

Medium Term Financial Plan 2018-23

Council Budget



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



South Tyneside Council

**HELLO TOMORROW
CHANGE IS HAPPENING**

Contents	Page
Foreword by the Leader of the Council	1
Shaping our Financial Future	3
Introduction by the Lead Member Resources and Innovation	7
Investing in our Future	8
What are the Council's revenue spending plans?	9
What are the Council's capital spending plans?	15
What are the Council's prudential indicators?	23
2018/19 Minimum Revenue Provision Policy Statement	27
How will the Council manage financial risk?	29
What are the Council's housing revenue spending plans?	33
What are the Tyne and Wear Pension Fund's spending plans?	35
Evaluation and Review	37
Appendix 1A Council Revenue Budget 2018/19	38
Appendix 1B Council Standstill Pressures 2018-23	39
Appendix 2A Council Capital Investment Programme 2018/19	40
Appendix 2B Council Capital External Funding 2018-23	42
Appendix 3 Housing Revenue Account service charges	43
Appendix 4 Glossary	46

Foreword by the Leader of the Council

Council Budget 2018 – 2023 - *“Hello Tomorrow, Change is Happening”*

Foreword by Councillor Iain Malcolm, Leader of the Council

8 years into our ambitious 20 year change programme, it is evident we are now beginning to reap the benefits of our efforts. In the last year, we received external recognition confirming we are moving in the right direction. We were selected as finalists for the Local Government Chronicle Council of the Year awards and recognised in recent independent research on leadership and innovation. A number of recent inspections across our services have recognised and endorsed impressive outcomes across the piece. Moreover, we are delivering improved outcomes for our residents: visitor numbers and business confidence is up, health outcomes are improving and the employment rate has increased 6.5% since 2010, meaning approximately 5,900 more people in work.

The Government has failed to provide the Council fair funding. Consequently, South Tyneside is identified as the third worst hit council in the country for real-terms budget reductions between 2009-10 and 2016-17, according to the independent Institute for Fiscal Studies. Major ongoing cuts in Government funding have reduced our net revenue budget from £191m in 2010 to a projected £124m in the coming year. Resilience in the face of a challenging financial context underpins our success. To continue to deliver quality services and improved outcomes, we have had to become leaner and more efficient, making £156m of efficiency savings since 2010. We have steadily reduced our headcount, instituted new models of working, met changing resident expectations on the use of digital channels and reduced operational buildings from 20 to 4, allowing us to further invest in public assets. Feedback from our recent independent Peer Challenge was that the Council is making every pound count and is making a very challenging financial position work for itself. South Tyneside is a council that is punching above its weight and leading the sector in using physical regeneration to drive wide-ranging improvements.

Through investing in infrastructure, we are facilitating economic growth and improving our places. Work is now underway on the South Shields Transport Interchange, with confirmation of the Compulsory Purchase Order by the Secretary of State, initial demolitions and the successful relocation of the Post Office and Royal Mail. The £7.5m Lindisfarne and John Reid Road improvement scheme completed earlier this year is delivering improvements for residents and businesses, and further works are planned, including £3m at the Tyne Tunnel Approach, £2.3m alterations to the Leam Lane/Mill Lane junction in Hebburn, and £100m works at A19 Testos and Down Hill Lane junctions. Continual progress is being made in the delivery of the nationally-significant International Advanced Manufacturing Park, which is set to create an initial 5,000+ jobs and attract £230m in private investment. The project has secured a large proportion of this year's regional allocation of Local Growth Funding, and a delivery partner has now been identified. Similarly, progress is underway in the development of the Holborn riverside site, which will attract further inward investment and create even more local jobs.

Across South Tyneside, physical improvements are changing our town centres and neighbourhoods for the better: we are now seeing private investment in the areas surrounding the Council's investment at Hebburn Central, work has started on the £3m Jarrow Hub transformation and in the last year, The Word celebrated its first 12 months of being operational. Since its opening, this iconic addition to the South Shields skyline has

Foreword by the Leader of the Council

already changed the way residents use library services, won 12 national and international accolades and drawn 400,000 visitors to the town centre.

We are also delivering real improvements for children and families. 2,341 new houses have been built in the borough since 2010, with more new homes delivered each year. South Tyneside Housing Ventures Trust is on track to break through the 400 properties milestone over a year ahead of schedule. We are supporting our young people to have the best start in life: children's social services, recently rated 'good' by Ofsted, are working with families to safely reduce the rate of Looked After Children, while our adoption service is doing an 'outstanding' job helping place children in permanent homes. South Tyneside is ranked in the top 20% of all local authorities for primary and secondary school Ofsted performance, with 94% of primary schools and 77% of secondary schools rated 'good' or 'outstanding'.

Through allocating our resources strategically and embracing innovative ways of working, including ever closer integration with health partners and leveraging third sector expertise in transferring public assets into the hands of communities, we will continue to deliver quality services and make a real difference across the borough. It is clear that we have come a long way towards our vision already, and we are confident that we have robust plans in place to drive forward continuing improvements for the future.



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 close to six million visitors a year.

Renowned for our festivals, world class educational facilities and award winning green developments, 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 include a workforce ready for new challenges, living in quality homes and benefiting from outstanding health and care services.

...and we're still growing...



South Tyneside is bigger than you think...

Innovation & Efficiency

In 2018/19 we plan to spend more than **£631m**...that's more than Bury, York or Blackburn

Our capital spend from 2016 to 2018 was **£166m**

Capital budget for 2018 – 2023 is over **£330m**

We are more than **£156m** more efficient than we were in 2010

As administrators of the Tyne & Wear Pension Fund, we manage almost **£8bn** of investments

South Tyneside Council is **lead authority** for and a key shareholder of Newcastle Airport

We represent the North East councils' interests on European matters

People

149,451 people live in South Tyneside...that's more than Preston, Blackpool, Norwich or Knowsley

We spent **£190m** on commissioned services in 2017/18

Since 2008 we have invested over **£173m** into our world class school buildings and ICT equipment

We are the borough's largest employer with a headcount of **4,483** employees

94% of primary school children and 77% of secondary schools in South Tyneside are rated 'good' or 'outstanding'

Place

South Tyneside covers **64 sq km**...that's larger than Southampton, Luton or Blackpool

Over **£351m** has been invested in improving council homes since 2006

Last year we:

Welcomed **5.97m** visitors to South Tyneside

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

Provided over **4,400** adults with a social care service

Processed over **92,000** applications for housing benefit

Helped around **2,900** 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
 INCREASE 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.

2018 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.

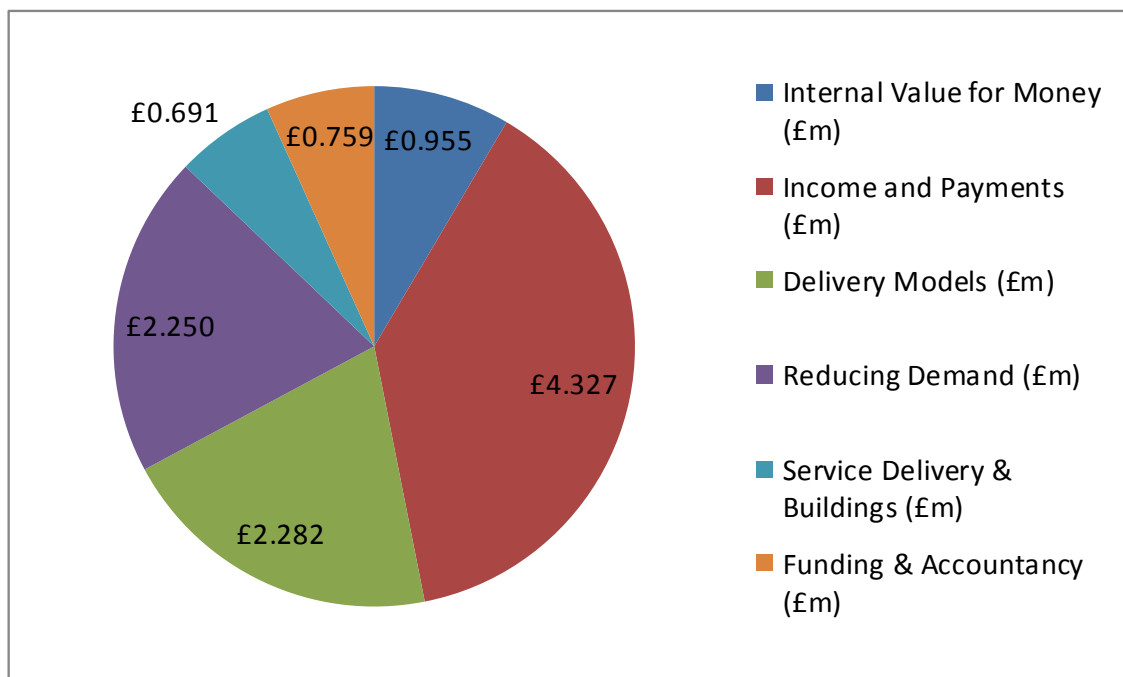
We have made significant progress and achieved over £156m savings over the last 8 years with no major service closures, while also seeing record levels of investment in the borough.

