

Shaping our Financial Future Medium Term Financial Plan 2016-21

Council Budget



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



South Tyneside Council

Council 25 February 2016

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Foreword by the Leader of the Council

Council Budget 2016 – 2021 - “*Shaping our Financial Future*”

Foreword by Councillor Iain Malcolm, Leader of the Council

This budget marks six years in delivering our ambitious ‘Shaping our Future’ programme. Since the change in Government in 2010, local government has been continually asked to make significant savings. South Tyneside Council faces a further 10% reduction in core Government funding in 2016/17 compared to the previous year. This is in addition to the 45% reduction in funding since 2010. However, despite these reductions in funding, we remain committed to the delivery of our vision for South Tyneside to be an outstanding place to live, invest and bring up families.

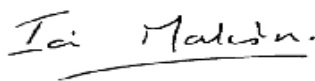
2015 was another year of successful change for South Tyneside. The £12.8m **Hebburn Community Hub** opened to the public - a major investment designed to kick-start regeneration and providing leisure, library and customer services all under one roof; **Haven Point** welcomed record numbers of visitors and memberships. Our South Shields 365 vision reached some important milestones with work starting on The Word, our new state-of-the-art **Library and Digital Media Centre**, and plans have been approved for a new transport interchange. A rejuvenated community facility, **Jarrow Leisure Centre**, is also planned which will improve local services.

These developments support South Tyneside’s growing reputation as a destination of choice, with record breaking numbers attending our **cultural events**, contributing £264m to our economy as people visit restaurants, bars, shops and other attractions. However, we are determined not to get complacent and 2016 will continue to build on our success. The development of a new **International Advanced Manufacturing Park**, which has enterprise zone status, will continue to progress at a pace which is expected to attract £295m private sector investment and create more than 5,200 new jobs. Additional jobs will be created by the achievement of enterprise zone status on another site on the banks of the River Tyne.

2015 also saw construction start on a new **Integrated Care Services Hub**. This £9m facility due to open in 2016, is a major part of our response to the ageing population in South Tyneside and will support older people, particularly those with dementia, by providing all the services they need under one roof.

We will continue to invest in housing, with more homes being built across the borough, supported by the launch of an innovative housing development company. Our **Decent Homes** programme continues to improve our housing stock, investing a further £39m on home improvements over the next three years. Important local community improvements such as the renewal of roads and pathways will also continue and the progression of major transport schemes to improve traffic flows within the borough.

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

A handwritten signature in black ink that reads "Iain Malcolm". The signature is written in a cursive style and is underlined.

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...

As a metropolitan borough council, South Tyneside is a top tier council in the top 25% of 326 councils in terms of population density. With its unique blend of spectacular coastal scenery, picturesque villages and rich local heritage, there is more to experience per square mile in South Tyneside than anywhere! It's no wonder our borough attracts more than five million visitors a year.

Renowned for our free festivals, world class educational facilities, award winning green developments, South Tyneside Council operates with a commercial edge underpinned by strong public sector values.

With a powerful regional presence South Tyneside is also home to a number of international brands and exports across the world through the Port of Tyne. Our proud communities comprise a workforce ready for new challenges, living in quality homes and benefiting from outstanding health and care services.

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



South Tyneside is bigger than you think...

Innovation & Efficiency

In 2016/17 we plan to spend almost **£527m**...that's more than Bury, York or Blackburn

Our capital spend from 2014 to 2016 was **£196m**

Capital budget for 2016 – 2021 is almost **£400m**

We are more than **£120m** more efficient than we were in 2010

As administrators of the Tyne & Wear Pension Fund, we manage more than **£6bn** 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

148,740 people live in South Tyneside...that's more than Preston, Blackpool or Knowsley

We spent **£125m** on commissioned services in 2015/16

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 **4,998** employees

We provide an **'Outstanding'** Adoption Service - rated one of the best nationally

Place

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

Our current regeneration schemes will have attracted over **£276m** in private investment between 2010 and 2020

Over **£301m** has been invested in improving council homes since 2006

Last year we:

Welcomed **5.8m** visitors to South Tyneside

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

Provided over **4,000** adults with a social care service

Processed **97,000** applications for housing benefit

Helped over **1,400** children in need at any one time

Handled **465,000** transactions through our Telephone Contact Centre

Shaping our Financial Future

Shaped to deliver our priorities

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

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

People

- Better Education and Skills
- Fewer People in Poverty
- Protect Children and Vulnerable Adults
- Stable and Independent Families
- Healthier People

Place

- A Regenerated South Tyneside with Increased Business and Jobs
- Better Transport
- Better Housing and Neighbourhoods
- A Clean and Green Environment
- Less Crime and Safer Communities

The South Tyneside Council strategy – 'Shaping our Future' identifies four priorities that will make the biggest difference to our residents and will be our focus over the next 3 years, whilst we maintain a continued commitment to progressing the delivery of our other outcomes:

- **Stable and Independent Families**
- **Healthier People**
- **A Regenerated South Tyneside with Increased Business and Jobs**
- **Better Housing and Neighbourhoods**

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

We have strengthened our organisational structure so that we are Shaped to Deliver our vision for South Tyneside. We are committed to the delivery of high quality, value for money services but we must do this in a different way, taking a much more corporate approach. With real drive and energy we will work more effectively across services and remove inefficiencies by reducing overlap and duplication. The changes we have made are now embedded across the organisation and underpin delivery of our priorities.

Shaping our Financial Future

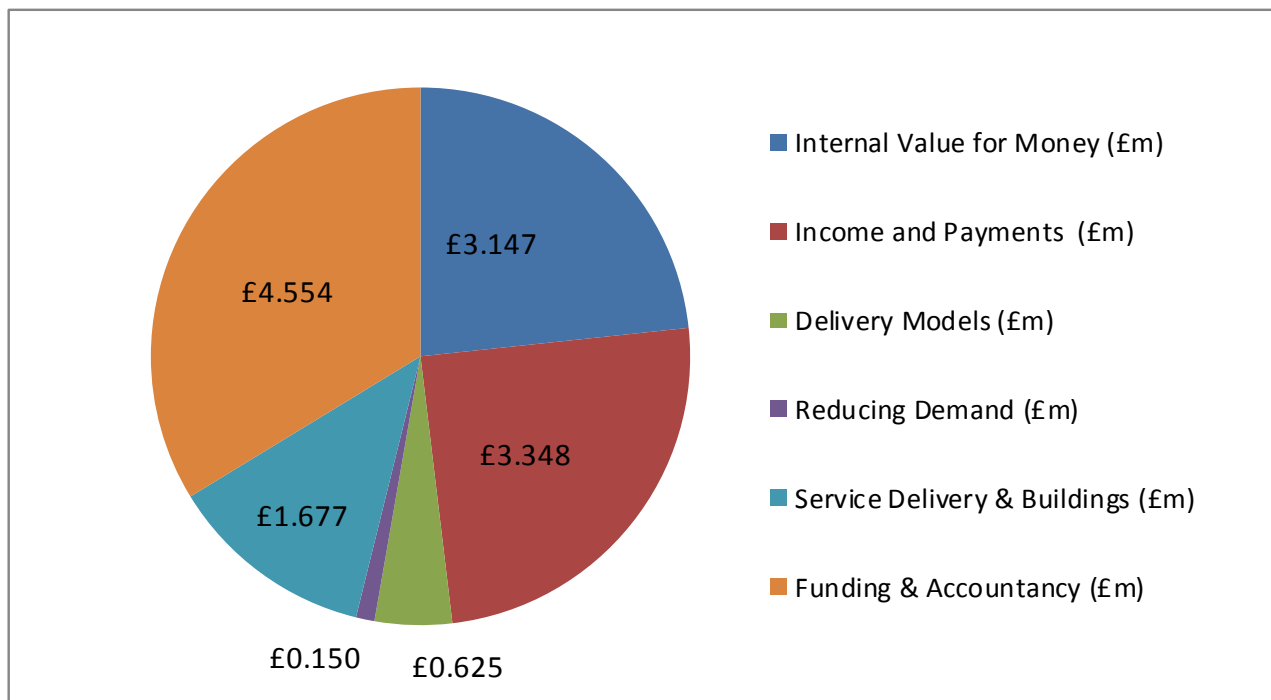
2016 and beyond

Central Government reductions continue to affect councils across the country and South Tyneside is no different. We continue to see a reduction in our budget, so start our budget planning early and consult widely with residents, partners and our staff.

We have made significant progress and achieved over £120m savings over the last 6 years with no major service closures, while also seeing record levels of investment in the borough. The response from our residents in the budget consultation shows their satisfaction in how we have managed the changes:

- 71% support our policy of reducing the number of buildings we have, to concentrate on delivering services from fewer, higher quality buildings.
- 62% thought 'A Regenerated South Tyneside with Increased Businesses and Jobs' is the priority in the South Tyneside Council Vision that is most important.

