. Supported borrowing is where the Government increases the revenue support grant to a Council to cover the debt charge incurred on capital expenditure which is supported. 2010/11 was the final year of General Fund supported borrowing and 2011/12 was the final year of Decent Homes supported borrowing, (to be replaced by a grant). Supported borrowing remaining from previous years 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.

60. In cases where schemes/capital expenditures were not fully completed/incurred or brought into use as at 31st March 2013, expenditure on these will be deferred from any MRP charge in 2013/14, but reconsidered for MRP in 2014/15, or such later year, subject to the date of their completion, in the light of the overall mix of new capital expenditures to be subjected to MRP at that time.

61. What is meant by this is that it is considered both proper and prudent to adopt the uncompleted scheme provision of the recommended guidance for option 3 for the year in which expenditure on uncompleted schemes is incurred, but that a separate assessment will be made in each subsequent year as to which schemes will be subjected to MRP in accordance with the life expectancy provisions of option 3. Therefore, a scheme might be exempt from MRP in 2013/14 utilising the "uncompleted" provision aspect of option 3, but financed from, say, capital receipts when completed.

62. It is likely that expenditures will be incurred in later years which will be subject in this manner, relative to either new building works, or the enhancement of existing buildings, and 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
• Roads and Infrastructure Assets	50 years
• Building Enhancement and Major Regeneration Projects*	40 years
• Public Realm and Capital Equipment	25 years
• Non asset related costs (as prescribed)	20 years
• Others	10 years or less

*Building enhancement and major regeneration projects 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.

63. 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.

64. The spreading of the MRP charge under the estimated life period approach will be carried out in an aggregate manner, as details of individual schemes, whilst required for supporting information purposes in the year for which MRP liability is first being assessed, have no beneficial purpose thereafter. Schemes/expenditures will accordingly be grouped within differing life periods where such apply.

65. 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, as the process for allocating either actual resources, or treatment under the various options, can only operate on a selective basis, as envisaged by the guidance.

66. 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.

67. 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 at their discretion. 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.

68. Final decisions regarding the manner in which such resources are to be allocated to schemes will be taken under delegated powers.

69. Estimated life periods may also be determined under delegated powers. In the case of new capital expenditure in respect of land, it is considered that the recommended life period of 50 years contained within the guidance does not adequately reflect a realistic life period, which is considered to be at least as great as would be the case if a building were to be placed upon it. The Council are aware when approving this that the guidance recommends only that the life period should bear some relation to that over which the asset is estimated to provide a service.

70. In the case of new capital expenditures that serve to improve or add to the value of an existing capital asset, these will be estimated to have the same useful life as the asset whose value is enhanced.

71. To the extent that expenditures are not on the creation of an asset, and are of a type that are subject to estimated life periods that are referred to in the guidance, the Council will generally adopt these periods. However, in the case of long term debtors arising from loans or other types of capital expenditure made by the Council which will be repaid under separate arrangements (such as long term investments), there will be no MRP made. The Council are satisfied that a prudent provision will be achieved after exclusion of these capital expenditures from the MRP requirements.

72. In view of the variety of different types of capital expenditure incurred by the Council, which is not in all cases capable of being related to an individual asset, asset lives will be assessed on a basis that most reasonably reflects the anticipated period of benefit that arises from the expenditure. Also, whatever type of expenditure is involved, it will be grouped together in a manner that reflects the nature of the main component of expenditure, and will only be divided up in cases where there are two or more major components with substantially different useful economic lives.

73. 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.

74. 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?

75. 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 2013 to 2018. The Council carefully identifies the things that could go wrong and might undermine the medium term financial plan.

76. 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.

77. 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.

78. Some of our strategic risks have been assessed as particularly uncertain with a potentially significant financial impact. Reserves have been established for these risks.

79. The following table identifies the key risks to the delivery of the MTFP, the actions taken (within this financial plan) and the actions proposed to reduce the impact of these risks on the Council's future financial position.

Strategic Financial Risk and Risk Management

Risk to the delivery of the MTFP	Risk Managed by:
The Council may have insufficient funds to achieve its priorities.	The achievement of the MTFP is imperative and is monitored every month as part of our performance monitoring process. We have established a Structural Change Reserve to cover the revenue costs of organisational change in the Council. This is anticipated to be £1.5m at April 2013.
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 1st April 2011 has been built into our financial planning. The next valuation is due on 1st April 2014.
Resulting from the new Business Rates Retention model to be 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 landfill penalties.	The standstill pressures in our Medium Term Financial Plan for 2013/18 include spending pressures arising from legislation. A joint Waste Partnership with Sunderland and Gateshead Council will commence early in 2014 which should limit the potential impact of the long-term cost to the Council.

How will the Council manage financial risk?