Shaping our Financial Future

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

- A 'Regenerated South Tyneside with Increased Businesses and Jobs' is the priority in the South Tyneside Council Vision that continues to be rated as highest importance. Funding within the Capital Investment Programme reflects that priority.
- There is strong support for our policy of reducing the number of buildings we have, to concentrate on delivering services from fewer, higher quality buildings.

This budget for 2018 to 2023 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 £11.2m funding gap for 2018/19.



Business Efficiencies

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

Innovation and Efficiency

Our innovation and efficiency programme has already helped us to deliver over £156m 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 2018/19.

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;
- Financial planning should be based upon a long term time horizon;
- Value for Money is achieved for all our spending;
- Members make real choices about investments.

Investing in our Future

The National Financial and Economic Context

1. The Government remains committed to a policy of eliminating the national public expenditure deficit although there are no firm timescales in which this is to be achieved.
2. The Government's Spending Review in 2015 determined that local government funding would further reduce over the next four years. Our core Government funding has reduced by 54% since 2010. This includes a reduction of almost 8% in 2018/19 when compared to the previous year.
3. The Council receives 57% of its income from Council Tax payers and retained business rates. The budget has been calculated incorporating an increase of 4.95% in Council Tax in 2018/19. **2% of the increase contributes towards the funding gap within Adult Social Care Services.** Taking into account the reduction in Government funding, the revenue resources available to the Council are estimated to fall in cash terms by almost 3% over the next 2 years.

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 149,451. The majority of our population is white British with 4.9% of the total population from Black, Asian, or Minority Ethnicities, mainly Bangladeshi and Indian. The latest population projections (2016) show that by 2037 the population of the borough could be 155,043, representing a 4% increase.
6. The population is projected to increase overall, but decrease amongst those of school and working age. The rising numbers of older people will have significant impact on how we provide services and represents a major challenge for the future, 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. An Equality Check helps to identify any potential discrimination or unfair treatment and puts measures in place to mitigate these.

Value for Money

8. Improving value for money is at the heart of everything we do. We always challenge ourselves to make sure our costs compare with others by identifying and challenging areas of high spend. Many of the redirection proposals within our 2018/19 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 2018/19 and provisional spending plans for 2019/20 to 2022/23 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.

Budget	Budget	Provisional Spending			
2017/18 Revenue Spending Plans	2018/19	2019/20	2020/21	2021/22	2022/23
£m	£m	£m	£m	£m	£m
130.759 Base Budget	124.980	124.463	121.457	121.503	120.340
13.541 Budget Pressures	10.747	10.000	10.000	8.000	8.000
(19.320) Redirection of Current Spending	(11.264)	(13.006)	(9.954)	(9.163)	(9.211)
124.980 TOTAL Revenue Spending Plans	124.463	121.457	121.503	120.340	119.129
-4.42% Percentage Decrease in Council budget	-0.41%	-2.42%	0.04%	-0.96%	-1.01%
Group Revenue Budgets					
80.671 Children, Adults and Health	83.202	81.193	81.224	80.446	79.636
23.815 Economic Regeneration	22.770	22.220	22.228	22.016	21.794
20.494 Business and Resources	18.491	18.044	18.051	17.878	17.699
124.980 TOTAL Group Revenue Budgets	124.463	121.457	121.503	120.340	119.129
Funded by					
24.677 Revenue Support Grant	19.696	14.666	-	-	-
13.985 Business Rates Retained	13.693	13.967	26.842	27.379	27.926
32.620 Business Rates Top Up	33.610	34.313	35.567	33.278	30.925
0.492 Education Funding Agency	-	-	-	-	-
(2.000) Use of (Contribution to) Council Reserves	(1.270)	-	-	-	-
1.000 Collection Fund Contribution	1.000	0.200	0.200	0.200	0.200
54.206 Council Tax Income	57.734	58.311	58.894	59.483	60.078
124.980 TOTAL Revenue Funding Forecast	124.463	121.457	121.503	120.340	119.129
95.815 Dedicated Schools Grant	90.976	90.976	90.976	90.976	90.976

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 by 2020/21 whereby each Council will retain 75% of business rates collected with Government grant reduced accordingly.
12. In 2018/19 we will receive 43% of our revenue from Central Government and 57% from Council Tax and retained Business Rates. This settlement is year 3 of a 4 year 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 2022/23 based upon national Government anticipated spending plans.
14. For 2018/19 Councils with responsibility for adult social care have been given by the Government the ability to raise council tax by up to 3% to fund a budget shortfall in this area. The increase of 4.95% in 2018/19 includes a 2% 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 2018/19 with the increase of 4.95%. **For planning purposes only**, we have included the estimated income in 2019/20 to 2022/23, based upon Council Tax revenues increasing by 1%.
15. The actual increases in Council Tax income in 2019/20 to 2022/23 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 £0.577m of income.
16. Schools expenditure is funded from a Dedicated Schools Grant. The Schools, Central Schools Services, Early Years and High Needs elements have been confirmed for 2018/19 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 2018/19 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 £10.7m in 2018/19, a further estimated £10m in 2019/20 and 2020/21 and £8m in both 2021/22 and 2022/23. 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	2018/19	2019/20	2020/21	2021/22	2022/23
	£m	£m	£m	£m	£m
Inflation	5.019	5.400	5.400	5.400	5.400
Other Standstill Pressures	4.610	3.489	3.931	2.550	2.550
Changes to External Grant	1.118	1.111	0.669	0.050	0.050
TOTAL Revenue Budget Pressures	10.747	10.000	10.000	8.000	8.000

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 2018/19 are shown in the following table.

	Redirection of Current Spending	2018/19 £m
	Adult Social Care	
1	Ongoing Review of Day Opportunities	0.150
2	Commissioning of Extra Care	0.200
3	Assistive Technology and Equipment Model	0.100
4	Reducing Residential Admissions	0.720
5	Promoting Independence - Reviews	1.530
	Adult Social Care Sub Total	2.700
	Asset / Area Management	
6	Reduced Energy Costs	0.100
7	Carbon Reduction Commitment	0.180
8	Building Rationalisation	0.076
9	Further LED Installation	0.075
10	Street Lighting	0.024
11	Additional Income Generation	0.142
12	Recycling Depot	0.125
13	Area Management Staffing Review	0.106
14	Area Management Efficiencies	0.075
15	Grounds Maintenance Various	0.050
16	Pro-Active Tree Maintenance	0.050
17	Fleet Parts	0.060
18	Trade and Bulky Waste	0.060
	Asset / Area Management Sub Total	1.123
	Children and Families Social Care	
19	Allowance Policy	0.050
	Children and Families Social Care Sub Total	0.050
	Corporate Finance	
20	North East Combined Authority Transport Levy	0.130
21	Revenue from Land	3.000
22	Changes in Funding	0.759
23	Miscellaneous Savings	0.245
	Corporate Finance Sub Total	4.134

What are the Council's revenue spending plans?

	Redirection of Current Spending	2018/19 £m
	Culture and Leisure	
24	Review of Library Provision	0.105
25	Increased Leisure Membership	0.075
26	Community Facilities Asset Transfer	0.079
27	Changes to Grant Funding	0.045
28	Culture and Events Income	0.010
	Culture and Leisure Sub Total	0.314
	Learning and Early Help	
29	Review model of School Effectiveness / Improvement	0.062
30	Remodel SEND Services	0.020
31	School Meals	0.077
32	Review Traded Offer to Schools	0.050
33	0-19 Services Realignment	0.050
34	Troubled Families Grant	0.100
	Learning and Early Help Sub Total	0.359
	External Contracts	
35	Procurement Savings Share	0.291
36	Strategic Partnership	1.000
	External Contracts Sub Total	1.291
	Public Health	
37	Substance Misuse Contract Efficiencies	0.150
38	Sexual Health Contract Efficiencies	0.050
39	0-19 Contract Efficiencies	0.300
40	Change 4 Life Efficiencies	0.100
	Public Health Sub Total	0.600
	Development Services	
41	Increase in Fees and Charges	0.070
42	Homelessness Prevention	0.050
43	Affordable Housing Staffing Review	0.040
44	Reduction in Supplies and Services Budgets	0.005
	Development Services Sub Total	0.165
	Business, Employment and Skills	
45	Business Support Projects	0.028
	Business, Employment and Skills Sub Total	0.028
	Redesigned Support Services	
46	Remodelling of Business Support	0.220
47	Reductions in Finance Service	0.100
48	Insurance Policy Renewal	0.035
49	Marketing & Communications	0.050
50	Legal Staff Efficiencies	0.065
51	Elections / Registration Service	0.030
	Redesigned Support Services Sub Total	0.500
	TOTAL Redirection of Current Spending	11.264

What are the Council's revenue spending plans?

