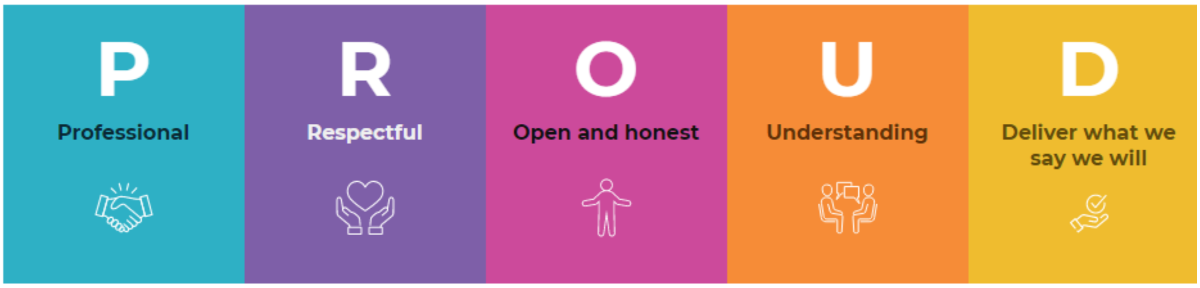
South Tyneside Council

Medium Term Financial Plan 2025-2030



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Foreword by Leader of the Council

This Medium Term Financial Plan (MTFP) is our strategic financial plan incorporating the priorities for investment for the Council and the community.

We are now entering year three of our 20-year vision for South Tyneside to be a place where people live healthy, happy, and fulfilled lives.

We have a clear understanding of the challenges which the Borough faces such as high levels of child poverty and an ageing population which shape our budget proposals as well as the opportunities which are available.

As demand on services such as social care and the associated cost increases it leaves us with less money to spend elsewhere so the content of this Medium Term Financial Plan aligns with our Vision which identifies five core ‘Ambitions’ for residents which were directly influenced by people across South Tyneside through significant engagement. The ambition of targeting support to make things fairer underpins everything we do and is a fundamental driver to our financial decision making.

As a Council, setting a balanced budget is one of the most difficult but important responsibilities we have. Each year, we weigh up pressures including increased demand for services, the adequacy of central government funding, and competing commitments, priorities, and ambitions, all things we know are incredibly important to our residents and communities.

Our Medium Term Financial Plan outlines how our energy and resources are focused on tackling the biggest and most fundamental issues facing residents who are most in need, placing people at the heart of everything we do. We target our resources and support at the residents and parts of the Borough that need it the most in a bid to reduce inequalities and make things fairer whilst still continuing to deliver the hundreds of day-to-day services. These include supporting those in need or families in crisis to collecting household waste, maintaining roads and footpaths as well as keeping parks and beaches clean and accessible.

We know that our residents continue to face financial pressures due to the cost of living. Council support services have continued to help thousands across South Tyneside, and we work hand in hand with the Borough's voluntary sector, signposting to outreach networks. We continue to make difficult decisions to do what we can to support residents and businesses in the Borough, working together to reshape our services to ensure that they are sustainable.

We've worked to make sure that services are accessible whilst recovering some of the rising costs incurred. We've retained subsidies in as many areas as possible for those that need our support the most such as school meals, milk and concessionary leisure charges. We've kept costs as low as possible and will continue to subsidise as many services as possible as our resources allow.

As an organisation we continue our journey for real transformational change with a focus on prevention and early intervention to reduce the need for acute services and support, income generation and commercialisation to create sustainable services, the modernisation of our ways of working using the latest technologies and the use of insights data about the state of the Borough to approach the challenges we have ahead.

As we look to set the budget for 2025/26, we do so in a challenging financial landscape. This has meant having to take some difficult decisions. After over a decade of austerity we are a leaner organisation but with over 40% of our funding cut after taking account of inflation and a 30% reduction in staff numbers since 2010, we continue to incorporate learning from the challenges we have faced to create efficiencies and get best value for money. Innovation in the use of technology and more agile ways of delivering services will be embedded into our future plans as we look to redesign our delivery working with residents and businesses.

Our services protect those in need and deliver essential services, but we also provide support to older people, people with a range of disabilities and looked after children in care.

On top of delivering our critical day to day services, we have pressed forward with some fantastic projects and service improvements that are really beginning to make the difference for our residents. We have already invested in council assets right across the Borough - the infrastructure and facilities upon which many of you rely so heavily.

We have invested in leisure facilities, roads, footpaths, accessible equipment, housing stock and award - winning renewable energy schemes that reduce our carbon emissions because we know these things matter to residents.

We have been successful in attracting millions of pounds of external funding for the Borough including £20m from the third round of the Levelling Up Fund and a further £20m for Jarrow from the Long-Term Plan for Towns fund. The Borough has also been named a Levelling Up Partnership Area. We will continue to do everything we can to attract external funding to South Tyneside to realise our future ambitions and continue to press for a fairer funding settlement from Government, which have given an early indication for a more positive distribution of resources to areas such as South Tyneside in the future.

Continuing pressures in adult and children's social care are not new and is also reflected across the region and nationally. However, they continue to grow despite the amazing efforts we are taking to work with service users to coproduce and redesign our services. The cost of adults and children's social care accounts for 70% of the council's discretionary budget so balancing the budget and protecting essential services is harder than ever before. That is why we are investing in two new extra care accommodation schemes across the Borough and two independent supported living schemes for those residents who may need additional help to live independently in the community. Two of these adult social care accommodation schemes are already nearing completion and will welcome their first residents in 2025. Alongside these, new residential children's homes have started on site and will be completed in 2025, increasing the number of placements in South Tyneside for looked-after children and young people who otherwise may have to live far away from South Tyneside which can cause further disruption to their lives. By investing where we need it most, we will look to bring down some of our social care costs in the future.

Our role as part of the North-East Combined Authority means that we are doing all we can to leverage any funding opportunities available to us to bring forward transformational projects for South Tyneside, taking every opportunity to pull in additional investment above and beyond our core Council funding.

Despite ongoing financial pressures, with this year's Medium Term Financial Plan, we have continued to listen to residents and businesses, considered the evidence underpinning our decision making and aligned our resources to our 20-year vision and ambitions. We have set a balanced budget that continues delivery of our transformational projects for the future whilst investing to support residents in the challenges they face today.

Chapter 1 Financial Context

Introduction from the Lead Member Governance, Finance & Corporate Services, Cllr Jane Carter

Medium Term financial planning is a key part of South Tyneside's policy and budget framework. Driven by our South Tyneside Council Strategy and the ambitions within it, it sets out our strategic approach to the management of our finances, within which delivery of our priorities will be progressed.

Like all local authorities, South Tyneside Council operates within a framework of statutory obligations that are shaped by wider political and legislative powers. This document covers the period 2025-26 to 2029-30 and is subject to annual review. This helps to ensure our financial planning is responsive to changing national and local factors, considering emerging risks and to protect our financial health. This document also sets the Council's budget for 2025-26.

Our key financial planning principles are:

- Financial sustainability over the long and short-term
- Planning over multi-year horizon
- Alignment of decisions with Strategic Priorities
- Availability of investment and savings choices which are clear and transparent
- Explicit linkages between capital budgets and revenue investment / costs
- Risk mitigation against existing and emerging macro cost pressures

Working with our partners, we have delivered a huge range of services and successful outcomes for both the residents and businesses of South Tyneside, including:

- Manage 550km of road and 1700km footway
- Welcome 6.446m visitors to the Borough
- Support over 22,268 children in their nursery, primary and secondary education
- Handle over 300,000 customer contacts
- Process over 60,000 benefit applications and changes
- Manage over 16,000 Council homes
- Process 730 planning applications
- Empty 6.5m bins
- Inspect 600 food outlets
- Process 3,100 licenses and permits
- Manage over 140 industrial units
- Support 2,500 to access assistive technology to remain independent
- Respond to 21,000 new adult social care contacts
- Support 3,500 adult learners
- Manage 2,000 referrals to Children's Social Care
- Support 2,800 'in need' children and young people (including children in care or on a child protection plan or care leavers) with approximately 1,500 open at any point during the year
- Manage 70,000 trees
- Host 1.5m admissions to Council leisure facilities
- Support 4,300 individuals with special educational needs
- Cut 641 hectares of grass

Financial Challenge

These are seriously challenging times for local people, businesses and for local councils. Across the country, councils are grappling with balancing budgets and keeping frontline services going. Despite recent falls in inflation back to pre-pandemic levels, cost-of-living continues to be clearly and understandably at the forefront of people's minds and a key focus for the Council whilst also dealing with rises in demand for our services.

These factors coupled with increases in demand for Adults and Children's social care post pandemic and the increased costs of these services means that the Council needs to spend more money to continue to deliver our current services. The Government has recently established an independent commission to transform adult social care which will consider the formation of a National Care Service. This is not due to be fully completed until 2028 and therefore no substantial changes to funding arrangements for adult social care are expected in the short-term. Recent Central Government announcements including the recent provisional settlement and economic forecasts indicate that future funding for councils within the lifetime of this parliament will remain very tight.

We continue to adapt to our evolving circumstances and explore new and different ways to deliver our services in the context of a limited core Government grant which has resulted in our total annual revenue resources reducing significantly in real terms since 2010 by in excess of £100m. We also review our comparative spending levels with other authorities by reference to tools such as the Chartered Institute of Public Finance and Accountancy (CIPFA) Resilience Index. A series of one-year financial settlements from Central Government makes taking a long-term view of services and finances extremely difficult, but we are hopeful that the new Government's intention to move towards a longer-term funding settlement from 2026/27 onwards will allow us to take a much more informed and longer-term approach to our financial planning.

The Council receives 61% of its income from Council taxpayers, retained business rates and use of reserves. Previous cuts to Central Government funding and demand pressures have meant that councils now rely significantly more on local tax revenues for their overall funding. The budget has been calculated incorporating an increase of 4.95% in Council Tax for 2025/26. 2% of this increase relates to the adult social care levy contributing towards the funding gap within Adult Social Care services.

Assessing Potential Impacts

Councils have a duty under the requirements of the Equality Act 2010 to consider the impact of their decisions on people with ‘protected characteristics’. There are nine protected characteristics identified by the Act: age, disability, gender reassignment and identity, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.

We are committed to embracing the principles of equality, diversity, inclusion and belonging (EDIB) in everything that we do. For example, we have an elected member portfolio and lead, an elected member champion to promote the principles of EDIB, established clear equality objectives, re-affirmed our commitment against racism by formally signing an Anti-Racism charter and celebrated the local LGBTQIA+ community through a series of inclusive events. We have also agreed an EDIB strategy and action plan.

We have also taken steps to increase and positively acknowledge the diversity within our workforce through a number of staff collaborative forums as well as an ongoing survey to better understand the characteristics of our workforce. A strengthened training and development offer to support managers and staff in understanding and awareness of EDIB issues has also been introduced.

As part of setting our budget we carry out Equality Impact Assessments (EIAs) of proposals that will result in a change to services or policies in the next financial year to understand the impact of these changes on our population and to make sure we do not discriminate against individuals or groups. This will support us in making fair, transparent and evidence based decisions.

Sustainability

We are committed to supporting a sustainable Borough which deals with the challenges of climate change. The Council agreed a strategic plan, “Sustainable South Tyneside 2020-25” to move towards a carbon neutral future and we will be refreshing the strategy in the forthcoming year. The Council continues to lead the Sustainable South Tyneside agenda, mobilising investment and delivering a range of projects to reduce greenhouse gas emissions from the Council’s operational activities. Major projects include investment in renewable energy schemes across the Borough which will significantly cut carbon emissions whilst providing heating and electricity to a number of buildings. We are also delivering the Stronger Shores project with nature-based solutions which will help protect against coastal erosion and flooding.

We are supporting awareness and behavioural change around climate change, promoting a shift towards sustainable and active modes of transport. This includes adoption of a hybrid working policy within the Council which has reduced emissions from fewer private car journeys. We are also investing in greater electrification of our own vehicle fleet and continuing the replacement of street lighting with energy efficient LED bulbs.

Chapter 2 Revenue Budget

How we Fund our Budget

1. The table below sets out the Council's forecast level of funding for the period 2025-26 to 2029-30. The table indicates that the Council has four main sources of funding; government grants, council tax, business rates and council reserves.

	2025/26	2026/27	2027/28	2028/29	2029/30
	£m	£m	£m	£m	£m
Government Funding					
Revenue Support Grant	18.867	19.338	19.744	20.159	20.583
Business Rates Top Up	38.555	39.519	40.349	41.196	42.061
Recovery Grant	5.940	5.940	5.940	5.940	5.940
Sub Total Government Funding	63.362	64.797	66.033	67.295	68.584
Collection Fund					
Council Tax	79.951	83.941	88.088	92.399	95.995
Retained Business Rates	15.723	16.037	16.358	16.685	17.019
Collection Fund Contribution	1.420	0.950	0.200	0.200	-
Sub Total Collection Fund	97.094	100.928	104.646	109.284	113.014
Use of Reserves					
General Use of Reserves	1.311	(2.529)	(2.117)	(3.249)	(2.513)
Sub Total Use of Reserves	1.311	(2.529)	(2.117)	(3.249)	(2.513)
Total General Fund Budget	**161.767**	**163.196**	**168.562**	**173.330**	**179.085**

Government Funding

2. The Local Government Finance Settlement announced in December 2024 only provided confirmation of funding for 2025/26.

3. The provisional settlement was announced on 18 December 2024, followed by the final settlement on 5 February 2025. Our core spending power will increase from £197.5m to £213.8m, an increase of 8.3%, which compares with an all-England average of 6.0%. This includes:

   - Settlement Funding Assessment increase from £71.8m to £72.8m, an increase of 1.3%. The increase of £1m relates to:

     i. The Revenue Support Grant (RSG), which will increase from £18.5m to £18.9m, an increase of 2.1%;
     ii. Baseline Funding Level, which is the Government's notional measure of business rates income due to councils and incorporates the Business rates Top-Up Grant has increased from £53.3m to £53.9m, an increase of 1.1%.

- Local Authority Better Care Grant, which is a combination of the Improved Better Care Fund and Discharge Fund grant rolled into one, will remain at £12.9m for 2025/26, the same as received in 2024/25.

- New Homes Bonus will increase from £0.011m to £0.041m, an increase of 290% compared to an all-England average reduction of 0.3%. This is due to an increase in the number of new and affordable homes delivered in the Borough in 2024 compared to 2023 although it is still relatively small in overall value.

- Social Care Grant will increase from £22.011m to £26.221m, an increase of 19.1% compared with an all-England average increase of 17.4%.

- A new Children's Social Care Prevention Grant was announced as part of the provisional settlement totalling £250m for England, with South Tyneside receiving £1.071m of that total. The grant is distributed on a new formula to allocate funding according to estimated need for children's social care services.

- A new one-year Recovery Grant was announced as part of the settlement totalling £600m for England, with South Tyneside receiving £5.940m of that total. The grant is to be distributed to places where, weighted by population, deprivation outweighs council tax raising ability, with South Tyneside being one of those such areas.

- Market Sustainability and Fair Cost of Care Grant has remained at £4.004m for 2025/26, the same as received in 2024/25.

- Government assumption that council tax will increase by 5.0%.

Council Tax

4. Section 30 of the Local Government Act 1992 requires the Council to set an amount of council tax for each financial year for each category of dwellings in its area.

5. A council tax bill is made up of several different charges. Alongside the charge to fund council services, which is inclusive of levies from external bodies to support functions such as transport and flood defence, the overall council tax level set for the Borough includes precepts for the Tyne & Wear Fire and Civil Defence Authority and Northumbria Police and Crime Commissioner. From 2017/18 councils with responsibility for adult social care have been given the ability to raise council tax by an additional levy to cover a funding shortfall in this area. The figures below include a 2% increase in respect of Adult Social Care and a 2.95% general annual increase. Due to the pressures within Adult Social Care, there will still remain a significant funding gap.

6. The amount payable for dwellings in different valuation bands is calculated using the following proportions for each valuation banding:

A	6/9
B	7/9
C	8/9
D	9/9
E	11/9
F	13/9
G	15/9
H	18/9

7. Thus giving the following council tax amounts for the South Tyneside area (including a 2% precept to fund adult social care but excluding other precepts).

Valuation Band	South Tyneside Council £
A	1,343.49
B	1,567.40
C	1,791.32
D	2,015.23
E	2,463.06
F	2,910.89
G	3,358.72
H	4,030.46

8. To these must be added the precepts of Tyne & Wear Fire and Civil Defence Authority and the Northumbria Police and Crime Commissioner. At this stage, we have not received the final notification of the agreed precepts for the Tyne and Wear Fire and Civil Defence Authority and the Northumbria Police and Crime Commissioner for 2025/26, therefore we have calculated increases of £5.00 and £14.00 respectively based on the indicative increase still to be agreed from Tyne and Wear Fire and Civil Defence Authority, and the maximum increases permitted without holding a referendum for Northumbria Police and Crime Commissioner. The final, confirmed precepts are expected to be known by the time Council meets on 27 February 2025. Should the actual precepts differ from the estimates provided, Cabinet budget recommendations to Council will be updated to reflect any change.

Valuation Band	Tyne & Wear Fire & Civil Defence Authority £	Northumbria Police & Crime Commissioner £
A	66.74	130.56
B	77.86	152.32
C	88.99	174.08
D	100.11	195.84
E	122.36	239.36
F	144.60	282.88
G	166.85	326.40
H	200.22	391.68

9. These result in the following council
10. tax amounts (including precepts):

Valuation Band	South Tyneside Council £
A	1,540.79
B	1,797.58
C	2,054.39
D	2,311.18
E	2,824.78
F	3,338.37
G	3,851.97
H	4,622.36

Retained Business Rates

11. The Council collects Business Rates in the Borough and keeps 50% of the collected rates income. The other 50% is passed to Central Government which is then distributed back to councils as a top-up grant to reflect individual spending requirements.

Council Reserves

12. The Council aims to establish reserves based on financial risk and limit the use of reserves to support on-going spending. More detail on our risks and reserves held is shown in Chapter 3.

Budget Pressures and Investment

Priority Investment

13. Our investment choices are guided by our strategic risks. For example, we are investing in Local Area Co-ordination capacity to support residents at an early stage reducing the likelihood of someone becoming dependent, recognising the significant risk of additional costs from increased demand in Adult Social Care, as well as financial risks around inflation, energy prices etc.

14. Work continues to further align our resources to achieve our priorities and to generate future savings through our five-year budget planning process.

15. A list of the priority investment for 2025/26 is shown in the table below:

Priority Investment	Directorate	Amount £m
Local Area Co-ordination	Adult Social Care & Commissioning	0.110
Subject Access Request	Governance & Corporate Affairs	0.090
Total Priority Investment		**0.200**

Inflationary and Standstill Pressures

16. Price inflation is currently reducing from a historical high of 11% at the beginning of 2023/24 to around 2.5% currently. Many of our contracts are linked to various inflation factors in the Consumer Price Index, including the national living wage. Demands upon adults and children's social care continue to increase significantly. This means that the Council must spend considerably more just to continue providing the same services albeit costs will be mitigated in the longer term through service transformation across social care. A list of the standstill pressures for 2025/26 and estimates for 2026/27 to 2029/30 is shown in the table below:

	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m	2029/30 £m
Inflation					
Cost of Living Increase	3.878	2.838	2.651	2.707	2.707
Net Inflation on prices and income	5.849	2.709	4.426	3.973	3.971
Sub Total Inflation	9.727	5.547	7.077	6.680	6.678
Other Pressures					
Adult Services Demographic Pressures	1.500	1.500	1.500	1.500	1.500
Children's Services Demand Pressures	6.000	2.000	-	-	-
Forecasted Pressures	5.537	1.030	1.500	1.000	1.000
Sub Total Other Pressures	13.037	4.530	3.000	2.500	2.500
Changes to External Grant					
Changes in External Funding	0.154	(0.400)	(0.400)	(0.400)	(0.400)
Sub Total Changes to External Grant	0.154	(0.400)	(0.400)	(0.400)	(0.400)
Total Revenue Standstill Pressures	**22.918**	**9.677**	**9.677**	**8.780**	**8.778**

Summary Medium Term Financial Position

17. Taking into consideration our funding, priority investment and standstill pressures, the table below gives a summary of our medium-term financial position for 2025/26 to 2029/30.

	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m	2029/30 £m
Base Budget	157.532	161.767	163.196	168.562	173.330
Priority Investment	0.200	-	-	-	-
Standstill Pressures	22.918	9.677	9.677	8.780	8.778
Funding Available	(161.767)	(163.196)	(168.562)	(173.330)	(179.085)
Budget Gap	18.883	8.248	4.311	4.012	3.023
To be addressed by					
Specific Grants	(5.839)	(1.248)	(0.811)	(0.512)	(0.523)
Service Efficiencies	(13.044)	(7.000)	(3.500)	(3.500)	(2.500)

18. The diagram below shows our revenue budget for 2025/26 by Directorate. Appendix 1 provides more detail on the 2025/26 budgets for each service. Housing services to council tenants are shown separately in Chapter 4 (Housing Revenue Account).

Budget Savings

19. The funding we estimate to receive from Central Government and from council tax payers over the next five years is insufficient 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 and ambitions, we have identified proposals for reducing spending, generating income and increasing efficiency across all of the Council's services for 2025/26. This will mean that our spending plans are affordable and match the money we expect to receive. Further work will be required to address funding gaps from 2026/27 onwards as we will need to spend more to maintain existing levels of services.

20. The proposals are led by the 'Our Council' Transformation Programme, which focuses on the major and prioritised programmes of change which will have significant financial, policy or strategic implications for the Council and Borough. There are four major programme workstreams (Prevention, Commercial, Modern-fit-for-purpose Council, and Evidence & Engagement) which are led by a programme sponsor and a separate programme board, reporting into an overarching Transformation Board. The Transformation Board is the focal point for facilitating collaborative activity around public service reforms whilst managing risk, which will underpin the Council's financial sustainability in the medium term to assist in closing the projected financial gap within the Medium Term Financial Plan.

21. Plans for reducing spending, delivering new models of service, additional income and increasing efficiency in 2025/26 are shown in the following table.

Budget Savings	**2025/26 £m**
Adult Social Services & Commissioning	
Use of technology	0.300
Review of double handed care requirements	0.350
Reduction in Independent Supported Living costs	0.750
Rationalisation of Learning Disability provision	0.200
Review of Help To Live At Home costs	0.400
Reduced Residential Care demand through Help to Live at Home and Extra Care	0.500
Rationalisation of 1:1 support in Residential Care placements	0.100
Shared Lives expansion	0.400
Reduction of posts across Directorate	0.350
Client contributions review	1.000
Collaborative system diagnostic	1.000
Sub Total Adult Social Services & Commissioning	**5.350**

Budget Savings	2025/26 £m
Business and Resources	
Recovery of Business Rates court costs	0.100
Revenue contribution to ICT capital programme reduction	0.200
Increased Supplier Incentive Scheme income	0.100
Increased Contract Rebate income	0.100
Modern Fit For Purpose Transformation Workstream efficiency savings	0.170
Historic Enhanced Pension payment reductions	0.100
Additional investment interest	0.070
Banking/ Payment charges savings	0.030
Corporate training	0.050
Reduction of posts across Digital & ICT, Finance, People & Organisational Change and Procurement	0.240
Reduction of posts through vacancy management - Council Wide	1.063
Libraries - reduction of posts/ vacancies	0.060
Review of contributions to third parties	0.040
Additional Leisure income	0.400
Sub Total Business and Resources	**2.723**
Children's Services	
In-House Fostering development	0.300
In-House Residential capacity	0.400
Children with Disabilities Services review	0.100
Reduced number of young people requiring a care episode	0.300
School Meals Charges review	0.415
Review of Children's Day Care provision	0.254
Review of Family Hub model	0.588
School Improvement and SEND project support review	0.135
Home to School Transport review	0.104
Sub Total Children's Services	**2.596**
Public Health	
Public Health commissioned contracts review	0.152
Sub Total Public Health	**0.152**

Budget Savings	2025/26 £m
Place Strategy	
Energy costs reduction	0.300
Waste Disposal tonnages reduction	0.200
Building Cleaning review	0.200
Public Protection and Planning efficiency savings	0.030
Increase in commerial lettings	0.050
Self-financing of business centres	0.111
Increased self-financing of Community Associations	0.055
Reduction in posts across Housing & Assets, Investment & Growth and Public Protection	0.195
Sub Total Place Strategy	**1.141**
Community Operations	
Fees and Charges changes	0.060
Grounds Maintenance service review	0.260
Weed Management efficiencies	0.060
Transport income generation	0.031
Re-organisation of Street Scene	0.100
Re-organisation of Handy Estates	0.127
Sub Total Community Operations	**0.638**
Governance & Corporate Affairs	
Management & Structure Review Governance & Corporate Affairs	0.200
Re-organisation of Events	0.031
Reduction of posts across Directorate	0.128
Reduction in printing for Council and Committee meetings	0.050
Reduction in catering for Council meetings and events	0.005
Revised approach to public notices	0.030
Sub Total Governance & Corporate Affairs	**0.444**
Total Savings	**13.044**

Equality Impact Assessment of Budget Savings

22. The Council has a legal duty to set a balanced budget each year. To meet our responsibilities to the Equality Act 2010 and the Public Sector Equality Duty, we carry out Equality Impact Assessments (EqIAs) for all our budget savings proposals to ensure that the potential effects of decisions on those protected by equality legislation are considered prior to any decision being made. These are documented where an impact arises.

