

# Medium Term Financial Plan 2019-24

Council Budget  
Council – 28 February 2019



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



**South Tyneside Council**

**HELLO TOMORROW  
CHANGE IS HAPPENING**



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# Foreword by the Leader of the Council

## Council Budget 2019 – 2024 - *“Hello Tomorrow, Change is Happening”*

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

The last nine years in South Tyneside represent a period of unprecedented and rapid change. The Council has driven an energetic, enthusiastic and ambitious plan, rising to the challenge of reconciling financial pressures with a bold ambition to transform the local area.

We have confidently managed significant financial and demand pressures, delivering positive outcomes across our priorities of ‘people’ and ‘place’, whilst maintaining high levels of customer satisfaction. Services that support children, adult learning, health and adult social care have all received external endorsement through Peer Challenge and formal inspection frameworks. Our most recent Ofsted inspection of Children’s Services, resulted in an overall judgement of ‘Good’ with ‘Outstanding’ recognition for our Adoption service. Our leadership in this field paved the way for additional funding from the Department for Education to share our learning with other local authorities, whilst funding investment in a local facility, ‘The Marketplace’, to support South Tyneside children who are leaving care.

Our ‘Hello Tomorrow, Change is Happening’ programme has consistently delivered key regeneration milestones right across South Tyneside, underpinned by a prudent, yet innovative Capital Investment Programme.

Since 2010, we have worked hard to attract additional Government and external funding to finance our ambitions, securing a remarkable £1.6 billion of public and private sector investment in our town centres, schools, housing, transport, coastal and urban regeneration. The Local Government Association (LGA) Peer Review noted about the Council *“...financial management is robust, focused and major Capital programmes are delivered in innovative ways”*. The value from this investment includes:

- Children across South Tyneside are now learning in some of the country’s best schools, following a £200 million plus investment in world-class educational facilities;
- Residents are living in homes which are both affordable and exceed the Decent Homes standard, with over £243 million investment in housing;
- Investment in the local economy through state-of-the-art regeneration projects right across South Tyneside, with the critical infrastructure to support them, from Tyne Tunnel 2, Jarrow pedestrian tunnel, investment at Lindisfarne and The Arches to the new £20 million transport interchange at South Shields.

In reviewing our regeneration programme, the LGA concluded, *“In terms of service transformations and achieving real benefits for local communities, the Council is leading the way for the sector with regeneration projects such as The Word, Haven Court, Haven Point, Jarrow Focus and Hebburn Central”*.

Our capital investment programme is only part of the local authority landscape and decision making process. Each year, the Council must also set a balanced revenue budget which funds the cost of delivering services. Over the last nine years, we have delivered

## Foreword by the Leader of the Council

£156million of efficiencies, whilst protecting frontline services, through a dramatically redesigned, modern Council. This budget continues our approach to; reduce spend on Council overheads such as management costs, invest in modern buildings and technology with lower energy and revenue costs, and secure the best value from commissioned services.

Having faced over 60% reduction in core government grants, South Tyneside Council has been identified by The Institute for Fiscal Studies as the third worst Council affected by funding reductions. Austerity measures are set to continue, with a further £44million of savings to be made over the next 5 years. At the same time, demand for services for our most vulnerable older residents is forecast to increase, whilst support required for children and families with the most complex and intensive needs continues to grow.

This Medium Term Financial Plan brings forward a budget which balances spend on critical, statutory services for our most vulnerable, with the priorities that residents tell us are most important to them, including roads, footpaths and street cleaning. This means the Council must make difficult decisions on behalf of all residents about where we spend resources, particularly around services that are non-statutory.

Despite the challenging financial landscape, we are confident in our unwavering ambition to raise prosperity for South Tyneside residents. Looking to the future, we continue to place our long term economic vision centre-stage, ensuring the Council plays a proactive role locally, regionally and nationally, seizing and shaping opportunities for local people.

The second phase of our £100million plus Town Centres investment programme is well underway, supporting our plans to make South Tyneside a year-round visitor destination.

Our generation changing economic growth project, the International Advanced Manufacturing Park (IAMP), which was the first UK employment site to receive 'national significance' status from Government, is now attracting new blue-chip companies to locate in South Tyneside and Sunderland. With over 7,000 new jobs expected and development at Holborn, we have good reason to remain optimistic about the future.

This Medium Term Financial Plan underpins our strategy to make South Tyneside an outstanding place to live, invest and bring up families.



*Iain Malcolm*

**Councillor Iain Malcolm  
Leader of the Council**



# Shaping our Financial Future

## South Tyneside – An Outstanding place to live, invest and bring up families

### South Tyneside is bursting with assets...

With its unique blend of spectacular coastal scenery, picturesque villages and rich local heritage, there is more to experience per square mile in South Tyneside than anywhere! It's no wonder our borough attracts over six million visitors a year.

Renowned for our festivals, world class educational facilities and state-of-the art leisure facilities South Tyneside Council operates with a commercial edge underpinned by strong public values.

With a strong regional presence, South Tyneside is also home to a number of international brands and exports across the world through the Port of Tyne. Our proud communities living in quality homes and benefiting from outstanding health and care services continue to be the key assets to the borough.



### Key Facts:

- Capital Budget for 2019-2024 is over **£341m**
- We are **£156m** more efficient than we were in 2010
- As administrators of the Tyne and Wear Pension Fund, we manage over **£8bn** of investments
- South Tyneside Council is **lead authority** for and a key shareholder of Newcastle Airport
- We **lead on behalf of the region** for the North East Combined Authority and the Association of North East Councils
- Since 2010 we have overseen more than **£1.6billion public and private investment** in town centres, schools, housing, transport, urban and coastal regeneration
- Delivery of **South Shields 365**, a £100m investment programme, is well underway despite challenging financial and market conditions
- **5,500 more people in employment** than in 2010
- **41% increase in businesses** operating in the borough since 2010
- **'The Word – the National Centre for the Written Word'**, an iconic gateway building connecting the riverside and town centre, has won 19 regional and national awards
- Investment in state-of-art leisure facilities has led to an **increase in leisure memberships** of 1,403% since 2013
- 88% of primary school children and 66% of secondary schools in South Tyneside are rated **'good' or 'outstanding'**

### Last year we:

- Welcomed **6.341m** visitors to South Tyneside
- Emptied **6.5m** bins including domestic waste, recycling, green "garden collections" and business waste & recycling
- Provided over **5,200** adults with residential care or support to live at home
- Handled over **200,000** customer service enquires calls through our contact centre
- Helped around **2,200** children in need
- Maintained **564km** of roads and **1,124km** of footpaths

# Shaping our Financial Future

## Shaped to deliver our priorities

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

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

PEOPLE	PLACE
 BETTER EDUCATION AND SKILLS	 A REGENERATED SOUTH TYNESIDE WITH INCREASED BUSINESS AND JOBS
 INCREASING PROSPERITY	 BETTER TRANSPORT
 PROTECT VULNERABLE CHILDREN AND ADULTS	 BETTER HOUSING & NEIGHBOURHOODS
 STRONG AND INDEPENDENT FAMILIES	 A CLEAN AND GREEN ENVIRONMENT
 HEALTHIER PEOPLE	 LESS CRIME AND SAFER COMMUNITIES

Knowing where we are going, being clear about what needs to be done most urgently and taking difficult decisions when we need to is how we remain focused on our priorities.

We have strengthened our organisation structure so that we are Shaped to Deliver our vision for South Tyneside. We are committed to the delivery of high quality, value for money services but we now do this in a different way, taking a corporate approach to reduce overlap and duplication. The changes we have made are now embedded across the organisation and underpin delivery of our priorities.

## 2019 and beyond

Central Government funding reductions continue to affect councils across the country and South Tyneside is no different. We continue to be impacted by reductions in the resources available. Consequently, we start our budget planning early and consult widely with residents, partners and our staff.

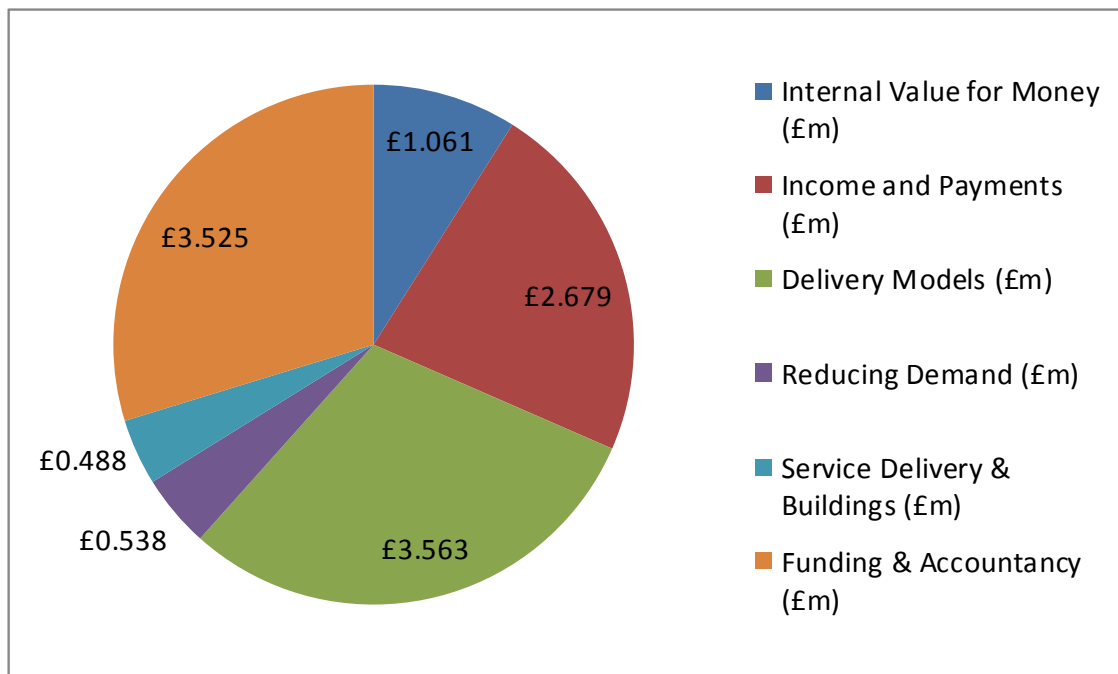
We have made significant progress and achieved over £168m savings over the last 9 years with no major service closures, while also seeing record levels of investment in the borough.

# Shaping our Financial Future

Key messages from our residents and partners in the budget consultation are shown below:

- A 'Regenerated South Tyneside with Increased Businesses and Jobs' remains the priority in the South Tyneside Council Vision that continues to be rated as highest importance. Significant funding within the Capital Investment Programme reflects that priority.
- The high priority placed upon ensuring that our highways and footpaths are adequately maintained. The importance of these issues are reflected in our Capital Investment Programme.

This budget for 2019 to 2024 focuses on how we will use our limited resources in the best way to ensure that we focus on the things that matter the most. The diagram below shows how we are redirecting resources to meet the £11.9m funding gap for 2019/20.



## Business Efficiencies

Each year, our budget programme looks at the best way to invest in services whilst achieving our savings and maintaining a high level of service delivery. Our elected members agree a range of options to put forward for consultation with our residents, partners and staff. Robust monitoring arrangements are in place to ensure we deliver our savings programme and continue to manage our finances.

## Innovation and Efficiency

Our innovation and efficiency programme has already helped us to deliver over £168m budget reductions through efficiencies and radical new models of service delivery. We plan strategically for the future and have a systematic process for reviewing all of our services to ensure we deliver maximum impact for every pound we spend. We look at all options and learn from others in order to help us to reduce costs while improving the quality of services we deliver.



# Shaping our Financial Future



## Focus on Place

Our vision for South Tyneside will only be achieved through investment in the borough. We will continue to create the infrastructure to attract new sustainable businesses to the borough, while also allowing our current businesses to flourish. Our ongoing and new partnerships are essential in maintaining South Tyneside as a major player in the North East.

## Focus on People

Our ambitious vision can only be fully realised through the people of South Tyneside. Services for children and adults have a key role to play in making South Tyneside an outstanding borough. We have a strong focus on services for children and adults to provide world class services based around education, health, care and support. Our vision for the future involves raising aspirations and encouraging families to take advantage of new opportunities as they arise.



# Introduction by the Lead Member Resources and Innovation



**Councillor Ed Malcolm**  
Lead Member Resources and Innovation

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

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

Achieving our vision cannot be achieved in isolation. Service planning, commissioning and delivery must be planned, consistent and joined-up. All of our services must remain focused on improving outcomes for our communities.

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

This Medium Term Financial Plan (MTFP) outlines our approach to setting out our financial future. This document also sets the Council’s budget for 2019/20.

The Medium Term Financial Plan is one of the key Council strategic planning documents. It is fully integrated with and flows from both our partnership plan ‘**The South Tyneside Vision**’ and ‘**Hello Tomorrow, Change is Happening Council Strategy**’, which together sets out our long-term vision, priorities for the next three years and the steps we will take to achieve them.