Cost of equal pay claims are greater than anticipated.	Our reserves strategy includes allocations to meet liabilities for equal pay and single status costs. This reserve has been used to finance the revenue cost of settling equal pay claims and meeting some costs of job evaluation. We have settled a number of significant claims for equal pay to date and continue to monitor any further liabilities for the Council to ensure appropriate provision within our accounts.
Risk that the demand for services (adults and children) could increase further than estimated and that the volatile demand led budgets are not rigorously managed.	Revenue spending is monitored on a monthly basis as part of the Council's corporate performance monitoring framework. Robust budgets consistent with agreed demand management plans.
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.	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. The Council has a strategic financial risk reserve , anticipated to be £1.2m at April 2013, which could potentially meet any further unexpected fluctuations in this budget that have not already been met from our revised budget.
Uncertainty over the future funding of the capital programme because of the economic circumstances impacting upon the level of capital receipts.	Our budget has been set with ambitious but achievable estimates of capital receipts. Capital receipts are monitored and reported to the Capital Investment Group. The forecast of receipts is included in our quarterly monitoring reports to Members. Any impact on the current year on the future Capital Investment Programme is highlighted in budget monitoring reports and relevant actions proposed.
Capital projects are not delivered on time or within budget.	Capital spending is monitored on a monthly basis as part of the Council's corporate performance monitoring framework. Any risks highlighted are reported to Capital Investment Group.
The Council's estate is not fit for purpose. Capital funding is reducing and the maintenance backlog is increasing. The Council occupies more buildings than it requires and can maintain.	The Council has clear plans in place which will rationalise accommodation. This project involves a combination of capital investment, remodelling of current buildings and disposal and demolition of buildings no longer required.
Emergency event occurs e.g. major flooding incident / significant traffic incident / flu pandemic which incurs additional unbudgeted costs.	The Council maintains a Strategic Reserve to meet unforeseen liabilities. This is anticipated to be £2.9m at April 2013.

How will the Council manage financial risk?

Our risk – based reserves policy

80. 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 (excluding grants rolled into the settlement figure). 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 structural change** will be used to manage the revenue cost of achieving the structural changes facing the Council. These structural changes are required to ensure that the Council can deliver its objectives with a much smaller budget and fewer staff. Some of the specific change proposals approved by the Council may require significant up-front investment to ensure that they are carried out in an effective, planned way. The fund will also be used to finance significant 'invest to save' projects;
- **Other Earmarked Reserves** are held for specific commitments and principally include cash balances held on behalf of schools.

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

82. Our forecast of the total Council cash reserves at 31st March 2013 is £22.670m 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 2012	**3.021**	**2.500**	**8.066**	**14.503**	**28.089**
Planned Use of Reserves in 2012/13					
Use of reserves	(0.130)	(1.474)	(0.268)	(3.677)	(5.549)
Contribution to reserves	-	0.130	-	-	0.130
Planned Contribution to Reserves in 2012/13	**(0.130)**	**(1.344)**	**(0.268)**	**(3.677)**	**(5.419)**
Estimated Balance as at 31st March 2013	**2.891**	**1.156**	**7.798**	**10.825**	**22.670**

How will the Council manage financial risk?

83. The tables below identify the planned use of Council reserves during 2013/14 to 2017/18.

Council Reserves	Strategic Reserves (minimum) £m	Financial Risk Reserve £m	School Balances £m	Earmarked Reserves £m	TOTAL Reserves £m
Estimated Balance as at 31st March 2013	**2.891**	**1.156**	**7.798**	**10.825**	**22.670**
Planned Use of Reserves in 2013/14					
Use of reserves	0.103	-	-	(0.300)	(0.197)
Contribution to reserves	-	(0.103)	-	-	(0.103)
Planned Contribution to Reserves in 2013/14	**0.103**	**(0.103)**	**-**	**(0.300)**	**(0.300)**
Estimated Balance as at 31st March 2014	**2.994**	**1.053**	**7.798**	**10.525**	**22.370**

Council Reserves	Strategic Reserves (minimum) £m	Financial Risk Reserve £m	School Balances £m	Earmarked Reserves £m	TOTAL Reserves £m
Estimated Balance as at 31st March 2014	**2.994**	**1.053**	**7.798**	**10.525**	**22.370**
Planned Use of Reserves in 2014/15					
Use of reserves	(0.183)	-	-	(0.400)	(0.583)
Contribution to reserves	-	0.183	-	-	0.183
Planned Contribution to Reserves in 2014/15	**(0.183)**	**0.183**	**-**	**(0.400)**	**(0.400)**
Estimated Balance as at 31st March 2015	**2.811**	**1.236**	**7.798**	**10.125**	**21.970**

Council Reserves	Strategic Reserves (minimum) £m	Financial Risk Reserve £m	School Balances £m	Earmarked Reserves £m	TOTAL Reserves £m
Estimated Balance as at 31st March 2015	**2.811**	**1.236**	**7.798**	**10.125**	**21.970**
Planned Use of Reserves in 2015/16					
Use of reserves	(0.151)	-	-	(0.500)	(0.651)
Contribution to reserves	-	0.151	-	-	0.151
Planned Contribution to Reserves in 2015/16	**(0.151)**	**0.151**	**-**	**(0.500)**	**(0.500)**
Estimated Balance as at 31st March 2016	**2.660**	**1.387**	**7.798**	**9.625**	**21.470**