This budget for 2016 to 2021 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 £13.5m funding gap for 2016/17.



Business Efficiencies

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

Shaping our Financial Future

Innovation and Efficiency

Our innovation and efficiency programme has already helped us to deliver over £120m 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.



Economic Regeneration

Our vision for South Tyneside will only be achieved through investment in the borough. We will continue to create the infrastructure to attract new, sustainable businesses to the borough, while also allowing our current businesses to flourish. Our business community is home to a range of local, national and global brands and we will utilise their expertise and influence to encourage more investment. Our partnerships are essential in making South Tyneside a major player in the North East.

Children, Adults and Health

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 2016/17.

The Medium Term Financial Plan is one of the key Council strategic planning documents. It is fully integrated with and flows from both our partnership plan ‘**The South Tyneside Vision**’ and ‘**Shaping Our Future – South Tyneside Council Strategy**’, which together set out our long-term vision, priorities for the next 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 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.
2. The Government's Spending Review in 2015 determined that local government funding would further reduce over the next four years. This is in top of a 45% reduction in core Government funding since 2010. In 2016/17 we will receive over 10% less core Government funding when compared to the previous year.
3. The Council receives just over 51% of its income from Council Tax payers and retained business rates. The budget has been calculated incorporating an increase of 3.95% in Council Tax in 2016/17. **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 by almost 10% 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 148,740. 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 (2012) show that by 2037 the population of the borough could be 156,600, representing a 5% 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. It is not an extra piece of work, but part of everything we do. Whenever we create, review or remove a service, we carry out an Equality Check to make sure we do not discriminate against individuals. An Equality Check helps to identify any potential discrimination or unfair treatment and puts measures in place to mitigate these.

Value for Money

8. Improving value for money is at the heart of everything we do. We always challenge ourselves to make sure our costs compare well with others by identifying and challenging areas of high spend. Many of the redirection proposals within our 2016/17 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, safeguarding of vulnerable adults and children and waste disposal costs, so it is prudent to extend our planning period.
10. The table below summarises our revenue spending plans for 2016/17 and provisional spending plans for 2017/18 to 2020/21 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		
2015/16 Revenue Spending Plans	2016/17	2017/18	2018/19	2019/20	2020/21
£m	£m	£m	£m	£m	£m
148.344 Base Budget	135.808	130.759	123.591	119.703	115.895
9.442 Budget Pressures	8.452	8.000	9.000	8.000	8.000
(21.978) Redirection of Current Spending	(13.501)	(15.168)	(12.888)	(11.808)	(10.421)
135.808 TOTAL Revenue Spending Plans	130.759	123.591	119.703	115.895	113.474
-8.45% Percentage Decrease in Council budget	-3.72%	-5.48%	-3.15%	-3.18%	-2.09%
Group Revenue Budgets					
75.512 Children, Adults and Health	76.624	72.468	70.188	67.955	66.535
13.810 Economic Regeneration	26.510	25.057	24.269	23.497	23.006
46.486 Business and Resources	27.625	26.066	25.246	24.443	23.933
135.808 TOTAL Group Revenue Budgets	130.759	123.591	119.703	115.895	113.474
Funded by					
39.960 Revenue Support Grant	31.980	24.680	19.700	14.670	11.000
14.570 Business Rates Retained	15.160	15.463	15.772	16.088	16.410
30.002 Business Rates Top Up	30.250	30.855	31.472	32.101	32.743
1.926 Education Funding Agency	1.750	1.050	0.630	0.315	-
0.500 Use of Council Reserves	-	0.218	0.293	0.369	0.447
0.800 Collection Fund Contribution	1.000	0.200	0.200	0.200	0.200
48.050 Council Tax Income	50.619	51.125	51.636	52.152	52.674
135.808 TOTAL Revenue Funding Forecast	130.759	123.591	119.703	115.895	113.474
94.785 Dedicated Schools Grant	92.310	92.310	92.310	92.310	92.310

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.
12. In 2016/17 we will receive 49% of our revenue from Central Government and 51% from Council Tax and retained Business Rates. This settlement covers 2016/17 only but councils have been offered four year funding information 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.
13. We have factored in these reductions and have assumed further estimated reductions in funding for 2017/18 to 2020/21 based upon national Government spending plans.

What are the Council's revenue spending plans?

14. For 2016/17 Councils with responsibility for adult social care have been given the ability to raise council tax by 2% to fund a budget shortfall in this area. This is in addition to the annual increase of 1.95%. The table at paragraph 10 shows the amount of Council Tax we will collect in 2016/17 with an increase of 3.95%. **For planning purposes only**, we have included the estimated income in 2017/18 to 2020/21, based upon Council Tax revenues increasing by 1%.
15. The actual increases in Council Tax income in 2017/18 to 2020/21 will depend on circumstances at the time, including the level of actual funding received from Government. This may be higher or lower than these planning assumptions and, as such do not represent commitments by the Council at this time. At our current Council Tax Base, a 1% increase in the Council Tax level would generate an additional £0.506m of income.
16. Schools expenditure is funded from a Dedicated Schools Grant. The Schools and High Needs elements have been confirmed for 2016/17 but the Recoupment figure which is paid over to academy schools and the Early Years block will be confirmed in March and May respectively.
17. Appendix 1A provides more detail on the 2016/17 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 £8.5m in 2016/17, and a further estimated £8m in 2017/18, £9m in 2018/19 and £8m in both 2019/20 and 2020/21. 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	2016/17	2017/18	2018/19	209/20	2020/21
	£m	£m	£m	£m	£m
Inflation	3.583	3.591	3.461	3.330	3.330
Other Standstill Pressures	4.706	4.359	5.489	4.620	4.620
Changes to External Grant	0.163	0.050	0.050	0.050	0.050
TOTAL Revenue Budget Pressures	8.452	8.000	9.000	8.000	8.000

19. Demand for our services, especially adult care and supporting vulnerable children, continues to increase and means that we need to spend more money just to carry on providing the services we currently offer.

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.

What are the Council's revenue spending plans?

21. The proposals included in our budget, which we have consulted upon, have involved some tough decisions and we have done all that we can to minimise the impact on service delivery. Where possible, we have identified where we can reduce spending on support functions by working more efficiently so that we can protect front line services.
22. In 2016/17 and beyond, we have significant financial pressures to face, which means that we must continue to re-shape the way we deliver some of our services.
23. Plans for reducing spending, delivering new models of service and increasing efficiency in 2016/17 are shown in the following table.

	Redirection of Current Spending	2016/17 £m
	Adult Social Care	
1	Sharing of Care Costs	0.200
2	Residential Care Admissions	0.060
3	Pooled Learning Disabilities Funding	0.100
4	Fair Charging for Care	0.100
5	Adult Placements	0.090
6	Direct Payments	0.300
7	Carers Services Review	0.100
8	Day Opportunities Remodel	0.200
9	Revised Direct Services Delivery Model	0.165
10	Management Restructure	0.157
11	Integrated Occupational Therapy Service	0.100
12	Supporting People Contractual Efficiencies	0.315
	Adult Social Care Sub Total	1.887
	Asset Management	
13	Photo Voltaic Panels on Council Buildings	0.130
14	Digital Advertising	0.130
15	Additional Income Generation	0.222
16	Specialist Waste Collection	0.100
17	Area Management Efficiencies	0.075
18	Deletion of Vacant Posts / Management Restructure	0.122
19	Energy Champions	0.050
20	Corporate Buildings Efficiencies	0.069
21	Commission Rent Reviews	0.015
22	Festive Lighting Review	0.010
	Asset Management Sub Total	0.923
	Children and Families Social Care	
23	Remodelled Early Help Services	0.425
24	Allowances	0.010
25	Deletion of Vacancies	0.120
26	Short Breaks Commissioning	0.100
27	Sharing of Care Costs	0.150
28	Direct Payments Allocations	0.050
29	S17 Efficiencies	0.214
30	Reduction in Supplies and Services Budgets	0.115
	Children and Families Social Care Sub Total	1.184

What are the Council's revenue spending plans?