## **Our Financial Strategy**

We have adopted an overall financial strategy, which commits us to a number of guiding principles. These are:

- Spending should be allocated to our priorities;
- Council Tax should be affordable for our residents;
- Members make real choices about investments;
- Financial planning should be based upon a long term time horizon ensuring appropriate levels of reserves are retained;
- Value for Money is achieved for all our spending.

# Investing in our Future

## The National Financial and Economic Context

1. Due to sluggish economic growth and high levels of national debt, public expenditure is expected to remain constrained over the next 3-5 years. Austerity is not yet over.
2. Our core Government funding has reduced by almost 58% since 2010. This includes a reduction of almost 8% in 2019/20 when compared to the previous year. Government are currently planning the introduction of a new funding system for local authorities from 2020 which will reduce direct Government funding and place greater reliance upon business rates, council tax and fees and charges for councils' resources. The Government's planned spending review in 2019 will also set out future funding allocations for all Government departments from 2020. This is not expected to result in a substantial change to the current level of resources available to the Council.
3. The Council receives almost 60% of its income from Council Tax payers and retained business rates. The budget has been calculated incorporating an increase of 3.95% in Council Tax in 2019/20. **1% of the increase contributes towards the funding gap within Adult Social Care Services.**

## The Local Picture

4. The Medium Term Financial Plan is central to achieving our vision. In order to ensure our resources are directed towards the right priorities, we have developed a detailed understanding of the borough and our communities.
5. South Tyneside borough has a population of 149,555. The majority of our population is white British with 4.1% of the total population from Black, Asian, or Minority Ethnicities, mainly Bangladeshi and Indian. The latest population projections (2017) show that by 2039 the population of the borough could be 151,830, but with significant changes within the age profile of the borough, more older people and less working age people.
6. The population is projected to increase overall, but decrease amongst those of school and working age although the school-age population is increasing in some parts of the borough. The rising numbers of older people will have significant impact on how we provide services and represents a major challenge for the future, particularly for adult social care services and the costs of the national concessionary travel scheme. These projections have been factored into our financial planning.

## Equality and Diversity

7. Equality is embedded throughout all of our services. Whenever we create or review a service, we carry out an Equality Check to make sure we do not discriminate against individuals or groups.

## Value for Money

8. Improving value for money is at the heart of everything we do. We always challenge ourselves to make sure our costs compare with others by identifying and challenging areas of high spend. Many of the redirection proposals within our 2019/20 budget will make us work more efficiently and will mean that Council Tax payers get more for their money.

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

### Revenue Spending Plans

9. Each year, we have to identify what we need to spend on Council services in the coming year, and also have to identify our provisional spending plans for future years. Our planning period covers 5 years so that we ensure that our spending plans are affordable and match the money we expect to receive from Government and Council Tax payers over a longer period. More of the financial risks we face cover longer periods e.g. demand on services from an ageing population and safeguarding of vulnerable adults and children, so it is prudent to extend our planning period.
10. The table below summarises our revenue spending plans for 2019/20 and provisional spending plans for 2020/21 to 2023/24 and how this is allocated across the Council's service groups, as well as identifying the resources that we have available to fund our spending.

<b>Budget</b>	<b>Budget</b>	<b>Provisional Spending</b>			
<b>2018/19 Revenue Spending Plans</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>
<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
124.980 Base Budget	124.463	124.325	124.130	123.909	123.740
10.747 Budget Pressures	11.716	10.000	8.000	8.000	8.000
(11.264) Redirection of Current Spending	(11.854)	(10.195)	(8.221)	(8.169)	(8.117)
<b>124.463 TOTAL Revenue Spending Plans</b>	<b>124.325</b>	<b>124.130</b>	<b>123.909</b>	<b>123.740</b>	<b>123.623</b>
<b>-0.41% Percentage Decrease in Council budget</b>	<b>-0.11%</b>	<b>-0.16%</b>	<b>-0.18%</b>	<b>-0.14%</b>	<b>-0.09%</b>
<b>Group Revenue Budgets</b>					
83.202 Children, Adults and Health	88.037	87.899	87.743	87.623	87.540
22.770 Economic Regeneration	22.680	22.644	22.604	22.573	22.552
18.491 Business and Resources	13.608	13.587	13.562	13.544	13.531
<b>124.463 TOTAL Group Revenue Budgets</b>	<b>124.325</b>	<b>124.130</b>	<b>123.909</b>	<b>123.740</b>	<b>123.623</b>
<b>Funded by</b>					
19.696 Revenue Support Grant	14.666	-	-	-	-
13.693 Business Rates Retained	13.761	21.054	21.475	21.904	22.342
33.610 Business Rates Top Up	34.377	41.750	40.497	39.282	38.103
(1.270) Use of (Contribution to) Council Reserves	-	-	-	-	-
1.000 Collection Fund Contribution	1.000	0.200	0.200	0.200	0.200
57.734 Council Tax Income	60.521	61.126	61.737	62.354	62.978
<b>124.463 TOTAL Revenue Funding Forecast</b>	<b>124.325</b>	<b>124.130</b>	<b>123.909</b>	<b>123.740</b>	<b>123.623</b>
90.976 Dedicated Schools Grant	93.661	93.661	93.661	93.661	93.661

11. From 2013/14 the Government introduced a new system of funding councils. Each Council is allowed to retain almost 50% of business rates collected. Government grant has been reduced accordingly to reflect this additional income now retained by councils. The next phase of business rates retention is expected to be introduced in 2020/21 whereby each Council will retain 75% of business rates collected with Government grant reduced accordingly.
12. In 2019/20 we will receive 40% of our revenue from Central Government and 60% from Council Tax and retained Business Rates. This settlement is year 4 of a 4 year Government settlement accepted by the Council to allow us to plan ahead. The settlement has continued to see significant reductions in our funding from Central Government which are also higher than the average across the country.

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

13. We have factored in these reductions and have assumed further estimated reductions in funding in 2020/21 to 2023/24 based upon national Government anticipated spending plans.
14. From 2017/18 Councils with responsibility for adult social care have been given by the Government the ability to raise council tax by an additional levy to fund a budget shortfall in this area. The increase of 3.95% in 2019/20 includes a 1% increase in respect of Adult Social Care and a 2.95% annual increase. The table at paragraph 10 shows the amount of Council Tax we will collect in 2019/20 with the increase of 3.95%. **For planning purposes only**, we have included the estimated income in 2020/21 to 2023/24, based upon Council Tax revenues increasing by 1%.
15. The actual increases in Council Tax income in 2020/21 to 2023/24 will depend on circumstances at the time, including the level of actual funding received from Government and income from business rates. This may be higher or lower than these planning assumptions and, as such do not represent commitments by the Council at this time. At our current Council Tax Base, a 1% increase in the Council Tax level would generate an additional £0.605m of income.
16. Schools expenditure is funded from a Dedicated Schools Grant which is ring-fenced. The Schools, Central Schools Services, Early Years and High Needs elements have been confirmed for 2019/20 but the Recoupment figure which is paid over to academy schools will be confirmed in April. The figure quoted in paragraph 10 for Dedicated Schools Grant is shown after the estimated recoupment.
17. Appendix 1A provides more detail on the 2019/20 revenue budgets for each service.

### Budget Pressures

18. The Council needs to spend more money to keep services at their current level. We also need to spend money to deliver our vision for South Tyneside by progressing our priorities. To continue to deliver our current services and to deliver our vision we will need to spend an extra £11.7m in 2019/20, a further estimated £10m in 2020/21 and £8m in 2021/22 to 2023/24. These figures have been estimated from forecasted activity / volume levels using specific cost drivers and taking account of changes in specific grant funding. A summary of these pressures is shown in the table below and full details are set out in Appendix 1B.

Revenue Budget Pressures	2019/20	2020/21	2021/22	2022/23	2023/24
	£m	£m	£m	£m	£m
Inflation	6.212	5.750	5.500	5.500	5.500
Other Standstill Pressures	4.928	3.581	2.450	2.450	2.450
Changes to External Grant	0.576	0.669	0.050	0.050	0.050
<b>TOTAL Revenue Budget Pressures</b>	<b>11.716</b>	<b>10.000</b>	<b>8.000</b>	<b>8.000</b>	<b>8.000</b>

19. Demand for our services, especially adult care and supporting vulnerable children, continues to increase, coupled with rising costs in providing these services due to Government changes means that we need to spend more money just to carry on providing the services we currently offer.



# What are the Council's revenue spending plans?

## Redirection of current spending

20. The funding we estimate to receive from Government and from Council Tax payers over the next five years is not sufficient to cover our current level of spend plus our new budget pressures. Therefore, to make sure we can continue to focus spending on our priorities, we have identified proposals for reducing spending and increasing efficiency across all of the Council's services both in the short and medium term. This will mean that our spending plans are affordable, and match the money we expect to receive.
21. Where possible, we have identified where we can reduce spending on support functions by working more efficiently so that we can protect front line services.
22. Plans for reducing spending, delivering new models of service and increasing efficiency in 2019/20 are shown in the following table.

	<b>Redirection of Current Spending</b>	<b>2019/20 £m</b>
	<b>Adult Social Care</b>	
1	Direct Services	0.134
2	Accommodation	0.365
3	Living Better Lives	0.538
	<b>Adult Social Care Sub Total</b>	<b>1.037</b>
	<b>Asset Management</b>	
4	Reduced Energy Costs	0.112
5	LED Signs & Bollards	0.015
6	Traffic Management	0.130
7	Building Cleaning Income	0.100
8	Investment Portfolio	0.050
9	Construction	0.050
10	Rating Review	0.060
11	Barrington Street	0.016
	<b>Asset Management Sub Total</b>	<b>0.533</b>
	<b>Area Management</b>	
12	Community Services	0.360
13	Green Waste	0.050
	<b>Area Management Sub Total</b>	<b>0.410</b>
	<b>Children and Families Social Care</b>	
14	Special Guardianship Allowances	0.050
15	Adoption	0.100
16	Use of External Funding	0.110
	<b>Children and Families Social Care Sub Total</b>	<b>0.260</b>
	<b>Corporate Finance</b>	
17	Investment Interest	0.300
18	North East Combined Authority Transport Levy	0.100
19	Council Tax Costs	0.100
20	Changes in Funding	3.525
21	Miscellaneous	0.120
	<b>Corporate Finance Sub Total</b>	<b>4.145</b>

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

	<b>Redirection of Current Spending</b>	<b>2019/20 £m</b>
	<b>Culture and Leisure</b>	
22	Changes to Grant Funding	0.065
23	Culture & Events Income	0.005
24	Cross Cutting Staffing Review	0.045
25	Increased Leisure Income	0.104
26	Sports Development New Working Arrangements	0.048
27	Review of Management Costs	0.038
28	Libraries review of book stock and casual staffing pool	0.034
29	Leisure review of back office functions	0.017
	<b>Culture and Leisure Sub Total</b>	<b>0.356</b>
	<b>Learning and Early Help</b>	
30	Review Model of School Effectiveness / Improvement	0.040
31	Fees and Charges	0.076
32	Commercial Opportunities - Schools	0.040
33	SEND Management Review	0.020
34	Early Help Integration	0.125
35	Children's Standards Unit Review	0.050
	<b>Learning and Early Help Sub Total</b>	<b>0.351</b>
	<b>External Contracts</b>	
36	Strategic Partnership	0.800
37	Remodelling of Returned Services	0.530
38	Procurement Saving	1.700
	<b>External Contracts Sub Total</b>	<b>3.030</b>
	<b>Public Health</b>	
39	Substance Misuse Contract Efficiencies	0.150
40	Sexual Health Contract Efficiencies	0.050
41	0-19 Contract Efficiencies	0.300
42	Change 4 Life Efficiencies	0.150
43	Domestic Abuse	0.050
44	General	0.053
	<b>Public Health Sub Total</b>	<b>0.753</b>
	<b>Development Services</b>	
45	Increased Income from Consultancy Services	0.065
46	Planning Performance Agreements	0.040
	<b>Development Services Sub Total</b>	<b>0.105</b>
	<b>Business, Employment and Skills</b>	
47	Business Investment	0.211
	<b>Business, Employment and Skills Sub Total</b>	<b>0.211</b>
	<b>Redesigned Support Services</b>	
48	Remodelling of Business Support	0.148
49	Performance Staffing	0.063
50	Strategy & Performance System Support / External Funding	0.030
51	Graduate Programme	0.032
52	Staff Secondment	0.035
53	Remodelling of Finance Service	0.065
54	HR Integration of Staff Teams	0.120
55	Medical Examiner Fees	0.100
56	Legal Staffing Efficiencies	0.050
57	Legal Recharge Income	0.020
	<b>Redesigned Support Services Sub Total</b>	<b>0.663</b>
	<b>TOTAL Redirection of Current Spending</b>	<b>11.854</b>

