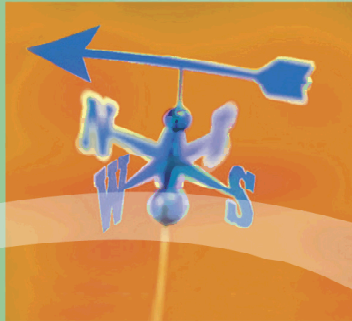


# MEDIUM TERM FINANCIAL PLAN

Focusing on our Priorities - Budget Recommendations



2010-2015  
Council Budget



South Tyneside Council

25th February 2010

If you would like this document in another language or format, or if you require the services of an interpreter, please contact us on 0191 424 7385

إذا أردت هذه الوثيقة بلغة أخرى أو بطريقة أخرى، أو إذا كنت بحاجة إلى خدمات مترجم، فنرجو أن تقوم بالاتصال بنا.  
Arabic

যদি আপনি এই ডকুমেন্ট অন্য ভাষায় বা ফরমেটে চান অথবা যদি আপনার একজন ইন্টারপ্রেটারের প্রয়োজন হয়, তাহলে দয়া করে আমাদের সাথে যোগাযোগ করুন।

Bengali

ਜੇ ਈਹ ਦਸਤਾਵੇਜ਼ ਤੁਹਾਨੂੰ ਕਿਸੇ ਹੋਰ ਭਾਸ਼ਾ ਵਿਚ ਜਾਂ ਕਿਸੇ ਹੋਰ ਰੂਪ ਵਿਚ ਚਾਹੀਦਾ ਹੈ, ਜਾਂ ਜੇ ਤੁਹਾਨੂੰ ਗੱਲਬਾਤ ਸਮਝਾਉਣ ਲਈ ਕਿਸੇ ਫਿਟਰਪੈਟਰ ਦੀ ਲੋੜ ਹੈ, ਤਾਂ ਤੁਸੀਂ ਸਾਨੂੰ ਸੱਸੋ।

Punjabi

यह दस्तावेज़ यदि आपको किसी अन्य भाषा या अन्य रूप में चाहिये, या आपको आनुवाद-सेवाओं की आवश्यकता हो तो हमसे संपर्क करें

Hindi

یہ دستاویز اگر آپ کو کسی دیگر زبان یا دیگر شکل میں درکار ہو، یا اگر آپ کو ترجمان کی خدمات چاہئیں تو برائے مہربانی ہم سے رابطہ کیجئے۔

Urdu

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# **Council Budget 2010 – 2015**

## ***“Focusing on our Priorities”***

### **Foreword by the Leader of the Council**

In common with most of the country, South Tyneside continues to face challenging economic times. But as a high performing authority recognised by national inspectorates, we are well placed to meet these challenges. The Council recognises that we can't achieve everything on our own. That is why we continue to work with our partners to identify innovative solutions to difficult and important issues. Significantly tighter finances at the national level means that it is imperative that we focus our resources upon priorities for residents and communities and choose to do things differently - often using public, private and voluntary partners to deliver services to ensure we support a vibrant and prosperous borough in South Tyneside and meet our strategic objectives as set out in our corporate plan “Performing Together”. This plan sets out how we will allocate our financial resources over the medium term.



*Iain Malcolm*

**Councillor Iain Malcolm**  
**Leader of the Council**

## Strategic Context

To be a high performing organisation we need to ensure everything we do is fully focused around our customers to continually improve services for the people of our borough.

Our task now is to continue to deliver in what are difficult times for individuals and organisations alike.... the credit crunch, and increased costs of social care, combined with another low budget settlement for councils, mean that retaining services at their present level is a real challenge.

Knowing where we are going, being clear about what needs to be done most urgently and taking tough decisions when we have to, mean that we and our partners focus strongly on our priorities. These are founded upon comprehensive information and good knowledge of local communities and their needs.

## Performance

In the last year we have seen further excellent achievements and improvements to services, performance and resident satisfaction. They include:

### Children and Young People

**We continue to improve outcomes for children and young people.**

- The 2009 Comprehensive Area Assessment (CAA) judged the quality of children's services to be 'Performing Well'.
- Educational attainment has improved at all stages with the 2009 GCSE and A-Level results being the best ever achieved within the area.
- We have secured £1.5m of Government funding for an innovative project to reduce child poverty in partnership with North Tyneside Council.
- Pupil Services, the Hearing and Visually Impaired Services and the Education Psychological Service were all rated by external inspectors as outstanding.
- Our approach to safeguarding vulnerable children and young people has been endorsed externally. Our recent unannounced Ofsted inspection identified no priority areas for action, our Adoption Service has again been judged as outstanding, and our Fostering Service and Youth Offending Service have also had recent successful inspection outcomes.
- Significant investment in our schools across the borough is continuing. We have already delivered a range of new schools – Jarrow secondary and Mortimer community college to name but two. This year the newly built St Joseph's School and the significantly refurbished St Wilfrid's School and Harton Primary School will be

## Strategic Context

completed. Further investment will follow through the Building Schools for the Future and Primary Capital funding programmes.

- The take-up rate of school meals in our primary schools is the highest outside London.

### Independent and Healthy Lives

**We are committed to making South Tyneside a place where people enjoy independent and healthy lives.**

- Improving the health and well-being of older people and reducing smoking, obesity and alcohol harm are among our top 10 Priority Objectives. Good progress is being made, with both male and female life expectancy increasing.
- A new health centre will open soon at Cleadon Park as part of the major regeneration programme for the area.
- We have established a partnership approach to benefits and finance issues and can demonstrate that older people's incomes have risen substantially as a result. Our Welfare Rights Unit and partners have been particularly successful in increasing benefit take up, with £4m of benefit gains for people in South Tyneside during 2008/09 alone.
- National accreditation received for our community alarm service.

### Safer and Stronger Communities

**This is extremely important to our residents - they tell us community safety, crime reduction and anti-social behaviour are among their top priorities.**

- Levels of crime and anti-social behaviour continue to reduce across the borough - particularly in neighbourhoods with known problems.
- The percentage of people who think crime is one of the areas most in need of improving (34%) has declined substantially since 2003/04 (57%). Anti-social behaviour is seen as less of a problem by residents compared to the last survey across all types of anti-social behaviour.
- Our strong emphasis on tackling anti-social behaviour is continuing to make a positive difference across the borough. During the first half of the 2009/10 financial year (April 2009 – September 2009) the Council's Anti-Social Behaviour Unit saw a 21% increase in enforcement actions taken against perpetrators of anti-social behaviour, compared to the same period during 2008/09.
- A "Darker Nights" campaign, which reduced reports of anti social behaviour in the autumn months by 10%.
- A Successful "Justice Seen, Justice Done" programme to increase community confidence in the criminal justice system.
- Our Community Crime Fighters won a national award.
- The borough now has the lowest number of incidents of domestic

## Strategic Context

violence, the lowest number of victims and the lowest number of repeat victims in Tyne & Wear.

- A successful programme to support the community through the recession by addressing financial inclusion and debt, with access to low cost finance increased and major awareness campaigns during the year.
- South Tyneside is in the top quarter of councils nationally for the number of residents who feel they can influence decisions about their local area.

### Environment, Housing and Transport

**We are determined to provide our residents with a clean, safe and tidy environment, decent housing and excellent transport links.**

- A further £43m of investment will be made in 2010/11 refurbishing homes. Added to other financial resources available, this means that a total of £173m will be invested in nearly 18,000 homes managed by South Tyneside Homes over the next five years. Between April and December 2009, over 2,800 homes have been made decent. South Tyneside Homes are expected to exceed the target of 3,400 properties for 2009/10.
- £8m investment in new affordable homes for home ownership and for rental.
- The refurbishment of 6 play areas across the borough.
- Improved reletting times and reduced numbers of empty properties have been achieved through working with our partner South Tyneside Homes.
- Further awards for the transformation of South Marine Park.
- Supporting the development of the new Tyne crossing and ensuring our residents take advantage of the associated employment opportunities.
- Further improvements in our recycling and composting efforts, with a new caddy scheme now being rolled out across the borough.
- 3 Gold and 8 Silver Northumbria in Bloom awards.
- The regeneration of Hebburn Town Centre remains a high priority for the Council. In March 2008 a consortium of Spenhill (Tesco's regeneration/property development subsidiary), Bellway and Gentoo was appointed as preferred developer. The Spenhill proposal includes new social rented and private housing, new retail and commercial units, a Tesco store. A community hub including a new library and customer service centre and new social clubs. The development agreement is under negotiation with the Spenhill consortium. The Council and South Tyneside Homes are currently relocating residents from Regent Court and Glen Court to enable their demolition in 2010.

## Strategic Context

- The Cleadon Park regeneration continues. The first three phases of social housing were completed in July 2009, a total of 142 new houses, apartments and bungalows. All residents who wished to return to Cleadon Park have now done so. Over 150 properties for sale are completed and work is continuing to build large family houses for sale on King George Road. Planning permission has been granted for 37 units of affordable housing on phase 4 in December 2009 with a start on site in February 2010. The PCT building is progressing well with an anticipated completion in summer 2010 and a projected opening in September 2010.

### Jobs and Enterprise

**We are committed to helping people into jobs, expanding businesses and encouraging enterprise.**

- Our employment rates have been showing up well against the regional average. Three years ago the regional gap was 3.2 percentage points. The gap for June 2009 was only 2.3 percentage points. South Tyneside traditionally felt the effects of an economic downturn first and hardest. However, for the period up to December 2009 we have performed in line with the rest of the region.
- The Employment programme is funded by the Area Based Grant and began delivery on the 1<sup>st</sup> September 2008. The programme is targeted to work with 3,000 out of work residents in the areas of the Borough with the highest levels of benefit claimants and move 1,100 into sustainable employment.
- The Employer Led Training programme provides training places for residents to undertake training for a specific job role. This year we have commissioned programmes in contact centre training, customer service, care and business administration.
- The Financial Inclusion project, delivered by the Citizens Advice Bureau has recovered over £150,000 in Employment Tribunal Awards and kept 20 people in jobs that were going to be dismissed.
- The Wheels to Work programme has provided 10 scooters to help residents to work where they don't have access to private transport and public transport routes do not exist.
- South Tyneside Council and its partners have created 54 new jobs for 18-24 year olds who have been out of work for six months through the Future Jobs.
- Creation of 150 jobs in the first year of the strategic partnership with BT.
- Picture yourself in South Shields campaign that attracted increased visitor numbers in the summer and helped local traders fight the recession.
- Increasing training opportunities through the use of social clauses with major partners.



## Strategic Context

- Contract signed with BT to occupy new business centre at Harton Staithes the construction of which is currently out to tender.
- Our £16.2m Local Enterprise Growth Initiative programme has been working to promote a cultural shift in attitudes towards enterprise and business growth. Our financial business growth package is already making a real difference.
- We have continued to work with One North East to bring forward a 30 hectare brownfield site at South Shields Riverside for a mix of employment, residential and leisure uses.

## Culture and Wellbeing

**It is important South Tyneside promotes a sense of place, cultural opportunities and wellbeing.**

- There were approximately 4,300 full time equivalent tourism related jobs in the borough (direct and indirect) in 2009, a 1% increase on 2008.
- A wide range of facilities and activities are encouraging people to participate in physical activity, such as our exercise referral scheme. Attendance on the Sports Development Programmes is 6% up compared to last year.
- The figures for December 2008 show junior library membership has risen to 11,930 demonstrating the growing popularity of all our early years activities and the Summer Holiday Reading Challenge.
- Hosting a spectacular Mouth of the Tyne Festival and popular Summer Events Programme.
- Another Blue flag award received for Sandhaven beach.
- Hebburn Flash, a major new piece of public art, being unveiled.
- Another successful Great North Run, the 26<sup>th</sup> in a row.
- Further expansion of our “opening Cultural Doors” programme to encourage older people, looked after children and ethnic minorities to access the wide range of cultural opportunities in the borough.

## Resources

**We have worked hard to improve our Value for Money by making the best possible use of our limited resources.**

- In our 2009 Comprehensive Area Assessment the Audit Commission stated, “The Council uses public money well to deliver its priorities....”.
- Our approach to maximising value for money (VfM) is based on three themes:
  - Managing finances – We will effectively manage our finances to deliver VfM.
  - Governing the business – We will effectively govern ourselves and procure services that provide VfM.
  - Managing resources – We will effectively manage our natural

## Strategic Context

resources, physical assets and people to deliver VfM.

- Each year the value for money provided by the Council is assessed through the Use of Resources element of the Comprehensive Area Assessment. Within our score of 3 out of 4 for Use of Resources 2009 under the “harder” test, we received a positive value for money judgement.
- A key measure of the value for money provided by the Council is National Indicator 179. This is the mechanism through which councils report progress on achieving value for money gains during the Comprehensive Spending Round 2007. Although we no longer receive a government set target there is an expectation that we will achieve at least 3% per annum net cash-releasing value for money gains. For 2008/09 and 2009/10 combined this adds up to around £9.9m. However, we are on track to deliver value for money savings in the region of £11.9m over this period. This is in addition to the efficiencies achieved in the previous Comprehensive Spending Round period (2005 to 2008) when we delivered £16.3m in efficiencies, exceeding our government set target by £5.7m.
- In the current economic climate, achieving these efficiencies is particularly important in delivering our Medium Term Financial Plan. The savings enable the Council to keep council tax levels as low as possible while ensuring that finances are available to redirect to emerging priorities.
- Estimated £2m of procurement savings delivered through partnership with BT.
- Exceeding the Investors in People standard.
- Accreditation of our customer contact centre.
- Winner of the e-government awards for the success of our website for shifting waste and recycling transactions to the web through effective marketing.
- Winner of the Chartered Institute of Public Relations (CIPR) Partnership Excellence award for the Tyne & Wear Public Service Campaign.

This year the Council faces significant financial challenges due to increased demand for our services, especially in adult care, and means that we need to spend more money just to carry on providing the services we currently offer. To continue to deliver our current services in the way that we do now we need to spend an extra £15m next year.

South Tyneside Council has a good track record of delivering value for money, attracting investment and improving services. However, there is always more that can be done and we are totally committed to improving performance whilst making savings and further embedding value for money. We listen to what our residents say about how we spend our money and

## Strategic Context

have a strong record of keeping Council Tax increases as low as possible.

This budget for 2010 to 2015 focuses on how we can use our limited resources as efficiently as possible to redirect spending to our priority areas, those areas that you tell us matter most to you. In preparing the budget we have consulted extensively with all stakeholders and have listened very carefully to what people have told us - this has helped us to focus on what is most important to our communities.

During December to February, we held a series of consultation events with communities across the whole of South Tyneside as well as with Members and our partners.

As in previous years we have had a strong response from residents to the consultation with nearly 700 people completing our budget questionnaire. This was a significant increase from the previous year. We also received the views of over 300 residents through a programme of budget-drop in sessions that took place in locations across the Borough. We started our consultation earlier than in previous years to allow residents' views on priorities to inform our draft spending proposals. The excellent feedback received from residents has helped us to develop and refine our spending proposals for 2010/11.

The **business sector** supported the emphasis in the budget to making better use of our buildings and ensuring continued investment in the area to protect jobs and stimulate enterprise.

The **voluntary sector** is concerned about ensuring their involvement at an early stage on proposals coming forward for the budget.

Our **trade union** colleagues encouraged us to lobby Government and local MP's for additional resources and ensure that there was effective communication with staff affected by the proposals.

Residents have asked us to keep Council Tax increases to a minimum. We therefore propose a 2.8% increase in Council Tax for 2010/11. This represents a weekly increase for Band A Council Tax payers of just 45p.

As we continually work to deliver high quality services for the people of South Tyneside, we recognise that the economic climate that we currently find ourselves in will present a significant challenge over the coming year. Achieving value for money in our services will be more important than ever. We will continue to focus our attention on the things that matter most to ensure that we support our families, our businesses and our communities through the months and years ahead.

## Strategic Context

## Investing in our Future



**Councillor Ed Malcolm**  
Lead Member Resources

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

**“Our young people will have new hope because they will have a bright future.**

**People of all ages will have high aspirations, great confidence and the skills and opportunities they need to succeed. People will be healthy, able to find work and will enjoy living here.**

**Our reputation for excellence in service to communities will be widely recognised and South Tyneside will be playing a full role in contributing to a thriving and prosperous region”.**

2. Realising our vision cannot be achieved in isolation and as we move forward, we recognise that service planning, commissioning and delivery must be planned, consistent and joined-up. All of our services must remain focused on improving outcomes for all of our communities.

### **What is the Medium Term Financial Plan?**

3. We are committed to providing the best possible services for **everyone** in South Tyneside. This Medium Term Financial Plan outlines our approach to setting out the Council’s medium term strategic plan in monetary terms. This document also sets the Council’s budget for 2010/11.
4. The Council’s Medium Term Financial Plan is one of the key Council strategic planning documents:
  - **Performing Together** (the Council’s master service plan) – this sets out the Council’s priorities and describes in detail what we plan to achieve;
  - **Focusing on our Priorities** (the Council’s Medium Term Financial Plan) – this plan directs overall spending to our key areas for improvement or where investment is needed; and
  - **Our People Plan** (which incorporates our People Management Strategy and Workforce Development Plan) – this is our approach to

## **Investing in our Future**

ensure we are business like, highly effective, with clear objectives and priorities and that everyone knows what is expected of them and are valued.

5. These strategic planning documents are fully integrated and flow from the 'Spirit of South Tyneside', our joint Sustainable Community Strategy, Local Area Agreement and Regeneration Strategy.

## **Our Financial Strategy**

6. The Council has adopted an overall 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.

## **The National Financial and Economic Context**

7. The Council is dependant for a significant part of its funding upon the allocation of resources from Government (67% in 2010/11).
8. The Government carried out a Comprehensive Spending Review (CSR) in 2007 that set the spending priorities for the next three years. Local Authorities received indicative funding allocations for the years 2008/09 to 2010/11 to allow longer term planning. At the time, the Local Government Association stated that this was the worst settlement for a decade.
9. Under this settlement, the national average increase in funding for 2010/11 is 2.6%. South Tyneside, however, is at the minimum or "floor" of funding so our 2010/11 cash increase is only 1.5%.
10. We do not have indications of the funding levels in the next CSR that is expected to cover 2011/12 to 2013/14. The Government has already announced that there will be a further £5bn of efficiency targets for the public sector from 2010/11. With the very high levels of Government borrowing, our planning has to assume that there will be a significant reduction in funding, either through a reduction in the Revenue Support Grant or reductions in grants we receive such as the Area Based Grant over the period of the next spending review.
11. The Council receives 33% of its income from Council Tax payers. There are Government restrictions on the level that Council Tax can increase by,

## Investing in our Future

called “capping”. The Government has not stipulated increases above which an authority would be capped but would make a judgement on increases that is considered to be excessive.

12. The economic downturn has significantly impacted on the cost pressures for the Council. Interest rates on our balances are expected to remain low at around 1% compared to a 5% return as recently as two years ago. Income from commercial rentals and planning fees has also been impacted.
13. The next valuation of the Tyne & Wear Pension Fund will be in 2011/12. The significant falls in the stock market will place further pressure upon the fund. Current funding arrangements require employers who are members of the Fund to finance any shortfall over an agreed period through higher contributions. This forecasted financial pressure will coincide with a 0.5% increase in Employer National Insurance Rates already announced by Government.
14. These are some of the major challenges that we know we will have to deal with. However, the economic environment has changed so much in the space of less than one year that we know we will have to be prepared for much more.

### The regional picture

15. In establishing our strategic and financial plans, we need to consider regional policies, plans and strategies. These include the following:
  - The Regional Economic Strategy
  - The Tyne Wear City Region Business Case
  - One North East Regional Development Agency Business Support Review
  - Business Link Tyne and Wear
  - National Efficiency and Improvement Strategy
  - National Procurement Strategy.

