

Shaping our Financial Future Medium Term Financial Plan

2012 - 17

Council Budget



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



South Tyneside Council

Council
1 March 2012

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Foreword by the Leader of the Council

Council Budget 2012 – 2017 “Shaping our Financial Future”

Foreword by Cllr Iain Malcolm, Leader of the Council

The country continues to face difficult and uncertain economic times and South Tyneside is no exception. The Government have planned substantial reductions in funding across the majority of the public sector as part of its economic policy. We are impacted directly by that policy as are all local authorities due to the Council's reliance upon Government funding to pay for services provided to you, our residents.

We have known for some time that Government funding would be reduced. However, the scale of reductions announced for local government in 2010 was unprecedented. The figures are stark; South Tyneside Council will receive 11% less core Government funding in 2012/13 compared to the current year with more uncertainty around further reductions in future years. This is why we are taking a long term strategic view in both shaping the future of the Borough and aligning resources tightly to residents' priorities.

We have come through another extremely challenging year. We have delivered £35m of planned budget reductions, on top of the £20m reductions we made last year, and we are on track to deliver a balanced budget for 2011/12. Despite these significant challenges, we have made unprecedented progress improving services for our residents and delivering regeneration investment within our communities.

We have an unshakeable vision for the future. We will continue to invest in the areas most important to residents: improved school buildings, better housing and developing opportunities to attract new business and jobs to the area. We are also changing the way in which services are delivered to sharpen our focus upon outcomes. These new models of delivery will allow us to continue transforming the Borough as an outstanding place for people to live, learn, visit, work, and do business. Shaping a successful future must be built upon sound financial foundations and prudent financial management. This plan sets out how we will allocate our financial resources over the medium term to support and develop a vibrant and prosperous Borough for us all.



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

**Councillor Iain Malcolm
Leader of the Council**



Borough leads way in massive council house building programme

Labour Housing Minister John Healey kicks-off the Government's **£141million** council house building programme as a site in Hebburn becomes the first to benefit.

January 2010

A Sea Change for South Shields

A **£2million** investment in paving, seating, lighting and public art gets under way at South Shields sea front.

March 2010



February 2010

Budget agreed at time of challenge

The Council agrees a budget that will protect frontline services and support the regeneration of the Borough whilst identifying **£11.5million** worth of efficiency savings.



May 2010

School children tour £90million regeneration project

Children from Ridgeway Primary School enjoy a tour of the Cleadon Park estate, which is undergoing a **£90million** transformation.



June 2010

Construction of Cleadon Park Primary Care Centre complete

The construction of the **£17.5million** Cleadon Park Primary Care Centre is complete and will provide health and council services under one roof.

August 2010

South Tyneside tops regional leaderboard for GCSE success

Record-breaking GCSE results posted by South Tyneside students are the best in the North East and bettered by only five authorities in the whole country!



IMAGE COURTESY OF THE SHIELDS GAZETTE

South Marine Park is one of the UK's best!

South Marine Park – restored to its magnificent Victorian splendour in a **£5million** project – receives the prestigious Green Flag award.

July 2010



Children start work on their brand new school

Children cheer as diggers move in to start work on the **£4.5million** Stanhope Primary School in South Shields.

September 2010



October 2010

£40Million housing investment launched in South Tyneside

South Tyneside Homes launches a **£40million** investment programme to renovate non-traditional homes in the Borough.



Happy 100th birthday South Shields Town Hall!

A spectacular fireworks display lights up the night sky at South Shields Town Hall's 100th birthday celebrations.

October 2010

Little Acorns help start work on Forest View Primary School

Children cut the turf at a ceremony held to mark the start of work on the **£5.6million** Forest View Primary School in Whiteleas.

October 2010



Developers' day success

The Council holds a Developers' Day to showcase South Tyneside's exciting development opportunities to an audience of regional, national and international investors.

January 2011



South Tyneside plugs into electric cars

Electric car drivers can now power up their vehicles at 10 new charging points installed in South Tyneside.

March 2011

Council rises to budget challenge

The Council takes on the biggest financial challenge in its history by agreeing a budget that addresses a **£35million** funding gap whilst protecting frontline services and investing in the Borough's long-term future.

February 2011

November 2010

Work starts on £2million housing scheme

A **£2million** scheme to build 20 eco-friendly bungalows for older people in Horsley Hill will set a new standard for green living in South Tyneside.



October 2010

Green light for landmark housing project

A **£3.9million** scheme to develop the country's biggest solar-powered social housing project in Reed Street, South Shields is given planning permission.



February 2011

£71Million for decent homes work

South Tyneside receives **£71million** from the Government – the 6th highest settlement in the country – to continue improving and upgrading council homes.



March 2011

South Tyneside is safer than ever

The Safer South Tyneside Partnership reports a 17 per cent drop in overall crime in 2010 when compared with 2009.



Turf cutting marks the start of swimming pool build

The construction of a fantastic £16million swimming pool and leisure complex gets under way on the South Shields seafront.

March 2011

Switching on to a brighter South Tyneside!

The opening phase of the £63million "Light it" programme is completed ahead of schedule as more than 23,000 street lights are replaced across South Tyneside.

April 2011



Work starts on Green Incubator

The construction of a £5m "Green Incubator" that will house new and growing companies in the low carbon and environmental sectors gets under way on the former Circatex site in South Shields.

April 2011



Work starts on new primary school in Hebburn

A £6million primary school and behavioural unit is set to take shape in Hebburn as construction work gets under way.

June 2011

Official opening of West Boldon Lodge

West Boldon Lodge, a £600,000 environmental education and business centre delivered by Groundwork in partnership with the Council and National Grid, is officially opened.

July 2011



March 2011

Millions spent on improving Hebburn homes

South Tyneside Homes celebrates the completion of a £4.3million scheme to bring more than 550 homes in Hebburn up to the Government's Decent Homes Standard.



June 2011

Council scoops prestigious MJ Award

The Council's Democratic Services team scoops an MJ Award for its inventive approaches to community engagement, which include Town Hall tours and political speed dating!



March 2011

Demolition marks milestone in Hebburn regeneration

Plans to regenerate Hebburn town centre move forward as the demolition of two more blocks of maisonettes begins.

May 2011

More accolades for Sandhaven

Great news for tourism in the Borough as stunning Sandhaven beach retains its Blue Flag status and Quality Coast Award.





Joe McElderry wows the crowds at homecoming gig

X Factor and Popstar to Operastar winner Joe McElderry is the highlight of South Tyneside's superb Summer Festival programme, performing to a crowd of 20,000 in his home town of South Shields.

July 2011

Local people on course for new BT jobs

Jarrow man, Mark Fairley, becomes the first of 175 Borough residents to secure one of the 220 new jobs created at the £10.5million BT South Tyneside headquarters – One Harton Quays.

September 2011



Work starts on new special school

The construction of a £9.5million special school that will provide superb facilities for 130 pupils gets under way in Hebburn.

September 2011



Adoption service is one of the best in the country!

South Tyneside Council places 96 per cent of its children in care with an adoptive family within 12 months – making it the second highest performing council in the country!

October 2011



August 2011

World-class football pitch unveiled in South Tyneside

The hotbed of football that is South Tyneside nets a world-class facility in the shape of a £550,000 third generation football pitch in the grounds of Hebburn Comprehensive School.



September 2011

Key handover for sheltered home residents

Keys are handed over to residents ready to move into some of the 50 older people's bungalows and apartments that have been built in East Croft, Whitburn as part of a £5.6million scheme.



September 2011

Super school opens its doors!

The new £21million South Shields Community School, equipped with futuristic facilities including a huge 3D screen, amphitheatre and mechanics workshop, opens its doors to pupils.



October 2011

North East Business Leaders to advise South Tyneside

Business leaders from across the North East agree to be part of a newly-formed Economic Regeneration Board that will support ambitious plans to grow South Tyneside's economy.



October 2011

Turf cutting ceremony for new Jarrow Pool

Former Council Leader, Paul Waggott, leads a turf-cutting ceremony as building work gets under way on a £3.5 million community and school swimming pool in Jarrow.



New Tyne Crossing becomes fully operational

Motorists reap the benefits of the £260million New Tyne Crossing scheme as both tunnels open to traffic two weeks ahead of schedule!

November 2011

X Factor mania returns to South Tyneside!

South Shields has done it again! X Factor winners Little Mix – featuring South Shields girls Perrie Edwards and Jade Thirlwall – perform a homecoming gig complete with red carpet reception at the Temple Park Centre.

December 2011



November 2011

More South Tyneside residents in work

There are now 2,800 more residents in employment than there were in January 2010.

Coming in 2012...

- The £12million projects to refurbish St Wilfrid's RC College and Hebburn Comprehensive School will be completed.
- A £9.5million special school will open its doors to 130 pupils in Hebburn.
- The Olympic torch will be carried through South Tyneside on its way to London in the summer.
- Ocean Road will be transformed into a more pedestrian-friendly area that connects the town centre and seafront.
- The construction of a new sea wall will get under way at Littlehaven beach, protecting this area of the foreshore for future regeneration.
- A £2.8million waterfront park with cafes and restaurants will be created alongside BT South Tyneside's One Harton Quays headquarters on the South Shields riverside.
- The outcome of the Wearmouth-Jarrow World Heritage bid will be announced.
- The £5million "Green Incubator" will open in South Shields, housing new and growing companies in the low carbon and environmental sectors and creating job opportunities for local people.
- A £3.5million community and school swimming pool will open in Jarrow.



- A £3.9million scheme to develop the country's biggest solar-powered social housing project will be completed in Reed Street, South Shields.
- The next phase of Hebburn town centre regeneration will get underway.
- A £7million scheme to build 71 affordable homes for affordable rent and shared ownership will be completed in School Street, Hebburn.
- The fifth phase of the £90million regeneration of Cleadon Park will get under way.

Shaping our Financial Future

Shaped to deliver our priorities

Our vision for South Tyneside is to become an **outstanding place to live, learn, visit, work and do business**. We have ambitious plans to regenerate our towns, homes and communities that will help us 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
- Less 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

During 2010/11 we reviewed our evidence base so we understand our local communities, their needs and the challenges we still face. We considered the progress we have made and consulted with our residents and partners to agree our priorities for the future. 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 five years**:

- **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 during the last year 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

2012 and beyond

Even before the funding reductions were announced in October 2010, we knew that we would be facing considerable budget pressures for 2012 and beyond, so we started budget planning early, and consulted widely with residents, partners and staff.

We have already made significant progress and achieved £55m savings over the last 2 years with no major service closures. The response from our residents in the recent budget consultation shows their satisfaction in how we have managed the changes:

- 77% satisfied with local area.
- Around two thirds (65.8%) satisfied with services and support for older people (above the Great Britain average of 51% satisfaction* with services to vulnerable adults).
- Over three quarters (76.7%) satisfied with services and support for children and young people (significantly above the Great Britain average of 53% satisfaction*).

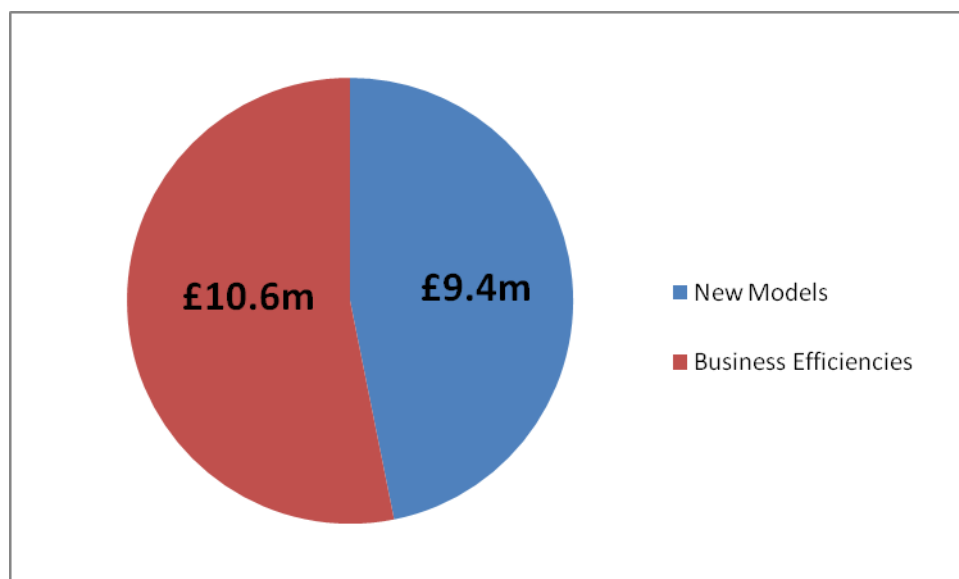
** LG Insight Survey September 2011*

The toughest local government finance settlement in living memory has left South Tyneside Council facing a £20m gap between what we need to spend in 2012/13 and the funding we will have. The Council has never before had to operate in such a stark financial context with an ongoing requirement to find savings of this magnitude.

At the same time we have even greater demand for key services, with more older people to look after, more children in care, the need to create more jobs, grow business and improve health.