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

### Council Tax Income

23. The following section provides further information on our Council Tax levels from 1<sup>st</sup> April 2019.
24. To fund our spending plans which are inclusive of levies from external bodies to support functions such as transport and flood defence, we need to increase **our proportion of the borough's Council Tax** in 2019/20 to raise **£60.521m**. 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 1% increase in respect of Adult Social Care and a 2.95% annual increase. Due to the pressures within Adult Social Care, there will still remain a significant funding gap.
25. Tyne & Wear Fire and Civil Defence Authority and the Northumbria Police and Crime Commissioner have confirmed a precept increase of 2.99% and 21.75% respectively.
26. The table below identifies the Council Tax for each property band:

2019/20 Borough Council Tax						
	Band Weighting	% of Properties in Each Band	South Tyneside Council £	Fire Authority £	Police & Crime Commissioner £	TOTAL £
Band A Properties	6/9	63.8	1,044.75	54.89	89.55	1,189.19
Band B Properties	7/9	14.1	1,218.88	64.03	104.48	1,387.39
Band C Properties	8/9	11.7	1,393.00	73.18	119.40	1,585.58
Band D Properties	1	6.4	1,567.13	82.33	134.33	1,783.79
Band E Properties	11/9	2.4	1,915.38	100.63	164.18	2,180.19
Band F Properties	13/9	1.0	2,263.63	118.92	194.03	2,576.58
Band G Properties	15/9	0.5	2,611.88	137.22	223.88	2,972.98
Band H Properties	18/9	0.1	3,134.26	164.66	268.66	3,567.58
Percentage increase from 2018/19			3.95%	2.99%	21.75%	5.06%

# What are the Council's revenue spending plans?

## South Tyneside Council Tax for 2019/20

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

2019/20 Borough Council Tax	Band Weighting	South Tyneside Council 2018/19	South Tyneside Council 2019/20 *	Fire Authority 2018/19	Fire Authority 2019/20	Police & Crime Commissioner 2018/19	Police & Crime Commissioner 2019/20	Borough Council Tax 2018/19	Borough Council Tax 2019/20
<b>Band A Properties</b>	6/9	£1,005.06	<b>£1,044.75</b>	£53.29	<b>£54.89</b>	£73.55	<b>£89.55</b>	£1,131.90	<b>£1,189.19</b>
Percentage increase			3.95%		2.99%		21.75%		5.06%
Annual increase			£39.69		£1.60		£16.00		£57.29
Weekly increase			£0.76		£0.03		£0.31		£1.10
<b>Band B Properties</b>	7/9	£1,172.56	<b>£1,218.88</b>	£62.18	<b>£64.03</b>	£85.81	<b>£104.48</b>	£1,320.55	<b>£1,387.39</b>
Percentage increase			3.95%		2.99%		21.75%		5.06%
Annual increase			£46.32		£1.85		£18.67		£66.84
Weekly increase			£0.89		£0.04		£0.36		£1.29
<b>Band C Properties</b>	8/9	£1,340.07	<b>£1,393.00</b>	£71.06	<b>£73.18</b>	£98.07	<b>£119.40</b>	£1,509.20	<b>£1,585.58</b>
Percentage increase			3.95%		2.99%		21.75%		5.06%
Annual increase			£52.93		£2.12		£21.33		£76.38
Weekly increase			£1.02		£0.04		£0.41		£1.47
<b>Band D Properties</b>	1	£1,507.58	<b>£1,567.13</b>	£79.94	<b>£82.33</b>	£110.33	<b>£134.33</b>	£1,697.85	<b>£1,783.79</b>
Percentage increase			3.95%		2.99%		21.75%		5.06%
Annual increase			£59.55		£2.39		£24.00		£85.94
Weekly increase			£1.15		£0.05		£0.46		£1.65
<b>Band E Properties</b>	11/9	£1,842.60	<b>£1,915.38</b>	£97.70	<b>£100.63</b>	£134.85	<b>£164.18</b>	£2,075.15	<b>£2,180.19</b>
Percentage increase			3.95%		2.99%		21.75%		5.06%
Annual increase			£72.78		£2.93		£29.33		£105.04
Weekly increase			£1.40		£0.06		£0.56		£2.02
<b>Band F Properties</b>	13/9	£2,177.61	<b>£2,263.63</b>	£115.47	<b>£118.92</b>	£159.37	<b>£194.03</b>	£2,452.45	<b>£2,576.58</b>
Percentage increase			3.95%		2.99%		21.75%		5.06%
Annual increase			£86.02		£3.45		£34.66		£124.13
Weekly increase			£1.65		£0.07		£0.67		£2.39
<b>Band G Properties</b>	15/9	£2,512.64	<b>£2,611.88</b>	£133.23	<b>£137.22</b>	£183.88	<b>£223.88</b>	£2,829.75	<b>£2,972.98</b>
Percentage increase			3.95%		2.99%		21.75%		5.06%
Annual increase			£99.24		£3.99		£40.00		£143.23
Weekly increase			£1.91		£0.08		£0.77		£2.75
<b>Band H Properties</b>	18/9	£3,015.16	<b>£3,134.26</b>	£159.88	<b>£164.66</b>	£220.66	<b>£268.66</b>	£3,395.70	<b>£3,567.58</b>
Percentage increase			3.95%		2.99%		21.75%		5.06%
Annual increase			£119.10		£4.78		£48.00		£171.88
Weekly increase			£2.29		£0.09		£0.92		£3.31

\* Percentage change is inclusive of a 1% increase as permitted by Government towards the rising costs of adult social care

# What are the Council's capital spending plans?

## Capital Investment Programme

The Capital Investment Programme sets out our investment plans over the next 5 years to support regeneration and achieve our priorities. This will be underpinned by our asset delivery model, which uses our resources as efficiently and effectively as possible to ensure services are provided in areas where they are needed.

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

External funding streams have been secured to support the funding of the programme. These include regional funds applied locally to support the overarching economic objectives of the wider region. New and innovative funding sources exploiting the value within our assets are being explored to provide the finance to deliver the Council's ambitions.

### Strategic Outcome: A regenerated South Tyneside with increased business and jobs

We want South Tyneside to be a place that is attractive, prosperous, well-connected and business friendly. We want new businesses to set up here, existing businesses to grow and more high quality jobs for our residents.

We target our interventions to help **unlock the potential of our businesses and sites**, and **connect all our communities and residents with employment and enterprise opportunities**. These will be focused on those sectors and clusters that are strategically important to the economic growth of the borough in terms of increased employment and Gross Value Added (GVA). The key to this investment and growth is our ability to **exploit the key strategic assets** of the **River Tyne**, the **A19 strategic employment corridor** and to maximise the opportunities along the **foreshore** and **within our key urban centres** and smaller towns and villages.

The International Advanced Manufacturing Park will take advantage of its location alongside the A19 and north of Nissan to expand upon the North East automotive manufacturing hub, bringing with it over 7,000 jobs and unlocking over £400million of private sector development. In conjunction with Sunderland City Council, Henry Boot Development Ltd have been appointed as our development partner and are responsible for the delivery of both infrastructure and building on site.





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

This National Significant Infrastructure Project will be a planned and sustainable employment location that maximises links with Nissan and other high value automotive industries, including around 392,000m<sup>2</sup> of commercial space, set alongside new infrastructure and services.



In further support of this development Highways England are investing £100million into the Testos Grade Separation scheme to build a flyover, creating a continuous flow of A19 traffic over the Testos roundabout. Construction works start January 2019 and are expected to take 18 months. To compliment these works the Council has increased capacity at the Arches Junction and are proposing improvements to the Kirkstone Avenue footbridge to reduce the potential for bridge-strike from the increased

traffic. Following on from these projects the Council are also planning to deliver further major improvements to the strategic and local road network.

The Council's 'South Shields 365' vision will improve the appearance and functionality of the town centre and will provide new retail and family leisure facilities, better transport links and improved public spaces. Phase 1, 'The Word – the National Centre for the Written Word', has had a great success since its opening in October 2016, attracting over 800,000 visitors and hosting a number of high profile exhibitions and events. Phase 2 of SS365, which is the construction of the new South Shields Transport Interchange, commenced in spring 2018.



This will improve the connectivity between the metro and bus networks, offer direct concourse access from the bus station to the Metro and provide improvements to the rail and highways infrastructure around the town centre, offering a more efficient transport system. Steelwork and floor slabs are now in place whilst the roofing is substantially completed and cladding of the building is ongoing. The building is due to open in summer 2019. Preliminary works for Phase 3 of the programme, which will see new retail and leisure units brought forward around Barrington Street, will commence with demolitions in early 2020.

### Key Delivery Priorities

- **Regeneration of Town Centres and Villages**
- **Economic Growth and New High Quality Jobs**
- Support and Develop Key Sectors
- Educate, Retain and Attract Young People
- Maximise the Impact of the Riverside Assets and the A19 Corridor
- Promote the Area as Best for Business

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



South Tyneside Council's vision is to transform Holborn into a vibrant mixed use riverside location on the edge of South Shields Town Centre. This will see the development of a sustainable business and residential community which broadens the South Tyneside offer and which builds upon the Council's ongoing investment in South Shields Town Centre, Riverside and Foreshore. The site and its surrounds comprise some 10.45 hectares of land, of which 4.66 hectares are identified as an Enterprise Zone.

### Strategic Outcome: Better Housing and Neighbourhoods

We want South Tyneside to be clean, green and safe, with a housing market and local services that offer affordability, quality and choice. We want to devolve more power to local communities and encourage residents to get involved in making their communities better.

In partnership with South Tyneside Housing Ventures Limited, we have built new affordable homes for rent that will add value to our economic growth and regeneration ambitions and provide a return on investment. Our ambition is to meet the demand for up to 10,000 new homes over the next 20 years. New developments have been completed at Salcombe Avenue, Low Simonside and Wark Crescent where tenants have now moved in and are enjoying their fantastic new homes. Progress is continuing with a new apartment scheme for older people at Croftside where completion is expected in autumn 2019. The new Council owned housing development company, Centaurea Homes Limited, has submitted plans for 62 new family homes on the Lakes Estate. This will be the Company's first development and, subject to planning permission, should be on site by spring 2019.



The borough will lead the way in the **generation of renewable energy**, building on existing new build projects and ongoing energy efficiency schemes. We will use our residential and community assets to their greatest effect and will work alongside partner local authorities to lever external investment.

### Key Delivery Priorities

- **Housing Integration and Growth**
- **Investment in Neighbourhoods**
- Reduce the Number of Long-term Empty Properties
- Improve Access to Schools, Services and Jobs

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

- Sufficient and Suitable Accommodation for Older People
- Reduce Crime and Disorder and Improve Perceptions
- **Community and Civic Buildings**
- Reducing Waste to Landfill, Increase Recycling and Reduce Our Carbon Footprint



The major part of the Council's Capital Programme relating to achieving this strategic outcome comprises expenditure on the Council's own housing stock. The Council bid for and secured over £160m of Decent Homes funding, which has been applied across the borough to renovate the Council housing stock. The Decent Homes work was completed in December 2016 and South Tyneside Homes have now moved onto a planned maintenance programme to survey properties completed at the start of Decent Homes to see if any elements of the

work have reached their end of life and need to be replaced. There is also a mop up programme continuing into 2019/20 to pick up properties that initially declined Decent Homes works. This is complemented by a range of environmental improvements on estates throughout the borough and selective demolition of unsuitable properties.

The Council are continuing with works to develop the area within the centre of Hebburn which has seen a number of demolitions including Westmoreland Court, the Father James Walsh Centre and Hebburn Library. Hebburn Central, an award winning community asset, has been a fantastic contribution to the town. This has sparked further development and private sector investment in the area and the new Aldi food store opened on 1<sup>st</sup> November 2018 which will be complemented by continued neighbourhood improvement



works with a new public realm scheme currently being designed to further regenerate the area. Further works to commence in autumn 2019 include the demolition of the former Hebburn Neighbourhood Advice Centre (HEBNAC) building. The land formerly occupied by the Hebburn Civic Centre, Hebburn Baths and Kelly House is now being marketed for a potential new housing offer.

The capital schemes within this priority also include Highways and Transport (funded mainly by Government grant but including significant Council capital investment to maximise the benefits to the wider community). It incorporates major road and footway improvements across the borough. The new Highways Asset Management Plan details the process for delivery of a rolling three year road and footway programme, including carriageway resurfacing across the borough, ensuring forward visibility of proposed works.



# What are the Council's capital spending plans?

## Strategic Outcome: Stable and Independent Families

We want to ensure that children, adults and families in South Tyneside are healthy and happy, with the education, skills and resilience to become the best that they can be. We will support families to ensure that our children and young people have a safe and positive start to their lives.

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

This is the vision we have developed for children and young people in South Tyneside. Our **Best Start in Life Strategy**, sets out our commitment and approach to improving the lives of children and families in South Tyneside.