23. There are nine protected characteristics under the Equality Act 2010 that we must consider:
    - Age
    - Disability
    - Sex
    - Sexual Orientation
    - Gender Reassignment
    - Marriage or Civil Partnership
    - Pregnancy & Maternity
    - Race (including colour, ethnicity, nationality or national origin)
    - Religion or belief

24. The Council has also extended the scope of EqIA's to include a further three groups which we have identified in line with our Ambitions and Strategy:
    - Care experienced individuals
    - Armed Forces Veterans
    - Those at risk of socio-economic disadvantage

25. The EqIA aims to identify and assess the potential impact of a decision where it identifies a disproportionate change to services for those groups with protected characteristics, and to identify any mitigation that is to be implemented to reduce or remove the disproportionate impact on those impacted.

26. There are a number of EqIAs for proposals that will potentially impact on services and polices for protected groups in 2025/2026. A summary of the findings from the assessment of all the budget savings proposals and where applicable individual detailed EqIAs are included in Appendix 6.

Dedicated Schools Grant (DSG)

27. The Council will receive £189.173m (£170.785m 2024/25) Dedicated Schools Grant (DSG) in 2025/26 which is ringfenced for the education of children. From this amount the Department for Education (DfE) will recoup the funding for academies in South Tyneside and external commissioned High Needs places, which is estimated to be £59.556m (£53.277m 2024/25).

28. DSG is allocated over four blocks of funding. Local authorities can only switch resources between blocks with the permission of the Schools Forum and / or Secretary of State. The four blocks through which DSG is allocated consists of:

    - Schools block covering provision in mainstream schools from Reception to Year 11. The 2025/26 notified allocation is £131.916m (£123.174m 2024/25) before recoupment.

- Central Services Schools block which covers commitments such as admissions and certain prescribed statutory and regulatory duties. The 2025/26 notified allocation is £1.639m (£1.741m 2024/25).

- Early Years block covering nursery schools, nursery classes and Private Voluntary and Independent sector providers of early years provision (PVIs). The 2025/26 notified allocation is £22.749m (£15.891m 2024/25).

- High Needs block covering pupils with high needs – defined by the DfE as those requiring provision costing in excess of a given threshold. The 2025/26 notified allocation is £32.869m (£29.979m 2024/25) before recoupment.

Chapter 3 Risks & Reserves

Risk Assessment

29. Over the medium-term the Council faces continuing financial pressures as well as investment needs and has refocused its priorities and built budget redirections and savings targets into the spending plans for 2025 to 2030. The Council carefully identifies the things that could go wrong and might undermine the MTFP.

30. To do this an assessment is made of what the impact would be if these things happen and how likely they are to happen. The Council ensures that it has plans in place in case things do not turn out as expected. This is part of our risk management strategy, which underpins all that we do, not just our financial plans.

31. The significant financial risks are identified on the Council's strategic risk register. They have all been assessed as part of the strategic planning process. These risks are being actively managed and the estimated financial implications have been built into this MTFP.

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

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

Strategic Financial Risk and Risk Management

Risk to the delivery of the MTFP	Risk Managed by:	Risk Rating
Risk that the demand for services (adults and children) could increase further than estimated and that the volatile demand led budgets are not rigorously managed.	Revenue spending is monitored on a monthly basis as part of the Council's corporate performance monitoring framework. Strategies to support independence, choice, early intervention and sustainability have been developed and are being implemented.	High
Risk that the funding required to meet external inspection standards across adults and children's social care is insufficient.	Transformation programme in place across adult social care. Multi-agency improvement board in place for children's social care and work with regional DfE lead for improved resources.	High
Risk that inflation, interest rates, energy prices etc do not stabilise in the medium to long term.	Regular monitoring of the MTFP and reporting to Cabinet/ Borough Council to identify and understand inflationary and other cost pressures. Regular review of capital financing requirements.	Medium

Risk that the Council is unable to align its resources to its ambitions.	Collaborative approach to budget and service planning ensures that any new investment/ savings decisions are assessed against delivery of the Council ambitions.	Medium
The Council is unable to deliver its financial plans.	The achievement of the MTFP is imperative and is monitored every month as part of our performance monitoring process incorporating challenge to budget holders and corporate oversight.	Medium
Future Government plans to revise the system of funding for Local Government may result in actual resources being less than the levels forecast.	Future changes to the funding system will be analysed and the impact on resources will be factored into the MTFP. With partners we are campaigning for fair funding.	Medium
The cost of commissioned care may increase due to the national living wage, inflationary pressures and legislative changes.	The Council has anticipated cost pressures in this area within its financial plans.	Medium
Financial pressures and demands associated with the national health service resulting in additional social care costs.	Integrated working with health partners across the whole system of health and social care is embedded.	Medium
Uncertainty over the future funding of the capital programme.	We maximise the availability of capital receipts and external funding to support the capital programme thereby reducing the call on Council borrowing. Affordability of borrowing is regularly assessed and monitored.	Medium
Emergency event occurs e.g. major flooding incident / loss of ICT systems / significant traffic incident / flu pandemic which incurs additional unbudgeted costs and loss of income.	The Council has robust systems in place for emergency events and business continuity. The Council maintains a Strategic Reserve and insurance reserves to meet unforeseen liabilities.	Medium

Planned Use of Reserves

34. The level of Council reserves is reviewed annually in line with CIPFA guidance. Our Reserves Policy is shown at Appendix 2.

35. Our forecast Use of Council reserves is shown in the table below.

Council Reserves	**Unearmarked General Fund Reserve £m**	**Future Funding Reserve £m**	**Earmarked Reserves £m**	**Total Reserves £m**
Estimated Balance as at 31st March 2025	6.764	0.587	15.160	22.511
Planned Use of Reserves in 2025/26	(0.655)	-	(2.076)	(2.731)
Estimated Balance as at 31st March 2026	**6.109**	**0.587**	**13.084**	**19.780**
Estimated Balance as at 31st March 2026	6.109	0.587	13.084	19.780
Planned Use of Reserves in 2026/27	1.265	-	0.315	1.580
Estimated Balance as at 31st March 2027	**7.374**	**0.587**	**13.399**	**21.360**
Estimated Balance as at 31st March 2027	7.374	0.587	13.399	21.360
Planned Use of Reserves in 2027/28	1.059	-	0.859	1.918
Estimated Balance as at 31st March 2028	**8.433**	**0.587**	**14.258**	**23.278**
Estimated Balance as at 31st March 2028	8.433	0.587	14.258	23.278
Planned Use of Reserves in 2028/29	1.625	-	1.425	3.050
Estimated Balance as at 31st March 2029	**10.058**	**0.587**	**15.683**	**26.328**
Estimated Balance as at 31st March 2029	10.058	0.587	15.683	26.328
Planned Use of Reserves in 2029/30	2.513	-	-	2.513
Estimated Balance as at 31st March 2030	**12.571**	**0.587**	**15.683**	**28.841**

Chapter 4 Housing Revenue Account

36. The Housing Revenue Account (HRA) is required to be maintained by councils who provide housing accommodation. It records the income and expenditure in relation to the management and maintenance of homes and keeps this separate from other council activity.

37. All rents collected are retained in this separate account; they support the management, day-to-day repairs and maintenance, and a capital investment programme which includes planned renewals, improvements to homes and major repairs.

38. The Council has a legal duty to set a budget, which avoids an unplanned deficit on the Housing Revenue Account, sets the level of rents and charges and is landlord under the tenancy agreements.

39. The following table shows the budget for 2025/26 and the provisional HRA expenditure and income plans for 2026/27 to 2029/30.

Housing Revenue Account	Budget 2025/26 £m	Provisional Budget 2026/27 £m	2027/28 £m	2028/29 £m	2029/30 £m
Expenditure					
Management	19.713	20.335	20.784	21.248	21.717
Repairs & Maintenance	19.543	19.935	20.334	20.741	21.156
Rents, Rates, Taxes, Insurance	2.794	2.865	2.932	3.001	3.072
Provision for Bad Debts	0.304	0.309	0.316	0.322	0.329
Capital Programme Investment	29.966	29.964	29.965	29.971	29.980
Debt Charges	10.354	10.359	10.364	10.369	10.374
Other Capital Charges	0.057	0.058	0.059	0.060	0.061
TOTAL Housing Revenue Account Expenditure	**82.731**	**83.825**	**84.754**	**85.712**	**86.689**
Income					
Rents - Dwellings	(74.143)	(75.621)	(77.122)	(78.645)	(80.190)
Income - Other Services / Property	(3.709)	(3.796)	(3.884)	(3.976)	(4.068)
Contributions & Interest	(1.598)	(1.626)	(1.655)	(1.683)	(1.713)
TOTAL Housing Revenue Account Income	**(79.450)**	**(81.043)**	**(82.661)**	**(84.304)**	**(85.971)**
(Surplus) / Deficit on Housing Revenue Account	**3.281**	**2.782**	**2.093**	**1.408**	**0.718**

Housing Revenue Plans for 2025/26

40. Rent levels are proposed to increase on average by 2.7% in line with Government guidelines and partial adoption of the flexible Government rent standard. Reserves are planned to be prudently applied in the next few years to support the Housing Capital Programme.

Service Charges for 2025/26

41. Most service charges for 2024/25 are proposed to be increased by 1.7% as set out in Appendix 3.

Chapter 5 Tyne & Wear Pension Fund

42. The Council administers the Local Government Pension Scheme for the Tyne and Wear and Northumberland County areas and is responsible for agreeing the Pension Fund budget each year. The cost of the Pension Fund does not fall directly on the Council Taxpayer.

43. The table below summarises the spending plans for the Fund for 2025/26 and provisional spending plans for 2026/27 and 2027/28. This was approved by the Pensions Committee on 28th January 2025.

Budget 2024/25 £m	Tyne and Wear Pension Fund	Budget 2025/26 £m	Provisional Budgets 2026/27 £m	2027/28 £m
207.178	Investment Management Expenses	222.707	233.617	248.685
1.499	Investment Office	1.428	1.426	1.433
208.677	**Total Investment Office**	**224.135**	**235.043**	**250.118**
4.347	**Pensions Office**	**4.791**	**4.900**	**4.746**
1.100	**Governance and Funding Office**	**1.162**	**1.093**	**1.120**
214.124	**Total Pensions Service**	**230.088**	**241.036**	**255.984**

44. The budget for 2025/26 shows an increase of £15.964m over the 2024/25 budget. Further increases are projected of £10.948m in 2025/26 and £14.948m in 2026/27.

45. Investment management expenses dominate the budget. This budget has been formulated in line with industry best practice and is a full estimate of the fees, expenses and costs associated with the investment management of the Fund.

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

	2025/26 £m	2026/27 £m	2027/28 £m
Base Budget	214.124	230.088	241.036
Investment Management Expenses	15.529	10.910	15.068
Standstill Pressures	0.335	0.132	0.160
Budget Growth/New Initiatives	0.476	0.440	0.154
Savings	(0.376)	(0.534)	(0.434)
Revised Budget	**230.088**	**241.036**	**255.984**

47. The increase in investment management expenses is attributed to increased allocations to private market investments which typically attract higher fees and expenses than quoted assets, but also have produced greater investment returns net of fees and expenses. The Fund continues to increase its use of these type of investments which is projected to lead to a material increase in fees and expenses over the coming years.

48. The Investment Management expenses line also includes the costs and expenses incurred in transacting the Fund's assets. For the next year, significant costs are expected to be incurred in moving assets to an investment management company, part owned by the Fund, called Border to Coast Pensions Partnership. This stems from a Central Government directive whereby Local Government Pension Scheme funds have been asked to combine their assets to create larger investment pools. As assets transfer to Border to Coast, costs are incurred. This however, is expected to be offset by longer term savings and improved investment outcomes. By 2025/26, most of the Fund's assets will have transferred to Border to Coast and these costs will then fall out of the budget.

49. As in previous years the standstill pressure increases relate mainly to staffing costs and other inflationary increases included within contracts. Most of the changes in the budget relate to regulatory changes, essential development or contractual inflation and as such they are included as standstill pressures. In 2025/26, there is pressure on the Actuary budget from being a valuation year. There is also the impact of increased employers National Insurance (£0.074m).

50. The growth in the IT budget mainly relates to SQL conversion (£0.215m) which will reduce dependence on network servers and increase resilience. There is also an increase of seven posts in pensions administration staff (£0.242m). These are needed to meet the growing demands on the service with increasingly complex pensions processing following legislative changes. The additional staff will improve service delivery and resilience. In 2026/27 there is budget for testing AVC suitability of £0.026m in addition to the £0.413m growth in IT budget which mainly relates to a hosted solution and automated payroll which will improve resilience and efficiency of operations.

51. There have been a number of savings identified. The transfer of the direct property portfolio to Border to Coast has led to the reduction of one post in legal staff who supported this activity and the reduction in property valuation fees. Further savings have been achieved over the three-year period within the ICT budget line relating to modules purchased in the previous year dropping out. In 2027/28 the temporary staffing (£0.165m) to reduce the backlog of pensions administration processes and the budget to test AVC suitability (£0.026m) drop out of the budget.

Chapter 6 Capital Strategy & Budget

Capital Investment Programme

52. The Capital Investment Programme sets out our investment plans over the next 5 years to support regeneration and help achieve our Ambitions as set out in the refreshed vision and newly adopted Council Strategy which is very much centred around people. We want South Tyneside to be a place where people live healthy, happy, and fulfilled lives. This will be underpinned by our ambitions, which use our resources as efficiently and effectively as possible to ensure services are provided in areas where they are needed.

53. As national and global uncertainty continues, we know that delivering our plans will be challenging. However, as we have done over the last decade, we will stay true to our ambitions and continue forward in partnership with the passion, determination, and resilience that have become the solid hallmark of the residents and institutions of South Tyneside.

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

55. External funding streams have been secured to support the funding of the programme. These include regional funds applied locally to support the overarching economic objectives of the wider region.

Building on strong foundations.

56. Over the last decade, despite the huge challenges posed by national austerity we delivered significant investment, transformational physical regeneration and a range of service improvements some of which are detailed below:

- £100m invested in town centres.
- £37m invested in local roads and footpaths.
- £200m invested in new or improved school buildings.
- Improved connectivity, including £8.1m Arches Improvements, £21m South Shields Transport Interchange, £7.5m Lindisfarne/John Reid Road improvements and £120m Testo's Roundabout works.
- 'Nationally significant' International Advanced Manufacturing Park established, which will attract £400m private investment and create thousands of jobs (including plans to be home to the UK's first large scale Gigafactory).
- Completion of realignment to part of A183 Coast Road to move inland due to ongoing erosion to ensure protection to coastline.

- £32m invested with continual investment in leisure facilities throughout South Tyneside at Haven Point, Monkton Stadium, Jarrow Focus and Hebburn Central for residents to live healthy and well by improving the experience for leisure users and provide the best service possible giving an increase in memberships from 414 to 11,000 in the last 10 years.
- Two of our flagship renewable energy schemes, at Hebburn and the award winning Viking Energy Network at Jarrow now complete cutting carbon emissions by 1,035 tonnes in the first year expected to continue to cut annual carbon emissions making a major contribution to our goal of carbon neutrality by 2030.
- Ongoing investment in our award-winning beaches and parks, including £3m North Marine Park improvements and £5m Littlehaven Promenade and Seawall.

Capital Programme supporting Council Vision:

57. We have five 'Ambitions' – the things we want to achieve over the next 20 years to help deliver our Vision. These five Ambitions will guide everything we do. The capital programme will help support revenue investment to achieve each ambition through some of the major projects detailed below. The complete spending plan can be found with the Capital and Investment Strategy in Appendix 4.

58. We want all people in South Tyneside to be:

Financially Secure

Residents will be financially secure. They will have what they need for a good standard of living.

Healthy and Well

Residents will enjoy good mental and physical health throughout their lives. They will have the best start in life and be able to age well.

<u>Coastal Cycling and Walking routes</u>

Coast Road cycle path

Construction has continued on the upgrade to coastal cycling and walking routes to help improve safety for pedestrians and cyclists by widening of the footpath and cycleway along with signalised pedestrian on demand road crossings to enable easier crossing of the roads, supporting the ambition of getting more people involved in sustainable travel and improving health and wellbeing.

Hebburn Extra Care Scheme


Hebburn Extra Care CGI

Construction is underway to create a new Extra Care scheme on the former Lincoln Court site in Hebburn. The 95 apartment housing project is designed to support those with additional care and support needs to live independently in the community including seventeen specialist dementia apartments.

Other programmes include:

- Works to improve road safety for school children outside of schools.
- Improvements to existing playing pitches and changing facilities to assist in promoting sport within the Borough.
- Plans have been approved for the construction of a 3-storey extension at Mortimer Community College with part internal reconfiguration, to increase capacity and maximise efficiencies. The aim is to increase Pupil Admission Numbers from 1,050 to 1,200 by 2028.

Connected to jobs

Residents will have access to jobs, skills, and learning. They will have the skills and confidence to apply for a wide range of quality local jobs. These jobs will be in key and growing areas of employment and benefit all our Borough.


South Shields Town Centre redevelopment CGI

Work is continuing to relocate South Tyneside College into South Shields Town Centre and we will work with the College to equip local people with the skills and qualifications needed for future opportunities in the low carbon, digital and advanced manufacturing sectors as well as much needed capacity within our health and care workforce including the development of our care academy.

Plans for the new look town centre continue with demolition work completed to facilitate the relocation of South Tyneside College.

Other programmes include:

- External funding from the Department for Transport utilised for carriageway resurfacing and various road safety initiatives to support the highways asset management plan.
- In partnership with Sunderland City Council we are continuing to develop a joint strategic employment site, the International Advanced Manufacturing Park (IAMP), north of Nissan and west of the A19. The development is well underway with the new gigafactory battery plant making good progress with the potential to create 4,500 new high-value green jobs in the region by 2030.
- Jarrow Forward was established under the Long-Term Plan for Towns to oversee a vision for the NE32 postcode area to create transformative opportunities for Jarrow residents. The vision draws on the town's unique heritage - using its historic reputation for innovation, science, learning, industry and resilience to inspire and attract more people and investment to the town.

Part of strong communities

Residents will live in clean, green, and connected communities where they feel safe.


Cussins homes at Riverside, Holborn CGI

The Council continues its transformation of Holborn Riverside into a vibrant mix of new dwellings and office space with completion of extensive remediation and civil engineering works on the site.

Construction of new housing at Holborn is continuing with all 48 homes in phase one completed and occupied and 95 homes in phase two now almost complete and occupied.

Ground preparation for the final phase is at an advanced stage and as well as delivering a further 156 homes, this will also include a new riverside promenade, the restoration of three former dry docks for public enjoyment and ecological improvements for butterflies and marine life.

Other programmes that contribute towards this agenda and ambition include:

- Subject to securing external funding, potential investment in renewable energy schemes at Holborn Renewable energy centre to utilise a combination of renewable technologies to create an innovative energy network to provide heating and electricity to a number of new and existing buildings in the area. This scheme would have the potential to cut carbon emissions by 22% whilst saving the Council on energy costs.

- As part of our commitment to making South Tyneside a greener and cleaner place to live the Council along with the Office for Low Emissions and Connected Kerb have embarked on projects to upgrade and expand our electric vehicle charging infrastructure with a view to installing up to 2,000 units over a 20 year period.

- Using externally sourced funds to deliver the Stronger Shores project which aims to improve understanding of the coastal and flood protection value of marine habitats and their wider role in adapting to climate change and biodiversity management. This will test marine habitats for their coastal protection properties along the north-east coastline. The new approaches will involve restoring sub-tidal habitats, such as kelp beds, oyster reefs and sea grass along the north-east coastline.

- The housing capital programme will ensure that homes we maintain are safe for our tenants, continue to meet decent homes standards and that they are compliant with all regulations whilst ensuring sustainability across the Borough. It will also support the building of new modern and energy efficient housing.

We want these things for every resident, so we are committed to:

Targeting support to make things fairer

We will target support at the residents and parts of our Borough that need it the most, reducing inequalities and making things fairer.


Children's Centre CGI

Works are on track to increase the number of residential places for South Tyneside's looked-after children. Work is continuing on the Children's homes sites in Jarrow, South Shields and Hebburn. These developments will double the number of beds in children's homes we are able to provide for looked-after children locally. The new homes will mean more children in care can stay in the Borough, close to their family, school and friends.

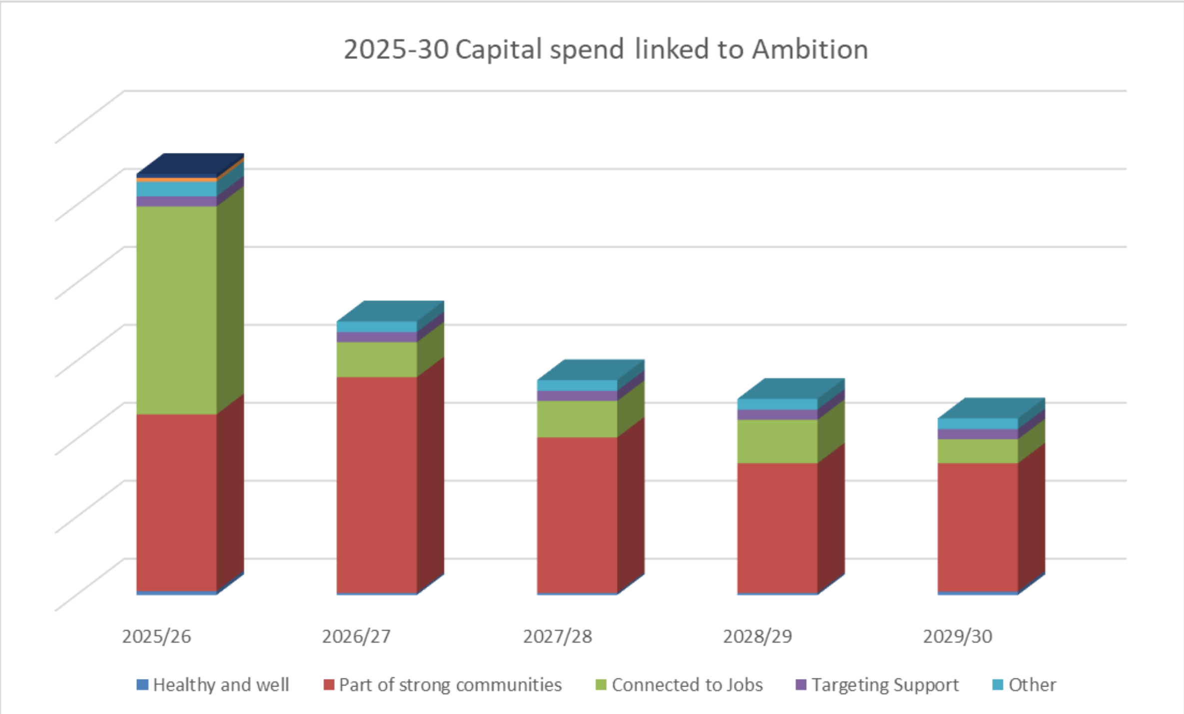
Other programmes include:

- Continued investment in our five Community Area Forums (CAFs), each covering a particular area of the Borough. The role of CAFs is to discuss matters important to local people to provide a proactive service within local areas such as cleaner streets, reduced fly tipping, anti-social behaviour and tenancy related issues.