	Redirection of Current Spending	2016/17 £m
	Corporate Finance	
31	Procurement Efficiencies	1.290
32	Funding of Capital Investment Programme	3.000
33	Miscellaneous Income	0.955
34	Miscellaneous Government Grants & Corporate Funding	0.255
	Corporate Finance Sub Total	5.500
	Culture and Leisure	
35	Libraries Management Restructure	0.080
36	Leisure Centre Increased Membership Income	0.200
37	Leisure Centre Operational Efficiencies	0.110
38	Sports Development Review	0.070
39	Reduced Operational Costs of Community Facilities	0.228
40	Review of Activities Budget	0.107
41	Increased Events Income	0.020
42	Customs House Efficiencies	0.020
43	The Word	0.100
44	World Heritage Site	0.020
45	Cultural Development Efficiencies	0.010
	Culture & Leisure Sub Total	0.965
	Education, Learning and Skills	
46	Remodelled Early Help Services	0.315
47	The PLACE & EMTRAS	0.022
48	Review of Income	0.150
49	Review Funding for Modern Foreign Languages	0.018
	Education, Learning and Skills Sub Total	0.505
	External Contracts	
50	Review of Strategic Partnership	0.200
	External Contracts Sub Total	0.200
	Public Health	
51	Remodel Criminal Justice Service	0.135
52	Hospital Alcohol Service Review	0.100
53	Remodel Complex Needs Support	0.020
54	Review Approach to Breast Feeding and Smoking in Pregnancy	0.050
55	Income Generation - Consultant Advice	0.030
56	Infection Control Review	0.200
57	C4L Contract In-Sourcing	0.173
	Public Health Sub Total	0.708
	Regeneration and Planning	
58	Specialist Conservation Unit	0.023
59	Staff Review	0.095
60	Photo Voltaic Panels	0.080
61	Reduction in Supplies and Services Budgets	0.020
62	Pest Control Review	0.012
63	Review Large Scale Economic Growth Activity	0.216
64	Adult & Community Learning	0.029
65	Review of Employment and Skills Budgets	0.017
66	Review of Business Support Budgets	0.012

What are the Council's revenue spending plans?

	Redirection of Current Spending	2016/17 £m
67	Capitalisation of Staff Costs	0.139
68	New Business Model	0.033
	Regeneration and Planning Sub Total	0.676
	Redesigned Support Services	
69	Business Support Re-modelling	0.250
70	Review of Strategy & Performance	0.250
71	Finance Service Integration / Self Service	0.085
72	Insurance Review	0.100
73	Internal Audit Income Generation	0.040
74	HR Self Service Model	0.220
75	Training and Development Review	0.080
76	Marketing & Communications Income Generation	0.020
77	Marketing and Tourism Budget Review	0.008
78	Legal Services Supplies and Services Review	0.025
79	CAF Grants Social Scheme	0.025
80	Support Services Saving Allocated to HRA	(0.150)
	Redesigned Support Services Sub Total	0.953
	TOTAL Redirection of Current Spending	13.501

What are the Council's revenue spending plans?

Council Tax Income

24. The following section provides further information on our Council Tax levels from 1st April 2016.
25. To fund our spending plans, we need to increase **our proportion of the borough's Council Tax** in 2016/17 to raise **£50.619m**. 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 2016/17 Council's with responsibility for adult social care have been given the ability to raise council tax by 2% to cover a funding shortfall in this area. This is in addition to the annual increase and is incorporated into the figures below.
26. Tyne & Wear Fire and Civil Defence Authority and the Northumbria Police and Crime Commissioner have confirmed a precept increase of 1.99% and 5.66% respectively.
27. The table below identifies the Council Tax for each property band:

2016/17 Borough Council Tax						
	Band Weighting	% of Properties in Each Band	South Tyneside Council £	Fire Authority £	Police & Crime Commissioner £	TOTAL £
Band A Properties	6/9	64.8	912.48	50.74	62.22	1,025.44
Band B Properties	7/9	13.7	1,064.56	59.2	72.59	1,196.35
Band C Properties	8/9	11.5	1,216.64	67.65	82.96	1,367.25
Band D Properties	1	6.0	1,368.72	76.11	93.33	1,538.16
Band E Properties	11/9	2.4	1,672.88	93.02	114.07	1,879.97
Band F Properties	13/9	1.0	1,977.04	109.94	134.81	2,221.79
Band G Properties	15/9	0.5	2,281.20	126.85	155.55	2,563.60
Band H Properties	18/9	0.1	2,737.44	152.22	186.66	3,076.32
Percentage increase from 2015/16			3.95%	1.99%	5.66%	3.95%

What are the Council's revenue spending plans?

South Tyneside Council Tax for 2016/17

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

2016/17 Borough Council Tax	Band Weighting	South Tyneside Council 2015/16	South Tyneside Council 2016/17 *	Fire Authority 2015/16	Fire Authority 2016/17	Police & Crime Commissioner 2015/16	Police & Crime Commissioner 2016/17	Borough Council Tax 2015/16	Borough Council Tax 2016/17
Band A Properties	6/9	£877.81	£912.48	£49.75	£50.74	£58.89	£62.22	£986.45	£1,025.44
Percentage increase			3.95%		1.99%		5.66%		3.95%
Annual increase			£34.67		£0.99		£3.33		£38.99
Weekly increase			£0.67		£0.02		£0.06		£0.75
Band B Properties	7/9	£1,024.11	£1,064.56	£58.04	£59.20	£68.70	£72.59	£1,150.85	£1,196.35
Percentage increase			3.95%		1.99%		5.66%		3.95%
Annual increase			£40.45		£1.16		£3.89		£45.50
Weekly increase			£0.78		£0.02		£0.07		£0.88
Band C Properties	8/9	£1,170.41	£1,216.64	£66.33	£67.65	£78.52	£82.96	£1,315.26	£1,367.25
Percentage increase			3.95%		1.99%		5.66%		3.95%
Annual increase			£46.23		£1.32		£4.44		£51.99
Weekly increase			£0.89		£0.03		£0.09		£1.00
Band D Properties	1	£1,316.71	£1,368.72	£74.62	£76.11	£88.33	£93.33	£1,479.66	£1,538.16
Percentage increase			3.95%		1.99%		5.66%		3.95%
Annual increase			£52.01		£1.49		£5.00		£58.50
Weekly increase			£1.00		£0.03		£0.10		£1.13
Band E Properties	11/9	£1,609.31	£1,672.88	£91.20	£93.02	£107.96	£114.07	£1,808.47	£1,879.97
Percentage increase			3.95%		1.99%		5.66%		3.95%
Annual increase			£63.57		£1.82		£6.11		£71.50
Weekly increase			£1.22		£0.03		£0.12		£1.38
Band F Properties	13/9	£1,901.91	£1,977.04	£107.78	£109.94	£127.59	£134.81	£2,137.28	£2,221.79
Percentage increase			3.95%		1.99%		5.66%		3.95%
Annual increase			£75.13		£2.16		£7.22		£84.51
Weekly increase			£1.44		£0.04		£0.14		£1.63
Band G Properties	15/9	£2,194.52	£2,281.20	£124.37	£126.85	£147.22	£155.55	£2,466.11	£2,563.60
Percentage increase			3.95%		1.99%		5.66%		3.95%
Annual increase			£86.68		£2.48		£8.33		£97.49
Weekly increase			£1.67		£0.05		£0.16		£1.87
Band H Properties	18/9	£2,633.42	£2,737.44	£149.24	£152.22	£176.66	£186.66	£2,959.32	£3,076.32
Percentage increase			3.95%		1.99%		5.66%		3.95%
Annual increase			£104.02		£2.98		£10.00		£117.00
Weekly increase			£2.00		£0.06		£0.19		£2.25

* 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 whilst 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 been successful in achieving external funding of £5.1m (towards overall estimated costs of £6.1m) to carry out major highway improvements to reduce congestion at the Lindisfarne roundabout. Design of the project, which also includes drainage improvements to reduce the risk of flooding at the junction, is substantially complete. The scheme is proposed to commence in May 2016 with estimated completion in spring of

2017. The Council also proposes further major improvements to the network following this project at The Arches and the Southern portal of the Tyne Tunnel.

What are the Council's capital spending plans?

Our 'South Shields 365' vision will connect the Riverside, Foreshore and Town Centre with new retail and family leisure facilities, improved public spaces, a remodelled market place together with The Word – the North East Centre for the Written Word which will house a new library, exhibition space and archives as well as a restaurant and café. Strengthening the town's transport infrastructure is also central to our plans and this includes the development of a new transport interchange providing 21st century facilities for metro and bus passengers.

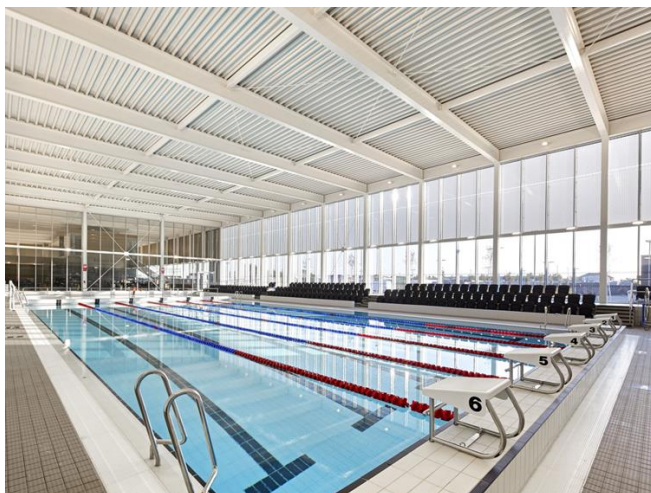
Key Delivery Priorities

- **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. Construction of 'The Word – the North East Centre for the Written Word' commenced in April 2015 and is due to be completed in September



2016. The Council is also working to acquire the sites required to deliver the next phases that include a new public transport interchange and a much enhanced retail offer. This is turning our vision to reality, making South Shields an exciting destination every day of the year.