### Key Delivery Priorities

- Safer and Stronger Families in Healthier Communities
- Enterprise Learning and Skills
- Healthier Communities

The significant number of new houses built in South Tyneside in the past few years has created demand for new primary school places, with the greatest pressure in the Hebburn area. In addition, Government funding has been agreed through the Priority Schools Building Programme to replace Toner Avenue Primary School as a new build 420 place two form entry primary school but with no expansion. Kier Construction has been appointed as the contractor and the Council proposes to provide additional capital funding to extend the school by one form entry (210 places) to meet the pupil place demand of the new housing. Construction on the new school is underway, with input from the Council, and the opening is now planned for September 2019. A review also commenced in September 2018 to determine the requirement for additional places at other schools in the area.



Our Living Better Lives approach to supporting adults and older people is built on a principle of empowering our residents and supporting them to live independently in their own homes wherever possible. A key enabler of this strategy is the Disabled Facilities Grant which is administered by the Council. Where adaptations such as stair lifts, ramps and grab rails are necessary to meet needs within private or rented dwellings then the Council has a long-term vision of continuing to use this grant to ensure needs are met and that families can be kept together.

# What are the Council's capital spending plans?

## Strategic Outcome: Healthier People

Investment in road safety will continue with a particular focus around pedestrian safety and the introduction of 20mph speed limits. The capital funding will help provide safer routes for all vulnerable road users as well as encourage healthier forms of travel like walking and cycling.

### Key Delivery Priorities

- Giving Every Child A Good Start in Life
- Increase Healthy Life Expectancy
- Better Employment Prospects for Young People
- Reduce Social Isolation amongst Older People
- Integrate Health and Social Care Services
- **New Services for Children and Adults**
- **Community and Civic Buildings**

Thurston Outdoor Education Centre and Simonside Outdoor Adventure have achieved Learning Outside the Classroom Quality Badge status and as a result are now nationally recognised due to the high standard of provision afforded to South Tyneside residents. To ensure that Thurston is able to continue to offer sailing as an activity and to stay within Health and Safety Executive defined ratios a second sailing boat is to be purchased as part of the capital programme. In addition the sport of climbing has seen some major changes over the years and although Simonside has been kept 'current' by installing a bouldering section and a digital sensory wall it is anticipated that the visitor experience would be further enhanced by the installation of automatic belaying devices and shaped high gloss backgrounds.



The improvements could attract a brand new customer base, thus getting more people into physical exercise, whilst also enhancing the experience of current users.



After initially securing £194k for the creation of plans the Council has subsequently been successful in securing £2.45m grant from the Heritage Lottery Fund (HLF) to revitalise North Marine Park. The overarching aim of the HLF bid is to restore North Marine Park to its Victorian character, retaining the Park's heritage and creating a



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

sustainable space for future generations to enjoy. The main aspects of the proposal include restoring connectivity between the Park and the beach at Littlehaven, recreating a family entertainment and play area, improving the natural viewing platform of the Lawe Top and improving the general landscaping, tree management and pathways. Proposed works have begun and are due to complete in late 2019.

### Innovation and Efficiency

We need to be clear about how we **support and underpin the delivery of our priorities** by investing in our future and **managing our resources effectively**. The current economic climate means that achieving value for money and efficiency in our services will be more important than ever. Our new operating model has a clear focus on delivery, and we are innovating and changing how we do things so we can deliver our priorities in the most efficient way.

The Council will continue to reduce the number of buildings in its estate with further consolidation of both corporate buildings and buildings in the community. Including new coronial premises. This will release capital funds from disposal of surplus buildings for investment in core buildings to be retained to ensure they are fit for purpose and meet the needs of the residents and businesses in the borough. Site preparation and demolition of surplus buildings will be undertaken to ensure early sale and development.

Peak time charges are the fastest growing element of electricity costs. To mitigate these costs the programme includes plans to install an electric storage battery to complement the wind turbine and solar panels proposed at Middlefield's. Energy generated by the wind turbine and solar panels will first be used by the site and then any excess will charge the battery to be utilised at times that will avoid incurring peak time charges. Once the battery is fully charged any further energy generated will be exported back to the grid to produce a revenue income stream via Flexitricity. The project is due to start in 2019 and is scalable with the potential for additional units to be added should peak charges rise further in the future.



In managing our resources effectively the Council has been able to maximise the life of our fleet vehicles but we have now reached the point where repair costs are increasing and a number of vehicles are no longer fit for purpose. We are therefore investing in a fleet replacement programme which will enable us to reduce repair costs and also reduce CO2 emissions both for the Council and for our

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

businesses to whom we provide waste and recycling collections, as well as to provide an improved recycling service, more responsive to local needs. New vehicles will mean less breakdowns and time out of service for repairs and will ensure that waste services can be delivered on the scheduled collection day. The replacement programme covers 3 years and includes the purchase of 41 light vehicles and 23 refuse collection vehicles, of which 16 have been ordered and 8 received to date.

We will ensure that the corporate ICT and Digital infrastructure is refreshed, secure and resilient and that services and employees can access the information, IT and Digital systems that they need to deliver services and strategic outcomes. The capital programme includes funding for the refresh and upgrade of the corporate ICT and Digital infrastructure (hardware, software and connectivity) to keep it



secure, resilient and in support. The desktop hardware and software refresh has already commenced with further plans for a network refresh, ICT application upgrades and website solutions.

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

28. The Capital Investment Programme outlined by priority and year is set out in the table below.

<b>Capital Investment Strategy 2019-24</b>							
<b>Strategic Outcome 1 : A regenerated South Tyneside with increased business and jobs</b>							
<b>Ref</b>	<b>Project Name</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	<b>Total</b>
		<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
ER01	Holborn	16.260	16.510	10.790	0.150	8.150	51.860
ER02	IAMP	11.120	18.798	9.607	-	-	39.525
ER03	South Shields 365	12.547	4.143	7.300	-	-	23.990
ER04	Highway Structures Programme	0.375	0.850	0.300	0.300	0.300	2.125
ER05	Chichester Metro Station	0.500	1.250	-	-	-	1.750
ER06	Major Transport Schemes	0.200	0.200	0.200	0.200	0.200	1.000
ER07	A19 Lane Gain/Lane Drop	0.714	-	-	-	-	0.714
ER08	Hebburn Town Centre	0.485	-	-	-	-	0.485
ER09	Gateway Roundabouts	0.050	-	-	-	-	0.050
		<b>42.251</b>	<b>41.751</b>	<b>28.197</b>	<b>0.650</b>	<b>8.650</b>	<b>121.499</b>
<b>Strategic Outcome 2 : Better Housing and Neighbourhoods</b>							
<b>Ref</b>	<b>Project Name</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	<b>Total</b>
		<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
BHN01	Housing Ventures	8.000	8.000	8.000	8.000	8.000	40.000
BHN02	Centaurea Homes	5.000	5.000	5.000	5.000	5.000	25.000
BHN03	Flags to Flexible Footway Programme	2.000	2.000	2.000	2.000	2.000	10.000
BHN04	Road Resurfacing	1.000	2.000	2.000	2.000	2.000	9.000
BHN05	Local Transport Plan Budgets	2.348	2.348	-	-	-	4.696
BHN06	Chuter Ede Community Facility	-	2.000	2.000	-	-	4.000
BHN07	CAF Grants	0.500	0.500	0.500	0.500	0.500	2.500
BHN08	Recycling Shed Extension	1.250	-	-	-	-	1.250
BHN09	Brinkburn CA Redevelopment Works	0.500	0.465	-	-	-	0.965
BHN10	Asset Transfer Works	0.150	-	-	-	-	0.150
BHN11	CCTV Relocation	0.050	-	-	-	-	0.050
HC01	Decent Homes	11.700	11.700	11.700	11.700	11.700	58.500
HC02	Programme Fees - Housing Capital	1.100	1.100	1.100	1.100	1.100	5.500
HC03	Voids	1.200	1.200	1.200	1.200	1.200	6.000
HC04	Disabled Adaptations	0.700	0.700	0.700	0.700	0.700	3.500
HC05	Public Sector Housing Other	0.800	0.300	0.300	0.300	0.300	2.000
		<b>36.298</b>	<b>37.313</b>	<b>34.500</b>	<b>32.500</b>	<b>32.500</b>	<b>173.111</b>
<b>Strategic Outcome 3 : Stable and Independent Families</b>							
<b>Ref</b>	<b>Project Name</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	<b>Total</b>
		<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
SIF01	Disabled Adaptations	0.800	0.800	0.800	0.800	0.800	4.000
SIF02	Schools Devolved Formula Capital	0.363	0.363	0.363	0.363	0.363	1.815
SIF03	Toner Avenue Primary School	1.000	-	-	-	-	1.000
SIF04	School Estate	-	-	0.930	-	-	0.930
SIF05	Park View Vocational Centre	0.166	-	-	-	-	0.166
SIF06	Sue Hedley Nursery	0.020	-	-	-	-	0.020
		<b>2.349</b>	<b>1.163</b>	<b>2.093</b>	<b>1.163</b>	<b>1.163</b>	<b>7.931</b>
<b>Strategic Outcome 4 : Healthier People</b>							
<b>Ref</b>	<b>Project Name</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	<b>Total</b>
		<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
HP01	HLF North Marine Park	1.426	0.133	0.079	0.079	-	1.717
HP02	School Road Safety Works	0.200	0.200	0.200	0.200	0.200	1.000
HP03	Outdoor Education Sailing and Climbing	0.103	-	-	-	-	0.103
		<b>1.729</b>	<b>0.333</b>	<b>0.279</b>	<b>0.279</b>	<b>0.200</b>	<b>2.820</b>

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

<b>Capital Investment Strategy 2019-24</b>							
<b>Innovation and Efficiency</b>							
<b>Ref</b>	<b>Project Name</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	<b>Total</b>
		<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
IE01	Asset Management	2.747	2.747	2.747	2.747	2.747	13.735
IE02	ICT and Digital	2.000	2.000	2.000	2.005	2.005	10.010
IE03	Fleet Vehicle Replacement Programme	2.500	1.250	1.250	1.250	1.250	7.500
IE04	LED Street Lighting Replacements	1.000	-	-	-	-	1.000
IE05	Demolitions	0.500	0.100	0.100	0.100	0.100	0.900
IE06	Middlefield's Storage Battery	0.800	-	-	-	-	0.800
IE07	Middlefield's Refurbishment	0.485	0.100	-	-	-	0.585
IE08	Securing Vacant Buildings	0.100	0.100	0.100	0.100	0.100	0.500
IE09	Demolition of Temple Park Pool	0.500	-	-	-	-	0.500
IE10	Resurfacing of Car Parks	0.050	0.050	0.050	0.050	0.050	0.250
IE11	Event Safety	0.200	-	-	-	-	0.200
IE12	Office Accommodation	0.100	0.100	-	-	-	0.200
IE13	South Shields Crematorium Upgrade	0.080	-	-	-	-	0.080
IE14	Vehicle Wash and Dewatering Facilities	0.065	-	-	-	-	0.065
IE15	Wheeled Bin Replacement Programme	0.050	-	-	-	-	0.050
IE16	Litter Bins	0.050	-	-	-	-	0.050
		<b>11.227</b>	<b>6.447</b>	<b>6.247</b>	<b>6.252</b>	<b>6.252</b>	<b>36.425</b>
<b>TOTAL</b>		<b>93.854</b>	<b>87.007</b>	<b>71.316</b>	<b>40.844</b>	<b>48.765</b>	<b>341.786</b>

## Capital Funding

29. The table below summarises our capital funding estimates for 2019/20 and provisional funding estimates for 2020/21 to 2023/24.

<b>Capital Programme By Funding</b>							
		<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	<b>Total</b>
		<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
<b>Council General Fund Programme</b>							
External Funding		44.605	42.904	26.500	15.920	15.910	<b>145.839</b>
Capital Receipts		2.500	4.465	6.500	5.000	5.000	<b>23.465</b>
Revenue Contribution to Capital		1.000	1.000	1.000	1.000	1.000	<b>5.000</b>
Borrowing		29.249	22.638	21.316	2.924	10.855	<b>86.982</b>
<b>Total Council General Fund Programme</b>		<b>77.354</b>	<b>71.007</b>	<b>55.316</b>	<b>24.844</b>	<b>32.765</b>	<b>261.286</b>
<b>Housing Programme (funded from the Housing Revenue Account)</b>							
Revenue Funding of Decent Homes Maintenance		16.500	16.000	16.000	16.000	16.000	<b>80.500</b>
<b>Total Housing Programme</b>		<b>16.500</b>	<b>16.000</b>	<b>16.000</b>	<b>16.000</b>	<b>16.000</b>	<b>80.500</b>
<b>Combined Housing and General Fund</b>		<b>93.854</b>	<b>87.007</b>	<b>71.316</b>	<b>40.844</b>	<b>48.765</b>	<b>341.786</b>

# What are the Council's prudential indicators?

## Prudential Code

30. Section 3 of the Local Government Act 2003 requires the Council to determine its own affordable borrowing requirement necessary to fund capital expenditure. The Prudential Code is a professional code of practice, backed by legislation, to support councils when taking investment decisions on their programmes.
31. The key objectives of the Code are to ensure, within a clear framework, that capital investment plans of Councils are affordable, prudent and sustainable and that treasury management decisions are taken in accordance with good professional practice.
32. This system of capital finance allows the Council to have much greater flexibility and freedom over its borrowing. However, it does not provide additional central Government support for the cost of borrowing. Consequently, the cost of additional capital expenditure has to be met from revenue and has to be affordable and sustainable in the long term.
33. To demonstrate that the Council has fulfilled these objectives, the following sections set out the prudential code indicators that must be set and agreed by full Council. Full Council must also agree any future changes to these indicators.