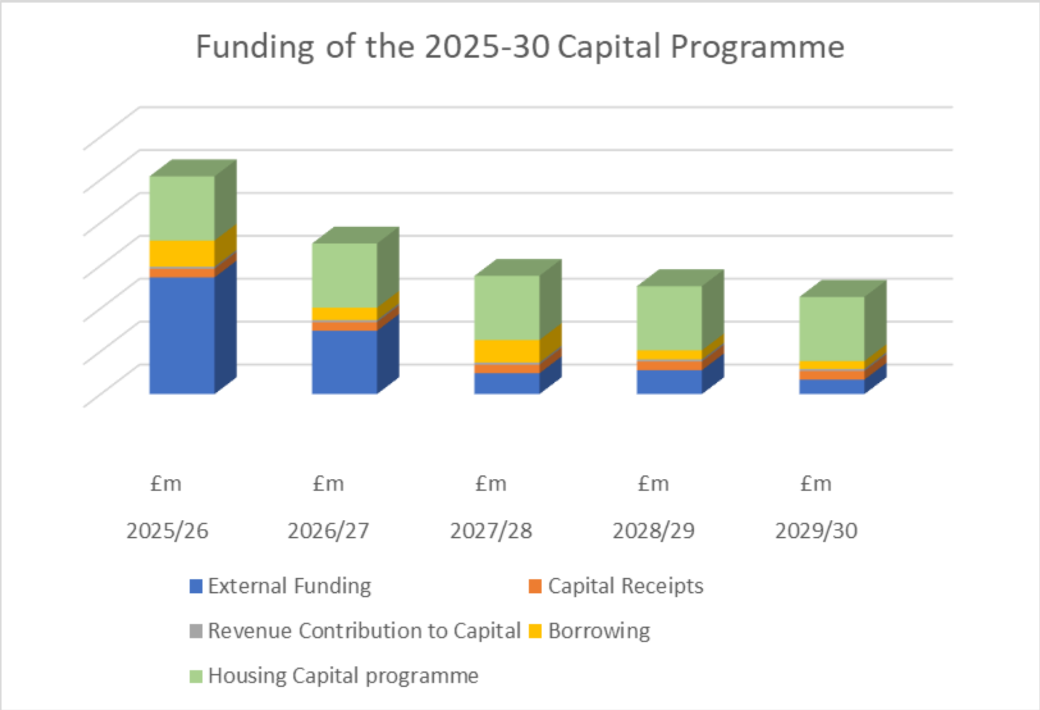
- Community improvements - This project will manage the current condition or manage improvements to sites to increase the site sustainability, safety and provide future development opportunities**.**

2025-30 Capital Programme

59. The provisional five-year Capital Programme for 2025-30 linked to the Council's vision and ambitions is shown below. A breakdown of the individual projects within each year is detailed within the Capital and Investment Strategy at Appendix 4.



60. The estimated funding of the five-year capital programme is shown below. A breakdown of each year is detailed in the Capital and Investment Strategy at Appendix 4.



Chapter 7 Treasury Management

61. The Treasury Management and Annual Investment Strategy is a requirement of the Local Government Finance Act 1992, the Local Government Act 2003, the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003, the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Treasury Management, the CIPFA Prudential Code for Capital Finance in Local Authorities and guidance on Investment Practice from the Department for Levelling Up, Housing and Communities.

62. It is a statutory requirement of the Local Government Finance Act 1992 that the Council produces a balanced budget. Section 31(a) of the Act requires a local authority to calculate its budget requirement for each financial year to include the revenue costs that flow from capital financing decisions. This means that increases in capital expenditure must be limited to a level whereby increases in charges to revenue from:

    - increases in all debt charges to include Minimum Revenue Provision caused by increased borrowing to finance additional capital expenditure, and
    - any increases in running costs from new capital projects are limited to a level, which is affordable within the projected income of the Council for the foreseeable future.

63. The Local Government Act 2003 requires the Council to set out its Treasury Strategy for borrowing and to prepare an Annual Investment Strategy.

64. The Council has adopted the CIPFA Code of Practice on Treasury Management in the Public Service. Within this document Treasury management is defined as:

    "The management of the local authority's borrowing, investments and cash flows, including its banking, money market and capital market transactions; the effective control of the risks associated with those activities: and the pursuit of optimum performance consistent with those risks."

65. The Treasury Management Strategy included at Appendix 7 to this report complies with the CIPFA Code, which requires the Treasury Management Strategy to be approved by Borough Council prior to the start of the financial year.

66. The Local Government Act 2003 also requires the Council to "have regard to" a further CIPFA Code called "The Prudential Code for Capital Finance in Local Authorities".

67. The key objectives of the Treasury Management Code and the Prudential Code are to ensure, within a clear framework, that the capital investment plans of local authorities are affordable, prudent and sustainable and that Treasury Management decisions are taken in accordance with good professional practice.

68. To demonstrate that local authorities have fulfilled these objectives, the Treasury Management Code and the Prudential Code set out indicators that must be used and factors to be taken into account. The indicators and factors that apply to Treasury Management are contained in the Strategy attached at Appendix 7 to this report.

69. The Treasury Management Strategy and the Annual Investment Strategy have both been discussed and agreed with the Council's Treasury Management Adviser, MUFG Pension & Market Services (MUFG) (formerly Link Group).

70. The Council's Treasury Management covers two areas:

- **Part 1 – South Tyneside Consolidated Loans Fund** – this covers the Council's borrowings and contains the Treasury and Prudential Indicators required by the Treasury Management Code and the Prudential Code.

- **Part 2 – Annual Investment Strategy** – this concerns the investment of the cash balances of the Council. Priority is given to the security of the capital sum and the liquidity of investments.

Training

71. The CIPFA Treasury Management Code requires the responsible officer to ensure that members with responsibility for treasury management receive adequate training in treasury management. This especially applies to members responsible for scrutiny. On an annual basis the Council provides in person training available to all elected members on the treasury management framework and the Council's treasury management activities.

72. Furthermore, pages 47 and 48 of the Code state that they expect "all organisations to have a formal and comprehensive knowledge and skills or training policy for the effective acquisition and retention of treasury management knowledge and skills for those responsible for management, delivery, governance and decision making.

73. The scale and nature of this will depend on the size and complexity of the organisation's treasury management needs. Organisations should consider how to assess whether treasury management staff and board/ council members have the required knowledge and skills to undertake their roles and whether they have been able to maintain those skills and keep them up to date.

74. As a minimum, authorities should carry out the following to monitor and review knowledge and skills:

- Record attendance at training and ensure action is taken where poor attendance is identified.
- Prepare tailored learning plans for treasury management officers and board/council members.

- Require treasury management officers and board/council members to undertake self-assessment against the required competencies (as set out in the schedule that may be adopted by the organisation).
- Have regular communication with officers and board/council members, encouraging them to highlight training needs on an ongoing basis.

Appendix 1: Council Revenue Budget 2025/26

Council Revenue Budget	Total Expenditure £	Total Income £	2025/26 Budget £	Staffing 2025/26 No of Posts	FTE's
BUSINESS AND RESOURCES					
Corporate Finance / Benefits and Customer Services	101,416,974	(138,608,200)	(37,191,226)	206	180.9
Digital & ICT Services	8,314,410	(2,863,160)	5,451,250	115	105.0
Corporate Assurance	1,883,170	(1,339,660)	543,510	7	6.6
People & Organisational Change	4,660,644	(2,130,894)	2,529,750	93	86.6
Culture & Leisure	10,481,260	(7,579,640)	2,901,620	273	184.1
Pensions Office	230,088,000	(230,088,000)	0	94	86.0
TOTAL BUSINESS AND RESOURCES	**356,844,458**	**(382,609,554)**	**(25,765,096)**	**788**	**649.2**
GOVERNANCE AND CORPORATE AFFAIRS					
Legal and Governance	2,993,518	(1,490,628)	1,502,890	45	38.0
Policy & Insight	749,140	(43,550)	705,590	8	7.0
Performance & Change Management	1,591,866	(931,186)	660,680	29	28.0
Communications, Engagement & Support Services	5,683,670	(1,105,910)	4,577,760	115	106.0
TOTAL GOVERNANCE AND CORPORATE AFFAIRS	**11,018,194**	**(3,571,274)**	**7,446,920**	**197**	**179.0**
PLACE STRATEGY					
Public Protection	5,653,452	(3,846,422)	1,807,030	110	93.0
Strategic Investment & Growth	10,093,120	(8,303,600)	1,789,520	68	65.0
Strategic Housing & Assets	22,658,995	(9,099,475)	13,559,520	310	179.0
Strategic Transport & Environment	11,983,440	(1,757,040)	10,226,400	36	31.0
TOTAL PLACE STRATEGY	**50,389,007**	**(23,006,537)**	**27,382,470**	**524**	**368.0**
COMMUNITY OPERATIONS					
Highways, Infrastructure & Project Delivery	13,948,610	(12,888,300)	1,060,310	178	123.0
Operations	67,355,924	(63,839,618)	3,516,306	760	731.0
TOTAL COMMUNITY OPERATIONS	**81,304,534**	**(76,727,918)**	**4,576,616**	**938**	**854.0**
CHILDREN'S SOCIAL CARE, EDUCATION, SEND AND INCLUSION					
Children and Families Social Care	41,393,967	(3,157,300)	38,236,667	336	305.0
Education, SEND and Inclusion	54,469,933	(34,229,940)	20,239,993	724	497.0
TOTAL CHILDREN'S SOCIAL CARE, EDUCATION, SEND AND INCLUSION	**95,863,900**	**(37,387,240)**	**58,476,660**	**1,060**	**802.0**
ADULT SOCIAL CARE AND COMMISSIONING					
Adult Social Care	128,196,484	(54,758,380)	73,438,104	378	325.0
Commissioning & Quality Assurance	2,672,866	(1,479,800)	1,193,066	41	37.0
TOTAL ADULT SOCIAL CARE AND COMMISSIONING	**130,869,350**	**(56,238,180)**	**74,631,170**	**419**	**362.0**
PUBLIC HEALTH					
Public Health	15,749,360	(731,100)	15,018,260	35	30.0
TOTAL PUBLIC HEALTH	**15,749,360**	**(731,100)**	**15,018,260**	**35**	**30.0**
SCHOOLS DELEGATED					
Delegated Schools Budget	129,617,406	(129,617,406)	0		
TOTAL SCHOOLS DELEGATED	**129,617,406**	**(129,617,406)**	**0**		
TOTAL COUNCIL REVENUE BUDGET	**871,656,209**	**(709,889,209)**	**161,767,000**	**3,961**	**3,244.2**

Appendix 2 Reserves Policy

The requirement for financial reserves is recognised in statute by sections 32 and 43 of the Local Government Finance Act 1992. Councils must have regard to the level of reserves needed for meeting estimated future expenditure when calculating the budget requirement.

Reserves can be held for a variety of purposes such as to cushion the impact of unexpected events and emergencies or as a means of building up funds to meet known or predicted liabilities.

The principles used by the Chief Financial Officer (CFO) to assess and advise on the adequacy of reserves when setting the budget ensure that account is taken of the strategic, operational and financial risks facing the Council. This includes for example the Council's record in budget and financial management, its capacity to manage in-year budget pressures and the current and projected external financial environment. Under the Local Government Act 2003, the CFO must report to Council on the adequacy of reserves. As an ultimate backstop, the CFO is required to report to all councillors under section 114 of the Local Government Finance Act 1988 in the event that reserves are seriously depleted and has the impact of suspending spending except to meet statutory obligations.

In accordance with good financial practice, the Council holds a number of reserves as below:

Unearmarked General Fund Reserve - This reserve is held to manage the impact of any unplanned overspends within the Council's General Fund budget.

Future Funding Reserve - This reserve is held to support medium-term requirements to balance the budget taking account of changes to grant funding, inflationary and demand pressures, financial shocks as well as investment needs.

Various Earmarked Reserves - These are held to meet expected and potential liabilities or specific investment requirements. Examples include emergency events such as unforeseen financial costs or dealing with a natural disaster, claims against our self-insurance fund, future payments due under PFI contracts, monies to support economic development, volatility within the Collection Fund which deals with the income and expenditure relating to council tax and business rates etc. It also includes reserves ringfenced by statute such as the reserves held on behalf of schools.

Appendix 3 Housing Revenue Account Service Charges

Landlord Charges - Services & Facilities		2024/25 Charge £/wk	Change %	2025/26 Charge £/wk
Garage Rents		£7.80	1.7%	£7.90
Tenant Heating Charges	Hebburn Newtown 1-bed	£4.80	10.0%	£5.30
	Hebburn Newtown 2-bed	£13.00	10.0%	£14.30
	Jarrow Energy tariff p/kwh	£0.13	10.0%	£0.14

Housing Plus - Landlord Charges for Scheme Managers and Communal Facilities		2024/25 Charge £/wk	Change %	2025/26 Charge £/wk
Service Charges	Purpose built flats with scheme manager & communal facilities	£16.20	1.7%	£16.50
	Group dwellings with scheme manager & nearby communal facilities	£7.10	1.7%	£7.20
Guest Room Charges	Charges for overnight stay or emergency situations per night	£14.80	1.7%	£15.10

Furnished Tenancy Scheme Charges		2024/25 Charge £/wk	Change %	2025/26 Charge £/wk
Furniture Options	New Tenancies supplied with a package of furniture and Electrical - Goods - Option 1 Points up to 110	£27.26	1.7%	£27.73
	New Tenancies supplied with a package of furniture and Electrical - Goods - Option 2 Points up to 160	£36.33	1.7%	£36.95
	New Tenancies supplied with a package of furniture and Electrical - Goods - Option 3 Points up to 200	£45.37	1.7%	£46.14
	New Tenancies supplied with a package of furniture and Electrical - Goods - Mini Option Points up to 60	£17.39	1.7%	£17.68
	Decent Homes decant properties supplied cookers	£7.09	1.7%	£7.21

Caretaker Charges	2024/25 Charge £/wk	Change %	2025/26 Charge £/wk
Durham Court	£3.50	1.7%	£3.60
Ellen Court	£8.90	1.7%	£9.10
Monastery Court	£8.90	1.7%	£9.10
Wilkinson Court	£8.90	1.7%	£9.10
Concierge Charges			
Durham Court	£12.60	1.7%	£12.80
Ellen Court	£12.60	1.7%	£12.80
Monastery Court	£12.60	1.7%	£12.80
Wilkinson Court	£12.60	1.7%	£12.80

Support Service Charges - Supporting People		2024/25 Charge £/wk	Change %	2025/26 Charge £/wk
Community Alarms - Support				
Council Tenants	Standard - Hardwired or Solo Unit	£3.70	1.7%	£3.80
Council Tenants	Enhanced - Hardwired or Solo Unit	£5.80	1.7%	£5.90
Scheme Managers - Support				
Council Tenants	Scheme Managers - Support Services	£14.00	1.7%	£14.20

Other Specific Service Charges		2024/25 Charge £/wk	Change %	2025/26 Charge £/wk
Council - HRA Temporary Accommodation				
	1 - bed accommodation	£31.90	1.7%	£32.40
	2 - bed accommodation	£44.90	1.7%	£45.70
	3 - bed accommodation	£65.40	1.7%	£66.50

Housing Plus Heating Charges

10% increase on all Housing Plus establishments

Tenants - Housing Plus Heating Charges		2024/25			2025/26	
	Cost per property £/wk Bed Sit	Cost per property £/wk 1 Bed	Cost per property £/wk 2 Bed	Cost per property £/wk Bed Sit	Cost per property £/wk 1 Bed	Cost per property £/wk 2 Bed
Davies Hall	£0.00	£13.10	£15.76	£0.00	£14.41	£17.34
McIntrye Hall	£0.00	£14.59	£0.00	£0.00	£16.04	£0.00
Birch Grove	£0.00	£15.59	£0.00	£0.00	£17.15	£0.00
Calf Close	£0.00	£12.42	£14.92	£0.00	£13.66	£16.41
Porlock House	£0.00	£11.89	£14.32	£0.00	£13.08	£15.76
Bishop Ramsey	£0.00	£12.93	£15.52	£0.00	£14.22	£17.07
Farding Lake	£0.00	£12.26	£0.00	£0.00	£13.49	£0.00
Prince Ed Court	£0.00	£11.00	£13.17	£0.00	£12.10	£14.49
Blenkinsop House	£7.57	£8.41	£0.00	£8.33	£9.25	£0.00
Borrowdale House	£0.00	£8.58	£0.00	£0.00	£9.44	£0.00
Huntcliffe House	£0.00	£9.32	£0.00	£0.00	£10.25	£0.00
Inskip House	£0.00	£11.50	£0.00	£0.00	£12.65	£0.00
Wingrove House	£0.00	£11.42	£13.77	£0.00	£12.56	£15.15
Clayside House	£0.00	£9.84	£0.00	£0.00	£10.83	£0.00
Glenthorpe House	£0.00	£12.81	£15.43	£0.00	£14.09	£16.98
Hallgarth House	£0.00	£12.34	£14.84	£0.00	£13.57	£16.33
Julius Court	£0.00	£10.08	£0.00	£0.00	£11.09	£0.00
Thomas Bell SA	£0.00	£13.21	£0.00	£0.00	£14.54	£0.00
Patrick Cain House	£0.00	£10.24	£12.34	£0.00	£11.26	£13.57

Leaseholders Management Fee				2024/25 Charge £/wk	Change %	2025/26 Charge £/wk
Freeze charge on Leaseholders Management Fee				£134.60	0.0%	£134.60

Communal Cleaning Charges	2024/25 Charge £/wk	Change %	2025/26 Charge £/wk
High Rise Properties			
Durham Court	£2.00	1.7%	£2.00
Mid Rise Properties			
Dean Road	£3.40	1.7%	£3.50
Laygate & Trinity	£3.30	1.7%	£3.40
Whiteleas	£3.40	1.7%	£3.50
Green Lane	£6.80	1.7%	£6.90
Tyne Dock	£4.70	1.7%	£4.80
Galsworthy Road	£3.40	1.7%	£3.50
River Drive	£1.10	1.7%	£1.10
Mowbray Road	£1.50	1.7%	£1.50
Stewart & Fulwell	£1.00	1.7%	£1.00
Sheltered Housing			
Birch Grove SA	£8.70	1.7%	£8.80
Bishop Ramsay SA	£9.70	1.7%	£9.90
Blenkinsop House SA	£4.70	1.7%	£4.80
Borrowdale House SA	£8.20	1.7%	£8.30
Calf Close House SA	£6.80	1.7%	£6.90
Cheviot House SA	£7.60	1.7%	£7.70
Clayside House SA	£6.80	1.7%	£6.90
Curren House SA	£11.20	1.7%	£11.40
Davies Hall SA	£10.90	1.7%	£11.10
Farding Lake SA	£8.00	1.7%	£8.10
Fernyhough Hall SA	£6.30	1.7%	£6.40
Glenthorpe House SA	£6.80	1.7%	£6.90
Hallgarth House SA	£6.40	1.7%	£6.50
Henley House SA	£8.30	1.7%	£8.40
Huntcliffe House SA	£9.40	1.7%	£9.60
Inskip House SA	£8.20	1.7%	£8.30
Julius Court SA	£6.40	1.7%	£6.50
Lincoln Court SA	£9.70	1.7%	£9.90
McIntyre Hall SA	£8.50	1.7%	£8.60
Patrick Cain House SA	£9.90	1.7%	£10.10
Porlock House SA	£7.00	1.7%	£7.10
Prince Edward Court SA	£10.80	1.7%	£11.00
Thomas Bell SA	£7.70	1.7%	£7.80
Wingrove House SA	£6.40	1.7%	£6.50

Appendix 4 Capital and Investment Strategy

Capital and Investment Strategy 2025-2030

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Foreword by the Lead Member for Governance, Finance and Corporate Services, Cllr Jane Carter

The Council has a proud record of investment in the Borough through consistently delivering a bold and ambitious capital programme which has transformed our schools, housing, leisure and library facilities. Major transport schemes have boosted connectivity and significant investment in our town centres will continue to re-imagine the high street which is less dependent upon traditional retail and more geared towards residential and visitor experience.

Despite the challenges of the pandemic and currently high levels of inflation, we continue to have an impressive long-term programme for re-shaping the Borough through our Capital and Investment Strategy which underpins our new strategic plans as set out in our 20-year vision and 5 key ambitions. This is informed by engagement across a range of stakeholders and is linked to our Medium Term Financial Plan (MTFP) providing a framework for future investment whilst setting out our ambitions in sourcing and applying capital resources. This Capital and Investment Strategy is critical to funding and delivering future projects relating to regeneration, transport, housing, digital, supporting our young people and maintaining our core property and vehicle assets. It also continues to provide a focus for local neighbourhood priorities through our Community Area Forums. The Capital and Investment Strategy builds upon our existing commitment expressed in the Council's Sustainability Strategy to continue to invest in innovative schemes that reduce the Borough's carbon emissions for the long-term.

As resources are limited, we apply a rigorous appraisal to assist in the allocation of funding incorporating an evidence-led approach whilst providing options to ensure that projects align with our strategic ambitions. We continue to successfully leverage external funding where possible to fund our ambitions either individually or through regional partners, public organisations within the Borough or attracting commercial investment such as that at the Port of Tyne and the International Advanced Manufacturing Park. In determining the resources available, we ensure that any borrowing which remains a key component of our capital funding is affordable and compliant with the statutory prudential code that debt has to be serviced and repaid and preserving the Council's financial sustainability over the long-term.

This Capital and Investment Strategy forms a key element of our strategic plans moving forward and helps us in achieving our goal to deliver better outcomes for the Borough and our residents.

The Purpose of the Capital and Investment Strategy

1. The Capital Strategy provides a high-level overview of how capital expenditure, capital financing and treasury management actively contribute to the infrastructure and provision of services for the benefits of South Tyneside's communities.

2. The overall aim of the Capital Strategy is to ensure that capital investment plans are affordable, prudent, and sustainable and they contribute towards the delivery of the Authorities strategic ambitions.

3. Whilst long-term in focus, South Tyneside Council's Capital and Investment Strategy will be reviewed on an annual basis, alongside the Medium Term Financial Plan, to reflect the changing needs and priorities of the Council.

4. The Strategy forms a part of the Council's integrated revenue, capital and balance sheet planning.

5. Local Authorities are required by regulation to have regard to the Prudential Code when carrying out their duties under Part 1 of the Local Government Act 2003. The Prudential Code was updated by CIPFA in 2021 and provides a framework which supports local strategic planning, local asset management planning and option appraisal.

6. A key element of the Code is that Local Authorities should have a long-term capital strategy in place that sets out the long-term context in which capital and revenue decisions are made and gives appropriate consideration to both risk and reward and the impact on the achievement of priority outcomes.

7. The key ongoing principle within the code is that an authority must not borrow to invest primarily for financial return. There is a new requirement to report all investments under one of the following headings; service, treasury or commercial.

8. In accordance with this code, the Council sets prudential limits and indicators which are approved as part of the budget setting process at the start of each financial year. Regular monitoring of these indicators will take place during the year.

9. The Council's Capital and Investment Strategy is reviewed and reported annually to Borough Council.

Capital Expenditure

10. Capital expenditure is where the Authority spends money on assets, such as property or vehicles, that will be used for more than one year.

    'Expenditure that results in the acquisition of, or construction of, or the addition of subsequent costs to assets (tangible or intangible) in accordance with proper practices.' (Local Government Act 2003 – Capital Expenditure)

11. To qualify as capital expenditure, expenditure must be directly attributable to an asset and:

    - Results in the acquisition, construction or improvement of an asset
    - Is separately identifiable and measurable
    - Results in a measurable benefit to the Authority for a period of more than 12 months

12. In Local Government, this also includes spending on assets which may be owned by other bodies and loans or grants awarded to other bodies for capital purposes provided this is not an investment primarily for yield.

Context

13. Government funding is expected to fail to keep pace with recent high levels of inflation and growth in service demand across adult and children's social care which has been exacerbated by the Covid-19 pandemic and the cost of living crisis. Consequently, a further £29.5m of revenue savings are expected to be required over the next 5 years.

14. Less funding reduces the Council's ability to fund investment from its own resources. This increases the need to secure alternative sources of external funding - often from a decreasing quantum with increased competition over limited resources.

15. Regionally, the landscape continues to evolve with the North-East Combined Authority, providing frameworks for joint working and a coordinated approach to changing the economic foundations of the North-East. A new devolution deal covering the seven local authorities of Durham, Gateshead, Newcastle, Northumberland, North Tyneside, South Tyneside and Sunderland has been concluded which came into effect in 2024 and will unlock significant capital investment and see additional powers transferred to the local area.

South Tyneside Vision

16. The Authority has ambitious plans to regenerate the towns, homes and communities that will help to attract investment, create jobs, and improve health and wellbeing outcomes for residents across the Borough.

17. The Authorities 20-year vision is ‘Our South Tyneside, a place where people live healthy, happy and fulfilled lives’. This is our South Tyneside, and we all have an important part to play in making this vision a reality.

18. The Authority has five ‘Ambitions’ – with specific areas of work and clear priorities to achieve over the next 20 years to help deliver our vision:

19. Investment decisions are clearly linked to the Authority’s Medium Term Financial Plan and revenue budget. To ensure that investment plans remain affordable, sustainable and prudent over the long-term, the whole life capital and revenue implications of each capital project are considered prior to determining whether a scheme can be supported and accommodated from within the Authorities financial plans.

How Capital Spend Decisions are Made

20. The Capital Investment Programme is developed as part of the annual budget setting process and is considered each February by Borough Council as part of the Medium Term Financial Plan. The Capital and Investment Programme is set for the following five years and reviewed annually.