Council Reserves	Strategic Reserves (minimum) £m	Financial Risk Reserve £m	School Balances £m	Earmarked Reserves £m	TOTAL Reserves £m
Estimated Balance as at 31st March 2016	**2.660**	**1.387**	**7.798**	**9.625**	**21.470**
Planned Use of Reserves in 2016/17					
Use of reserves	(0.128)	-	-	(0.600)	(0.728)
Contribution to reserves	-	0.128	-	-	0.128
Planned Contribution to Reserves in 2016/17	**(0.128)**	**0.128**	**-**	**(0.600)**	**(0.600)**
Estimated Balance as at 31st March 2017	**2.532**	**1.514**	**7.798**	**9.025**	**20.870**

How will the Council manage financial risk?

Council Reserves	Strategic Reserves (minimum) £m	Financial Risk Reserve £m	School Balances £m	Earmarked Reserves £m	TOTAL Reserves £m
Estimated Balance as at 31st March 2017	**2.532**	**1.514**	**7.798**	**9.025**	**20.870**
Planned Use of Reserves in 2017/18					
Use of reserves	(0.118)	-	-	(0.700)	(0.818)
Contribution to reserves	-	0.118	-	-	0.118
Planned Contribution to Reserves in 2017/18	**(0.118)**	**0.118**	**-**	**(0.700)**	**(0.700)**
Estimated Balance as at 31st March 2018	**2.415**	**1.632**	**7.798**	**8.325**	**20.170**

What are the Council's housing revenue spending plans?

84. 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.

85. 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.

86. 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.

87. 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.

88. The following table shows provisional HRA expenditure and income plans for the following 5 years.

Housing Revenue Account	Budget 2013/14 £m	Provisional Budget 2014/15 £m	2015/16 £m	2016/17 £m	2017/18 £m
Expenditure					
Management	18.481	18.295	18.318	18.364	18.435
Repairs & Maintenance	14.651	14.864	15.078	15.296	15.515
Rents, Rates, Taxes, Insurance	2.169	2.235	2.304	2.375	2.449
Provision for Bad Debts	1.793	1.739	1.861	1.888	1.930
Maintenance of Decent Homes	16.452	16.980	17.518	18.071	20.200
Debt Interest	12.608	12.744	12.475	12.517	12.614
Depreciation Non Dwellings	0.448	0.445	0.435	0.446	0.457
Other Capital Charges	0.157	0.124	0.129	0.133	0.138
Developing New Housing Options	0.000	0.000	0.000	0.000	0.000
TOTAL Housing Revenue Account	**66.759**	**67.426**	**68.118**	**69.090**	**71.738**
Income					
Rents - Dwellings	(62.696)	(64.352)	(67.346)	(69.544)	(71.524)
Income - other services / property	(3.714)	(3.826)	(3.941)	(4.059)	(4.181)
Housing related support charges	(0.176)	(0.176)	(0.176)	(0.176)	(0.176)
Contributions & Interest	(1.029)	(1.037)	(1.072)	(1.102)	(1.040)
TOTAL Housing Revenue Account Income	**(67.615)**	**(69.391)**	**(72.535)**	**(74.881)**	**(76.921)**
Contribution From Reserves	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**
(Surplus)/Deficit on Housing Revenue	**(0.856)**	**(1.965)**	**(4.417)**	**(5.791)**	**(5.183)**

Housing Revenue Plans for 2013/14

89. 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.

90. The South Tyneside Homes Management Fee has been reduced by 3% from £10.8m to £10.4m. A 3% per annum reduction is assumed for the following four years.

What are the Council's housing revenue spending plans?

91. Spending plans for 2013/14 include the cost of funding £2.161m of prudential borrowing required to finance the planned investment in new build at Simonside and Trinity South. The remaining £0.9m will be financed from retained capital receipts giving a total spend of £3.061m.

92. Rental income has been increased in line with Government guidelines in relation to rent restructure. Future year forecasts assume Government guidelines continue to be followed.

Service Charges for 2013/14

93. Service charge increases for 2013/14 will be as set out in Appendix 3.

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

94. 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.

95. The table below summarises the spending plans for the Fund for 2013/14 and provisional spending plans for 2014/15 and 2015/16, as agreed by the Pensions Committee on 6th February 2013.

Budget 2012/13 £m	Tyne and Wear Pension Fund	Budget 2013/14 £m	Provisional 2014/15 £m	Budgets 2015/16 £m
26.270	Investment Management Fees	27.492	30.018	33.835
0.163	Property Portfolio	0.144	0.149	0.153
1.468	Direct Costs and Recharges	1.407	0.821	0.825
27.901	**Total Investments Office**	**29.043**	**30.988**	**34.813**
2.375	**Pensions Office**	**2.475**	**2.439**	**2.442**
30.276	**TOTAL Tyne and Wear Pension Fund**	**31.518**	**33.427**	**37.255**

96. The budget for 2013/14 shows an increase of £1.242m over the 2012/13 budget. Increases of £1.909m and £3.828m are projected for 2014/15 and 2015/16 respectively.