Hebburn Central was completed in June 2015 and is proving popular with residents and visitors alike. The regeneration of Hebburn will continue with the demolition of redundant buildings including Westmoreland Court. A new supermarket is planned and the Council is working to ensure high quality housing is delivered to complete the scheme.

What are the Council's capital spending plans?

Strategic Outcome: Better Housing and Neighbourhoods

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

In partnership with 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.



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 £150m of Decent Homes funding, which has been applied across the borough to renovate the Council housing stock, with this work continuing into 2016/17. This is complemented by a range of environmental improvements on

estates throughout the borough and selective demolition of unsuitable properties. The Decent Homes Programme will be completed by December 2016.

What are the Council's capital spending plans?

To ensure both council properties and private dwellings are protected from flood risk the Council have worked in partnership with Northumbrian Water Limited to create a flood defence level of '1 in 100 year event protection' to be achieved for surface water flooding. Works have been carried out on the Fellgate Estate throughout 2015/16 to create large detention basins to hold surface water, increasing natural drainage and delaying run-off entry to the sewer system. Further planting and the remaining landscaping is to be completed in 2016/17. These flood defences have already been put to the test during heavy rainfall events and have proved successful. The scheme is due to be extended to Hebburn in 2016 and options appraisal work will commence on Cleadon Lea later in the financial year.



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 ensuring forward visibility of proposed works. A significant

externally funded regeneration of the seafront infrastructure adjacent to the recent iconic Haven Point development is due for completion in 2016 that will complement previous investment and improve the overall attraction of the area.

A new housing development is being completed to revive the Frederick Street / Trinity South area of South Shields with a total of 223 new homes. The developers – Keepmoat – have commenced construction of 115 private dwellings and completed 14 social rented dwellings which will offer residents more housing choice with great access to a redeveloped Town Centre and foreshore. A further 60 dwellings are planned for 2016/17.



What are the Council's capital spending plans?

Strategic Outcome: Stable and Independent Families

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

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

This is the vision we have developed for children and young people in South Tyneside. Our **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**

The Council has analysed its Looked After Children data and identified high numbers of teenagers being looked after or entering care, in particular a spike in the number of 13 year olds entering care. Learning from best practice the Council will remodel a resource centre for young people who are Looked After or considered on the Edge of Care. The centre will be inclusive of respite overnight care and short breaks as well as residential short term placements. The capacity to undertake direct work with young people and their parent / carers will work towards safely reducing the number of Looked After Children in the borough.



What are the Council's capital spending plans?

Strategic Outcome: Healthier People



Jarrow Hub

We are continuing to remodel our stock of community buildings so that they are fit for purpose and bring a range of services together in one place. Work will start in 2017 on a revamped community hub in the centre of Jarrow providing a wide variety of local services.

We want people in South Tyneside to live **healthier and longer lives**. Through a 'life course' approach, we will encourage people to take positive decisions that will improve their health and wellbeing. We will improve health in specific groups and areas by focusing on prevention and early intervention, and improving access to personalised services and support.

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**

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

What are the Council's capital spending plans?

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 proposal to erect a number of digital advertising displays located in strategic locations around the borough will maximise income generation for the Council. Major arterial roads and the town centres are preferred locations.

Considerable investment has already been made in a number of energy efficiency initiatives. 1,000 streetlights have already been replaced with LED lighting and replacement of a further 5,000 is proposed for the coming year. The programme of introducing replacement LED lights within our buildings will continue and together with motion sensors will improve energy usage across our estate. The Council is to invest in a modern Buildings Management System allowing the monitoring and control of temperature within our buildings, further reducing costs and improving efficiency.



Photo Voltaic Cells (PV's) have been installed on the roofs of 10 of our core buildings, including Haven Point, Strathmore, Hawthorne, Hebburn Central and Jarrow CA, resulting in over £100,000 energy saving each year. Further roll out of PV's for other core buildings is being planned.

The energy initiative is supported by the proposed introduction of a number of wind turbines in strategic locations that maximise energy generation but limit visual impact. More detailed analysis and consultation for each site is to be undertaken over the coming months.



The Capital Investment Programme outlined by priority and year is set out in the table over the page. The funding of the programme is presented in a further table.

What are the Council's capital spending plans?

Capital Investment Strategy 2016-21							
Strategic Outcome 1 : A regenerated South Tyneside with increased business and jobs							
Ref	Project Name	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m	2020/21 £m	Total £m
ER01	North Marine Park Heritage Lottery Fund Bid	0.050	-	2.679	-	-	2.729
ER02	Hebburn Town Centre	0.225	-	-	-	-	0.225
ER03	South Shields 365	7.950	11.020	16.304	14.076	7.850	57.200
ER04	Holborn Riverside Development	1.400	16.636	7.138	2.583	3.798	31.555
ER05	Strategic Investment Sites	-	-	41.000	30.000	-	71.000
ER06	Access Improvements to the Testo's Grade Separation Scheme	0.850	2.650	-	-	-	3.500
ER07	The Arches Junction Improvement Scheme	0.717	5.363	-	-	-	6.080
ER08	Southern Portal of New Tyne Crossing	0.291	0.063	3.146	-	-	3.500
ER09	Lindisfarne Junction Improvement Scheme	5.600	-	-	-	-	5.600
ER10	Highway Structures Capital Programme	-	0.300	0.300	0.300	0.300	1.200
		17.083	36.032	70.567	46.959	11.948	182.589
Strategic Outcome 2 : Better Housing and Neighbourhoods							
Ref	Project Name	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m	2020/21 £m	Total £m
BHN01	Support Community Asset Investment	0.400	0.320	1.000	-	-	1.720
BHN02	Flood Feasibility Studies	-	0.200	-	-	-	0.200
BHN03	Cleadon Village Flood Alleviation Scheme	0.250	0.450	0.250	0.400	0.450	1.800
BHN04	Monkton Village/Hebburn South Flood Alleviation	2.000	1.500	0.750	0.600	-	4.850
BHN05	Disabled Facilities Grant	0.792	0.792	0.792	0.792	0.792	3.960
BHN06	Flags to Flexible Footway Programme	2.000	1.500	1.500	1.500	1.500	8.000
BHN07	Local Transport Plan Budgets	2.390	2.262	2.219	2.088	2.088	11.047
BHN08	CAF Environmental Schemes	0.500	0.500	0.500	0.500	0.500	2.500
BHN09	Housing Ventures	10.000	9.500	-	-	-	19.500
BHN10	New Housing Development	-	13.000	12.000	11.000	12.000	48.000
BHN11	Improvement of toilet provision on the Foreshore	0.350	-	-	-	-	0.350
HC01	Decent Homes	20.177	9.361	9.508	9.861	11.012	59.919
HC02	Programme Fees - Housing Capital	1.378	1.100	1.100	1.100	1.100	5.778
HC03	Voids	2.000	1.200	1.000	1.000	1.000	6.200
HC04	Disabled Adaptations	0.700	0.700	0.700	0.700	0.700	3.500
HC05	Public Sector Housing Other	1.350	1.300	1.300	1.300	1.300	6.550
		44.287	43.685	32.619	30.841	32.442	183.874
Strategic Outcome 3 : Stable and Independent Families							
Ref	Project Name	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m	2020/21 £m	Total £m
SIF01	Edge of Care Remodelling	2.000	-	-	-	-	2.000
SIF02	Schools Devolved Formula Capital	0.363	0.363	0.363	0.363	0.363	1.815
		2.363	0.363	0.363	0.363	0.363	3.815
Strategic Outcome 4 : Healthier People							
Ref	Project Name	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m	2020/21 £m	Total £m
HP01	Temple Park Essential Works	2.000	0.053	-	-	-	2.053
HP02	New Pedestrian Crossings	0.150	0.150	-	-	-	0.300
HP03	School Safety Works	-	0.250	0.220	-	-	0.470
HP04	Jarrow Hub	-	2.000	1.000	-	-	3.000
		2.150	2.453	1.220	0.000	0.000	5.823
Innovation and Efficiency							
Ref	Project Name	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m	2020/21 £m	Total £m
IE01	Asset Maintenance	2.247	3.097	2.400	2.000	2.000	11.744
IE02	Local Energy Supply - PV and Wind	1.500	-	-	-	-	1.500
IE03	Demolition of Vacant Buildings	-	0.300	0.300	0.300	0.300	1.200
IE04	Securing Buildings that are Vacated	-	0.100	0.100	0.100	-	0.300
IE05	Remodelling of Building Assets	5.200	-	-	-	-	5.200
IE06	9-10 Charlotte Terrace Dilapidations	0.080	-	-	-	-	0.080
IE07	Digital Display Advertising	0.600	-	-	-	-	0.600
IE08	ICT Development - Hardware and Software Renewal	0.100	0.100	0.100	0.250	0.200	0.750
IE09	Recycling Offload Scheme	0.750	-	-	-	-	0.750
IE10	Fleet Replacement	0.300	0.300	0.300	0.300	0.500	1.700
		10.777	3.897	3.200	2.950	3.000	23.824
TOTAL		76.660	86.430	107.969	81.113	47.753	399.925

What are the Council's capital spending plans?