### The local picture

16. The Medium Term Financial Plan is central to achieving our vision of a “better future for South Tyneside’s people”. Our plans for delivering this ambitious vision are set out in “**Spirit of South Tyneside**”, our joint **Sustainable Community Strategy, Local Area Agreement and Regeneration Strategy**.
17. Spirit of South Tyneside sets out how South Tyneside’s Local Strategic Partnership (LSP) will deliver the community’s vision, how we will tackle

## Investing in our Future

community leadership and the regeneration of our most deprived neighbourhoods.

18. To develop the Medium Term Financial Plan it is important to understand the characteristics of the borough and our communities.
19. South Tyneside is part of the Tyne and Wear conurbation, on the coast next to the River Tyne. Created in 1974 under local government reorganisation, covering 64 square kilometres with 6 areas – South Shields, Jarrow, Hebburn, Whitburn, Boldon and Cleadon.
20. South Tyneside's place in world history is visible through the presence of one World Heritage Site, Arbeia, and another to be the UK's nomination in 2010 – Wearmouth-Jarrow, an 8th century European centre of learning and culture.
21. The more recent history of the borough is characterised by heavy industries such as shipbuilding and engineering. South Tyneside suffered industrial decline in the 1970s and 1980s with severe social and economic consequences. As a result, deprivation remains widespread in South Tyneside.
22. The population is now projected to increase overall, but decrease amongst those under 65. The falling numbers of children and young people and rising numbers of older people in South Tyneside will have a significant impact on how we provide services, and represents a major challenge for the future.

### South Tyneside – population facts

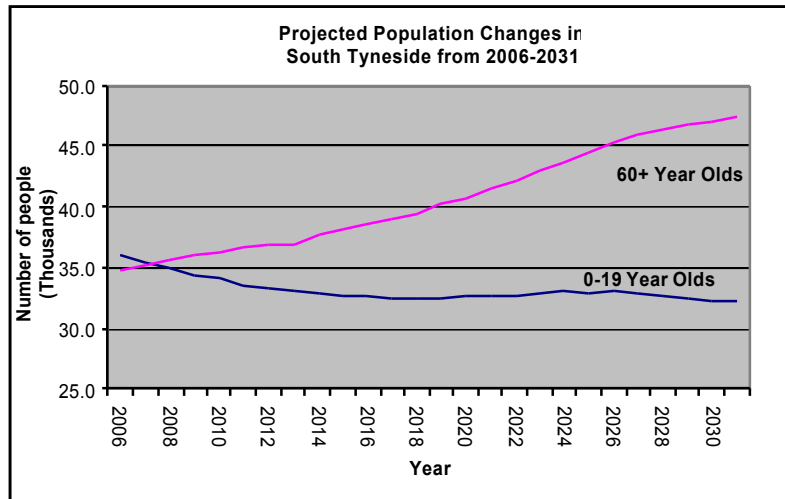
- The majority of our population is white British.
- 5.0% of South Tyneside's total population and 5.5% of under-18s are from black or ethnic minority communities, mainly Indian and Bangladeshi.
- Our total population has fallen from 156,847 in 1993 to 151,000 today but indications are that it may grow as high as c.154,000 by 2031.
- Over half our residents (56%) live in neighbourhoods ranked in the 25% most deprived in England.

23. The following graph shows the results from population projections from the Office of National Statistics (ONS 2006) predicting a rise in the number of older people and a reduction in the number of children and young people in



## Investing in our Future

South Tyneside over the next 25 years:



24. The results show that the numbers of 60+ year olds in South Tyneside are anticipated to increase by 12,700 from 34,800 in 2006 to 47,500 in 2031, which is an overall increase of 31.43%. The numbers of 0-19 year olds are anticipated to reduce by 3,800 from 2006 to 2028, which is an overall reduction of 10.6%. The implications of this ageing population and our approach for supporting older people is set out in our Older People's Plan. These implications pose significant challenges to our overall budget and service delivery.
25. In general there is a steady decline of 0-19 year olds, particularly among the 15-19 year olds. However, the 0-4s are currently increasing, although they will start to decline in about 2020.
26. While these trends may change by 2032, a predicted fall of 3,800 is equivalent to over 90 school classes (assuming a class size of 30 pupils). The falling numbers of children and young people and the rising older population in South Tyneside will have a significant impact on how we provide services.
27. These trends and projections have been factored into our Medium Term Financial Planning.

### Equality and cohesion

28. Equality and cohesion are embedded throughout all of our services. It is not an extra piece of work, but part of everything we do. Our aim is to make South Tyneside a place where everyone feels accepted as part of our

## Investing in our Future

community. This means ensuring our communities are treated fairly and can easily access our services.

29. We value the views of the people of South Tyneside and want everyone who lives, works or visits to realise their full potential and be the best that they can be.
30. Actions to address any gaps in our services are in **Performing Together** and supporting Theme and Service plans. They are monitored as part of our robust approach to performance management.

### Value for Money

31. Improving value for money is at the heart of everything we do. We feel the aim of the local government's Value for Money agenda is straightforward – we must use our resources in the best possible way to deliver better public services for the best price, in line with the priorities of local people.
32. In South Tyneside, we work hard to ensure that we achieve high value for money. We always challenge ourselves to make sure our costs compare well with others by identifying and challenging areas of high spend. Our overall aim is to make sure that the money we spend results in high quality services that meet and satisfy local needs, ensuring we achieve the best value possible from every pound we spend.
33. As well as generating redirection proposals in order to ensure our spending plans are affordable, we also use our budget process to examine how we can deliver better value for money in the services we offer. Many of the redirection proposals within our budget for 2010/11, will make us work more efficiently and will mean that Council Tax payers get more for their money.
34. We are required to report to Central Government about our planned and actual cash releasing efficiencies through the new National Indicator N179. The planned efficiencies we will report to Government for 2010/11 will include many of the redirection proposals included in our Medium Term Financial Plan. The crosscutting value for money projects and many of the other redirection proposals will directly tackle many of our services which seem to be high spending when we compare ourselves with other similar authorities.

## Investing in our Future

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

### Revenue Spending Plans

35. 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. Last year we extended our planning period to a 5-year period so that we ensure that our spending plans are affordable and match the money we expect to receive from government and council taxpayers over a longer period. More of the financial risks we face cover longer periods e.g. demand on services from ageing population, pension revaluations and waste disposal costs, so it is prudent to extend our planning period.
36. The table below summarises our revenue spending plans for 2010/11 and provisional spending plans for 2011/12 to 2014/15 and how this is allocated across the Council's Directorates, as well as identifying the resources that we have available to fund our spending.

2009/10	Budget	Provisional Spending			
Budget Revenue Spending Plans	2010/11	2011/12	2012/13	2013/14	2014/15
£m	£m	£m	£m	£m	£m
162.419 Base Budget	165.907	174.388	171.160	168.776	166.719
13.701 Budget Pressures	19.961	13.011	5.507	6.964	5.534
(10.213) Redirection of Current Spending	(11.480)	(16.239)	(7.891)	(9.021)	(7.289)
<b>165.907 TOTAL Revenue Spending Plans</b>	<b>174.388</b>	<b>171.160</b>	<b>168.776</b>	<b>166.719</b>	<b>164.964</b>
<b>2.15% Percentage increase in Council budget</b>	<b>5.11%</b>	<b>-1.85%</b>	<b>-1.39%</b>	<b>-1.22%</b>	<b>-1.05%</b>
<b>Directorate Revenue Budgets</b>					
41.975 Children and Young People	41.071	41.996	42.938	43.698	44.476
93.616 Neighbourhood Services	101.751	104.871	107.351	111.402	114.034
26.656 Regeneration and Resources	30.755	23.444	17.600	10.694	5.489
3.660 Chief Executive's Office	0.811	0.849	0.887	0.925	0.965
<b>165.907 TOTAL Directorate Revenue Budgets</b>	<b>174.388</b>	<b>171.160</b>	<b>168.776</b>	<b>166.719</b>	<b>164.964</b>
<b>Funded by</b>					
88.968 Revenue Support Grant and Business Rates	90.285	88.479	86.710	84.976	83.276
21.306 Area Based Grant	26.453	23.808	21.427	19.284	17.356
0.251 Council General Reserves	-	-	-	-	-
(0.025) Collection Fund Contribution	0.200	-	-	-	-
55.407 Council Tax Income	57.450	58.873	60.639	62.459	64.332
<b>165.907 TOTAL Revenue Funding Forecast</b>	<b>174.388</b>	<b>171.160</b>	<b>168.776</b>	<b>166.719</b>	<b>164.964</b>
89.472 Dedicated Schools Grant	91.261	92.174	93.095	94.026	94.967

37. In 2010/11 we will receive 67% of our revenue from central government and 33% from Council Tax. 2010/11 is the third and final year of a three year funding period. The cash increase in Revenue Support Grant (RSG) is 1.5% in 2010/11. This is at the minimum or "floor" of funding increases in Local Government.
38. 2011/12 to 2014/15 will be part of a new funding period. Our only indications at this time are that the next funding period will be even more difficult than the last one. For this reason we have assumed a reduction in RSG of 2% for future years.
39. Area Based Grant is an unringfenced grant which brought together many of

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

our former specific grants when it was created in 2008/09. The funding has been confirmed to 2010/11 with limited inflationary increases in the grant. Again, due to indications that the next funding period is likely to be even more difficult we have assumed a decrease of 10% for future years.

40. The table at paragraph 36 shows the amount of Council Tax we will collect in 2010/11 with an increase of 2.8%. **For planning purposes only**, we have included the estimated income in 2011/12 to 2014/15, based on a Council Tax increase of 3.0%.
41. The actual increases in Council Tax income in 2011/12 to 2014/15 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 will generate an additional £0.554m of income.
42. Schools expenditure is funded from a Dedicated Schools Grant (DSG). The funding has been confirmed to 2010/11. Again, this is on the "floor" of funding increases. The income from DSG is shown within the budget for Children & Young People's directorate as this is a ring-fenced grant. For later years we have presumed an increase of 1% per year.
43. Appendix 1A provides more detail on the 2010/11 revenue budgets for each service and names the budget holder responsible for managing each budget area.

### Budget Pressures

44. The Council needs to spend money to keep services at their current level. We also need to spend money to deliver our vision for South Tyneside by progressing with our Council priorities. To continue to deliver our current services and to deliver our vision we will need to spend an extra £20m next year, a further £13m in 2011/12 and a further £5.5m in 2012/13. These figures have been estimated from forecasted activity / volume levels using specific cost drivers. A summary of these pressures is shown in the table below and full details are set out in Appendix 1B to this report.

<b>Revenue Budget Pressures</b>	<b>2010/11</b>	<b>2011/12</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Inflation	5.057	5.624	4.223	4.319	4.471
Other Standstill Pressures	7.146	5.573	1.629	3.004	1.504
Directorate Pressures	4.789	1.729	0.500	0.500	0.500
Changes to External Grant	2.969	0.085	(0.845)	(0.859)	(0.941)
<b>TOTAL Revenue Budget Pressures</b>	<b>19.961</b>	<b>13.011</b>	<b>5.507</b>	<b>6.964</b>	<b>5.534</b>

45. Demand for our services, especially adult care and looked after children, continues to increase and means that we need to spend more money just

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

to carry on providing the services we currently offer.

46. The current economic environment has impacted on our revenue budget. The fall in interest rates has significantly reduced our income on invested balances and whilst the uncertainty in the banking sector continues, has limited the banks that we would use to invest our balances.

### Redirection of current spending

47. The funding we will 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 from the Government and Council Tax payers.
48. The proposals included in our budget, which we have widely 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.
49. Beyond 2010/11, 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 total £28m over the period 2010/11 and 2011/12 alone.
50. Plans for reducing spending and increasing efficiency are shown in the following table and have been assessed against our priority themes as set out in "Performing Together".

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

Redirection of Current Spending		Priority	2010/11 £m
1	Review of fees and charges	ALL	0.076
2	Review of workforce structure	ALL	0.600
3	Targeted supplies and services	ALL	0.538
4	Restructure Sports Development section	C&W	0.036
5	Arts, tourism and events	C&W	0.083
6	Reductions in grants to Customs House, Bede's World and Tyne and Wear Museums	C&W	0.133
7	Reduction in outdoor facilities expenditure	C&W	0.040
8	Community Health and Wellbeing function efficiencies	C&W	0.033
9	Review of community facilities - libraries	C&W	0.155
10	Reduction in sports and arts outreach worker	C&W	0.025
11	Leisure Centres	C&W	0.051
12	Area Tourism Partnership	C&W	0.005
13	Restructure of admin team in Culture & Neighbourhoods	C&W	0.045
14	Capitalise school re-organisation costs and other school organisation savings	CYP	0.225
15	Reconfigure School Improvement team and Inclusion team	CYP	0.195
16	Reconfigure of staffing in Secondary Teaching and Learning Behaviour Support/Aim Higher	CYP	0.163
17	Reconfiguration of staffing in Primary Teaching and Learning Team	CYP	0.110
18	Reconfigure Connexions	CYP	0.150
19	Children's fund	CYP	0.150
20	Remove the secondary school meal subsidy	CYP	0.200
21	Reconfigure youth services	CYP	0.075
22	Reconfigure CYP asset management	CYP	0.060
23	Reduce policy support	CYP	0.040
24	Reduce base budget funding of Governors administration	CYP	0.012
25	The Place	CYP	0.091
26	Leaving care service	CYP	0.044
27	Advanced school skills	CYP	0.130

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

Redirection of Current Spending		Priority	2010/11 £m
28	Capital management costs	CYP	0.040
29	Reduced match funding required due to reduction in standards fund available	CYP	0.100
30	Reduction in redundancy provision	CYP	0.075
31	Countryside promotion budget	EHT	0.006
32	Reduce operating costs by utilising outside grant aid and licensing fees	EHT	0.030
33	Reduce operating costs by utilising support monies from Dept of Health	EHT	0.044
34	Staff reduction on contribution for the New Tyne Crossing project	EHT	0.050
35	Deleting current vacant posts in building control	EHT	0.053
36	Cessation of Envirofayre	EHT	0.010
37	Deletion of Housing Standard Officer post	EHT	0.016
38	Community Safety Partnership function efficiencies	EHT	0.033
39	Restructure of Fleet Management section	EHT	0.080
40	Reduction in Waste and Street Cleansing services	EHT	0.450
41	Modernisation of Streetscape	EHT	0.137
42	Reduction in maintenance of road markings	EHT	0.005
43	Removal of Environmental Improvements budget	EHT	0.048
44	Withdraw school crossing patrol service - lunchtime provision only	EHT	0.220
45	Introduce staff parking charge for staff with parking permits	EHT	0.050
46	Reduced green waste collection season	EHT	0.021
47	Staffing proposals - Environmental Health	EHT	0.020
48	Have one on-call system for building control and environmental health	EHT	0.015
49	Cancellation of John Wright Centre cleaning contract	EHT	0.019
50	Reduction in environmental maintenance vehicles	EHT	0.060
51	Reduce level of staffing in public conveniences	EHT	0.180
52	Review specification for grounds maintenance	EHT	0.255
53	Waste Partnership	EHT	0.100
54	Middlefields Depot	EHT	0.050
55	Deletion of mechanical street sweeper	EHT	0.030
56	Review of building cleaning	EHT	0.050
57	Utilisation of planning delivery grant	EHT	0.150
58	Increased income from traffic regulation orders	EHT	0.060
59	Efficiencies in commissioning in Adult Social Care	IHL	0.200
60	Modernisation of the sheltered employment scheme	IHL	0.235
61	Rationalisation of community facilities - day services for older people	IHL	0.322
62	Transfer in-house supported living to the independent sector	IHL	0.500
63	Reduce in house home care service by 10%	IHL	0.084
64	Review of Community Equipment services	IHL	0.050
65	Restructure of Core Employment service	IHL	0.073
66	Rationalisation of community facilities - day services for people with a physical disability	IHL	0.178
67	Review usage of residential care homes	IHL	0.279
68	Adult Social Care - review of meals service	IHL	0.100
69	Review of Adult Services	IHL	0.300
70	Learning Disability Services	IHL	0.050
71	CREST Employment Initiatives Project	J&E	0.020
72	Employer led training	J&E	0.080
73	Employment Development team staffing	J&E	0.037
74	Enterprise Team support staff	J&E	0.019
75	Making Headway	J&E	0.080
76	Restructure of strategic housing functions of homelessness lettings and allocations	RES	0.050
77	Onview Magazine	RES	0.080
78	Pride of South Tyneside Awards	RES	0.003
79	Teamtalk staff magazine	RES	0.006
80	Reduction in Cabinet agendas	RES	0.010
81	Democratic Engagement / Local Democracy week	RES	0.006
82	Electoral registration mini household canvass	RES	0.013
83	Delayed top up of insurance fund	RES	0.250
84	Reduce the hours of the Legal Consultant - projects post	RES	0.015



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

Redirection of Current Spending		Priority	2010/11 £m
85	Rolling registration promotion	RES	0.006
86	Staffing proposals - Democratic services	RES	0.023
87	Staffing reduction in Internal Audit	RES	0.041
88	Water dispensers be withdrawn	RES	0.010
89	Consolidation of porter/caretaker functions in South Shields Town Hall	RES	0.019
90	Reduction in repairs and maintenance budget	RES	0.200
91	Corporate External Funding Team	RES	0.077
92	Housing benefit overpayment recovery	RES	0.100
93	HRA Recharges	RES	0.250
94	Reduce Council Tax discount	RES	0.028
95	South Tyneside Good Design awards	RES	0.012
96	Deletion of Partnership Support Officer post in the Strategic Partnership Client Team	RES	0.033
97	Reduction in funding for Area Based Grant funded projects	RES	0.401
98	Reduction in staffing capacity and Chief Executive supplies & services	RES	0.078
99	Withdraw the Physiotherapy service	RES	0.026
100	Reduce the size of composite job advertisements	RES	0.030
101	Reduction in Counselling service	RES	0.011
102	Maximisation of Housing / Council Tax benefits subsidy	RES	0.024
103	Remove revision of Benefits and Council Tax Advice service at Hebburn Civic Centre	RES	0.007
104	Discontinue the use of GovMetric for measuring customer satisfaction	RES	0.003
105	Decommission Flexi-time system	RES	0.011
106	Staff advertising costs	RES	0.121
107	Energy efficiency	RES	0.100
108	Printing costs	RES	0.045
109	Back Funding of Pension costs	RES	0.016
110	Advice Service review	RES	0.100
111	Enterprise and Regeneration	RES	0.300
112	Deferral of individual voluntary registration	RES	0.050
113	Rationalisation of Community Facilities - Community Associations	SSC	0.280
114	Modernisation of Community Wardens service	SSC	0.048
115	Review staffing levels in the CCTV unit	SSC	0.068
<b>TOTAL Redirection of Current Spending</b>			<b>11.480</b>

### Council Tax Income

51. The following section provides further information on our Council Tax levels from 1<sup>st</sup> April 2010.
52. To fund our spending plans, we need to increase **our proportion of the Borough's Council Tax by 2.8%** in 2010/11 to raise **£57.450m**. The overall council tax level set for the borough includes precepts for the Tyne & Wear Fire and Civil Defence Authority and Northumbria Police Authority.
53. Northumbria Police have confirmed a precept increase of 2.9%. Tyne & Wear Fire and Civil Defence Authority have confirmed a precept increase of 0.91%.
54. The table over the page identifies the effect of these increases in council tax for each property band.