97. The table below analyses the budget proposal for the next three years.

	2013/14 £m	2014/15 £m	2015/16 £m
Base Budget	**30.276**	**31.518**	**33.427**
Investment Management Fees	1.222	2.526	3.817
Standstill Pressures	0.080	0.103	0.032
Budget Growth/New Initiatives	0.178	0.012	-
Redirection of Current Spending	(0.238)	(0.732)	(0.021)
TOTAL Pensions Spending Plans	**31.518**	**33.427**	**37.255**

98. The main reason for the increase is a rise in investment management fees due to additional commitments to asset classes such as Private Equity, Global Property and Infrastructure.

99. The direct costs and recharges to the Investment Office and the Pensions Office increase by £0.020m in 2013/14 because of spending commitments to ongoing projects and an increase in overheads. A reduction of £0.617m is forecast for 2014/15 as a number of projects are expected to be completed in 2013/14.

Evaluation and Review

Shaped to Deliver

100. 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.

101. 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.

102. 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.

103. 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.

104. 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

105. During the year, budget holders may need to transfer budgets from one service area to another to reflect changed service needs or priorities.

106. A budget transfer is defined as a movement of budget between any budget service line identified in Appendix 1A of this report.

107. **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.

108. **Budget transfers greater than £250,000** require the approval of Cabinet.

109. **Budget transfers greater than £1,000,000** require the approval of full Council and must be proposed by Cabinet.

Appendix 1A: Council Revenue Budget 2013/14

Line Ref	Council Revenue Budget	Total Cost £	Total Income £	2013-14 Budget £	Staffing No of Posts	Staffing FTE's
	STRATEGY AND PERFORMANCE					
1	Strategy and Performance	1,714,600	(265,300)	1,449,300	35	34.81
	TOTAL STRATEGY AND PERFORMANCE	**1,714,600**	**(265,300)**	**1,449,300**	**35**	**34.81**
	BUSINESS AND AREA MANAGEMENT GROUP					
2	Area Management	27,629,900	(18,780,100)	8,849,800	584	425.31
3	Corporate Finance & Levies	116,372,400	(92,539,000)	23,833,400	11	11.00
4	Democratic Support	2,057,000	(231,000)	1,826,000	40	33.30
5	Internal Audit	313,100	(95,900)	217,200	9	8.60
6	Legal Services	1,611,200	(1,159,900)	451,300	36	35.00
7	Human Resources	3,546,900	(120,800)	3,426,100	199	172.41
8	Risk and Resilience	1,956,800	(1,596,700)	360,100	9	8.00
9	Strategic Partnership Client	8,843,800	(1,116,100)	7,727,700	5	5.00
	SUB TOTAL BUSINESS AND AREA MANAGEMENT GROUP	**162,331,100**	**(115,639,500)**	**46,691,600**	**893**	**698.62**
	PENSIONS					
10	Pensions Office	31,518,000	(31,518,000)	0	67	61
	SUB TOTAL PENSIONS	**31,518,000**	**(31,518,000)**	**0**	**67**	**61**
	TOTAL BUSINESS AND AREA MANAGEMENT GROUP	**193,849,100**	**(147,157,500)**	**46,691,600**	**960**	**759.62**
	ECONOMIC REGENERATION GROUP					
11	Asset Management and Design (including building cleaning)	17,366,600	(7,379,000)	9,987,600	492	217.21
12	Regeneration	470,200	(241,000)	229,200	8	8.00
13	Communications	1,132,500	(114,500)	1,018,000	20	18.14
14	Culture, Leisure and Libraries	7,659,600	(3,551,000)	4,108,600	296	183.87
15	Economic Growth	2,217,700	(375,600)	1,842,100	11	11.00
16	Development Services	5,361,700	(2,978,900)	2,382,800	114	93.26
	TOTAL ECONOMIC REGENERATION GROUP	**34,208,300**	**(14,640,000)**	**19,568,300**	**941**	**531.48**
	CHILDREN, ADULTS AND FAMILIES GROUP					
17	Strategic Development	5,890,000	(1,900,800)	3,989,200	166	122.16
18	Children and Families Social Care	20,295,100	(3,228,800)	17,066,300	201	194.17
19	Education, Learning and Skills	33,848,400	(23,344,900)	10,503,500	701	411.75
20	Adult Social Care	69,916,100	(24,612,800)	45,303,300	695	588.91
21	Public Health	12,565,500	0	12,565,500	29	26.00
	SUB TOTAL CHILDREN, ADULTS AND FAMILIES BUDGET EXCLUDING SCHOO	**142,515,100**	**(53,087,300)**	**89,427,800**	**1,792**	**1,342.99**
	SCHOOLS DELEGATED					
22	Delegated Schools Budget	97,703,800	(97,703,800)	0		
	SUB TOTAL SCHOOLS DELEGATED	**97,703,800**	**(97,703,800)**	**0**		
	TOTAL CHILDREN, ADULTS AND FAMILIES GROUP	**240,218,900**	**(150,791,100)**	**89,427,800**	**1,792**	**1,342.99**
	TOTAL COUNCIL REVENUE BUDGET	**469,990,900**	**(312,853,900)**	**157,137,000**	**3,728**	**2,668.90**