Council Tax Income

23. The following section provides further information on our Council Tax levels from 1st April 2018.
24. To fund our spending plans, we need to increase **our proportion of the borough's Council Tax** in 2018/19 to raise **£57.734m**. 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. For 2018/19 councils with responsibility for adult social care have been given the ability to raise council tax by up to 3% to cover a funding shortfall in this area. The figures below include a 2% increase in respect of Adult Social Care and a 2.95% 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 12.20% respectively.
26. The table below identifies the Council Tax for each property band:

2018/19 Borough Council Tax						
	Band Weighting	% of Properties in Each Band	South Tyneside Council £	Fire Authority £	Police & Crime Commissioner £	TOTAL £
Band A Properties	6/9	64.0	1,005.06	53.29	73.55	1,131.90
Band B Properties	7/9	14.0	1,172.56	62.18	85.81	1,320.55
Band C Properties	8/9	11.6	1,340.07	71.06	98.07	1,509.20
Band D Properties	1	6.3	1,507.58	79.94	110.33	1,697.85
Band E Properties	11/9	2.5	1,842.60	97.70	134.85	2,075.15
Band F Properties	13/9	1.0	2,177.61	115.47	159.37	2,452.45
Band G Properties	15/9	0.5	2,512.64	133.23	183.88	2,829.75
Band H Properties	18/9	0.1	3,015.16	159.88	220.66	3,395.70
Percentage increase from 2017/18			4.95%	2.99%	12.20%	5.30%

What are the Council's revenue spending plans?

South Tyneside Council Tax for 2018/19

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

2018/19 Borough Council Tax	Band Weighting	South Tyneside Council 2017/18	South Tyneside Council 2018/19 *	Fire Authority 2017/18	Fire Authority 2018/19	Police & Crime Commissioner 2017/18	Police & Crime Commissioner 2018/19	Borough Council Tax 2017/18	Borough Council Tax 2018/19
Band A Properties	6/9	£957.65	£1,005.06	£51.75	£53.29	£65.55	£73.55	£1,074.95	£1,131.90
Percentage increase			4.95%		2.99%		12.20%		5.30%
Annual increase			£47.41		£1.54		£8.00		£56.95
Weekly increase			£0.91		£0.03		£0.15		£1.10
Band B Properties	7/9	£1,117.25	£1,172.56	£60.37	£62.18	£76.48	£85.81	£1,254.10	£1,320.55
Percentage increase			4.95%		2.99%		12.20%		5.30%
Annual increase			£55.31		£1.81		£9.33		£66.45
Weekly increase			£1.06		£0.03		£0.18		£1.28
Band C Properties	8/9	£1,276.86	£1,340.07	£69.00	£71.06	£87.40	£98.07	£1,433.26	£1,509.20
Percentage increase			4.95%		2.99%		12.20%		5.30%
Annual increase			£63.21		£2.06		£10.67		£75.94
Weekly increase			£1.22		£0.04		£0.21		£1.46
Band D Properties	1	£1,436.47	£1,507.58	£77.62	£79.94	£98.33	£110.33	£1,612.42	£1,697.85
Percentage increase			4.95%		2.99%		12.20%		5.30%
Annual increase			£71.11		£2.32		£12.00		£85.43
Weekly increase			£1.37		£0.04		£0.23		£1.64
Band E Properties	11/9	£1,755.69	£1,842.60	£94.87	£97.70	£120.18	£134.85	£1,970.74	£2,075.15
Percentage increase			4.95%		2.99%		12.20%		5.30%
Annual increase			£86.91		£2.83		£14.67		£104.41
Weekly increase			£1.67		£0.05		£0.28		£2.01
Band F Properties	13/9	£2,074.90	£2,177.61	£112.12	£115.47	£142.03	£159.37	£2,329.05	£2,452.45
Percentage increase			4.95%		2.99%		12.20%		5.30%
Annual increase			£102.71		£3.35		£17.34		£123.40
Weekly increase			£1.98		£0.06		£0.33		£2.37
Band G Properties	15/9	£2,394.12	£2,512.64	£129.37	£133.23	£163.88	£183.88	£2,687.37	£2,829.75
Percentage increase			4.95%		2.99%		12.20%		5.30%
Annual increase			£118.52		£3.86		£20.00		£142.38
Weekly increase			£2.28		£0.07		£0.38		£2.74
Band H Properties	18/9	£2,872.94	£3,015.16	£155.24	£159.88	£196.66	£220.66	£3,224.84	£3,395.70
Percentage increase			4.95%		2.99%		12.20%		5.30%
Annual increase			£142.22		£4.64		£24.00		£170.86
Weekly increase			£2.74		£0.09		£0.46		£3.29

* Percentage change is inclusive of a 2% 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 Council has secured external funding of £7m (of the total estimated costs of £8.1m) to carry out major highway improvements at the Arches Junction (A185/A194). The scheme will reduce congestion and increase the capacity at this strategic location. New and improved pedestrian and cycle facilities will also be provided. Construction works are due to commence early 2018 and programmed to complete 12 months later. Following on from the Arches project the Council are also planning to deliver further major improvements to the strategic and local road network.



What are the Council's capital spending plans?

The Council's 'South Shields 365' vision will connect the Town Centre with the Riverside and Foreshore, with new retail and family leisure facilities, better transport facilities and improved public spaces. Phase 1, 'The Word – the National Centre for the Written Word', has had a hugely successful first year, attracting almost 400,000 visitors since opening in October 2016 and hosting a number of high profile exhibitions and events. In Spring 2018 we will commence construction on Phase 2 which is the new bus and metro Transport Interchange at Keppel Street, together with highways works and improvements to the public realm. This is central to our plans for the regeneration of South Shields Town Centre and in turn will help underpin Phase 3 of the programme which will see new retail and leisure units brought forward around Barrington Street.

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

The Council's Town Centre vision 'South Shields 365' is progressing well, with the Council and Muse Developments working together to deliver the £100m Masterplan. Work on the new integrated Transport Interchange at Keppel Street will commence in 2018 and will bring bus and metro services together in a state-of-the-art new building. The Council has successfully applied for a Compulsory Purchase Order and is working to acquire the remaining sites to deliver a much enhanced retail offer at Barrington Street. We have also secured Enterprise Zone status for the South Shields riverside area at Holborn to create an office development of circa 200,000sqft of grade A space.

In addition the Council has significantly advanced work with Sunderland City Council to develop a joint strategic employment site, the International Advanced Manufacturing Park (IAMP), north of Nissan and west of the A19. This will enable the release of land and develop the infrastructure for IAMP which will create 5,200 jobs for the local economy by 2026 (over 500 per year from 2018).



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.

What are the Council's capital spending plans?



In partnership with Housing Ventures, we have built new affordable homes for sale and rent that will add value to our economic growth and regeneration ambitions and provide a return on investment. Our ambition is to meet the demand for up to 10,000 new homes over the next 20 years. We are exploring options to further unlock the value within our housing stock through, for example, the establishment of a commercial development company.

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

Key Delivery Priorities

- **Housing Integration and Growth**
- **Investment in Neighbourhoods**
- Reduce the Number of Long-term Empty Properties
- Improve Access to Schools, Services and Jobs
- Sufficient and Suitable Accommodation for Older People
- Reduce Crime and Disorder and Improve Perceptions
- **Community and Civic Buildings**
- Reducing Waste to Landfill, Increase Recycling and Reduce Our Carbon Footprint

The major part of the Council's Capital Programme relating to this priority comprises expenditure on the Council's own housing stock. The Council bid for and secured 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 with the mop up programme continuing into 2018/19. This is complemented by a range of environmental improvements on estates throughout the borough and selective demolition of unsuitable properties.



The Council also plan to add to the borough's housing stock by setting up a development company to build and sell new houses.

The Council are working in partnership with Northumbrian Water to remove surface water from the sewer network and to manage surface water run-off in a more sustainable way around Harton and The Nook areas. Northumbrian Water plan to invest approximately £5m in this area to improve the sewer network as part of this partnership approach and the Council's elements of the scheme are now being progressed which will lead to the detailed

What are the Council's capital spending plans?



design and then construction in 2018. The scheme will help to reduce the risk of flooding to over 300 residents across the study area. This project has already received £50,000 of Local Levy funding to reach the business case stage, and subject to business case approval, will receive another £1.21m grant aid in 2018-19.

The capital schemes within this priority 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.

The Trinity South housing development is progressing well, with a total of 223 new homes to be delivered on completion. Keepmoat, the developer, continue to report strong sales and will complete work on a new linear park in 2018 in the area that was previously derelict.