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

<b>2010/11 Borough Council Tax</b>							
	Band Weighting	% of Properties in Each Band	% of Properties Receiving Benefit	South Tyneside Council	Fire Authority	Police Authority	TOTAL
Band A Properties	6/9	65.9	45.1	861.02	48.77	55.79	965.58
Band B Properties	7/9	13.0	19.2	1,004.53	56.90	65.08	1,126.51
Band C Properties	8/9	11.5	9.0	1,148.03	65.03	74.38	1,287.44
Band D Properties	1	5.7	5.9	1,291.53	73.16	83.68	1,448.37
Band E Properties	11/9	2.3	5.0	1,578.53	89.42	102.28	1,770.23
Band F Properties	13/9	1.0	1.6	1,865.54	105.68	120.87	2,092.09
Band G Properties	15/9	0.5	2.5	2,152.55	121.93	139.47	2,413.95
Band H Properties	18/9	0.1	14.6	2,583.06	146.32	167.36	2,896.74
Percentage increase from 2009/10				2.8%	0.91%	2.9%	

### South Tyneside Council Tax for 2010/11

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

<b>2010/11 Borough Council Tax</b>	Band Weighting	South Tyneside Council 2009/10	South Tyneside Council 2010/11	Fire Authority 2009/10	Fire Authority 2010/11	Police Authority 2009/10	Police Authority 2010/11	Borough Council Tax 2009/10	Borough Council Tax 2010/11
<b>Band A Properties</b>	6/9	£837.60	<b>£861.02</b>	£48.33	<b>£48.77</b>	£54.21	<b>£55.79</b>	£940.14	<b>£965.58</b>
Percentage increase			2.8%		0.91%		2.9%		2.71%
Annual Increase			£23.42		£0.44		£1.58		£25.44
Weekly Increase			£0.45		£0.01		£0.03		£0.49
<b>Band B Properties</b>	7/9	£977.19	<b>£1,004.53</b>	£56.39	<b>£56.90</b>	£63.25	<b>£65.08</b>	£1,096.83	<b>£1,126.51</b>
Percentage increase			2.8%		0.90%		2.9%		2.71%
Annual Increase			£27.34		£0.51		£1.83		£29.68
Weekly Increase			£0.53		£0.01		£0.04		£0.57
<b>Band C Properties</b>	8/9	£1,116.80	<b>£1,148.03</b>	£64.44	<b>£65.03</b>	£72.28	<b>£74.38</b>	£1,253.52	<b>£1,287.44</b>
Percentage increase			2.8%		0.92%		2.9%		2.71%
Annual Increase			£31.23		£0.59		£2.10		£33.92
Weekly Increase			£0.60		£0.01		£0.04		£0.65
<b>Band D Properties</b>	1	£1,256.39	<b>£1,291.53</b>	£72.50	<b>£73.16</b>	£81.32	<b>£83.68</b>	£1,410.21	<b>£1,448.37</b>
Percentage increase			2.8%		0.91%		2.9%		2.71%
Annual Increase			£35.14		£0.66		£2.36		£38.16
Weekly Increase			£0.68		£0.01		£0.05		£0.73
<b>Band E Properties</b>	11/9	£1,535.59	<b>£1,578.53</b>	£88.61	<b>£89.42</b>	£99.39	<b>£102.28</b>	£1,723.59	<b>£1,770.23</b>
Percentage increase			2.8%		0.91%		2.9%		2.71%
Annual Increase			£42.94		£0.81		£2.89		£46.64
Weekly Increase			£0.83		£0.02		£0.06		£0.90
<b>Band F Properties</b>	13/9	£1,814.79	<b>£1,865.54</b>	£104.72	<b>£105.68</b>	£117.46	<b>£120.87</b>	£2,036.97	<b>£2,092.09</b>
Percentage increase			2.8%		0.92%		2.9%		2.71%
Annual Increase			£50.75		£0.96		£3.41		£55.12
Weekly Increase			£0.98		£0.02		£0.07		£1.06
<b>Band G Properties</b>	15/9	£2,093.99	<b>£2,152.55</b>	£120.83	<b>£121.93</b>	£135.53	<b>£139.47</b>	£2,350.35	<b>£2,413.95</b>
Percentage increase			2.8%		0.91%		2.9%		2.71%
Annual Increase			£58.56		£1.10		£3.94		£63.60
Weekly Increase			£1.13		£0.02		£0.08		£1.22
<b>Band H Properties</b>	18/9	£2,512.78	<b>£2,583.06</b>	£145.00	<b>£146.32</b>	£162.64	<b>£167.36</b>	£2,820.42	<b>£2,896.74</b>
Percentage increase			2.8%		0.91%		2.9%		2.71%
Annual Increase			£70.28		£1.32		£4.72		£76.32
Weekly Increase			£1.35		£0.03		£0.09		£1.47

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

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

### Capital Spending Plans

56. The Council spends capital resources in two main areas, maintaining our existing assets and new capital priority schemes. The following table shows the capital priority schemes, planned maintenance schemes and housing capital programme for the next 5 years. Each scheme has been assessed against our priority themes as set out in "Performing Together".

Capital Priority Schemes	2010/11	2011/12	Provisional Programme			TOTAL	
			2012/13	2013/14	2014/15		
	£m	£m	£m	£m	£m	£m	
<b>Jobs and Enterprise</b>							
R&RC01	Barrington Street	1.000	1.000	1.700	4.550	2.850	11.100
R&RC02	Riverside Regeneration (Tyne Gateway)	2.982	2.265	0.500	0.500	0.500	6.747
R&RC03	Regeneration & Transformation fund	0.300	0.400	0.400	0.400	0.400	1.900
R&RC04	Green Incubator scheme	0.400	2.500	2.500	-	-	5.400
R&RC05	Harton Staithes	0.391	0.065	8.550	0.450	-	9.456
R&RC06	Frederick Street acquisitions	0.250	0.250	-	-	-	0.500
<b>TOTAL Jobs and Enterprise</b>		<b>5.323</b>	<b>6.480</b>	<b>13.650</b>	<b>5.900</b>	<b>3.750</b>	<b>35.103</b>
<b>Independent and Healthy Lives</b>							
NSC01	Disabled facilities in private housing	1.183	1.183	1.183	1.183	1.183	5.915
NSC02	Upgrade of SWIFT system	0.107	0.107	0.107	0.107	0.107	0.535
<b>TOTAL Independent and Healthy Lives</b>		<b>1.290</b>	<b>1.290</b>	<b>1.290</b>	<b>1.290</b>	<b>1.290</b>	<b>6.450</b>
<b>Children and Young People</b>							
CYPC01	Building Schools for the Future (BSF)	23.275	23.339	16.591	2.391	-	65.596
CYPC02	Transforming Our Primary Schools (TOPS)	13.265	11.002	2.731	3.250	3.250	33.498
CYPC03	Schools access	0.238	0.238	0.238	0.238	0.238	1.190
CYPC04	Harnessing technology	0.540	-	-	-	-	0.540
CYPC05	Private, Voluntary and Independent (PVI) providers	0.472	0.472	0.472	0.472	0.472	2.360
CYPC06	Respite care	0.196	-	-	-	-	0.196
CYPC09	Extension of Biddick Infants community café	0.250	-	-	-	-	0.250
CYPC10	Youth capital fund	0.096	-	-	-	-	0.096
CYPC11	Asbestos removal in schools	0.200	0.200	0.200	-	-	0.600
<b>TOTAL Children and Young People</b>		<b>38.532</b>	<b>35.251</b>	<b>20.232</b>	<b>6.351</b>	<b>3.960</b>	<b>104.326</b>
<b>Environment, Housing and Transport</b>							
NSC05	Crematorium emissions	0.294	-	-	-	-	0.294
NSC06	Kerbside Caddy scheme	0.335	-	-	-	-	0.335
NSC07	Cleadow Park Library fit out	0.110	-	-	-	-	0.110
NSC08	Replacement vehicle programme	1.184	-	-	-	-	1.184
R&RC07	Sea Change - Foreshore	1.130	0.020	-	-	-	1.150
R&RC08	Hebburn New Town	0.060	-	-	-	-	0.060
R&RC09	Coastal Protection - Littlehaven Sea Wall	2.100	-	-	-	-	2.100
R&RC10	Improve private housing in the Borough	0.640	0.640	0.640	0.640	0.640	3.200
R&RC11	Carbon trust	0.100	0.100	0.050	0.050	0.050	0.350
R&RC12	Energy efficiency	0.050	0.100	0.100	0.100	0.100	0.450
<b>TOTAL Environment, Housing and Transport</b>		<b>6.003</b>	<b>0.860</b>	<b>0.790</b>	<b>0.790</b>	<b>0.790</b>	<b>9.233</b>
<b>Culture and Well Being</b>							
NSC09	Replacement leisure facilities	8.000	10.800	1.200	-	-	20.000
NSC10	Heritage Lottery scheme Customs House	0.050	0.300	0.150	-	-	0.500
NSC11	Monkton Stadium artificial pitch	0.045	-	-	-	-	0.045
<b>TOTAL Culture and Well Being</b>		<b>8.095</b>	<b>11.100</b>	<b>1.350</b>	<b>0.000</b>	<b>0.000</b>	<b>20.545</b>
<b>Resources</b>							
R&RC13	Workforce restructuring	3.000	-	-	-	-	3.000
R&RC14	Office accommodation	0.362	-	-	-	-	0.362
		<b>3.362</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>3.362</b>
<b>TOTAL Capital Priority Schemes</b>		<b>62.605</b>	<b>54.981</b>	<b>37.312</b>	<b>14.331</b>	<b>9.790</b>	<b>179.019</b>

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

Capital Planned Maintenance Programme	2010/11 £m	2011/12 £m	Provisional Programme			TOTAL £m
			2012/13 £m	2013/14 £m	2014/15 £m	
<b>Council Assets Maintenance Programme</b>						
R&RPM01 Planned Maintenance	1.650	2.000	2.000	2.000	2.000	9.650
R&RPM02 Boiler replacement	0.150	0.100	0.075	0.050	0.035	0.410
<b>TOTAL Council Assets Maintenance Programme</b>	<b>1.800</b>	<b>2.100</b>	<b>2.075</b>	<b>2.050</b>	<b>2.035</b>	<b>10.060</b>
<b>Neighbourhood Services Maintenance Programme</b>						
NSPM01 Infrastructure improvements - Duty of Care	0.500	0.500	0.500	0.500	0.500	2.500
NSPM02 Local Transport Plan (LTP) highways maintenance	1.200	1.200	1.200	1.200	1.200	6.000
NSPM03 Footway Programme - Duty of Care	0.450	0.500	0.500	0.500	0.500	2.450
NSPM04 Local Transport Plan (LTP) integrated transport	1.803	-	-	-	-	1.803
NSPM05 Maintain and improve footbridges - Fellgate	0.550	-	-	-	-	0.550
NSPM06 Public Transport Improvements (LTP)	0.310	-	-	-	-	0.310
NSPM07 Building Schools for the Future (BSF) off site Highways works and abnormals	0.585	0.310	0.270	-	-	1.165
NSPM08 Transforming Our Primary Schools (TOPS) off site Highways works and abnormals	0.593	0.585	0.085	-	-	1.263
<b>TOTAL Neighbourhood Services Maintenance Programme</b>	<b>5.991</b>	<b>3.095</b>	<b>2.555</b>	<b>2.200</b>	<b>2.200</b>	<b>16.041</b>
<b>School Assets Maintenance Programme</b>						
CYPPM01 School asset condition and suitability	0.500	0.500	0.500	0.500	0.500	2.500
CYPPM02 Devolved Formula Capital	1.322	2.155	2.155	2.155	2.155	9.942
<b>TOTAL School Assets Maintenance Programme</b>	<b>1.822</b>	<b>2.655</b>	<b>2.655</b>	<b>2.655</b>	<b>2.655</b>	<b>12.442</b>
<b>TOTAL Council Planned Maintenance Programme</b>	<b>9.613</b>	<b>7.850</b>	<b>7.285</b>	<b>6.905</b>	<b>6.890</b>	<b>38.543</b>
<b>TOTAL Council Capital Spending Plans</b>	<b>72.218</b>	<b>62.831</b>	<b>44.597</b>	<b>21.236</b>	<b>16.680</b>	<b>217.562</b>
Housing Capital Programme	2010/11 £m	2011/12 £m	Provisional Programme			TOTAL £m
			2012/13 £m	2013/14 £m	2014/15 £m	
<b>Secured Resources</b>						
Delivering decent homes	32.183	57.526	50.270	7.394	7.165	154.538
High priority essential work	5.013	4.513	4.438	3.437	3.438	20.839
<b>TOTAL South Tyneside Homes</b>	<b>37.196</b>	<b>62.038</b>	<b>54.708</b>	<b>10.831</b>	<b>10.603</b>	<b>175.376</b>
<b>Council Retained</b>						
Special adaptations dwellings	1.700	1.700	1.700	1.200	1.200	7.500
Area redevelopment support	1.000	1.000	1.000	1.000	1.000	5.000
Council new build	2.306	0.282	-	-	-	2.588
<b>TOTAL Council Secured</b>	<b>5.006</b>	<b>2.982</b>	<b>2.700</b>	<b>2.200</b>	<b>2.200</b>	<b>15.088</b>
<b>TOTAL Housing Capital Programme (with ALMO)</b>	<b>42.202</b>	<b>65.020</b>	<b>57.408</b>	<b>13.031</b>	<b>12.803</b>	<b>190.464</b>
<b>TOTAL Council Capital Spending Plans inc Housing</b>	<b>114.420</b>	<b>127.851</b>	<b>102.005</b>	<b>34.267</b>	<b>29.483</b>	<b>408.026</b>

57. The details of the housing capital programme for 2010/11 are in line with the two year programme agreed by Cabinet during 2009. It is planned to manage the programme through a management fee of 6% plus the costs of carrying out the necessary asbestos surveys.
58. Our capital budget plans for 2010/11 are shown in detail at Appendix 2A. Each project has been allocated to a responsible budget holder.
59. The Capital programme includes around £8.191m of prudential borrowing to finance the planned investment of new build, the refurbishment of non traditional homes and the adaptation of some flats. We are also planning to fund additional essential work to our sheltered accommodations by prudential borrowing.

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

### Capital Funding

60. The table below summarises our capital funding estimates for 2010/11 and provisional funding estimates for 2011/12 to 2014/15:

2009/10 Council Capital Funding Forecast £m	Provisional Capital Funding					TOTAL £m
	2010/11 £m	2011/12 £m	2012/13 £m	2013/14 £m	2014/15 £m	
3.386 General fund supported borrowing	2.492	2.492	2.492	2.492	2.492	12.460
30.926 HRA supported borrowing	25.944	47.326	44.009	-	-	117.279
- HRA unsupported borrowing	8.191	1.482	-	-	-	9.673
17.477 General fund unsupported borrowing	34.403	27.133	21.413	11.749	7.193	101.891
6.226 General fund revenue contributions	-	-	-	-	-	0.000
11.924 Housing major repairs allowance	5.867	14.612	11.799	11.431	11.203	54.912
47.369 External funding (secured and bid-for)	35.323	33.206	20.692	6.995	6.995	103.211
- HRA revenue contribution	2.200	1.600	1.600	1.600	1.600	8.600
5.053 General fund capital receipts	-	-	-	-	-	0.000
<b>122.361 TOTAL Capital Programme Funding</b>	<b>114.420</b>	<b>127.851</b>	<b>102.005</b>	<b>34.267</b>	<b>29.483</b>	<b>408.026</b>

61. The Council's capital programme has been impacted by the downturn in the economic environment with capital receipts being delayed. Our unsupported borrowing has increased as a result to ensure that our regeneration plans can continue and land assets which have reduced in value at this time can be retained until there is an improvement in the economy.
62. 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 still at bidding stage. Capital schemes dependent on external funding will not proceed until full funding has been secured.
63. From 1<sup>st</sup> April 2004, a prudential code for capital financing applied to all Councils. The prudential code allows the Council to determine what it needs to borrow each year to finance capital spending plans providing we can demonstrate we can afford to repay the debt and interest charges. The Council's prudential indicators and borrowing requirements are detailed in the following section.

## What are the Council's prudential indicators?

### Prudential Code

64. 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.
65. The key objectives of the Code are to ensure, within a clear framework, that capital investment plans of local authorities are **affordable, prudent and sustainable** and that **treasury management decisions are taken in accordance with good professional practice**.
66. 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.
67. 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

68. 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.
69. 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.
70. Due to the economic environment, prudential borrowing has been planned for part of the capital programme. This is to allow land assets, whose market value has been affected by the economic downturn, to be held until

## What are the Council's prudential indicators?

the markets improve.

### Affordability

71. To assess the affordability of prudential borrowing, we review 3 key elements:

- 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.

2009/10	<b>Affordability Measures</b>	2010/11	2011/12	2012/13
£m		£m	£m	£m
	<b>Capital Spending Plans</b>			
78.511	Council Capital Programme	72.218	62.831	44.597
43.850	Housing Capital Programme	42.202	65.020	57.408
<b>122.361</b>	<b>TOTAL Capital Programme</b>	<b>114.420</b>	<b>127.851</b>	<b>102.005</b>
	<b>Capital Financing Requirement</b>			
151.848	Council Capital Programme (IFRS adjusted)	469.811	480.543	483.228
140.425	Housing Capital Programme	184.540	233.124	276.873
<b>292.273</b>	<b>TOTAL Capital Financing Requirement</b>	<b>654.351</b>	<b>713.667</b>	<b>760.101</b>
	<b>Ratio of Financing Costs to Net Revenue Stream</b>			
8.51%	Council Capital Programme (IFRS Basis)	9.25%	11.16%	12.52%
37.37%	Housing Capital Programme	38.35%	39.45%	42.60%
	<b>Estimated incremental impact of capital investment decisions</b>			
	For the Band D Council Tax (Annually)	£20.34	£69.80	£54.21
	For Average Weekly Housing Rents	£1.54	£1.56	£2.36

72. The increase attributable to housing rents is due to the impact of planned borrowing by the Council. In practice, the Council's capital investment decisions will not usually translate into the above council tax and rent increases as the Council is likely to receive increased revenue support grant and housing subsidy to fund planned supported borrowing.

### Prudence – Council Treasury Management Practices

73. The Council has an integrated treasury management strategy and has adopted the CIPFA [Code of Practice for Treasury Management in the Public Services](#).

74. The Council has, at any point in time, a number of cashflows both positive



## What are the Council's prudential indicators?

and negative and manages its treasury position in terms of its borrowings and investments in accordance with its approved treasury management strategy and practices.

75. The Council's Treasury Management Strategy and Annual Plan for 2010/11 was presented to Cabinet for approval on 17<sup>th</sup> February 2010.

### Prudence Indicator - Net Borrowing and Capital Finance Requirement

76. 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 external borrowing 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".

77. 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.

### Prudence – Council External Debt

78. The Council's actual external debt at 31<sup>st</sup> March 2009 was £221.1m. The Council's debt at 31<sup>st</sup> March 2010 is estimated to be £282.1m.
79. 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.
80. The following table identifies the **Council's authorised limit for external debt** for 2010/11 to 2012/13. For 2010/11, the authorised limit of £810m is the statutory limit determined under section 3(1) of the Local Government Act 2003.

<b>Council External Debt Authorisation Limit</b>	<b>2010/11 Budget</b>	<b>2011/12 Budget</b>	<b>2012/13 Budget</b>
<b>External Debt Authorised Limit</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Council Borrowing	515	555	565
Other Council Long Term Liabilities	295	285	275
<b>TOTAL Council External Debt Authorised Limit</b>	<b>810</b>	<b>840</b>	<b>840</b>

81. These authorised limits are consistent with the Council's current

## What are the Council's prudential indicators?

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.