This budget for 2012 to 2017 focuses on how we can use our limited resources as efficiently as possible to redirect spending to our priority areas, those areas that you tell us matter most to you. The diagram over the page indicates how we are redirecting resources to meet the £20m funding gap for 2012/13.

Shaping our Financial Future



Delivering services with a much smaller budget and fewer staff presents us with a new challenge that we will work through together whilst maintaining our unshakeable vision for South Tyneside.

Business Efficiencies

- Our budget programme looks at the best ways to achieve the required savings, while still delivering our priorities through the best services possible. Elected members agree a range of options that are both service specific and cross-cutting for consultation with staff, residents and partners. Robust monitoring arrangements are in place to ensure we deliver our savings programme and continue to manage our finances well.

New Models of Service Delivery

- Over the next three years we will carry out a detailed examination of all of our services to consider how and why they are provided and what impact they make. We will look at all options and learn from others that have researched or implemented alternative forms of delivery, to help us reduce costs and further improve the quality of our services.

Our new models of service delivery are also about a better service. Our **radically remodelled youth service** has created a new profession to replace the previous, separate professions of Education Welfare Officers, Connexions workers, Youth workers and Extended School Provision. The inspiration came from young people who said they only wanted one single point of contact, to give their name and details once and tell their story to just one person.

Similarly, our new **integrated learning disability team** brings together the knowledge, experience and skills from both Children's and Adults services (which were previously in two separate Directorates). We are now able to offer people with learning disabilities a seamless service at every stage of their life, as well as making savings through reduced duplication of work.

Shaping our Financial Future

Innovation, Efficiency, Delivery

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. As we work to deliver high quality services for the people of South Tyneside, 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 looking at how we can innovate and change how we do things so we can deliver our priorities in the most efficient way.

We want South Tyneside to look and feel like a great place to be. We have developed a new approach to area management so we can have greater focus on what our residents tell us matters most to them. We are joining up our work in local neighbourhoods with partners' services so that we have robust local intelligence and 'rapid response' arrangements to deal with emerging issues.

By looking after the physical environment we will increase pride in our local areas, strengthen communities and raise the aspirations of our residents. Over time we will develop capacity within our communities to take greater control in planning and commissioning local services. Our award-winning CAFs will support communities through this transition and work in partnership with communities to build community capacity and reduce dependency on Council services.

Economic Regeneration



Our vision for South Tyneside will only be achieved if we are successful in bringing wealth and prosperity to local communities and businesses. Although we are facing unprecedented challenges and economic uncertainty we must continue to invest for the long-term, creating the infrastructure that will enable businesses to flourish and new job opportunities to emerge. Our business community is home to a number of local,

national and global brands and we will harness their expertise and influence to attract inward investment and generate a step change in the local economy. Our partnerships will be essential in enabling us to position ourselves with greater strength in the North East region.

We want to improve the image of South Tyneside by protecting and further enhancing the physical environment so that our progress can be seen through real physical transformation. Our ambitious plans to regenerate our towns, homes and communities will help us to create jobs, improve health and create greater opportunity in the Borough for years to come.

Shaping our Financial Future

Children, Adults and Families

Our ambitions for social and economic regeneration will only be fully realised through the people of South Tyneside. Services for children, adults and families have a key role to play in securing the safety, prosperity and wellbeing of all our residents.

We have a dedicated focus on services for children and adults to provide a more efficient and seamless service centred on families and the key themes of education, health, care and support. The impact of our new economic model will help raise local aspirations and we will encourage individuals and families to take advantage of new opportunities and secure a positive future, while continuing to provide joined up support and intervention services where they are needed.



Introduction by Lead Member of Resources and Innovation



Councillor Ed Malcolm

Lead Member Resources and Innovation

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

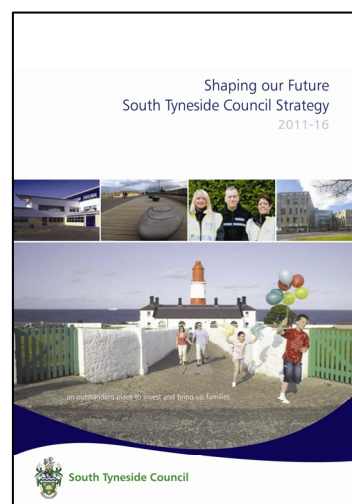
“South Tyneside will be an outstanding place to live, learn, visit, work and do business”

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

What is the Medium Term Financial Plan?

We are committed to providing the best possible services for **everyone** in South Tyneside. This Medium Term Financial Plan outlines our approach to setting out our financial future. This document also sets the Council’s budget for 2012/13.

The Council’s 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 five years and the steps we will take to achieve them.



Our Financial Strategy

The Council has 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 Council is dependent for a significant part of its funding upon the allocation of resources from Government. The Government carried out a Spending Review in 2010 that set the spending priorities for the next four years. In this spending review, we will receive 11% less core government funding in 2012/13 compared to the current year. The 2012/13 reduction follows a significant reduction in 2011/12 which represented the toughest local government finance settlement in living history.
2. Under this settlement, South Tyneside has received the second highest funding reduction of any Council in the North East of England.
3. Our planning has assumed further reductions in funding over the period 2013/14 to 2016/17.
4. The Council receives 38% of its income from Council Tax payers. The budget has been calculated incorporating no increase in Council Tax in 2012/13.
5. The economic downturn has continued to impact on the cost pressures of the Council. Interest rates for borrowing are anticipated to continue to be higher than lending rates. Other pressures being faced include demand led pressures for vulnerable adults and children.

The local picture

6. The Medium Term Financial Plan is central to achieving our vision and priorities for South Tyneside. To ensure our resources are directed towards priorities we have developed a detailed understanding of the characteristics of the Borough and our communities.
7. We've got a lot going for us, including a rich cultural heritage, spectacular scenery and a strong community spirit:
 - South Tyneside covers 64 sq. km and includes the towns of South Shields, Hebburn and Jarrow and the villages of Boldon, Cleadon and Whitburn.
 - South Tyneside sits within the Tyne and Wear conurbation - boundaries include the River Tyne and the North Sea.
 - Our transport links are excellent, and both vehicle tunnels on the New Tyne Crossing opened in December 2011.
 - We are the lead authority for Newcastle Airport and a major shareholder.
 - Most of our coastline is protected by international and European environmental designations.

Investing in our Future

- The Venerable Bede was once one of the Borough's residents. St. Paul's Church in Jarrow and St Peter's Church in Wearmouth are the centre of the twin anglo-Saxon monastery chosen as the UK's nomination for World Heritage Site status in 2011.
 - South Tyneside Council administers the Tyne and Wear Pension Fund. There are over 103,000 members and over 100 employers in the fund, and we are responsible for the management of over £4.6 billion of investment assets.
 - The latest Index of Deprivation (2010) shows that South Tyneside has improved from 27th most deprived local authority area in England to 52nd (out of 326) however, deprivation and poverty remain real issues for the Borough. 37% of our residents live in neighbourhoods ranked in the 20% most deprived in England.
8. South Tyneside Borough has a population of 153,700, an increase of 1,200 since 2009. The majority of our population is white British with 7.4% of total population and 8.7% of under-16s from black or ethnic minority communities, mainly Indian and Pakistani.
 9. The latest population projections (based on 2008) show that by 2033 the Borough population will stand at 164,800, representing a 7.2% increase when compared to the 2010 population estimate.
 10. This change is due to many different factors but especially:
 - Increased international migration (one of the major drivers)
 - More births over deaths (in the recent past natural change was negative)
 - Internal out-migration is occurring at a reduced level compared to 1980's and 1990's.

Change By Age Group	Pop. 2010 ('000)	Proportion of population (2010)	Est. Pop. 2033 ('000)	Proportion of population (2033)	Nos. Change ('000)	% Change
Children	26.4	17.2%	26.9	16.3%	0.5	1.89%
Working Age	99.9	65.0%	92.5	56.2%	-7.4	-7.41%
Older people	27.2	17.8%	45.3	27.5%	18.1	66.54%
Total population	153.7		164.8		11.1	7.2%

*Numbers may not sum due to rounding

11. The population is now projected to increase overall, but decrease amongst those of working age. The rising numbers of older people in South Tyneside will have a significant impact on how we provide services, and represents a major challenge for the future.

Investing in our Future

12. These trends and projections have been factored into our Medium Term Financial Planning.

Equality matters to us

13. We want our Borough to be an outstanding place to live, learn, visit, work and do business. At the heart of our approach is fair treatment and equal opportunity. We recognise that South Tyneside is a diverse place and we seek to promote this by valuing the uniqueness of each individual.
14. Equality is embedded throughout all of our services. It is not an extra piece of work, but part of our day-to-day life, each and every day and in everything we do. Whenever we review, remove or create a service we will carry out an equality check to make sure that the changes we make do not discriminate against individuals. Equality checks help to identify any potential discrimination and develop actions to address areas which may have an adverse impact on service users.

Value for Money

15. Improving value for money is at the heart of everything we do. We feel the aim of the local government's Value for Money agenda is straightforward – we must use our resources in the best possible way to deliver better public services for the best price, in line with the priorities of local people.
16. In South Tyneside, we work hard to ensure that we achieve value for money for all our services. We always challenge ourselves to make sure our costs compare well with others by identifying and challenging areas of high spend. Our overall aim is to make sure that the money we spend results in high quality services that meet and satisfy local needs, ensuring we achieve the best value possible from every pound we spend.
17. As well as generating redirection proposals in order to ensure our spending plans are affordable, we also use our budget process to examine how we can deliver better value for money in the services we offer. Many of the redirection proposals within our 2012/13 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

18. 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. We have now extended our planning period to a 5-year period so that we ensure that our spending plans are affordable and match the money we expect to receive from government and Council 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.
19. The table below summarises our revenue spending plans for 2012/13 and provisional spending plans for 2013/14 to 2016/17 and how this is allocated across the Council's Corporate Groups, as well as identifying the resources that we have available to fund our spending.

Budget	Budget	Provisional Spending			
2011/12 Revenue Spending Plans	2012/13	2013/14	2014/15	2015/16	2016/17
£m	£m	£m	£m	£m	£m
174.388 Base Budget	163.767	154.422	150.424	146.391	144.242
(3.852) Full Year Effect of 2010/11 Redirections	-	-	-	-	-
25.432 Budget Pressures	10.738	7.850	7.700	7.700	7.700
(32.201) Redirection of Current Spending	(20.083)	(11.848)	(11.733)	(9.849)	(8.295)
163.767 TOTAL Revenue Spending Plans	154.422	150.424	146.391	144.242	143.647
-6.09% Percentage increase in Council budget	-5.71%	-2.59%	-2.68%	-1.47%	-0.41%
Group Revenue Budgets					
91.730 Children, Adults and Families	78.464	75.086	71.164	69.474	68.912
17.831 Economic Regeneration	12.501	12.434	11.767	11.469	11.351
53.246 Business and Area Management	62.016	61.378	61.787	61.510	61.459
0.960 Strategy and Performance	1.441	1.526	1.673	1.789	1.925
163.767 TOTAL Group Revenue Budgets	154.422	150.424	146.391	144.242	143.647
Funded by					
90.057 Revenue Support Grant and Business Rates	84.639	81.089	75.570	71.897	69.740
3.182 Transition Grant	-	-	-	-	-
9.517 Early Intervention Grant	9.862	9.862	9.862	9.862	9.862
1.449 Council Tax Freeze Grant	1.449	-	-	-	-
1.157 Use of Council Reserves	0.250	-	-	-	-
0.400 Collection Fund Contribution	0.200	-	-	-	-
58.005 Council Tax Income	58.022	59.473	60.959	62.483	64.045
163.767 TOTAL Revenue Funding Forecast	154.422	150.424	146.391	144.242	143.647
109.195 Dedicated Schools Grant	108.415	108.415	108.415	108.415	108.415

20. In 2012/13 we will receive 62% of our revenue from central government and 38% from Council Tax. 2012/13 is the second year of a two year funding period which has seen significant reductions in our funding from central government.
21. We have factored in these reductions and have assumed further estimated reductions in funding for 2013/14 to 2016/17 based upon national Government spending plans.

What are the Council's revenue spending plans?

22. For the second year, part of our funding received from central government included an amount of £1.45m in return for the Council agreeing to keep the Council Tax levels static. The table at paragraph 19 shows the amount of Council Tax we will collect in 2012/13 with no increase. **For planning purposes only**, we have included the estimated income in 2013/14 to 2016/17, based on a Council Tax increase of 2.5%.
23. The actual increases in Council Tax income in 2013/14 to 2016/17 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 £0.580m of income.
24. Schools expenditure is funded from a Dedicated Schools Grant. The funding is provisional for 2012/13 and will be confirmed in June. For later years we have presumed no further increases. The actual figure is driven by the number of pupils in our schools.
25. Appendix 1A provides more detail on the 2012/13 revenue budgets for each service.