## Compliance with the Prudential Code

34. The Council has established procedures to monitor all forward looking prudential indicators and has developed a measurement and reporting process that highlights significant deviations from expectations.
35. In considering the capital programme, the code requires the Council to have regard to: -
  - **Affordability** – the implications of capital investment decisions on future Council Tax and Council housing rents;
  - **Prudence and sustainability** – risk and the implications for external borrowing;
  - **Value for money** and **options appraisal**;
  - **Stewardship** of Council assets (asset management planning);
  - **Service objectives** - strategic planning;
  - **Practicality** – the achievability of the forward plan.

## Affordability

36. To assess the affordability of prudential borrowing, we review 3 key elements:
  - The estimates of capital expenditure as part of the Capital Spending Plans.
  - The level of the Council's capital financing requirement, which demonstrates our underlying need to borrow to fund the capital spending plans.
  - The estimated ratio of financing costs (debt charges, interest payments and interest received) to the Council's net revenue stream for current and future spending plans.



## What are the Council's prudential indicators?

2018/19 Affordability Measures Revised £m		2019/20 £m	2020/21 £m	2021/22 £m
	<b>Capital Spending Plans</b>			
66.171	Council capital programme	77.354	71.007	55.316
20.769	Housing capital programme	16.500	16.000	16.000
<b>86.940</b>	<b>Total Capital Programme</b>	<b>93.854</b>	<b>87.007</b>	<b>71.316</b>
	<b>Capital Financing Requirement</b>			
486.696	Council capital programme	513.673	532.039	548.448
287.503	Housing capital programme	287.503	287.503	287.503
<b>774.199</b>	<b>Total Capital Financing Requirement</b>	<b>801.176</b>	<b>819.542</b>	<b>835.951</b>
	<b>Ratio of Financing Costs to net revenue stream</b>			
15.12%	Council capital programme	16.05%	17.24%	17.70%
45.64%	Housing capital programme	42.02%	40.31%	39.22%

### Prudence – Council Treasury Management Practices

37. The Council has an integrated treasury management strategy and has adopted the CIPFA Code of Practice for Treasury Management in the Public Services.
38. The Council has, at any point in time, a number of cash flows both positive and negative and manages its treasury position in terms of its borrowings and investments in accordance with its approved treasury management strategy and practices.
39. The Council's Treasury Management Strategy and Annual Plan for 2019/20 is due to be presented to Council for approval on 28<sup>th</sup> February 2019.

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

40. The Prudential Code includes the following as a key indicator of prudence:
 

“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 capital financing requirement in the preceding year, plus the estimates of any additional capital financing requirement for the current and next two financial years”.
41. No difficulties are envisaged in meeting this requirement. This view takes into account current commitments, existing plans, and the proposals in this Medium Term Financial Plan.

### Prudence – Council External Debt

42. The Council's actual external debt at 31<sup>st</sup> March 2018 was £774m. The Council's external debt at 31<sup>st</sup> March 2019 is estimated to be £801m. This figure is inclusive of internal funding, Private Finance Initiative (PFI) and leasing costs and therefore represents the estimated capital financing requirement at 1<sup>st</sup> April 2019.
43. The Council needs to approve an authorised limit and operational boundary for its external debt (gross of investments) for the next three financial years. These limits separately identify borrowing from other long-term liabilities such as finance leases and the Private Finance Initiative.

## What are the Council's prudential indicators?

44. The following table identifies the Council's authorised limit for external debt for 2019/20 to 2021/22. For 2019/20, the authorised limit of £965m is the statutory limit determined under section 3(1) of the Local Government Act 2003.

<b>Authorised Limit for External Debt</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>
Borrowing	840	835	840
Other Long Term Liabilities	125	120	115
<b>Total</b>	<b>965</b>	<b>955</b>	<b>955</b>

45. These authorised limits are consistent with the Council's current commitments, existing plans and proposals in this budget report for capital expenditure and financing, and with its proposed treasury management policy statement and practices. They are based on the estimate of the most likely, prudent but not worst-case scenario, with sufficient headroom over and above to allow for operational management (e.g. unusual cash movements). Risk analysis and risk management strategies have been taken into account, as have plans for capital expenditure, estimates of the capital financing requirement and estimates of cashflow requirements for all purposes.
46. The following table identifies the **Council's operational boundary for external debt** for 2019/20 to 2021/22.

<b>Operational Boundary</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>
Borrowing	765	760	765
Other Long Term Liabilities	110	105	100
<b>Total</b>	<b>875</b>	<b>865</b>	<b>865</b>

47. The operational boundary is calculated in the same way as the authorised limit but without the additional headroom and equates to the maximum of external debt projected by this budget.
48. As part of the Council's Treasury Management Strategy the Corporate Director Business and Resources, as Section 151 Officer, has delegation from Council to operate between the operational boundary for external debt and the authorised limit for external debt.

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

49. Most of the investment portfolio is classified as being on variable rate terms. As most of the investments are classed as temporary the Council is not setting formal limits. It is therefore appropriate to express the controls over fixed and variable rate exposures as a proportion of the Council's borrowing. The upper limits on borrowing are:

	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>
<b>Upper Limit for Fixed Rate Exposure</b>	<b>%</b>	<b>%</b>	<b>%</b>
Debt Portfolio	100	100	100
<b>Upper Limit for Variable Rate Exposure</b>			
Debt Portfolio	35	35	35

## What are the Council's prudential indicators?

### Prudence – Maturity Structure of Council Borrowing

50. The following table sets upper and lower limits for the maturity structure of the Council's borrowing during 2019/20. The limits represent the amount of projected fixed rate borrowing maturing in each period, as a percentage of total projected fixed rate borrowing.

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

No change to our borrowing maturity structure is proposed.

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

51. The Council can invest for longer than 364 days. The maximum amount to be invested for periods above 364 days will be limited to £5m. This limit has been set following a review of the Council's reserves and other cash balances, and after taking account of cash flow requirements and future spending plans as set out in the Medium Term Financial Plan. The limit in 2018/19 was £5m.
52. The 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 has no organisations on its lending list to which it will lend for periods over one year.

## 2019/20 Minimum Revenue Provision Policy Statement

53. The Minimum Revenue Provision (MRP) is the charge made to the revenue account to reflect repayment of borrowing over the useful life of the assets that have been funded from that borrowing. The Council implemented the MRP guidance in 2007/08, and has since assessed the MRP in accordance with the main recommendations contained within the guidance issued by the Secretary of State under section 21(1A) of the Local Government Act 2003. Authorities are obliged by new section 21(1B) to “have regard” to such guidance. In particular, the Council are satisfied that the guidelines for their annual amount of MRP set out within this Policy Statement will result in their making the requisite prudent provision that is required by the guidance.
54. The Government guidance, revised in February 2012, allows for MRP to be charged at different rates depending on whether the borrowing is supported or unsupported. Options 1 and 2 of the guidance relate to supported borrowing whilst options 3 and 4 relate to unsupported borrowing. The guidance notes state that these options are recommendations not regulations and it is down to individual authorities to either follow the guidance or consider a more individually designed MRP approach which remains consistent with statutory duty.
55. Any supported borrowing remaining from the previous financial regime will be charged using the annuity method as per option 2 of the guidance.
56. In cases where schemes are not fully completed or assets brought into use by year end, expenditure in year on these will be deferred from any MRP charge, but reconsidered for MRP in the following year, or such later year, subject to the date of their completion as allowed by option 3, the Asset Life Method of the guidance.
57. MRP will be spread over a period which reflects the life/beneficial use up to a maximum of 50 years. A longer life may be given if it is deemed by a professional that the asset life will exceed 50 years. The expected life of each type of expenditure is determined to be:
- |                                      |                  |
|--------------------------------------|------------------|
| • Sea Defences                       | 50 years         |
| • Land (excluding regeneration land) | 50 years         |
| • New Buildings*                     | 50 years         |
| • Roads and Infrastructure Assets    | 50 years         |
| • Building Enhancement*              | 40 years         |
| • Major Regeneration Projects        | 40 years         |
| • Airport Infrastructure             | 32 years         |
| • Public Realm                       | 25 years         |
| • Non Asset Related Costs            | 20 years         |
| • Capital Equipment and Others       | 10 years or less |
- \*New buildings and building enhancement will have a minimum life of 50 or 40 years respectively depending on the judgement made by the Head of Asset Management and Design as to the expected useful life of the asset enhanced.
58. 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.

## 2019/20 Minimum Revenue Provision Policy Statement

59. The Council has in place a £40m finance agreement with South Tyneside Housing Venture Trust Limited. MRP will be charged to match the annuity loan repayment profile from the Company over the life of any loans issued as part of this agreement.
60. 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. Capital receipts may also be utilised to partially offset some or all of the MRP charge due for the year. The remaining expenditure is grouped together in a manner that reflects the life of the asset as detailed in paragraph 57.
61. 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.
62. When adopting the recommendations contained within option 3, the Council may, where applicable, treat any new capital expenditures/schemes which are both commenced and finalised within the financial year as having been financed from any associated grants, Section 106 monies, or similarly unringfenced funds. This is however entirely discretionary.
63. In cases where expenditure is incurred on only part of a scheme which is not completed by the year end, any grant or similar financing resources will be either allocated to other new expenditures under delegated powers, or carried forward, as necessary or appropriate.
64. Final decisions regarding the manner in which such resources are to be allocated to schemes will be taken under delegated powers.
65. The determination as to which schemes shall be deemed to be financed from available resources, and those which will remain as an outstanding debt liability to be financed by borrowing or other means will be assessed under delegated powers.
66. Additional statutory guidance was issued in 2009/10 regarding the MRP in respect of finance leases and PFI schemes. This results in an MRP charge that is either equivalent to the principal element of rental or charge that goes to write down the balance sheet liability created from such arrangements or an annuity based principal repayment based on the useful life of the asset acquired.



## How will the Council manage financial risk?

67. Over the medium term the Council faces continuing financial pressures and has refocused its priorities and built challenging budget redirections and savings targets into the spending plans for 2019 to 2024. The Council carefully identifies the things that could go wrong and might undermine the Medium Term Financial Plan.
68. To do this an assessment is made of what the impact would be if these things happen and how likely they are to happen. The Council ensures that it has plans in place in case things do not turn out as expected. This is part of our risk management strategy, which underpins all that we do, not just our financial plans.
69. The significant financial risks are identified on the Council's strategic risk register. They have all been assessed as part of the strategic planning process. These risks are being actively managed and the estimated financial implications have been built into this Medium Term Financial Plan.
70. Some of our strategic risks have been assessed as particularly uncertain with a potentially significant financial impact. Reserves have been established for these risks.
71. The following table identifies the key risks to the delivery of the MTFP, the actions taken (within this financial plan) and the actions proposed to reduce the impact of these risks on the Council's future financial position.

### Strategic Financial Risk and Risk Management

<b>Risk to the delivery of the MTFP</b>	<b>Risk Managed by:</b>
Risk that the demand for services (adults and children) could increase further than estimated and that the volatile demand led budgets are not rigorously managed.	Revenue spending is monitored on a monthly basis as part of the Council's corporate performance monitoring framework. Robust budgets consistent with agreed demand management plans and improvement programmes are in place including improved strengths based practice.
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.
Uncertainty over the level of contributions that will be required to meet the future pensions funding costs.	The next triennial actuarial valuation is due on 1 <sup>st</sup> April 2019 with the results impacting on the 2020/21 budget. It is not anticipated at this stage that any major increase in costs will be required.
Future government plans to revise the system of funding for local government may result in a reduction in resources greater than already forecast.	Future changes to the funding system will be analysed and the impact on resources will be factored into the MTFP.
The costs of commissioned care may increase due to the national living wage.	The Council has anticipated cost pressures in this area within its financial plans.

## How will the Council manage financial risk?

Risk to the delivery of the MTFP	Risk Managed by:
Financial pressures in 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 ongoing.
Risk that South Tyneside Council will be placed at a disadvantage following Brexit in both financial and economic growth terms. The full extent of the impact will not be clear until we know the precise exit terms.	Prudent assumptions around future government funding and additional cost pressures which may materialise have been built into the MTFP.
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.
Emergency event occurs e.g. major flooding incident / significant traffic incident / flu pandemic which incurs additional unbudgeted costs.	The Council maintains a Strategic Reserve to meet unforeseen liabilities. This is anticipated to be £3m at April 2019.