82. The following table identifies the **Council's operational boundary for external debt** for 2010/11 to 2012/13.

<b>Council External Debt Operational Boundary</b>	<b>2010/11</b>	<b>2011/12</b>	<b>2012/13</b>
	<b>Budget</b>	<b>Budget</b>	<b>Budget</b>
<b>External Debt Operational Boundary</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Council Borrowing	455	515	525
Other Council Long Term Liabilities	285	275	265
<b>TOTAL Council External Debt Operational Boundary</b>	<b>740</b>	<b>790</b>	<b>790</b>

83. 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 estimate. These limits represent the highest expected level of debt, which incorporates the actual external debt and allows for the risk of being unable to finance capital expenditure from internal sources.
84. As part of the Council's Treasury Management Strategy the Head of Finance, as Section 151 Officer has delegation from Council to operate between the operational boundary for external debt and the authorised limit for external debt shown in the table at paragraph 80.

### **Prudence – Council Fixed and Variable Interest Rate Exposure**

85. The net outstanding principal, or overall net debt, is the difference between the value of the debt portfolio and the value of the investment portfolio.
86. The maximum potential value of the debt portfolio for 2010/11 is £810m which is the **Council's authorised limit for external debt**, as set out in the table in paragraph 80.
87. In terms of variable rate exposures most of the exposure is usually through the investment portfolio. This is because the vast majority of the Council's investments are for periods of up to one year, in order to cover the Council's cash flow requirements, and any investment under one year is classified as variable. The maximum potential exposure to variable rates

## What are the Council's prudential indicators?

would therefore, occur when the investment portfolio was at its largest. This would happen if the level of debt reached the Authorised Limit of £810m. This would result in an overfinancing of the Council's Capital Financing Requirement, with this overfinancing amount being invested on variable rates. Therefore, the upper limit of fixed rate exposure of £810m of debt expressed as a percentage of the overall net debt of £566m, is 143%.

88. This is the difference between the maximum value of the debt portfolio (£810m) and the potential value of the investment portfolio (£244m).
89. The following table sets upper limits on the Council's fixed and variable interest rate exposures for net outstanding principal sums for the next three years. These limits are calculated in accordance with the CIPFA Prudential Code Guidance notes for interest rate exposures.

Fixed and Variable Interest Rate Exposure on Net Outstanding Principal	2010/11	2011/12	2012/13
	Budget %	Budget %	Budget %
Fixed rate interest - upper limit	143%	135%	125%
Variable rate interest - upper limit	-43%	-35%	-25%

90. The upper limits as set out above are calculated with reference to the maximum projected amounts of net debt on fixed or variable rate terms. The total of this net figure is then expressed as a percentage of the overall net debt.
91. In 2010/11 for example, the maximum amount of borrowing will be £810m. The upper limit for fixed rate exposure assumes that all of this debt is on fixed rates and there are no investments on fixed rate terms.
92. For the variable rate exposure it is assumed that there is no debt on variable rate terms and all investments are on variable rate terms. This gives an upper limit of variable rate exposure of £244m, which when expressed as a percentage of the net debt figure of £566m, is 43%. In the table this is shown as a negative figure because there is a greater variable rate exposure through the investment portfolio as opposed to the debt portfolio.
93. Whilst the fixed and variable rate limits on the net outstanding principal, as calculated in accordance with CIPFA's guidelines produce large exposure amounts, this reflects extreme circumstances.

## What are the Council's prudential indicators?

94. In reality, because the vast majority of the investment portfolio is classified as being on variable terms, it is more appropriate to express the controls over fixed and variable rate exposures as a proportion of the debt portfolio in isolation. The upper limits on the debt portfolio are as follows:

<b>Fixed and Variable Interest Rate Exposure on the Debt Portfolio</b>	<b>2010/11 Budget %</b>	<b>2011/12 Budget %</b>	<b>2012/13 Budget %</b>
Fixed rate interest - upper limit	100%	100%	100%
Variable rate interest - upper limit	40%	40%	40%

### Prudence – Maturity Structure of Council Borrowing

95. The following table sets upper and lower limits for the maturity structure of the Council's borrowing during 2010/11. The limits represent the amount of projected fixed rate borrowing maturing in each period, as a percentage of total projected fixed rate borrowing.

<b>Maturity Structure of Borrowing for 2010/11</b>	<b>Upper Limit %</b>	<b>Lower Limit %</b>
Under 12 months	40%	0%
From 12 months to under 24 months	40%	0%
From 24 months to under 5 years	50%	0%
From 5 years to under 10 years	75%	0%
From 10 years	100%	25%

96. No change to our borrowing maturity structure is proposed.

### Prudence - Investments for Periods Longer Than 364 Days

97. The Council can invest for longer than 364 days. The maximum amount to be invested for periods above 364 days will be limited to £12m. Within this limit, £4m will be available for investment for between 364 days and two years and a further £8m for investment between 364 days and five years. This limit has been set following a review of the Council's reserves and other cash balances, and after taking account of cash flow requirements and future spending plans as set out in the Medium Term Financial Plan.

## 2010/11 Minimum Revenue Provision Policy Statement

98. The Council implemented the new Minimum Revenue Provision (MRP) guidance from the 2007/08 financial year, and assessed their MRP for 2007/08 and 2008/09 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.
99. Part of the MRP for 2009/10 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.
100. By using options available under option 3 there will be a reduction from the amount of MRP liability that would have applied under previous statutory requirements of some £0.326m effective in 2009/10. This is consistent with one of the central recommendations contained within the new Guidance that MRP should not be charged on uncompleted schemes. The reasons for the reduction in the amount of MRP liability that would have applied under previous statutory arrangements are explained below.
101. In subsequent financial years, further amounts of new capital expenditure may continue to be charged at the rate of 4%, and added to the above base CFR amount (£93.035m for 2009/10), up to an amount equivalent to the Council's annual Supported Capital Expenditure (Revenue) SCE(R) allocation. The expenditures ranking for this method of charge will be assessed on a cumulative basis, where appropriate, rather than confined to individual financial years. This could mean, for example, that the "SCE ability" to apply the 4% charge to an amount in 2009/10 will not be taken advantage of until 2010/11, or a later financial year.
102. Also, application of this provision will be on a discretionary basis, in that any utilisation of the continuing 4% option is entirely discretionary.
103. Certain expenditures reflected within the debt liability at 31st March 2009 will, under delegated powers, be subject to either the uncompleted scheme or the anticipated life expectancy provisions of option 3.
104. In cases where schemes/capital expenditures were not fully completed/incurred or brought into use as at 31<sup>st</sup> March 2009, expenditure on these will be deferred from any MRP charge in 2009/10, but reconsidered for MRP in 2010/11, 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.

## 2010/11 Minimum Revenue Provision Policy Statement

105. 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 2009/10 by utilising the “uncompleted” provision aspect of option 3, but financed from, say, capital receipts when completed.

106. 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:

- Roads and Infrastructure Assets 50 years
- Building Enhancement and Major Regeneration Projects 40 years
- Public Realm and Capital Equipment 25 years
- Equal Pay 20 years
- Others (as prescribed) 10 years or less

107. These periods are determined for MRP purposes only, and the Council may account for depreciation of assets under Statement of Recommended Practice (SORP) over different periods, after having had regard to the different conditions that apply for such accounting purposes.

108. 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.

109. 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 not be considered imprudent 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.

## 2010/11 Minimum Revenue Provision Policy Statement

110. When adopting this aspect of 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.
111. Final decisions regarding the manner in which such resources are to be allocated to schemes will be taken under delegated powers.
112. 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.
113. 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.
114. 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, these periods will generally be adopted by the Council. 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.
115. 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

## **2010/11 Minimum Revenue Provision Policy Statement**

components with substantially different useful economic lives.

116. 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.
117. Additional statutory guidance has been 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?

### Our risk – based reserves policy

118. In deciding how reserves should be used in future years the Council has a responsibility to consider the financial pressures it faces over the medium term and must have a policy for the use of reserves. It must also clearly identify and understand what its reserves policy will be. This is a formal requirement of the Local Government Act 2003.

119. The Council's reserves policy is summarised below: -

#### South Tyneside Council - Use of Council Reserves Policy

1. The purpose of the **Council's strategic reserve** is to cover emergency events only such as unforeseen financial liabilities or natural disasters. This reserve will be maintained at a **minimum 2% of the Council's net revenue budget (excluding Dedicated Schools Grant)**.
2. The reserves set aside for **equal pay claims and job evaluation and structural change** are provided for a specific purpose.
3. The purpose of the **Council's general reserves** is to support one-off and limited on-going revenue spending. Cabinet may agree to the use of general reserves up to a limit of £0.5m.
4. The purpose of the **Council's earmarked reserves** is to meet identified spending commitments. These reserves will only be used for the purpose for which they were created and will be reviewed annually.

120. The level of Council reserves is reviewed annually in line with CIPFA guidance on Local Authority Reserves and Balances (LAAP Bulletin 77 – November 2008). Our policy identifies six key types of cash reserves that we hold. These are: -

- **Strategic Reserve** - to cover emergency events such as unforeseen financial liabilities or natural disasters. This reserve currently equals 2% of the Council's net revenue budget (gross of dedicated schools and area based grant) and is the recommended minimum amount of reserves that should be retained by the Council as a contingency;
- **Specific Reserve for equal pay claims and the additional costs of job evaluation** – this reserve will be used to finance the revenue cost of fighting and settling known and potential equal pay claims and the risk that the actual cost of job evaluation is higher than estimated;
- **Specific Reserve for structural change** – this reserve will be

## How will the Council manage financial risk?

used to manage the revenue cost of achieving the structural changes facing the Council. These structural changes are required to ensure that the Council has sufficient funds to achieve its objectives. 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;

- **Specific Reserve for managing strategic financial risks** – this reserve will be used, if required, to support the particularly volatile demand led budgets, especially in the area of adult care and services for children. This reserve will also be used for volatility in budgets as a direct result of the economic downturn;
- **General Reserve** - to support future spending plans and one-off spending;
- **Earmarked Reserve** – held for specific commitments and principally include cash balances held on behalf of schools.

121. Just like any other organisation, or even individuals, the Council needs to ensure that it has financial plans in place in case things do not go as planned. To do this, we carefully consider the things that could go wrong and assess whether these are likely to happen. This is part of our risk management strategy, which underpins all that we do, not just our financial plans.

122. We articulate the potential risks to our financial position over the medium term in our risk-based reserves strategy, a summary of which is outlined in this section.

123. Over the medium term the Council faces continuing financial pressures and has built in challenging savings targets into the earlier spending plans for 2010 to 2015 to ensure they remain affordable. There is a risk that we do not deliver all of these savings as planned.

124. The continued economic downturn has meant new risks being factored into our 5 year planning period. We have taken into account fluctuating price increases such as utilities, reductions in interest rates, security of deposits in the banking sector and the impact of capital receipts on our capital programme.

125. The tables over the next few pages identifies this and other key financial risks to the Council's financial position over the medium term, 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.

126. The significant financial risks are identified on the Council's strategic risk

## How will the Council manage financial risk?

**Risk Register item:** SRR1-A

**Risk:** The Council may have insufficient funds to achieve its priorities.

**Risk managed by:** Our reserves strategy includes £1.5m set aside for funding structural change. This reserve is used to manage the revenue cost of achieving structural changes facing the Council. These structural changes are required to ensure that the Council has sufficient funds to achieve its objectives. Some of the specific change proposals approved by Council may require significant up front investment to ensure that they are carried out in an effective, planned way. Ensuring that we deliver our planned redirection proposals is also imperative in making sufficient funds available. We therefore monitor against each redirection plan every month as part of our performance monitoring process. Also by our master service plan "Performing Together".

**Risk register item:** SRR1-A

**Risk:** Pensions funding gap.

**Risk managed by:** The next actuarial valuation is due on 1<sup>st</sup> April 2011. Our standstill pressures in our Medium Term Financial Plan for 2010/2015 include the estimated spending pressure to fund a resulting pension funding gap. The total included in the plan also takes into account the planned 0.5% increase in employers national insurance contributions that year.

**Risk register item:** SRR1-A

**Risk:** The downturn in the economy has reduced the sale of land and council houses, resulting in a fall in the level of capital receipts available to support the capital programme.

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**Risk register item:** SRR1-B

**Risk:** Affordability of equal pay claims and single status.

**Risk managed by:** 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 significant claims for equal pay to date and continue to monitor any further liabilities for the Council and assess our reserves level.

**Risk register item:** SRR1-A

**Risk:** Council budget, particularly the volatile demand led budgets are not rigorously managed.

**Risk managed by:** Revenue spending is monitored on a monthly basis as part of the Council's corporate performance monitoring framework. Alongside our Medium Term Financial Plan for 2007/2010 Members agreed to set aside a specific reserve for managing strategic financial risks which now stands at £2.8m. As part of our risk based reserves policy, we have added to this reserve in recent years.

**Risk register item:** SRR1-H

**Risk:** 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.

**Risk managed by:** A prudent approach to the setting of interest rates is 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. This exercise has significantly reduced the number of organisations which the Council will lend to. The Council has a risk reserve which could potentially meet any further unexpected fluctuations in this budget that have not already been met from our revised budget.

**Risk register item:** SRR1-A

**Risk:** Capital projects are not delivered on time or within budget.

**Risk managed by:** Capital spending is monitored on a monthly basis as part of the Council's corporate performance monitoring framework. Each project has a designated budget holder and key staff involved in capital projects attend monthly Directorate Capital Boards to report progress and take actions to ensure this remains on track and on budget. These Directorate Boards report directly to our monthly Capital Programme Monitoring Board. Post project evaluation takes place for each capital scheme.

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**Risk managed by:** Revenue spending is monitored on a monthly basis as part of the Council's corporate performance monitoring framework. Alongside our Medium Term Financial Plan for 2007/2010 Members agreed to set aside a specific reserve for managing strategic financial risks which now stands at £2.8m. As part of our risk based reserves policy, we have added to this reserve in recent years.

**Risk register item:** SRR1-H

**Risk:** 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.

**Risk managed by:** A prudent approach to the setting of interest rates is 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. This exercise has significantly reduced the number of organisations which the Council will lend to. The Council has a risk reserve which could potentially meet any further unexpected fluctuations in this budget that have not already been met from our revised budget.

**Risk register item:** SRR1-A

**Risk:** Capital projects are not delivered on time or within budget.

**Risk managed by:** Capital spending is monitored on a monthly basis as part of the Council's corporate performance monitoring framework. Each project has a designated budget holder and key staff involved in capital projects attend monthly Directorate Capital Boards to report progress and take actions to ensure this remains on track and on budget. These Directorate Boards report directly to our monthly Capital Programme Monitoring Board. Post project evaluation takes place for each capital scheme.

## How will the Council manage financial risk?

**Risk register item:** SRR1-B

**Risk:** Affordability of equal pay claims and single status.

**Risk managed by:** 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 significant claims for equal pay to date and continue to monitor any further liabilities for the Council and assess our reserves level.

**Risk register item:** SRR1-A

**Risk:** Council budget, particularly the volatile demand led budgets are not rigorously managed.

**Risk managed by:** Revenue spending is monitored on a monthly basis as part of the Council's corporate performance monitoring framework. Alongside our Medium Term Financial Plan for 2007/2010 Members agreed to set aside a specific reserve for managing strategic financial risks which now stands at £2.8m. As part of our risk based reserves policy, we have added to this reserve in recent years.

**Risk register item:** SRR1-H

**Risk:** 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.

**Risk managed by:** A prudent approach to the setting of interest rates is 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. This exercise has significantly reduced the number of organisations which the Council will lend to. The Council has a risk reserve which could potentially meet any further unexpected fluctuations in this budget that have not already been met from our revised budget.

**Risk register item:** SRR1-A

**Risk:** Capital projects are not delivered on time or within budget.

**Risk managed by:** Capital spending is monitored on a monthly basis as part of the Council's corporate performance monitoring framework. Each project has a designated budget holder and key staff involved in capital projects attend monthly Directorate Capital Boards to report progress and take actions to ensure this remains on track and on budget. These Directorate Boards report directly to our monthly Capital Programme Monitoring Board. Post project evaluation takes place for each capital scheme.

## How will the Council manage financial risk?

### Risk register item: SRR5-A

**Risk:** The Council does not improve value for money.

**Risk managed by:** A Value for Money programme will be agreed prior to 1<sup>st</sup> April 2010. The programme will be managed by the VFM Steering Group. The Steering Group will receive regular progress reports from project leads and these will feed through into the Council's monthly budget monitoring framework. A dedicated VFM team was created in 2008/09 to support services in delivering value for money.

### Risk register item: SRR10-B

**Risk:** Council facilities: 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.

**Risk managed by:** The Council established a Value for Money project to rationalise accommodation and explore Agile Working. This project continues to assess accommodation requirements alongside those of the Strategic Partner.

129. Our forecast of the total Council cash reserves at 31<sup>st</sup> March 2010 is £25.377m as shown in the table below.

<b>Council Reserves</b>	<b>Strategic Reserves (minimum) £m</b>	<b>Specific Reserves £m</b>	<b>General Reserves £m</b>	<b>Earmarked Reserves £m</b>	<b>TOTAL Reserves £m</b>
<b>Balance as at 31st March 2009</b>	<b>2.872</b>	<b>8.495</b>	<b>1.168</b>	<b>19.845</b>	<b>32.380</b>
<b>Planned Use of Reserves in 2009/10</b>					
Single Status Costs	-	(3.867)	-	-	(3.867)
Use of Structural Change Reserve (Invest to Save schemes)	-	(0.643)	-	-	(0.643)
Use of reserves	-	(0.200)	(0.251)	(2.562)	(3.013)
<b>Planned Use of Reserves in 2009/10</b>	<b>-</b>	<b>(4.710)</b>	<b>(0.251)</b>	<b>(2.562)</b>	<b>(7.523)</b>
<b>Planned Contribution to Reserves in 2009/10</b>					
Payback from Invest to Save Schemes	-	-	-	-	-
Contribution to reserves	0.020	-	-	0.500	0.520
<b>Planned Contribution to Reserves in 2009/10</b>	<b>0.020</b>	<b>0.000</b>	<b>0.000</b>	<b>0.500</b>	<b>0.520</b>
<b>Estimated Balance as at 31st March 2010</b>	<b>2.892</b>	<b>3.785</b>	<b>0.917</b>	<b>17.783</b>	<b>25.377</b>

130. The tables over the page identify the planned use of Council reserves during 2010/11 to 2014/15. In 2010/11 we plan to use our Invest to Save reserves to support the costs of the Council's early retirement / voluntary redundancy programme.