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 **Children and Families Plan and Child Poverty Strategy**, sets out our commitment and approach to improving the lives of children and families in South Tyneside.

Key Delivery Priorities

- Safer and Stronger Families in Healthier Communities
- Learning and Learners for the 21st Century
- Enterprising People in Enterprising Places
- **New Services for Children and Adults**

What are the Council's capital spending plans?



The significant number of new houses built in South Tyneside in the past few years has created demand for new primary 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. The new school is currently being designed, with input from the Council, and is planned to open in January 2019.

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**

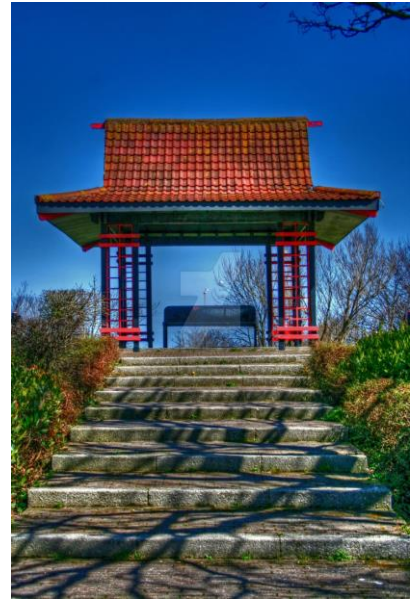


We are continuing to remodel our community facilities, investing in key buildings to provide a range of both Council and private services. Our Jarrow Hub development, which is scheduled to open in Winter 2018, will see the creation of a new gym and library and will also secure much needed modification to the existing theatre and dance studio space. The improvements will attract a brand new customer base, whilst also enhancing the

experience of current users. Valued community based services, such as Healthwatch, a podiatrist and hairdressers will all be retained on site, ensuring the delivery of a comprehensive and unique facility.

What are the Council's capital spending plans?

The Council has been successful in securing £194k grant from the Heritage Lottery Fund (HLF) to create plans for the revitalisation of North Marine Park and has made a bid for further funding to carry out the works. 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 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. Success at this stage of the bidding process will secure funding of £2.45m with proposed works to start early 2018 and completion 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. This will release capital 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.

The programme includes a plan to develop a district energy network on land that is currently derelict which will initially feed housing and civic buildings within the Jarrow area. The scheme will draw low grade heat from the river Tyne at Jarrow Staithes and upgrade it using new heat pump technology. It aims to lower fuel costs and reduce greenhouse gas emissions for council buildings, other community buildings and local residents. The project is due to start in early 2018 with completion due in March 2020 and will be jointly funded by the European Regional Development Fund.



What are the Council's capital spending plans?

28. The Council will also continue to invest in its digital and ICT capacity. This will ensure that the Council has an effective platform from which to support the transformation of services to residents through a "digital by design" offer. Investment will support a stable, safe and responsive ICT infrastructure to underpin the delivery of services.
29. The Capital Investment Programme outlined by priority and year is set out in the table below. The funding of the programme is presented in a further table.

Capital Investment Strategy 2018-23							
Strategic Outcome 1 : A regenerated South Tyneside with increased business and jobs							
		2018/19	2019/20	2020/21	2021/22	2022/23	Total
Ref	Project Name	£m	£m	£m	£m	£m	£m
ER01	South Shields 365	13.004	16.061	6.316	-	-	35.381
ER02	Holborn Riverside Development	6.995	11.100	5.050	-	-	23.145
ER03	Coastal Communities Fund	1.300	1.000	-	-	-	2.300
ER04	The Arches Junction Improvement Scheme	3.278	-	-	-	-	3.278
ER05	A19 Lane Gain/Lane Drop	1.940	0.713	-	-	-	2.653
ER06	Major Transport Schemes	0.050	0.200	0.200	0.200	0.200	0.850
ER07	A194/Mill Lane Roundabout	1.923	-	-	-	-	1.923
ER08	IAMP	32.500	5.000	7.000	3.000	-	47.500
ER09	Hebburn Town Centre	-	0.260	-	-	-	0.260
		60.990	34.334	18.566	3.200	0.200	117.290
Strategic Outcome 2 : Better Housing and Neighbourhoods							
		2018/19	2019/20	2020/21	2021/22	2022/23	Total
Ref	Project Name	£m	£m	£m	£m	£m	£m
BHN01	Asset Transfer Programme	0.100	-	-	-	-	0.100
BHN02	Centaurea Homes	5.000	5.000	5.000	5.000	5.000	25.000
BHN03	Housing Ventures	5.137	-	-	-	-	5.137
BHN04	Disabled Facilities Grant	0.835	1.335	1.335	1.335	1.335	6.175
BHN05	Foreshore Paving Improvements	0.282	-	-	-	-	0.282
BHN06	Extension to Recycling Village	0.156	-	-	-	-	0.156
BHN07	Flags to Flexible Footway Programme	2.000	2.000	2.000	2.000	2.000	10.000
BHN08	Local Transport Plan	2.219	2.088	2.088	2.088	2.088	10.571
BHN09	Road Resurfacing	0.850	-	1.000	1.000	1.000	3.850
BHN10	Cleadow Flood Alleviation Scheme	0.725	0.900	-	-	-	1.625
BHN11	Harton and the Nook Flood Alleviation Scheme	1.990	-	-	-	-	1.990
BHN12	Tilleshed/Boldon Level Crossing	0.200	-	8.000	7.000	-	15.200
BHN13	CAF Grants	0.500	0.500	0.500	0.500	0.500	2.500
HC01	Decent Homes	12.400	10.900	11.900	11.900	11.900	59.000
HC02	Programme Fees - Housing Capital	1.100	1.100	1.100	1.100	1.100	5.500
HC03	Voids	1.000	1.000	1.000	1.000	1.000	5.000
HC04	Disabled Adaptations	0.700	0.700	0.700	0.700	0.700	3.500
HC05	Area Development	1.000	1.000	0.500	0.500	0.500	3.500
HC06	Public Sector Housing Other	0.800	0.800	0.800	0.800	0.800	4.000
		36.994	27.323	35.923	34.923	27.923	163.086
Strategic Outcome 3 : Stable and Independent Families							
		2018/19	2019/20	2020/21	2021/22	2022/23	Total
Ref	Project Name	£m	£m	£m	£m	£m	£m
SIF01	Expanded Provision - Bamburgh School	0.500	0.500	-	-	-	1.000
SIF02	Toner Avenue Primary School	2.400	-	-	-	-	2.400
SIF03	Schools Devolved Formula Capital	0.363	0.363	0.363	0.363	0.363	1.815
		3.263	0.863	0.363	0.363	0.363	5.215

What are the Council's capital spending plans?

Strategic Outcome 4 : Healthier People		2018/19	2019/20	2020/21	2021/22	2022/23	Total
Ref	Project Name	£m	£m	£m	£m	£m	£m
HP01	Jarrow Hub	1.320	0.036	-	-	-	1.356
HP02	Haven Point - Remedial Works	0.200	-	-	-	-	0.200
HP03	HLF North Marine Park	1.454	1.426	0.133	0.079	0.079	3.171
HP04	Pedestrian Safety Works	0.075	-	-	-	-	0.075
HP05	School Safety Works	0.075	-	-	-	-	0.075
		3.124	1.462	0.133	0.079	0.079	4.877
Innovation and Efficiency		2018/19	2019/20	2020/21	2021/22	2022/23	Total
Ref	Project Name	£m	£m	£m	£m	£m	£m
IE01	Asset Management	2.747	3.197	2.747	2.747	2.747	14.185
IE02	Demolition of Vacant Buildings	0.300	0.300	0.300	0.300	0.300	1.500
IE03	Securing Buildings that are Vacated	0.100	0.100	0.100	0.100	0.100	0.500
IE04	Middlefield's Essential Works	0.500	0.050	-	-	-	0.550
IE05	South Shields Town Hall External Works	0.250	-	-	-	-	0.250
IE06	Crematorium Concession	0.030	-	-	-	-	0.030
IE07	Enhancing Public Security	0.150	-	-	-	-	0.150
IE08	Fleet Vehicle Replacement Programme	2.500	1.000	-	-	-	3.500
IE09	Replacement LED Lanterns	0.500	0.500	-	-	-	1.000
IE10	LED Signs and Bollards	0.100	-	-	-	-	0.100
IE11	Provision of LED Lighting in Corporate Buildings	0.135	-	-	-	-	0.135
IE12	Middlefield's PV System	0.090	-	-	-	-	0.090
IE13	South Tyneside Energy Store	1.300	0.060	-	-	-	1.360
IE14	Viking Energy Network Jarrow	6.620	0.148	-	-	-	6.768
IE15	Digital and ICT	2.500	3.000	2.000	2.000	2.000	11.500
		17.822	8.355	5.147	5.147	5.147	41.618
TOTAL		122.193	72.337	60.132	43.712	33.712	332.086

Capital Funding

30. The table below summarises our capital funding estimates for 2018/19 and provisional funding estimates for 2019/20 to 2022/23.