Capital Funding

29. The table below summarises our capital funding estimates for 2016/17 and provisional funding estimates for 2017/18 to 2020/21.

Capital Programme By Funding	2016/17	2017/18	2018/19	2019/20	2020/21	Total
	£m	£m	£m	£m	£m	£m
Council General Fund Programme						
External Funding	23.192	54.260	69.623	47.676	22.841	217.592
Capital Receipts	6.800	10.000	4.000	4.000	4.000	28.800
Borrowing	20.063	7.509	19.738	14.476	5.800	67.586
Total Council General Fund Programme	50.055	71.769	93.361	66.152	32.641	313.978
Housing Programme (funded from the Housing Revenue Account)						
Revenue Funding of Decent Homes Maintenance	16.505	14.661	14.608	14.961	15.112	75.847
HRA Borrowing	10.100	-	-	-	-	10.100
Total Housing Programme	26.605	14.661	14.608	14.961	15.112	85.947
Combined Housing and General Fund	76.660	86.430	107.969	81.113	47.753	399.925

What are the Council's prudential indicators?

Prudential Code

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

Compliance with the Prudential Code

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

Affordability

36. To assess the affordability of prudential borrowing, we review 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?

2015/16 Affordability Measures Revised £m		2016/17 £m	2017/18 £m	2018/19 £m
Capital Spending Plans				
69.348	Council General Fund capital programme	51.055	72.769	94.361
35.198	Housing capital programme	26.605	14.661	14.608
104.546	Total Capital Programme	77.660	87.430	108.969
Capital Financing Requirement				
429.939	Council General Fund capital programme	445.512	437.993	442.252
277.056	Housing capital programme	287.503	287.503	287.503
706.995	Total Capital Financing Requirement	733.015	725.496	729.755
Ratio of Financing Costs to net revenue stream				
13.79%	Council General Fund capital programme	14.03%	15.26%	15.17%
42.25%	Housing capital programme	43.69%	44.88%	45.63%
Estimated Incremental effect of Capital investment Decisions				
	For the Band D Council Tax (Annually)	-98.56	2.70	2.70
	For Average Weekly Housing rents	0.46	-0.03	-0.34

37. The change in cost attributable to Council Tax from 2016/17 reflects the impact of planned borrowing by the Council.

Prudence – Council Treasury Management Practices

38. The Council has an integrated treasury management strategy and has adopted the CIPFA Code of Practice for Treasury Management in Public Services.
39. 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.
40. The Council's Treasury Management Strategy and Annual Plan for 2016/17 was presented to Cabinet for approval on 10th February 2016.

Prudence Indicator - Net Debt and the Capital Financing Requirement

41. 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”.

42. No difficulties are envisaged in meeting this requirement. This view takes into account current commitments, existing plans, and the proposals in this Medium Term Financial Plan.

What are the Council's prudential indicators?

Prudence – Council External Debt

43. The Council's actual external debt at 31st March 2015 was £669m. The Council's external debt at 31st March 2016 is estimated to be £707m. This figure is inclusive of internal funding, Private Finance Initiative (PFI) and leasing costs and therefore represents the estimated capital financing requirement for the year 2016/17.
44. 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.
45. The following table identifies the Council's authorised limit for external debt for 2016/17 to 2018/19. For 2016/17, the authorised limit of £1,050m is the statutory limit determined under section 3(1) of the Local Government Act 2003.

Authorised Limit for External Debt	2016/17	2017/18	2018/19
	£m	£m	£m
Borrowing	780	750	755
Other Long Term Liabilities	135	130	125
Total	915	880	880

46. 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.
47. The following table identifies the **Council's operational boundary for external debt** for 2016/17 to 2018/19.

Operational Boundary	2016/17	2017/18	2018/19
	£m	£m	£m
Borrowing	710	675	680
Other Long Term Liabilities	120	115	110
Total	830	790	790

48. 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.
49. As part of the Council's Treasury Management Strategy the Head of Finance, as Section 151 Officer has delegation from Council to operate between the operational boundary for external debt and the authorised limit for external debt.

What are the Council's prudential indicators?

Prudence – Council Fixed and Variable Interest Rate Exposure

50. 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:

	2016/17	2017/18	2018/19
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

51. The following table sets upper and lower limits for the maturity structure of the Council's borrowing during 2016/17. 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

52. The Council can invest for longer than 364 days. The maximum amount to be invested for periods above 364 days will be limited to £13m. Within this limit, £5m will be available for investment for between 364 days and two years and a further £8m for investment between 364 days and five years. This limit has been set following a review of the Council's reserves and other cash balances, and after taking account of cash flow requirements and future spending plans as set out in the Medium Term Financial Plan. The limit in 2015/16 was £13m.

2016/17 Minimum Revenue Provision Policy Statement

53. The Minimum Revenue Provision (MRP) is the charge made to the revenue account to reflect repayment of borrowing over the useful life of the assets that have been funded from that borrowing. The Council implemented the 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.
54. 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.
55. Any supported borrowing remaining from the previous financial regime will be charged at an annuity rate of 2%. Taking account of charges calculated on all other borrowings as set out in option 3 of DCLG guidance, the Council may vary the manner of assessing such provision from one year to the next subject to the capital cost being offset over the broad beneficial life of the asset. This includes setting a nil provision in individual years subject to an annual review that this approach remains prudent.
56. In cases where schemes are not fully completed or assets brought into use as at 31st March 2016, expenditure on these will be deferred from any MRP charge in 2016/17, but reconsidered for MRP in 2017/18, or such later year, subject to the date of their completion as allowed by option 3, the Asset Life Method of the guidance.
57. MRP will be spread over a period which reflects the life/beneficial use, which in the case of this type of expenditure is determined to be:
- | | |
|--------------------------------------|------------------|
| • Sea Wall | 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 |
| • 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.
58. These periods are determined for MRP purposes only, and the Council may account for depreciation of assets differently under the Code of Practice on Local Authority Accounting, after having had regard to the different conditions that apply for such accounting purposes.

2016/17 Minimum Revenue Provision Policy Statement

59. The Council has in place a £40m finance agreement with South Tyneside Housing Venture Trust Limited. MRP will be charged to match the annuity loan repayment profile from the Company over the life of any loans issued as part of this agreement.
60. The Council also determines that available resources for financing capital expenditure, such as capital receipts and external funding, will be applied to new expenditures in a manner that is considered appropriate in any financial year. For example, it will be considered financially efficient to apply such resources in the first instance to expenditures that have a shorter estimated lifespan. The remaining expenditure is grouped together in a manner that reflects the life of the asset as detailed in paragraph 58.
61. Under Housing Finance Regulations, where the Council obtains receipts from the disposal of former Housing land, it may only use those receipts to finance capital expenditure on affordable housing and regeneration schemes; otherwise the receipts come under the national pooling arrangements. It is the Council's intention to either apply Housing receipts to appropriate capital schemes or to use them as a means of repaying debt, whichever is deemed more appropriate.
62. When adopting the recommendations contained within option 3, the Council may, where applicable, treat any new capital expenditures/schemes which are both commenced and finalised within the financial year as having been financed from any associated grants, Section 106 monies, or similarly unringfenced funds. This is however entirely discretionary.
63. In cases where expenditure is incurred on only part of a scheme which is not completed by the year end, any grant or similar financing resources will be either allocated to other new expenditures under delegated powers, or carried forward for MRP purposes, as necessary or appropriate.
64. Final decisions regarding the manner in which such resources are to be allocated to schemes will be taken under delegated powers.
65. The determination as to which schemes shall be deemed to be financed from available resources, and those which will remain as an outstanding debt liability to be financed by borrowing or other means will be assessed under delegated powers.
66. Additional statutory guidance was issued in 2009/10 regarding the MRP in respect of finance leases and PFI schemes. This results in an MRP charge that is equivalent to the principal element of rental or charge that goes to write down the balance sheet liability created from such arrangements.

How will the Council manage financial risk?