Budget Pressures

26. The Council needs to spend more money to keep services at their current level. We also need to spend money to deliver our vision for South Tyneside by progressing our priorities. To continue to deliver our current services and to deliver our vision we will need to spend an extra £10.7m in 2012/13, a further £7.8m in 2013/14 and a further £7.7m in 2014/15. 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	2012/13	2013/14	2014/15	2015/16	2016/17
	£m	£m	£m	£m	£m
Inflation	1.622	3.000	3.000	3.000	3.000
Other Standstill Pressures	8.907	4.771	4.625	4.629	4.632
Changes to External Grant	0.209	0.079	0.075	0.071	0.068
TOTAL Revenue Budget Pressures	10.738	7.850	7.700	7.700	7.700

27. Demand for our services, especially adult care and looked after children, continues to increase and means that we need to spend more money just to carry on providing the services we currently offer.
28. The current economic environment has continued to impact on our revenue budget. Low interest rates have significantly reduced our income on invested balances and inflation is currently running at 4.2%.

What are the Council's revenue spending plans?

Redirection of current spending

29. 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.
30. 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.
31. In 2012/13 and beyond, we have significant financial pressures to face, which means that we must fundamentally transform the way we deliver some of our services. Our target savings are in the region of £32m over the period 2012/13 and 2013/14 alone.
32. Plans for reducing spending, delivering new models of service and increasing efficiency in 2012/13 are shown in the following table.

Redirection of Current Spending		2012/13 £m
Corporate		
1	Organisational Reviews	1.906
2	Changes in External Funding	0.750
Corporate Sub Total		2.656
Strategy & Performance		
3	Policy & Strategy - Service Review	0.611
4	Non filling vacant posts	0.089
5	Non Staffing Budget Reductions	0.029
Strategy & Performance Sub Total		0.729
Business and Area Management		
6	Rent Space at Middlefields	0.025
7	Reduce overtime in frontline services	0.020
8	Area Management Review	0.250
9	Area Management Efficiencies	0.470
10	Closure of Autoloos	0.040
11	Review number of fleet vehicles	0.030
12	Environmental Operations - Service Review	0.925
13	Reduce Environmental Operations Grant Funding	0.035
14	Mercury Abatement income	0.030
15	Review of Supervisory Responsibilities - Fleet Management Section	0.020
16	Review of Opening Hours - Recycling Village	0.020
17	Reduction of waste to landfill	0.021
18	Environmental Enforcement	0.015
19	Reorganisation of Bulky Collection Service	0.022
20	Reduced cost of waste disposal as a result of increased recycling	0.750

What are the Council's revenue spending plans?

	Redirection of Current Spending	2012/13 £m
21	Review of Community Facilities	0.272
22	Neighbourhood Working Staffing Review	0.089
23	Reduction in Consultation Activity	0.057
24	Car Parking Service Efficiencies	0.060
25	Increased Highways Design Income	0.020
26	Streetwork Overstays	0.010
27	Highways and Traffic Services Efficiencies	0.028
28	Risk & Resilience - Service Review	0.134
29	Restructure of Legal Services	0.050
30	Assurance & Insurance - Service Review	0.310
31	Tyne & Wear Research & Intelligence Unit	0.053
32	Improve Partnership Working	0.650
33	Procurement Stretch Target	0.500
34	Additional Savings from review of administration	0.340
35	Support Services - Service Review	0.600
36	Reduction in External Audit Fees	0.150
	Business and Area Management Sub Total	5.996
	Economic Regeneration	
37	Working Futures - premises costs from partners	0.100
38	Manufacturing Forum to become self sustaining	0.020
39	Business Forum to become self sustaining	0.020
40	Finance for business investment	0.074
41	Economic Growth Staffing Changes	0.032
42	Engineering Futures - Pilot Project	0.025
43	Homeless Service New Model	0.060
44	Review Subscriptions	0.010
45	Increased income from solar feed in tariff	0.140
46	Housing Development Venture	0.090
47	ALMO Governance	0.015
48	Review of Business Support in Economic Growth	0.127
49	Regeneration Team Efficiencies	0.025
50	Sports Development	0.075
51	Increased income from Cafe Franchise & Great North Run	0.030
52	Review of Leisure Operation	0.100
53	Library Services Provision	0.240
54	Leisure, Sports & Libraries - Service Review	0.150
55	Temple Park Energy Savings	0.062
56	Review Grants to Partner Organisations	0.200
57	Parks and Open Spaces - Service Review	0.095
58	Housing Strategy - Service Review	0.100
59	Increase charging for discretionary services	0.020
60	Development Management	0.014
61	Sustainable Transport	0.010
62	Legal Advice & Printing	0.007
63	Rating Appeals, Recovery and Management	0.175
64	Asset Management and Design Service Review	0.400
65	Corporate Property Review	0.134
66	School's Buyback	0.150
67	Service Review - Communications	0.265
68	Marketing and Advertising Budget	0.018
	Economic Regeneration Sub Total	2.983

What are the Council's revenue spending plans?

	Redirection of Current Spending	2012/13 £m
	Children, Adults & Families	
69	Adults Care Management - Service Review	0.035
70	Adults Support Functions - Service Review	0.222
71	Financial Assessments Review	0.025
72	Adults Community Equipment - Service Review	0.063
73	Adults Support in the Community - Service Review	1.130
74	Charging for non residential reablement	0.025
75	Charges for Community Alarms / Telecare	0.234
76	Adults Maximising Independence - Service Review	0.797
77	Continued Roll out of Personal Budgets	0.637
78	Adults Accommodation and Support - Service Review	0.302
79	Safeguarding - Service Review	0.456
80	Realigning the Family Support Service - Management Costs	0.045
81	Family Support Service	0.165
82	Children's and Families Social Care Supplies and Services	0.036
83	Reduce Leaving Care Grants	0.020
84	Care Matters	0.100
85	DSG Contribution to CAF Co-ordinator post	0.050
86	Furniture and Equipment budget	0.020
87	Holiday Activity Programme	0.023
88	Work Based Learning Route	0.020
89	Leaving Care Young Peoples Advisor	0.008
90	Improve Child and Adolescent Mental Health Services (CAMHS) Commissioning	0.100
91	Council Funded Inclusion Services	0.134
92	Rationalisation of Inclusion Services	0.171
93	SEN Transport	0.200
94	Savings on food costs through improved procurement arrangements	0.100
95	Remodel of Canteen provision	0.060
96	Rationalise school improvement and ICT schools support and increase buy-back	0.309
97	Changes to school support	0.143
98	Schools contribution to Carbon Reduction Tax	0.200
99	School Improvement Partners and Healthy Schools	0.075
100	Early Years and Children's Centres - service review	1.406
101	Services for young people efficiencies	0.173
102	Reductions in staff hours and contribution to Connexions hub	0.125
103	Commissioning Unit	0.010
104	Children, Adults and Families - Reduction in Management	0.100
	Children, Adults & Families Sub Total	7.719
	TOTAL Redirection of Current Spending	20.083

Council Tax Income

33. The following section provides further information on our Council Tax levels from 1st April 2012.

What are the Council's revenue spending plans?

34. The budget has been planned with a zero increase in **our proportion of the Borough's Council Tax** in 2012/13 to raise **£58.022m**. The overall council tax level set for the Borough includes precepts for the Tyne & Wear Fire and Civil Defence Authority and Northumbria Police Authority.
35. Northumbria Police and Tyne & Wear Fire and Civil Defence Authority have confirmed a precept increase of 0%.
36. The table below identifies the council tax for each property band:

2012/13 Borough Council Tax							
	Band Weighting	% of Properties in Each Band	% of Properties Receiving Benefit	South Tyneside Council £	Fire Authority £	Police Authority £	TOTAL £
Band A Properties	6/9	65.9	46.9	861.02	48.77	55.79	965.58
Band B Properties	7/9	13.3	20.5	1,004.53	56.90	65.08	1,126.51
Band C Properties	8/9	11.1	9.9	1,148.03	65.03	74.38	1,287.44
Band D Properties	1	5.8	6.2	1,291.53	73.16	83.68	1,448.37
Band E Properties	11/9	2.4	5.1	1,578.53	89.42	102.28	1,770.23
Band F Properties	13/9	1.0	1.3	1,865.54	105.68	120.87	2,092.09
Band G Properties	15/9	0.5	2.2	2,152.55	121.93	139.47	2,413.95
Band H Properties	18/9	0.1	0.0	2,583.06	146.32	167.36	2,896.74
Percentage increase from 2011/12				0.00%	0.00%	0.00%	

South Tyneside Council Tax for 2012/13

37. The council tax increase for the Borough is shown in the table over the page for each property band.

What are the Council's revenue spending plans?

2012/13 Borough Council Tax	Band Weighting	South Tyneside Council 2011/12	South Tyneside Council 2012/13	Fire Authority 2011/12	Fire Authority 2012/13	Police Authority 2011/12	Police Authority 2012/13	Borough Council Tax 2011/12	Borough Council Tax 2012/13
Band A Properties	6/9	£861.02	£861.02	£48.77	£48.77	£55.79	£55.79	£965.58	£965.58
Percentage increase			0.00%		0.00%		0.00%		0.00%
Annual Increase			£0.00		£0.00		£0.00		£0.00
Weekly Increase			£0.00		£0.00		£0.00		£0.00
Band B Properties	7/9	£1,004.53	£1,004.53	£56.90	£56.90	£65.08	£65.08	£1,126.51	£1,126.51
Percentage increase			0.00%		0.00%		0.00%		0.00%
Annual Increase			£0.00		£0.00		£0.00		£0.00
Weekly Increase			£0.00		£0.00		£0.00		£0.00
Band C Properties	8/9	£1,148.03	£1,148.03	£65.03	£65.03	£74.38	£74.38	£1,287.44	£1,287.44
Percentage increase			0.00%		0.00%		0.00%		0.00%
Annual Increase			£0.00		£0.00		£0.00		£0.00
Weekly Increase			£0.00		£0.00		£0.00		£0.00
Band D Properties	1	£1,291.53	£1,291.53	£73.16	£73.16	£83.68	£83.68	£1,448.37	£1,448.37
Percentage increase			0.00%		0.00%		0.00%		0.00%
Annual Increase			£0.00		£0.00		£0.00		£0.00
Weekly Increase			£0.00		£0.00		£0.00		£0.00
Band E Properties	11/9	£1,578.53	£1,578.53	£89.42	£89.42	£102.28	£102.28	£1,770.23	£1,770.23
Percentage increase			0.0%		0.00%		0.00%		0.00%
Annual Increase			£0.00		£0.00		£0.00		£0.00
Weekly Increase			£0.00		£0.00		£0.00		£0.00
Band F Properties	13/9	£1,865.54	£1,865.54	£105.68	£105.68	£120.87	£120.87	£2,092.09	£2,092.09
Percentage increase			0.00%		0.00%		0.00%		0.00%
Annual Increase			£0.00		£0.00		£0.00		£0.00
Weekly Increase			£0.00		£0.00		£0.00		£0.00
Band G Properties	15/9	£2,152.55	£2,152.55	£121.93	£121.93	£139.47	£139.47	£2,413.95	£2,413.95
Percentage increase			0.00%		0.00%		0.00%		0.00%
Annual Increase			£0.00		£0.00		£0.00		£0.00
Weekly Increase			£0.00		£0.00		£0.00		£0.00
Band H Properties	18/9	£2,583.06	£2,583.06	£146.32	£146.32	£167.36	£167.36	£2,896.74	£2,896.74
Percentage increase			0.00%		0.00%		0.00%		0.00%
Annual Increase			£0.00		£0.00		£0.00		£0.00
Weekly Increase			£0.00		£0.00		£0.00		£0.00

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, deliver our priorities through the best possible services and ensure we use our existing resources as efficiently and safely as possible.

The programme is funded by a mixture of external funding, Government grants, borrowing and capital receipts from sales of our assets. Target levels of borrowing are consistent with our revenue budget forecasts. The success of the investment strategy depends in part upon the funding generated from capital receipts. The programme requires £10.1m of receipts to be generated in 2012/13 to be applied to the funding of the schemes. This is needed to fund about 20% of the Council's non-housing programme.

Priority 1: A regenerated South Tyneside with increased business and jobs



The Council has an important role in creating the conditions for business growth and investment in South Tyneside. Our physical regeneration activity will continue as we **invest in prominent locations** where there is potential to lever in private sector investment and underpin existing economic activity. We will focus capital investment in **Hebburn, Jarrow and South Shields town centres**, whilst also ensuring

that key locations such as the Foreshore, River Corridor and key housing sites are targeted.

We will 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 will be 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 new **Tyne Tunnel project** represented one of the North of England's most significant and ambitious transport infrastructure projects. The new crossing was completed in February 2011 and when the original Tyne Tunnel re-opened to traffic in November 2011, this completed a decade

What are the Council's capital spending plans?

of detailed planning, four years of work and £260m investment, on budget and ahead of time.

The project, led by the Tyne and Wear Integrated Transport Authority, alongside the tunnel operator TT2 and in partnership with both North and South Tyneside Councils, has transformed the road infrastructure north and south of the Tyne. It has already dramatically improved access to key employment opportunities along the A19 corridor and over the coming years will be supported by additional major investment by the Department for Transport and Highways Agency at Silverlink and Testos roundabouts. The A19 corridor is a vital component of our Borough's story of economic growth and the Council is keen to build on this through its investment programme.