Appendix 1B: Council Standstill Pressures 2013-18

Revenue Standstill Pressures	2013/14	2014/15	2015/16	2016/17	2017/18
	£m	£m	£m	£m	£m
Inflation					
Cost of living increase	0.750	1.000	1.000	1.000	2.000
Net Inflation on prices and income	2.968	2.915	2.915	2.915	2.915
TOTAL Inflation	**3.718**	**3.915**	**3.915**	**3.915**	**4.915**
Other Pressures					
Changes in employer pension contributions	-	0.500	-	-	0.500
Pension Contribution in respect of previous employees	0.300	-	-	-	-
BT Pension Contributions	-	1.000	-	-	-
Revenue Implications of Capital Programme	1.750	1.000	1.000	-	-
New Waste Management Contracts	0.510	-	-	-	-
Landfill Tax Increase	0.370	-	-	-	-
NEIC Pension Deficit	(0.021)	-	-	-	-
Local Government Elections	(0.213)	0.213	-	-	-
Haven Point Development	1.008	(0.207)	-	-	-
Reduction in Temple Park Running Costs	(0.199)	-	-	-	-
Events Programme	0.150	-	-	-	-
Interest Rate changes in investment income	-	(0.200)	(0.200)	(0.200)	(0.200)
Adult Social Care Cost Pressure	1.500	-	-	-	-
Children's Social Care Cost Pressure	1.500	-	-	-	-
Insurance Premia	(0.238)	-	-	-	-
Forecasted Pressures	-	2.704	2.214	5.218	3.721
TOTAL Other Pressures	**6.417**	**5.010**	**3.014**	**5.018**	**4.021**
Changes to External Grant					
Changes in External Funding	(2.200)	0.075	0.071	0.067	0.064
TOTAL Changes to External Grant	**(2.200)**	**0.075**	**0.071**	**0.067**	**0.064**
TOTAL Revenue Standstill Pressures	**7.935**	**9.000**	**7.000**	**9.000**	**9.000**

Appendix 2A: Council Capital Investment Programme 2013/14

Line Ref	Council Capital Budget	Budget Holder	2013/14 Budget	External Funding	Council Funding
	BUSINESS AND AREA MANAGEMENT	**Patrick Melia**			
	AREA MANAGEMENT	**Andrew Whittaker**			
1	Highways & Footways Investment	Andrew Whittaker	4,349,000	2,549,000	1,800,000
2	CAF Environmental Schemes	Andrew Whittaker	420,000	-	420,000
3	Middlefields Waste Transfer Station	Andrew Whittaker	3,777,000	-	3,777,000
4	Village Infrastructure Fund	Andrew Whittaker	50,000	-	50,000
5	Fleet Vehicle Replacement programme	Andrew Whittaker	300,000	-	300,000
	TOTAL AREA MANAGEMENT		8,896,000	2,549,000	6,347,000
	FINANCE	**Stuart Reid**			
6	Organisation Change - Compensatory payments	Stuart Reid	900,000	-	900,000
	TOTAL FINANCE		900,000	-	900,000
	TOTAL BUSINESS AND AREA MANAGEMENT		**9,796,000**	**2,549,000**	**7,247,000**
	CHILDREN, ADULTS AND FAMILIES	**Helen Watson**			
	ADULT SOCIAL CARE	**Jane Robinson**			
7	Disabled Facilities Grant	Jane Robinson	500,000	500,000	-
8	Replacement Community Alarms - Adult Services	Jane Robinson	261,000	225,000	36,000
9	Social Care Information System	Jane Robinson	300,000	147,000	153,000
	TOTAL ADULT SOCIAL CARE		1,061,000	872,000	189,000
	EDUCATION, LEARNING AND SKILLS	**Peter Cutts**			
10	Building Schools for the Future (BSF) Special Education Needs	Peter Cutts	135,000	135,000	-
11	BSF ICT Refresh	Peter Cutts	255,000	255,000	-
12	Schools Devolved Formula capital	Peter Cutts	399,000	399,000	-
13	Pool Demolition	Peter Cutts	78,000	-	78,000
	TOTAL EDUCATION, LEARNING AND SKILLS		867,000	789,000	78,000
	TOTAL CHILDREN, ADULTS AND FAMILIES		**1,928,000**	**1,661,000**	**267,000**
	ECONOMIC REGENERATION	**David Cramond**			
	CULTURE LEISURE AND LIBRARIES	**Bryan Atkinson**			
14	New and Replacement Leisure Facilities	Bryan Atkinson	1,300,000	-	1,300,000
	TOTAL CULTURE LEISURE AND LIBRARIES		1,300,000	-	1,300,000
	REGENERATION	**Rick O'Farrell**			
15	Town Centre Regeneration - South Shields	Rick O'Farrell	4,000,000	2,433,000	1,567,000
16	Hebburn Town Centre - Community Hub & Leisure Facility	Rick O'Farrell	6,000,000	4,000,000	2,000,000
17	Green Business Incubator	Rick O'Farrell	82,000	46,000	36,000
18	South Shields Riverside	Rick O'Farrell	500,000	-	500,000
19	Frederick Street / Trinity South Regeneration	Rick O'Farrell	3,200,000	-	3,200,000
	TOTAL REGENERATION		13,782,000	6,479,000	7,303,000
	ASSET MANAGEMENT & DESIGN	**Paul Scrafton**			
20	Community Facilities	Paul Scrafton	630,000	-	630,000
21	Rationalisation of Civic Buildings	Paul Scrafton	1,562,000	-	1,562,000
22	Asset Maintenance	Paul Scrafton	2,314,000	2,314,000	-
23	Demolition of Wouldhave House	Paul Scrafton	150,000	-	150,000
	TOTAL ASSET MANAGEMENT & DESIGN		4,656,000	2,314,000	2,342,000