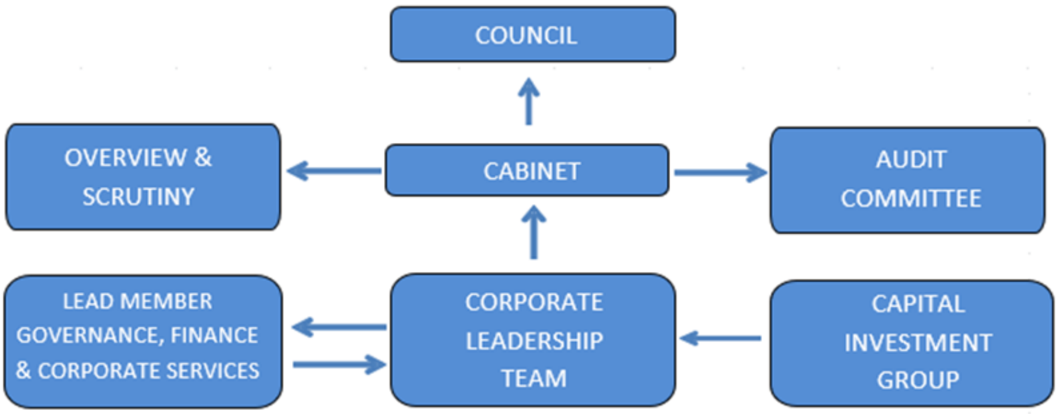
21. Members provide direction to assist officers in undertaking preparatory work to provide a range of options on resource allocation. Prioritisation is given to those schemes which relate to preserving the Council's assets, e.g. roads maintenance and those with a health and safety implication, e.g. bridge and road safety. Taking account of remaining resources, members make spending decisions balancing considerations such as alignment to the five ambitions, pre-existing commitments, residents' priorities and those schemes which support the Council's revenue budget by reducing future running costs or increasing future income.

22. In preparing options for Members consideration, the Capital Investment Group, consisting of senior officers from across the Council meet monthly. This Group is responsible for the preparatory work associated with the Capital Investment Programme and is chaired by the Director of Business and Resources as the Council's Chief Financial Officer. The draft programme is reviewed at a strategic level by Corporate Leadership Team taking account of ongoing discussions with Lead Members.

23. The draft five year rolling programme is considered by the Lead Member for Governance, Finance and Corporate Services after which draft proposals are further considered and debated by Cabinet taking into account funding availability. Decision making and final approval is by Borough Council as part of the Medium Term Financial Plan.

24. Council considers both capital and revenue proposals together, ensuring that any revenue requirements arising from potential capital investment are incorporated into revenue spending proposals. In addition, if insufficient capital resources have been identified, the consequences of potential prudential borrowing and the impact of the related debt charges on revenue can also be considered. This ensures that the Council's capital investment decisions are affordable, prudent and sustainable in the long-term and that Treasury Management decisions are taken in accordance with good professional practice.

25. Once the Capital Programme is agreed, Cabinet receive regular updates on financial management via the 'Quarterly Budget Monitoring Report' and Treasury Management activity via the 'Quarterly Treasury Management Report'. The overall system of governance is shown below.



Capital Investment Group

26. As set out above, the Capital Investment Group is responsible for the preparatory work undertaken to give Lead Members options regarding how the Capital budget could be allocated. The Group is responsible for:

    - Coordinating, assessing and initial proposed prioritisation of projects by scoring of projects based on the following criteria:

      a) Alignment with strategic priorities
      b) Positive impact for residents
      c) Meeting statutory requirements
      d) Deliverability (including leverage of external funding)

    - Promoting a cross-cutting approach ensuring all service areas are sighted on potential impact of proposals;

    - Overseeing, co-ordinating and supporting external funding opportunities;

    - Monitoring the progress of spend across the capital programme throughout the year including the transfer of funding between schemes;

    - Reviewing proposals to transfer funds across financial years for consideration by Cabinet.

27. To ensure proposals from all services are considered, the Capital Investment Group requires for each scheme a ‘Capital Investment – Outline Business Case’. The Outline Business Case includes a detailed project description and an identified project manager. Proposed schemes reflect ongoing discussions with Cabinet Members on priorities and can include various options for debate around the details of major infrastructure schemes.

28. The aim of any capital project should be to help achieve one or more of the Council’s five ambitions. The ‘Measurable Success Criteria’ section allows the scheme promoter to demonstrate how the proposed project links to the Authorities

Strategic Plan and details what measurable outcomes would be achieved from the investment.

29. To assist the Capital Investment Group in undertaking an initial appraisal of capital proposals, the Outline Business Case requests details of ‘Key Milestones’. Capital projects can face delays often due to their complexity or factors out of the Authority’s control, e.g. weather or procurement issues. The inclusion of key milestones within the Outline Business Case assists in the evaluation of deliverability, the profile of funding allocations and supports subsequent monitoring.

30. A ‘Risk Assessment’ is included as part of the proposal where potential risks associated with the delivery of the scheme, e.g. cost overruns, timings and the failure to meet the set objectives are considered. This also allows the risks associated of not progressing with the scheme to be evaluated, such as asset failure, or failing to maintain health and safety requirements.

31. The ‘Cost’ and ‘Funding’ section comprises the total gross cost of the project, the amount of external funding that the project will or is expected to attract and the source of that funding. The balance is the call on Council funding which is being requested. The accuracy and realism of costings and timescales are challenged by the Group.

32. The final section of the Outline Business Case is ‘Net Revenue Implications’ which provides the scheme promoter an opportunity to highlight any revenue savings or costs which may arise as a result of the capital project, e.g. reductions in utilities costs and building maintenance or alternatively additional staffing and maintenance which may be required to be built into the revenue budget.

33. The robust process followed in shaping the Outline Business Case for each scheme ensures sufficient information is available, allowing the Capital Investment Group to make sound judgements on scheme viability for further consideration by Members.

Monitoring and Project Management of the Capital Programme

34. Cabinet retains strategic oversight of the delivery of the capital programme. Regular reports on design and procurement options, locations and timescales are debated and considered by Lead Members in respect of major projects.

35. The Capital Investment Group categorises Capital projects as High, Medium or Low risk based on their complexity, the likelihood of slippage/acceleration or potential to under/overspend, which informs the level of monitoring and scrutiny. Gross spend is monitored against project budgets which are adjusted whenever additional external funding is secured or anticipated funding reduced. Budget holders update details of their schemes with forecasts of spend and income for the year as well as forecasting any slippage and intentions for budgets to be considered for carry forward into the following financial year.

36. Finance officers meet with scheme budget holders on a frequency dictated by the associated risk rating and challenge the forecasts provided in the monitoring reports on levels and timing of spend. This allows the Council to more effectively manage its cash flow requirements, minimising debt servicing costs.

37. Applying the monitoring information, the Council's Capital Financing Requirement (CFR) can be calculated to establish how much borrowing is required as a result of spend. This enables a forecast revenue cost for debt servicing to be included in the revenue section of the monthly finance report, showing the linkages between capital and revenue expenditure.

38. The resulting forecasts from the monitoring process are collated into an appendix for the periodic finance reports which are presented to Corporate Leadership Team and Cabinet for consideration, with the capital element also reported to Capital Investment Group.

39. The financial performance of capital projects is reported regularly to Capital Investment Group.

Funding the Capital Programme

Grant Funding / External Contributions

40. The Council has a structured and co-ordinated approach to the pursuit of external funding to ensure alignment with objectives, sustainability of match funding and the avoidance of duplication. Key sources of external funding are received from central government departments, as well as from government agencies, The North-East Mayoral Combined Authority and from private developers, among others. These are used to support investment in assets, as well as regeneration activities. The Council seeks to maximise grant funding wherever possible. Key capital funding streams which the Council are seeking to access include:

    - North-East Mayoral Combined Authority
    - Community Regeneration Partnership
    - Environment Agency
    - Heritage Lottery

41. A small number of grants are ring-fenced for expenditure in specific services, e.g. Devolved Formula Capital, which is allocated to schools. The majority of grant funding is not ring-fenced. These grants which are not ring-fenced are allocated to assets with the shortest lifespan to ensure that long-term borrowing is prudently applied against assets with longer lifespans.

42. Grant funding is an important income stream for the Council's Capital Programme, particularly with regards to major transport and economic regeneration schemes.

Developer Contributions

43. Contributions from landowners under Section 106 agreements towards services and infrastructure as part of granting planning permission will be applied where the investment satisfies the conditions of the agreement. An update on S106 agreements is presented quarterly at the Capital Investment Group by the Senior Manager Planning.

Borrowing

44. Under part 1 of the Local Government Act 2003 authorities are required by regulation to have regard to the Prudential Code when carrying out their duties. The objectives of the Prudential Code are to ensure that the capital expenditure plans of local authorities are affordable, prudent and sustainable. The Council's strategy is to maximise grant funding and capital receipts before applying borrowing as a source of funding for the capital programme.

45. When borrowing is required the level of affordability is assessed against the available debt charges revenue budget as part of the Medium-Term Financial Planning process. It is the statutory responsibility of the Section 151 Officer to establish the level of borrowing that is deemed affordable and to sign off this determination. In order to manage that borrowing activity, the Council produces an annual Treasury Management Strategy which is approved and adopted by Borough Council and includes both the plan for the Consolidated Loans Fund and the Investment Strategy.

46. The Council recognises the implications that capital expenditure has upon the revenue budget and is reflected in the long-term planning process. This impact is two-fold. Firstly, the increase in the Minimum Revenue Provision charge which needs to be set aside from revenue to provide for the cost of each capital project funded through borrowing and secondly is the interest that is charged against that borrowing.

47. These linkages demonstrate why it is necessary to develop the capital and revenue budgets, the Capital and Investment Strategy and the Treasury Management Strategy together to ensure that the requirements of the Prudential Code – affordability, prudence and sustainability are met.

48. The Council is generally utilising available cash balances to finance capital expenditure where appropriate rather than taking on external debt. However, this is balanced with selective borrowing when long-term interest rates fall to low levels which can provide significant cost savings over many years. This funding strategy is reviewed continuously in order to respond flexibly to changes in market trends and volatility.

49. As detailed in the Treasury Management Strategy, the Council prioritises security of its investments over yield. This risk management approach requires thorough due diligence to be undertaken when investing the Council's funds. As well as using a weighted scoring system to assess creditworthiness of counterparties

supported by external advisers, the Council applies its own due diligence by using market data, information on Government support for banks and the likelihood of Government support to determine the most secure places to invest funds. Further detail on this approach can be found in the Treasury Management Strategy at Appendix 7.

Leasing

50. Lease obligations are similar to borrowing as they have an ongoing revenue budget commitment. Leasing will be considered following due diligence over the life of the asset, comparing the financial and non-financial benefits and risks to the Council owning and delivering such assets.

Capital Receipts

51. Capital receipts are generated from the sale of assets exceeding £10,000. Disposals below that value are classified as revenue income. Capital receipts are used to support the Council's capital programme and help to minimise the need for prudential borrowing. The Council's Asset Management team identify assets which are surplus to requirements and an option appraisal is carried out to support decision making by Members. If it is concluded that a sale is the most appropriate option, the asset can be sold to generate a funding stream for new capital investment.

52. Asset disposals need to be structured, if they are to be relied upon as a funding source and the Council takes a long-term approach to asset disposal. This provides a more consistent funding stream since by their nature these receipts are irregular and finite.

53. Each asset will be subject to detailed option appraisal for consideration by Cabinet. Options include retention, open market sale, direct development through Centaurea Homes, or development of extra care schemes for the elderly, joint ventures, etc.

Revenue Funding

54. Another source of funding for the capital programme is to apply revenue budgets to contribute to capital projects. The Council prefers to limit this source of funding due to the on-going pressures on the revenue budget at present although it can be more applicable to assets with short useful lives.

Prudential Indicators

55. Local authorities are obliged to consider prudential indicators to reflect local circumstances. It is the objective of the Council that debt costs as a proportion of the net revenue budget be broadly static, except where such additional costs are covered by a related income stream. The following table sets out the forecast position for the following 3 years for net financing costs to net revenue stream, and

internal borrowing to underlying borrowing. The Council does not anticipate any income from non-treasury investments.

PRUDENCE MEASURES	(revised) 2024/25 %	2025/26 %	2026/27 %	2027/28 %	2028/29 %	2029/30 %
Ratio of Financing Costs to Net Revenue Stream(Council)	14.43%	14.85%	13.97%	14.10%	13.73%	13.39%
Ratio of Internal Borrowing to Underlying Borrowing	7.63%	3.36%	2.24%	3.36%	2.27%	1.15%

Commercial Activity - Investment Strategy

56. This Investment Strategy is prepared to comply with statutory guidance issued by MHCLG.

57. The MHCLG and CIPFA have extended the meaning of 'investments' to include both financial and non-financial investments. The revised Prudential Code requires all investments and investment income to be attributed to one of the following three purposes:

- **Treasury Management** - Arising from the Council's cash flows or treasury risk management activity, this type of investment represents balances which are only held until the cash is required for use. Treasury investments may also arise from other treasury risk management activity which seeks to prudently manage the risks, costs or income relating to existing or forecast debt or treasury investments.

- **Service delivery** - Investments held primarily and directly for the delivery of public services including housing, regeneration and local infrastructure. Returns on this category of investment which are funded by borrowing are permitted only in cases where the income is "either related to the financial viability of the project in question or otherwise incidental to the primary purpose".

- **Commercial return** - Investments held primarily for financial return with no Treasury Management or direct service provision purpose. Risks on such investments should be proportionate to an authority's financial capacity – i.e. that 'plausible losses' could be absorbed in budgets or reserves without unmanageable detriment to local services. An authority must not borrow to invest primarily for financial return.

Treasury Management

58. The Treasury Management Strategy deals with Treasury (financial) investments, which are regarded as part of the 'core' Treasury Management activity, i.e. the investment of surplus cash flow balances.

Non-Treasury Investment Principles

59. Investment decisions will be made with the primary purpose of supporting the regeneration and economic resilience of the Borough.

60. In accordance with the Prudential code the Council will not borrow to invest in commercial investments primarily for financial return.

61. The risks associated with service and commercial investments would be considered and be appropriate to their financial capacity i.e. that plausible losses could be absorbed in budgets or reserves without unmanageable detriment to local services.

62. The Council will not make any investment or spending decisions that will increase the CFR leading to new borrowing unless directly and primarily related to the functions of the authority, and where any commercial returns are either related to the financial viability of the project in question otherwise incidental to the primary purpose.

63. A robust financial business case would be considered for any new investment proposal.

64. The approval of any new proposal would follow existing governance and approval processes as set out in the Council's constitution.

65. A new prudential indicator is required to show the net income from commercial and service investments as a proportion of the net revenue stream.

Commercial Investments

66. Where commercial opportunities arise, an assessment of capital investment requirements will be undertaken as part of any business case appraisal. Such investments could be in the areas of commercial property, loan financing, fleet, digital and ICT, etc. The theme of commercialism is one of the four major workstreams in the Council's Transformation Programme.

67. Independent, expert legal advice and scrutiny arrangements will be included alongside any business case proposals for new investments.

68. The Prudential Code was updated in 2021 preventing councils taking PWLB borrowing from the PWLB, where investment is primarily for yield. The Council has no such borrowings nor has any plans for such borrowings.

69. Increased national regulation on commercial activity is reflected in the revised Treasury Management Code which sets out the following Management Practices and requirements for non-financial investments which the Council observe namely:

    - South Tyneside Council will ensure that all the organisation's investments are covered in the capital strategy, investment strategy or equivalent, and will set out, where relevant, the organisation's risk appetite and specific policies and arrangements for non-treasury investments. It will be recognised that the risk appetite for these activities may differ from that for Treasury Management.

- South Tyneside Council will maintain a schedule setting out a summary of existing material investments, subsidiaries, joint ventures and liabilities including financial guarantees and the organisation's risk exposure.

Service Delivery Investments

70. The Council's current investments are all held primarily and directly for the delivery of public services including housing, regeneration and local infrastructure rather than for income generation.

Loans to External Bodies and Organisations

71. The Council has wide powers to provide loan funding to other bodies to support its wider economic and regeneration objectives. For example, the Council has transferred a loan facility agreement from July 2023 to Karbon Homes linked to the supply of affordable homes with over 400 units delivered. Any lending is secured on the value of the assets to protect the Council's financial interests.

72. The principal element of the loan repayment to the Council is matched to the amount of MRP charged to revenue, thus creating zero impact on the revenue budget. The interest element of the loan repayment is credited to revenue at a slightly higher rate than PWLB borrowing rates generating a small income stream.

73. Centaurea Homes Limited is a Council-owned housing development company. The Council can provide a loan facility which will generate an income stream secured against the properties constructed. Additional sites in the Borough may be developed dependent upon viability and market conditions.

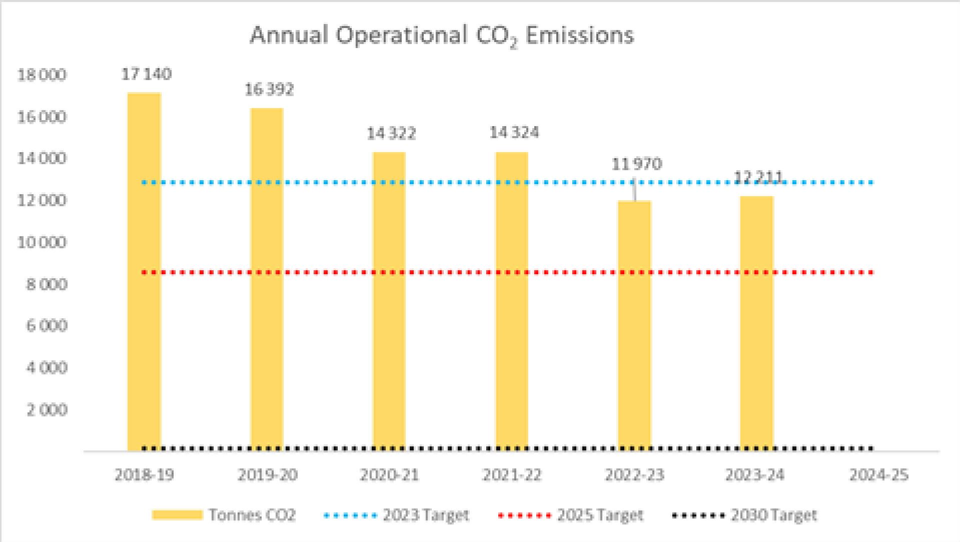
Environmental Sustainability

74. The Council has an ambitious Sustainability South Tyneside Strategy 2020-2025 that can be found on the Council website that is moving us towards Net Zero by 2030, delivering pioneering renewable energy projects.

75. A 5-year action plan was developed to support the delivery of the emissions reduction target:

    - 25% reduction within 3 years (March 2023)
    - 50% reduction within 5 year (March 2025)

76. **The Council has achieved its first interim target of a 25% emissions reduction by March 2023**, as illustrated below, which shows that to date there has been a reduction of 5,170 tonnes against the baseline which equates to a 30% emissions reduction overall.



77. The Council will support green and sustainable choices and behaviours and connections to the natural environment, including setting an example as an organisation with electric and hybrid fleet vehicles, planting more trees across the Borough and leading the way nationally around coastal recovery.

78. Many of the Council's Capital investments will help the Council achieve their goal such as:

- **Viking Energy Network and Hebburn Renewable Energy Scheme -** Projects that will utilise renewable technologies to create innovative energy networks providing heat and electricity to a number of buildings. The schemes are cutting carbon emissions by up to 1,335 tonnes per year and producing savings on fuel costs which will assist the Council's pledge to be Carbon Neutral by 2030.

- **Stronger Shores -** This project is 100% funded through Environment Agency Flood Defence Grant and Aid. The project aims to improve understanding of the costs and benefits of kelp, seagrass and native habitats with regards to coastal erosion, flood risk, climate change, biodiversity management, water quality and wider social benefits.

- **LED Lighting** - We continue to improve the energy efficiency of the Borough. As of the end of 2024, 99.8% of adopted street lighting columns are now LED, with full conversion expected by 2026/7. We have removed 3,289 tonnes of CO2 per annum through street light upgrades and saved £1.6m per year in energy costs.

- **Active Travel -** We are supporting awareness and behavioural change around climate change promoting a shift towards sustainable and active modes of transport. South Tyneside Council has entered a partnership with Connected Kerb, one of the UK's leading electric vehicle charging infrastructure providers, to deliver the largest ever electric vehicle charger rollout in the North of England, with 2,000 new charge points to be installed across the Borough.

- **A new 'green gym'** was launched over summer 2023 as part of a £0.7m refurbishment of Monkton Stadium. The exercise machines capture energy generated from users and converts it into electricity.

- **A significant building** rationalisation programme has seen old and inefficient buildings replaced with centralised hubs installed with improved LED lighting, building management systems, in addition to renewable and energy efficient technologies. Examples include:
    - Installation of Solar PVs to 21 Council buildings;
    - Combined heat and power units installed at Haven Point, Hebburn Central, Boldon Community Association and Horsley Hill Childrens Centre.
    - Remodelling of Temple Park leisure centre including new boiler plant, heat pumps, LED lighting and building management system.
    - Monkton Stadium improvements including LED lighting upgrades and boiler replacements.

Capital Risks

79. Risks that may impact the Capital and Investment Strategy must be managed and communicated so that appropriate adjustments can be made to mitigate impact. Some of the key risks are detailed below:

- **Cost Inflation -** Inflation is currently running at around 2.6% which can impact on construction, materials, employment and build costs. This is mitigated by the regular review and monitoring of projects against budgets to identify pressures and the development of a business case to release capital funding from elsewhere within the capital programme if required.

- **Capital Receipts -** The generation of capital receipts is monitored on a regular basis to ensure there is no shortfall in funding of the capital programme. Future capital receipts are also considered so that sources of alternative funding can be sourced or that reductions are made to future years' capital programmes in order to maintain affordability.

- **Interest Rate Increases -** A prudent rate of interest is assumed at the time when the programme affordability is calculated to determine the likely borrowing costs of the capital programme. The rates considered are forecasts from MUFG Pension & Market Services (MUFG) (The Councils Treasury Adviser) and Capital Economics (an independent forecasting consultancy).

- **Government Funding -** Prudent assumptions are made on grant funding when setting the capital programme. Any reductions that cannot be met from other sources would result in adjustments to the capital programme when it is reviewed.

- **Not managing spend within budgets -** To mitigate this risk there is regular capital monitoring reviewing each project against agreed budgets. The Capital position is reported to the Capital Investment Group and to Cabinet quarterly.

- **Insufficient tenders received to ensure value for money -** Market engagement in advance to obtain expressions of interest and exploring the ability to amend the Cabinet approval process by increasing current limits to reduce the tender timeframe could help mitigate risk in this area.

Knowledge and Skills

80. The Council has a number of professionally qualified legal, finance and property officers to support the delivery of the Treasury Management Strategy and the Capital and Investment Strategy.

81. These officers regularly attend training courses, seminars and conferences to ensure they are kept up to date with regulatory practices and best practice.

82. Bi-monthly project board meetings take place with Senior Regeneration Management, programme managers and finance representatives.

83. The Council uses MUFG Pension & Market Services (MUFG) as its external Treasury Management advisers to access specialist skills and resources.