Big things to do

- Improve our town centres and create sustainable neighbourhoods
- Support and develop our key sectors
- Educate, retain and attract young people and raise their aspirations
- Maximise the impact of the riverside assets and the A19 corridor
- Promote the area as best for business to attract, grow and retain businesses

The capital budget table sets out the investment relating to this priority. The **Riverside Park** Scheme represents a key scheme for maximising the potential of the riverside for business regeneration. The programme also includes a scheme to renew the **Littlehaven Sea Wall**. Although this arises from the Council's coastal protection responsibilities, the scheme also has implications for Sea-Front regeneration and is also linked to the Pier Parade Leisure Centre development.



What are the Council's capital spending plans?

Priority 2: Better housing and neighbourhoods

We will work alongside the private sector and neighbouring local authorities to provide an expanded range of services for our residents that will provide **greater housing choices, raise the standard of housing in the Borough and reduce the number of children in South Tyneside who live in fuel poverty**. We will demonstrate real leadership in housing by building new **affordable homes for sale and rent** that will add value to our economic growth and regeneration ambitions and provide a return on investment.



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

Big things to do

- Increase supply and mix of good quality housing to meet the needs and aspirations of current and future residents
- Reduce the number of long term empty properties in the Borough
- Improve access to schools, services and jobs in neighbourhoods
- Ensure the sustainability of our housing estates
- Ensure we have sufficient, fit for purpose accommodation for older people
- Reduce crime and disorder and improve perceptions of crime

The major part of the Council's Capital Investment Programme relating to this priority comprises expenditure on the Council's own housing stock. The Council bid for and secured £99m of Decent Homes funding, which has been applied across the Borough to renovate the Council Housing stock (up to the end of 2011/12), and a further £52m is projected to be expended from this funding source from 2012/13 to 2014/15.

The capital schemes within this priority also include Highways and Transport capital expenditure (funded mainly by Government grant). It also includes a major programme of footpath replacement, the development of a Community Hub for Hebburn, as part of the wider Hebburn Town Centre Regeneration and local infrastructure schemes driven by neighbourhood priorities.

What are the Council's capital spending plans?

Priority 3: Stable and Independent Families

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.

Big things to do

- Safeguarding children and giving them the best start in life
- Raising Aspirations
- Improving Health

Much of the activity arising from this priority represents service improvements of a revenue nature. 2012/13 will see the completion of the Building Schools for the Future Programme. This is a £178m programme of which the Council is contributing around £70m from its own funds (including PFI schemes). Schools which have been rebuilt or renovated through the BSF programme include:

- Mortimer School
- St. Joseph's School
- St. Wilfrid's RC College
- Jarrow School
- Harton Technology College
- Hebburn Comprehensive
- South Shields Community School

The last two schools to be completed under the programme in 2012/13 will be the new Hebburn and the new Galsworthy Road Special Education Needs Schools.

The Council has also invested £27m since 2009/10 on the Transforming our Primary Schools (TOPS) programme, including:

- Harton School
- Stanhope
- Forest View
- Hebburn



What are the Council's capital spending plans?

Priority 4: Healthier People

We want people in South Tyneside to live **healthier and longer lives**. We will encourage people to make **positive decisions** about things that impact on their health. We will improve health in specific groups and areas by focusing on **prevention and early intervention**, and improving access to personalised services and support.



To meet the challenge of an **ageing population**, we will work with our health partners, communities, the voluntary and private sectors to support people to **maintain their independence and reduce the need for care support**. Support will focus on helping people to retain and regain independence. We will ensure that there are **sensible safeguards** against the risk of neglect and abuse and we will intervene to protect the most vulnerable. We will ensure a range of information regarding alternative services and support is available for those of our residents who do not meet our eligibility criteria.

Similarly to the Stable and Independent Families priority – much of the activity arising from the Healthier People priority represents revenue rather than capital expenditure. The two main schemes in the capital investment programme under this priority are Disabled Facilities Grants and the renewing of the Community Care Alarm System.

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**. As we work to deliver high quality services for the people of South Tyneside, 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 looking at how we can innovate and change how we do things so we can deliver our priorities in the most efficient way.

Our Innovation and Efficiency programme requires significant capital expenditure on items including:

- Organisational Change, (Redundancy-related costs).
- Rationalisation of Civic Buildings – to allow more efficient use of civic buildings and freeing up other dispersed offices.
- Renewal of vehicles including the phased replacement of refuse collection vehicles.
- The development of a new waste transfer facility at Middlefields as an element of the Joint Waste PFI with Gateshead and Sunderland.
- Upgrading our information systems to support the protection of vulnerable children and adults.

What are the Council's capital spending plans?

The capital investment programme by priority and year is summarised in the table below. The funding of the programme is presented in Appendix 2. The indicative programme for 2013/14 and 2014/15 is not fully funded. This will be addressed through re-prioritisation and re-profiling to ensure affordability.

Capital Investment Strategy 2012-17							
Priority 1 : A Regenerated South Tyneside with increased business and jobs							
Ref	Project Name	2012/13 £m	2013/14 £m	2014/15 £m	2015/16 £m	2016/17 £m	Total £m
ER01	Harton Quay	0.156	-	-	-	-	0.156
ER02	Green Business Incubator	1.000	-	-	-	-	1.000
ER03	New and Replacement Leisure Facilities	10.277	-	-	-	-	10.277
CAF01	Jarrow Pool	1.800	-	-	-	-	1.800
ER04	Refurbishment of Temple Park and Replacement Artificial Pitch	-	2.750	0.325	-	-	3.075
ER05	South Shields Riverside	3.178	0.500	0.500	0.500	0.500	5.178
ER06	Town Centre Regeneration - Hebburn, Jarrow and South Shields	0.300	4.200	2.700	1.500	1.500	10.200
BAM01	Ocean Road Improvement	1.800	-	-	-	-	1.800
ER07	Frederick Street / Trinity South Regeneration	3.750	1.700	-	-	-	5.450
ER08	Public Realm Improvements between Market Square and Harton Quay	-	0.230	-	-	-	0.230
ER09	Public Realm and Transport Improvements Keppel Street	-	-	-	0.500	2.000	2.500
ER10	Public Realm Barrington St & St Hilda Square	-	1.000	1.000	-	-	2.000
ER11	Ocean Road / King Street Footpath Improvements	0.150	0.300	-	-	-	0.450
ER12	Coast Road Feasibility Study	0.075	-	-	-	-	0.075
ER13	South Shields Town Centre Regeneration - New Central Library	0.200	0.300	2.250	2.250	-	5.000
ER14	Hebburn Town Centre - New Leisure Facility	-	-	3.000	3.000	-	6.000
ER15	Regenerating our Town Centres	0.150	0.350	-	-	-	0.500
ER16	Proposed Construction of a New Coastal Defence at Littlehaven	0.931	4.000	-	-	-	4.931
BAM02	Gateway Signs	0.100	-	-	-	-	0.100
		23.867	15.330	9.775	7.750	4.000	60.722
Priority 2 : Better Housing and Neighbourhoods							
Ref	Project Name	2012/13 £m	2013/14 £m	2014/15 £m	2015/16 £m	2016/17 £m	Total £m
BAM03	Highways - Main Grant	1.267	1.236	1.270	-	-	3.773
BAM04	Public Transport Funding	0.096	-	-	-	-	0.096
BAM05	LTP Road Safety	0.789	1.089	1.532	-	-	3.410
ER17	Community Facilities	1.500	3.000	2.800	-	-	7.300
BAM06	Area Wide pavement and footways replacement	1.940	1.500	1.500	1.500	1.500	7.940
ER18	Hebburn Town Centre - Development of a Community Hub (including Library)	0.826	1.225	3.560	-	-	5.611
BAM07	CAF Environmental Schemes	0.420	0.420	0.420	0.420	0.420	2.100
ER19	Village Infrastructure Fund	0.250	0.250	0.250	0.250	0.250	1.250
ER20	Warm Up North Set Up	0.050	-	-	-	-	0.050
		7.138	8.720	11.332	2.170	2.170	31.530
Ref	Housing Capital Programme	2012/13 £m	2013/14 £m	2014/15 £m	2015/16 £m	2016/17 £m	Total £m
HOUS01	Decent Homes Works	29.690	28.725	22.909	23.823	12.246	117.593
HOUS02	Decent Homes Environmental	1.050	1.050	0.700	-	-	2.600
HOUS03	Decent Homes Delivery	2.251	2.187	1.799	1.996	1.084	9.317
HOUS04	High Priority Essential	3.450	3.415	3.500	3.587	3.677	17.629
HOUS05	Housing ICT	0.100	0.100	0.100	0.100	0.100	0.500
HOUS06	Redevelopment and Demolitions	0.600	0.600	0.600	-	-	1.800
HOUS07	Home loss	0.400	0.400	0.400	-	-	1.200
HOUS08	Disabled Adaptations	1.080	1.075	1.072	1.068	1.064	5.359
HOUS09	Trinity South Social Housing	1.400	1.400	-	-	-	2.800
HOUS10	New Build - Simonside Bungalows	1.438	0.351	-	-	-	1.789
		41.459	39.303	31.080	30.574	18.171	160.587

What are the Council's capital spending plans?

Priority 3 : Stable and Independent Families							
Ref	Project Name	2012/13 £m	2013/14 £m	2014/15 £m	2015/16 £m	2016/17 £m	Total £m
CAF02	Transforming Our Primary Schools (TOPS) Off-site Highways Works	0.100	-	-	-	-	0.100
CAF03	Transforming Our Primary Schools Hebburn Primary (TOPS)	2.300	-	-	-	-	2.300
CAF04	Building Schools for the Future (BSF) Special Education Needs	8.575	-	-	-	-	8.575
CAF05	Building Schools for the Future (BSF) Other Committed	1.507	-	-	-	-	1.507
CAF06	Schools Devolved Formula capital	0.399	0.399	0.399	0.399	0.399	1.995
CAF07	Schools Basic Needs and Capital Maintenance Allocation	-	2.704	2.704	2.704	2.704	10.816
BAM08	School Road Safety Infrastructure	0.375	0.625	0.500	0.500	-	2.000
		13.256	3.728	3.603	3.603	3.103	27.293
Priority 4 : Healthier People							
Ref	Project Name	2012/13 £m	2013/14 £m	2014/15 £m	2015/16 £m	2016/17 £m	Total £m
CAF08	Disabled Facilities Grant	0.647	0.647	0.647	0.647	0.647	3.235
CAF09	Replacement Community Alarms - Adult Services	0.261	0.261	-	-	-	0.522
CAF10	Disabled Facilities Grant - additional funding from Local Authority	-	0.400	0.200	0.200	0.200	1.000
		0.908	1.308	0.847	0.847	0.847	4.757
Innovation and Efficiency							
Ref	Project Name	2012/13 £m	2013/14 £m	2014/15 £m	2015/16 £m	2016/17 £m	Total £m
BAM09	Organisation Change - Compensatory payments	2.600	0.900	0.900	0.900	0.900	6.200
BAM10	Middlefields Waste Transfer Station	-	3.777	-	-	-	3.777
ER21	Rationalisation of Civic Buildings	1.000	2.000	0.150	0.080	0.099	3.329
ER22	Planned Maintenance (incl schools maintenance)	1.660	2.000	2.000	2.000	2.000	9.660
ER23	Salix Finance - Energy efficiency scheme	0.072	0.072	0.072	0.072	0.072	0.360
BAM11	Fleet Vehicle Replacement programme	0.500	0.700	0.900	0.900	0.600	3.600
ER24	Dedicated Storage Unit	0.070	0.071	-	-	-	0.141
ER25	Campbell Park Road Regeneration	0.475	0.475	-	-	-	0.950
		6.377	9.995	4.022	3.952	3.671	28.017
TOTAL Capital Investment Strategy 2012-17		93.005	78.384	60.659	48.896	31.962	312.906

What are the Council's capital spending plans?

Capital Funding

38. The table below summarises our capital funding estimates for 2012/13 and provisional funding estimates for 2013/14 to 2016/17:

Capital Programme By Funding	2012/13	2013/14	2014/15	2015/16	2016/17	Total
	£m	£m	£m	£m	£m	£m
Council General Fund Programme						
External Funding	15.663	6.300	6.552	4.250	4.750	37.515
Receipts	10.108	5.175	3.000	3.000	3.000	24.283
Borrowing	25.775	27.606	20.027	11.072	6.041	90.521
Total General Fund Programme	51.546	39.081	29.579	18.322	13.791	152.319
Target borrowing	25.775	15.000	15.000	15.000	15.000	85.775
Housing Programme (funded from the Housing Revenue Account)						
External Funding	18.558	21.000	14.000	-	-	53.558
Revenue Funding of Decent Homes Maintenance	15.963	16.452	16.980	17.518	18.071	84.984
HRA Reserves	0.028	-	-	-	0.100	0.128
HRA Borrowing	6.910	1.851	0.100	13.056	-	21.917
Total Housing Programme	41.459	39.303	31.080	30.574	18.171	160.587
Combined Housing and General Fund Programme	93.005	78.384	60.659	48.896	31.962	312.906

39. The external funding available for the programme is significantly lower for 2012/13 than in recent years due to reduced Government funding. In many areas, particularly schools' spending, the future years' funding is subject to further Government revision.
40. A separate table has been included at Appendix 2B providing more detail on the sources of external funding and whether the funding has been secured or is provisional at this stage, either because we are still at the bidding stage or we are awaiting confirmation of future funding levels.