Appendix 2A: Council Capital Investment Programme 2013/14

Line Ref	Council Capital Budget	Budget Holder	2013/14 Budget	External Funding	Council Funding
	DEVELOPMENT SERVICES	**George Mansbridge**			
24	Construction of a New Coastal Defence at Littlehaven	George Mansbridge	2,397,000	956,000	1,441,000
25	Warm Up North Set Up and Warm Zone	George Mansbridge	2,000,000	2,000,000	-
26	Flood Prevention Work	George Mansbridge	350,000	250,000	100,000
	TOTAL DEVELOPMENT SERVICES		4,747,000	3,206,000	1,541,000
	TOTAL ECONOMIC REGENERATION		**24,485,000**	**11,999,000**	**12,486,000**
	TOTAL COUNCIL CAPITAL BUDGET 2013/14		**36,209,000**	**16,209,000**	**20,000,000**
	HOUSING CAPITAL PROGRAMME				
	SOUTH TYNESIDE HOMES	**Martin Knowles**			
27	Decent Homes	Martin Knowles	30,452,000	19,000,000	11,452,000
28	Programme Fees - Housing Capital	Martin Knowles	2,200,000	-	2,200,000
29	Public Sector Housing Stock (Other)	Martin Knowles	4,400,000	-	4,400,000
	TOTAL SOUTH TYNESIDE HOMES		37,052,000	19,000,000	18,052,000
	COUNCIL RETAINED	**George Mansbridge**			
30	New Build	George Mansbridge	3,061,000	-	3,061,000
31	Disabled Adaptations	George Mansbridge	1,000,000	-	1,000,000
	TOTAL COUNCIL RETAINED CAPITAL PROGRAMME		**4,061,000**	**-**	**4,061,000**
	TOTAL HOUSING CAPITAL PROGRAMME		**41,113,000**	**19,000,000**	**22,113,000**
	TOTAL COUNCIL CAPITAL BUDGET 2013/14		**77,322,000**	**35,209,000**	**42,113,000**

Appendix 2B: Council Capital External Funding

110. The table below identifies the external funding we have bid for (but not yet secured) and the external funding we have secured over the coming five years.

External Capital Funding Forecast	**2013/14**	**2014/15**	**2015/16**	**2016/17**	**2017/18**	**Funding TOTAL**
	£m	**£m**	**£m**	**£m**	**£m**	**£m**
Capital grant from Government and other Agencies						
DFE Schools Devolved Formula Capital	0.399	0.399	0.399	0.399	0.399	1.995
DFE Basic Needs Allocation	0.996	0.996	0.996	0.996	0.996	4.980
DFE Schools Capital Mtce Allocation	1.708	1.708	1.708	1.708	1.708	8.540
DEFRA Capital Grant	1.206	-	-	-	-	1.206
DoH Capital Grant	0.225	-	-	-	-	0.225
DFT Integrated Transport - Local Safety Schemes	1.089	1.532	-	-	-	2.621
DFT Highways Maintenance Grant	1.460	1.400	-	-	-	2.860
DCLG Disabled Facilities Capital Grant	0.647	0.647	0.647	0.647	0.647	3.235
Groundwork Trust	0.046	-	-	-	-	0.046
Scheme Contributions	2.000	3.500	-	-	-	5.500
Development Partners	6.433	-	-	-	-	6.433
Council Capital Programme	**16.209**	**10.182**	**3.750**	**3.750**	**3.750**	**37.641**
Housing Capital Programme						
Decent Homes Funding	19.000	12.000	15.000	-	-	46.000
External Capital Funding Housing	**19.000**	**12.000**	**15.000**	**0.000**	**0.000**	**46.000**
Total External Funding - including Housing	**35.209**	**22.182**	**18.750**	**3.750**	**3.750**	**83.641**
External Funding Secured and Provisional						
External Funding Secured	26.776	14.932	-	-	-	41.708
External Funding Provisional	8.433	7.250	18.750	3.750	3.750	41.933
TOTAL External Capital Funding Forecast	**35.209**	**22.182**	**18.750**	**3.750**	**3.750**	**83.641**