84. The Council would consult specialist advisers before undertaking any non-treasury investments.

85. The Council has incorporated Treasury and Capital training as part of the Members' Development programme.

The 2025-30 Capital Programme

86. The framework established by the Capital and Investment Strategy supports the formulation of the Council's Capital Investment Programme. The provisional five-year Capital Programme for 2025-30 is detailed below:

Capital Investment Programme 2025-30	2025/26 Gross (£m)	2026/27 Gross (£m)	2027/28 Gross (£m)	2028/29 Gross (£m)	2029/30 Gross (£m)	Total Gross (£m)
Healthy and Well						
Gateway roundabouts	-	0.060	0.060	0.060	-	0.180
Playground safety gates	0.050	0.050	0.050	0.050	0.050	0.250
Playing fields	0.500	-	-	-	0.500	1.000
Playround equipment	0.100	0.100	0.100	0.100	-	0.400
Devolved Formula Capital	0.333	0.333	0.333	0.333	0.333	1.665
Total Healthy and Well	**0.983**	**0.543**	**0.543**	**0.543**	**0.883**	**3.495**
Part of Strong Communities						
School/Pedestrian safety	0.050	0.050	0.050	0.150	0.150	0.450
Demolitions	0.300	-	-	-	-	0.300
Fleet Vehicle Replacement programme	2.500	2.000	2.000	2.000	2.000	10.500
Wheeled new bins	0.100	0.100	0.100	0.100	0.100	0.500
Asset transfer	0.100	-	-	-	-	0.100
Securing vacant buildings	0.100	0.100	0.100	0.100	0.100	0.500
Litter and recycling	0.050	0.050	0.050	0.050	0.050	0.250
Greenspace projects	-	0.080	0.080	0.080	0.080	0.320
Decarbonising Transport (ultra low emissions)	0.125	0.125	0.125	0.125	0.125	0.625
Hebburn regeneration	1.675	6.575	-	-	-	8.250
Customs House	1.100	6.300	-	-	-	7.400
Flood and Coastal Medium Term programme	0.600	2.570	0.180	0.261	0.103	3.714
Stronger Shores	2.934	1.079	0.090	0.090	0.090	4.283
Industrial units	0.100	0.100	0.100	0.100	0.100	0.500
Holborn Riverside development	5.605	6.180	6.980	0.180	-	18.945
Riverside structures	0.100	0.100	0.100	0.100	0.100	0.500
Decent Homes (Housing)	23.830	24.830	25.240	26.120	26.750	126.770
Public Sector Housing Other	3.959	2.950	2.526	1.645	0.927	12.007
Programme fees (Housing)	1.243	1.243	1.243	1.243	1.321	6.293
Disabled adaptations (Housing)	0.900	0.900	0.900	0.900	0.900	4.500
Total Part of Strong Communities	**45.371**	**55.332**	**39.864**	**33.244**	**32.896**	**206.707**
Connected to Jobs						
Major Transport commissioning	0.125	0.125	0.125	0.125	0.125	0.625
Digital & ICT	2.200	2.200	2.200	2.200	2.200	11.000
Car parking maintenance	0.100	0.100	-	-	-	0.200
Concrete bay replacement	-	-	-	0.300	0.300	0.600
Road resurfacing programme	2.000	1.000	1.000	1.000	1.000	6.000
Local Transport Plan funding	2.561	2.561	2.561	2.561	2.561	12.805
South Shields Town Centre	16.442	-	-	-	-	16.442
IAMP	16.700	-	-	-	-	16.700
Middlefields External Works Masterplan	2.700	-	-	-	-	2.700
Bus Service improvement	2.000	-	-	-	-	2.000
Active Travel - NCN14	5.000	-	-	-	-	5.000
City Regional Sustainable Transport Funding	3.500	3.000	3.500	5.000	-	15.000
Total Connected to Jobs	**53.328**	**8.986**	**9.386**	**11.186**	**6.186**	**89.072**
Targeting Support						
Disabled Facilities Grant	2.092	2.092	2.092	2.092	2.092	10.460
CAF Environmental	0.500	0.500	0.500	0.500	0.500	2.500
Total Targeting Support	**2.592**	**2.592**	**2.592**	**2.592**	**2.592**	**12.960**
Other						
Asset Management	2.750	2.750	2.750	2.750	2.750	13.750
Oracle Replacement	1.000	-	-	-	-	1.000
Total Other	**3.750**	**2.750**	**2.750**	**2.750**	**2.750**	**14.750**
Total	**106.024**	**70.203**	**55.135**	**50.315**	**45.307**	**326.984**

Funding of the Capital Programme 2025-30

Capital Programme By Funding	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m	2029/30 £m	Total £m
Council General Fund Programme						
External Funding	60.314	30.502	10.728	12.074	7.749	**121.367**
Capital Receipts	4.000	4.000	4.000	4.000	4.000	**20.000**
Revenue Contribution to Capital	1.000	1.000	1.000	1.000	1.000	**5.000**
Borrowing	10.778	4.778	9.498	3.333	2.660	**31.047**
TOTAL Council General Fund Programme	**76.092**	**40.280**	**25.226**	**20.407**	**15.409**	**177.414**
Housing Programme (funded from the Housing Revenue Account)						
Revenue Funding of Housing Capital programme	29.932	29.923	29.909	29.908	29.898	**149.570**
TOTAL Housing Programme	**29.932**	**29.923**	**29.909**	**29.908**	**29.898**	**149.570**
COMBINED Housing and General Fund Programme	**106.024**	**70.203**	**55.135**	**50.315**	**45.307**	**326.984**

87. A breakdown of the Capital Programme for 2025/26 is included below:

Council Capital Programme 2025/26	Budget £m	External Funding £m	Council Funding £m
Healthy and Well			
Playing fields	0.500	-	0.500
Devolved formula capital	0.333	0.333	-
Playground equipment	0.100	-	0.100
Playground safety gates	0.050	-	0.050
Total Healthy and Well	**0.983**	**0.333**	**0.650**
Part of Strong Communities			
Decent Homes (Housing)	23.830	-	23.830
Holborn Riverside development	5.605	4.000	1.605
Public sector housing other	3.959	-	3.959
Stronger Shores	2.934	2.900	0.034
Fleet vehicle replacement programme	2.500	-	2.000
Hebburn regeneration	1.675	1.500	0.175
Programme fees (housing)	1.243	-	1.243
Customs House	1.100	1.100	-
Disabled Adaptations (housing)	0.900	-	0.900
Flood and Coastal Medium Term programme	0.600	0.550	0.050
Demolitions	0.300	-	0.300
Decarbonising transport (ultra low emissions)	0.125	0.025	0.100
Wheeled new bins	0.100	-	0.100
Asset transfer	0.100	-	0.100
Securing vacant buildings	0.100	-	0.100
Industrial units	0.100	-	0.100
Riverside structures	0.100	-	0.100
School/Pedestrian safety	0.050	-	0.050
Litter and recycling	0.050	-	0.050
Total Part of Strong Communities	**45.371**	**10.075**	**34.796**
Connected to Jobs			
IAMP	16.700	16.700	-
South Shields Town Centre	16.442	16.442	-
Active Travel - NCN14	5.000	4.500	0.500
City Regional Sustainable Transport funding	3.500	2.956	0.544
Middlefields External Works Masterplan	2.700	-	2.700
Local Transport Plan funding	2.561	2.561	-
Digital & ICT	2.200	1.000	1.200
Road Resurfacing programme	2.000	-	2.000
Bus Service improvement	2.000	2.000	-
Major Transport commissioning	0.125	0.025	0.100
Car parking maintenance	0.100	-	0.100
Total Connected to Jobs	**53.328**	**46.184**	**7.144**
Targeting Support			
Disabled Facilities Grant	2.092	2.092	-
CAF Environmental	0.500	-	0.500
Total Targeting Support	**2.592**	**2.092**	**0.500**
Other			
Asset Management	2.750	1.630	1.120
Oracle Replacement	1.000	-	1.000
Total Other	**3.750**	**1.630**	**2.120**
Total	**106.024**	**60.314**	**45.210**

88. A detailed list of the forecast external funding for 2025-26 is included below:

External Capital Funding Forecast	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m	2029/30 £m	Funding TOTAL £m
Capital Grant from Government and other Agencies						
LEP - Enterprise Zone Business Rate Growth Income	20.700	4.000	-	-	-	24.700
LEP - NECA	1.000	1.000	1.000	1.000	1.000	5.000
Department for Transport	5.542	5.127	5.518	6.783	2.586	25.556
Environment Agency	3.450	3.495	0.130	0.211	0.083	7.369
Disabled Facilities Grant	2.092	2.092	2.092	2.092	2.092	10.460
Office for low emmissions	0.025	0.025	0.025	0.025	0.025	0.125
DfE School Condition Grant	1.630	1.630	1.630	1.630	1.630	8.150
Devolved Formula Capital	0.333	0.333	0.333	0.333	0.333	1.665
MHCLG	19.042	12.800	-	-	-	31.842
Active Travel	4.500	-	-	-	-	4.500
North East Combined Authority	2.000	-	-	-	-	2.000
Council Capital Programme	**60.314**	**30.502**	**10.728**	**12.074**	**7.749**	**121.367**
External Funding Secured and Provisional						
External Funding Secured	29.133	22.936	6.771	6.852	6.724	72.416
External Funding Probable	30.181	6.566	2.957	4.222	0.025	43.951
External Funding Possible	1.000	1.000	1.000	1.000	1.000	5.000
TOTAL External Capital Funding Forecast	**60.314**	**30.502**	**10.728**	**12.074**	**7.749**	**121.367**

Long-Term Planning

89. The Prudential code requires the Capital and Investment Strategy to consider the longer-term capital investment requirements whilst acknowledging they will involve a high level of estimation.

90. The table below estimates high level capital investments over a further 20-year period of recurring projects in the capital programme. These are indicative figures and are subject to change.

	Estimate 2025-30 £m	Estimate 2031-45 £m
Road resurfacing	6.000	18.000
Asset Maintenance	5.600	16.800
Fleet	10.500	31.500
ICT	11.000	33.000

Road Resurfacing - An ongoing project to fund a 10-year recovery plan to reduce the highway repair backlog and slow further deterioration. This estimate does not include any external funding that may be received to support the project.

Asset Maintenance - A planned programme of works to meet the Council’s building statutory requirements, Health and Safety requirements and planned maintenance works. The figure does not include estimates of external funding from the Department of Education who provide an allocation ringfenced for the Schools Portfolio.

Fleet - A rolling project to renew and replace vehicle assets at the optimum time to derive maximum value and usage whilst minimising increased maintenance, repair and running costs. This includes refuse collection vehicles.

ICT - The Council maintains a portfolio of websites and systems and regularly reviews its approach to the digital agenda. This project ensures that the ICT infrastructure is resilient, secure and fit for purpose as well as being future proofed.

91. A brief description of the Council’s key capital investment schemes is as below:

- **South Shields Town Centre -** This project includes construction of a new Tyne Coast College campus area, as well as new college buildings, campus accommodation, public realm improvements and restoration of Grade II listed 16 Barrington Street.

South Shields Town Centre CGI

- **Mortimer Community College Expansion -** Mortimer is a popular, oversubscribed school with pressure on its places. This project will provide additional classrooms, science laboratories and food technology areas to accommodate the increase in pupil numbers.

Mortimer Expansion CGI

- **Playground Equipment -** This project will replace equipment over the next 5 years. Part of this programme will look to install new accessible playground equipment for users with disabilities to help to accommodate wheelchairs users and other children who have difficulties using the existing play facilities making the playgrounds accessible for all.

- **Children's Residential and Assessment Centre -** This project will deliver a new purpose-built children's assessment centre and two residential children's homes in South Tyneside. This will provide additional capacity to ensure more children from South Tyneside are able to be supported within the Borough.

- **Hebburn Extra Care Scheme -** This multi-million pound development will provide much needed specialist Extra Care accommodation across South Tyneside playing an important role in empowering people with differing care and support needs to live independently.

- **Rough Sleeping Accommodation Programme -** Accommodation specifically aimed at people sleeping on the street or at risk of becoming homeless with further help and support to gain the skills required to move on to independent living.

- **Holborn Riverside Development -** This project will continue the transformation of Holborn Riverside into a vibrant mix of new dwellings and office space. It will see the development of sustainable businesses and residential communities which broaden the South Tyneside offer and builds upon previous investment in the town centre.

Holborn Riverside Development CGI

- **Stronger Shores -** This project is 100% funded through Environment Agency Flood Defence Grant and Aid. The project aims to improve understanding of the costs and benefits of kelp, seagrass and native habitats with regards to coastal erosion, flood risk, climate change, biodiversity management, water quality and wider social benefits.

Trow Quarry-Stronger Shores

- **IAMP -** In partnership with Sunderland City Council we are continuing to develop a joint strategic employment site, the International Advanced Manufacturing Park (IAMP), north of Nissan and west of the A19. The development is well underway with over 550,000 sq.ft. of bespoke industrial space delivered over 3 units and a further 1 million sq.ft. of development under construction that will become the base for the region's first gigafactory.

Appendix 5 Minimum Revenue Provision Policy Statement 2025-30

1. The Minimum Revenue Provision (MRP) is the charge made to the revenue account to reflect repayment of borrowing over the useful life of the assets that have been funded from that borrowing. The Council has regard to the guidance issued by the Secretary of State under section 21(1A) of the Local Government Act 2003 and any subsequent updates.

2. MRP is charged in the year following that in which an asset is brought into use.

3. MRP will be spread over a period which reflects the useful expected life/beneficial use of the asset and is normally no more than 50 years. A longer life may be given if it is deemed by a professional that the asset life will exceed 50 years.

4. These periods are determined for MRP purposes only, and the Council may account for depreciation of assets differently under the Code of Practice on Local Authority Accounting, after having had regard to the different conditions that apply for such accounting purposes.

5. The Council has in place a finance agreement with a number of third parties. MRP will be charged to match the annuity loan repayment profile from the Companies over the life of any loans issued as part of this agreement. Should the Council wish to switch the type of loan repayment profile to Equal Instalments of Principal then the Council reserve the right to do this. For any future finance agreements that the Council enters into, the MRP charged will be matched to the loan repayment profile including for PFI and lease arrangements.

6. For loans issued where there will be a delay in the subsequent repayment, such that receipts cannot be matched to MRP, then MRP will be charged across the useful life of the asset, either on an annuity or straight-line basis, whichever the Council deems appropriate.

7. The Council also determines that available resources for financing capital expenditure, such as capital receipts and external funding, will be applied to new expenditures in a manner that is considered appropriate in any financial year. For example, it will be considered financially efficient to apply such resources in the first instance to expenditures that have a shorter estimated lifespan.

8. It is the Council's intention to either apply housing receipts to appropriate capital schemes or to use them as a means of repaying debt, whichever is deemed more appropriate.

9. 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 or carried forward as appropriate. Final decisions regarding the manner in which such resources are to be allocated to schemes will be taken under delegated powers.

Appendix 6 Equality Impact Assessment of Budget Proposals

	Characteristic									Group		
Savings Proposal	**Age**	**Disability**	**Sex**	**Sexual Orientation**	**Gender Reassignment**	**Marriage or Civil Partnership**	**Pregnancy & Maternity**	**Race**	**Religion or belief**	**Care Leavers**	**Armed Forces Veterans**	**Those at risk of socio-economic disadvantage**
Use of technology	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact
Review of double handed care requirements	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact
Reduction in Independent Supported Living costs	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact
Rationalisation of Learning Disability provision	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact
Review of Help To Live At Home costs	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact
Reduced Residential Care demand through Help to Live at Home and Extra Care	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact
Rationalisation of 1:1 support in Residential Care placements	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact
Shared Lives expansion	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact
Reduction of posts across Directorate	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact
Client contributions review	Negative	Negative	No Impact	No Impact	No Impact	Negative	No Impact	No Impact	No Impact	No Impact	No Impact	Negative
Collaborative system diagnostic	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact
Recovery of Business Rates court costs	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact
Revenue contribution to ICT capital programme reduction	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact
Increased Supplier Incentive Scheme income	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact
Increased Contract Rebate income	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact
Modern Fit For Purpose Transformation Workstream efficiency savings	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact
Historic Enhanced Pension payment reductions	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact

Additional investment interest	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact
Banking/ Payment charges savings	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact
Corporate training	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact
Reduction of posts across Digital & ICT, Finance, People & Organisational Change and Procurement	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact
Reduction of posts through vacancy management - Council Wide	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact
Libraries - reduction of posts/ vacancies	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact
Review of contributions to third parties	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact
Additional Leisure income	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact
In-House Fostering development	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact
In-House Residential capacity	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact
Children with Disabilities Services review	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact
Reduced number of young people requiring a care episode	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact
School Meals Charges review	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact
Review of Children's Day Care provision	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact
Review of Family Hub model	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact
School Improvement and SEND project support review	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact
Home to School Transport review	Negative	Negative	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact
Public Health commissioned contracts review	Positive/ Negative	Positive	Positive/ Negative	Negative	No Impact	No Impact	Positive/ Negative	No Impact	No Impact	Positive	No Impact	Positive
Energy costs reduction	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact
Waste Disposal tonnages reduction	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact
Building Cleaning review	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact

Public Protection and Planning efficiency savings	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact
Increase in commercial lettings	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact
Self-financing of business centres	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact
Increased self-financing of Community Associations	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact
Reduction in posts across Housing & Assets, Investment & Growth and Public Protection	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact
Fees and Charges changes	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact
Grounds Maintenance service review	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact
Weed Management efficiencies	Negative	Negative	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact
Transport income generation	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact
Re-organisation of Street Scene	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact
Re-organisation of Handy Estates	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact
Management & Structure Review Governance & Corporate Affairs	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact
Re-organisation of Events	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact
Reduction of posts across Directorate	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact
Reduction in printing for Council and Committee meetings	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact
Reduction in catering for Council meetings and events	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact
Revised approach to public notices	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact

Client Contributions Review

Directorate	Adult Social Care & Commissioning	Service	ASC Financial Assessments
Responsible Officer	Anthony Newham	Date of Assessment	08/09/2024
Brief description of the proposed new or altered policy or service?			
The proposal is to update the existing South Tyneside Council Social Care Charging Policy to reflect current Department of Health minimum income guarantee levels more accurately as well as standardise initial disability related expenditure amounts, based upon benefit types and levels whilst still offering individual disability related expenditure assessments at the request of the individual. The updated policy also looks at introducing charges in other areas such as charging for self-funding services when the councils supports and commissions services on behalf of individuals who have been assessed as being able to pay the full cost of their care such as discretionary deferred payments agreements, administration fees and extra care background support. The change to the policy also looks to introduce an additional allowance for household building insurance.			
Who are the main customer or employee groups affected by this new or altered policy or service?			
The main customer groups affected by the proposed changes to the Adult Social Care Charging Policy are residents in receipt of social care services including residents with physical, learning and mental health needs of pensionable and working age.			
What evidence and engagement has been considered to inform this assessment? *(Please reference and summarise data sources or engagement exercises and their findings)*			
Detailed analysis of existing charges and impact of the changes in those charging rates. Liquidlogic data extract identified those with changes to existing charges and where charges will remain the same. Comparative demographics such as age, gender, ethnicity, wards and under/over pensionable age have been analysed in detail. Consultation process to be undertaken that will further inform proposals and this Equality Impact Assessment. Initial consultations have been held with internal stakeholders including Social Care Senior Management and leadership Team, Director of Adult Social Service & Commissioning, Director of Business & Resources, Cllr Carter - Lead Member for Governance, Finance & Corporate Services, Cllr Berkely – Lead Member for Adults Health & Independence, Cllr Dixon – Leader of the Council and the councils CLT (Corporate Leadership Team). The Director of Business & Resources also commissioned an external independent specialist to review and challenge the proposals which return no significant challenges to the proposal. Proposals have also recently been circulated to Adult Safeguarding, Health & Wellbeing Scrutinee Committee.			

Identification and description of impact. Please identify where there is a positive, neutral or negative impact. Then describe in more detail the nature of any identified potential disproportionate negative impact, including any potential barriers to access, existing or anticipated unequal outcomes or experiences, and effect on intra-group relations and community cohesion:		
The Nine Protected Characteristics (as identified by the Equalities Act 2010)		
Age	Negative	Part of the proposal looks to address the disproportionate amount of Minimum Income Guarantee (MIG) that is allowed as part of the calculation to determine charges. Currently older people are benefitting South Tyneside MIG Allowance being greater than Department of Work & Pensions MIG allowances more so than working age adults by the very nature of the allowances and benefits they receive. This correction of allowance level will more negatively impact older people although in all instances the service will ensure every person is claiming the maximum permissible income which may mean the amount they are left with is still greater than when they had no financial assessment.
Disability	Negative	Due to the nature of the proposal and its focus on charging for social care services people with a disability will be impacted by the proposal. People with that characteristic and in receipt of services will likely see an increase in their charge as opposed to someone without a disability and by very nature of the fact they are not receiving services will not be impacted as they do not receive chargeable services or a financial assessment to determine their charge.
Sex	Neutral / No Impact	No significant impact on this protected characteristic due to the proposals predominately focussing on charging for social care services. Analysis of gender show no significant disproportionate impact.
Sexual Orientation	Neutral / No Impact	No significant impact on this protected characteristic due to the proposals predominately focussing on charging for social care services.
Gender Reassignment	Neutral / No Impact	No significant impact on this protected characteristic due to the proposals predominately focussing on charging for social care services.
Marriage or Civil Partnership (in employment only)	Negative	If the couple are in employment but receiving care services and of working age there maybe instances that lead to an increase in the financially assessed charge towards their care although this will likely be significantly lower than someone of pensionable age as current allowances for pensionable age are greater than that of working age adults due to benefit disparities.
Pregnancy and Maternity	Neutral / No Impact	No significant impact on this protected characteristic due to the proposals predominately focussing on charging for social care services. Analysis of gender show no significant impact.
Race (including colour, ethnicity, nationality or national origin)	Neutral / No Impact	No significant impact on this protected characteristic due to the proposals predominately focussing on charging for social care services. Analysis of ethnicity/race show no significant disproportionate impact.
Religion or belief	Neutral / No Impact	No significant impact on this protected characteristic due to the proposals predominately focussing on charging for social care services.

Other (non-protected) characteristics	Neutral / No Impact	Non-protected characteristics such as social class, income level, homeless households, armed forces veterans and care experienced people are covered individually below.
Other Groups		
Care Leavers	Neutral / No Impact	Unless the care leavers continue to receive Adult Social Care Services into adulthood they will not be impacted although if they do, they are less likely to see an increase than that of someone receiving the same services but of pensionable age.
Armed Forces Veterans	Neutral / No Impact	No significant impact on this protected characteristic due to the proposals predominately focussing on charging for social care services.
Those at risk of socio-economic disadvantage	Negative	The Kings Fund highlights that lower socio-economic groups tend to have a higher prevalence of higher-risk health behaviours, worse access to care and less opportunity to lead healthy lives when compared with higher socio-economic groups. This would indicate that people in lower socio-economic groups are more likely to receive care services than higher groups and as such more likely to be impacted by changing to charging policies. Given the number of people who receive services and who are residents of South Tyneside living in lower socio-economic groups it is likely they will be negatively impacted

Please indicate what actions you intend to take to mitigate negative impact, where it has been identified
When a request for financial assessment is triggered and income reviewed, the Financial Assessments Team take a holistic view of their total capital and income to ensure they are claiming all available income thus ensuring the persons income is maximised thus ensuring they are claiming all benefits and financial support available to them. People will be supported to maximise their income where it is evident income could increase. Under the new charging proposal when a person is not already in receipt of all their benefits some individuals may still be better off than if they had not received services and been charged at all as the increase in income is greater than the increase in the charge for their care services. South Tyneside Council has continually strengthened its information and advice offer and is currently in the process of developing an online financial assessment offer to allow individuals to calculate their own contributions to make upfront decisions regarding the care that they receive and be aware of the level of charge will pay towards that care. The changes to the benefit allowances more closely aligns both working age and none working age adults, bringing charges closer together thus creating a fairer system for all regardless of age and other protected characteristics. The new proposals are more fairly and closely aligned to regional and national charging allowances creating an overall fairer system, for charging.
Are there any negative impacts that cannot reasonably be avoided? If so, on balance, please describe your rationale for why it is it still appropriate to proceed with the proposal.
The changes to the benefit allowances more closely aligns both working age and none working age adults, bringing charges closer together thus creating a fairer system for all regardless of age and other protected characteristics. Due to existing South Tyneside allowances being more generous than

standard Department of Work and Pensions Allowances, particularly for people of pensionable age, people particularly those who are aged 65 and over will unavoidably be negatively impacted as they will likely see an increase in charges.			
How do you plan to monitor ongoing impact and the effectiveness of any identified mitigation activities?			
We have carried out a line-by-line reassessment process based upon the proposals so will be able to carry out reassessments at any time to ensure proposals are accurate and assumptions and calculations correct. Ongoing annual reassessments will identify if any particular group or groups are disproportionately impacted and will also prevent long periods between changes in assessed charges. We will continue to monitor debt to consider affordability for charges for care and overall income and debt will be monitored to identify trends and issues. People will be supported to access advice and support to maximise income. We anticipate that this Equality Impact Assessment will be amended, updated and reconsidered through various consultation exercises until such a time as the policy proposals can be drafted into a new policy. This document will be reviewed and amended accordingly up to the proposals being considered by Council.			
Responsible Officer Name	A Newham	Head of Service Name	J Penman

Home to School Transport review

Directorate	Children's Services	Service	Education, SEND & Inclusion
Responsible Officer	Stuart Easingwood	Date of Assessment	05/11/2024

Brief of the proposed new or altered policy or service?

Post-16 transport is provided free of charge for those considered eligible under the SEND Transport policy in South Tyneside although legislation allows local authorities to charge for this. All non- SEND students pay for their transport costs in full.

This proposal asks that a contribution is made to the costs of travel for eligible SEND students who are above the free school meals, higher working tax credits threshold.

Who are the main customer or employee groups affected by this new or altered policy or service?