What are the Council's prudential indicators?

Prudential Code

41. 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.
42. 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.
43. 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.
44. 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

45. 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.
46. 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

47. To assess the affordability of prudential borrowing, we review 4 key elements:
 - The estimates of capital expenditure as part of the Capital Spending Plans.

What are the Council's prudential indicators?

- 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.

2011/12 Affordability Measures	2012/13	2013/14	2014/15
Revised	£m	£m	£m
£m			
Capital Spending Plans			
89.797 Council capital programme	51.546	39.081	29.579
42.654 Housing capital programme	41.459	39.303	31.080
132.451 Total Capital Programme	93.005	78.384	60.659
Capital Financing Requirement			
312.811 Council capital programme	326.325	334.889	385.425
267.349 Housing capital programme	274.259	276.110	276.210
580.159 Total Capital Financing Requirement	600.584	610.999	661.635
Ratio of Financing Costs to Net Revenue Stream			
8.88% Council capital programme	10.35%	11.94%	12.27%
35.97% Housing capital programme	47.23%	45.12%	44.73%
Estimated Incremental Effect of Capital Investment Decisions			
For the Band D Council Tax (Annually)	-£2.58	£18.43	£14.48
For Average Weekly Housing rents	-0.33	-1.91	-0.06

48. The increase in cost attributable to Council Tax and housing rents reflects the impact of planned borrowing by the Council.

Prudence – Council Treasury Management Practices

49. The Council has an integrated treasury management strategy and has adopted the CIPFA Code of Practice for Treasury Management in the Public Services.
50. The Council has, at any point in time, a number of cashflows 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.
51. The Council's Treasury Management Strategy and Annual Plan for 2012/13 was presented to Cabinet for approval on 15th February 2012.

What are the Council's prudential indicators?

Prudence Indicator - Net Debt and the Capital Financing Requirement

52. 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”.

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

Prudence – Council External Debt

54. The Council's actual external debt at 31st March 2011 was £436.2m. The Council's external debt at 31st March 2012 is estimated to be £580.2m. This figure is inclusive of internal funding, PFI and leasing costs and therefore represents the estimated capital financing requirement for the year 2011/12.
55. Debt at 31st March 2012 includes a £60.8m ceiling payment regarding the Housing Subsidy System in relation to the move to self-financing for the Housing Revenue account. The authorised limit and operational boundary have since been adjusted within 2011/12 and beyond to accommodate this additional spend.
56. 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.
57. The following table identifies the Council's authorised limit for external debt for 2012/13 to 2014/15. For 2012/13, the authorised limit of £810m is the statutory limit determined under section 3(1) of the Local Government Act 2003.

Authorised Limit for External Debt	2012/13	2013/14	2014/15
	£m	£m	£m
Borrowing	710	670	675
Other Long Term Liabilities	100	100	145
Total	810	770	820

58. 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

What are the Council's prudential indicators?

have plans for capital expenditure, estimates of the capital financing requirement and estimates of cashflow requirements for all purposes.

59. The following table identifies the **Council's operational boundary for external debt** for 2012/13 to 2014/15.

Operational Boundary	2012/13	2013/14	2014/15
	£m	£m	£m
Borrowing	640	600	605
Other Long Term Liabilities	90	90	135
Total	730	690	740

60. 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.
61. As part of the Council's Treasury Management Strategy the Corporate Director, Business and Area Management, as Section 151 Officer, has delegation from Council to operate between the operational boundary for external debt and the authorised limit for external debt.

Prudence – Council Fixed and Variable Interest Rate Exposure

62. The net outstanding principal or overall net debt is estimated at £516m in 2012/13. This is the difference between the maximum value of the debt portfolio (£810m) and the potential value of the investment portfolio (£294m).
63. The following table sets upper limits on the Council's fixed and variable interest rate exposures for net outstanding principal sums for the next three years. These limits are calculated in accordance with the CIPFA Prudential Code guidance notes for interest rate exposures.

	2012/13	2013/14	2014/15
Upper Limit for Fixed Rate Exposure	%	%	%
Net Outstanding Principal	157	148	157
Upper Limit for Variable Rate Exposure			
Net Outstanding Principal	-57	-48	-57

64. The upper limits as set out above are calculated with reference to the maximum projected amounts of net debt on fixed or variable rate terms. The total of this net figure is then expressed as a percentage of the overall net debt.
65. In 2012/13 for example, the maximum amount of borrowing will be £810m. The upper limit for fixed rate exposure assumes that all of this debt is on fixed rates and there are no investments on fixed rate terms. Therefore, the upper limit of fixed rate exposure of £810m of debt, expressed as a percentage of the overall net debt of £516m, is 157%.

What are the Council's prudential indicators?

66. For the variable rate exposure it is assumed that there is no debt on variable rate terms and all investments are on variable rate terms. This gives an upper limit of variable rate exposure of £294m, which when expressed as a percentage of the net debt figure of £516m, is 57%. In the table this is shown as a negative figure because there is a greater variable rate exposure through the investment portfolio as opposed to the debt portfolio.
67. Most of the investment portfolio is classified as being on variable rate terms. Therefore it is often more 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:

	2012/13	2013/14	2014/15
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

68. The following table sets upper and lower limits for the maturity structure of the Council's borrowing during 2012/13. 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

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

Prudence - Investments for Periods Longer Than 364 Days

70. The Council can invest for longer than 364 days. The maximum amount to be invested for periods above 364 days will be limited to £12m. Within this limit, £4m will be available for investment for between 364 days and two years and a further £8m for investment between 364 days and five years. This limit has been set following a review of the Council's reserves and other cash balances, and after taking account of cash flow requirements and future spending plans as set out in the Medium Term Financial Plan. The limit in 2011/12 is £12m.

2012/13 Minimum Revenue Provision Policy Statement

71. 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. 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.
72. Part of the MRP for 2012/13 will relate to the more historic debt liability that will continue to be charged at the rate of 4%, in accordance with the recommendations and intent of option 1 of the guidance.
73. Supported borrowing is where the Government increases the revenue support grant to a Council to cover the debt charge incurred on capital expenditure which is supported. 2010/11 was the final year of General Fund supported borrowing and 2011/12 was the final year of Decent Homes supported borrowing, (to be replaced by a grant). Supported borrowing remaining from previous years will continue to be charged at the rate of 4% on the reducing balance of that borrowing. Application of this provision will be on a discretionary basis, in that any utilisation of the continuing 4% option is entirely discretionary.
74. In cases where schemes/capital expenditures were not fully completed/incurred or brought into use as at 31st March 2012, expenditure on these will be deferred from any MRP charge in 2012/13, but reconsidered for MRP in 2013/14, or such later year, subject to the date of their completion, in the light of the overall mix of new capital expenditures to be subjected to MRP at that time.
75. What is meant by this is that it is considered both proper and prudent to adopt the uncompleted scheme provision of the recommended guidance for option 3 for the year in which expenditure on uncompleted schemes is incurred, but that a separate assessment will be made in each subsequent year as to which schemes will be subjected to MRP in accordance with the life expectancy provisions of option 3. Therefore, a scheme might be exempt from MRP in 2012/13 utilising the “uncompleted” provision aspect of option 3, but financed from, say, capital receipts when completed.
76. It is likely that expenditures will be incurred in later years which will be subject in this manner, relative to either new building works, or the enhancement of existing buildings, and MRP will be spread over a period which reflects the life/beneficial use, which in the case of this type of expenditure is determined to be:
- Sea Wall 100 years
 - Roads and Infrastructure Assets 50 years
 - Building Enhancement and Major Regeneration Projects* 40 years

2012/13 Minimum Revenue Provision Policy Statement

- Public Realm and Capital Equipment 25 years
- Non asset related costs 20 years
(as prescribed)
- Others 10 years or less

*Building enhancement and major regeneration projects will have a minimum life of 40 years depending on the judgement made by the Head of Asset Management as to the expected useful life of the asset created.

89. 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.
90. The spreading of the MRP charge under the estimated life period approach will be carried out in an aggregate manner, as details of individual schemes, whilst required for supporting information purposes in the year for which MRP liability is first being assessed, have no beneficial purpose thereafter. Schemes/expenditures will accordingly be grouped within differing life periods where such apply.
91. The Council also determines that available resources for financing capital expenditure, such as capital receipts, will be applied to new expenditures in a manner that is considered appropriate in any financial year. For example, it will be considered financially efficient to apply such resources in the first instance to expenditures that have a shorter estimated lifespan, as the process for allocating either actual resources, or treatment under the various options, can only operate on a selective basis, as envisaged by the guidance.
92. 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 apply major Housing receipts and any small miscellaneous Housing receipts to appropriate capital schemes.
93. 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 earmarked funds. This is however entirely at their discretion. In cases where expenditure is incurred on only part of a scheme which is not completed by the year end, any grant or similar financing resources will be either allocated to other new expenditures under delegated powers, or carried forward for MRP purposes, as necessary or appropriate.
94. Final decisions regarding the manner in which such resources are to be allocated to schemes will be taken under delegated powers.

2012/13 Minimum Revenue Provision Policy Statement

95. Estimated life periods may also be determined under delegated powers. In the case of new capital expenditure in respect of land, it is considered that the recommended life period of 50 years contained within the guidance does not adequately reflect a realistic life period, which is considered to be at least as great as would be the case if a building were to be placed upon it. The Council are aware when approving this that the guidance recommends only that the life period should bear some relation to that over which the asset is estimated to provide a service.
96. In the case of new capital expenditures that serve to improve or add to the value of an existing capital asset, these will be estimated to have the same useful life as the asset whose value is enhanced.
97. To the extent that expenditures are not on the creation of an asset, and are of a type that are subject to estimated life periods that are referred to in the Guidance, the Council will generally adopt these periods. However, in the case of long term debtors arising from loans or other types of capital expenditure made by the Council which will be repaid under separate arrangements (such as long term investments), there will be no MRP made. The Council are satisfied that a prudent provision will be achieved after exclusion of these capital expenditures from the MRP requirements.
98. In view of the variety of different types of capital expenditure incurred by the Council, which is not in all cases capable of being related to an individual asset, asset lives will be assessed on a basis that most reasonably reflects the anticipated period of benefit that arises from the expenditure. Also, whatever type of expenditure is involved, it will be grouped together in a manner that reflects the nature of the main component of expenditure, and will only be divided up in cases where there are two or more major components with substantially different useful economic lives.
99. 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.
100. 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?

How will the Council manage financial risk?

101. Over the medium term the Council faces continuing financial pressures and has refocused its priorities, and built in challenging budget redirections and savings targets into the earlier spending plans for 2012 to 2017. The Council carefully identifies the things that could go wrong and might undermine the medium term financial plan.
102. 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.
103. 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.
104. Some of our strategic risks have been assessed as particularly uncertain with a potentially significant financial impact. Reserves have been established for these risks.
105. 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 may have insufficient funds to achieve its priorities.	The achievement of the MTFP is imperative and is monitored every month as part of our performance monitoring process, including support and monitoring from the finance service aided by the Corporate Delivery Team. We have established a reserve of £1m to fund future organisational change.
Uncertainty over the level of contributions that will be required to meet the future pensions funding gap.	The result of the actuarial valuation to be implemented with effect of 1 st April 2011 has been built into our financial planning.
Failure to reduce the waste going to landfill sites mean that the Council has to pay additional landfill penalties.	The standstill pressures in our Medium Term Financial Plan for 2012/17 include spending pressures arising from legislation. We are jointly working with Sunderland and Gateshead Councils in a joint waste partnership to develop waste disposal solutions that will limit the potential impact of the long-term cost to the Council.

How will the Council manage financial risk?

<p>Cost of equal pay claims are greater than anticipated.</p>	<p>Our reserves strategy includes allocations to meet liabilities for equal pay and single status costs. This reserve has been used to finance the revenue cost of settling equal pay claims and meeting some costs of job evaluation. We have settled significant claims for equal pay to date and continue to monitor any further liabilities for the Council to ensure appropriate provision within our accounts.</p>
<p>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.</p>	<p>Revenue spending is monitored on a monthly basis as part of the Council's corporate performance monitoring framework. Members have previously agreed to set aside funding as part of a specific reserve for managing the uncertainty of the Council's financial risk which now stands at £2.5m.</p>
<p>The 'credit crunch' has resulted in a risk to investment income due to the fluctuating interest rates and the security of capital sums invested following significant losses elsewhere e.g. Icelandic banks.</p>	<p>A prudent approach to the setting of interest rates has been adopted to protect the budget against adverse movements in rates. The borrowing and lending strategy is continually reviewed to respond to changing interest rate expectations. We have reviewed the credit rating approach and stress tested our lending list by assuming that each organisation would be downgraded by the credit rating agencies. The Council has a strategic financial risk reserve of £2.5m which could potentially meet any further unexpected fluctuations in this budget that have not already been met from our revised budget.</p>
<p>Timescale to achieve organisational changes is stretching which may result in reduced efficiencies being achieved in year.</p>	<p>Programme of organisational change established and monitored regularly by Innovation & Efficiency Group.</p>
<p>Uncertainty over the future funding of the capital programme because of the economic circumstances impacting upon the level of capital receipts.</p>	<p>Our budget has been set with ambitious estimates of capital receipts. Capital receipts are monitored and reported to the Capital Investment Group. The forecast of receipts is included in our quarterly monitoring reports to Members. Any impact on the current year on the future capital investment programme is highlighted in budget monitoring reports and relevant actions proposed.</p>
<p>Capital projects are not delivered on time or within budget.</p>	<p>Capital spending is monitored on a monthly basis as part of the Council's corporate performance monitoring framework. Any risks highlighted are reported to Capital Investment Group.</p>

How will the Council manage financial risk?