Appendix 3: Housing Revenue Account Spending Charges

Landlord Charges - Services & Facilities		No	Current Charge £/wk	Inflation Increase	Proposed Revised Charge
Garage Rents	General	2698	£3.75	3.00%	£3.86
	Lincoln Road	28	£3.78	3.00%	£3.89
Tenant Heating Charges	Newtown 1-bed	82	£2.51	3.00%	£2.59
	Newtown 2-bed	194	£7.53	0.00%	£7.53
	Jarrow Card Price	132	£16.14	3.00%	£16.62
Sheltered Accommodation - Landlord Charges for Scheme Managers and Communal Facilities					
Service Charges	Purpose built flats with scheme manager & communal facilities	785	£11.62	3.00%	£11.97
	Group dwellings with scheme manager & nearby communal facilities	438	£5.03	3.00%	£5.18
Guest Room Charges	Charges for overnight stay or emergency situations per night		£10.42	3.00%	£10.74
Furnished Tenancies	New Tenancies supplied with a package of furniture and Electrical Goods - Option 1 Points up to 110		£22.80	0.00%	£22.80
	New Tenancies supplied with a package of furniture and Electrical Goods - Option 2 Points up to 160		£30.29	0.00%	£30.29
	New Tenancies supplied with a package of furniture and Electrical Goods - Option 3 Points up to 200		£37.78	0.00%	£37.78
	New Tenancies supplied with a package of furniture and Electrical Goods - Mini Option Points up to 60		£14.65	0.00%	£14.65
	Decent Homes decant properties supplied cookers		£5.86	0.00%	£5.86

Tenant Caretaker and Concierge Charges	Caretaker		Concierge	
	Cost per Prop per wk 2012/13	Cost per Prop per wk 2013/14	Cost per Prop per wk 2012/13	Cost per Prop per wk 2013/14
Durham Court	£2.50	£2.58	£10.15	£10.15
Westmorland Court	£2.06	£2.12	£10.15	£10.15
Ellen Court	£6.29	£6.48	£10.15	£10.15
Monastery Court	£6.29	£6.48	£10.15	£10.15
Wilkinson Court	£6.29	£6.48	£10.15	£10.15

Support Service Charges - Supporting People		No	Current Charge £/wk	Inflation Increase	Proposed Revised Charge
Community Alarms - Support					
Council Tenants	Standard - Hardwired or Solo Unit	2517	£2.77	0.00%	£2.77
Council Tenants	Enhanced - Hardwired or Solo Unit	37	£4.21	0.00%	£4.21
Individual Owner / Occupier	Standard		£4.69	4.26%	£4.89
Housing Assoc/Landlords	Standard		£4.69	4.26%	£4.89
Scheme Managers - Support					
Council Tenants	Scheme Managers - Support Services	1172	£10.25	0.00%	£10.25

Appendix 3: Housing Revenue Account Spending Charges

External Users Community Alarms		**No**	**Current Charge £/wk**	**Inflation Increase**	**Proposed Revised Charge**
Owner/Occupiers	Private including rental of equipment	534	£4.69	4.26%	£4.89
	Private - additional pendant	345	£1.50	0.00%	£1.50
Housing Associations / Private	Standard Service		£4.69	4.26%	£4.89
Other Specific Service Charges		**No**	**Current Charge £/wk**	**Inflation Increase**	**Proposed Revised Charge**
Council - HRA Temporary Accommodation - existing					
	1 - bed accommodation	4	£23.09	3.00%	£23.78
	2 - bed accommodation	4	£32.80	3.00%	£33.78
	3 - bed accommodation	4	£47.37	3.00%	£48.79

Tenants - Sheltered Accommodation Heating Charges	**2012/13** Cost per property per wk - Bed Sit	**2012/13** Cost per property per wk - 1 Bed	**2012/13** Cost per property per wk - 2 Bed	**2013/14** Cost per property per wk - Bed Sit	**2013/14** Cost per property per wk - 1 Bed	**2013/14** Cost per property per wk - 2 Bed
Davies Hall	£0.00	£8.75	£10.53	£0.00	£11.27	£13.56
McIntrye Hall	£0.00	£11.70	£0.00	£0.00	£15.06	£0.00
Birch Grove	£0.00	£10.42	£0.00	£0.00	£13.42	£0.00
Calf Close	£0.00	£8.30	£9.97	£0.00	£10.69	£12.84
Martin Hall	£0.00	£10.18	£0.00	£0.00	£13.11	£0.00
Nolan Hall	£0.00	£11.30	£0.00	£0.00	£14.55	£0.00
Porlock House	£0.00	£7.96	£9.57	£0.00	£10.24	£12.33
Croftside House (Electric)	£7.35	£8.20	£0.00	£9.46	£10.55	£0.00
Bishop Ramsey	£0.00	£8.65	£10.37	£0.00	£11.13	£13.35
Farding Lake	£0.00	£8.20	£0.00	£0.00	£10.55	£0.00
Prince Ed Court	£0.00	£7.35	£8.81	£0.00	£9.46	£11.34
Blenkinsop House	£5.07	£5.62	£0.00	£6.52	£7.24	£0.00
Borrowdale House	£0.00	£5.73	£0.00	£0.00	£7.38	£0.00
Huntcliffe House	£0.00	£6.23	£0.00	£0.00	£8.02	£0.00
Inskip House	£0.00	£7.69	£0.00	£0.00	£9.90	£0.00
Wingrove House	£0.00	£7.64	£9.20	£0.00	£9.83	£11.85
Clayside House	£0.00	£6.58	£0.00	£0.00	£8.47	£0.00
Flat 28 Glenthorpe House	£0.00	£8.57	£10.32	£0.00	£11.03	£13.28
Hallgarth House	£0.00	£8.25	£9.92	£0.00	£10.62	£12.77
Julius Court	£0.00	£6.74	£0.00	£0.00	£8.67	£0.00
Thomas Bell SA	£0.00	£8.83	£0.00	£0.00	£11.37	£0.00
Patrick Cain House	£0.00	£6.84	£8.25	£0.00	£8.81	£10.62