### Our risk – based reserves policy

72. The Council aims to establish reserves based on financial risk and limit the use of reserves to support on-going spending. The policy is summarised below:

#### South Tyneside Council Reserves Policy

- **General Reserve** established to support future spending plans and one-off spending;
- **Strategic Reserve** is established to cover emergency events such as unforeseen financial liabilities or natural disasters. This reserve will be maintained at a minimum of 2% of the Council's net revenue budget. This is the recommended minimum amount of reserves that should be retained by the Council as a contingency;
- **School Balances** are cash balances held on behalf of schools;
- **Other Earmarked Reserves** are held to meet possible shortfalls in the Council's revenue budget from the reduction in Government funding expected over the coming years, managing the impact of our strategic financial risks materialising and in particular to support the volatile demand led budgets in adult care and services for children as well as to fund the future cost of known liabilities e.g. insurance claims, payments due under PFI contracts and equal pay claims.

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

74. Our forecast of the total Council reserves at 31<sup>st</sup> March 2019 is £32.175m as shown in the table over the page.

## How will the Council manage financial risk?

Council Reserves	Strategic				TOTAL Reserves £m
	General Reserve £m	Reserves (minimum) £m	School Balances £m	Earmarked Reserves £m	
<b>Balance as at 31st March 2018</b>	<b>1.392</b>	<b>3.021</b>	<b>1.628</b>	<b>27.324</b>	<b>33.365</b>
<b>Planned Use of Reserves in 2018/19</b>					
Use of reserves	-	-	-	(2.000)	(2.000)
Contribution to reserves	-	-	-	0.810	0.810
<b>Planned Contribution to Reserves in 2018/19</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1.190)</b>	<b>(1.190)</b>
<b>Estimated Balance as at 31st March 2019</b>	<b>1.392</b>	<b>3.021</b>	<b>1.628</b>	<b>26.134</b>	<b>32.175</b>

75. The following tables identify the planned use of Council reserves during 2019/20 to 2023/24.

Council Reserves	Strategic				TOTAL Reserves £m
	General Reserve £m	Reserves (minimum) £m	School Balances £m	Earmarked Reserves £m	
<b>Estimated Balance as at 31st March 2019</b>	<b>1.392</b>	<b>3.021</b>	<b>1.628</b>	<b>26.134</b>	<b>32.175</b>
<b>Planned Use of Reserves in 2019/20</b>					
Use of reserves	-	-	-	-	-
Contribution to reserves	-	-	-	-	-
<b>Planned Contribution to Reserves in 2019/20</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Estimated Balance as at 31st March 2020</b>	<b>1.392</b>	<b>3.021</b>	<b>1.628</b>	<b>26.134</b>	<b>32.175</b>

Council Reserves	Strategic				TOTAL Reserves £m
	General Reserve £m	Reserves (minimum) £m	School Balances £m	Earmarked Reserves £m	
<b>Estimated Balance as at 31st March 2020</b>	<b>1.392</b>	<b>3.021</b>	<b>1.628</b>	<b>26.134</b>	<b>32.175</b>
<b>Planned Use of Reserves in 2020/21</b>					
Use of reserves	-	-	-	-	-
Contribution to reserves	-	-	-	-	-
<b>Planned Contribution to Reserves in 2020/21</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Estimated Balance as at 31st March 2021</b>	<b>1.392</b>	<b>3.021</b>	<b>1.628</b>	<b>26.134</b>	<b>32.175</b>

Council Reserves	Strategic				TOTAL Reserves £m
	General Reserve £m	Reserves (minimum) £m	School Balances £m	Earmarked Reserves £m	
<b>Estimated Balance as at 31st March 2021</b>	<b>1.392</b>	<b>3.021</b>	<b>1.628</b>	<b>26.134</b>	<b>32.175</b>
<b>Planned Use of Reserves in 2021/22</b>					
Use of reserves	-	-	-	-	-
Contribution to reserves	-	-	-	-	-
<b>Planned Contribution to Reserves in 2021/22</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Estimated Balance as at 31st March 2022</b>	<b>1.392</b>	<b>3.021</b>	<b>1.628</b>	<b>26.134</b>	<b>32.175</b>

## How will the Council manage financial risk?

Council Reserves	General	Strategic	School	Earmarked	TOTAL
	Reserve	Reserves	Balances	Reserves	Reserves
	£m	(minimum) £m	£m	£m	£m
<b>Estimated Balance as at 31st March 2022</b>	<b>1.392</b>	<b>3.021</b>	<b>1.628</b>	<b>26.134</b>	<b>32.175</b>
<b>Planned Use of Reserves in 2022/23</b>					
Use of reserves	-	-	-	-	-
Contribution to reserves	-	-	-	-	-
<b>Planned Contribution to Reserves in 2022/23</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Estimated Balance as at 31st March 2023</b>	<b>1.392</b>	<b>3.021</b>	<b>1.628</b>	<b>26.134</b>	<b>32.175</b>

Council Reserves	General	Strategic	School	Earmarked	TOTAL
	Reserve	Reserves	Balances	Reserves	Reserves
	£m	(minimum) £m	£m	£m	£m
<b>Estimated Balance as at 31st March 2023</b>	<b>1.392</b>	<b>3.021</b>	<b>1.628</b>	<b>26.134</b>	<b>32.175</b>
<b>Planned Use of Reserves in 2023/24</b>					
Use of reserves	-	-	-	-	-
Contribution to reserves	-	-	-	-	-
<b>Planned Contribution to Reserves in 2023/24</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Estimated Balance as at 31st March 2024</b>	<b>1.392</b>	<b>3.021</b>	<b>1.628</b>	<b>26.134</b>	<b>32.175</b>

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

76. The Housing Revenue Account is required to be maintained by Councils who provide housing accommodation. It records the income and expenditure in relation to the management and maintenance of homes, and keeps this separate from other Council activity.
77. All rents collected are retained in this separate account; they support the management, day-to-day repairs and maintenance, and a capital investment programme which includes planned renewals, improvements to homes and major repairs.
78. South Tyneside Homes Limited have been delegated management of the housing service under the terms of a management agreement with the Council, approved by the Secretary of State under section 27 of the Housing Act 1985.
79. The Council retains a legal duty to set a budget, which avoids a deficit on the Housing Revenue Account, a duty which cannot be delegated. The Council also retains ownership of the homes, sets the level of rents and charges and is the landlord under the tenancy agreements.
80. The following table shows provisional HRA expenditure and income plans for the following 5 years.

<b>Housing Revenue Account</b>	<b>Provisional Budget</b>				
	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
<b>Expenditure</b>					
Management	19.718	19.853	19.995	20.144	20.299
Repairs & Maintenance	14.615	14.469	14.324	14.181	14.181
Rents, Rates, Taxes, Insurance	1.591	1.588	1.586	1.575	1.574
Provision for Bad Debts	1.424	1.416	1.486	1.603	1.620
Maintenance of Decent Homes	16.500	16.000	16.000	16.000	16.000
Debt Interest	11.182	11.351	11.405	11.404	11.405
Other Capital Charges	0.047	0.049	0.050	0.051	0.052
<b>TOTAL Housing Revenue Account Expenditure</b>	<b>65.077</b>	<b>64.726</b>	<b>64.846</b>	<b>64.958</b>	<b>65.131</b>
<b>Income</b>					
Rents - Dwellings	(61.759)	(61.694)	(62.965)	(64.255)	(65.567)
Income - Other Services / Property	(3.215)	(3.115)	(3.153)	(3.180)	(3.227)
Housing Related Support Charges	(0.363)	(0.366)	(0.369)	(0.373)	(0.376)
Contributions & Interest	(1.354)	(1.343)	(1.333)	(1.323)	(1.313)
<b>TOTAL Housing Revenue Account Income</b>	<b>(66.691)</b>	<b>(66.518)</b>	<b>(67.820)</b>	<b>(69.131)</b>	<b>(70.483)</b>
<b>(Surplus) / Deficit on Housing Revenue Account</b>	<b>(1.614)</b>	<b>(1.792)</b>	<b>(2.974)</b>	<b>(4.173)</b>	<b>(5.352)</b>



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

### **Housing Revenue Plans for 2019/20**

81. The provision for bad debts is now at £1.424m due to expected increases in bad debts as a result of Universal Credit and Welfare Reforms.
82. Rent levels have been reduced by 1% in line with Government guidelines however those pressures have been mitigated by streamlining resources, resulting in a forecast surplus position on the account in 2019/20.

### **Service Charges for 2019/20**

83. Service charges for 2019/20 will be as set out in Appendix 3.

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

84. The Council administers the Local Government Pension Scheme for the Tyne and Wear County area and is responsible for agreeing the pension administration and investment budgets for the Fund each year. The cost of the Pension Fund does not fall directly on the Council Tax payer.
85. The table below summarises the spending plans for the Fund for 2019/20 and provisional spending plans for 2020/21 and 2021/22. This is due to be presented to the Pensions Committee for approval on 1st February 2019.

<b>Budget Tyne and Wear Pension fund</b>	<b>Budget</b>	<b>Provisional Budgets</b>	
<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>
<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
94.088 Investment Management Fees	96.353	105.412	103.464
2.074 Investments Office	2.667	2.384	2.415
<b>96.162 Total Investments Office</b>	<b>99.020</b>	<b>107.796</b>	<b>105.879</b>
<b>3.049 Pensions Office</b>	<b>3.202</b>	<b>2.936</b>	<b>2.998</b>
<b>0.124 Pension Fund Governance</b>	<b>0.133</b>	<b>0.134</b>	<b>0.136</b>
<b>99.335 TOTAL</b>	<b>102.355</b>	<b>110.866</b>	<b>109.013</b>

86. The budget for 2019/20 shows an increase of £3.020m over the 2018/19 budget. An increase of £8.511m is projected for 2020/21 and a decrease of £1.853m is projected for 2021/22.
87. Investment management fees dominate the budget. The fees budget has been pulled together 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.
88. The table below analyses the budget proposal for the next three years.

	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>
<b>Base Budget</b>	<b>99.335</b>	<b>102.355</b>	<b>110.866</b>
Investment Management Fees	2.265	9.059	(1.948)
Standstill Pressures	0.912	0.132	0.098
Budget Growth/New Initiatives	0.156	0.004	0.103
Redirection of Current Spending	(0.313)	(0.684)	(0.106)
<b>Revised Budget</b>	<b>102.355</b>	<b>110.866</b>	<b>109.013</b>

89. During 2019/20 the Fund will continue to move some of its assets into Border to Coast Pensions Partnership (BCPP Ltd). The Fund has a part ownership in this company along with eleven other funds. This stems from a Government initiative whereby local government pension funds have been asked to combine their assets to create larger investment pools. In the earlier years of the company this will result in additional costs to funds, but over the longer term this will generate savings through economies of scale.
90. The costs of transitioning the assets into BCPP Ltd and the ongoing running costs of the company are included in the investment management fees budget and investment office budget respectively. In summary the total increased cost in relation to this exercise in 2019/20 is £1.936m. This is the largest single reason for the overall increase in the

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

Pension Fund Budget over the year. The cost increases should drop significantly from 2021/22 as all of the assets are forecast to have then been transitioned. The payback period to recover these initial costs is estimated at around six years.

91. Excluding investment management fees and all other costs relating to BCPP Ltd, the cost of running the Fund is forecast to rise by £0.198m. Most of this relates to the triennial actuarial valuation the Fund is required to undertake and a programme of refreshing the computer hardware.

## Evaluation and Review

### Shaped to Deliver

92. With our strategic and financial plans made, we track our performance over the year and compare it with what we planned to do. We do this from the start to ensure that we can take corrective action, if needed, to get back on target.
93. Our framework includes a robust corporate performance monitoring and reporting system. It ensures we regularly and comprehensively monitor financial performance at service, group and corporate level.
94. Group Management Teams receive a monthly financial monitoring report from finance teams which reviews capital and revenue spending, and identifies actions to ensure spending remains within budget.
95. Senior officers review financial reports at a monthly performance, improvement and monitoring meeting with reports presented quarterly to Cabinet. Progress in delivering agreed efficiencies is monitored monthly with meetings held between finance staff and senior officers.
96. Regular budget monitoring is an important financial control to ensure that spending during the year is in line with budgets agreed by the Council. Each service budget has a named budget holder responsible for managing the budget and real time access to expenditure and income data.