## How will the Council manage financial risk?

<b>Council Reserves</b>	<b>Strategic Reserves (minimum) £m</b>	<b>Specific Reserves £m</b>	<b>General Reserves £m</b>	<b>Earmarked Reserves £m</b>	<b>TOTAL Reserves £m</b>
<b>Estimated Balance as at 31st March 2014</b>	<b>2.949</b>	<b>6.004</b>	<b>0.860</b>	<b>17.196</b>	<b>27.009</b>
<b>Planned Use of Reserves in 2014/15</b>					
Single Status Costs	-	-	-	-	-
Use of Structural Change Reserve (Invest to Save schemes)	-	-	-	-	-
Use of reserves	-	-	(0.003)	(0.350)	(0.353)
<b>Planned Use of Reserves in 2014/15</b>	<b>0.000</b>	<b>0.000</b>	<b>(0.003)</b>	<b>(0.350)</b>	<b>(0.353)</b>
<b>Planned Contribution to Reserves in 2014/15</b>					
Payback from Invest to Save Schemes	-	-	-	-	-
Contribution to reserves	0.003	0.500	-	-	0.503
<b>Planned Contribution to Reserves in 2014/15</b>	<b>0.003</b>	<b>0.500</b>	<b>0.000</b>	<b>0.000</b>	<b>0.503</b>
<b>Estimated Balance as at 31st March 2015</b>	<b>2.952</b>	<b>6.504</b>	<b>0.857</b>	<b>16.846</b>	<b>27.159</b>
<b>Council Reserves</b>	<b>Reserves (minimum) £m</b>	<b>Specific Reserves £m</b>	<b>General Reserves £m</b>	<b>Earmarked Reserves £m</b>	<b>TOTAL Reserves £m</b>
<b>Estimated Balance as at 31st March 2011</b>	<b>2.949</b>	<b>3.504</b>	<b>0.860</b>	<b>17.646</b>	<b>24.959</b>
<b>Planned Use of Reserves in 2011/12</b>					
Single Status Costs	-	-	-	-	-
Use of Structural Change Reserve (Invest to Save schemes)	-	-	-	-	-
Use of reserves	-	-	0.002	(0.200)	(0.198)
<b>Planned Use of Reserves in 2011/12</b>	<b>0.000</b>	<b>0.000</b>	<b>0.002</b>	<b>(0.200)</b>	<b>(0.198)</b>
<b>Planned Contribution to Reserves in 2011/12</b>					
Payback from Invest to Save Schemes	-	-	-	-	-
Contribution to reserves	(0.002)	0.500	-	0.250	0.748
<b>Planned Contribution to Reserves in 2011/12</b>	<b>(0.002)</b>	<b>0.500</b>	<b>0.000</b>	<b>0.250</b>	<b>0.748</b>
<b>Estimated Balance as at 31st March 2012</b>	<b>2.947</b>	<b>4.004</b>	<b>0.862</b>	<b>17.696</b>	<b>25.509</b>

<b>Council Reserves</b>	<b>Strategic Reserves (minimum) £m</b>	<b>Specific Reserves £m</b>	<b>General Reserves £m</b>	<b>Earmarked Reserves £m</b>	<b>TOTAL Reserves £m</b>
<b>Estimated Balance as at 31st March 2012</b>	<b>2.947</b>	<b>4.004</b>	<b>0.862</b>	<b>17.696</b>	<b>25.509</b>
<b>Planned Use of Reserves in 2012/13</b>					
Single Status Costs	-	-	-	-	-
Use of Structural Change Reserve (Invest to Save schemes)	-	-	-	-	-
Use of reserves	-	-	-	(0.200)	(0.200)
<b>Planned Use of Reserves in 2012/13</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>(0.200)</b>	<b>(0.200)</b>
<b>Planned Contribution to Reserves in 2012/13</b>					
Payback from Invest to Save Schemes	-	0.500	-	-	0.500
Contribution to reserves	-	0.500	-	-	0.500
<b>Planned Contribution to Reserves in 2012/13</b>	<b>0.000</b>	<b>1.000</b>	<b>0.000</b>	<b>0.000</b>	<b>1.000</b>
<b>Estimated Balance as at 31st March 2013</b>	<b>2.947</b>	<b>5.004</b>	<b>0.862</b>	<b>17.496</b>	<b>26.309</b>

<b>Council Reserves</b>	<b>Strategic Reserves (minimum) £m</b>	<b>Specific Reserves £m</b>	<b>General Reserves £m</b>	<b>Earmarked Reserves £m</b>	<b>TOTAL Reserves £m</b>
<b>Estimated Balance as at 31st March 2013</b>	<b>2.947</b>	<b>5.004</b>	<b>0.862</b>	<b>17.496</b>	<b>26.309</b>
<b>Planned Use of Reserves in 2013/14</b>					
Single Status Costs	-	-	-	-	-
Use of Structural Change Reserve (Invest to Save schemes)	-	-	-	-	-
Use of reserves	-	-	(0.002)	(0.300)	(0.302)
<b>Planned Use of Reserves in 2013/14</b>	<b>0.000</b>	<b>0.000</b>	<b>(0.002)</b>	<b>(0.300)</b>	<b>(0.302)</b>
<b>Planned Contribution to Reserves in 2013/14</b>					
Payback from Invest to Save Schemes	-	0.500	-	-	0.500
Contribution to reserves	0.002	0.500	-	-	0.502
<b>Planned Contribution to Reserves in 2013/14</b>	<b>0.002</b>	<b>1.000</b>	<b>0.000</b>	<b>0.000</b>	<b>1.002</b>
<b>Estimated Balance as at 31st March 2014</b>	<b>2.949</b>	<b>6.004</b>	<b>0.860</b>	<b>17.196</b>	<b>27.009</b>

## **How will the Council manage financial risk?**

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

131. The Housing Revenue Account is required to be maintained by local authorities 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.
132. All rents collected are retained in this separate account, and support the management, day-to-day repairs and maintenance, and a capital investment programme, including planned renewals, improvements to homes and major repairs.
133. 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.
134. 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.
135. The table below summarises the overall position on the Housing Revenue Account for the next 5 years.

Housing Revenue Account	Budget		Provisional Budget		
	2010/11	2011/12	2012/13	2013/14	2014/15
	£m	£m	£m	£m	£m
Spending Plans	45.839	58.582	61.010	64.660	64.175
Income Plans	(45.849)	(58.653)	(61.064)	(64.695)	(64.262)
<b>Contribution to (/) contribution from Reserves</b>	<b>(0.010)</b>	<b>(0.071)</b>	<b>(0.054)</b>	<b>(0.035)</b>	<b>(0.087)</b>
Reserves Brought Forward	(4.744)	(4.754)	(6.525)	(7.180)	(9.215)
Surplus (/) / deficit for year	(0.010)	(0.071)	(0.054)	(0.035)	(0.087)
Contribution to Reserves	-	(1.700)	(0.600)	(2.000)	(1.000)
<b>Estimated Balance Carried Forward</b>	<b>(4.754)</b>	<b>(6.525)</b>	<b>(7.179)</b>	<b>(9.215)</b>	<b>(10.302)</b>
<b>Housing Reserves</b>					
Strategic Reserves	(2.000)	(2.000)	(2.000)	(2.000)	(2.000)
General Reserves	(2.754)	(4.525)	(5.180)	(7.215)	(8.302)

136. A strategic reserve of £2m is maintained in the Housing Revenue Account over the medium term as this is considered a reasonable balance necessary to give stability to the financial position on the account.
137. The Council has agreed to set a target of a minimum of £5m for the overall reserves to manage the strategic risks faced by the Housing Revenue Account.

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

### Housing Revenue Expenditure Plans for 2010/11

138. This table details the HRA planned expenditure for 2010/11 and shows the change from 2009/10 budget.

Housing Revenue Account Spending Plans	2009/10	2010/11		Change %
	Budget £m	Budget £m	£m	
Management	16.631	17.283	0.652	3.9%
Repairs and maintenance	14.698	14.035	(0.663)	-4.5%
Rents, rates, taxes, insurance	0.907	1.097	0.190	20.9%
Provision for bad debts	0.520	0.428	(0.092)	-17.7%
Capital charges	18.905	12.829	(6.076)	-32.1%
Developing New Housing Options	0.167	0.167	-	0.0%
<b>TOTAL</b>	<b>51.828</b>	<b>45.839</b>	<b>(5.989)</b>	
Contribution to Reserves	1.000	-	(1.000)	100.0%
<b>TOTAL Housing Revenue Account Spending Plans</b>	<b>52.828</b>	<b>45.839</b>	<b>(6.989)</b>	<b>-13.2%</b>

139. Overall spending is set to fall by 13.2% in 2010/11, this is due to a reduction in the 2010/11 Major Repairs Allowance which was brought forward into 2009/10 resulting in lower capital charges in 2010/11.

140. The revenue budget includes a provision to fund the repayment costs of around £8.190m of prudential borrowing to finance the planned investment in new build, the refurbishment of non-traditional homes and the adaptation of some flats.

141. The following table shows provisional HRA spending plans for future years.

Housing Revenue Account Spending Plans	Provisional Budget			
	2011/12 £m	2012/13 £m	2013/14 £m	2014/15 £m
Management	17.672	18.266	18.893	19.557
Repairs and maintenance	14.001	14.050	14.097	14.144
Rents, Rates, Taxes, Insurance	1.134	1.174	1.218	1.264
Provision for bad debts	0.511	0.537	0.619	0.535
Capital charges	23.397	26.215	27.665	27.508
Developing new housing options	0.167	0.167	0.167	0.167
<b>Total</b>	<b>56.882</b>	<b>60.410</b>	<b>62.659</b>	<b>63.175</b>
Contribution to Reserves	1.700	0.600	2.000	1.000
<b>TOTAL Housing Revenue Spending</b>	<b>58.582</b>	<b>61.010</b>	<b>64.659</b>	<b>64.175</b>

### Housing Revenue Income Plans for 2010/11

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

142. The following table details the HRA income for 2010/11 and shows the change from 2009/10 budget.

Housing Revenue Account Income Plans	2009/10	2010/11		Change %
	Budget £m	Budget £m	£m	
Rents - Dwellings	(50.329)	(49.875)	0.454	-0.9%
Income - other services / property	(2.431)	(2.370)	0.061	-2.5%
Housing related support charges	(0.967)	(0.944)	0.023	-2.4%
Contributions and interest	(1.509)	(1.473)	0.036	-2.4%
<b>Total income before subsidy</b>	<b>(55.236)</b>	<b>(54.662)</b>	<b>0.574</b>	<b>-1.0%</b>
Deduct housing subsidy recovery	2.408	8.813	6.405	266.0%
<b>TOTAL Housing Revenue Income after subsidy</b>	<b>(52.828)</b>	<b>(45.849)</b>	<b>6.979</b>	<b>-13.2%</b>

143. The key area of change is the increase in Housing Subsidy payment due to the reduced Major Repairs Allowance for 2010/11 resulting from the £8.218m of allowance brought forward to 2009/10 to support borrowing on the Decent Homes Refurbishment Programme and is offset by an increase in Capital Charges expenditure incurred as a result of the borrowing.

144. The following table anticipated HRA income for future years. The future year income assumes that the allowance arising from rent increases being limited is paid one year in arrears.

Housing Revenue Account Income Plans	Provisional Budget			
	2011/12 £m	2012/13 £m	2013/14 £m	2014/15 £m
Rents - Dwellings	(53.820)	(54.891)	(58.614)	(59.990)
Income - other services / property	(2.431)	(2.494)	(2.559)	(2.625)
Housing related support charges	(0.944)	(0.944)	(0.944)	(0.944)
Contributions and interest	(1.509)	(1.575)	(1.665)	(1.721)
<b>Total income before subsidy</b>	<b>(58.704)</b>	<b>(59.904)</b>	<b>(63.782)</b>	<b>(65.280)</b>
Deduct housing subsidy recovery	0.051	(1.160)	(0.913)	1.018
<b>TOTAL Housing Revenue Income after subsidy</b>	<b>(58.653)</b>	<b>(61.064)</b>	<b>(64.695)</b>	<b>(64.262)</b>

### Dwelling Rents and Service Charges for 2010/11

145. In line with the Government rent restructuring guidelines, Dwelling Rents have increased on average by 2.9% however; we anticipate that income will be 1.5% higher due to "right to buy" sales and demolitions. Average rents are anticipated to be £58.55 per week (48 week collection) - an average



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

rent rise which will approximate to around £1.65 per week allowing for the effect of service charges introduced in 2008/2009.

146. The service charges for tenants introduced in 2008/09 for district heating in sheltered schemes has increased by the 3rd 20% phased increase and a 0% inflation increase.
147. Service charges for leaseholders have also increased by the 3<sup>rd</sup> 20% phase for caretaking, concierge service and building cleaning and an inflation increase of 1.5% for caretaking, 1.5% concierge service and 3% building cleaning.
148. The service charge increases for 2010/11 will be based on:
  - Garage rents to be increased by 3%;
  - Heating charges to be set to recover energy costs. No rise is required in 2010/11 due to improvements in energy procurement.
  - Service charges for landlord charges (Scheme Managers and communal facilities) to be increased by 3%;
  - Sheltered accommodation guest room charges to be increased by 3%;
  - Temporary furnished accommodation charges to be increased by 3%.
149. The charges for the recently introduced furnished tenancy scheme will remain the same as in 2009/10.
150. Further details on specific housing service charges and leaseholder management fee increases at Appendix 3.

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

151. The Council administers the Local Government Pension Fund for the Tyne and Wear region 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 taxpayer.
152. The table below summarises the spending plans for the Fund for 2010/11 and provisional spending plans for 2011/12 and 2012/13 (as agreed by the Pensions Committee on 8<sup>th</sup> February 2010).

2009/10			
Revised Tyne and Wear Pension Fund Budget	Budget	Provisional Budgets	
£m	2010/11	2011/12	2012/13
	£m	£m	£m
<b>Investment Office</b>			
14.161 Investment Management Fees	17.714	18.519	19.302
0.177 Property Portfolio	0.181	0.186	0.191
1.276 Direct Costs and Recharges	1.295	0.790	0.818
2.533 Pensions Office	2.737	2.467	2.527
<b>18.147 TOTAL Tyne and Wear Pension Fund</b>	<b>21.927</b>	<b>21.962</b>	<b>22.838</b>

153. The budget for 2010/11 shows an increase of £3.780m over the 2009/10 budget. Increases of £0.035m and £0.876m are projected for 2011/12 and 2012/13 respectively.
154. The reason for the initial increase is a rise in investment management fees. This is due to an increase in the value of the Fund, combined with an assumption that performance fees will be earned by managers in 2010/11 and that accumulated underperformance will have been recovered.
155. The direct costs and recharges of the Investment Office decrease by £0.505m in 2011/12 because two major projects are expected to be completed in 2010/11.
156. The following table analyses the revised budget proposal for the next three years.

Pensions Spending Plans	2010/11	2010/11	2012/13
	£m	£m	£m
<b>Base Budget</b>	18.147	21.927	21.962
Investment Management Fees	3.553	0.805	0.783
Standstill Pressures	0.163	0.017	0.073
Budget Growth/New Initiatives	0.247	(0.239)	0.017
Redirection of Current Spending	(0.183)	(0.548)	0.003
<b>TOTAL Pensions Spending Plans</b>	<b>21.927</b>	<b>21.962</b>	<b>22.838</b>

## Evaluation and Review

### Performing Together

157. 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.
158. Our framework includes a robust corporate performance monitoring and reporting system. It ensures we regularly and comprehensively monitor performance at service, directorate and corporate level.
159. Directorate 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.
160. Executive Team and the Head of Finance review the financial reports at a monthly performance, improvement and monitoring meeting.
161. 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.

### Budget Transfers

162. During the year, budget holders may need to transfer budgets from one service area to another to reflect changed service needs or priorities.
163. A budget transfer is defined as a movement of budget between any budget service line identified in Appendix 1A of this report.
164. **Budget transfers between £50,000 and £100,000** must be discussed with the appropriate Cabinet Member(s) before a decision is taken by the responsible Executive Director.
165. **Budget transfers greater than £100,000** require the approval of Cabinet.
166. **Budget transfers greater than £1,000,000** require the approval of full Council and must be proposed by Cabinet.

## Appendix 1A: Council Revenue Budget 2010/11

Line Ref	2009/10 Council Revenue Budget	Budget Holder	Total Cost	Total Income	2010/11 Budget
	£		£	£	£
<b>CHIEF EXECUTIVE</b>					
<b>M Swales, Chief Executive</b>					
1	77,264 Chief Executive's Office	M Swales, Chief Executive	433,170	(362,911)	70,259
<b>77,264 TOTAL CHIEF EXECUTIVE</b>			<b>433,170</b>	<b>(362,911)</b>	<b>70,259</b>
<b>ASSISTANT CHIEF EXECUTIVE</b>					
<b>P Robinson, Head of Policy, Performance &amp; Partnerships</b>					
2	(6,500) Performance Team	K Joy, Performance & Information Team Manager	339,487	(339,487)	0
3	(5,500) Value For Money Team	D Patterson, Value for Money Manager	691,303	(611,676)	79,627
4	(4,000) Information Team	K Joy, Performance & Information Team Manager	405,070	(405,071)	(1)
5	(3,000) Policy Team	H McShane, LSP Team Manager	443,411	(443,411)	0
6	360,978 LSP Team	H McShane, LSP Team Manager	412,303	0	412,303
7	3,025,653 Area Based Grant	Budget now held in directorates. CXO still has strategic overview.	-	-	-
8	219,391 Other Grants	H McShane, LSP Team Manager	249,053	0	249,053
<b>3,587,022 TOTAL ASSISTANT CHIEF EXECUTIVE</b>			<b>2,540,627</b>	<b>(1,799,645)</b>	<b>740,983</b>
<b>3,664,286 TOTAL CHIEF EXECUTIVE'S OFFICE REVENUE BUDGET</b>			<b>2,973,797</b>	<b>(2,162,556)</b>	<b>811,242</b>
<b>FINANCE</b>					
<b>S Reid, Head of Finance</b>					
9	56,262 Financial Management	S Reid, Head of Finance	1,688,172	(1,618,282)	69,890
10	1,257,997 Council Tax & Benefits	S Reid, Head of Finance	73,874,103	(72,631,775)	1,242,328
11	(4,005) Strategic Procurement	S Reid, Head of Finance	1,590,010	(1,590,010)	0
<b>1,310,254 TOTAL FINANCE</b>			<b>77,152,285</b>	<b>(75,840,068)</b>	<b>1,312,218</b>
<b>PENSIONS</b>					
<b>S Moore, Head of Pensions</b>					
12	0 Pensions	S Moore, Head of Pensions	21,927,000	(21,927,000)	0
<b>0 TOTAL PENSIONS</b>			<b>21,927,000</b>	<b>(21,927,000)</b>	<b>0</b>
<b>CORPORATE GOVERNANCE</b>					
<b>B Scott, Head of Corporate Governance</b>					
13	(130,000) Insurances Premia	B Dawson, Corporate Assurance Manager & Head of Internal Audit	2,883,465	(2,883,465)	0
14	(6,000) Corporate Risk and Assurance	B Dawson, Corporate Assurance Manager & Head of Internal Audit	1,253,867	(1,253,867)	0
15	(5,000) Legal Services - General	M Harding, Corporate Legal Manager	2,186,957	(2,186,957)	0
16	0 Legal Services - Support	M Harding, Corporate Legal Manager	641,622	(642,258)	(636)
17	0 Courier	R Cochrane, Democratic Services Manager	61,354	(61,354)	0
18	(10,000) Admin Support	R Cochrane, Democratic Services Manager	302,760	(302,760)	0
19	1,576 Local Land Charges	M Harding, Corporate Legal Manager	102,790	(103,499)	(709)
20	249,507 Elections	V Stephenson, Team Leader, Elections and Registration Service	464,092	0	464,092
21	95,641 Register of Electors	V Stephenson, Team Leader, Elections and Registration Service	91,355	(2,633)	88,722
22	207,627 Registration Service	V Stephenson, Team Leader, Elections and Registration Service	342,382	(151,536)	190,846
23	685,342 Democratic Support	R Cochrane, Democratic Services Manager	747,436	0	747,436
24	260,059 Members Support	R Cochrane, Democratic Services Manager	576,395	0	576,395
25	1,010,151 Elected Members	R Cochrane, Democratic Services Manager	1,005,773	0	1,005,773
26	111,887 Office of the Mayor	R Cochrane, Democratic Services Manager	137,930	0	137,930
27	59,454 Civic Duties	R Cochrane, Democratic Services Manager	58,654	0	58,654
<b>2,530,244 TOTAL CORPORATE GOVERNANCE</b>			<b>10,856,832</b>	<b>(7,588,329)</b>	<b>3,268,503</b>
<b>ENTERPRISE AND REGENERATION</b>					
<b>R O'Farrell, Head of Enterprise &amp; Regeneration</b>					
28	0 Asset Management	R O'Farrell, Head of Enterprise & Regeneration	1,600,183	(1,600,183)	0
29	(660,753) Property	P Howson, Asset Management Team Leader	1,055,099	(1,859,110)	(804,011)
30	(63,303) Civic Buildings	C Bell, AHOS (Enterprise & Regeneration)	3,109,852	(3,109,852)	0
31	358,117 Non Operational Assets	C Bell, AHOS (Enterprise & Regeneration)	486,675	(130,146)	356,529
32	0 Repairs and Maintenance	P Howson, Asset Management Team Leader	681,659	(698,659)	(17,000)
33	0 Repairs and Maintenance - Schools Buyback	P Howson, Asset Management Team Leader	913,396	(940,398)	(27,002)
34	(5,000) Building Maintenance	G Whitehead, Education Buildings Team Leader	212,653	(212,653)	0
35	(2,500) Design Team	K Blenkinsopp, Design Team Manager	1,286,508	(1,313,619)	(27,111)
36	1,298,854 Economic Development and Regeneration	J Scott, Enterprise Manager	3,040,350	(528,930)	2,511,420
37	3,669,464 Local Enterprise Growth Initiative	J Scott, Business Development Manager	2,830,855	(411,481)	2,419,374
<b>4,594,879 TOTAL ENTERPRISE AND REGENERATION</b>			<b>15,217,230</b>	<b>(10,805,031)</b>	<b>4,412,199</b>