Capital Programme By Funding	2018/19	2019/20	2020/21	2021/22	2022/23	Total
	£m	£m	£m	£m	£m	£m
Council General Fund Programme						
External Funding	69.294	30.518	28.531	15.086	10.043	153.472
Capital Receipts	2.000	2.000	2.000	9.250	4.000	19.250
Revenue Contribution to Capital	1.000	1.000	1.000	1.000	1.000	5.000
Borrowing	31.899	22.319	12.601	2.376	2.669	71.864
Total Council General Fund Programme	104.193	55.837	44.132	27.712	17.712	249.586
Housing Programme (funded from the Housing Revenue Account)						
Revenue Funding of Decent Homes Maintenance	18.000	16.500	16.000	16.000	16.000	82.500
Total Housing Programme	18.000	16.500	16.000	16.000	16.000	82.500
Combined Housing and General Fund	122.193	72.337	60.132	43.712	33.712	332.086

What are the Council's prudential indicators?

Prudential Code

31. 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.
32. 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.
33. 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.
34. 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

35. 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.
36. In considering the capital programme, the code requires the Council to have regard to: -
 - **Affordability** – the implications of capital investment decisions on future Council Tax and Council housing rents;
 - **Prudence and sustainability** – the implications for external borrowing;
 - **Value for money** and **options appraisal**;
 - **Stewardship** of Council assets (asset management planning);
 - **Service objectives** - strategic planning;
 - **Practicality** – the achievability of the forward plan.

Affordability

37. To assess the affordability of prudential borrowing, we review 4 key elements:
 - The estimates of capital expenditure as part of the Capital Spending Plans.
 - The level of the Council's capital financing requirement, which demonstrates our underlying need to borrow to fund the capital spending plans.
 - The estimated ratio of financing costs (debt charges, interest payments and interest received) to the Council's net revenue stream for current and future spending plans.
 - The movement in Council Tax and housing rents as a result of our capital spending plans.

What are the Council's prudential indicators?

2017/18 Revised £m	Affordability Measures	2018/19 £m	2019/20 £m	2020/21 £m
	Capital Spending Plans			
71.274	Council capital programme	104.193	55.837	44.132
21.444	Housing capital programme	18.000	16.500	16.000
92.718	Total Capital Programme	122.193	72.337	60.132
	Capital Financing Requirement			
468.570	Council capital programme	490.064	496.482	493.497
287.503	Housing capital programme	287.503	287.503	287.503
756.073	Total Capital Financing Requirement	777.567	783.985	781.000
	Ratio of Financing Costs to net revenue stream			
13.62%	Council capital programme	13.91%	14.89%	15.50%
42.01%	Housing capital programme	43.89%	41.62%	41.18%
	Estimated Incremental effect of Capital investment Decisions			
	For the Band D Council Tax (Annually)	-2.04	4.76	9.36
	For Average Weekly Housing rents	-0.09	-0.12	-0.02

38. The change in cost attributable to Council Tax from 2017/18 reflects the impact of planned borrowing by the Council.

Prudence – Council Treasury Management Practices

39. The Council has an integrated treasury management strategy and has adopted the CIPFA Code of Practice for Treasury Management in the Public Services.
40. 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.
41. The Council's Treasury Management Strategy and Annual Plan for 2018/19 is due to be presented to Council for approval on 22 February 2018.

Prudence Indicator - Net Debt and the Capital Financing Requirement

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

“In order to ensure that over the medium term net borrowing will only be for a capital purpose, the Council should ensure that net debt does not, except in the short term, exceed the total of capital financing requirement in the preceding year, plus the estimates of any additional capital financing requirement for the current and next two financial years”.

43. 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

44. The Council's actual external debt at 31st March 2017 was £736m. The Council's external debt at 31st March 2018 is estimated to be £760m. This figure is inclusive of internal

What are the Council's prudential indicators?

funding, Private Finance Initiative (PFI) and leasing costs and therefore represents the estimated capital financing requirement at 1st April 2018.

45. 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.
46. The following table identifies the Council's authorised limit for external debt for 2018/19 to 2020/21. For 2018/19, the authorised limit of £985m is the statutory limit determined under section 3(1) of the Local Government Act 2003.

Authorised Limit for External Debt	2018/19	2019/20	2020/21
	£m	£m	£m
Borrowing	815	765	750
Other Long Term Liabilities	170	165	165
Total	985	930	915

47. 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.
48. The following table identifies the **Council's operational boundary for external debt** for 2018/19 to 2020/21.

Operational Boundary	2018/19	2019/20	2020/21
	£m	£m	£m
Borrowing	740	695	680
Other Long Term Liabilities	155	150	145
Total	895	845	825

49. 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.
50. As part of the Council's Treasury Management Strategy the Finance Director, 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

51. 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:

What are the Council's prudential indicators?

	2018/19	2019/20	2020/21
Upper Limit for Fixed Rate Exposure	%	%	%
Debt Portfolio	100	100	100
Upper Limit for Variable Rate Exposure			
Debt Portfolio	35	35	35

Prudence – Maturity Structure of Council Borrowing

52. The following table sets upper and lower limits for the maturity structure of the Council's borrowing during 2018/19. The limits represent the amount of projected fixed rate borrowing maturing in each period, as a percentage of total projected fixed rate borrowing.

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

No change to our borrowing maturity structure is proposed.

Prudence - Investments for Periods Longer Than 364 Days

53. 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 2017/18 was £5m.
54. 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.

2018/19 Minimum Revenue Provision Policy Statement

55. The Minimum Revenue Provision (MRP) is the charge made to the revenue account to reflect repayment of borrowing over the useful life of the assets that have been funded from that borrowing. The Council implemented the Minimum Revenue Provision (MRP) guidance in 2007/08, and has since assessed the MRP in accordance with the main recommendations contained within the guidance issued by the Secretary of State under section 21(1A) of the Local Government Act 2003. 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.
56. The DCLG 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.
57. Any supported borrowing remaining from the previous financial regime will be charged using the annuity method as per option 2 of the guidance.
58. 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.
59. MRP will be spread over a period which reflects the life/beneficial use, which in the case of this type of expenditure is determined to be:
- | | |
|--------------------------------------|------------------|
| • Sea Defences | 100 years |
| • Land (excluding regeneration land) | 100 years |
| • New Buildings | 60 years |
| • Roads and Infrastructure Assets | 50 years |
| • Building Enhancement* | 40 years |
| • Major Regeneration Projects | 40 years |
| • Airport Infrastructure | 32 years |
| • Public Realm | 25 years |
| • Non Asset Related Costs | 20 years |
| • Capital Equipment and Others | 10 years or less |
- *Building enhancement will have a minimum life of 40 years depending on the judgement made by the Head of Asset Management and Design as to the expected useful life of the asset enhanced.
60. 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.

2018/19 Minimum Revenue Provision Policy Statement

61. 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.
62. 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 59.
63. 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.
64. 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.
65. 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.
66. Final decisions regarding the manner in which such resources are to be allocated to schemes will be taken under delegated powers.
67. 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.
68. 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?

69. 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 2018 to 2023. The Council carefully identifies the things that could go wrong and might undermine the Medium Term Financial Plan.
70. 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.
71. 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.
72. Some of our strategic risks have been assessed as particularly uncertain with a potentially significant financial impact. Reserves have been established for these risks.
73. The following table identifies the key risks to the delivery of the MTFP, the actions taken (within this financial plan) and the actions proposed to reduce the impact of these risks on the Council's future financial position.

Strategic Financial Risk and Risk Management

Risk to the delivery of the MTFP	Risk Managed by:
Risk 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.
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 gap.	The result of the previous triennial actuarial valuation on 1 st April 2016 has been built into our financial planning. The next valuation is due on 1 st April 2019 with the results impacting on the 2020/21 budget. Additional anticipated costs have been built into our financial plans.
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.
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 2018.

Our risk – based reserves policy

74. 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;
- **Specific Reserve for managing strategic financial risks** which will be used, if required, to manage the impact of our strategic financial risks materialising and in particular to support the volatile demand led budgets, especially in the area of adult care and services for children, as well as covering the costs of organisational change;
- **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 as well as to fund the future cost of known liabilities e.g. insurance claims, payments due under PFI contracts and equal pay claims.

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

76. Our forecast of the total Council cash reserves at 31st March 2018 is £29.970m as shown in the table over the page.

How will the Council manage financial risk?