67. Over the medium term the Council faces continuing financial pressures and has refocused its priorities, and built challenging budget redirections and savings targets into the spending plans for 2016 to 2021. The Council carefully identifies the things that could go wrong and might undermine the Medium Term Financial Plan.
68. To do this an assessment is made of what the impact would be if these things happen and how likely they are to happen. The Council ensures that it has plans in place in case things do not turn out as expected. This is part of our risk management strategy, which underpins all that we do, not just our financial plans.
69. The significant financial risks are identified on the Council's strategic risk register. They have all been assessed as part of the strategic planning process. These risks are being actively managed and the estimated financial implications have been built into this Medium Term Financial Plan.
70. Some of our strategic risks have been assessed as particularly uncertain with a potentially significant financial impact. Reserves have been established for these risks.
71. The following table identifies the key risks to the delivery of the MTFP, the actions taken (within this financial plan) and the actions proposed to reduce the impact of these risks on the Council's future financial position.

Strategic Financial Risk and Risk Management

Risk to the delivery of the MTFP	Risk Managed by:
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 including challenge to budget holders.
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 2013 has been built into our financial planning. The next valuation is due on 1 st April 2016 with the results impacting on the 2017/18 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 some cost pressures in this area within its financial plans.
Cost of equal pay claims are greater than anticipated.	Our reserves strategy includes allocations to meet liabilities for equal pay and single status costs. This reserve has been used to finance the revenue cost of settling equal pay claims and meeting some costs of job evaluation. We have settled a number of significant claims for equal pay to date and continue to monitor any further liabilities for the Council to ensure appropriate provision within our accounts.

How will the Council manage financial risk?

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 are in place.
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.
The Council's estate is not fit for purpose. Capital funding is reducing and the maintenance backlog is increasing. The Council occupies more buildings than it requires and can maintain.	The Council is implementing plans to rationalise accommodation. This project involves a combination of capital investment, remodelling of current buildings and disposal and demolition of buildings no longer required.
Emergency event occurs e.g. major flooding incident / significant traffic incident / flu pandemic which incurs additional unbudgeted costs.	The Council maintains a Strategic Reserve to meet unforeseen liabilities. This is anticipated to be £3m at April 2016.

Our risk – based reserves policy

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

South Tyneside Council Reserves Policy

- **General Reserve** established to support future spending plans and one-off spending;
- **Strategic Reserve** is established to cover emergency events such as unforeseen financial liabilities or natural disasters. This reserve will be maintained at a minimum of 2% of the Council's net revenue budget. This is the recommended minimum amount of reserves that should be retained by the Council as a contingency;
- **Specific Reserve for managing strategic financial risks** which will be used, if required, to manage the impact of our strategic financial risks materialising and in particular to support the volatile demand led budgets, especially in the area of adult care and services for children, and volatility in budgets as a direct result of the economic downturn 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 fund the future cost of known liabilities e.g. insurance claims, job evaluation costs and any payments due under PFI contracts.

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

How will the Council manage financial risk?

74. Our forecast of the total Council cash reserves at 31st March 2016 is £28.346m as shown in the table below.

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 2015	1.716	3.021	10.134	8.740	10.155	33.765
Planned Use of Reserves in 2015/16						
Use of reserves	-	-	(5.000)	-	(0.419)	(5.419)
Contribution to reserves	-	-	-	-	-	-
Planned Contribution to Reserves in 2015/16	-	-	(5.000)	-	(0.419)	(5.419)
Estimated Balance as at 31st March 2016	1.716	3.021	5.134	8.740	9.736	28.346

75. The following tables identify the planned use of Council reserves during 2016/17 to 2020/21.

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 2016	1.716	3.021	5.134	8.740	9.736	28.346
Planned Use of Reserves in 2016/17						
Use of reserves	-	-	-	-	-	-
Contribution to reserves	-	-	-	-	-	-
Planned Contribution to Reserves in 2016/17	-	-	-	-	-	-
Estimated Balance as at 31st March 2017	1.716	3.021	5.134	8.740	9.736	28.346

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 2017	1.716	3.021	5.134	8.740	9.736	28.346
Planned Use of Reserves in 2017/18						
Use of reserves	-	-	-	-	(0.218)	(0.218)
Contribution to reserves	-	-	-	-	-	-
Planned Contribution to Reserves in 2017/18	-	-	-	-	(0.218)	(0.218)
Estimated Balance as at 31st March 2018	1.716	3.021	5.134	8.740	9.518	28.128

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	1.716	3.021	5.134	8.740	9.518	28.128
Planned Use of Reserves in 2018/19						
Use of reserves	-	-	-	-	(0.293)	(0.293)
Contribution to reserves	-	-	-	-	-	-
Planned Contribution to Reserves in 2018/19	-	-	-	-	(0.293)	(0.293)
Estimated Balance as at 31st March 2019	1.716	3.021	5.134	8.740	9.225	27.835

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	1.716	3.021	5.134	8.740	9.225	27.835
Planned Use of Reserves in 2019/20						
Use of reserves	-	-	-	-	(0.369)	(0.369)
Contribution to reserves	-	-	-	-	-	-
Planned Contribution to Reserves in 2019/20	-	-	-	-	(0.369)	(0.369)
Estimated Balance as at 31st March 2020	1.716	3.021	5.134	8.740	8.856	27.466

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 2020	1.716	3.021	5.134	8.740	8.856	27.466
Planned Use of Reserves in 2020/21						
Use of reserves	-	-	-	-	(0.447)	(0.447)
Contribution to reserves	-	-	-	-	-	-
Planned Contribution to Reserves in 2020/21	-	-	-	-	(0.447)	(0.447)
Estimated Balance as at 31st March 2021	1.716	3.021	5.134	8.740	8.409	27.019

What are the Council's housing revenue spending plans?

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

Housing Revenue Account	Budget		Provisional Budget		
	2016/17	2017/18	2018/19	2019/20	2020/21
	£m	£m	£m	£m	£m
Expenditure					
Management	20.046	19.984	20.132	20.302	20.496
Repairs & Maintenance	15.031	14.882	14.735	14.589	14.445
Rents, Rates, Taxes, Insurance	2.668	2.734	2.797	2.857	2.919
Provision for Bad Debts	0.821	1.308	1.387	1.561	1.668
Maintenance of Decent Homes	16.438	16.574	16.723	16.874	17.024
Debt Interest	12.668	12.643	12.369	12.596	12.822
Depreciation Non Dwellings	0.536	0.550	0.560	0.552	0.552
Other Capital Charges	0.231	0.236	0.214	0.219	0.225
TOTAL Housing Revenue Account Expenditure	68.439	68.911	68.917	69.550	70.151
Income					
Rents - Dwellings	(64.827)	(63.509)	(62.211)	(62.202)	(61.964)
Income - Other Services / Property	(4.393)	(4.560)	(4.711)	(4.862)	(4.991)
Housing Related Support Charges	(0.171)	(0.175)	(0.178)	(0.182)	(0.186)
Contributions & Interest	(1.009)	(0.928)	(0.880)	(0.769)	(0.758)
TOTAL Housing Revenue Account Income	(70.400)	(69.172)	(67.980)	(68.015)	(67.899)
(Surplus)/Deficit on Housing Revenue Account	(1.961)	(0.261)	0.937	1.535	2.252

What are the Council's housing revenue spending plans?

Housing Revenue Plans for 2016/17

81. The provision for bad debts is now at £1.2m due to expected increases in bad debts as a result of Universal Credit and Welfare Reforms.
82. Rent levels have been reduced by 1% in line with Government guidelines. This will result in deficits on the account from 2018/19 to 2020/21 to be funded from reserves which have been accumulated from previous years.

Service Charges for 2016/17

83. Service charges for 2016/17 will be as set out in Appendix 3.

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

84. The Council administers the Local Government Pension Fund for the Tyne and Wear County area and is responsible for agreeing the pension administration and investment budgets for the Fund each year. The cost of the Pension Fund does not fall directly on the Council Tax payer.
85. The table below summarises the spending plans for the Fund for 2016/17 and provisional spending plans for 2017/18 and 2018/19. This is due to be presented to the Pensions Committee for approval on 5th February 2016.

Budget Tyne and Wear Pension fund	Budget	Provisional Budgets	
2015/16	2016/17	2017/18	2018/19
£m	£m	£m	£m
26.450 Investment Management Fees	74.125	73.114	71.987
1.175 Investments Office	1.161	0.872	0.890
27.625 Total Investments Office	75.286	73.986	72.877
2.643 Pensions Office	3.262	2.686	2.722
0.121 Pension Fund Governance	0.116	0.117	0.118
30.389 TOTAL	78.664	76.789	75.717

86. The budgets for 2016/17 to 2018/19 are not comparable to the budget for 2015/16 due to a change in accounting practice that requires investment management fees and transaction costs that were previously capitalised or netted off against investment income and market values to be included in revenue budgets from 2016/17. This is a change in presentation only and does not involve an actual increase in expenditure. It is the main reason for the increase shown for investment management fees and in the total budget between 2015/16 and 2016/17.
87. The table below analyses the budget proposal for the next three years.