## Appendix 1A: Council Revenue Budget 2010/11

Line Ref	2009/10 Council Revenue Budget	Budget Holder	Total Cost	Total Income	2010/11 Budget
<b>CUSTOMER SERVICES &amp; ICT</b>					
<b>A Holt, Head of Strategic Partnership</b>					
38	100,000 Strategic Partnership Client	A Holt, Head of Strategic Partnership	677,753	(677,753)	0
39	0 Telephones	A Holt, Head of Strategic Partnership	161,582	(161,582)	0
40	0 Support	A Holt, Head of Strategic Partnership	2,357,260	(2,357,260)	0
41	0 Development	A Holt, Head of Strategic Partnership	3,079,216	(3,079,216)	0
42	0 Customer Services	A Holt, Head of Strategic Partnership	317,724	(317,724)	0
<b>100,000 TOTAL CUSTOMER SERVICES &amp; ICT</b>			<b>6,593,536</b>	<b>(6,593,535)</b>	<b>0</b>
<b>ORGANISATIONAL DEVELOPMENT &amp; PEOPLE</b>					
<b>A Holt, Head of Strategic Partnership</b>					
43	0 Human Resources	A Holt, Head of Strategic Partnership	1,931,737	(1,931,737)	0
44	0 Occupational Health	A Holt, Head of Strategic Partnership	184,913	(184,913)	0
<b>0 TOTAL ORGANISATIONAL DEVELOPMENT &amp; PEOPLE</b>			<b>2,116,650</b>	<b>(2,116,650)</b>	<b>0</b>
<b>COMMUNICATIONS</b>					
<b>L Fothergill, Head of Communications</b>					
45	0 Marketing Team	A Burgh, Marketing Team Leader	256,676	(256,676)	0
46	(15,000) Web Team	R Abbott, Web & Publishing Team Leader	422,367	(422,367)	0
47	(14,000) Press Team	A Brewis, Principal Press Officer	274,967	(274,967)	0
48	0 Printing Section	R Abbott, Web & Publishing Team Leader	771,373	(811,319)	(39,947)
<b>(29,000) TOTAL COMMUNICATIONS</b>			<b>1,725,383</b>	<b>(1,765,330)</b>	<b>(39,947)</b>
<b>HOUSING STRATEGY &amp; REGULATORY SERVS</b>					
<b>G Mansbridge, Head of Housing Strategy &amp; Regulatory Services</b>					
49	1,920,005 Environmental Health	G Mansbridge, Head of Housing Strategy & Regulatory Services	4,658,469	(2,418,981)	2,239,488
50	668,871 Trading Standards and Licensing	A Armstrong, Trading Standards Team Leader	1,055,435	(468,335)	587,100
51	857,222 Area Planning	G Atkinson, Interim Area Planning Group Manager	1,247,448	(542,022)	705,426
52	961,846 Spatial Planning	G Atkinson, Interim Area Planning Group Manager	1,058,288	(46,530)	1,011,758
53	1,233,132 Strategic Housing Policy	M Holland, Housing Strategy Manager	1,297,335	(442,647)	854,688
54	331,340 Strategic Transport Policy	J Edwards, Transport Futures Manager	410,123	(83,169)	326,954
55	419,917 Building Control	I Wilkinson, Building Control Manager	1,625,270	(1,170,043)	455,227
56	(62,014) Regulatory Services Administration	I Wilkinson, Building Control Manager	140,013	(155,172)	(15,159)
<b>6,330,319 TOTAL HOUSING STRATEGY &amp; REGULATORY SERVICES</b>			<b>11,492,382</b>	<b>(5,326,898)</b>	<b>6,165,484</b>
<b>SERVICE MANAGEMENT COSTS</b>					
<b>P Melia, Executive Director of Regeneration &amp; Resources</b>					
57	0 Management	P Melia, Executive Director of Regeneration & Resources	210,990	(210,990)	0
<b>0 TOTAL SERVICE MANAGEMENT COSTS</b>			<b>210,990</b>	<b>(210,990)</b>	<b>0</b>
<b>14,836,696 TOTAL REGENERATION &amp; RESOURCES REVENUE BUDGET (BEFORE CORPORATE FINANCE)</b>			<b>147,292,288</b>	<b>(132,173,831)</b>	<b>15,118,456</b>
<b>CORPORATE FINANCE</b>					
<b>S Reid, Head of Finance</b>					
58	198,542 Implementation of Single Status	S Reid, Head of Finance	224,594	0	224,594
59	394,120 Revenue Costs of Equal Pay	S Reid, Head of Finance	-	-	-
60	(100,000) LABGI Income	S Reid, Head of Finance	-	-	-
61	(103,000) Newcastle Airport Dividend	S Reid, Head of Finance	0	(103,000)	(103,000)
62	216,961 Coroners Service	S Reid, Head of Finance	535,937	(300,000)	235,937
63	267,416 External Audit Costs	S Reid, Head of Finance	391,147	(35,363)	355,784
64	191,141 Banking & Cash Collection	S Reid, Head of Finance	149,584	(54,894)	94,690
65	57,520 Debt Administration Expenses	S Reid, Head of Finance	81,528	(86,424)	(4,896)
66	3,085,860 Corporate & Democratic Costs	S Reid, Head of Finance	2,984,279	(348,883)	2,635,396
67	1,951,118 Central Pension Costs	S Reid, Head of Finance	41,744,016	(39,765,851)	1,978,165
68	(1,571,214) Investment Income	S Reid, Head of Finance	0	(759,359)	(759,359)
69	9,879,077 Precepts and Levies	S Reid, Head of Finance	10,141,954	0	10,141,954
70	13,933,746 Debt Charges	S Reid, Head of Finance	23,651,428	(7,988,863)	15,662,565
71	(12,696,000) Capital Recharges	S Reid, Head of Finance	10,252,515	(22,486,000)	(12,233,485)
72	(250,000) Corporate Strategic Property Review	S Reid, Head of Finance	-	-	-
73	(116,000) Corporate Strategic Cost Reduction Programme	S Reid, Head of Finance	-	-	-
74	(2,001,000) BT Procurement Savings Guarantee	P Morrow, Partnership Accountant	(1,784,124)	0	(1,784,124)
75	(167,000) BT Efficiency Savings Guarantee	P Morrow, Partnership Accountant	(167,000)	0	(167,000)

# Appendix 1A: Council Revenue Budget 2010/11

Line Ref	2009/10 Council Revenue Budget	Budget Holder	Total Cost	Total Income	2010/11 Budget
76	(1,058,000) Value for Money Targets	S Reid, Head of Finance	(600,000)	0	(600,000)
77	526,586 Inflation for Adult Private Care	S Reid, Head of Finance	526,846	0	526,846
78	(825,000) LAA Reward Grant	S Reid, Head of Finance	0	(1,068,000)	(1,068,000)
79	0 Contribution to Invest to Save Reserve	S Reid, Head of Finance	500,000	0	500,000
	<b>11,814,873 TOTAL CORPORATE FINANCE</b>		<b>88,632,703</b>	<b>(72,996,638)</b>	<b>15,636,066</b>
	<b>26,651,569 TOTAL REGENERATION &amp; RESOURCES REVENUE BUDGET</b>		<b>235,924,991</b>	<b>(205,170,469)</b>	<b>30,754,522</b>
	<b>SCHOOLS DELEGATED</b>	<b>M Conlon, Head of Change Management</b>			
80	83,787,684 Delegated Schools Budget	M Conlon, Head of Change Management	91,545,188	(6,225,380)	85,319,808
	<b>83,787,684 TOTAL SCHOOLS DELEGATED</b>		<b>91,545,188</b>	<b>(6,225,380)</b>	<b>85,319,808</b>
	<b>SOCIAL INCLUSION AND ACHIEVEMENT</b>	<b>P Cutts, Head of Social Inclusion and Achievement</b>			
81	516,773 School Improvement Team	P Cutts, Head of Social Inclusion and Achievement	464,716	(70,000)	394,716
82	128,823 School Improvement External Projects	P Cutts, Head of Social Inclusion and Achievement	109,944	0	109,944
83	2,186,795 Standards Fund Non Devolved	P Cutts, Head of Social Inclusion and Achievement	15,412,421	(14,376,563)	1,035,858
84	67,038 Inter LEA Recoupment	S Makin, Pupil Services Manager	205,582	(138,544)	67,038
85	458,782 Education Welfare Service	K Rutherford, Children & Families Education Support Service Manager	500,248	(63,922)	436,326
86	506,593 Alternative Education Service	Allyson Poole, Manager, Alternative Education Service	763,795	(283,978)	479,817
87	165,752 English Second Language Service	J Braithwaite, Ethnic Minority Service Manager	178,591	(40,000)	138,591
88	650,907 Learning Support Service	W Larmont, SEN Monitoring Officer	723,196	0	723,196
89	64,854 Other SEN Support	S Makin, Pupil Services Manager	71,480	0	71,480
90	851,977 Sensory Impaired Service	S Hemley/E Rayner, Teachers in Charge, VI and HI Services	849,501	(31,903)	817,598
91	341,840 Pupil Services	S Makin, Pupil Services Manager	316,759	0	316,759
92	2,893,234 Central Support Charges SIA	P Cutts, Head of Social Inclusion and Achievement	3,640,697	(609,000)	3,031,697
	<b>8,833,368 TOTAL SOCIAL INCLUSION AND ACHIEVEMENT</b>		<b>23,236,930</b>	<b>(15,613,910)</b>	<b>7,623,020</b>
	<b>EARLY INTERVENTION AND SAFEGUARDING</b>	<b>A Bradley, Head of Early Intervention and Safeguarding</b>			
93	327,103 Head of Service support	A Bradley, Head of Early Intervention & Safeguarding	762,119	(231,893)	530,226
94	333,382 Out of Hours Service	A Scott, AHOS (Intensive Support & Transformation)	325,142	0	325,142
95	64,862 Children's Trainees	A Scott, AHOS (Intensive Support & Transformation)	64,723	0	64,723
96	339,266 CAMHS	A Bradley, Head of Early Intervention & Safeguarding	349,470	0	349,470
97	160,517 Common Assessment Framework	A Bradley, Head of Early Intervention & Safeguarding	62,413	0	62,413
98	626,006 Community Family Support Service	A Scott, AHOS (Intensive Support & Transformation)	678,834	(108,146)	570,688
99	180,903 Section 17 Assessment Services	A Scott, AHOS (Intensive Support & Transformation)	306,094	0	306,094
100	90,980 Laygate Centre	A Scott, AHOS (Intensive Support & Transformation)	85,069	0	85,069
101	1,299,745 Assessment Teams	A Scott, AHOS (Intensive Support & Transformation)	1,323,480	(5,000)	1,318,480
102	205,000 Children's Grants	A Bradley, Head of Early Intervention & Safeguarding	209,000	(4,000)	205,000
103	2,134,736 Children's Area Teams	A Scott, AHOS (Intensive Support & Transformation)	2,071,600	0	2,071,600
104	891,675 Children With Disability	K McKee, Team Manager (Children with Disabilities)	1,343,457	(549,400)	794,057
105	29,621 Playschemes	S Taylorson, AHOS (Independence & Stability)	23,888	0	23,888
106	644,358 Leaving Care Service	S Taylorson, AHOS (Independence & Stability)	642,086	0	642,086
107	430,975 Section 17 Commissioning Services	A Scott, AHOS (Intensive Support & Transformation)	562,691	0	562,691
108	2,488,622 Independent Foster Placements	A Scott, AHOS (Intensive Support & Transformation)	2,673,875	0	2,673,875
109	336,445 Thornhill Park	S Taylorson, AHOS (Independence & Stability)	358,897	0	358,897
110	2,228,270 Out of Borough Placements	A Scott, AHOS (Intensive Support & Transformation)	2,825,192	(697,193)	2,127,999
111	2,723,703 In House Fostering	R Carr, Placements Manager	2,760,370	(57,247)	2,703,123
112	1,232,921 Adoption Service	T Fitzpatrick, Adoption and Permanence Manager	1,308,787	(45,020)	1,263,767
113	1,132,064 Children's Homes	R Carr, Placements Manager	1,146,499	(4,000)	1,142,499
114	249,789 Contact Service	C Pharoah, AHOS (Safer & Stronger Families)	319,851	0	319,851
115	351,819 The Place	M. Bettencourt, Education Support Manager (The Place)	261,470	0	261,470

## Appendix 1A: Council Revenue Budget 2010/11

Line Ref	2009/10 Council Revenue Budget	Budget Holder	Total Cost	Total Income	2010/11 Budget
116	627,542 Childrens Standards Unit	P Dhiraj, Safeguarding Manager	654,589	(2,000)	652,589
117	193,714 Service Development	C Pharoah, AHOS (Safer & Stronger Families)	350,784	0	350,784
118	116,011 Local Safeguarding Children's Board	S Devine , Safeguarding Children Board Business Manager	156,181	(40,170)	116,011
119	1,691,705 Central Support Charges EIS	A Bradley, Head of Early Intervention and Safeguarding	1,899,519	0	1,899,519
<b>21,131,734 TOTAL EARLY INTERVENTION AND SAFEGUARDING</b>			<b>23,526,078</b>	<b>(1,744,069)</b>	<b>21,782,009</b>
<b>TRANSITION AND WELLBEING</b>			<b>C Smith, Head of Transition and Wellbeing</b>		
120	279,483 Nursery Education	P Pick, Integrated Services Manager	279,483	0	279,483
121	(15,113) Early Years Learning and Development	P Pick, Integrated Services Manager	259,297	(224,655)	34,642
122	40,696 Early Years External Projects	P Pick, Integrated Services Manager	2,129,847	(2,267,505)	(137,658)
123	256,899 Children's Fund	Jackie Watson, Extended Schools Officer	152,055	11,840	163,895
124	0 Extended Services	Jackie Watson, Extended Schools Officer	1,820,657	(1,591,308)	229,349
125	217,728 Foundation Stage	P Pick, Integrated Services Manager	182,803	0	182,803
126	101,000 Neighbourhood Nurseries	P Pick, Integrated Services Manager	3,204,780	(3,067,688)	137,092
127	0 Surestart Centres and Nurseries	P Pick, Integrated Services Manager	3,630,230	(3,630,230)	0
128	161,978 Adult and Community Learning	S Chopra, AHOS Enterprise and Skills, Transition and Wellbeing	15,613,820	(14,891,960)	721,860
129	2,361,877 Connexions	P Robertson, AHOS (Connexions)	2,747,927	(671,748)	2,076,179
130	0 Parenting	M Welch, Parenting Commissioner	262,000	(262,000)	0
131	690,639 Education Psychology	M Walsh, AHOS Progression and Resilience/Principal Educ Psychologist	1,101,227	(220,000)	881,227
132	194,919 Portage and Pre-school	J Finlay, Teacher-in-Charge, Portage and Pre-school Service	245,550	(48,913)	196,637
133	123,234 Children's Play	Jackie Watson, Extended Schools Officer	246,922	(79,193)	167,729
134	587,650 Central Support Charges TWB	C Smith, Head of Transition and Wellbeing	741,565	0	741,565
<b>5,000,990 TOTAL TRANSITION AND WELLBEING</b>			<b>32,618,163</b>	<b>(26,943,361)</b>	<b>5,674,802</b>
<b>DIRECTORATE SUPPORT</b>			<b>M Conlon, Head of Change Management</b>		
135	408,995 School Meals and Milk	E Luke, Catering Services Manager	5,979,801	(5,907,936)	71,865
136	52,881 Maintenance of Land and Buildings	T Renwick, Asset Management & Admissions Manager	270,912	(149,580)	121,332
137	2,893,881 Schools Non Delegated	M Conlon, Head of Change Management	3,693,888	(16,260)	3,677,628
138	1,452,908 Administration	D Jackson, Policy, Performance, Commissioning Manager	1,036,253	(68,402)	967,851
139	252,844 Asset Management	T Renwick, Asset Management & Admissions Manager	35,060	0	35,060
140	50,846 Governor Support	N Longstaff, Governors Support Manager	216,908	(187,717)	29,191
141	143,877 Chuter Ede Education Centre	L Freer, Centre Manager (Chuter Ede)	803,861	(670,223)	133,638
142	27,931 Client Services	C Toward, Client Services/School Liaison Officer	96,538	455	96,993
143	396,070 Policy	D Jackson, Policy, Performance, Commissioning Manager	696,791	(116,280)	580,511
144	135,293 Schools Admission	T Renwick, Asset Management & Admissions Manager	105,199	0	105,199
145	2,817 Other Exchange Visits	M Conlon, Head of Change Management	2,095	0	2,095
146	1,244,772 Pupil Transport	T Reynolds, SEN Transport Manager	1,410,902	(64,348)	1,346,554
147	435,563 Strategic Management	M Conlon, Head of Change Management	605,000	(203,872)	401,128
148	179,807 Outdoor Education Service	V High, AHOS (Participation and Citizenship)	654,108	(471,702)	182,406
149	780,263 Youth Offending Service - Non-Prevention	V High, AHOS (Participation and Citizenship)	1,789,437	(911,974)	877,463
150	160,461 Youth Offending Service - Prevention	V High, AHOS (Participation and Citizenship)	454,628	(273,732)	180,896
151	856,694 Youth Service	V High, AHOS (Participation and Citizenship)	897,253	(39,521)	857,732
152	366,440 Youth Service External Projects	V High, AHOS (Participation and Citizenship)	712,985	(301,557)	411,428
153	1,049,602 Secondary School Reorganisation	K Pemberton, AHOS Organisation & Special Projects	5,539,824	(5,139,824)	400,000
154	2,110,446 Central Support Charges DS	M Conlon, Head of Change Management	1,453,734	0	1,453,734
155	(309,000) Value for Money Savings	M Conlon, Head of Change Management	-	-	-
<b>12,693,391 TOTAL DIRECTORATE SUPPORT</b>			<b>26,455,176</b>	<b>(14,522,472)</b>	<b>11,932,704</b>
<b>(89,472,000) DEDICATED SCHOOLS GRANT</b>			<b>0</b>	<b>(91,261,000)</b>	<b>(91,261,000)</b>
<b>41,975,167 TOTAL CHILDREN AND YOUNG PEOPLE REVENUE BUDGET</b>			<b>197,381,536</b>	<b>(156,310,193)</b>	<b>41,071,343</b>