### Budget Transfers

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

# Appendix 1A: Council Revenue Budget 2019/20

Line Council Revenue Budget Ref	Total Cost	Total Income	2019/20 Budget	Staffing 2019/20	
	£	£	£	No of Posts	FTE's
<b>BUSINESS AND RESOURCES GROUP</b>					
1 Strategy, Performance & Business Support	5,421,100	(1,426,800)	3,994,300	146	127.47
2 Corporate Finance / Corporate and Customer Services	115,621,740	(110,259,580)	5,362,160	227	203.10
3 Leisure and Libraries	7,270,740	(6,801,650)	469,090	284	181.90
4 Corporate Assurance	1,651,800	(1,135,840)	515,960	8	7.52
5 Legal, Election and Registration Services	2,125,730	(1,297,010)	828,720	41	32.46
6 Organisational Development	2,615,580	(1,325,620)	1,289,960	62	53.66
7 Tourism, Culture and Events	1,289,620	(142,100)	1,147,520	9	7.30
<b>SUB TOTAL BUSINESS AND RESOURCES GROUP</b>	<b>135,996,310</b>	<b>(122,388,600)</b>	<b>13,607,710</b>	<b>777</b>	<b>613.41</b>
<b>PENSIONS</b>					
8 Pensions Office	102,355,000	(102,355,000)	0	77	70.00
<b>SUB TOTAL PENSIONS</b>	<b>102,355,000</b>	<b>(102,355,000)</b>	<b>0</b>	<b>77</b>	<b>70.00</b>
<b>TOTAL BUSINESS AND RESOURCES GROUP</b>	<b>238,351,310</b>	<b>(224,743,600)</b>	<b>13,607,710</b>	<b>854</b>	<b>683.41</b>
<b>ECONOMIC REGENERATION GROUP</b>					
9 Asset Management and Design (including Waste and Green Spaces)	49,218,290	(27,964,910)	21,253,380	618	416.44
10 Development Services	4,427,350	(3,260,080)	1,167,270	90	69.46
11 Business, Employment & Skills	6,755,660	(6,600,800)	154,860	29	26.51
12 Regeneration	464,920	(576,900)	(111,980)	7	7.00
13 Service Management	240,950	(24,400)	216,550	2	2.00
<b>TOTAL ECONOMIC REGENERATION GROUP</b>	<b>61,107,170</b>	<b>(38,427,090)</b>	<b>22,680,080</b>	<b>746</b>	<b>521.41</b>
<b>CHILDREN, ADULTS AND HEALTH GROUP</b>					
14 Children and Families Social Care	23,854,090	(4,156,200)	19,697,890	253	229.23
15 Learning and Early Help	119,742,930	(109,769,800)	9,973,130	655	453.95
16 Adult Social Care	81,123,900	(37,714,560)	43,409,340	262	234.92
17 Public Health	13,590,500	(192,500)	13,398,000	9	8.80
18 Commissioning & Quality Assurance	3,740,050	(2,181,200)	1,558,850	36	32.02
<b>SUB TOTAL CHILDREN, ADULTS AND HEALTH GROUP EXCLUDING SCHOOLS</b>	<b>242,051,470</b>	<b>(154,014,260)</b>	<b>88,037,210</b>	<b>1,215</b>	<b>958.92</b>
<b>SCHOOLS DELEGATED</b>					
19 Delegated Schools Budget	93,661,000	(93,661,000)	0	-	-
<b>SUB TOTAL SCHOOLS DELEGATED</b>	<b>93,661,000</b>	<b>(93,661,000)</b>	<b>0</b>	<b>-</b>	<b>-</b>
<b>TOTAL CHILDREN, ADULTS AND HEALTH GROUP</b>	<b>335,712,470</b>	<b>(247,675,260)</b>	<b>88,037,210</b>	<b>1,215</b>	<b>958.92</b>
<b>TOTAL COUNCIL REVENUE BUDGET</b>	<b>635,170,950</b>	<b>(510,845,950)</b>	<b>124,325,000</b>	<b>2,815</b>	<b>2,163.74</b>



## Appendix 1B: Council Standstill Pressures 2019-24

Revenue Standstill Pressures	2019/20	2020/21	2021/22	2022/23	2023/24
	£m	£m	£m	£m	£m
<b>Inflation</b>					
Cost of living increase	1.800	1.700	1.700	1.700	1.700
Net Inflation on prices and income	4.412	4.050	3.800	3.800	3.800
<b>TOTAL Inflation</b>	<b>6.212</b>	<b>5.750</b>	<b>5.500</b>	<b>5.500</b>	<b>5.500</b>
<b>Other Pressures</b>					
Changes in employer pension contributions	-	-	-	-	1.000
Revenue Implications of Capital Programme	0.300	0.300	0.300	0.300	-
MRP	1.245	1.000	2.000	-	-
Adult Services Demographic Pressures	1.024	1.500	1.500	1.500	1.500
Children's Services	2.049	-	-	-	-
Investment in Grounds Maintenance	0.310	-	-	-	-
Forecasted Pressures	-	0.781	(1.350)	0.650	(0.050)
<b>TOTAL Other Pressures</b>	<b>4.928</b>	<b>3.581</b>	<b>2.450</b>	<b>2.450</b>	<b>2.450</b>
<b>Changes to External Grant</b>					
Changes in External Funding	0.576	0.669	0.050	0.050	0.050
<b>TOTAL Changes to External Grant</b>	<b>0.576</b>	<b>0.669</b>	<b>0.050</b>	<b>0.050</b>	<b>0.050</b>
<b>TOTAL Revenue Standstill Pressures</b>	<b>11.716</b>	<b>10.000</b>	<b>8.000</b>	<b>8.000</b>	<b>8.000</b>

## Appendix 2A: Council Capital Investment Programme 2019/20

Line Ref			2019/20 Budget £	External Funding £	Council Funding £
	<b>Council Capital Budget</b>	<b>Budget Holder</b>			
	<b>ECONOMIC REGENERATION</b>	<b>George Mansbridge</b>			
	<b>REGENERATION</b>	<b>John Sparkes</b>			
1	Holborn Riverside Development	John Sparkes	16,260,000	9,400,000	6,860,000
2	South Shields 365	John Sparkes	12,547,000	2,433,000	10,114,000
3	Heritage Lottery Fund - North Marine Park	John Sparkes	1,426,000	1,194,000	232,000
4	Hebburn Town Centre	John Sparkes	485,000	-	485,000
	<b>TOTAL REGENERATION</b>		<b>30,718,000</b>	<b>13,027,000</b>	<b>17,691,000</b>
	<b>BUSINESS INVESTMENT</b>	<b>John Scott</b>			
5	International Advanced Manufacturing Park	John Scott	11,120,000	11,120,000	-
	<b>TOTAL BUSINESS INVESTMENT</b>		<b>11,120,000</b>	<b>11,120,000</b>	<b>-</b>
	<b>HIGHWAYS AND TRANSPORT</b>	<b>Derek Smith</b>			
6	Local Transport Plan	Derek Smith	2,348,000	2,348,000	-
7	Flags to Flexible Footway Programme	Derek Smith	2,000,000	-	2,000,000
8	Road Resurfacing	Derek Smith	1,000,000	-	1,000,000
9	A19 Lane Gain / Lane Drop	Derek Smith	714,000	514,000	200,000
10	Highway Structures Programme	Derek Smith	375,000	-	375,000
11	School Road Safety Works	Derek Smith	200,000	-	200,000
12	Event Safety	Derek Smith	200,000	-	200,000
13	Resurfacing of Car Parks	Derek Smith	50,000	-	50,000
	<b>TOTAL HIGHWAYS AND TRANSPORT</b>		<b>6,887,000</b>	<b>2,862,000</b>	<b>4,025,000</b>
	<b>ASSET MANAGEMENT &amp; DESIGN</b>	<b>Paul Scrafton</b>			
14	Asset Management	Neil Govett	2,747,000	1,247,000	1,500,000
15	LED Street Lighting Replacement	Mohsen Kohannejad	1,000,000	-	1,000,000
16	Middlefield's Storage Battery	Mohsen Kohannejad	800,000	-	800,000
17	Demolitions	Mohsen Kohannejad	500,000	-	500,000
18	Brinkburn CA Redevelopment Works	Mohsen Kohannejad	500,000	-	500,000
19	Demolition of Temple Park Pool	Mohsen Kohannejad	500,000	-	500,000
20	Middlefield's Refurbishment	Neil Govett	485,000	-	485,000
21	Asset Transfer Works	Neil Govett	150,000	-	150,000
22	Office Accommodation	Phil Dixon	100,000	-	100,000
23	Securing Vacant Buildings	Mohsen Kohannejad	100,000	-	100,000
	<b>TOTAL ASSET MANAGEMENT &amp; DESIGN</b>		<b>6,882,000</b>	<b>1,247,000</b>	<b>5,635,000</b>
	<b>WASTE AND GREEN SPACE</b>	<b>Andrew Whittaker</b>			
24	Fleet Vehicle Replacement Programme	Andrew Whittaker	2,500,000	-	2,500,000
25	Recycling Shed Extension	Andrew Whittaker	1,250,000	-	1,250,000
26	South Shields Crematorium	Karl Burnikell	80,000	-	80,000
27	Vehicle Wash and Dewatering Facilities	Andrew Whittaker	65,000	-	65,000
28	Wheeled Bin Replacement Programme	Andrew Whittaker	50,000	-	50,000
29	Gateway Roundabouts	Andrew Whittaker	50,000	-	50,000
30	CCTV	Andy Bailey	50,000	-	50,000
31	Litter Bins	Andrew Whittaker	50,000	-	50,000
	<b>TOTAL WASTE AND GREEN SPACE</b>		<b>4,095,000</b>	<b>-</b>	<b>4,095,000</b>
	<b>DEVELOPMENT SERVICES</b>	<b>George Mansbridge</b>			
32	Housing Ventures	George Mansbridge	8,000,000	8,000,000	-
33	Centaurea Homes	George Mansbridge	5,000,000	5,000,000	-
34	Chichester Metro Station	Peter Mennell	500,000	500,000	-
35	Major Transport Schemes	Peter Mennell	200,000	-	200,000
	<b>TOTAL DEVELOPMENT SERVICES</b>		<b>13,700,000</b>	<b>13,500,000</b>	<b>200,000</b>
	<b>TOTAL ECONOMIC REGENERATION</b>		<b>73,402,000</b>	<b>41,756,000</b>	<b>31,646,000</b>

## Appendix 2A: Council Capital Investment Programme 2019/20

Line Ref			2019/20 Budget £	External Funding £	Council Funding £
	<b>Council Capital Budget</b>	<b>Budget Holder</b>			
	<b>BUSINESS AND RESOURCES</b>	<b>Stuart Reid</b>			
	<b>CORPORATE FINANCE</b>	<b>Stuart Reid</b>			
36	ICT and Digital Development	Caroline Harper	2,000,000	500,000	1,500,000
37	CAF Grants	Teresa Race	500,000	-	500,000
	<b>TOTAL CORPORATE FINANCE</b>		<b>2,500,000</b>	<b>500,000</b>	<b>2,000,000</b>
	<b>TOTAL BUSINESS AND RESOURCES</b>		<b>2,500,000</b>	<b>500,000</b>	<b>2,000,000</b>
	<b>CHILDREN, ADULTS AND HEALTH</b>	<b>John Pearce</b>			
	<b>ADULT SOCIAL CARE</b>	<b>Vicki Pattinson</b>			
38	Disabled Facilities Grant	Vicki Pattinson	800,000	800,000	-
	<b>TOTAL ADULT SOCIAL CARE</b>		<b>800,000</b>	<b>800,000</b>	<b>-</b>
	<b>LEARNING AND EARLY HELP</b>	<b>Beverley Scanlon</b>			
39	Toner Avenue Primary School	Beverley Scanlon	1,000,000	1,000,000	-
40	Schools Devolved Formula Capital	Beverley Scanlon	363,000	363,000	-
41	Park View Vocational Centre	Andy Ritchie	166,000	166,000	-
42	Outdoor Education Sailing and Climbing	Alex D'Ambrosie	103,000	-	103,000
43	Sue Hedley Nursery	Andy Ritchie	20,000	20,000	-
	<b>TOTAL EDUCATION, LEARNING AND SKILLS</b>		<b>1,652,000</b>	<b>1,549,000</b>	<b>103,000</b>
	<b>TOTAL CHILDREN, ADULTS AND HEALTH</b>		<b>2,452,000</b>	<b>2,349,000</b>	<b>103,000</b>
	<b>TOTAL COUNCIL CAPITAL BUDGET 2019/20</b>		<b>78,354,000</b>	<b>44,605,000</b>	<b>33,749,000</b>
	<b>HOUSING CAPITAL PROGRAMME</b>				
	<b>SOUTH TYNESIDE HOMES</b>	<b>Paul Mains</b>			
44	Decent Homes	Paul Mains	11,700,000	-	11,700,000
45	Programme Fees - Housing Capital	Paul Mains	1,100,000	-	1,100,000
46	Public Sector Housing Stock (Other)	Paul Mains	2,000,000	-	2,000,000
	<b>TOTAL SOUTH TYNESIDE HOMES</b>		<b>14,800,000</b>	<b>-</b>	<b>14,800,000</b>
	<b>COUNCIL RETAINED</b>	<b>George Mansbridge</b>			
47	Disabled Adaptations	Peter Mennell	700,000	-	700,000
	<b>TOTAL COUNCIL RETAINED CAPITAL PROGRAMME</b>		<b>700,000</b>	<b>-</b>	<b>700,000</b>
	<b>TOTAL HOUSING CAPITAL PROGRAMME</b>		<b>15,500,000</b>	<b>-</b>	<b>15,500,000</b>
	<b>TOTAL CAPITAL BUDGET 2019/20</b>		<b>93,854,000</b>	<b>44,605,000</b>	<b>49,249,000</b>

## Appendix 2B: Council Capital External Funding 2019-24

The table below identifies the external funding for the capital programme, the majority of which is secured or probable for the 2019/20 programme. For later years the majority of the funding has been classified as secured as it mainly relates to central government grants.