Students aged 16-25 with disabilities/ Education, Health and Care Plans

What evidence and engagement has been considered to inform this assessment? *(Please reference and summarise data sources or engagement exercises and their findings)*

DfE transport guidance for both Years 1 – 11 and Post 16
Post-16 transport and travel support to education and training
Travel to school for children of compulsory school age

All Local Authorities within the UK were consulted regarding their PTB offer and centralised pick-up points, 29 LAs responded -
PTB info ~ other LAs.xlsx

Online public consultation regarding Post 16 charges and centralised pick-up points –

197 responses received, 175 are parents of school-aged children, 171 of which have identified SEND needs and 161 are currently in receipt of Home to School Transport.

In response to the questions on Post-16 charges –
Is the proposal clear and easy to understand,157 (81%) of respondents answered yes, 15 (8%) answered no and 25 (13%) answered neither clear or unclear;
Is the proposal fair and reasonable, 37 (19%) of respondents answered yes, 121 (61%) answered no and 39% answered maybe.

In response to the same questions on centralised pick-up points –
Is the proposal clear and easy to understand,144 (73%) of respondents answered yes, 23 (12%) answered no and 30 (15%) answered maybe.
Is the proposal fair and reasonable, 23 (12%) of respondents answered yes, 130 (66%) answered no and 44 (22%) answered maybe.

Identification and description of impact. Please identify where there is a positive, neutral or negative impact. Then describe in more detail the nature of any identified potential disproportionate negative impact, including any potential barriers to access, existing or anticipated unequal outcomes or experiences, and effect on intra-group relations and community cohesion:

The Nine Protected Characteristics (as identified by the Equalities Act 2010)		
Age	Negative	Age 16-19 – If families are outside of the criteria for exemption from payment and have low levels of disposable income, then they may find it difficult to fund the contribution for transport to take their child to the Post-16 education of their choice. Age 19-25, although covered under the ‘Adult Duty’ whereby transport to education must be provided free of charge, the potential of dropping out of education is higher as a result of the point raised above for ages 16-19.
Disability	Negative	Age 16-19 – If families are outside of the criteria for exemption from payment and have low levels of disposable income, then they may find it difficult to fund the contribution for transport to take their child to the Post-16 education of their choice. Age 19-25, although covered under the ‘Adult Duty’ whereby transport to education must be provided free of charge, the potential of dropping out of education is higher as a result of the point raised above for ages 16-19.
Sex	Neutral / No Impact	
Sexual Orientation	Neutral / No Impact	
Gender Reassignment	Neutral / No Impact	
Marriage or Civil Partnership (in employment only)	Neutral / No Impact	
Pregnancy and Maternity	Neutral / No Impact	
Race (including colour, ethnicity, nationality or national origin)	Neutral / No Impact	
Religion or belief	Neutral / No Impact	
Other Groups		
Care Leavers	Neutral / No Impact	
Armed Forces Veterans	Neutral / No Impact	

Those at risk of socio-economic disadvantage	Neutral / No Impact	

Please indicate what actions you intend to take to mitigate negative impact, where it has been identified
Independent travel training offer to support pre 16 students to travel to school / college independently and to prepare for adulthood. Flexible payment options to fund the contribution such as monthly or termly payments. Bursaries are accessible from age 16 for vulnerable groups defined as those in care or care leavers; those receiving Income Support, Universal Credit or Employment and Support Allowance because they are financially supporting themselves, in receipt of Disability Living Allowance or Personal Independence Payments, have a household income of less than £32,300. Colleges and other providers can make discretionary bursary awards to students to help them overcome individual barriers to participation and can be used to help with the cost of travel, to buy essential books, equipment etc Local colleges provide free travel in the form of a voucher for Tyne and Wear public transport passes. Additionally, those students aged 16 and over who are eligible for DLA have a Motability payment included within that payment so can use that payment to fund any assessed contribution.
Are there any negative impacts that cannot reasonably be avoided? If so, on balance, please describe your rationale for why it is it still appropriate to proceed with the proposal.
No
How do you plan to monitor ongoing impact and the effectiveness of any identified mitigation activities?
Comparison of year-on-year applications for Post-16 transport. Monitor number of appeals against Post-16 charges and compare year-on-year data. Risk assess students and identified centralised pick up points. Monitor uptake for Independent Travel Training and Personal Travel Budgets and compare year-on-year data.

Responsible Officer Name:	Catherine Round	Head of Service Name:	Andy Ritchie

Public Health commissioned contracts review

Directorate	Public Health	Service	Public Health
Responsible Officer	Paula Phillips Claire Mawson	Date of Assessment	23/10/2024

Brief description of the proposed new or altered policy or service?

The intended proposal is to recommission the 0-19 service (health visiting and School nursing). There are a number of options being considered to recommend a preferred option to Cabinet in March 2025.

Who are the main customer or employee groups affected by this new or altered policy or service?

The main customers are all future parents, parents/carers and their children within the Borough of South Tyneside. The employees affected are South Tyneside and Sunderland NHS Foundation Trust who are the current employer of the staff operating within the 0-19 contract currently.

What evidence and engagement has been considered to inform this assessment? *(Please reference and summarise data sources or engagement exercises and their findings)*

The existing providers performance have been reviewed as the 0-5 mandated contacts offered to all families are nationally reported on a quarterly basis. We have seen a decline in child development which is not local to South Tyneside but also being seen nationally impacting on readiness for school.

We use the National Child Measurement programme data to review the health and wellbeing of our children at reception and year 6.

We also have additional KPI information from the contract to monitor performance.

A review of the 5-19 service offer was carried out with a number of recommendations to improve outcomes within this aspect of the service and to redefine the priorities for the school nurses to target as part of the public health prevention work.

As part of the 5-19 service review teachers, staff, stakeholders and partners were involved in sharing their views on what was good about the service and what could be improved.

The outcomes of the review were shared with the provider, service specification was updated, and an improvement plan is in place to monitor progress.

With regards to the commissioning options key partners will be involved at the various stages however there will be an element of confidentiality and sensitivity depending on which option is agreed as this is commercially sensitive.

Identification and description of impact. Please identify where there is a positive, neutral or negative impact. Then describe in more detail the nature of any identified potential disproportionate negative impact, including any potential barriers to access, existing or anticipated unequal outcomes or experiences, and effect on intra-group relations and community cohesion:

The Nine Protected Characteristics (as identified by the Equalities Act 2010)

Age	Positive	Through the commissioning review we are looking to improve the outcomes for children, with clear define action to address child development and readiness for school, key transitions and risk-taking behaviours that will be carried through to adulthood. Identifying issues at the earliest point and provide the support and interventions at the right time. The service is a key element of the best start for children and young people to deliver the key actions within the health and wellbeing strategy and BSIL action plan.
Disability	Positive	The service will provide identification of any disabilities that present within the family, offer support and signposting into specialist services. Will support families through period of adjustment, assessment and transition. The service will also make suitable adjustments for parents/Carers with a disability to enable them to care for their child(ren).
Sex	Neutral / No Impact	
Sexual Orientation	Neutral / No Impact	
Gender Reassignment	Neutral / No Impact	
Marriage or Civil Partnership (in employment only)	Neutral / No Impact	
Pregnancy and Maternity	Positive	The service offer an antenatal contact to ensure the transfer of care from midwife to health visitor is seamless for the Family. Identifying any issues early, supporting a healthy pregnancy and childhood e.g. promoting a smoke free, alcohol free pregnancy and childhood, promoting breastfeeding and guiding families through the healthy child programme and key milestones in their development. The service also provides additional support to those pregnant mothers requiring more contact or support as part of the vulnerable parent pathway. The service also works closely with maternity and in particular the Public Health midwife.
Race (including colour, ethnicity, nationality or national origin)	Neutral / No Impact	
Religion or belief	Neutral / No Impact	
Other Groups		
Care Leavers	Positive	Care leavers would be supported via the vulnerable parent pathway if additional support was required.

Armed Forces Veterans	Neutral / No Impact	
Those at risk of socio-economic disadvantage	Positive	The service provides support and contact in relation to need, so any family requiring more than the core healthy child programme will be offered additional visits, further interventions and support which would include those living within our most deprived areas, providing early help at the earliest point, preventing escalation where possible. Staff will work with local food banks, charities and services to ensure families have a safe, warm and healthy home – escalating any issues of concern.

Please indicate what actions you intend to take to mitigate negative impact, where it has been identified
We don't see any negative impact occurring from this service review. However, any changes in performance, increase in complaints will be monitored via the contract meetings and actioned accordingly.
Are there any negative impacts that cannot reasonably be avoided? If so, on balance, please describe your rationale for why it is it still appropriate to proceed with the proposal.
No
How do you plan to monitor ongoing impact and the effectiveness of any identified mitigation activities?
Everything will be monitored via the contract performance meeting.

Responsible Officer Name:	Claire Mawson	Head of Service Name:	Paula Phillips

<table>
<tr><td>Directorate</td><td>Public Health</td><td>Service</td><td>Public Health – Commissioning</td></tr>
<tr><td>Responsible Officer</td><td>Paula Phillips</td><td>Date of Assessment</td><td>23/10/2024</td></tr>
<tr><td colspan="4">Brief description of the proposed new or altered policy or service?</td></tr>
<tr><td colspan="4">The sexual health service provides support via pregnancy options to continue with the pregnancy or to terminate. The service also provides contraception and links postnatally. The service also provides STI screening and treatment and if STI’s go undetected or treated this can impact on a females fertility.

As part of the contract discussions and agreement of the model it is important to ensure these functions are accessible and monitored to prevent limited resources and capacity don’t negatively impact on patient outcomes.

The sexual health service provides a range of functions to support safe sex, access to testing, treatment and advice and support. Those patients from LGBTQ+ and MSM are known to undertake risk taking behaviours and therefore more at risk of STI’s. It is important to identify, treat and manage STI’s, outbreaks and responding to national campaigns such as HIV and Mpox.

Monitoring the performance of the service via the KPI’s and contract meetings. Monitoring the prevalence of STI’s within the population groups looking for any trends, increases and potential outbreaks. Responding to outbreaks with vaccination, treatment and contact tracing. Targeting interventions to those most at risk.

Sexual health services have particular age groups that access the service more than others: younger people, adults who may have recently left a long terms relationship, Women within childbearing age, however the service is open to anyone sexually active.

Monitoring activity via the contract performance. Provide messaging suitable to the audience to ensure safe sex and contraception is understood. Ensure that access to testing, treatment and partner notification is carried out. Women have a access to a full range of contraception including LARC.</td></tr>
<tr><td colspan="4">Who are the main customer or employee groups affected by this new or altered policy or service?</td></tr>
<tr><td colspan="4">Men or Women (include impacts due to pregnancy / maternity)

People of particular sexual orientation(s)

People in particular age groups</td></tr>
<tr><td colspan="4">What evidence and engagement has been considered to inform this assessment? (Please reference and summarise data sources or engagement exercises and their findings)</td></tr>
<tr><td colspan="4">Sexual health service performance and outcomes data

Sexual health service equity audit

Consultation on any impact on the model would be undertaken with the Sexual Health Partnership members</td></tr>
</table>

Identification and description of impact. Please identify where there is a positive, neutral or negative impact. Then describe in more detail the nature of any identified potential disproportionate negative impact, including any potential barriers to access, existing or anticipated unequal outcomes or experiences, and effect on intra-group relations and community cohesion:		
The Nine Protected Characteristics (as identified by the Equalities Act 2010)		
Age	Negative	Sexual health services have particular age groups that access the service more than others such as younger people, adults who may have recently left long term relationships, women within childbearin age, however the service is open to anyone sexually active. Mitigations: Monitoring activity via the conract performance. Provide messaging suitable to the audience to ensure safe sex and contracpetion is understood. Ensure that access to testing, treatment and partner notficiation is carried out. Women have a access to a full range of contracpetion including LARC.
Disability	Neutral / No Impact	
Sex	Negative	The sexual health service provides support via pregnancy options t continue with the pregnancy or to terminate. The service also provides contraception and links postnatally. The service also provides STI screening and treatment and if STI's go undetected or treated this can impact on a females fertility. Mitigations: As part of the contract discussions and agreement of the model it is important to ensure these functions are accessable and monitored to prevent limited resources and capacity don't negatively impact on patient outcomes.
Sexual Orientation	Negative	The sexual health service provides a range of functions to support safe sex, access to testing, treatment and advice and support. Those patients from LGBTQ+ and MSM are known to undertake ris taking behaviours and therefore more at risk of STI's. It is important to identify, treat and manage STI's, outbreaks and responding to national campaigns such as HIV and Mpox. Mitigations: Monitoring the performance of the service via the KPI's and contrac meetings.

		Monitoring the prevalence of STI's within the population groups looking for any trends, increases and potential outbreaks. Responding to outbreaks with vaccination, treatment and contact tracing. Targeting interventions to those most at risk.
Gender Reassignment	Neutral / No Impact	
Marriage or Civil Partnership (in employment only)	Neutral / No Impact	
Pregnancy and Maternity	Negative	See impacts under "sex"
Race (including colour, ethnicity, nationality or national origin)	Neutral / No Impact	
Religion or belief	Neutral / No Impact	
Other Groups		
Care Leavers	Neutral / No Impact	
Armed Forces Veterans	Neutral / No Impact	
Those at risk of socio-economic disadvantage	Neutral / No Impact	
Please indicate what actions you intend to take to mitigate negative impact, where it has been identified		
See above for mitigations per protected characteristic potential impact.		
Are there any negative impacts that cannot reasonably be avoided? If so, on balance, please describe your rationale for why it is it still appropriate to proceed with the proposal.		
No		
How do you plan to monitor ongoing impact and the effectiveness of any identified mitigation activities?		
Through contracting and performance reviews of the provider.		

Responsible Officer:	Paula Phillips	Head of Service:	Tom Hall

Weed Management Efficiencies

Directorate	Community Operations	Service	Community and Place
Responsible Officer	Andy Whittaker	Date of Assessment	18/09/2024

Brief description of the proposed new or altered policy or service?
South Tyneside Council currently uses herbicides to control weed growth on highways, council land, parks and open spaces. This allows the Borough to conform to both the Weeds Act (1959) and the Countryside Act (1981). Herbicides provide the most effective treatment for controlling weeds, which are required to be controlled for a number of reasons, including aesthetic (they detract from the overall appearance of an area and trap litter) and structural (weed growth can destroy paving surfaces, force apart kerbs and crack walls, therefore increasing maintenance costs).
Who are the main customer or employee groups affected by this new or altered policy or service?
A less effective treatment, or increased time period between treatments would likely lead to higher rates of re-growth. This may cause structural issues such as an increase in cracked pavements, which would potentially have an adverse effect on all pavement users, but particularly those members of the community with mobility issues. In terms of reduced aesthetics, the proposed reduction in service is likely to affect all residents, businesses, and visitors to the Borough.
What evidence and engagement has been considered to inform this assessment? *(Please reference and summarise data sources or engagement exercises and their findings)*
No engagement has been completed or considered at this time. The Council recognise that the Borough's parks, open spaces, and estates provide significant opportunities for habitat enhancement to help buffer and connect the existing network of natural green spaces already designated and managed for their biodiversity value. We also recognise that unwanted vegetation growing on hard surfaces associated with the public realm can compromise the structural integrity of these assets and create a public health and safety risk, including slips, trips and falls.
Identification and description of impact. Please identify where there is a positive, neutral or negative impact. Then describe in more detail the nature of any identified potential disproportionate negative impact, including any potential barriers to access, existing or anticipated unequal outcomes or experiences, and effect on intra-group relations and community cohesion:
The Nine Protected Characteristics (as identified by the Equalities Act 2010)

Age	Negative	Older people and those with children in pushchairs may benefit more from open/accessible entrances and even and unobstructed paths. Uneven or inaccessible pathways are a particular barrier to older users or people with physical impairments and their carers. This is an impact

		that can result from excessive weed growth. Effective weed control practices help to preserve an open, safe passageway for pedestrians.
Disability	Negative	Disabled people or parents of disabled children may benefit more from open/accessible entrances and even and unobstructed paths. Uneven or inaccessible pathways are a particular barrier to wheelchair users or people with physical and sensory impairments and their guardians/parents/carers.
Sex	Neutral / No Impact	
Sexual Orientation	Neutral / No Impact	
Gender Reassignment	Neutral / No Impact	
Marriage or Civil Partnership (in employment only)	Neutral / No Impact	
Pregnancy and Maternity	Neutral / No Impact	
Race (including colour, ethnicity, nationality or national origin)	Neutral / No Impact	
Religion or belief	Neutral / No Impact	
Other Groups		
Care Leavers	Neutral / No Impact	
Armed Forces Veterans	Neutral / No Impact	
Those at risk of socio-economic disadvantage	Neutral / No Impact	

Please indicate what actions you intend to take to mitigate negative impact, where it has been identified
Explore the extended working day for mechanical sweeping brushes. However, this would present additional risks of vehicle breakdown, additional wear and tear, increased mileage and fuel usage which may impact on leasing arrangements. Staff shift patterns may also need to be reviewed to accommodate this. Additional work with Friends of Groups in the wider community. This engagement may not be sustainable over a longer period of time. Increased social media to explain the resource changes and frequencies.

Are there any negative impacts that cannot reasonably be avoided? If so, on balance, please describe your rationale for why it is it still appropriate to proceed with the proposal.			
It is inevitable that a reduced service is likely to result in increased weeds across the Borough and impact on our communities as outlined above. The Council will be much less likely to be proactive in weed reduction and will continue to operate a reactive service. However, it is anticipated that reduced weed spraying could help improve local biodiversity and wildlife.			
How do you plan to monitor ongoing impact and the effectiveness of any identified mitigation activities?			
This will be monitored though enquiries received through the Members' Enquiry System, feedback received through Council's complaints system and feedback to social media posts (positive or negative).			
Responsible Officer Name:	Jayne Ingram	Head of Service Name:	Andrew Whittaker

Appendix 7 Treasury Management Strategy 2025/26

Treasury Management Strategy 2025/26

South Tyneside Council - Treasury Management Strategy 2025/26

Part 1 - South Tyneside Consolidated Loans Fund

Introduction

1. This report sets out views on a strategy to be followed for the financial year 2025/26 for the South Tyneside Consolidated Loans Fund (CLF). The Council undertakes borrowing to support its capital investment programme.

2. The suggested strategy for 2025/26 is based upon officers' views on interest rates. These have been derived from forecasts prepared by MUFG, the Council's Treasury Adviser and Capital Economics, an independent forecasting company.

Adoption of the CIPFA Code of Practice on Treasury Management

3. The Cabinet agreed the 2021 version of the CIPFA Code at its meeting in February 2023 and it was adopted for the 2023/24 financial year and subsequent financial years.

One Strategy for the Whole Council

4. The Code includes the requirements of the Housing Self-Financing Regime. There is no requirement for individual strategies for the General Fund and the Housing Revenue Account. Therefore, the Council has adopted a one strategy approach.

CIPFA Prudential Code for Capital Finance in Local Authorities

5. The key objectives of the Prudential 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.

6. The current system of capital finance allows the Council to have a significant degree of 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. Therefore, it is necessary to develop the capital and revenue budgets and the Treasury Management Strategy together to ensure that the requirements of the Prudential Code are met.

Delegated Authority

7. The Council delegates responsibility for the implementation and regular monitoring of its Treasury Management policies and practices to Cabinet, and for the execution and administration of Treasury Management decisions to the Chief Financial Officer, a role that is undertaken within the Council by the Director of Business and Resources. The Head of Pensions assists the Director with this role.

CIPFA Prudential Indicators

8. It is a statutory duty under Section 3 of the Local Government Act 2003 and supporting regulations for the Council to determine and keep under review how much it can afford to borrow.

9. Within this framework, prudential indicators are required to assess the affordability of the capital investment plans. These provide an indication of the impact of the capital investment plans on the Council's overall finances.

10. The Treasury Management Code and the Prudential Code require the Council to set indicators that are used to devise the Treasury Management Strategy. Ongoing monitoring against the indicators takes place and is reported quarterly to Cabinet. These indicators for 2025/26 and the following two years are shown below, along with the updated forecast of the position for 2024/25.

Estimates of Capital Expenditure and Capital Financing Requirement

2024/25 £m	Capital Spending Plans	2025/26 £m	2026/27 £m	2027/28 £m
87.36	General Fund	76.09	40.28	25.23
29.45	Housing	29.93	29.92	29.91
116.81	**Total Capital Programme**	**106.02**	**70.20**	**55.14**
	Capital Financing Requirement (CFR)			
459.12	General Fund	445.85	446.81	446.91
287.50	Housing	287.50	287.50	287.50
746.62	**Total CFR**	**733.35**	**734.31**	**734.41**

Ratio of Financing Costs to Net Revenue Stream

2024/25 %	Ratio of Financing Costs to Net Revenue Stream	2025/26 %	2026/27 %	2027/28 %
14.43	General Fund	14.85	13.97	14.10
41.73	Housing	41.33	40.27	39.24

Gross debt and the Capital Financing Requirement

11. In order to ensure that over the medium-term, debt will only be for a capital purpose, the Council should ensure that debt does not, except in the short-term, exceed the total of the capital financing requirement in the preceding year plus the estimates of any additional capital financing requirement for the current year and the next two financial years. This allows some flexibility for early borrowing for future years but ensures that borrowing is not undertaken for revenue purposes. This is a key indicator of prudence.

12. The Chief Finance Officer confirms that the Council complies with this prudential indicator in the current year and future years. This view takes into account current commitments, existing plans, and the proposals in the budget report.

13. The Actual External Debt is the expected capital financing requirement at the end of each year plus other long-term liabilities. It is only comparable to the Authorised Limit and Operational Boundary at that date.

2024/25 £m	Actual External Debt	2025/26 £m	2026/27 £m	2027/28 £m
746.60	Capital Financing Requirement	733.40	734.30	734.40
79.60	Other Long-Term Liabilities	75.40	71.50	67.30
826.20	**TOTAL**	**808.80**	**805.80**	**801.70**

Operational Boundary for External Debt

14. The Operational Boundary is based on the Council's plans for capital expenditure and financing. This is the limit beyond which external debt is not normally expected to exceed. This is based on the most likely and prudent estimates for borrowing but not the worst-case scenario.

2024/25 £m	Operational Boundary	2025/26 £m	2026/27 £m	2027/28 £m
765.00	Capital Financing Requirement	765.00	760.00	750.00
90.00	Other Long-Term Liabilities	85.00	80.00	75.00
855.00	**TOTAL**	**850.00**	**840.00**	**825.00**

15. It is not necessary to report the occasional temporary breach of the Operational Boundary due to variations in cash flow. However, a sustained or regular trend above the Boundary would be of significance and would be reported to Council.

Authorised Limit for External Debt

16. This is the maximum amount of external debt that the Council is expected to have and includes headroom above the operational boundary for any unusual cash movements.

2024/25 £m	Authorised Limit	2025/26 £m	2026/27 £m	2027/28 £m
845.00	Capital Financing Requirement	845.00	840.00	825.00
105.00	Other Long-Term Liabilities	100.00	95.00	90.00
950.00	**TOTAL**	**945.00**	**935.00**	**915.00**

17. If it appears that the limit is likely to be breached, there will be a report to Borough Council outlining the reasons for this. It will then be up to Borough Council to determine whether corrective action should be taken to ensure that the limit is not breached or alternatively whether the limit should be raised.

Liability Benchmark

18. The Council is required to produce a Liability Benchmark for the forthcoming financial year and the following two financial years, as a minimum. The actual loan debt outstanding is then compared against this benchmark.

19. The liability benchmark is a projection of the amount of loan debt outstanding that the authority needs each year into the future to fund its existing debt liabilities, planned prudential borrowing and other cash flows. The benchmark shows the gap between the authority's outstanding loans at future points in time and the authority's need to for borrowing (the benchmark). It can be used to identify the debt maturities needed for new borrowing in order to match to future liabilities.

20. The table highlights that for 2024/25, the level of external borrowing is higher than the benchmark, which is due to the Council reducing the level of underfinancing during the year in line with the target set. The expected levels of external borrowing then fall below the benchmark for the following years, which means the Council will need to borrow in those years to close the gap between the benchmark and external debt.

2024/25 £m		2025/26 £m	2026/27 £m	2027/28 £m
708.50	External Debt	618.50	608.50	598.50
691.20	Benchmark	677.90	678.90	679.00
(17.3)	**(Over)/Under Benchmark**	**59.40**	**70.40**	**80.50**

21. Further details on the calculation of the liability benchmark are shown in Appendix E.

Fixed and Variable Rate Exposure Limits

22. These limits provide a framework for managing the Council's exposure to fixed and variable interest rates.

2024/25 %	Debt Portfolio	2025/26 %	2026/27 %	2027/28 %
100	Upper Limit for Fixed Rate Exposure	100	100	100
35	Upper Limit for Variable Rate Exposure	35	35	35

Maturity Structure of Borrowing

23. This establishes parameters that control the percentage of debt needing to be replaced at any time.

Maturity Structure of Fixed Rate Borrowing	Lower Limit %	Upper Limit %
Under 12 Months	0	40
From 12 Months to under 24 Months	0	40
From 24 Months to Under 5 Years	0	50
From 5 Years to Under 10 Years	0	75
Above 10 Years	25	100

Investments for Periods Longer than 365 days

24. The Council can invest for longer than 365 days. The maximum amount to be invested for periods above 365 days will be limited to £10m. 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 (MTFP).