## Appendix 1A: Council Revenue Budget 2010/11

Line Ref	2009/10 Council Revenue Budget	Budget Holder	Total Cost	Total Income	2010/11 Budget
<b>NEIGHBOURHOOD SERVICES</b>					
<b>ADULT SOCIAL CARE</b>					
<b>J Robinson, Head of Adult Social Care</b>					
156	1,780,187 Commissioning & Quality	V Barclay, AHOS (Adult Social Care)	2,018,340	(477,687)	1,540,653
157	(2,145,223) Head of Adult Social Care	J Robinson, Head of Adult Social Care	1,500,754	(2,254,753)	(753,999)
158	10,212,363 Internal Business Services	B Jewitt, AHOS (Adult Social Care)	11,366,124	(2,860,325)	8,505,799
159	11,007,849 Learning Disability	V Barclay, AHOS (Adult Social Care)	20,142,115	(9,436,563)	10,705,552
160	3,706,771 Mental Health	V Barclay, AHOS (Adult Social Care)	5,539,899	(1,423,584)	4,116,315
161	20,692,379 Older Persons	V Barclay, AHOS (Adult Social Care)	30,450,310	(7,580,561)	22,869,749
162	5,466,114 Physical Disability	V Barclay, AHOS (Adult Social Care)	7,391,436	(1,509,387)	5,882,049
<b>50,720,440 TOTAL ADULT SOCIAL CARE</b>			<b>78,408,978</b>	<b>(25,542,860)</b>	<b>52,866,117</b>
<b>HEALTH AND SOCIAL INCLUSION</b>					
<b>K Hannah, Head of Health and Social Inclusion</b>					
163	495,750 Buildings and Business Support Services	K Hannah, Head of Health and Social Inclusion	2,812,177	(2,241,977)	570,200
164	518,652 Community & Partnership	K Hannah, Head of Health and Social Inclusion	1,038,001	(182,132)	855,869
165	348,913 Directorate Strategic Management Team	K Hannah, Head of Health and Social Inclusion	2,570,941	(2,218,839)	352,102
166	0 Finance & Financial Assessments	T Race, Assistant Head of Finance	1,532,531	(1,532,531)	0
167	0 Human Resources	K Hannah, Head of Health and Social Inclusion	1,362,446	(1,362,446)	0
168	0 ICT	K Hannah, Head of Health and Social Inclusion	1,184,017	(1,184,017)	0
169	112,036 Supporting People	K Hannah, Head of Health and Social Inclusion	10,107,363	(5,017,095)	5,090,268
170	19,241 Welfare Rights	P Marriott, Operations Manager	825,333	(821,669)	3,664
<b>1,494,592 TOTAL HEALTH AND SOCIAL INCLUSION</b>			<b>21,432,808</b>	<b>(14,560,706)</b>	<b>6,872,101</b>
<b>CULTURE &amp; NEIGHBOURHOODS</b>					
<b>T Duggan, Head of Culture &amp; Neighbourhoods</b>					
171	3,345,758 Community Education	S Chilton, Community Development Manager	4,222,949	(690,138)	3,532,811
172	2,717,836 Culture and Heritage	R Jago, Cultural Operations Manager	6,133,160	(2,270,576)	3,862,584
173	(231,000) Leisure Administration	B Atkinson, AHOS (Cultural Development Team)	972,631	(973,456)	(825)
174	3,245,895 Libraries	M Freeman, Libraries Manager	3,857,276	(327,416)	3,529,860
175	996,023 Neighbourhood Working	T Duggan, Head of Culture & Neighbourhoods	1,270,055	(165,041)	1,105,014
176	2,498,950 Open Spaces	R Jago, Cultural Operations Manager	3,302,335	(473,328)	2,829,007
177	4,467,047 Recreation & Sport	B Atkinson, AHOS (Cultural Development Team)	4,387,408	(1,952,438)	2,434,970
178	309,663 Tourism	B Atkinson, AHOS (Cultural Development Team)	274,689	(13,000)	261,689
<b>17,350,172 TOTAL CULTURE &amp; NEIGHBOURHOODS</b>			<b>24,420,505</b>	<b>(6,865,393)</b>	<b>17,555,112</b>
<b>SUSTAINABLE COMMUNITIES</b>					
<b>B Buckley, Head of Sustainable Communities</b>					
179	420,572 Building Cleaning Services	R Weetman, AHOS (Infrastructure)	3,523,345	(3,251,747)	271,598
180	342,962 Environmental Projects	R Weetman, AHOS (Infrastructure)	6,172,771	(2,360,129)	3,812,642
181	(85,000) Fleet Management	R Hepburn, Fleet Manager	4,482,021	(4,999,222)	(517,201)
182	1,249,942 Highways & Structures Design	D Elliott, Highways & Transport Design Manager	3,353,253	(2,739,923)	613,330
183	7,602,005 Infrastructure	R Weetman, AHOS (Infrastructure)	15,896,286	(8,500,021)	7,396,265
184	301,465 Landscape Design	R Weetman, AHOS (Infrastructure)	355,328	(138,102)	217,226
185	1,245,094 Safer Communities	B Buckley, Head of Sustainable Communities	2,712,664	(1,185,923)	1,526,741
186	12,973,948 Waste Management	A Whittaker, Waste Services Manager	18,475,267	(7,407,933)	11,067,334
187	0 Other Streetscape Costs	B Buckley, Head of Sustainable Communities	70,000	0	70,000
<b>24,050,988 TOTAL SUSTAINABLE COMMUNITIES</b>			<b>55,040,934</b>	<b>(30,583,001)</b>	<b>24,457,933</b>
<b>93,616,192 TOTAL NEIGHBOURHOOD SERVICES REVENUE BUDGET</b>			<b>179,303,224</b>	<b>(77,551,960)</b>	<b>101,751,264</b>
<b>165,907,214 TOTAL COUNCIL REVENUE BUDGET</b>			<b>615,583,548</b>	<b>(441,195,177)</b>	<b>174,388,371</b>



## Appendix 1B: Standstill Pressures 2010/15

<b>Revenue Budget Pressures</b>	<b>2010/11</b>	<b>2011/12</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
<b>Inflation</b>					
Pay increments and cost of living increase	3.426	1.981	2.001	2.020	2.041
Net Inflation on prices and income	1.480	3.493	2.072	2.149	2.280
Estimated increase in PTA levy (1.5%)	0.151	0.150	0.150	0.150	0.150
	<b>5.057</b>	<b>5.624</b>	<b>4.223</b>	<b>4.319</b>	<b>4.471</b>
<b>Other Standstill Pressures</b>					
Changes in employer pension and NI contributions	0.268	3.960	-	-	-
Local Government elections	0.247	-	-	-	-
New Waste Management contracts	1.755	-	-	1.500	-
Standardise turnover target at 2.5%	1.087	-	-	-	-
BSF affordability gap - Jarrow School & South Shields Community School	0.200	0.200	0.200	-	-
Wouldhave House gas & NNDR charges	0.115	-	-	-	-
Landfill allowance trading scheme permits - one off pressure	(0.335)	-	-	-	-
Landfill tax increase	0.270	0.504	0.504	0.504	0.504
Saving on Streetlighting energy budgets	(0.214)	-	-	-	-
Re-instatement of memorials	(0.060)	-	-	-	-
Interest rate reductions on investment income	0.812	-	-	-	-
Revenue implications of capital programme	1.887	1.000	1.000	1.000	1.000
Repayment of Invest to save reserve	0.500	-	-	-	-
Cleadon Park lease	0.239	0.059	-	-	-
Reduction in BT Unitary Charge	(0.075)	(0.150)	(0.075)	-	-
Director of Public Health post	0.050	-	-	-	-
Payment towards True Cost of Care	0.400	-	-	-	-
	<b>7.146</b>	<b>5.573</b>	<b>1.629</b>	<b>3.004</b>	<b>1.504</b>
<b>Total Standstill Pressures</b>	<b>12.203</b>	<b>11.197</b>	<b>5.852</b>	<b>7.323</b>	<b>5.975</b>
<b>Directorate Pressures</b>					
Foreshore swimming pool	-	0.156	-	-	-
Residence order and family support payments	0.200	-	-	-	-
Continue to fund 1.5fte band 8 Childcare Solicitor posts	0.071	0.073	-	-	-
Adult Services demographic pressures	0.500	0.500	0.500	0.500	0.500
Adult Services budget pressure due to insufficient budgets	3.245	-	-	-	-
Running costs of new Jarrow pool	-	0.138	-	-	-
Individual voter registration	0.050	-	-	-	-
Public law family court fees	0.080	-	-	-	-
Provision of internal recycling service	-	0.050	-	-	-
Growth proposal to undertake a private house condition survey	-	0.050	-	-	-
Recycling Village	0.050	-	-	-	-
Inflation pressure grounds maintenance contract	-	0.176	-	-	-
Proposed implementation of the new flood and water management bill	0.060	-	-	-	-
Adult Services Safeguarding team	-	0.186	-	-	-
Shortfall in environmental protection income	0.025	-	-	-	-
Carbon reduction commitment	-	0.400	-	-	-
Building regulation income	0.100	-	-	-	-
Increased access to transport	0.100	-	-	-	-
Increased contact via court instruction	0.068	-	-	-	-
Resources required for the integrated children's system	0.092	-	-	-	-
Increased number of placements for looked after children	0.148	-	-	-	-
	<b>4.789</b>	<b>1.729</b>	<b>0.500</b>	<b>0.500</b>	<b>0.500</b>
<b>Changes to External Grant</b>					
Changes in Area Based grant	4.813	0.919	-	-	-
Increase in Dedicated Schools grant	(1.789)	(0.913)	(0.921)	(0.931)	(0.941)
Reduction in housing benefit/council tax admin grant	0.088	0.079	0.076	0.072	-
Reduction in LABGI grant	0.100	-	-	-	-
LPSA reward grant	(0.243)	-	-	-	-
	<b>2.969</b>	<b>0.085</b>	<b>(0.845)</b>	<b>(0.859)</b>	<b>(0.941)</b>
<b>TOTAL Revenue Standstill Pressures</b>	<b>19.961</b>	<b>13.011</b>	<b>5.507</b>	<b>6.964</b>	<b>5.534</b>

## Appendix 2A: Council Capital Programme 2010/11

Line Ref	Council Capital Budget	Budget Holder	2010/11 Budget £	External Funding £	Council Funding £
<b>CHILDREN AND YOUNG PEOPLE DIRECTORATE</b>		<b>Helen Watson, Executive Director</b>			
<b>SOCIAL INCLUSION AND ACHIEVEMENT</b>		<b>Peter Cutts, Head of Social Inclusion &amp; Achievement</b>			
1	Harnessing Technology	P Cutts, Head Social Inclusion & Achievement	540,000	(540,000)	-
<b>TOTAL SOCIAL INCLUSION AND ACHIEVEMENT</b>			<b>540,000</b>	<b>(540,000)</b>	<b>0.000</b>
<b>CHANGE MANAGEMENT</b>		<b>Mike Conlon, Head of Change Management</b>			
2	Building Schools for the Future (BSF)	M Conlon, Head of Change Management	23,275,000	(19,722,000)	3,553,000
3	Transforming Our primary Schools (TOPS)	M Conlon, Head of Change Management	13,265,000	(5,378,000)	7,887,000
4	Asbestos Removal in Schools	M Conlon, Head of Change Management	200,000	-	200,000
5	Schools Access	M Conlon, Head of Change Management	238,000	(238,000)	-
6	Schools Asset Condition and Suitability Work	M Conlon, Head of Change Management	500,000	-	500,000
7	Extension of Biddick Infants Community Café	M Conlon, Head of Change Management	250,000	(250,000)	-
8	Devolved Formula Capital	M Conlon, Head of Change Management	1,322,000	(1,322,000)	-
<b>TOTAL CHANGE MANAGEMENT</b>			<b>39,050,000</b>	<b>(26,910,000)</b>	<b>12,140,000</b>
<b>TRANSITION AND WELLBEING</b>		<b>Christine Smith, Head of Transition &amp; Wellbeing</b>			
9	Youth Capital Fund	C Smith, Head of Transition & Wellbeing	95,700	(95,700)	-
10	Respite Care	C Smith, Head of Transition & Wellbeing	196,000	(196,000)	-
11	Private, Voluntary and Independent (PVI) Providers	C Smith, Head of Transition & Wellbeing	472,000	(472,000)	-
<b>TOTAL TRANSITION AND WELLBEING</b>			<b>763,700</b>	<b>(763,700)</b>	<b>0.000</b>
<b>TOTAL CHILDREN AND YOUNG PEOPLE</b>			<b>40,353,700</b>	<b>(28,213,700)</b>	<b>12,140,000</b>
<b>NEIGHBOURHOOD SERVICES DIRECTORATE</b>		<b>Fiona Brown, Executive Director</b>			
<b>DIRECTORATE SUPPORT</b>		<b>Keith Hannah, Head of Health and Social Inclusion</b>			
12	Upgrade of SWIFT system	K Hannah, Head of Health and Social Inclusion	107,000	(107,000)	-
<b>TOTAL DIRECTORATE SUPPORT</b>			<b>107,000</b>	<b>(107,000)</b>	<b>0.000</b>
<b>SUSTAINABLE COMMUNITIES</b>		<b>Bill Buckley, Head of Sustainable Communities</b>			
13	Footway Programme - Duty of Care	B Buckley, Head of Sustainable Communities	450,000	-	450,000
14	Local Transport Plan (LTP) Integrated Transport	B Buckley, Head of Sustainable Communities	1,803,000	(1,803,000)	-
15	Local Transport Plan (LTP) Highways Maintenance	B Buckley, Head of Sustainable Communities	1,200,000	(1,200,000)	-
16	Crematorium - Mercury Emissions Legislation	B Buckley, Head of Sustainable Communities	294,000	-	294,000
17	Maintain and Improve Footbridges - Fellgate	B Buckley, Head of Sustainable Communities	550,000	-	550,000
18	Infrastructure Improvements - Duty of Care	B Buckley, Head of Sustainable Communities	500,000	-	500,000
19	Building Schools for the Future (BSF) Off Site Highways Works and Abnormals	B Buckley, Head of Sustainable Communities	585,000	-	585,000
20	Transforming Our primary Schools (TOPS) Off Site Highways Works and Abnormals	B Buckley, Head of Sustainable Communities	593,000	-	593,000
21	Kerbside Caddy Scheme	B Buckley, Head of Sustainable Communities	335,000	-	335,000
22	Local Transport Plan (LTP) Public Transport	B Buckley, Head of Sustainable Communities	310,000	(310,000)	-
23	Replacement Vehicle Programme	B Buckley, Head of Sustainable Communities	1,184,000	-	1,184,000
24	Monkton Stadium Artificial Pitch	B Buckley, Head of Sustainable Communities	45,000	-	45,000
<b>TOTAL SUSTAINABLE COMMUNITIES</b>			<b>7,849,000</b>	<b>(3,313,000)</b>	<b>4,536,000</b>
<b>ADULT SOCIAL CARE</b>		<b>Jane Robinson, Head of Adult Social Care</b>			
25	Disabled Facilities in Private Housing	Jane Robinson, Head of Adult Social Care	1,183,000	(875,000)	308,000
<b>TOTAL ADULT SOCIAL CARE</b>			<b>1,183,000</b>	<b>(875,000)</b>	<b>308,000</b>
<b>CULTURE AND NEIGHBOURHOODS</b>		<b>Tony Duggan, Head of Culture and Neighbourhoods</b>			
26	Replacement Leisure Facilities	Tony Duggan, Head of Culture and Neighbourhoods	8,000,000	-	8,000,000
27	Cleadon Park Library Fit Out	Tony Duggan, Head of Culture and Neighbourhoods	110,000	-	110,000
28	Heritage Lottery Scheme Customs House	Tony Duggan, Head of Culture and Neighbourhoods	50,000	(50,000)	-
<b>TOTAL CULTURE AND NEIGHBOURHOODS</b>			<b>8,160,000</b>	<b>(50,000)</b>	<b>8,110,000</b>
<b>TOTAL NEIGHBOURHOOD SERVICES</b>			<b>17,299,000</b>	<b>(4,345,000)</b>	<b>12,954,000</b>

## Appendix 2A: Council Capital Programme 2010/11

Line Ref	Council Capital Budget	Budget Holder	2010/11 Budget £	External Funding £	Council Funding £
<b>RESOURCES AND REGENERATION DIRECTORATE</b>		<b>Patrick Melia, Executive Director</b>			
<b>FINANCE</b>		<b>Stuart Reid, Head of Finance</b>			
29	Workforce Restructuring	S Reid, Head of Finance	3,000,000	-	3,000,000
<b>TOTAL FINANCE</b>			<b>3,000,000</b>	<b>0.000</b>	<b>3,000,000</b>
<b>ENTERPRISE AND REGENERATION ASSET MANAGEMENT</b>		<b>Rick O'Farrell, Head of Enterprise &amp; Regeneration</b>			
30	Planned Maintenance	R. O'Farrell, Head of Enterprise & Regeneration	1,650,000	-	1,650,000
31	Boiler Replacement	R. O'Farrell, Head of Enterprise & Regeneration	150,000	-	150,000
32	Energy Efficiency	R. O'Farrell, Head of Enterprise & Regeneration	50,000	-	50,000
33	Carbon Trust	R. O'Farrell, Head of Enterprise & Regeneration	100,000	-	100,000
<b>TOTAL ASSET MANAGEMENT</b>			<b>1,950,000</b>	<b>0.000</b>	<b>1,950,000</b>
<b>ENTERPRISE AND REGENERATION</b>		<b>Rick O'Farrell, Head of Enterprise &amp; Regeneration</b>			
34	Green Incubator Scheme	R. O'Farrell, Head of Enterprise & Regeneration	400,000	(400,000)	-
35	Carry Forward from 2009/10 - Office Accom.	R. O'Farrell, Head of Enterprise & Regeneration	362,000	-	362,000
36	Sea Change - Foreshore	R. O'Farrell, Head of Enterprise & Regeneration	397,000	(100,000)	297,000
37	C/fwd from 2009/10 - Sea Change	R. O'Farrell, Head of Enterprise & Regeneration	733,000	-	733,000
38	Riverside Regeneration (Tyne Gateway)	R. O'Farrell, Head of Enterprise & Regeneration	2,982,000	(1,810,000)	1,172,000
39	Regeneration & Transformation Fund	R. O'Farrell, Head of Enterprise & Regeneration	300,000	-	300,000
40	Harton Staithes	R. O'Farrell, Head of Enterprise & Regeneration	390,867	(145,867)	245,000
41	Frederick Street Acquisitions	R. O'Farrell, Head of Enterprise & Regeneration	250,000	-	250,000
42	Barrington Street	R. O'Farrell, Head of Enterprise & Regeneration	1,000,000	-	1,000,000
<b>TOTAL ENTERPRISE AND REGENERATION</b>			<b>6,814,867</b>	<b>(2,455,867)</b>	<b>4,359,000</b>
<b>HOUSING STRATEGY AND REGULATORY</b>		<b>George Mansbridge, Head of Housing Strategy and Regulatory Services</b>			
43	Improve Private Housing in the Borough	George Mansbridge, Head of Housing Strategy & Regulatory Services	640,000	(640,000)	-
44	Coastal Protection - Littlehaven Sea Wall	George Mansbridge, Head of Housing Strategy & Regulatory Services	2,100,000	(2,100,000)	-
45	Hebburn New Town	George Mansbridge, Head of Housing Strategy & Regulatory Services	60,000	(60,000)	-
<b>TOTAL HOUSING STRATEGY AND REGULATORY</b>			<b>2,800,000</b>	<b>(2,800,000)</b>	<b>0.000</b>
<b>TOTAL RESOURCES AND REGENERATION</b>			<b>14,564,867</b>	<b>(5,255,867)</b>	<b>9,309,000</b>
<b>TOTAL COUNCIL CAPITAL BUDGET 2010/11</b>			<b>72,217,567</b>	<b>(37,814,567)</b>	<b>34,403,000</b>

## Appendix 2B: Council Capital External Funding

167. 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. The full amount of this external funding is not, as yet, secured. Capital schemes dependent on external funding will not proceed until full funding has been secured.