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 has clear plans to rationalise accommodation. This project involves a combination of capital investment, remodelling of buildings, disposal and demolition.
Emergency event occurs e.g. major flooding incident / significant traffic incident / flu pandemic which incurs additional unbudgeted costs.	Establishment of strategic reserve to meet unforeseen liabilities.

Our risk – based reserves policy

106. 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

- **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 (excluding dedicated schools and early intervention grant). 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;
- **General Reserve** established to support future spending plans and one-off spending;
- **Earmarked Reserve for equal pay claims and the additional costs of job evaluation**, established to manage the risks that the actual cost of job evaluation is higher than estimated. The reserve will be used to finance the revenue cost of defending and settling known and potential equal pay claims.
- **Earmarked Reserve for structural change** will be used to manage the revenue cost of achieving the structural changes facing the Council. These structural changes are required to ensure that the Council can deliver its objectives with a much smaller budget and fewer staff. Some of the specific change proposals approved by the Council may require significant up-front investment to ensure that they are carried out in an effective, planned way. The fund will also be used to finance significant 'invest to save' projects;
- **Other Earmarked Reserves** are held for specific commitments and principally include cash balances held on behalf of schools.

How will the Council manage financial risk?

107. The level of Council reserves is reviewed annually in line with CIPFA guidance on Local Authority Reserves and Balances (LAAP Bulletin 77 – November 2008).
108. Our forecast of the total Council cash reserves at 31st March 2012 is £23.629m as shown in the table below.

Council Reserves	Strategic Reserves (minimum) £m	Financial Risk Reserve £m	School Balances £m	Earmarked Reserves £m	TOTAL Reserves £m
Balance as at 31st March 2011	2.949	2.500	7.878	14.384	27.711
Planned Use of Reserves in 2011/12					
Use of reserves	0.072	(1.600)	-	(2.482)	(4.010)
Contribution to reserves	-	(0.072)	-	-	(0.072)
Planned Contribution to Reserves in 2011/12	0.072	(1.672)	-	(2.482)	(4.082)
Estimated Balance as at 31st March 2012	3.021	0.828	7.878	11.902	23.629

109. The tables below identify the planned use of Council reserves during 2012/13 to 2016/17.

Council Reserves	Strategic Reserves (minimum) £m	Financial Risk Reserve £m	School Balances £m	Earmarked Reserves £m	TOTAL Reserves £m
Estimated Balance as at 31st March 2012	3.021	0.828	7.878	11.902	23.629
Planned Use of Reserves in 2012/13					
Use of reserves	(0.130)	-	-	(0.250)	(0.380)
Contribution to reserves	-	0.130	-	-	0.130
Planned Contribution to Reserves in 2012/13	(0.130)	0.130	-	(0.250)	(0.250)
Estimated Balance as at 31st March 2013	2.891	0.958	7.878	11.652	23.379

Council Reserves	Strategic Reserves (minimum) £m	Financial Risk Reserve £m	School Balances £m	Earmarked Reserves £m	TOTAL Reserves £m
Estimated Balance as at 31st March 2013	2.891	0.958	7.878	11.652	23.379
Planned Use of Reserves in 2013/14					
Use of reserves	(0.102)	-	-	(0.350)	(0.452)
Contribution to reserves	-	0.102	-	-	0.102
Planned Contribution to Reserves in 2013/14	(0.102)	0.102	-	(0.350)	(0.350)
Estimated Balance as at 31st March 2014	2.789	1.060	7.878	11.302	23.029

Council Reserves	Strategic Reserves (minimum) £m	Financial Risk Reserve £m	School Balances £m	Earmarked Reserves £m	TOTAL Reserves £m
Estimated Balance as at 31st March 2014	2.789	1.060	7.878	11.302	23.029
Planned Use of Reserves in 2014/15					
Use of reserves	(0.079)	-	-	(0.450)	(0.529)
Contribution to reserves	-	0.079	-	-	0.079
Planned Contribution to Reserves in 2014/15	(0.079)	0.079	-	(0.450)	(0.450)
Estimated Balance as at 31st March 2015	2.710	1.138	7.878	10.852	22.578

How will the Council manage financial risk?

Council Reserves	Strategic Reserves (minimum) £m	Financial Risk Reserve £m	School Balances £m	Earmarked Reserves £m	TOTAL Reserves £m
Estimated Balance as at 31st March 2015	2.710	1.138	7.878	10.852	22.578
Planned Use of Reserves in 2015/16					
Use of reserves	(0.012)	-	-	(0.550)	(0.562)
Contribution to reserves	-	0.012	-	-	0.012
Planned Contribution to Reserves in 2015/16	(0.012)	0.012	-	(0.550)	(0.550)
Estimated Balance as at 31st March 2016	2.698	1.150	7.878	10.302	22.028

Council Reserves	Strategic Reserves (minimum) £m	Financial Risk Reserve £m	School Balances £m	Earmarked Reserves £m	TOTAL Reserves £m
Estimated Balance as at 31st March 2016	2.698	1.150	7.878	10.302	22.028
Planned Use of Reserves in 2016/17					
Use of reserves	(0.010)	-	-	(0.650)	(0.660)
Contribution to reserves	-	0.010	-	-	0.010
Planned Contribution to Reserves in 2016/17	(0.010)	0.010	-	(0.650)	(0.650)
Estimated Balance as at 31st March 2017	2.688	1.160	7.878	9.652	21.378

What are the Council's housing revenue spending plans?

110. 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.
111. All rents collected are retained in this separate account, and support the management, day-to-day repairs and maintenance, and a capital investment programme, including planned renewals, improvements to homes and major repairs.
112. 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.
113. 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.
114. The table below summarises the overall position on the Housing Revenue Account for the next 5 years.

Housing Revenue Account	Budget		Provisional Budget		
	2012/13	2013/14	2014/15	2015/16	2016/17
	£m	£m	£m	£m	£m
Spending Plans	64.767	66.798	67.668	69.209	70.668
Income Plans	(63.012)	(67.265)	(68.982)	(72.036)	(74.313)
Contribution to/(from) Reserves	(0.028)	-	-	-	-
Reserves brought Forward	(10.445)	(8.690)	(9.157)	(10.471)	(13.381)
Surplus (-) / deficit (+) for year	1.727	(0.467)	(1.314)	(2.910)	(3.728)
Contribution to Reserves	0.028	-	-	-	-
Estimated Balance (carried forward)	(8.690)	(9.157)	(10.471)	(13.381)	(17.109)

Housing Revenue Plans for 2012/13

115. Overall spending is set to increase by 16.11% in 2012/13, mainly resulting from additional charges and increased interest payments funding the HRA debt settlement figure of £60.818m.
116. Spending plans for 2012/13 include the capital cost of funding £2.810m of prudential borrowing required to finance the planned investment in new build at Simonside and Trinity South. There is also a £0.028m use of reserves to fund the final cost of the Druridge Crescent new build scheme in the year.

What are the Council's housing revenue spending plans?

117. Rental income has been increased in line with the government guidelines in relation to rent restructure. The Housing Subsidy system is to cease in 2012/13 and will be replaced with self financing arrangements.
118. The following table shows provisional HRA expenditure and income plans for future years. Future year's income assumes that the allowance arising from rent increases being limited is paid one year in arrears.

Housing Revenue Account	Budget		Provisional Budget		
	2012/13	2013/14	2014/15	2015/16	2016/17
	£m	£m	£m	£m	£m
Expenditure					
Management	18.842	19.070	19.294	19.525	19.764
Repairs & Maintenance	13.899	14.088	14.296	14.505	14.718
Rents, Rates, Taxes, Insurance	1.650	1.695	1.742	1.790	1.839
Provision for Bad Debts	0.500	1.512	1.416	1.483	1.463
Maintenance of Decent Homes	16.448	16.892	17.451	18.006	18.571
Debt Interest	13.186	13.382	13.345	13.690	14.102
Depreciation Non Dwellings	0.214	0.159	0.124	0.127	0.128
Developing New Housing Options	0.028	-	-	-	-
Total Expenditure	64.767	66.798	67.668	69.126	70.585
Income					
Rents - Dwellings	(58.372)	(62.545)	(64.148)	(67.093)	(69.279)
Income - other services / property	(3.223)	(3.320)	(3.419)	(3.522)	(3.628)
Housing related support charges	(0.385)	(0.385)	(0.385)	(0.385)	(0.385)
Contributions & Interest	(1.032)	(1.015)	(1.030)	(1.036)	(1.021)
TOTAL Housing Revenue Account Income	(63.012)	(67.265)	(68.982)	(72.036)	(74.313)
Contribution From Reserves	(0.028)	-	-	-	-
(Surplus)/Deficit on Housing Revenue Account	1.727	(0.467)	(1.314)	(2.910)	(3.728)

Dwelling Rents and Service Charges for 2012/13

119. Dwelling rents have increased in line with the Government rent restructuring guidelines.
120. The service charges for tenants introduced in 2008/09 for district heating in sheltered schemes have increased by the 5th 20% phased increase and a 3% inflation increase.
121. Service charges for leaseholders have also increased by the 5th 20% phase for caretaking, concierge service and building cleaning and an inflation increase of 3% for caretaking and 3% building cleaning.
122. The service charge increases for 2012/13 will be based on:
- Garage rents to be increased by 3%;
 - Heating charges to increase by 3%.
 - Service charges for landlord charges (Scheme Managers and communal facilities) to be increased by 3%;
 - Sheltered accommodation guest room charges to be increased by 3%;

What are the Council's housing revenue spending plans?

- Temporary furnished accommodation charges to be increased by 3%.
123. The charges for the furnished tenancy scheme will increase by a range of 4.05% to 6.16%.
124. Further details on specific housing service charges and leaseholder management fee increases at Appendix 3.

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

125. 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.
126. The table below summarises the spending plans for the Fund for 2012/13 and provisional spending plans for 2013/14 and 2014/15, as agreed by the Pensions Committee on 8th February 2012.

Budget Tyne and Wear Pension Fund	Budget Provisional Budgets			
	2011/12	2012/13	2013/14	2014/15
£m	£m	£m	£m	£m
24.604 Investment Management Fees	26.270	28.392	30.640	
0.158 Property Portfolio	0.163	0.163	0.163	
1.211 Direct Costs and Recharges	1.468	0.797	0.765	
25.973 Total Investments Office	27.901	29.352	31.568	
2.332 Pensions Office	2.375	2.520	2.453	
28.305 TOTAL Tyne and Wear Pension Fund	30.276	31.872	34.021	

127. The budget for 2012/13 shows an increase of £1.971m over the 2011/12 budget. Increases of £1.596m and £2.149m are projected for 2013/14 and 2014/15 respectively.
128. The table below analyses the budget proposal for the next three years.

	2012/13	2013/14	2014/15
Base Budget	£m	£m	£m
	28.305	30.276	31.872
Investment Management Fees	1.666	2.122	2.248
Standstill Pressures	0.146	0.104	0.038
Budget Growth/New Initiatives	0.200	0.100	-
Redirection of Current Spending	(0.041)	(0.730)	(0.137)
TOTAL Pensions Spending Plans	30.276	31.872	34.021

129. The main reason for the increase is a rise in investment management fees due to additional commitments to asset classes such as Private Equity, Global Property and Infrastructure.
130. The direct costs and recharges to the Investment Office and the Pensions Office increase by £0.305m in 2012/13 because of spending commitments to ongoing projects and an increase in overheads. A reduction of £0.525m is forecast for 2013/14 as a number of projects are expected to be completed in 2012/13.

Evaluation and Review

Shaped to Deliver

131. 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.
132. 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.
133. 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.
134. Senior officers review the financial reports at a monthly performance, improvement and monitoring meeting with reports presented quarterly to Cabinet. Progress in delivering agreed efficiencies is monitored fortnightly through a Corporate Programme Board.
135. Regular budget monitoring is an important financial control to ensure that spending during the year is in line with budgets agreed by the Council. Each service budget has a named budget holder responsible for managing the budget.

Budget Transfers

136. During the year, budget holders may need to transfer budgets from one service area to another to reflect changed service needs or priorities.
137. A budget transfer is defined as a movement of budget between any budget service line identified in Appendix 1A of this report.
138. **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.
139. **Budget transfers greater than £250,000** require the approval of Cabinet.
140. **Budget transfers greater than £1,000,000** require the approval of full Council and must be proposed by Cabinet.