Council Reserves	General Reserve £m	Strategic Reserves (minimum) £m	Risk & Structural Change £m	School Balances £m	Earmarked Reserves £m	TOTAL Reserves £m
Balance as at 31st March 2017	0.870	3.021	-	4.755	24.380	33.027
Planned Use of Reserves in 2017/18						
Use of reserves	-	-	(2.000)	-	(4.457)	(6.457)
Contribution to reserves	1.400	-	2.000	-	-	3.400
Planned Contribution to Reserves in 2017/18	1.400	-	-	-	(4.457)	(3.057)
Estimated Balance as at 31st March 2018	2.270	3.021	-	4.755	19.923	29.970

77. The following tables identify the planned use of Council reserves during 2018/19 to 2022/23.

Council Reserves	General Reserve £m	Strategic Reserves (minimum) £m	Risk & Structural Change £m	School Balances £m	Earmarked Reserves £m	TOTAL Reserves £m
Estimated Balance as at 31st March 2018	2.270	3.021	-	4.755	19.923	29.970
Planned Use of Reserves in 2018/19						
Use of reserves	-	-	(1.270)	-	-	(1.270)
Contribution to reserves	-	-	1.270	-	-	1.270
Planned Contribution to Reserves in 2018/19	-	-	-	-	-	-
Estimated Balance as at 31st March 2019	2.270	3.021	-	4.755	19.923	29.970

Council Reserves	General Reserve £m	Strategic Reserves (minimum) £m	Risk & Structural Change £m	School Balances £m	Earmarked Reserves £m	TOTAL Reserves £m
Estimated Balance as at 31st March 2019	2.270	3.021	-	4.755	19.923	29.970
Planned Use of Reserves in 2019/20						
Use of reserves	-	-	-	-	-	-
Contribution to reserves	-	-	-	-	-	-
Planned Contribution to Reserves in 2019/20	-	-	-	-	-	-
Estimated Balance as at 31st March 2020	2.270	3.021	-	4.755	19.923	29.970

Council Reserves	General Reserve £m	Strategic Reserves (minimum) £m	Risk & Structural Change £m	School Balances £m	Earmarked Reserves £m	TOTAL Reserves £m
Estimated Balance as at 31st March 2020	2.270	3.021	-	4.755	19.923	29.970
Planned Use of Reserves in 2020/21						
Use of reserves	-	-	-	-	-	-
Contribution to reserves	-	-	-	-	-	-
Planned Contribution to Reserves in 2020/21	-	-	-	-	-	-
Estimated Balance as at 31st March 2021	2.270	3.021	-	4.755	19.923	29.970

Council Reserves	General Reserve £m	Strategic Reserves (minimum) £m	Risk & Structural Change £m	School Balances £m	Earmarked Reserves £m	TOTAL Reserves £m
Estimated Balance as at 31st March 2021	2.270	3.021	-	4.755	19.923	29.970
Planned Use of Reserves in 2021/22						
Use of reserves	-	-	-	-	-	-
Contribution to reserves	-	-	-	-	-	-
Planned Contribution to Reserves in 2021/22	-	-	-	-	-	-
Estimated Balance as at 31st March 2022	2.270	3.021	-	4.755	19.923	29.970

How will the Council manage financial risk?

Council Reserves	General Reserve £m	Strategic Reserves (minimum) £m	Risk & Structural Change £m	School Balances £m	Earmarked Reserves £m	TOTAL Reserves £m
Estimated Balance as at 31st March 2022	2.270	3.021	-	4.755	19.923	29.970
Planned Use of Reserves in 2022/23						
Use of reserves	-	-	-	-	-	-
Contribution to reserves	-	-	-	-	-	-
Planned Contribution to Reserves in 2022/23	-	-	-	-	-	-
Estimated Balance as at 31st March 2023	2.270	3.021	-	4.755	19.923	29.970

What are the Council's housing revenue spending plans?

78. 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.
79. 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.
80. 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.
81. 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.
82. The following table shows provisional HRA expenditure and income plans for the following 5 years.

Housing Revenue Account	Provisional Budget				
	2018/19	2019/20	2020/21	2021/22	2022/23
	£m	£m	£m	£m	£m
Expenditure					
Management	21.119	21.210	21.312	21.419	21.533
Repairs & Maintenance	14.763	14.618	14.474	14.332	14.192
Rents, Rates, Taxes, Insurance	1.679	1.401	1.274	1.223	1.211
Provision for Bad Debts	1.479	1.430	1.422	1.492	1.609
Maintenance of Decent Homes	18.000	16.500	16.000	16.000	16.201
Debt Interest	11.190	11.182	11.352	11.405	11.405
Other Capital Charges	0.019	0.019	0.020	0.020	0.021
TOTAL Housing Revenue Account	68.249	66.360	65.854	65.891	66.172
Income					
Rents - Dwellings	(61.718)	(61.759)	(61.694)	(62.964)	(64.255)
Income - Other Services / Property	(3.323)	(3.294)	(3.278)	(3.273)	(3.276)
Housing Related Support Charges	(0.160)	(0.163)	(0.166)	(0.169)	(0.173)
Contributions & Interest	(1.356)	(1.347)	(1.337)	(1.330)	(1.323)
TOTAL Housing Revenue Account					
Income	(66.557)	(66.563)	(66.475)	(67.736)	(69.027)
(Surplus) / Deficit on Housing Revenue Account	1.692	(0.203)	(0.621)	(1.845)	(2.855)

What are the Council's housing revenue spending plans?

Housing Revenue Plans for 2018/19

83. The provision for bad debts is now at £1.479m due to expected increases in bad debts as a result of Universal Credit and Welfare Reforms.
84. Rent levels have been reduced by 1% in line with Government guidelines. This will result in a deficit on the account in 2018/19 to be funded from reserves which have been accumulated from previous years.

Service Charges for 2018/19

85. Service charges for 2018/19 will be as set out in Appendix 3.

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

86. 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.
87. The table below summarises the spending plans for the Fund for 2018/19 and provisional spending plans for 2019/20 and 2020/21. This is due to be presented to the Pensions Committee for approval on 2nd February 2018.

Budget Tyne and Wear Pension fund	Budget	Provisional Budgets	
2017/18	2018/19	2019/20	2020/21
£m	£m	£m	£m
92.578 Investment Management Fees	94.088	95.970	99.737
1.363 Investments Office	2.074	2.413	2.220
93.941 Total Investments Office	96.162	98.383	101.957
2.963 Pensions Office	3.049	2.936	2.954
0.121 Pension Fund Governance	0.124	0.125	0.126
97.025 TOTAL	99.335	101.444	105.037

88. The budget for 2018/19 shows an increase of £2.310m over the 2017/18 budget. Increases of £2.109m and £3.593m are projected for 2019/20 and 2020/21 respectively.
89. 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.
90. The table below analyses the budget proposal for the next three years.

	2018/19	2019/20	2020/21
	£m	£m	£m
Base Budget	97.025	99.335	101.444
Investment Management Fees	1.510	1.882	3.767
Standstill Pressures	0.154	0.892	0.097
Budget Growth/New Initiatives	1.490	-	0.129
Redirection of Current Spending	(0.844)	(0.665)	(0.400)
Revised Budget	99.335	101.444	105.037

91. During 2018/19 the Fund will start to move some of its assets into a newly created asset management company, called 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. Initially this will result in additional costs to funds, but over the longer term this will generate savings through economies of scale.
92. 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 2018/19 is £3.436m. 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. Further similar increases are forecast in the following two years. Fee savings are already being generated from pooling ahead of the move to BCPP Ltd and are offsetting the budget increase. The cost increases should drop significantly from 2021/22 as all of the assets are forecast to have been transitioned by then. The payback period to recover these initial costs is estimated at five to six years.

93. Excluding investment management fees and all other costs relating to BCPP Ltd, the cost of running the Fund is forecast to rise by £0.045m.

Evaluation and Review

Shaped to Deliver

94. 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.
95. 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.
96. 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.
97. 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.
98. 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

99. During the year, budget holders may need to transfer budgets from one service area to another to reflect changed service needs or priorities.
100. A budget transfer is defined as a movement of budget between any budget service line identified in Appendix 1A of this report.
101. **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.
102. **Budget transfers greater than £250,000** require the approval of Cabinet.
103. **Budget transfers greater than £1,000,000** require the approval of full Council and must be proposed by Cabinet.