External Capital Funding Forecast	Provisional External Funding					Funding
	2010/11 £m	2011/12 £m	2012/13 £m	2013/14 £m	2014/15 £m	TOTAL £m
<b>Capital Grant from central government</b>						
DCSF BSF Grant	19.722	23.161	12.045	-	-	54.928
DCSF Stds Fund Extended Schools	-	-	-	-	-	0.000
DCSF Stds Fund Harnessing technology	0.540	-	-	-	-	0.540
DCSF Stds Fund Schools Devolved Formula Capit:	1.322	2.155	2.155	2.155	2.155	9.942
DCSF Youth Capital Fund	0.096	-	-	-	-	0.096
DCSF Transforming Our primary Schools	4.324	1.246	1.396	1.246	1.246	9.458
DCSF - Voluntary aided schools contribution	-	-	-	1.500	1.500	3.000
DCSF Short break respite	0.196	-	0.472	-	-	0.668
DCSF Early Years Capital Grant PVI providers	0.472	0.472	-	0.472	0.472	1.888
DCSF Stds Fund Modernisation grant	-	-	-	-	-	0.000
DCSF Colocation Grant	0.250	-	-	-	-	0.250
DEFRA Coastal Protection Capital Grant	2.100	-	-	-	-	2.100
ONE/Single Programme/English Partnerships	1.956	2.950	1.702	-	-	6.608
DCLG - Single Housing Investment Programme	1.072	1.012	1.012	1.012	1.012	5.120
LEGI funding	0.400	0.400	0.400	-	-	1.200
ERDF	-	0.900	0.900	-	-	1.800
DoH - IT Grant	0.107	0.107	0.107	0.107	0.107	0.535
DFT Integrated transport Programme grant	1.803	-	-	-	-	1.803
DFT Integrated transport - public transport	0.310	-	-	-	-	0.310
DCLG - Disabled Facilities Capital Grant	0.503	0.503	0.503	0.503	0.503	2.515
Arts Council - Sea Change Grant	0.100	-	-	-	-	0.100
Heritage Lottery Fund	0.050	0.300	-	-	-	0.350
Housing Corporation - building grant	0.300	-	-	-	-	0.300
Housing - energy grant for non-traditional housing	1.640	2.709	0.134	-	-	4.483
Other external funding	-	-	-	-	-	0.000
<b>TOTAL External Capital Funding Forecast</b>	<b>37.263</b>	<b>35.915</b>	<b>20.826</b>	<b>6.995</b>	<b>6.995</b>	<b>107.994</b>
<b>External Funding Secured and Bid For</b>						
External Funding Secured	29.835	23.561	12.445	-	-	65.841
External Funding Bid For	7.428	12.354	8.381	6.995	6.995	42.153
<b>TOTAL External Capital Funding Forecast</b>	<b>37.263</b>	<b>35.915</b>	<b>20.826</b>	<b>6.995</b>	<b>6.995</b>	<b>107.994</b>

## Appendix 3: Housing Revenue Account Spending Plans

<b>Landlord Charges - Services and Facilities</b>		<b>No</b>	<b>Current Charge</b>	<b>Inflation Increase</b>	<b>Proposed Revised Charge</b>
			<b>£/wk</b>		
<b>Garage Rents</b>	General	2698	£3.43	3.00%	<b>£3.53</b>
	Lincoln Road	29	£3.46	3.00%	<b>£3.56</b>
<b>Tenant Heating Charges</b>	Newtown 1-bed	22	£5.91	0.00%	<b>£5.91</b>
	Newtown 2-bed	194	£7.10	0.00%	<b>£7.10</b>
	Newtown 3-bed	21	£7.81	0.00%	<b>£7.81</b>
	Jarrow Card Price (exc VAT)	132	£14.49	0.00%	<b>£14.49</b>
	(inc VAT)		£15.21	0.00%	<b>£15.21</b>
<b>Sheltered Accommodation-Landlord Charges for Scheme Managers and Communal Facilities</b>					
<b>Service Charges</b>	Purpose built flats with scheme manager & communal facilities within the same complex	760	£10.63	3.00%	<b>£10.95</b>
	Group dwellings with scheme manager & nearby communal facilities	439	£4.60	3.00%	<b>£4.74</b>
<b>Guest Room Charges</b>	Charges for overnight stay or emergency situations per night	500	£9.54	3.00%	<b>£9.83</b>
<b>Furnished Tenancies</b>	New Tenancies supplied with a package of furniture and and Electrical Goods - Option 1 Points up 110				<b>20.95</b>
	New Tenancies supplied with a package of furniture and and Electrical Goods - Option 2 Points up 160				<b>27.67</b>
	New Tenancies supplied with a package of furniture and and Electrical Goods - Option 3 Points up 200				<b>34.37</b>

<b>Tenant Caretaker and Concierge Charges</b>	<b>CareTaker</b>		<b>Concierge</b>	
	<b>Cost per Prop per wk</b>	<b>Cost per Prop per wk</b>	<b>Cost per Prop per wk</b>	<b>Cost per Prop per wk</b>
	<b>2009/10</b>	<b>2010/11</b>	<b>2009/10</b>	<b>2010/11</b>
Durham Court	£2.33	£2.36	£10.00	£10.15
Westmorland Court	£1.91	£1.94	£10.00	£10.15
Ellen Court	£5.84	£5.93	£10.00	£10.15
Monastery Court	£5.84	£5.93	£10.00	£10.15
Wilkinson Court	£5.84	£5.93	£10.00	£10.15

<b>Support Service Charges - Supporting People</b>		<b>No</b>	<b>Current Charge</b>	<b>Inflation Increase</b>	<b>Proposed Revised Charge</b>
			<b>£/wk</b>		
<b>Support Charges 1st April 2005 Full Cost</b>					
<b>Community Alarms - Support</b>					
Council Tenants	Standard - Hardwired or Solo Unit	2911	£2.77	0.00%	£2.77
Council Tenants	Enhanced - Hardwired & Solo Unit	45	£4.21	0.00%	£4.21
Individual Owner/Occupier	Standard		£2.77	0.00%	£2.77
Housing Assoc/Landlords	Standard		£2.77	0.00%	£2.77
<b>Scheme Managers - Support</b>					
Council Tenants	Scheme Managers - Support Services	1175	£10.25	0.00%	£10.25

<b>Protected Users (ie service users at 31st March 2003)</b>		<b>2003/04 Charge</b>	<b>2010/11 Charge</b>	<b>Grant / Protection</b>	<b>2010/11 net max</b>
Scheme Managers - support	<b>Tenants on Benefit</b>	0	£10.25	£10.25	£0.00
	<b>Tenants not on Benefit</b>	0	£10.25	£10.25	£0.00
Community Alarms - support	<b>Tenants not on Benefit</b>				
	Solo - Rent & Monitor hard-wired'	£1.19	£2.77	£1.58	£1.19
	hard wired' & solo unit	£1.19	£2.77	£1.58	£1.19
		£1.80	£4.21	£2.41	£1.80
	<b>Tenants on Benefit</b>				
	Solo - Rent & Monitor hard-wired'	£1.19	£2.77	£1.58	£1.19
	hard-wired'	£1.19	£2.77	£1.58	£1.19
	hard wired' & solo unit	£1.80	£4.21	£2.41	£1.80

<b>External Users Community Alarms</b>		<b>No's</b>	<b>Current Charge £/wk</b>	<b>Inflation Increase</b>	<b>Proposed Revised Charge</b>
Owner/Occupiers	Private including rental of equipment	398	£2.77	0.00%	£2.77
	Private - purchased equipment	224	£1.55	0.00%	£1.55
Housing Associations/Private Landlords Contracts at 31st March 2003	Standard Service		£2.77	0.00%	£2.77
	Monitoring & response (per tenant per week)	386	£1.87	0.00%	£1.87
Admin Charges	Monitoring Only (per tenant per week)		£1.25	0.00%	£1.25
	Board Call		£5.31	0.00%	£5.31
	Admin set-up charge per unit		£13.34	0.00%	£13.34
<b>Other Specific Service Charges</b>		<b>No's</b>	<b>Current Charge £/wk</b>	<b>Inflation Increase</b>	<b>Proposed Revised Charge</b>
Council - HRA Temporary Accommodation - existing					
	1-bed accommodation	5	£21.54	3.00%	£22.19
	2-bed accommodation	3	£30.60	3.00%	£31.52
	3-bed accommodation	6	£44.20	3.00%	£45.53
Charges Collected on behalf of Managing Agents					
Mencap	Supported Housing	10	£92.87	n/a	£92.87

<b>Tenants - Sheltered Accommodation Heating Charges</b>	<b>2009/10</b>			<b>2010/11</b>		
	<b>Cost per property per wk - Bed Sit</b>	<b>Cost per property per wk - 1 Bed</b>	<b>Cost per property per wk - 2 Bed</b>	<b>Cost per property per wk - Bed Sit</b>	<b>Cost per property per wk - 1 Bed</b>	<b>Cost per property per wk - 2 Bed</b>
Davies Hall	£0.00	£3.30	£3.97	£0.00	£4.95	£5.96
McIntrye Hall	£0.00	£4.41	£0.00	£0.00	£6.62	£0.00
Birch Grove	£0.00	£3.93	£0.00	£0.00	£5.90	£0.00
Calf Close	£0.00	£3.13	£3.76	£0.00	£4.70	£5.64
Martin Hall	£0.00	£3.84	£0.00	£0.00	£5.76	£0.00
Nolan Hall	£0.00	£4.26	£0.00	£0.00	£6.39	£0.00
Porlock House	£0.00	£3.00	£3.61	£0.00	£4.50	£5.42
Croftside House (Electric)	£2.77	£3.09	£0.00	£4.16	£4.64	£0.00
Bishop Ramsey	£0.00	£3.26	£3.91	£0.00	£4.89	£5.87
Farding Lake	£0.00	£3.09	£0.00	£0.00	£4.64	£0.00
Prince Ed Court	£0.00	£2.77	£3.32	£0.00	£4.16	£4.98
Blenkinsop House	£1.91	£2.12	£0.00	£2.87	£3.18	£0.00
Borrowdale House	£0.00	£2.16	£0.00	£0.00	£3.24	£0.00
Huntcliffe House	£0.00	£2.35	£0.00	£0.00	£3.53	£0.00
Inskip House	£0.00	£2.90	£0.00	£0.00	£4.35	£0.00
Wingrove House	£0.00	£2.88	£3.47	£0.00	£4.32	£5.21
Clayside House	£0.00	£2.48	£0.00	£0.00	£3.72	£0.00
Flat 28 Glenthorpe House	£0.00	£3.23	£3.89	£0.00	£4.85	£5.84
Hallgarth House	£0.00	£3.11	£3.74	£0.00	£4.67	£5.61
Julius Court	£0.00	£2.54	£0.00	£0.00	£3.81	£0.00
Patrick Cain House	£0.00	£2.58	£3.11	£0.00	£3.87	£4.67

## Appendix 3: Housing Revenue Account Spending Plans

<b>Tenant Communal Cleaning Charges</b>	<b>Cost per property per week 2009/10</b>	<b>Cost per property per week 2010/11</b>
<b>High Rise Properties</b>		
Westmoreland	£1.36	£1.40
Durham Court	£1.18	£1.22
<b>Mid Rise Properties</b>		
Farding Square	£2.85	£2.94
Dean Road	£1.93	£1.99
Laygate	£1.88	£1.94
Whiteleas	£1.93	£1.99
Green Lake	£3.85	£3.97
Tyne Dock	£2.65	£2.73
Galsworthy Road	£1.93	£1.99
River Drive	£0.60	£0.62
Mowbray Road	£0.89	£0.92
Stewart & Fulwell	£0.52	£0.54
<b>Sheltered Properties</b>		
Birch Grove SA	£5.00	£5.15
Bishop Ramsay SA	£5.50	£5.67
Blenkinsop House SA	£2.68	£2.76
Borrowdale House SA	£4.71	£4.85
Calf Close SA	£3.92	£4.04
Cheviot House SA	£4.33	£4.46
Clayside House SA	£3.91	£4.03
Croftside House SA	£3.67	£3.78
Curren House SA	£6.38	£6.57
Davies Hall SA	£6.18	£6.37
Farding Lake SA	£4.58	£4.72
Fennyhough Hall SA	£3.58	£3.69
Glenthrope House SA	£3.92	£4.04
Hallgarth House SA	£3.67	£3.78
Henley House SA	£4.77	£4.91
Huntcliffe House SA	£5.34	£5.50
Inskip House SA	£4.76	£4.90
Julius Court SA	£3.67	£3.78
Lincoln Court SA	£5.50	£5.67
Martin Hall SA	£3.85	£3.97
McIntyre Hall SA	£4.92	£5.07
Nolan Hall SA	£4.04	£4.16
Patrick Cain House SA	£5.64	£5.81
Porlock House SA	£4.07	£4.19
Prince Edward Court SA	£6.14	£6.32
Thomas Bell SA	£4.40	£4.53
Wingrove House SA	£3.67	£3.78

<b>Leaseholder Charges</b>		
<b>Management Fee</b>	<b>Cost per property per wk 2009/10</b>	<b>Cost per property per wk 2010/11</b>
All Lease Holders	£128.75	£130.68

<b>Caretakers and Concierge</b>	<b>Caretaker</b>		<b>Concierge</b>	
	<b>Cost per property per wk 2009/10</b>	<b>Cost per property per wk 2010/11</b>	<b>Cost per property per wk 2009/10</b>	<b>Cost per property per wk 2010/11</b>
<b>High Rise</b>				
Durham Court	£0.93	£1.42	£4.00	£6.09
Westmoreland Court	£0.76	£1.16	£4.00	£6.09
Ellen Court	£2.33	£3.55	£4.00	£6.09
Monastery Court	£2.33	£3.55	£4.00	£6.09
Wilkinson Court	£2.33	£3.55	£4.00	£6.09

<b>Building Cleaning</b>	<b>Cost per property per wk 2009/10</b>	<b>Cost per property per wk 2010/11</b>
<b>Mid Rise</b>		
Farding Square	£1.13	£1.75
Dean Road	£0.76	£1.17
Laygate	£0.76	£1.17
Tyne Dock	£1.05	£1.62
Galsworthy Road	£0.76	£1.17
River Drive	£0.25	£0.39
Mowbray Road	£0.35	£0.54
Stewart & Fulwell	£0.21	£0.32

## **Appendix 3: Housing Revenue Account Spending Plans**

Leaseholders charges have been phased over five years with effect from 2008/09 therefore actual outturn costs will not impact on the above figures.



## **Appendix 3: Housing Revenue Account Spending Plans**

Management Fee 2010/11

### **ANNEX 1 (TO SIXTH SCHEDULE) THE SIXTH SCHEDULE FINANCIAL ARRANGEMENTS 2010/11 (Clause 51)**

#### **Calculation of Management Fee**

- 1.1 As the Housing Management Agent for the Council, South Tyneside Homes Limited will be paid a management fee for the functions delegated under the Management Agreement, and included in the annual delivery plan. The fee arrangements are determined for the forthcoming 12 months in February each year when the Council agree the budget for the HRA, General Fund and Capital Investment Programme. The fee determined will take into account resources available within the limits of the agreed budgets of the Council.
- 1.2 A quarterly review between the Council and STHL shall assess and address any forecast end of year surplus or deficit as a result of the company's activity. The reviews shall also consider the Council's budgetary position in relation to changes in resources resulting from for example increasing "Right to Buy" sales, levels of empty homes, or interest changes. The quarterly reviews shall either agree to confirm the level of Management Fee or make adjustments as appropriate.
- 1.3 To achieve the necessary level of detail for statutory, government and management accounting, the fee will be itemised when set. The following table confirms the fee arrangements for 2010/11 determined by Council at its meeting on 25th February 2010.

#### **Special Arrangements 2010/11**

##### **Pension Contributions**

A triennial actuarial valuation has been carried out for employee's transferred to South Tyneside Homes Limited and determines the employer's pension contribution rate and the share of the pension's deficit annual contribution required from South Tyneside Homes as a scheduled body in the Tyne and Wear Pension Fund. Any additional costs resultant from this revaluation and from the first audit of the Company's Accounts not anticipated will have to be addressed in revised spending plans for South Tyneside Homes Limited, and the Council, and result in potential amendment to the management fee.

## Appendix 3: Housing Revenue Account Spending Plans

<b>South Tyneside Homes Limited - Management Fee Schedule 2010/11</b>			
<b>Item</b>	<b>Source</b>	<b>£'000</b>	<b>Basis</b>
<b>South Tyneside Homes - Management Services</b>			
Housing Revenue Account (HRA)			
General Management	STC - HRA	4,712	Agreed Budget
Management Support Services	STC - HRA	3,164	Agreed Budget
Caretaking High Rise	STC - HRA	124	Agreed Budget
Sheltered Housing Management	STC - HRA	1,256	Agreed Budget
Council Support Services - General	STC - HRA	1,329	Agreed Budget
Management Overheads	STC - HRA	342	Agreed Budget
STHL Share of Pension Deficit (HRA)	STC - HRA	374	*Provisional Sum
<b>TOTAL HRA Revenue</b>		<b>11,301</b>	
Efficiency target	STC - HRA	-387	Agreed Budget
<b>TOTAL HRA Revenue</b>		<b>10,914</b>	
<b>South Tyneside Homes - Investment Programme/Repairs Management</b>			
Procurement & Management - Fixed	STC - CAP	2,604	* Provisional sum
Procurement & Management - Variable	STC - CAP	-	Fees on Capital Investment
Repairs Contract Management	STC-HRA Repairs Ac	567	Redirection within repairs account
<b>TOTAL Programme Management</b>		<b>3,171</b>	
<b>South Tyneside Homes - Construction Services</b>			
<b>TOTAL Construction Services</b>	<b>STC - All</b>	<b>29,790</b>	<b>Turnover Target</b>
<b>TOTAL STHL Income</b>		<b>43,875</b>	<b>Budget Estimate</b>

## **Appendix 3: Housing Revenue Account Spending Plans**

## Appendix 4 - Glossary

**Arms Length Management Organisation** – procurement option whereby a company is created to deliver the housing service on behalf of the Council. Whilst the Council retains some management control, the company is able to pursue additional funding sources and so deliver more regeneration to the borough.

**Capital Expenditure** – Spending on the acquisition of a tangible 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.

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

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

**General Fund** – The General Fund includes the expenditure and income relating to the services provided by the Authority. 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 after specific Government subsidy that needs to be met by Council tenants. In general the Council cannot transfer sums between the General Fund and the Housing Revenue Account.

**LSP** – Local Strategic Partnership – key representatives of the public, private, voluntary and community sectors who work together to deliver the Community and Neighbourhood Renewal strategies.

## Appendix 4 - Glossary

**Medium Term Financial Plan** – 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** – An amount charged to the revenue budget to reflect the cost of repaying debt.

**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 although all proceeds are paid into a national pool and redistribution is made to Local Authorities based upon population.

**Performing Together** – The Council's corporate service plan that sets out priorities, and objectives for the coming year.

**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 Authority, 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** – 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.