Appendix 1A: Council Revenue Budget 2012/13

Line Ref	Council Revenue Budget	Total Cost £	Total Income £	2012-13 Budget £	Staffing No of Posts	FTE's
STRATEGY AND PERFORMANCE						
1	Strategy and Performance	1,587,500	(146,100)	1,441,400	26	25.67
TOTAL STRATEGY AND PERFORMANCE REVENUE BUDGET		1,587,500	(146,100)	1,441,400	26	25.67
BUSINESS AND AREA MANAGEMENT GROUP						
2	Sustainable Communities	35,567,900	(19,666,500)	15,901,400	864	517.22
3	Corporate Finance & Levies	129,183,300	(102,363,800)	26,819,500	9	9.00
4	Democratic Support	2,301,400	(230,700)	2,070,700	40	34.70
5	Internal Audit	262,800	(92,400)	170,400	5	4.80
6	Legal Services	1,652,000	(1,125,400)	526,600	36	35.08
7	Neighbourhood Working	2,072,700	(589,700)	1,483,000	111	47.48
8	Human Resources	3,806,540	(14,300)	3,792,240	199	169.29
9	Risk and Resilience	2,410,400	(1,603,700)	806,700	11	11.00
10	BAM Management	89,100	(78,000)	11,100	2	2.00
11	Strategic Partnership Client	11,164,660	(765,000)	10,399,660	5	4.00
SUB TOTAL BUSINESS AND AREA MANAGEMENT GROUP		188,510,800	(126,529,500)	61,981,300	1,282	834.57
PENSIONS						
12	Pensions Office	30,275,600	(30,275,600)	0	67	61
SUB TOTAL PENSIONS		30,275,600	(30,275,600)	0	67	61
TOTAL BUSINESS AND AREA MANAGEMENT GROUP REVENUE BUDGET		218,786,400	(156,805,100)	61,981,300	1,349	895.57
ECONOMIC REGENERATION GROUP						
13	Asset Management and Design	4,148,300	(3,173,100)	975,200	49	46.55
14	Regeneration	470,300	(25,000)	445,300	8	8.00
15	Communications	1,163,300	(88,400)	1,074,900	12	11.63
16	Culture, Leisure and Libraries	8,995,000	(4,046,700)	4,948,300	270	181.07
17	Economic Growth	2,558,000	(65,600)	2,492,400	14	13.32
18	Economic Regeneration Management	137,800	(63,000)	74,800	1	1.00
19	Housing Strategy & Regulatory Services	5,283,500	(2,758,900)	2,524,600	123	96.32
TOTAL ECONOMIC REGENERATION GROUP REVENUE BUDGET		22,756,200	(10,220,700)	12,535,500	477	357.89
CHILDREN, ADULTS AND FAMILIES GROUP						
20	Change Management	5,624,700	(1,739,000)	3,885,700	113	100.58
21	Children and Families Social Care	19,808,100	(888,100)	18,920,000	207	199.48
22	Education, Learning and Skills	35,206,000	(17,380,800)	17,825,200	861	538.70
23	Adult Social Care	68,212,400	(22,446,900)	45,765,500	614	504.44
TOTAL CHILDREN, ADULTS AND FAMILIES BUDGET EXCLUDING SCHOOLS		128,851,200	(42,454,800)	86,396,400	1,795	1,343.20
SCHOOLS DELEGATED						
24	Delegated Schools Budget	103,898,900	(3,416,500)	100,482,400		
TOTAL SCHOOLS DELEGATED		103,898,900	(3,416,500)	100,482,400		
DEDICATED SCHOOLS GRANT		0	(108,415,000)	(108,415,000)		
TOTAL CHILDREN, ADULTS AND FAMILIES REVENUE BUDGET		232,750,100	(154,286,300)	78,463,800	1,795	1,343.20
TOTAL COUNCIL REVENUE BUDGET		475,880,200	(321,458,200)	154,422,000	3,647	2,622.33

Appendix 1B: Council Standstill Pressures 2012-17

Revenue Budget Pressures	2012/13	2013/14	2014/15	2015/16	2016/17
	£m	£m	£m	£m	£m
Inflation					
Cost of living increase	-	1.000	1.000	1.000	1.000
Net Inflation on prices and income	2.092	2.000	2.000	2.000	2.000
ITA Levy	(0.470)	-	-	-	-
TOTAL Inflation	1.622	3.000	3.000	3.000	3.000
Other Pressures					
Changes in employer pension contributions	-	-	0.500	-	-
Pension Contribution in respect of previous employees	0.400	0.300	-	-	-
Terms and Conditions	1.128	-	-	-	-
Procurement Savings (Target)	2.200	-	-	-	-
Procurement Savings (Guaranteed)	(0.221)	(0.170)	0.035	(0.078)	(0.083)
Revenue Implications of Capital Programme	3.169	1.535	0.770	0.659	-
New Waste Management Contracts	-	-	3.096	-	-
Landfill Tax Increase	0.392	0.392	(1.176)	-	-
NEIC Pension Deficit	-	(0.021)	-	-	-
Local Government Elections	-	(0.247)	0.247	-	-
Pier Parade Development	-	0.709	-	-	-
Reduction in Temple Park Running Costs	-	(0.209)	-	-	-
Interest Rate changes in investment income	-	(0.100)	(0.100)	-	-
BT Efficiency Savings	(0.296)	(0.145)	-	-	-
Street Lighting PFI	0.178	0.100	0.100	0.100	0.100
Schools PFI Affordability Gap	0.542	-	-	-	-
Reduction in Factory Income	0.315	-	-	-	-
Housing Partnership Costs	0.300	-	-	-	-
Adult Services External Care	0.800	-	-	-	-
Forecasted Pressures	-	2.627	1.153	3.948	4.615
TOTAL Other Pressures	8.907	4.771	4.625	4.629	4.632
Changes to External Grant					
Reduction in housing benefit / council tax admin grant	0.087	0.079	0.075	0.071	0.068
Planning Delivery Grant	0.150	-	-	-	-
Reduction in social care funding received via PCT	0.116	-	-	-	-
Increase in Learning Disability Grant	(0.144)	-	-	-	-
TOTAL Changes to External Grant	0.209	0.079	0.075	0.071	0.068
TOTAL Revenue Standstill Pressures	10.738	7.850	7.700	7.700	7.700

Appendix 2A: Council Capital Investment Programme 2012/13

Line Ref	Council Capital Budget	2012/13 Budget £	External Funding £	Council Funding £
BUSINESS AND AREA MANAGEMENT				
SUSTAINABLE COMMUNITIES				
1	Public Transport Plan (LTP - Nexus)	96,000	96,000	-
2	Road Safety Schemes (LTP)	789,000	789,000	-
3	Road Resurfacing (LTP)	1,267,000	1,267,000	-
4	Transforming Our Primary Schools Off-Site Highways	100,000	-	100,000
5	Ocean Road Improvement	1,800,000	300,000	1,500,000
6	Gateway Signs	100,000	-	100,000
7	Area Wide Pavement and Footways Replacement	1,940,000	-	1,940,000
8	CAF Environmental Schemes	420,000	-	420,000
9	School Road Safety Infrastructure	375,000	-	375,000
10	Village Infrastructure Fund	250,000	-	250,000
11	Fleet Vehicle Replacement Programme	500,000	-	500,000
TOTAL SUSTAINABLE COMMUNITIES		7,637,000	2,452,000	5,185,000
FINANCE				
12	Organisational Change - Compensatory payments	2,600,000	-	2,600,000
TOTAL FINANCE		2,600,000	-	2,600,000
TOTAL BUSINESS AND AREA MANAGEMENT		10,237,000	2,452,000	7,785,000
CHILDREN, ADULTS AND FAMILIES				
ADULT SOCIAL CARE				
13	Disabled Facilities Grant	647,000	647,000	-
14	Replacement Community Alarms - Adult Services	261,000	261,000	-
TOTAL ADULT SOCIAL CARE		908,000	908,000	-
EDUCATION, LEARNING AND SKILLS				
15	Jarrow Swimming Pool	1,800,000	1,800,000	-
16	Transforming Our Primary Schools Hebburn Primary	2,300,000	2,300,000	-
17	Building Schools for the Future - Special Education Needs	8,575,000	403,000	8,172,000
18	Building Schools for the Future - Other Committed	1,507,000	-	1,507,000
19	Schools Devolved Formula Capital	399,000	399,000	-
TOTAL EDUCATION, LEARNING AND SKILLS		14,581,000	4,902,000	9,679,000
TOTAL CHILDREN, ADULTS AND FAMILIES		15,489,000	5,810,000	9,679,000

Appendix 2A: Council Capital Investment Programme 2012/13

Line Ref	Council Capital Budget	2012/13 Budget £	External Funding £	Council Funding £
ECONOMIC REGENERATION				
CULTURE, LEISURE & LIBRARIES				
20	New & Replacement Leisure Facilities	10,277,000	-	10,277,000
21	South Shields Town Centre Regeneration - New Central Library	200,000	-	200,000
TOTAL CULTURE, LEISURE & LIBRARIES		10,477,000	-	10,477,000
ENTERPRISE AND REGENERATION				
22	Harton Quay	156,000	7,000	149,000
23	Green Business Incubator	1,000,000	1,000,000	-
24	South Shields Riverside	3,178,000	1,713,000	1,465,000
25	Town Centre Regeneration - Hebburn, Jarrow and South Shields	300,000	-	300,000
26	Frederick Street / Trinity South Regeneration	3,750,000	3,750,000	-
27	Ocean Road / King Street Footpath Improvements	150,000	-	150,000
28	Town Centre Regeneration Feasibility	150,000	-	150,000
29	Hebburn Town Centre - Development of a Community Hub	826,000	-	826,000
TOTAL ENTERPRISE AND REGENERATION		9,510,000	6,470,000	3,040,000
ASSET MANAGEMENT & DESIGN				
30	Community Facilities	1,500,000	-	1,500,000
31	Rationalisation of Civic Buildings	1,000,000	-	1,000,000
32	Planned Maintenance (inc Schools Maintenance)	1,660,000	-	1,660,000
33	Salix Finance - Energy Efficiency Scheme	72,000	-	72,000
34	Dedicated Storage Unit	70,000	-	70,000
35	Campbell Park Road Regeneration	475,000	-	475,000
TOTAL ASSET MANAGEMENT & DESIGN		4,777,000	-	4,777,000
HOUSING STRATEGY AND REGULATORY SERVICES				
36	Coast Road Feasibility Study and Implementation	75,000	-	75,000
37	Proposed Construction of a New Coastal Defence at Littlehaven	931,000	931,000	-
38	Warm Up North Set Up	50,000	-	50,000
TOTAL HOUSING STRATEGY AND REGULATORY SERVIC		1,056,000	931,000	125,000
TOTAL ECONOMIC REGENERATION		25,820,000	7,401,000	18,419,000
TOTAL COUNCIL CAPITAL BUDGET 2012/13		51,546,000	15,663,000	35,883,000

Appendix 2A: Council Capital Investment Programme 2012/13

Line Ref	Council Capital Budget	2012/13 Budget £	External Funding £	Council Funding £
HOUSING CAPITAL PROGRAMME				
SOUTH TYNESIDE HOMES				
39	Decent Homes Works	29,690,000	15,257,000	14,433,000
40	Decent Home Environmental	1,050,000	1,050,000	-
41	Decent Homes Delivery	2,251,000	2,251,000	-
42	High Priority Essential	3,450,000	-	3,450,000
43	Housing ICT	100,000	-	100,000
TOTAL SOUTH TYNESIDE HOMES		36,541,000	18,558,000	17,983,000
COUNCIL RETAINED				
44	Demolitions / Redevelopments	600,000	-	600,000
45	Homeloss	400,000	-	400,000
46	Disabled Adaptations	1,080,000	-	1,080,000
47	Trinity South	1,400,000	-	1,400,000
48	New Build	1,438,000	-	1,438,000
TOTAL COUNCIL RETAINED		4,918,000	-	4,918,000
TOTAL HOUSING CAPITAL PROGRAMME		41,459,000	18,558,000	22,901,000
TOTAL COUNCIL CAPITAL BUDGET 2012-13				
		93,005,000	34,221,000	58,784,000

Appendix 2B: Council Capital External Funding

141. The table below identifies the external funding we have bid for (but not yet secured) and the external funding we have secured over the coming five years.