Appendix 3: Housing Revenue Account Spending Charges

Tenant Communal Cleaning Charges	Cost per property per week 2012/13	Cost per property per week 2013/14
HIGH RISE PROPERTIES		
Westmoreland	£1.48	£1.52
Durham Court	£1.30	£1.34
MID RISE PROPERTIES		
Farding Square	£3.12	£3.21
Dean Road	£2.11	£2.17
Laygate	£2.06	£2.12
Whiteleas	£2.11	£2.17
Green Lane	£4.21	£4.34
Tyne Dock	£2.89	£2.98
Galsworthy Road	£2.11	£2.17
River Drive	£0.66	£0.68
Mowbray Road	£0.98	£1.01
Stewart & Fulwell	£0.58	£0.60
SHELTERED HOUSING		
Birch Grove SA	£5.46	£5.63
Bishop Ramsay SA	£6.02	£6.20
Blenkinsop House SA	£2.93	£3.02
Borrowdale House SA	£5.15	£5.30
Calf Close House SA	£4.28	£4.41
Cheviot House SA	£4.73	£4.87
Clayside House SA	£4.27	£4.40
Croftside House SA	£4.01	£4.13
Curren House SA	£6.97	£7.18
Davies Hall SA	£6.76	£6.96
Farding Lake SA	£5.01	£5.16
Fernyhough Hall SA	£3.91	£4.03
Glenthorpe House SA	£4.28	£4.41
Hallgarth House SA	£4.01	£4.13
Henley House SA	£5.21	£5.37
Huntcliffe House SA	£5.84	£6.02
Inskip House SA	£5.20	£5.35
Julius Court SA	£4.01	£4.13
Lincoln Court SA	£6.02	£6.20
Martin Hall SA	£4.21	£4.34
McIntyre Hall SA	£5.38	£5.54
Nolan Hall SA	£4.41	£4.55
Patrick Cain House SA	£6.16	£6.35
Porlock House SA	£4.45	£4.58
Prince Edward Court SA	£6.71	£6.91
Thomas Bell SA	£4.81	£4.95
Wingrove House SA	£4.01	£4.13

Appendix 3: Housing Revenue Account Spending Charges

Leaseholder Charges Management Fee	Cost per property per week 2012/13	Cost per property per week 2013/14
All Leaseholders	£134.60	£134.60

Caretaker and Concierge Charges	Caretaker		Concierge	
	Cost per Prop per wk 2012/13	Cost per Prop per wk 2013/14	Cost per Prop per wk 2012/13	Cost per Prop per wk 2013/14
Durham Court	£2.50	£2.58	£10.15	£10.15
Westmorland Court	£2.06	£2.12	£10.15	£10.15
Ellen Court	£6.29	£6.48	£10.15	£10.15
Monastery Court	£6.29	£6.48	£10.15	£10.15
Wilkinson Court	£6.29	£6.48	£10.15	£10.15

Building Cleaning	Cost per Prop per wk 2012/13	Cost per Prop per wk 2013/14
Farding Square	£3.12	£3.21
Dean Road	£2.11	£2.17
Laygate	£2.07	£2.12
Whiteleas	£2.11	£2.17
Tyne Dock	£2.89	£2.98
Galsworthy Road	£2.11	£2.17
River Drive	£0.66	£0.68
Mowbray Road	£0.98	£1.01
Stewart & Fulwell	£0.58	£0.60

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 and Police and Crime Commissioner and the net expenditure of the billing authority, after taking account of Business Rate income and Government Grants.

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

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

General Fund – The General Fund includes the expenditure and income relating to the services provided by the Authority but excluding the Housing Revenue Account activities. The net expenditure on the General Fund is compared to the charge levied upon the Collection Fund and results in a surplus or deficit that will increase or decrease the reserves of the Council. 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 50% of monies collected. The remaining 50% 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.