Appendix 1A: Council Revenue Budget 2018/19

Line Ref	Council Revenue Budget	Total Cost	Total Income	2018/19 Budget	Staffing 2018/19	
		£	£	£	No of Posts	FTE's
BUSINESS AND RESOURCES GROUP						
1	Strategy, Performance & Business Support	4,987,200	(1,422,950)	3,564,250	154	128.91
2	Corporate Finance	121,196,460	(109,862,120)	11,334,340	30	29.00
3	Leisure, Libraries and Community Facilities	7,265,190	(6,891,700)	373,490	313	181.45
4	Corporate Assurance	1,642,810	(1,438,080)	204,730	8	7.73
5	Legal, Election and Registration Services	2,046,630	(1,286,080)	760,550	43	33.15
6	Organisational Development	3,049,690	(796,050)	2,253,640	26	21.15
SUB TOTAL BUSINESS AND RESOURCES GROUP		140,187,980	(121,696,980)	18,491,000	574	401.39
PENSIONS						
7	Pensions Office	99,335,000	(99,335,000)	0	77	70.00
SUB TOTAL PENSIONS		99,335,000	(99,335,000)	0	77	70.00
TOTAL BUSINESS AND RESOURCES GROUP		239,522,980	(221,031,980)	18,491,000	651	471.39
ECONOMIC REGENERATION GROUP						
8	Asset Management and Design (including Waste and Green Spaces)	47,389,842	(27,766,251)	19,623,590	630	427.48
9	Communications (including Cultural Services)	1,948,200	(283,200)	1,665,000	21	18.10
10	Development Services	4,215,600	(3,139,020)	1,076,580	93	68.50
11	Business, Employment & Skills	6,140,700	(5,820,600)	320,100	27	24.62
12	Regeneration	453,200	(576,900)	(123,700)	7	7.67
13	Service Management	231,900	(23,780)	208,120	2	2.00
TOTAL ECONOMIC REGENERATION GROUP		60,379,442	(37,609,751)	22,769,690	780	548.37
CHILDREN, ADULTS AND HEALTH GROUP						
14	Children and Families Social Care	21,358,800	(4,047,600)	17,311,200	211	198.66
15	Education, Learning and Skills	125,906,900	(116,827,300)	9,079,600	695	464.75
16	Adult Social Care	75,466,300	(34,379,990)	41,086,310	287	258.97
17	Public Health	13,883,300	(122,300)	13,761,000	13	9.00
18	Commissioning & Quality Assurance	4,124,400	(2,160,200)	1,964,200	41	36.02
SUB TOTAL CHILDREN, ADULTS AND HEALTH GROUP EXCLUDING SCHOOLS		240,739,700	(157,537,390)	83,202,310	1,247	967.40
SCHOOLS DELEGATED						
19	Delegated Schools Budget	90,976,000	(90,976,000)	0		
SUB TOTAL SCHOOLS DELEGATED		90,976,000	(90,976,000)	0		
TOTAL CHILDREN, ADULTS AND HEALTH GROUP		331,715,700	(248,513,390)	83,202,310	1,247	967.40
TOTAL COUNCIL REVENUE BUDGET		631,618,122	(507,155,121)	124,463,000	2,678	1,987.16

Appendix 1B: Council Standstill Pressures 2018-23

Revenue Standstill Pressures	2018/19	2019/20	2020/21	2021/22	2022/23
	£m	£m	£m	£m	£m
Inflation					
Cost of living increase	1.400	1.400	1.400	1.400	1.400
Living Wage	0.193	0.200	0.200	0.200	0.200
Net Inflation on prices and income	3.426	3.800	3.800	3.800	3.800
TOTAL Inflation	5.019	5.400	5.400	5.400	5.400
Other Pressures					
Changes in employer pension contributions	-	-	1.300	-	-
Revenue Implications of Capital Programme	0.300	0.300	0.300	0.300	0.300
MRP	1.000	1.000	1.000	2.000	-
Medical Examiner Costs	0.100	-	-	-	-
Adult Services Demographic and Other Pressures	3.110	1.500	1.500	1.500	1.500
Care Leavers Apprenticeship / Employment Support	0.100	-	-	-	-
Forecasted Pressures	-	0.689	(0.169)	(1.250)	0.750
TOTAL Other Pressures	4.610	3.489	3.931	2.550	2.550
Changes to External Grant					
Changes in External Funding	1.118	1.111	0.669	0.050	0.050
TOTAL Changes to External Grant	1.118	1.111	0.669	0.050	0.050
TOTAL Revenue Standstill Pressures	10.747	10.000	10.000	8.000	8.000

Appendix 2A: Council Capital Investment Programme 2018/19

Line Ref			2018/19 Budget £	External Funding £	Council Funding £
	Council Capital Budget	Budget Holder			
	ECONOMIC REGENERATION	Paul Scrafton			
	REGENERATION	John Sparkes			
1	South Shields 365	John Sparkes	13,004,000	8,900,000	4,104,000
2	Holborn Riverside Development	John Sparkes	6,995,000	6,000,000	995,000
3	Foreshore Paving Improvements	John Sparkes	282,000	-	282,000
4	Heritage Lottery Fund - North Marine Park	John Sparkes	1,454,000	1,207,000	247,000
5	Coastal Communities Fund	John Sparkes	1,300,000	1,000,000	300,000
	TOTAL REGENERATION		23,035,000	17,107,000	5,928,000
	ASSET MANAGEMENT & DESIGN	Paul Scrafton			
6	The Arches	Derek Smith	3,278,000	3,178,000	100,000
7	A19 Lane Gain/Lane Drop	Derek Smith	1,940,000	1,540,000	400,000
8	Major Transport Schemes	Derek Smith	50,000	-	50,000
9	A194/Mill Lane Roundabout	Derek Smith	1,923,000	1,673,000	250,000
10	Extension to Recycling Village	Andrew Whittaker	156,000	-	156,000
11	Flags to Flexible Footway Programme	Derek Smith	2,000,000	-	2,000,000
12	Local Transport Plan	Derek Smith	2,219,000	2,219,000	-
13	Road Resurfacing	Derek Smith	850,000	-	850,000
14	CAF Grants	Derek Smith	500,000	-	500,000
15	Pedestrian Safety Works	Derek Smith	75,000	-	75,000
16	School Safety Works	Derek Smith	75,000	-	75,000
17	Asset Transfer Programme	Paul Scrafton	100,000	-	100,000
18	Asset Management	Paul Scrafton	2,747,000	1,247,000	1,500,000
19	Demolition of Vacant Buildings	Paul Scrafton	300,000	-	300,000
20	Securing Vacant Buildings	Paul Scrafton	100,000	-	100,000
21	Middlefield's Essential Works	Paul Scrafton	500,000	-	500,000
22	South Shields Town Hall External Works	Paul Scrafton	250,000	-	250,000
23	Crematorium Concession	Andrew Whittaker	30,000	-	30,000
24	Enhancing Public Security	Paul Scrafton	150,000	-	150,000
25	Fleet Vehicle Replacement Programme	Andrew Whittaker	2,500,000	-	2,500,000
26	Replacement LED Lanterns	Paul Scrafton	500,000	-	500,000
27	LED Signs and Bollards	Paul Scrafton	100,000	-	100,000
28	Provision of LED Lighting in Corporate Buildings	Paul Scrafton	135,000	-	135,000
29	Middlefield's PV System	Paul Scrafton	90,000	-	90,000
30	South Tyneside Energy Store	Paul Scrafton	1,300,000	650,000	650,000
31	Viking Energy Network Jarrow	Paul Scrafton	6,620,000	3,310,000	3,310,000
	TOTAL ASSET MANAGEMENT & DESIGN		28,488,000	13,817,000	14,671,000
	DEVELOPMENT SERVICES	George Mansbridge			
32	Centaurea Homes	George Mansbridge	5,000,000	5,000,000	-
33	Housing Ventures	George Mansbridge	5,137,000	5,137,000	-
34	Cleadon Flood Alleviation Scheme	George Mansbridge	725,000	275,000	450,000
35	Harton and the Nook Flood Alleviation Scheme	George Mansbridge	1,990,000	1,210,000	780,000
36	Tilshed/Boldon Level Crossing	Peter Mennell	200,000	200,000	-
	TOTAL DEVELOPMENT SERVICES		13,052,000	11,822,000	1,230,000