25. The limit has to be viewed alongside the Council's appetite for risk, given the economic environment and the credit worthiness of counterparties at any point in time. At the time of writing, the Council can only lend to local authorities for periods over one year.

Current Treasury Position

26. It has proven financially beneficial to retain an underfinancing position which in effect uses a proportion of the Council's cash balances for internal borrowing.

27. The forecast structure of the Consolidated Loans Fund (CLF) at end of 2024/25 is:

		Principal £m	Principal %
Fixed Rate Funding	PWLB	630.5	
	Market	8.0	
		638.5	85.5
Short-Term and Variable Rate Funding	PWLB	50.0	
	Market	20.0	
		70.0	9.4
Total Debt		**708.5**	**94.9**
Capital Financing Requirement		**746.6**	**100.0**
UNDER FINANCING		**38.1**	**5.1**

28. The under-financing position is covered by internal borrowing from the Council's cash balances. This reduces the amount of cash invested through the money markets.

Borrowing Requirement

29. The table below sets out a basic position for the future borrowing requirement, based on forecasts in the Council's budget and the current maturity structure of the CLF. This may change as restructuring opportunities are taken.

2024/25 £m		2025/26 £m	2026/27 £m	2027/28 £m
27.40	New Borrowing – General Fund	0.80	14.80	14.50
60.00	Debt Maturing During the Period	90.00	10.00	10.00
(13.70)	Less: Repayments to the CLF (including Minimum Revenue Provision)	(14.10)	(13.80)	(14.40)
73.70	**Total**	**76.70**	**11.00**	**10.10**

Minimum Revenue Provision policy statement

30. The Council is required to pay off an element of the accumulated General Fund capital spend each year (the CFR) through a revenue charge, the Minimum Revenue Provision (MRP). The policy on the MRP can be found in the MTFP at Appendix 5.

Sources of Finance

31. Interest rates and expenses charged by the Public Works Loans Board (PWLB) are traditionally lower than those charged on market loans and therefore, the Council's financing is predominately raised from the PWLB.

32. In 2012, the PWLB introduced the "Certainty Rate". This allows councils which annually submit their capital spending plans for the new financial year and the following two years to the Ministry of Communities, Housing and Local Government (MHCLG) to have interest rates payable on new PWLB loans reduced by 0.2%. South Tyneside Council has complied with this requirement. Therefore, the margin applied to loans to South Tyneside is actually 0.8% not the standard 1.0%.

33. In June 2023, the PWLB introduced a concessionary HRA policy rate for HRA borrowing. This allows councils with an HRA to borrow at 0.6% below the standard rate. This was initially available for one year, to June 2024, but has now been extended by a further year until June 2025. The HRA concessionary rate is available to any local authority with an HRA for fixed rate loans that will finance expenditure within that account.

34. At present, less than 4% of the Council's debt has been borrowed from the money market. This source of borrowing largely dried up as a result of the financial crisis in 2008, although some lenders have since returned to the market. The Council can therefore borrow from the market if appropriate. The use of money market debt will be limited to 40% of the debt portfolio. This limit will apply at the time the borrowing is arranged.

35. The Council will also consider borrowing from other sources where appropriate. This could include the Municipal Bond Agency and the National Wealth Fund (NWF), which is a government-owned policy bank, focused on increasing infrastructure investment across the United Kingdom. The Bank helps to finance important projects in every region and nation of the UK in sectors including clean energy, digital and transport.

Economic Background and Prospects for Interest Rates

36. The economy has generally struggled over the last few years, market volatility remains at the heightened levels of recent years with geopolitical uncertainty arising from the wars in Ukraine and Gaza, plus the recent UK and US election. In particular, the impact on energy supplies led to significant commodity price rises which has been a key factor in the high inflation figures and the rising cost of living.

37. In the current environment the Bank of England predicts Gross Domestic Product (GDP) to be broadly flat over the next year, before it starts a slow decline.

38. The most recent Bank of England inflation report had CPI inflation at 2.7% which is above the Bank of England target of 2%. The rate of inflation has fallen gradually throughout 2024 from 6% in January. It is expected to fall slowly during 2025.

39. Interest rate forecasts from a range of financial institutions are monitored. These forecasts are combined into a broad view on rates upon which the Treasury Management Strategy is based. These forecasts are set out in Appendix A. These have been provided by MUFG (the Council's Treasury Management adviser) and Capital Economics (an independent forecasting consultancy).

40. At the time of writing, the Bank Base Rate is 4.75%. Both MUFG and Capital Economics are forecasting reductions to the Bank Rate in 2025/26, however, the pace of increase differs between the two. Capital Economics is forecasting the Bank Rate will reduce to 3.75% at December 2025 and then reduce to 3.50% by March 2026, whereas MUFG believe it will fall to 3.75% in March 2026.

41. Borrowing interest rates maintained their recent elevated levels in 2024/25 compared to the low rates over the previous decade, with 50 year PWLB borrowing hitting 5.73% in November 2024. At the time of writing PWLB 50 year borrowing is at 5.51%.

42. For borrowing, MUFG forecast that PWLB rates will reduce by 0.5% until mid-2025. Thereafter, they are expected to steadily reduce. The forecast for 50 year PWLB rates is that they will be 5.30% by the end of 2025 and 4.70% by the end of 2026. Capital Economics is forecasting that rates will fall from current levels gradually. The PWLB 50 year rate is forecast to be 5.30% by June 2025 and then to drift further downwards and to reach 4.80% by the end of September 2026.

43. It should be noted that rates are expected to be volatile and unpredictable, due to risks and concerns within the financial markets.

44. The PWLB forecasts from MUFG for the year ended 31st March 2026 show:

- Five year borrowing rates at 4.50%
- Ten year borrowing rates at 4.70%
- Twenty five year borrowing rates at 5.10%
- Fifty year borrowing rates at 4.90%

CLF Borrowing Strategy - Options

45. Borrowing rates are expected to fall gradually by 0.5% in 2025/26.

46. Forecasts suggest that short-term and variable borrowing rates are likely to be similar to longer-term borrowing rates during 2025/26. Borrowing in shorter periods may prove better value while waiting for longer-term rates to fall. Short and variable rate borrowing does carry the risk of having to re-finance the borrowing at a time when rates may not be favourable.

Gross and Net Borrowing Position

47. The Prudential Code requires the Council to explain its policy on gross and net borrowing.

48. The gross borrowing position is the actual level of external borrowing, whilst the net borrowing position is the gross borrowing position less the Council's investment balances. This level of borrowing is more than offset by the assets owned by the Council, which are valued in excess of £1.3 billion.

49. The table below shows the forecast gross and net borrowing position for the next three years. It has been assumed that the gross borrowing position is the same as the capital financing requirement for borrowing at the end of each year. The Council's cash balance is the amount assumed in the budget for calculating investment income.

2024/25 £m		2025/26 £m	2026/27 £m	2027/28 £m
746.6	Capital Financing Requirement	733.4	734.3	734.4
6.3	Less: Cash Balances	15.0	15.0	15.0
740.3	**Net Debt Position**	**718.4**	**719.3**	**719.4**

50. The table shows that the gross external borrowing position is expected to reduce in 2025/26 but increase marginally in 2026/27 and 2027/28. The cash balances have fallen over the past few years and is assumed to be constant for 2025/26 and beyond. The drop is due to an increase in the internal borrowing position; cash balances have been used as a means of deferring external borrowing.

51. A breakdown of the Council's cash balances is shown in the Investment Strategy.

External and Internal Borrowing

52. Before any decisions are taken on external borrowing from either the PWLB or the money markets, a view will be taken on whether the Council should internally borrow from its own cash balances. Internal borrowing has been attractive as borrowing rates are still higher in 2024/25 than in recent years and have remained at an elevated level. It has therefore been financially beneficial to use a proportion of the Council's cash balances for internal borrowing.

53. Whilst this strategy operates in the short-term, the Council's cash balances have reduced, meaning there will be a requirement to borrow for cash flow purposes in the near future, which will in turn reduce the underfinancing position.

54. At the time of writing, investment rates have slightly increased but have dropped off from those seen earlier in 2024/25, especially in the longer-term periods. Markets have priced in a series of rate cuts in 2025. Investing in 2025/26, is likely to be conducted in a falling interest rate environment, depending on how quickly inflation falls back from the current levels and how the economy performs.

Pool Rates and Estimates

55. The Council's budget includes an estimate of the interest payments to be made on the debt portfolio.

56. The Council will adopt a borrowing strategy for the General Fund and the Housing Revenue Account that is consistent with the MTFP.

57. The debt interest estimates forecasted for the next three years are:

	2025/26		2026/27		2027/28	
	Pool Rate %	Interest £m	Pool Rate %	Interest £m	Pool Rate %	Interest £m
General Fund	3.20	14.47	3.19	14.24	3.24	14.47
Housing	3.77	10.85	4.12	11.83	4.54	13.05
Total		**25.32**		**26.07**		**27.52**

CLF Borrowing Strategy to be adopted

58. A strategic target of £20-30m of underfinancing will be set for 2025/26 but this may be either reduced or increased in response to interest rate movements and the cash flow position. Whilst there are risks with adopting this strategy, the forecast structure of interest rates suggests that this strategy should produce lower costs to the Council. This internal borrowing position is expected to remain at £20-30m for the next few years. The budget has been based on this strategy.

59. As the Housing Revenue Account maintains relatively low cash balances, the Council will maintain a policy of keeping the Housing Revenue Account fully financed at the year-end, or in line with the business plan during the year.

60. Based on current interest rate forecasts, new borrowing is likely to be focussed on short-term loans, until longer-term rates start to fall. Rates across all maturities will continue to be monitored. As rates are expected to fall slowly throughout the year there may be some advantage in borrowing later in the year. The exact timing of borrowing decisions will depend on cash flow and short-term fluctuations of interest rates.

61. Opportunities to borrow from the money market and other sources of finance will be considered.

62. The Head of Pensions and the Director of Business and Resources will monitor movements in interest rates and the borrowing requirement and will adopt a pragmatic approach to meeting changing circumstances. All actions will be reported retrospectively to Cabinet.

Sensitivity of the Forecast and Possible Strategy Response

63. The Officers and the Treasury Adviser will monitor interest rates and forecasts and may adopt the following responses to a change in sentiment:

- If it was felt that there was a significant risk of a sharp rise in long and short-term rates, perhaps arising from a greater than expected increase in world economic activity, then the position would be re-appraised. The likely response is that fixed rate finance would be raised before interest rates increased. If this occurred, the internal borrowing position may be reduced.

- If it was felt that there was a significant risk of a sharp fall in long and short-term rates, perhaps due to economic growth weakening more than is currently forecast, then long-term borrowing would be deferred. Rescheduling of existing fixed rate borrowings into variable or short-term fixed rate borrowings might take place.

Borrowing in Advance of Need

64. The Council will not borrow more than, or in advance of its needs, purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be considered carefully to ensure value for money can be demonstrated and that the Council can ensure the security of such funds.

65. In determining whether borrowing will be undertaken in advance of need, the Council will:

- Ensure that there is a clear link between the capital programme and maturity profile of the existing debt portfolio which supports the need to take funding in advance of need.

- Ensure the ongoing revenue liabilities created and the implications for the future plans and budgets have been considered.

- Evaluate the economic and market factors that might influence the manner and timing of any decision to borrow.

Debt Rescheduling

66. The introduction in November 2007 of different PWLB rates for new borrowing and repayment of debt has meant that debt restructuring opportunities are now very limited.

67. Prior to these changes, the Council had made interest savings through restructuring PWLB debt. The changes have made it significantly more difficult to generate such savings.

68. For several years the rescheduling of borrowing in the debt portfolio has not occurred due to a large difference between premature redemption rates and new borrowing rates. With high levels of volatility in the markets at present, this situation may change and the position will be monitored.

69. Opportunities to make savings from switching long-term debt to short-term may occur. The potential for making short-term savings needs to be considered against the risk of having to re-finance short-term borrowings when they mature.

70. All rescheduling activity will be reported retrospectively to Cabinet.

South Tyneside Council - Treasury Management Strategy 2025/26

Part 2 – Annual Investment Strategy

Introduction

71. The Council will have regard to the Ministry of Housing, Communities and Local Government (MHCLG) Guidance on Local Government Investments ("the Guidance") and the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Treasury Management and Cross Sectoral Guidance Notes.

72. The guidance from MHCLG on Local Government Investments makes the Annual Investment Strategy central to the framework in which the investment activity takes place. As part of this Strategy, the Council has to determine which investment products may be used during the year and classify these under the headings of Specified Investments and Non–Specified Investments.

73. When investing the cash balances, the prime objectives are the security of the capital sum and the liquidity of investments. The risk appetite of the Council is low in order to give priority to the security of its investments. The Council will aim to achieve the optimal return on its investments that is commensurate with the achievement of these objectives.

74. The borrowing of monies specifically to invest or to on-lend to make a return is unlawful and the Council will not engage in such activity.

75. The Investment Office of the Pensions Service is responsible for managing the cash balances of the Council.

76. This report sets out views on the Investment Strategy to be adopted for the Council in 2025/26.

Non–Financial Investments and Loans to Third Parties

77. The MHCLG and CIPFA have extended the definition of 'investments' to include both financial and non-financial investments. The Treasury Management Code requires all investments and investment income to be attributed to one of the following three purposes:

- **Treasury Management** - Arising from the Council's cash flows or treasury risk management activity, this type of investment represents balances which are only held until the cash is required for use. Treasury investments may also arise from other treasury risk management activity which seeks to prudently manage the risks, costs or income relating to existing or forecast debt or treasury investments.

- **Service delivery** - Investments held primarily and directly for the delivery of public services including housing, regeneration and local infrastructure. Returns on this category of investment which are funded by borrowing are permitted only in cases where the income is “either related to the financial viability of the project in question or otherwise incidental to the primary purpose”.

- **Commercial return** - Investments held primarily for financial return with no Treasury Management or direct service provision purpose. Risks on such investments should be proportionate to an authority’s financial capacity – i.e. that ‘plausible losses’ could be absorbed in budgets or reserves without unmanageable detriment to local services. An authority must not borrow to invest primarily for financial return.

78. This report deals solely with treasury (financial) investments, which are regarded as part of the ‘core’ Treasury Management activity, i.e. the investment of surplus cash flow balances.

79. Non-financial investments (those that fit into the Service Delivery and Commercial Return categories) including loans to third parties cannot be considered by following the same rules on security and liquidity as would normally occur for a financial investment as generally the expenditure incurred is in support of service objectives and funded from capital resources. Before any non-financial investment or third-party loan is made the Council will undertake due diligence and seek further advice to ensure the investment is appropriate.

80. The Council’s policy on non-financial investments and loans to third parties is covered within the Capital and Investment Strategy which is reported to Borough Council along with the Treasury Management Strategy and the Medium Term Financial Plan.

Specified Investments

81. Specified Investments are those that are considered to offer the highest levels of security and liquidity. All such investments in this category must be denominated in Sterling and with a maturity of no more than one year. They include investments with the UK Government, local authorities and with bodies or schemes that meet the Council’s high creditworthiness criteria.

82. Appendix B details the investments that fall into this category and which the Council may make use of in 2025/26.

Non-Specified Investments

83. These are investments that do not fall into the category of a Specified Investment. The maximum amount of the Council’s investment portfolio that will be invested in Non-Specified Investments at any one time is £10m. This will allow the Council to lend out a proportion of its cash balances for periods of over 365 days, should it be appropriate to do so.

84. Appendix C lists the investments in this category that the Council may use in 2025/26.

Investment Counterparty List and Credit Criteria

85. The Head of Pensions and the Director of Business and Resources have delegated authority to set and revise criteria for compiling the list of counterparties that the Council lends money to and to set individual limits within the criteria.

86. The Council uses the creditworthiness service provided by MUFG, its Treasury Adviser. This service has been enhanced in recent years and now uses a modelling approach with credit ratings from the three main rating agencies (Fitch, Moody's and Standard and Poor's) forming the core element. However, it does not rely solely on credit ratings but combines these with credit watches, credit outlooks and credit default swap spreads into a weighted scoring system. The end product is a series of colour coded bands that indicate the relative creditworthiness of counterparties. These colour codes are also used by the Council to determine the period for investment.

87. The Council is satisfied that this service gives a much improved level of assurance of security for its investments.

88. The Council will not use the approach suggested by CIPFA of using the lowest rating from all three rating agencies to determine creditworthiness as there has been a tendency at any one time for one of the agencies to be much more aggressive in giving low ratings. This could, therefore, be unworkable and leave the Council with an even more limited lending list. The MUFG creditworthiness service uses ratings from all three agencies, but in a scoring system which does not give an undue weighting to just one agency.

89. Sole reliance will not be placed on the use of the MUFG's creditworthiness service. In addition, the Council will form its own views on creditworthiness and risk by using market data, information on government support for banks and the likelihood of government support. Where the Council's approach differs from that of MUFG's creditworthiness service, it is usually due to the placing of additional constraints on lending to organisations.

90. At present, the Council will only make fixed term deposits with UK banks, other local authorities, UK government organisations and selected overseas financial institutions that are domiciled in a country with a AAA credit rating. This position is kept under review.

91. The Council aims to be a responsible investor and will consider environment, social and governance (ESG) issues when investing.

92. Potential revisions to the Council's approach to setting credit ratings are monitored and changes to the counterparty list or the criteria are reported retrospectively to Cabinet, as are breaches of the limits.

93. The maximum maturity periods and amounts which can be invested with counterparties is outlined in Appendix D.

94. The Council will only lend to organisations which it believes have a high level of creditworthiness. This is defined as meeting MUFG's creditworthiness criteria, combined with the Council's in-house views.

Investment Balances

95. At the time of writing, the Council had £11.20m cash invested in the money markets. In addition, it had £38.10m internally invested in the Council's CLF, which gives a total investment balance of £49.30m. A breakdown of these amounts is shown below:

	£m
Council	
Reserves	38.20
Provisions	0.60
Capital Receipts and Unapplied Funding	8.14
Underfinancing of the CLF	(38.10)
Cash Flow	2.36
Cash Invested in Money Markets	11.20
Balances internally invested	38.10
Total Investment Balance	**49.30**

96. The Council's £49.30m balance relates to the following three elements:

- The first element is comprised of reserves, provisions and capital receipts that are held for a specific purpose such as school balances, liabilities or to partly finance the Council's capital programme.

- The second element is cash flow. This is comprised of balances not yet used for the capital programme, monies received in advance and cash held to cover the Council's regular cash flow requirements such as payroll, housing benefit and supplier payments. These monies are not available to increase the budget available to the Council.

- The third element is the internal investment of balances in the Council's CLF, which is generally referred to as the underfinancing position.

97. The balances invested in the money markets are managed in-house by the Investment Office of the Pensions Service. Investment is achieved primarily by placing money with approved institutions for fixed periods, in accordance with the Council's counterparty list.

Liquidity

98. As noted above, liquidity is one of the prime objectives when investing surplus balances. This is to ensure that the cash flow requirements of the Council can be met on a daily basis.

99. As most of the Council's investments will be term deposits, liquidity will be maintained by having a minimum of 40% of its investment portfolio maturing within three months. This limit can only be applied at the time the investment decision is made.

100. The Council can legally invest for longer than 365 days. The maximum amount to be invested for periods above 365 days 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 MTFP. For 2025/26 the limit is set to £10m.

101. This limit is based on a prudent view of the level of balances the Council could lend out for these periods and still maintain suitable liquidity. This limit has to be viewed alongside the Council's appetite for risk, given the economic environment and the creditworthiness of counterparties at any point in time. At the time of writing, the Council can only lend to local authorities for periods over one year.

Investment Strategy

102. When determining the investment strategy, a view on short-term interest rates is taken. Lending is then undertaken in accordance with a strategy derived from that view, subject to cash flow requirements.

103. The forecast income from investments is taken into account when the strategy is being devised. For 2025/26, it is assumed that 4% will be earned on an average cash balance invested in the money markets of £10m. This is the estimated cash position after allowing for the internal investment of cash balances as set out in the borrowing strategy.

104. A range of interest rate forecasts is shown in Appendix A. At the time of writing, the Bank Base Rate is 4.75%. Both MUFG and Capital Economics are forecasting the Bank Rate to gradually reduce to 3.75% to the end of 2025/26.

105. At the time of writing, the Council had no fixed term deposits. All funds were invested overnight to meet cash flow requirements.

106. The strategy for next year will be to invest surplus cash over a range of periods ensuring sufficient funds are available to meet everyday cash flow needs. The Council's cash flow position is expected to be similar to that experienced in 2024/25.

107. Interest earned on Housing Revenue Account balances will be allocated using the Council's average annual lending rate.

108. The view on rates and the investment strategy are continually reviewed and, if necessary, revised in the light of current and forecast market conditions.

Delegated Authority

109. The Council delegates responsibility for the implementation and regular monitoring of its Treasury Management Policies and Practices to Cabinet, and for the execution and administration of Treasury Management decisions to the Chief Financial Officer, a role that is undertaken within the Council by the Director of Business and Resources. The Head of Pensions assists the Director of Business and Resources with this role.

110. The Council has nominated the Overview and Scrutiny Co-ordinating and Call-In Committee to be responsible for ensuring effective scrutiny of the Treasury Management Strategy and policies.

Policy on use of external service providers

111. The Council uses MUFG as its external Treasury Management adviser. MUFG is authorised and regulated by the Financial Conduct Authority for the provision of the investment advisory service it provides as part of its Treasury Management Service.

112. The Council recognises that responsibility for Treasury Management decisions remains with it at all times and will ensure that undue reliance is not placed upon the external service providers.

APPENDIX A

INTEREST RATE FORECASTS

The tables below set out forecasts from MUFG (the Council's Treasury Adviser) and Capital Economics (an independent forecasting consultancy). The forecast within this strategy statement has been drawn from these diverse sources and from Officers' own views.

Please note that the forecasts shown below and throughout the report have taken into account the 20 basis point (0.2%) certainty rate reduction effective as of the 1st November 2012.

MUFG interest rate forecast – November 2024

(%)	***Dec 2024***	***Mar 2025***	***Jun 2025***	***Sep 2025***	***Dec 2025***	***Mar 2026***	***Jun 2026***	***Sep 2026***
Bank Rate	4.75	4.50	4.25	4.00	4.00	3.75	3.75	3.75
5yr PWLB	5.00	4.90	4.80	4.60	4.50	4.50	4.40	4.30
10yr PWLB	5.30	5.10	5.00	4.80	4.80	4.70	4.50	4.50
25yr PWLB	5.60	5.50	5.40	5.30	5.20	5.10	5.00	4.90
50yr PWLB	5.40	5.30	5.20	5.10	5.00	4.90	4.80	4.70

Capital Economics interest rate forecast – December 2024

(%)	***Dec 2024***	***Mar 2025***	***Jun 2025***	***Sep 2025***	***Dec 2025***	***Mar 2026***	***Jun 2026***	***Sep 2026***
Bank Rate	4.75	4.50	4.25	4.00	3.75	3.50	3.50	3.50
5yr PWLB	5.20	5.10	4.90	4.80	4.60	4.60	4.50	4.50
10yr PWLB	5.30	5.20	5.10	4.90	4.80	4.80	4.70	4.60
25yr PWLB	5.60	5.40	5.30	5.20	5.00	4.90	4.90	4.80
50yr PWLB	5.60	5.50	5.30	5.20	5.10	5.00	4.90	4.80

APPENDIX B

SCHEDULE OF SPECIFIED INVESTMENTS

The investments listed in the table below are all Sterling denominated investments which are repayable/redeemable within twelve months and which can be used by the in-house investment team.