	2016/17	2017/18	2018/19
	£m	£m	£m
Base Budget	30.389	78.664	76.789
Investment Management Fees	47.675	(1.011)	(1.127)
Standstill Pressures	0.225	0.066	0.068
Budget Growth/New Initiatives	0.477	-	-
Redirection of Current Spending	(0.102)	(0.930)	(0.013)
Revised Budget	78.664	76.789	75.717

88. Excluding investment management fees, the cost of running the Fund has increased by £0.600m in 2016/17. This is due to the filling of vacant posts within the Pensions Office and to one off costs in 2016/17 for the 2016 valuation, for a license renewal for the pensions administration system and for temporary staff. The additional staffing costs have arisen because extra capacity is required to run the 2014 Scheme.
89. Again excluding investment management fees, running costs fall by £0.864m in 2017/18 as the one off costs referred to above and from earlier years fall out. An increase of £0.055m is forecast for 2018/19, largely due to price increases.
90. Investment management fees are forecast to decrease in 2017/18 and 2018/19 as investments made in earlier years mature and the associated fees are no longer payable.

Evaluation and Review

Shaped to Deliver

91. 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.
92. 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.
93. 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.
94. 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.
95. 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

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

Appendix 1A: Council Revenue Budget 2016/17

Line Council Revenue Budget Ref	Total Cost	Total Income	2016/17 Budget	Staffing 2016/17	
	£	£	£	No of Posts	FTE's
BUSINESS AND RESOURCES GROUP					
1 Strategy, Performance & Business Support	4,955,340	(535,140)	4,420,200	172	146.09
2 Corporate Finance	137,383,660	(118,528,260)	18,855,400	27	26.00
3 Leisure and Libraries	5,413,200	(4,835,100)	578,100	273	167.46
4 Community Associations	622,300	(854,400)	(232,100)	95	37.35
5 Corporate Assurance	1,757,680	(1,439,800)	317,880	9	8.73
6 Legal Services	2,075,000	(1,127,300)	947,700	44	35.05
7 Organisational Development	3,022,800	(495,700)	2,527,100	19	18.50
8 Service Management	232,600	(21,400)	211,200	2	2.00
SUB TOTAL BUSINESS AND RESOURCES GROUP	155,462,580	(127,837,100)	27,625,480	641	441.18
PENSIONS					
9 Pensions Office	78,664,000	(78,664,000)	0	69	61.13
SUB TOTAL PENSIONS	78,664,000	(78,664,000)	0	69	61.13
TOTAL BUSINESS AND RESOURCES GROUP	234,126,580	(206,501,100)	27,625,480	710	502.31
ECONOMIC REGENERATION GROUP					
10 Asset Management and Design (including Waste and Green Spaces)	47,930,520	(25,886,000)	22,044,520	780	451.73
11 Communications (including Cultural Services)	2,679,900	(459,200)	2,220,700	33	28.33
12 Development Services	4,468,600	(3,094,000)	1,374,600	90	72.99
13 Business, Employment & Skills	8,066,100	(7,433,700)	632,400	30	27.81
14 Regeneration	489,100	(420,000)	69,100	8	7.80
15 Service Management	216,800	(48,200)	168,600	2	2.00
TOTAL ECONOMIC REGENERATION GROUP	63,851,020	(37,341,100)	26,509,920	943	590.66
CHILDREN, ADULTS AND HEALTH GROUP					
16 Children and Families Social Care	20,037,300	(3,747,600)	16,289,700	204	189.91
17 Education, Learning and Skills	29,865,700	(19,666,500)	10,199,200	848	788.60
18 Adult Social Care	66,207,700	(34,161,300)	32,046,400	472	389.33
19 Public Health	15,965,400	(264,100)	15,701,300	16	14.80
20 Commissioning & Quality Assurance	4,561,100	(2,174,100)	2,387,000	45	40.12
SUB TOTAL CHILDREN, ADULTS AND HEALTH BUDGET EXCLUDING SCHOOLS	136,637,200	(60,013,600)	76,623,600	1,585	1,422.76
SCHOOLS DELEGATED					
21 Delegated Schools Budget	92,310,400	(92,310,400)	0		
SUB TOTAL SCHOOLS DELEGATED	92,310,400	(92,310,400)	0		
TOTAL CHILDREN, ADULTS AND HEALTH GROUP	228,947,600	(152,324,000)	76,623,600	1,585	1,422.76
TOTAL COUNCIL REVENUE BUDGET	526,925,200	(396,166,200)	130,759,000	3,238	2,515.73

Appendix 1B: Council Standstill Pressures 2016-21

Revenue Standstill Pressures	2016/17	2017/18	2018/19	2019/20	2020/21
	£m	£m	£m	£m	£m
Inflation					
Cost of living increase	0.750	1.500	1.500	1.500	1.500
Living Wage	0.685	-	-	-	-
Net Inflation on prices and income	2.148	2.091	1.961	1.830	1.830
TOTAL Inflation	3.583	3.591	3.461	3.330	3.330
Other Pressures					
Changes in employer pension contributions	-	1.000	0.750	0.750	-
Pension Contribution in respect of previous employees	0.328	0.300	0.300	0.300	0.300
Revenue Implications of Capital Programme	0.325	0.300	0.300	0.300	0.300
Increased NI Contributions	1.150	-	-	-	-
Adult Services Demographic and Other Pressures	1.900	0.500	0.500	0.500	0.500
Contractual Requirements	0.350	-	-	-	-
Hebburn Central	0.378	-	-	-	-
The Word	0.200	0.375	-	-	-
C4L Training	0.075	-	-	-	-
Forecasted Pressures	-	1.884	3.639	2.770	3.520
TOTAL Other Pressures	4.706	4.359	5.489	4.620	4.620
Changes to External Grant					
Changes in External Funding	0.163	0.050	0.050	0.050	0.050
TOTAL Changes to External Grant	0.163	0.050	0.050	0.050	0.050
TOTAL Revenue Standstill Pressures	8.452	8.000	9.000	8.000	8.000

Appendix 2A: Council Capital Investment Programme 2016/17

Line Ref		2016/17 Budget £	External Funding £	Council Funding £
Council Capital Budget				
ECONOMIC REGENERATION				
REGENERATION				
	Budget Holder			
	David Cramond			
	John Sparkes			
1	North Marine Park Heritage Lottery Fund Bid	50,000	50,000	-
2	Hebburn Town Centre Regeneration	225,000	-	225,000
3	South Shields 365	7,950,000	1,000,000	6,950,000
4	Improvement and Replacement of toilet provision on the Foreshore	350,000	-	350,000
TOTAL REGENERATION		8,575,000	1,050,000	7,525,000
ASSET MANAGEMENT & DESIGN				
Paul Scrafton				
5	Access Improvements to the Testo's Grade Separation Scheme	850,000	500,000	350,000
6	The Arches Junction Improvement Scheme	717,000	-	717,000
7	Southern Portal of New Tyne Crossing	291,000	-	291,000
8	Lindisfarne Junction Improvement Scheme	5,600,000	5,100,000	500,000
9	Flags to Flexible Footway Programme	2,000,000	-	2,000,000
10	Local Transport Plan Budgets	2,390,000	2,390,000	-
11	CAF Environmental Schemes	500,000	-	500,000
12	New Pedestrian Crossings	150,000	-	150,000
13	Fleet Vehicle Replacement Programme	300,000	-	300,000
14	Temple Park Essential Works	2,000,000	-	2,000,000
15	Asset Maintenance	2,247,000	1,247,000	1,000,000
16	Remodelling of Building Assets	5,200,000	-	5,200,000
17	Local Energy Supply - PV and Wind	1,500,000	-	1,500,000
18	9-10 Charlotte Terrace Dilapidations	80,000	-	80,000
19	Works to allow Asset Transfers	400,000	-	400,000
20	Digital Display Advertising	600,000	-	600,000
21	Recycling Offload Scheme	750,000	-	750,000
TOTAL ASSET MANAGEMENT & DESIGN		25,575,000	9,237,000	16,338,000
DEVELOPMENT SERVICES				
George Mansbridge				
22	Cleadon Village Flood Alleviation Scheme	250,000	150,000	100,000
23	Monkton Village/Hebburn South Flood Alleviation	2,000,000	1,600,000	400,000
24	Housing Ventures	10,000,000	10,000,000	-
TOTAL DEVELOPMENT SERVICES		12,250,000	11,750,000	500,000
ECONOMIC GROWTH				
John Scott				
25	Holborn Riverside Development	1,400,000	-	1,400,000
TOTAL ECONOMIC GROWTH		1,400,000	-	1,400,000
TOTAL ECONOMIC REGENERATION		47,800,000	22,037,000	25,763,000
BUSINESS AND RESOURCES				
John Hewitt				
CORPORATE FINANCE				
Stuart Reid				
26	ICT Development - Hardware and Software Renewal	100,000	-	100,000
TOTAL CORPORATE FINANCE		100,000	-	100,000
TOTAL BUSINESS AND RESOURCES		100,000	-	100,000