Appendix 2A: Council Capital Investment Programme 2018/19

Line Ref		2018/19 Budget £	External Funding £	Council Funding £
	Council Capital Budget			
	Budget Holder			
	BUSINESS INVESTMENT			
	John Scott			
37	International Advanced Manufacturing Park	32,500,000	21,000,000	11,500,000
	TOTAL BUSINESS INVESTMENT	32,500,000	21,000,000	11,500,000
	TOTAL ECONOMIC REGENERATION	97,075,000	63,746,000	33,329,000
	BUSINESS AND RESOURCES			
	Mike Conlon			
	CORPORATE FINANCE			
	Stuart Reid			
38	ICT and Digital Development	2,500,000	1,450,000	1,050,000
	TOTAL CORPORATE FINANCE	2,500,000	1,450,000	1,050,000
	CORPORATE AND COMMERCIAL SERVICES			
	Mike Conlon			
39	Haven Point - Remedial Works	200,000	-	200,000
40	Jarrow Hub	1,320,000	-	1,320,000
	TOTAL CORPORATE AND COMMERCIAL SERVICES	1,520,000	-	1,520,000
	TOTAL BUSINESS AND RESOURCES	4,020,000	1,450,000	2,570,000
	CHILDREN, ADULTS AND HEALTH			
	John Pearce			
	ADULT SOCIAL CARE			
	Vicki Pattinson			
41	Disabled Facilities Grant	835,000	835,000	-
	TOTAL ADULT SOCIAL CARE	835,000	835,000	-
	EDUCATION, LEARNING AND SKILLS			
	John Pearce			
42	Expanded Provision - Bamburgh School	500,000	500,000	-
43	Toner Avenue Primary School	2,400,000	2,400,000	-
44	Schools Devolved Formula capital	363,000	363,000	-
	TOTAL EDUCATION, LEARNING AND SKILLS	3,263,000	3,263,000	-
	TOTAL CHILDREN, ADULTS AND HEALTH	4,098,000	4,098,000	-
	TOTAL COUNCIL CAPITAL BUDGET 2018/19	105,193,000	69,294,000	35,899,000
	HOUSING CAPITAL PROGRAMME			
	SOUTH TYNESIDE HOMES			
	Paul Mains			
45	Decent Homes	12,400,000	-	12,400,000
46	Programme Fees - Housing Capital	1,100,000	-	1,100,000
47	Public Sector Housing Stock (Other)	1,800,000	-	1,800,000
	TOTAL SOUTH TYNESIDE HOMES	15,300,000	-	15,300,000
	COUNCIL RETAINED			
	George Mansbridge			
48	Area Development	1,000,000	-	1,000,000
49	Disabled Adaptations	700,000	-	700,000
	TOTAL COUNCIL RETAINED CAPITAL PROGRAMME	1,700,000	-	1,700,000
	TOTAL HOUSING CAPITAL PROGRAMME	17,000,000	-	17,000,000
	TOTAL COUNCIL CAPITAL BUDGET 2018/19	122,193,000	69,294,000	52,899,000

Appendix 2B: Council Capital External Funding 2018-23

The table below identifies the external funding for the capital programme, the majority of which is secured or probable for the 2018/19 programme. For later years the majority of the funding has been classified as possible because we are still at the bidding stage, or we are awaiting confirmation of future funding levels.

External Capital Funding Forecast	2018/19	2019/20	2020/21	2021/22	2022/23	Funding
	£m	£m	£m	£m	£m	TOTAL £m
Capital Grant from Government and other Agencies						
Better Care Fund	1.335	1.335	1.335	1.335	1.335	6.675
HCLG	1.000	1.000	-	-	-	2.000
Department for Education	1.860	1.610	1.610	1.610	1.610	8.300
Education Funding Agency	3.600	-	-	-	-	3.600
Environment Agency	1.485	0.500	-	-	-	1.985
ERDF	3.960	0.178	-	-	-	4.138
Heritage Lottery Fund	1.164	1.141	0.145	-	-	2.450
Housing Ventures	5.137	-	-	-	-	5.137
Local Transport Plan Funding	2.219	2.088	2.088	2.088	2.088	10.571
National Productivity Funding	3.213	0.513	-	-	-	3.726
Network Rail	0.200	-	3.000	2.000	-	5.200
NEXUS/Local Transport Board	8.900	3.400	3.600	-	-	15.900
Private Sector/NE LEP	16.043	14.753	16.753	8.053	5.010	60.612
Single Local Growth Fund	19.178	4.000	-	-	-	23.178
Council Capital Programme	69.294	30.518	28.531	15.086	10.043	153.472
External Funding Secured and Provisional						
External Funding Secured	43.079	15.033	17.033	13.033	10.033	98.211
External Funding Probable	20.417	14.442	8.498	0.053	0.010	43.420
External Funding Possible	5.798	1.043	3.000	2.000	-	11.841
TOTAL External Capital Funding Forecast	69.294	30.518	28.531	15.086	10.043	153.472

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	2,508	£5.00	10.0%	£5.50
	Lincoln Road	30	£5.05	9.9%	£5.55
Tenant Heating Charges	Newtown 1-bed	67	£3.50	6%	£3.70
	Newtown 2-bed	83	£9.70	5.7%	£10.25
	Jarrow Card Price	108	£18.00	9.7%	£19.75
Housing Plus - Landlord Charges for Scheme Managers and Communal Facilities					
Service Charges	Purpose built flats with scheme manager & communal facilities	707	£13.10	1.5%	£13.30
	Group dwellings with scheme manager & nearby communal facilities	439	£5.70	2.6%	£5.85
Guest Room Charges	Charges for overnight stay or emergency situations per night		£11.80	2.1%	£12.05
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
		2017/18	2018/19	2017/18	2018/19
Durham Court		£2.85	£2.90	£10.25	£10.40
Ellen Court		£7.20	£7.30	£10.25	£10.40
Monastery Court		£7.20	£7.30	£10.25	£10.40
Wilkinson Court		£7.20	£7.30	£10.25	£10.40
Support Service Charges - Supporting People					
		No	Current Charge £/wk	Inflation Increase	Proposed Revised Charge £/wk
Community Alarms - Support					
Council Tenants	Standard - Hardwired or Solo Unit	1,082	£2.98	2.2%	£3.05
Council Tenants	Enhanced - Hardwired or Solo Unit	1	£4.50	2.3%	£4.60
Scheme Managers - Support					
Council Tenants	Scheme Managers - Support Services	1,070	£11.25	1.8%	£11.45
External Users Community Alarms					
		No	Current Charge £/wk	Inflation Increase	Proposed Revised Charge £/wk
Owner/Occupiers	Private including rental of equipment	0	£5.35	2.8%	£5.50
	Private - additional pendant	7	£1.65	3.0%	£1.70
Housing Associations / Private	Standard Service		£5.35	1.8%	£5.45
Other Specific Service Charges					
		No	Current Charge £/wk	Inflation Increase	Proposed Revised Charge £/wk
Council - HRA Temporary Accommodation - existing	1 - bed accommodation	5	£26.15	1.1%	£26.45
	2 - bed accommodation	2	£37.15	0.8%	£37.45
	3 - bed accommodation	3	£53.65	2.2%	£54.85

Appendix 3: Housing Revenue Account service charges

Tenants - Housing Plus Heating Charges	2017/18			2018/19		
	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
Martin Hall	£0.00	£12.98	£0.00	£0.00	£12.98	£0.00
Nolan Hall	£0.00	£14.41	£0.00	£0.00	£14.41	£0.00
Porlock House	£0.00	£10.13	£12.20	£0.00	£10.13	£12.20
Croftside House (Electric)	£11.45	£12.77	£14.05	£11.45	£12.77	£14.05
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

Leaseholder Charges		
Management Fee	Cost per property per annum 2017/18	Cost per property per annum 2018/19
All Leaseholders	£134.60	£134.60

Appendix 3: Housing Revenue Account service charges

Tenant Communal Cleaning Charges		
	Cost per property per week 2017/18	Cost per property per week 2018/19
HIGH RISE PROPERTIES		
Durham Court	£1.57	£1.63
MID RISE PROPERTIES		
Farding Square	£3.75	£3.90
Dean Road	£2.54	£2.64
Laygate	£2.48	£2.58
Whiteleas	£2.54	£2.64
Green Lane	£5.16	£5.37
Tyne Dock	£3.49	£3.62
Galsworthy Road	£2.54	£2.64
River Drive	£0.80	£0.83
Mowbray Road	£1.18	£1.23
Stewart & Fulwell	£0.70	£0.73
SHELTERED HOUSING		
Birch Grove SA	£6.59	£6.85
Bishop Ramsay SA	£7.25	£7.54
Blenkinsop House SA	£3.53	£3.67
Borrowdale House SA	£6.20	£6.45
Calf Close House SA	£5.16	£5.36
Cheviot House SA	£5.70	£5.92
Clayside House SA	£5.15	£5.35
Croftside House SA	£4.83	£5.02
Curren House SA	£8.40	£8.73
Davies Hall SA	£8.14	£8.47
Farding Lake SA	£6.04	£6.28
Fernyhough Hall SA	£4.71	£4.90
Glenthorpe House SA	£5.16	£5.36
Hallgarth House SA	£4.83	£5.02
Henley House SA	£6.28	£6.53
Huntcliffe House SA	£7.04	£7.32
Inskip House SA	£6.26	£6.51
Julius Court SA	£4.83	£5.02
Lincoln Court SA	£7.25	£7.54
Martin Hall SA	£5.08	£5.28
McIntyre Hall SA	£6.48	£6.74
Nolan Hall SA	£5.32	£5.53
Patrick Cain House SA	£7.43	£7.72
Porlock House SA	£5.36	£5.57
Prince Edward Court SA	£8.08	£8.41
Thomas Bell SA	£5.79	£6.02
Wingrove House SA	£4.83	£5.02

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

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

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

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

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.