External Capital Funding Forecast	2019/20	2020/21	2021/22	2022/23	2023/24	Funding
	£m	£m	£m	£m	£m	TOTAL £m
<b>Capital Grant from Government and other Agencies</b>						
Better Care Fund	1.300	1.300	1.300	1.300	1.300	6.500
Centaurea Homes	5.000	5.000	5.000	5.000	5.000	25.000
Education Funding Agency	1.796	1.610	2.540	1.610	1.610	9.166
Heritage Lottery Fund	1.141	0.145	-	-	-	1.286
Homes England	5.000	-	-	-	-	5.000
Housing Ventures	8.000	8.000	8.000	8.000	8.000	40.000
Local Transport Plan Funding	2.348	2.348	-	-	-	4.696
National Productivity Funding	0.514	-	-	-	-	0.514
North East LEP	15.520	23.198	9.607	-	-	48.325
NEXUS/Local Transport Board	2.433	-	-	-	-	2.433
Private Sector Contributions	1.053	0.053	0.053	0.010	-	1.169
Transforming Cities	0.500	1.250	-	-	-	1.750
<b>Council Capital Programme</b>	<b>44.605</b>	<b>42.904</b>	<b>26.500</b>	<b>15.920</b>	<b>15.910</b>	<b>145.839</b>
<b>External Funding Secured and Provisional</b>						
External Funding Secured	39.052	41.601	26.447	15.910	15.910	138.920
External Funding Probable	5.010	0.010	0.010	0.010	-	5.040
External Funding Possible	0.543	1.293	0.043	-	-	1.879
<b>TOTAL External Capital Funding Forecast</b>	<b>44.605</b>	<b>42.904</b>	<b>26.500</b>	<b>15.920</b>	<b>15.910</b>	<b>145.839</b>

## Appendix 3: Housing Revenue Account service charges

Landlord Charges - Services & Facilities		No	Current Charge £/wk	Inflation Increase / Decrease	Proposed Revised Charge £/wk
Garage Rents	General	2,524	£5.50	9.0%	£6.00
Tenant Heating Charges	Newtown 1-bed	67	£3.70	2.7%	£3.80
	Newtown 2-bed	75	£10.25	2.4%	£10.50
	Jarrow Card Price		£19.75	2.6%	£20.25
<b>Housing Plus - Landlord Charges for Scheme Managers and Communal Facilities</b>					
Service Charges	Purpose built flats with scheme manager & communal facilities	695	£13.30	1.5%	£13.50
	Group dwellings with scheme manager & nearby communal facilities	338	£5.85	2.6%	£6.00
Guest Room Charges	Charges for overnight stay or emergency situations per night		£12.05	2.1%	£12.30
Furnished Tenancies	New Tenancies supplied with a package of furniture and Electrical Goods - Option 1 Points up to 110		£23.88	0.0%	£23.88
	New Tenancies supplied with a package of furniture and Electrical Goods - Option 2 Points up to 160		£31.82	0.0%	£31.82
	New Tenancies supplied with a package of furniture and Electrical Goods - Option 3 Points up to 200		£39.74	0.0%	£39.74
	New Tenancies supplied with a package of furniture and Electrical Goods - Mini Option Points up to 60		£15.23	0.0%	£15.23
	Decent Homes decant properties supplied cookers		£6.21	0.0%	£6.21

Caretaker and Concierge Charges	Caretaker		Concierge	
	Cost per Prop per wk	Cost per Prop per wk	Cost per Prop per wk	Cost per Prop per wk
	2018/19	2019/20	2018/19	2019/20
Durham Court	£2.90	£2.95	£10.40	£10.50
Ellen Court	£7.30	£7.40	£10.40	£10.50
Monastery Court	£7.30	£7.40	£10.40	£10.50
Wilkinson Court	£7.30	£7.40	£10.40	£10.50

Support Service Charges - Supporting People		No	Current Charge £/wk	Inflation Increase	Proposed Revised Charge £/wk
<b>Community Alarms - Support</b>					
Council Tenants	Standard - Hardwired or Solo Unit	945	£3.05	1.7%	£3.10
Council Tenants	Enhanced - Hardwired or Solo Unit	1	£4.60	2.2%	£4.70
<b>Scheme Managers - Support</b>					
Council Tenants	Scheme Managers - Support Services	1,064	£11.45	1.7%	£11.65

Other Specific Service Charges		No	Current Charge £/wk	Inflation Increase	Proposed Revised Charge £/wk
Council - HRA Temporary Accommodation - existing					
	1 - bed accommodation	7	£26.45	1.0%	£26.70
	2 - bed accommodation	3	£37.45	0.7%	£37.70
	3 - bed accommodation	12	£54.85	0.5%	£55.10



## Appendix 3: Housing Revenue Account service charges

Tenants - Housing Plus Heating Charges	2018/19			2019/20		
	Cost per property per wk - Bed Sit	Cost per property per wk - 1 Bed	Cost per property per wk - 2 Bed	Cost per property per wk. - Bed Sit	Cost per property per wk. - 1 Bed	Cost per property per wk. - 2 Bed
Davies Hall	£0.00	£11.16	£13.43	£0.00	£11.16	£13.43
McIntrye Hall	£0.00	£12.43	£0.00	£0.00	£12.43	£0.00
Birch Grove	£0.00	£13.28	£0.00	£0.00	£13.28	£0.00
Calf Close	£0.00	£10.58	£12.71	£0.00	£10.58	£12.71
Porlock House	£0.00	£10.13	£12.20	£0.00	£10.13	£12.20
Bishop Ramsey	£0.00	£11.02	£13.22	£0.00	£11.02	£13.22
Farding Lake	£0.00	£10.45	£0.00	£0.00	£10.45	£0.00
Prince Ed Court	£0.00	£9.37	£11.22	£0.00	£9.37	£11.22
Blenkinsop House	£6.45	£7.16	£0.00	£6.45	£7.16	£0.00
Borrowdale House	£0.00	£7.31	£0.00	£0.00	£7.31	£0.00
Huntcliffe House	£0.00	£7.94	£0.00	£0.00	£7.94	£0.00
Inskip House	£0.00	£9.80	£0.00	£0.00	£9.80	£0.00
Wingrove House	£0.00	£9.73	£11.74	£0.00	£9.73	£11.74
Clayside House	£0.00	£8.39	£0.00	£0.00	£8.39	£0.00
Glenthorpe House	£0.00	£10.92	£13.15	£0.00	£10.92	£13.15
Hallgarth House	£0.00	£10.51	£12.65	£0.00	£10.51	£12.65
Julius Court	£0.00	£8.59	£0.00	£0.00	£8.59	£0.00
Thomas Bell SA	£0.00	£11.26	£0.00	£0.00	£11.26	£0.00
Patrick Cain House	£0.00	£8.72	£10.51	£0.00	£8.72	£10.51

<b>Leaseholder Charges</b>		
<b>Management Fee</b>	<b>Cost per property per annum 2018/19</b>	<b>Cost per property per annum 2019/20</b>
All Leaseholders	£134.60	£134.60

## Appendix 3: Housing Revenue Account service charges

<b>Tenant Communal Cleaning Charges</b>		
	<b>Cost per property per week 2018/19</b>	<b>Cost per property per week 2019/20</b>
<b>HIGH RISE PROPERTIES</b>		
Durham Court	£1.62	£1.68
<b>MID RISE PROPERTIES</b>		
Dean Road	£2.65	£2.76
Laygate & Trinity	£2.58	£2.68
Whiteleas	£2.65	£2.76
Green Lane	£5.37	£5.58
Tyne Dock	£3.63	£3.78
Galsworthy Road	£2.65	£2.76
River Drive	£0.83	£0.86
Mowbray Road	£1.23	£1.28
Stewart & Fulwell	£0.73	£0.76
<b>SHELTERED HOUSING</b>		
Birch Grove SA	£6.84	£7.11
Bishop Ramsay SA	£7.55	£7.85
Blenkinsop House SA	£3.67	£3.82
Borrowdale House SA	£6.45	£6.71
Calf Close House SA	£5.37	£5.58
Cheviot House SA	£5.93	£6.17
Clayside House SA	£5.36	£5.57
Curren House SA	£8.74	£9.09
Davies Hall SA	£8.48	£8.82
Farding Lake SA	£6.27	£6.52
Fernyhough Hall SA	£4.89	£5.09
Glenthorpe House SA	£5.37	£5.58
Hallgarth House SA	£5.02	£5.22
Henley House SA	£6.54	£6.80
Huntcliffe House SA	£7.33	£7.62
Inskip House SA	£6.51	£6.77
Julius Court SA	£5.02	£5.22
Lincoln Court SA	£7.55	£7.85
McIntyre Hall SA	£6.74	£7.01
Patrick Cain House SA	£7.73	£8.04
Porlock House SA	£5.57	£5.79
Prince Edward Court SA	£8.41	£8.75
Thomas Bell SA	£6.02	£6.26
Wingrove House SA	£5.02	£5.22

## Appendix 4: Glossary

**Capital Expenditure** – Spending on the acquisition of property, plant and equipment or intangible asset, or which enhances the value of an existing asset. Other types of expenditure can be capitalised but only with the express permission of the Secretary of State.

**Capital Receipts** – These receipts are generated by the disposal of fixed assets. Part of the monies received from Right to Buy sales are paid over to Central Government. The remainder of the receipts generated both from Right to Buy and the sale of other assets can be retained by the Authority and used to finance capital expenditure or repay debt.

**Collection Fund** – Section 89 of the Local Government Act 1988 requires each Council with the power to raise Council Tax bills (a billing authority) to maintain a collection fund. Council Tax is held in this fund and it should be sufficient to cover expenditure relating to the precepts of the Tyne and Wear Fire and Civil Defence Authority and Northumbria Police and Crime Commissioner and the net expenditure of the billing authority, after taking account of Business Rate income and Government Grants.

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

**Dedicated Schools Grant (DSG)** – A ring fenced grant of which the majority is used to fund individual school budgets.

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

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

**Housing Revenue Account (HRA)** – The provision, management and maintenance of Council house accommodation is required by law to be accounted for separately in a Housing Revenue Account. The account records the net cost that needs to be met by Council tenants. In general the Council cannot transfer sums between the General Fund and the Housing Revenue Account.

**Medium Term Financial Plan (MTFP)** – The process of identifying and aligning service pressure, corporate priorities and objectives as well as available resources over the medium term (5 years) and budgeting accordingly.

**Minimum Revenue Provision (MRP)** – The amount of money the Council must statutorily set aside in line with the MRP policy adopted by the Council as part of its Medium Term Financial Plan to support the repayment of debt.

## Appendix 4: Glossary

**National Non-Domestic Rates** – Non-domestic properties must pay these Rates (NNDR) and they are based upon property valuations, as undertaken by the District Valuer, and a nationally set multiplier figure. The Local Authority is responsible for the collection of NNDR and keeps almost 50% of monies collected. The remaining element is paid to Central Government and repaid to Councils as a top-up grant to reflect individual spending requirements.

**Precept** – In the calculation of the Council Tax for a particular year, precepts levied by appropriate bodies must be taken into account. In the case of this Authority, the precepting bodies are Northumbria Police and Crime Commissioner, Tyne and Wear Fire and Civic Defence Authority and the borough council itself who all charge the Collection Fund with the estimated sums required to cover their net expenditure, in part or in entirety.

**Private Finance Initiative (PFI)** – A method of procuring assets and services over a longer term period, usually 25 years. The financial risks involved are usually shared between the Council and the PFI operator.

**Reserves** – Amounts set aside for purposes falling outside the definition of Provisions are considered as Reserves – expenditure is not charged direct to any Reserve.

**Revenue Expenditure** – Money spent on the day to day running costs of providing the various services. It is usually of a constantly recurring nature and produces no permanent asset.

**Revenue Support Grant** – A Government Grant in aid of Local Authority services generally. It is based upon the Government assessment of how much a Local Authority needs to spend to provide an average level of service.