External Capital Funding Forecast	Provisional External Funding					Funding
	2012/13	2013/14	2014/15	2015/16	2016/17	TOTAL
	£m	£m	£m	£m	£m	£m
Capital grant from Government and other Agencies						
DFE Schools Devolved Formula Capital	0.399	0.399	0.399	0.399	0.399	1.995
DFE Basic Needs Allocation	0.996	0.996	0.996	0.996	0.996	4.980
DFE Schools Capital Maintenance Allocation	1.708	1.708	1.708	1.708	1.708	8.540
DFE Earmarked Funding	1.800	-	-	-	-	1.800
DEFRA Coastal Protection Capital Grant	0.930	-	-	-	-	0.930
HCA/Single Programme/English Partnerships	1.720	-	-	-	-	1.720
ERDF	0.467	-	-	-	-	0.467
DoH Capital Grant	0.261	0.225	-	-	-	0.486
DFT Integrated Transport - Local Safety Schemes	1.089	1.089	1.532	-	-	3.710
DFT Highways Maintenance Grant	1.267	1.236	1.270	-	-	3.773
Nexus	0.096	-	-	0.500	1.000	1.596
DCLG Disabled Facilities Capital Grant	0.647	0.647	0.647	0.647	0.647	3.235
Groundwork Trust	0.533	-	-	-	-	0.533
Development Partners	3.750	-	-	-	-	3.750
Council Capital Programme	15.663	6.300	6.552	4.250	4.750	37.515
Housing Capital Programme						
Decent Homes Funding	17.000	21.000	14.000	-	-	52.000
ERDF	1.558	-	-	-	-	1.558
External Capital Funding Housing	18.558	21.000	14.000	0.000	0.000	53.558
Total External Funding - including Housing	34.221	27.300	20.552	4.250	4.750	91.073
External Funding Secured and Provisional						
External Funding Secured	29.541	23.550	16.802	-	-	69.893
External Funding Provisional	4.680	3.750	3.750	4.250	4.750	21.180
TOTAL External Capital Funding Forecast	34.221	27.300	20.552	4.250	4.750	91.073

Appendix 3: Housing Revenue Account Spending Charges

Landlord Charges - Services & Facilities		No	Current Charge	Inflation Increase	Proposed Revised Charge
			£/wk		
Garage Rents	General	2697	£3.64	3.00%	£3.75
	Lincoln Road	28	£3.67	3.00%	£3.78
Tenant Heating Charges	Newtown 1-bed	10	£6.09	3.00%	£6.27
	Newtown 2-bed	194	£7.31	3.00%	£7.53
	Newtown 3-bed	17	£8.04	3.00%	£8.28
	Jarrow Card Price	132	£15.67	3.00%	£16.14
Sheltered Accommodation - Landlord Charges for Scheme Managers and Communal Facilities					
Service Charges	Purpose built flats with scheme manager & communal facilities	774	£11.28	3.00%	£11.62
	Group dwellings with scheme manager & nearby communal facilities	437	£4.88	3.00%	£5.03
Guest Room Charges	Charges for overnight stay or emergency situations per night	60	£10.12	3.00%	£10.42
Furnished Tenancies	New Tenancies supplied with a package of furniture and Electrical Goods - Option 1 Points up to 110		£21.77	4.73%	£22.80
	New Tenancies supplied with a package of furniture and Electrical Goods - Option 2 Points up to 160		£28.83	5.06%	£30.29
	New Tenancies supplied with a package of furniture and Electrical Goods - Option 3 Points up to 200		£35.88	5.30%	£37.78
	New Tenancies supplied with a package of furniture and Electrical Goods - Mini Option Points up to 60		£14.08	4.05%	£14.65
	Decent Homes decant properties supplied cookers		£5.52	6.16%	£5.86

	Caretaker		Concierge	
	Cost per Prop per wk	Cost per Prop per wk	Cost per Prop per wk	Cost per Prop per wk
	2011/12	2012/13	2011/12	2012/13
Durham Court	£2.43	£2.50	£10.15	£10.15
Westmorland Court	£2.00	£2.06	£10.15	£10.15
Ellen Court	£6.11	£6.29	£10.15	£10.15
Monastery Court	£6.11	£6.29	£10.15	£10.15
Wilkinson Court	£6.11	£6.29	£10.15	£10.15

Support Service Charges - Supporting People		No	Current Charge	Inflation Increase	Proposed Revised Charge
			£/wk		
Support Charges 1st April 2005 Full Cost					
Community Alarms - Support					
Council Tenants	Standard - Hardwired or Solo Unit	1617	£2.77	0.00%	£2.77
Council Tenants	Enhanced - Hardwired or Solo Unit	8	£4.21	0.00%	£4.21
Individual Owner / Occupier	Standard		£2.77	0.00%	£2.77
Housing Assoc/Landlords	Standard		£2.77	0.00%	£2.77
Scheme Managers - Support					
Council Tenants	Scheme Managers - Support Services	1162	£10.25	0.00%	£10.25

Appendix 3: Housing Revenue Account Spending Charges

Protected Users (i.e. service users at 31st March 2003)		2003/04	2012/13	Grant / Protection	2012/13 net max
Scheme Managers - support	Tenants on Benefit	0	£10.25	£10.25	£0.00
	Tenants not on Benefit	0	£10.25	£10.25	£0.00
Community Alarms - support	Tenants not on Benefit				
	Solo - Rent & Monitor	£1.19	£2.77	£1.58	£1.19
	hard - wired'	£1.19	£2.77	£1.58	£1.19
	hard - wired' and solo	£1.80	£4.21	£2.41	£1.80
	Tenants on Benefit				
	Solo - Rent & Monitor	£1.19	£2.77	£1.58	£1.19
	hard - wired'	£1.19	£2.77	£1.58	£1.19
	hard - wired' and solo	£1.80	£4.21	£2.41	£1.80

External Users Community Alarms		No	Current Charge £/wk	Inflation Increase	Proposed Revised Charge
Owner/Occupiers	Private including rental of equipment	534	£2.77	0.00%	£2.77
	Private - purchased equipment	345	£1.55	0.00%	£1.55
Housing Associations / Private	Standard Service		£2.77	0.00%	£2.77
Landlord Contacts	Monitoring and response (per tenant per week)	450	£1.87	0.00%	£1.87
	Monitoring only (per tenant per week)		£1.25	0.00%	£1.25
Admin Charges	Board Call		£5.31	0.00%	£5.31
	Admin set-up charge per unit		£13.34	0.00%	£13.34
Other Specific Service Charges		No	Current Charge £/wk	Inflation Increase	Proposed Revised Charge
Council - HRA Temporary Accommodation - existing					
	1 - bed accommodation	4	£22.41	3.00%	£23.09
	2 - bed accommodation	3	£31.84	3.00%	£32.80
	3 - bed accommodation	4	£45.99	3.00%	£47.37
Charges collected on behalf of Managing Agents					
Mencap	Supported Housing	10	£82.87	0.00%	£82.87

Appendix 3: Housing Revenue Account Spending Charges

Tenants - Sheltered Accommodation Heating Charges	2011/12			2012/13		
	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	£6.80	£8.18	£0.00	£8.75	£10.53
McIntrye Hall	£0.00	£9.08	£0.00	£0.00	£11.70	£0.00
Birch Grove	£0.00	£8.10	£0.00	£0.00	£10.42	£0.00
Calf Close	£0.00	£6.45	£7.75	£0.00	£8.30	£9.97
Martin Hall	£0.00	£7.91	£0.00	£0.00	£10.18	£0.00
Nolan Hall	£0.00	£8.78	£0.00	£0.00	£11.30	£0.00
Porlock House	£0.00	£6.18	£7.44	£0.00	£7.96	£9.57
Croftside House (Electric)	£5.71	£6.37	£0.00	£7.35	£8.20	£0.00
Bishop Ramsey	£0.00	£6.72	£8.05	£0.00	£8.65	£10.37
Farding Lake	£0.00	£6.37	£0.00	£0.00	£8.20	£0.00
Prince Ed Court	£0.00	£5.71	£6.84	£0.00	£7.35	£8.81
Blenkinsop House	£3.93	£4.37	£0.00	£5.07	£5.62	£0.00
Borrowdale House	£0.00	£4.45	£0.00	£0.00	£5.73	£0.00
Huntcliffe House	£0.00	£4.84	£0.00	£0.00	£6.23	£0.00
Inskip House	£0.00	£5.97	£0.00	£0.00	£7.69	£0.00
Wingrove House	£0.00	£5.93	£7.15	£0.00	£7.64	£9.20
Clayside House	£0.00	£5.11	£0.00	£0.00	£6.58	£0.00
Flat 28 Glenthorpe House	£0.00	£6.65	£8.01	£0.00	£8.57	£10.32
Hallgarth House	£0.00	£6.41	£7.70	£0.00	£8.25	£9.92
Julius Court	£0.00	£5.23	£0.00	£0.00	£6.74	£0.00
Thomas Bell SA	£0.00	£6.86	£0.00	£0.00	£8.83	£0.00
Patrick Cain House	£0.00	£5.31	£6.41	£0.00	£6.84	£8.25

Appendix 3: Housing Revenue Account Spending Charges

Tenant Communal Cleaning Charges		
	Cost per property per week 2011/12	Cost per property per week 2012/13
HIGH RISE PROPERTIES		
Westmoreland	£1.44	£1.48
Durham Court	£1.26	£1.30
MID RISE PROPERTIES		
Farding Square	£3.03	£3.12
Dean Road	£2.05	£2.11
Laygate	£2.00	£2.06
Whiteleas	£2.05	£2.11
Green Lane	£4.09	£4.21
Tyne Dock	£2.81	£2.89
Galsworthy Road	£2.05	£2.11
River Drive	£0.64	£0.66
Mowbray Road	£0.95	£0.98
Stewart & Fulwell	£0.56	£0.58
SHELTERED HOUSING		
Birch Grove SA	£5.30	£5.46
Bishop Ramsay SA	£5.84	£6.02
Blenkinsop House SA	£2.84	£2.93
Borrowdale House SA	£5.00	£5.15
Calf Close House SA	£4.16	£4.28
Cheviot House SA	£4.59	£4.73
Clayside House SA	£4.15	£4.27
Croftside House SA	£3.89	£4.01
Curren House SA	£6.77	£6.97
Davies Hall SA	£6.56	£6.76
Farding Lake SA	£4.86	£5.01
Fernyhough Hall SA	£3.80	£3.91
Glenthorpe House SA	£4.16	£4.28
Hallgarth House SA	£3.89	£4.01
Henley House SA	£5.06	£5.21
Huntcliffe House SA	£5.67	£5.84
Inskip House SA	£5.05	£5.20
Julius Court SA	£3.89	£4.01
Lincoln Court SA	£5.84	£6.02
Martin Hall SA	£4.09	£4.21
McIntyre Hall SA	£5.22	£5.38
Nolan Hall SA	£4.28	£4.41
Patrick Cain House SA	£5.98	£6.16
Porlock House SA	£4.32	£4.45
Prince Edward Court SA	£6.51	£6.71
Thomas Bell SA	£4.67	£4.81
Wingrove House SA	£3.89	£4.01

Appendix 3: Housing Revenue Account Spending Charges

Leaseholder Charges		
Management Fee	Cost per property per week 2011/12	Cost per property per week 2012/13
All Leaseholders	£134.60	£134.60

Tenant Caretaker and Concierge Charges	Caretaker		Concierge	
	Cost per Prop per wk	Cost per Prop per wk	Cost per Prop per wk	Cost per Prop per wk
	2011/12	2012/13	2011/12	2012/13
Durham Court	£1.95	£2.50	£8.12	£10.15
Westmorland Court	£1.59	£2.06	£8.12	£10.15
Ellen Court	£4.88	£6.29	£8.12	£10.15
Monastery Court	£4.88	£6.29	£8.12	£10.15
Wilkinson Court	£4.88	£6.29	£8.12	£10.15

Building Cleaning	Cost per Prop per wk	Cost per Prop per wk
	2011/12	2012/13
	Farding Square	£2.40
Dean Road	£1.61	£2.11
Laygate	£1.61	£2.07
Whiteleas	£1.64	£2.11
Green Lane	£0.00	£0.00
Tyne Dock	£2.22	£2.89
Galsworthy Road	£1.61	£2.11
River Drive	£0.54	£0.66
Mowbray Road	£0.74	£0.98
Stewart & Fulwell	£0.44	£0.58

Leaseholders charges have been phased over five years with effect from 2008/09, therefore 2012/13 will be the first year for the full charge.

Appendix 4: Glossary

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

Capital Receipts – These receipts are generated by the disposal of fixed assets. Part of the monies received can be retained by the Authority and used to finance capital expenditure or repay debt. The balance is paid over to central Government.

Council Tax – The Local Government Finance Act 1992 introduced the Council Tax, which replaced the Community Charge, with effect 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. The net expenditure on the General Fund is compared to the charge levied upon the Collection Fund and results in a surplus or deficit that will increase or decrease the reserves of the Council. The General Fund’s expenditure includes the Passenger Transport Authority’s levy.

Housing Revenue Account (HRA) – The provision, management and maintenance of Council house accommodation is required by law to be accounted for separately in a Housing Revenue Account. The account records the net cost 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 – The process of identifying and aligning service pressure, corporate priorities and objectives as well as available resources over the medium term (5 years) and budgeting accordingly.

Minimum Revenue Provision – An amount charged to the revenue budget to reflect the cost of repaying debt.

National Non-Domestic Rates – Non-domestic properties must pay these Rates (NNDR) and they are based upon property valuations, as undertaken by the District Valuer, and a nationally set multiplier figure. The Local Authority is responsible for the collection of NNDR although all proceeds are paid into a national pool and redistribution is made to Local Authorities based upon population.

Appendix 4: Glossary

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

Private Finance Initiative (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.