Appendix 2A: Council Capital Investment Programme 2016/17

Line Ref			2016/17 Budget £	External Funding £	Council Funding £
	CHILDREN, ADULTS AND HEALTH	John Pearce			
	ADULT SOCIAL CARE	Stephen Laverton			
27	Disabled Facilities Grant	Stephen Laverton	792,000	792,000	-
	TOTAL ADULT SOCIAL CARE		792,000	792,000	-
	CHILDREN AND FAMILIES SOCIAL CARE				
28	Edge of Care Remodelling	Jill McGregor	2,000,000	-	2,000,000
	TOTAL CHILDREN AND FAMILIES SOCIAL CARE		2,000,000	-	2,000,000
	EDUCATION, LEARNING AND SKILLS	Peter Cutts			
29	Schools Devolved Formula capital	Peter Cutts	363,000	363,000	-
	TOTAL EDUCATION, LEARNING AND SKILLS		363,000	363,000	-
	TOTAL CHILDREN, ADULTS AND HEALTH		2,363,000	363,000	2,000,000
	TOTAL COUNCIL CAPITAL BUDGET 2016/17		50,263,000	22,400,000	27,863,000
	HOUSING CAPITAL PROGRAMME				
	SOUTH TYNESIDE HOMES	Paul Mains			
30	Decent Homes	Paul Mains	20,177,000	-	20,177,000
31	Programme Fees - Housing Capital	Paul Mains	1,378,000	-	1,378,000
32	Public Sector Housing Stock (Other)	Paul Mains	3,350,000	-	3,350,000
	TOTAL SOUTH TYNESIDE HOMES		24,905,000	-	24,905,000
	COUNCIL RETAINED	George Mansbridge			
33	Disabled Adaptations	George Mansbridge	700,000	-	700,000
	TOTAL COUNCIL RETAINED CAPITAL PROGRAMME		700,000	-	700,000
	TOTAL HOUSING CAPITAL PROGRAMME		25,605,000	-	25,605,000
	TOTAL COUNCIL CAPITAL BUDGET 2016/17		75,868,000	22,400,000	53,468,000

Appendix 2B: Council Capital External Funding 2016-21

The table below identifies the external funding for the capital programme, the majority of which is secured or probable for the 2016/17 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	2016/17	2017/18	2018/19	2019/20	2020/21	Funding
	£m	£m	£m	£m	£m	TOTAL £m
Capital Grant from Government and other Agencies						
DFE Schools Devolved Formula Capital	0.363	0.363	0.363	0.363	0.363	1.815
DFE Schools Capital Maintenance Allocation	1.247	1.247	-	-	-	2.494
North Marine Park Heritage Lottery Fund	0.050	-	2.411	-	-	2.461
Local Transport Plan Funding	2.390	2.262	2.219	2.088	2.088	11.047
Private Sector/NE LEP	1.000	30.836	51.138	43.583	19.398	145.955
Single Local Growth Fund	5.600	7.710	3.000	-	-	16.310
NEXUS/Better Bus/Public Transport Block	-	-	8.700	-	-	8.700
Better Care Fund	0.792	0.792	0.792	0.792	0.792	3.960
Environment Agency/Northumbrian Water S106	1.750	1.550	0.900	0.850	0.200	5.250
Housing Ventures	-	-	0.100	-	-	0.100
	10.000	9.500	-	-	-	19.500
Council Capital Programme	23.192	54.260	69.623	47.676	22.841	217.592
External Funding Secured and Provisional						
External Funding Secured	14.792	14.164	3.474	3.243	3.243	38.916
External Funding Probable	7.350	9.260	12.600	0.850	0.200	30.260
External Funding Possible	1.050	30.836	53.549	43.583	19.398	148.416
TOTAL External Capital Funding Forecast	23.192	54.260	69.623	47.676	22.841	217.592

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	2,698	£4.08	10.1%	£4.50
	Lincoln Road	28	£4.08	11.4%	£4.55
Tenant Heating Charges	Newtown 1-bed	80	£3.20	3.0%	£3.30
	Newtown 2-bed	195	£8.92	3.0%	£9.19
	Jarrow Card Price	132	£21.94	-25.2%	£16.41
Housing Plus - Landlord Charges for Scheme Managers and Communal Facilities					
Service Charges	Purpose built flats with scheme manager & communal facilities	787	£12.60	2.2%	£12.88
	Group dwellings with scheme manager & nearby communal facilities	438	£5.45	2.2%	£5.57
Guest Room Charges	Charges for overnight stay or emergency situations per night		£11.31	2.2%	£11.55
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 2015/16	Cost per Prop per wk 2016/17	Cost per Prop per wk 2015/16	Cost per Prop per wk 2016/17
Durham Court	£2.66	£2.80	£9.55	£10.05
Westmorland Court	£2.18	£2.30	£9.55	£10.05
Ellen Court	£6.67	£7.05	£9.55	£10.05
Monastery Court	£6.67	£7.05	£9.55	£10.05
Wilkinson Court	£6.67	£7.05	£9.55	£10.05

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	2,207	£2.83	2.2%	£2.89
Council Tenants	Enhanced - Hardwired or Solo Unit	31	£4.30	2.2%	£4.40
Scheme Managers - Support					
Council Tenants	Scheme Managers - Support Services	1,123	£10.79	2.2%	£11.03

External Users Community Alarms		No	Current Charge £/wk	Inflation Increase	Proposed Revised Charge £/wk
Owner/Occupiers	Private including rental of equipment	800	£5.11	2.2%	£5.22
	Private - additional pendant	800	£1.58	2.2%	£1.61
Housing Associations / Private	Standard Service		£5.11	2.2%	£5.22
Other Specific Service Charges					
Council - HRA Temporary Accommodation - existing					
	1 - bed accommodation	7	£25.03	2.2%	£25.58
	2 - bed accommodation	4	£35.56	2.2%	£36.34
	3 - bed accommodation	4	£51.36	2.2%	£52.49

Appendix 3: Housing Revenue Account service charges

Tenants - Housing Plus Heating Charges	2015/16			2016/17		
	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 2015/16	Cost per property per annum 2016/17
All Leaseholders	£134.60	£134.60

Appendix 3: Housing Revenue Account service charges

Tenant Communal Cleaning Charges		
	Cost per property per week 2015/16	Cost per property per week 2016/17
HIGH RISE PROPERTIES		
Westmoreland	£1.61	£1.70
Durham Court	£1.42	£1.49
MID RISE PROPERTIES		
Farding Square	£3.41	£3.58
Dean Road	£2.30	£2.42
Laygate	£2.25	£2.36
Whiteleas	£2.30	£2.42
Green Lane	£4.68	£4.91
Tyne Dock	£3.16	£3.32
Galsworthy Road	£2.30	£2.42
River Drive	£0.72	£0.76
Mowbray Road	£1.07	£1.13
Stewart & Fulwell	£0.64	£0.67
SHELTERED HOUSING		
Birch Grove SA	£5.97	£6.27
Bishop Ramsay SA	£6.58	£6.91
Blenkinsop House SA	£3.20	£3.36
Borrowdale House SA	£5.62	£5.90
Calf Close House SA	£4.68	£4.91
Cheviot House SA	£5.17	£5.42
Clayside House SA	£4.67	£4.90
Croftside House SA	£4.38	£4.60
Curren House SA	£7.62	£8.00
Davies Hall SA	£7.38	£7.75
Farding Lake SA	£5.47	£5.75
Fernyhough Hall SA	£4.28	£4.49
Glenthorpe House SA	£4.68	£4.91
Hallgarth House SA	£4.38	£4.60
Henley House SA	£5.70	£5.98
Huntcliffe House SA	£6.39	£6.71
Inskip House SA	£5.68	£5.96
Julius Court SA	£4.38	£4.60
Lincoln Court SA	£6.58	£6.91
Martin Hall SA	£4.60	£4.83
McIntyre Hall SA	£5.88	£6.17
Nolan Hall SA	£4.83	£5.07
Patrick Cain House SA	£6.74	£7.07
Porlock House SA	£4.86	£5.10
Prince Edward Court SA	£7.33	£7.70
Thomas Bell SA	£5.25	£5.51
Wingrove House SA	£4.38	£4.60

Appendix 4: Glossary

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

Capital Receipts – These receipts are generated by the disposal of fixed assets. Part of the monies received 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.