Investment	**Security/ Minimum Credit Criteria**
Debt Management Agency Deposit Facility	Government Backed.
Term Deposits with the UK Government or with Local Authorities with maturities up to one year	High Security, although local authorities are not credit rated.
Term deposits with credit rated deposit takers (banks and building societies) with maturities up to one year	Based on the MUFG creditworthiness service. This uses information from all three rating agencies – Fitch, Moody's and Standard and Poor's - as the core element. It combines this with information on credit watches, credit outlooks and credit default swaps to produce an overall ranking. This is subject to ongoing review by MUFG and the Council.
Certificates of deposit issued by banks and building societies	Based on the MUFG creditworthiness service. This uses information from all three rating agencies – Fitch, Moody's and Standard and Poor's - as the core element. It combines this with information on credit watches, credit outlooks and credit default swaps to produce an overall ranking. This is subject to ongoing review by MUFG and the Council.
Callable deposits with credit rated deposit takers (banks and building societies) with maturities up to one year	Based on the MUFG creditworthiness service. This uses information from all three rating agencies – Fitch, Moody's and Standard and Poor's - as the core element. It combines this with information on credit watches, credit outlooks and credit default swaps, to produce an overall ranking. This is subject to ongoing review by MUFG and the Council.
Forward deals with credit rated deposit takers (banks and building societies) where the negotiated deal period plus the period of deposit does not exceed one year	Based on the MUFG creditworthiness service. This uses information from all three rating agencies – Fitch, Moody's and Standard and Poor's - as the core element. It combines this with information on credit watches, credit outlooks and credit default swaps, to produce an overall ranking. This is subject to ongoing review by MUFG and the Council.

Short Term Money Market Funds. These funds do not have any maturity date, although money can be withdrawn as required	Minimum AAA rated by one of the rating agencies.
Standard Money Market and Ultra Short Duration Bond Variable Net Asset Value Funds. These funds do not have any maturity date, although money can be withdrawn within 3 days	Minimum AAA rated by one of the rating agencies.
Business Reserve Accounts and Deposit Accounts with credit rated deposit takers (banks and building societies)	Based on the MUFG creditworthiness service. This uses information from all three rating agencies – Fitch, Moody's and Standard and Poor's - as the core element. It combines this with information on credit watches, credit outlooks and credit default swaps, to produce an overall ranking. This is subject to ongoing review by MUFG and the Council.

APPENDIX C

SCHEDULE OF NON SPECIFIED INVESTMENTS

The investments listed in the table below are all Sterling denominated investments which can be used by the in-house investment team. These investments are considered to carry additional risk, either because the term of investment is in excess of one year or because of the structure of the product. The reasons for using them and the risks associated with them are detailed below. These investments are classified as Non Specified Investments.

Investment	**Why use it and the Associated Risks**	**Security / Minimum Credit Criteria**	**Max. Maturity**
Term Deposits with the UK Government or with Local Authorities with maturities greater than one year and up to five years	Why use it? • Certainty of rate of return over the period of investment • No movement in the capital value of the deposit despite changes in the interest rate environment • Provides for opportunities to take advantage of interest rate movements Associated Risks • Illiquid, cannot be traded or repaid prior to maturity • Interest rates may rise after arranging the deposit • Potential for deterioration in credit quality if an investment is over a longer period	High Security, although local authorities are not credit rated.	5 Years
Term Deposits with credit rated deposit takers (banks and building societies) with maturities greater than one year	Why use it? • Certainty of rate of return over the period of investment • No movement in the capital value of the deposit despite changes in the interest rate environment • Provides for opportunities to take advantage of interest rate movements Associated Risks • Illiquid, cannot be traded or repaid prior to maturity • Interest rates may rise after arranging the deposit • Potential for deterioration in credit quality if an investment is over a longer period	Based on the MUFG creditworthiness service. This uses information from all three rating agencies – Fitch, Moody's and Standard and Poor's - as the core element. It combines this with information on credit watches, credit outlooks and credit default swaps, to produce an overall ranking. This is subject to ongoing review by MUFG and the Council.	5 Years

Certificates of deposit issued by banks and building societies	Why use it? • Certainty of rate of return over the period of investment • No movement in the capital value of the deposit despite changes in the interest rate environment • Provides for opportunities to take advantage of interest rate movements Associated Risks • Interest rates may rise after arranging the deposit • Potential for deterioration in credit quality if an investment is over a longer period	Based on the MUFG creditworthiness service. This uses information from all three rating agencies – Fitch, Moody’s and Standard and Poor’s - as the core element. It combines this with information on credit watches, credit outlooks and credit default swaps, to produce an overall ranking. This is subject to ongoing review by MUFG and the Council.	5 years
Callable Deposits with credit rated deposit takers (banks and building societies) with maturities greater than one year	Why use it? • Potentially, a higher return than using a term deposit with a similar maturity Associated risks • Illiquid, only the borrower has the right to pay back the deposit • Interest rate risk as the borrower will not pay back the deposit if interest rates rise after the deposit is made • Potential for deterioration in credit quality if an investment is over a longer period	Based on the MUFG creditworthiness service. This uses information from all three rating agencies – Fitch, Moody’s and Standard and Poor’s as the core element. It combines this with information on credit watches, credit outlooks and credit default swaps, to produce an overall ranking. This is subject to ongoing review by MUFG and the Council.	5 years
Forward deals with credit rated deposit takers (banks and building societies) where the negotiated deal period plus the period of deposit does not exceed one year	Why use it? • Known rate of return over the period of investment, which aids forward planning • Provides for opportunities to take advantage of interest rate movements Associated Risks • Credit risk is over the whole period, not just when monies are actually invested • Potential for deterioration in credit quality if an investment is made for longer than one year • Interest rates may rise after arranging the deposit	Based on the MUFG creditworthiness service. This uses information from all three rating agencies – Fitch, Moody’s and Standard and Poor’s - as the core element. It combines this with information on credit watches, credit outlooks and credit default swaps, to produce an overall ranking. This is subject to ongoing review by MUFG and the Council.	5 years

APPENDIX D

SOUTH TYNESIDE COUNCIL

LENDING LIST AND CRITERIA

MAXIMUM MATURITY PERIODS AND AMOUNTS

Institutions	Amount	Period
Council's Retail Bank - Lloyds	£25m	As per MUFG
Part Nationalised UK Banks	£25m	1 year
Other UK Banks & Building Societies	£15m	As per MUFG
Overseas Banks	£15m	As per MUFG
Short Term Money Market Funds	£15m	On call (immediate)
Standard Money Market and Ultra Short Duration Bond Variable Net Asset Value Funds	£15m	Trade plus 3-day settlement
Local Authorities	£10m	2 years
DMO	Unlimited	6 months

APPENDIX E

LIABILITY BENCHMARK

The calculation of the liability benchmark is shown in the table below using the following figures:

- External debt outstanding at the year-end assuming no further borrowing is taken, and maturing debt is not replaced.
- Opening loan debt at the start of 2024/25.
- Investments at the start of 2024/25 which are assumed to remain constant over the period.
- New borrowing requirement – general fund which is the planned prudential borrowing less any expected capital receipts in each year.
- Minimum Revenue Provision (MRP) which is the amount set aside for the repayment of the external debt.
- Forecast net loans at the end of each year shows the opening loan debt less investments and adjusts for the new borrowing and MRP applied in each year.
- Liquidity buffer of £15.0m has been agreed as the minimum level of cash required to meet the Council's liquidity needs.
- Benchmark is the net loans plus the liquidity buffer which is a theoretical calculation of what the external debt should be each year.

2024/25 £m		2025/26 £m	2026/27 £m	2027/28 £m
708.5	**External Loans**	**618.5**	**608.5**	**598.5**
678.5	Opening Loans Debt			
(16.0)	Investments as 01/04/2024			
662.5	**Net Loans Requirement brought forward**	**676.2**	**662.9**	**663.9**
27.4	New Borrowing Requirement – General Fund	0.8	14.8	14.5
(13.7)	MRP	(14.1)	(13.8)	(14.4)
676.2	**Net Loans Requirement carried forward**	**662.9**	**663.9**	**664**
15.0	Liquidity Buffer	15.0	15.0	15.0
691.2	**Benchmark (Gross Loans Requirement)**	**677.9**	**678.9**	**679**
(17.3)	**(Over)/Under Benchmark**	**59.4**	**70.4**	**80.5**

1. The table highlights that for 2024/25, the level of external borrowing is higher than the benchmark, which is due to the Council reducing the level of underfinancing during the year in line with the target set. The expected levels of external borrowing then fall below the benchmark for the following years, which means the Council will need to borrow in those years to close the gap between the benchmark and external debt.

2. As the figures used for this indicator are estimates, small variations from the benchmark will be addressed as part of Treasury Management activity in future years.

3. External borrowing remains below the capital financing requirement as explained above which is the prudent total level of debt for the Council.

4. This profile is typical for many Local Authorities and is in line with expectations of both officers and the Treasury Management Advisers. The table reflects the current approved capital programme expenditure for the next three years but does not include anything beyond that. The Council will make new capital expenditure decisions in the years ahead which will increase the liability benchmark in the future. The long-term nature of the Council's existing PWLB debt and its maturity profile means that overall debt levels should remain stable in the long-term.

Appendix 8 Pay Policy Statement

South Tyneside Council

Pay Policy Statement for South Tyneside Council 2024/25

Introduction

1. This document sets out the Council's Pay Policy in relation to the remuneration of its employees in accordance with Section 38 of the Localism Act 2011. The Policy is subject to annual review and must be approved by the Council for each financial year. The Policy will be published on the Council's website as soon as reasonably practicable after approval or amendment.

2. The key principles of the Council's pay policy are set out below and are effective from 1 April 2024.
    - The general principles that underpin the Council's approach to its pay policy.
    - Definitions of the 'lowest paid employees' and 'chief officers' for the purposes of pay comparison.
    - The relationship between the remuneration of chief officers, average pay, and the remuneration of the lowest paid employees.

3. The arrangements set out within this document do not extend to those employees who are employed within schools.

General Principles Regarding Remuneration of Employees

4. This pay policy provides a basis on which the Council can compete in labour markets at all levels and for all roles, enabling the Council to attract, retain, and fairly reward people with the knowledge, experience, skills and attributes that are essential to the effective delivery of services to residents, businesses, and other stakeholders in South Tyneside.

5. The Council is mindful of its obligations as an equal opportunities employer, and wants to ensure that people are treated fairly and with respect in all its

activities and processes. The Council aims to be an organisation that recruits and retains a diverse and skilled workforce from the local community and beyond, and its approach to the pay and conditions of its workforce is intended to support this objective.

6. In supporting the aim of ensuring equality and transparency in its pay practices, the Council recognises the role of trade unions and employee representatives in consultation and negotiation within a process of free collective bargaining.

7. The Council’s main (NJC) pay and grading structure has been developed by creating grades around the national ‘spinal column’ of salary points. The salaries attributable to posts are determined via a job evaluation. Employees are remunerated according to the evaluated score of the post they hold and by reference to the salary scale existing at any given time. Some posts may include an entitlement to incremental progression (such as Career Grades) however, incremental progression is generally not used within the Council and the vast majority of employees are on a single spot salary.

8. New appointments are subject to the Council’s Recruitment and Selection Policy and will generally be made at the third spinal column point of all pay bands unless there are special circumstances and payment at a higher level can be objectively justified. Agreement must be given by the appropriate Director, and the Head of People and Organisational Change in consultation with the Director of Business and Resources.

9. In the event of any employee securing a higher-graded post via internal promotion/recruitment and there being an overlap of spinal column points between their current post and bottom point of the newly secured position, then the Council will generally pay salary on the third spinal column point.

10. Where an employee is redeployed because of redundancy or ill health, they will generally be appointed to the third spinal column point within the new band.

11. There may from time to time be situations where employees are transferred into the Council from other organisations which have different pay and conditions. The employees’ terms and conditions on transfer may be subject to protection under TUPE or TUPE-like arrangements, and as such may be outside the Council’s main pay structure until such time as it is possible for them to be integrated.

Remuneration of Lowest Paid Employees

12. The Council introduced ‘single status arrangements’ in 2010. The lowest paid employees within the authority are appointed to posts which have been evaluated using an agreed job evaluation scheme and are remunerated accordingly.

13. Lowest paid employees’ is defined as those who are employed in jobs which are paid on Band 3, spinal column point 4. It excludes apprentices as these

attributable salaries depend on age and are those set out within the National Minimum Wage legislation. Given the specific nature of these appointments, it is felt inappropriate to include apprentices within the definition of lowest paid employees for the purposes of this policy statement.

14. Spinal column point 4, at £12.64 per hour, is £1.20 per hour more than the National Living Wage, effective from April 2024 and £0.04 per hour more than the UK Accredited Living Wage (outside London), effective from October 2024.

- Annual salary at spinal column point 4, is currently £24,404 p.a. from 1 April 2024.
- The mode (i.e. most frequently used) salary for all employees falls across both our Band 3 and Band 4 of the pay scale. This is at point 4 which is £24,404.
- The median salary, for all employees excluding overtime and any other additional payments, is £27,711.

Chief Officer

15. ‘Chief Officer’ is defined in the Localism Act 2011 as Head of Paid Service designated under section 4(1) of the Local Government and Housing Act 1989; Monitoring Officer designated under section 5(1) of that Act; any statutory chief officer mentioned in section 2(6) of that Act; any non-statutory chief officer mentioned in section 2(7) of that Act; any deputy chief officer mentioned in section 2(8) of that Act.

Under the above provisions, ‘statutory chief officer’ includes:

- the person having responsibility, for all statutory purposes (inc. section 151 of the Local Government Act 1972), for the administration of the authority’s financial affairs;
- the Director of Children’s Services appointed under section 18 of the Children Act 2004;
- the Director of Adult Social Services appointed under section 6(A1) of the Local Authority Social Services Act 1970 (as amended by the Children Act 2004); and
- the Director of Public Health appointed under section 73A(1) of the National Health Service Act 2006.

‘non-statutory chief officer’ includes:

- a person for whom the head of the authority’s paid service is directly responsible;
- a person who in relation to most of their duties is required to report direct or is directly accountable to the head of paid service and any person who similarly is required to report direct or is directly accountable to the authority or its committees.

16. Chief Officer posts and the attributable salaries are as follows:

Role	Salary
Chief Executive	£180,796
Directors	£121,691 – 133,654
Head of Service (1)	£102,638
Head of Service (2)	£95,510

All of the above payments are subject to satisfactory performance as determined by the Council's Head of Paid Service.

17. Joint Negotiating Committee (JNC) terms and conditions are incorporated into all Chief Officers' contracts of employment.

18. The salaries attributable to Chief Officer posts are based on:

- clear salary differentials which reflect the level of responsibility attached to any particular role; and
- rates which are reasonably sufficient to recruit and retain senior officers taking into account market conditions.

19. Increases in pay for Chief Officers will occur only as a result of:

- pay awards agreed by way of national/local collective pay bargaining arrangements; or
- significant changes to a Chief Officer's role which result in a higher salary being appropriate,
- recruitment and/or retention payments which, in all the given circumstances at the relevant time, are deemed necessary in the best interests of the Council and which are determined under a relevant policy relating to such payments. Such payments are kept under regular review.

20. It is expected that senior officers will perform to the highest level and performance related pay does not, therefore, form part of current remuneration arrangements. This position will be reviewed if legislation and/or guidance relating to senior posts are changed.

Relationship between Chief Officer and non-Chief Officer Remuneration

21. The 'pay multiple' for the Council is determined by comparing the hourly pay for the highest paid employee against that of the median hourly pay for the organisation as a whole.

22. The Council's current pay multiple is 6.53.

Election Duties undertaken by Chief Officers

23. Fees for election and referenda duties undertaken by Chief Officers are not included in their salaries. Election fees are payable only for national elections and referenda and vary on each occasion. For Parliamentary, Police and Crime Commissioner and national referenda, payments are set by central government.

Payments to Chief Officers upon Termination of their Employment

24. Chief Officers who cease to hold office or be employed by the Council will receive payments calculated using the same principles as any other employee, based on entitlement within their contract of employment, their general terms and conditions, and existing policies.

25. In the case of termination of employment by way of early retirement, redundancy (voluntary or otherwise) or on the grounds of efficiency of the service, the Council's Early Retirement and Redundancy Policy sets out provisions which apply to all employees regardless of their level of seniority.

26. The Council's Pension Scheme Policy document sets out the relevant provisions in relation to awarding additional pension entitlement.

Publication of Gender Pay Gap Information

27. A report detailing the Council's Gender Pay Gap figures, for the position as at 31st March 2023, is published on the Council's website (Gender Pay Gap Report - March 2023 - South Tyneside Council, this includes the Council's long term plans for improving the pay gap.

Publication of and Access to Information Relating to Remuneration of Chief Officers

28. Information will be published on the Council's website in line with The Local Authorities (Data Transparency) Code 2015.

Appendix 9 – Rent Setting Policy

South Tyneside Council

Rent Setting Policy 2025

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1. Introduction

- This policy has been developed to ensure that rent setting methods are fully understood for all South Tyneside Council tenancies; the policy should be transparent and easily understood.
- South Tyneside Council will comply with the Rent Standard, which is monitored by the Regulator of Social Housing, and any other Government and Regulatory Standards around rent setting.
- The policy will be transparent and easy to understand for all tenants, in-line with the Transparency, Influence and Accountability Standard as set out by Regulator of Social Housing.
- The policy sets out our approach to rent setting, complies with regulatory standards and legislation, whilst ensuring that the business remains financially viable.
- South Tyneside Council will maximise income to secure rental income, to enable the delivery of high-quality services to tenants and assist with planning for future services to tenants and ensure adequate investment within its homes to keep our homes up to Decent Homes Standard and all regulatory standards are met.
- South Tyneside Council will ensure that rent levels remain affordable for its residents within the flexibility of the guidance.
- All rent will be set in-line with latest guidance.

2. Policy Scope

- The policy covers rent setting for current Housing Revenue Account (HRA) tenancies and the mechanisms that will be used to calculate rents on an annual basis, which is in line with the prescribed government rent setting formula.
- Currently South Tyneside Council offers in the main social rented tenancies, however through the development of new homes through our new build programme we do now offer a small number of homes at affordable rent, and we plan to increase the number of homes allocated at an affordable rent level; depending on the needs of the location and the conditions as set-out within the grants offered in agreement with Homes England and the affordable homes programme.
- This policy does not cover rent on any garages, non-HRA residential properties or any council-owned commercial properties.
- The term ‘rent’ refers to the net rent charged in accordance with tenancies. It does not include service charges, these are based on the specific accommodation and the services provided that are attached to these properties. A separate Service Charge Policy is being developed following an independent review of these charges.

- Rents are applied based on the accommodation and not based on the circumstances of individual tenants, therefore entitlement to Housing Benefit, Universal Credit or other benefits will not have an impact on the rent set for the accommodation.
- The Council will work towards formula rent, wherever appropriate, and will review rent levels on re-let in order to achieve this; this is in line with the rent standard as set by the Regulator of Social Housing.

3. Policy Overview

- South Tyneside Council will review its rents on an annual basis, and any changes in the rent levels will be enforced on the first Monday of April each year, in line with the financial year.
- In most cases there will be a convergence to formula rent on properties that are re-let, this formula is set by central government with the aim of similar rental levels being charged for similar socially rented properties; an annual progress report on achieving formula rent will be produced by finance.
- A national rent increase has been set at CPI+1%, following previous years of rent decreases and rent cap. Given the CPI level in September 2024 next year’s increase will be set at 2.7%.
- STC has the flexibility to set rents at up to 5% above formula rent (10% for supported housing – as defined in paragraphs 2.39-2.40 of the Rent Policy Statement). For 2025-26 it is the intention to set rents at 2.5% above formula rent on re-let only to ensure continued investment in the quality and safety of our housing stock and level of support provided to tenants.
- A review of rental levels will be undertaken on individual properties following any major changes to the accommodation, such as property conversions, significant adaptations or changes in the number of bedrooms.

Process

- We will inform all customers of any changes to their rental charge, giving them a minimum notice period of one calendar month. This will include how the new rent levels have been set, for tenants to fully understand the changes in a transparent and clear way.
- Rent payment via direct debit will automatically be updated in line with new rent levels and will be managed through the Community Operations Directorate.
- For those council tenants who receive Universal Credit, Department for Work and Pensions (DWP) will need to be informed of the rental changes through the tenant’s journal, which will be verified by the operational team. Tenants will not need to reapply for benefits.

- South Tyneside Council are committed to ensuring that rents remain affordable and sustainable for tenants and will adhere to a fair method of calculating social rents, as set-out within government guidance.
- The latest government guidance can be found https://www.gov.uk/government/publications/direction-on-the-rent-standard-from-1-april-2020
- Current consultation on the future social rent setting policy can be found https://www.gov.uk/government/consultations/consultation-on-future-social-housing-rent-policy/future-social-housing-rent-policy
- Under social rent policy, rents will be set based on a formula that has consideration of:
    - The condition and location of a property – reflected in its value;
    - Local earnings;
    - Property size (specifically, the number of bedrooms in a property).
- The basis for the calculation of formula rents is:
    - 30 percent of a property's rent should be based on relative property values;
    - 70 percent of a property's rent should be based on relative local earnings; and
    - A bedroom factor should be applied so that, other things being equal, smaller properties have lower rents.
- Relative property value means an individual property's value divided by the national (England) average property value, as at January 1999 prices.
- Rent increases are set by Ministry of Housing, Communities and Local Government (MHCLG). MHCLG have made a commitment to a full review of social rents which will influence how we set rents in the future.
- Our rent is calculated over 48 weeks (49 weeks where there is an extra accounting week due to where the last Monday of the financial year falls) and rent payments are due on Monday of each week, with the exception of 4 non-charge weeks, which usually occur;

    - The last week in July and the first week in August
    - The last week in December and the first week in January

Higher Earning Households

- South Tyneside Council will not look to enforce '*fairer rent'* system at this time and rents will be based solely on the accommodation itself rather than the income levels of the household. Therefore households earning over £60,000 will be charged the same level of rent as those earning less.
- We will keep this element of the policy under review, and as with all other elements of the policy, if this is no longer suitable for South Tyneside it will be further assessed.

Future rental products

- When new accommodation is developed by the Council through the current housing development plan, then affordable rent levels may need to be charged, in accordance with any Affordable Homes Grant conditions.
- Affordable rents are based on local market conditions and can be charged up to 80 percent of local market rent. This limit is set by the rent standard, which is one of the regulatory standards imposed by the Regulator of Social Housing in England.
- Other products will also be considered where appropriate, such as shared ownership accommodation. These will be driven by the Strategic housing market assessment and the housing needs of our residents along with the grant conditions with the Affordable Homes Programme.

Service Charges

- The Council will continue to charge service charges to tenants and leaseholders on the basis of full cost recovery.
- In addition, some tenants are charged for communal heating facilities. The costs of these vary according to the type of fuel used, the type of system installed and the level of consumption.
- Variations to the formula / method to determine service and heating charges will be detailed in a report to be approved at Cabinet ahead of any increases.
- Service charges are based on the estimated cost of the service for the year in question and are only payable by those customers who are in receipt of the service. This same principle will apply in the event of any new services being introduced.
- We will continue to monitor service charge levels and seek to recover fully all costs. This will be reviewed annually in line with government advice and policy.

Specialist Accommodation

- These rents are excluded from the Rent Policy Direction 2020. However, the Council will review these rents on an annual basis. Rents will increase by up to CPI + 1% each year onwards in line with the government’s rent setting policy and for a period of five years. This will be reviewed annually in line with government policy.

Temporary Accommodation

- These rents are excluded from the Rent Policy Direction 2020. However, the Council will review these rents on an annual basis. Rents will increase up to CPI + 1% each year in line with the government's rent setting policy and for a period of five years. This will be reviewed annually in line with government policy.

Rent flexibility level

- The government's policy recognises that registered providers should have some discretion over the rent set for individual properties, to take account of a number of local factors and concerns; this must be undertaken in consultation with tenants.
- As a result, the policy contains flexibility for registered providers to set rents at up to 5% above formula rent (10% for supported housing – as defined in paragraphs 2.39-2.40 of the Rent Policy Statement). If applying this flexibility, providers should ensure that there is a clear rationale for doing so which takes into account local circumstances and affordability. For 2025-26 it is the intention to set rents at 2.5% above formula rent on re-let only to ensure continued investment in the quality and safety of our housing stock and level of support provided to tenants.

4. Performance and Evaluation

- Rental Collection is undertaken by our internal operational team, as set out within Tenancy Agreements.
- The collection of rent, arrears and former tenant arrears will be undertaken in accordance with our Rent Collection and Arrears Policy (including Former Tenants).
- Rental collection is monitored internally through the agreed set of Performance Indicators, which is reported through the Council's scrutiny process, Housing and Environmental Scrutiny Committee, and wider governance processes.
- The collection of rent is also monitored through the regulator Local Authority Data Return (LADR) alongside the Local Authority Housing Statistics which is submitted to MHCLG.

5. Review of the Policy

- This policy will be reviewed on an annual basis to ensure that it is kept up to date and relevant to central government guidance, changing legislation or regulation set-out by the Regulator of Social Housing which will impact on obligations to rent setting.

- Any changes to local housing market that would impact on the products offered would also result in a review.

6. Comments, Compliments and Complaints

- The Council strive to try and offer the appropriate guidance and support to tenants. However, we understand that some tenants may wish to offer feedback on all of the services offered by South Tyneside Council. You can do this by telephoning us on 0191 427 7000 or visiting our website on www.southtyneside.gov.uk