

# *Council Budget 2004 - 2007*



“Focusing on our Priorities”

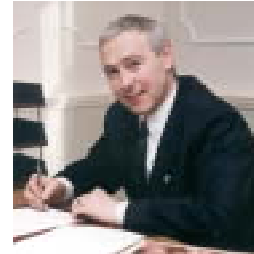
South Tyneside Council  
27th February 2004



South Tyneside Council

# Council Budget 2004 – 2007

## *"Focusing on our Priorities"*



### Foreword by the Leader of the Council

## What a difference a year makes!

We have set an ambitious target to become an **Excellent Council**.

In last year's budget we considered 8 priorities: Education; Social Care and Health; Modernisation; Employment and Enterprise; Community Safety; Environment; Inclusion; and Transformation.

## So did we make a difference?

Well the simple answer is yes. We can show real success in each priority area, we achieved:

- above average exam results;
- an improved overall inspection score for Social Care;
- improved capacity to deliver better services;
- moved out of the unemployment top ten for the first time in 16 years;
- a Youth Offending Team place of ninth in the country;
- the second highest customer satisfaction scores for recycling in the country;
- launched an Equality and Diversity forum;
- started to deliver our Transformation Plan for the Borough.

Its not just the Council who thinks we're getting things right – our external inspectors, the Audit Commission, have identified many of the improvements we've made.

**But we're not complacent.** We know we need to achieve a lot more before we become an Excellent Council. So in this year's process we've adopted a robust, systematic and innovative process to find out what we need to spend our money on in the coming year.

We started way back in the summer of 2003 when we asked the people of South Tyneside, our partners and other stakeholders, to help review our priorities. The message came back loud and clear. Our priorities covered the right areas but needed reviewing. They agreed our revised priorities as part of the launch of the Community Strategy - Learning, Creativity and Culture; Health and Social Care; Modernisation; Enterprise and Jobs; Safer Communities; Housing and Environment; Stronger Communities and Transformation.

We also commissioned a MORI citizens survey to find out what the public think of our services.

Once we had confirmation of our revised priorities and knew our citizens views, we developed a systematic and innovative process to establish what we needed to spend our money on to deliver our priorities.

- We held **seminars with councillors** during October to help us prioritise our priorities.
- We **consulted with the public** during December through our On View magazine to find out their priorities.
- We then carried out a **rigorous review of our spending proposals** informed by the results of our MORI survey, Government priorities and Member and Resident priorities to help us to produce our draft spending plans.
- We then carried out a **rigorous consultation process** during December and January with all stakeholders including; a Citizens' Panel survey, meetings with our partners in the LSP, meetings with the voluntary sector, business sector and trade union colleagues and meetings with head teachers.

This hasn't just been a process, **we have listened to our stakeholders** and **we have made changes to our spending plans to respond to their views.**

- Our **elected members and residents** identified tackling antisocial behaviour and nuisance neighbours, reducing anti-social behaviour, creating jobs and making South Tyneside a cleaner and tidier place as their top priorities for the Council. Our spending plans **respond directly** to these priorities and will enable the Council to:-
  - Provide **Community Wardens** throughout South Tyneside to tackle and reduce anti-social behaviour;
  - Roll out the '**Blitz-It**', the **Kerb It Green** and the **Kerbside Collection** services making the Borough a greener and cleaner place to live;
  - Create and maintain jobs by helping business to survive, develop and grow through the **Business Support Fund** and the construction of a **managed workspace in Boldon**.
- Our **citizens' panel** fully backed our spending plans but were concerned at a Council Tax increase of 6% or above. We've therefore decided to recommend to Council **a council tax increase of 4.95% for 2004/05** - a rate that will still deliver the services our residents want.
- Our **business sector partners** wanted us to look at the way we provide services to see if we could reduce our expenditure. So we've increased the amount of savings our Procurement Team will identify and deliver by getting better value from our spending.
- Our **voluntary sector partners** wanted to see greater partnership working with the voluntary sector. Our budget plans now provide money to help build capacity and partnership working with the voluntary sector.
- Our **elderly people** were keen to see a full 100% War pension disregard when calculating entitlement to council tax and housing benefit – we plan to introduce a full disregard from 1<sup>st</sup> April 2004.
- Our **trade union colleagues** were concerned at the amount of savings we intended to make from reviewing our welfare services. We've therefore removed this savings proposal from our plans and remain committed to providing high quality welfare advice services to our residents.

I hope you agree that we've really listened this year and come up with a budget which will deliver on our priorities but also demonstrates that we have been prepared to listen to our stakeholders and change our plans where necessary.

**Paul Waggott**

Leader of the Council

## **Cabinet Recommendations to the Borough Council**

On the 18<sup>th</sup> February 2004 Cabinet agreed the following recommendations for the Borough Council to consider and agree on Friday 27<sup>th</sup> February 2004.

### **Budget Recommendation 1**

That the Council's Medium Term Financial Plan for 2004 to 2007, as described in this document and supported by Directorate budget reports, be approved.

### **Budget Recommendation 2**

That the following Council budgets be approved:-

- a. The Council's **revenue** budget for the year 2004/05 is agreed as **£193.127m**;
- b. The Council's **revenue** spending limit, for planning purposes, for the year 2005/06 is agreed as **£198.879m** and for the year 2006/07 is agreed as **£205.874m**;
- c. The Council's **capital** budget for the year 2004/05 is agreed as **£50.028m**;
- d. The Council's provisional **capital** budget for the year 2005/06 is agreed as **£110.021m** and for the year 2006/07 is agreed as **£101.279m**;
- e. The Council's **housing revenue** budget for the year 2004/05 is agreed as **-£1.209m**;
- f. The Council's **housing revenue** budget, for planning purposes, for the year 2005/06 is agreed as **-£0.084m** and for the year 2006/07 is agreed as **£0.235m**;
- g. The Council's **housing capital** budget for the year 2004/05 is agreed as **£14.205m**;
- h. The Council's provisional **housing capital** budget for the year 2005/06 is agreed as **£13.910m** and for the year 2006/07 is agreed as **£14.358m**;
- i. The **Tyne and Wear Pension Fund** budget for the year 2004/05 is agreed as **£9.210m**;
- j. The **Tyne and Wear Pension Fund** budget, for planning purposes, for the year 2005/06 is agreed as **£9.582m** and for the year 2006/07 is agreed as **£10.171m**.

### **Budget Recommendation 3**

That the following housing rent and service charge increases be approved:-

- a. Council house dwelling rents for 2004/05 increase by an **average of £2.12 per week** or 4.95% with effect from Monday 5<sup>th</sup> April 2004. This is in line with government guidelines on rent increases and restructuring;
- b. No tenant's individual rent increase for 2004/05 will exceed 3.3% plus £2 per week;
- c. Service and facilities charges for 2004/05 are set at the level described in Appendix 7 of the Neighbourhood Services 2004/05 Budget Report with effect from Monday 5<sup>th</sup> April 2004.

#### **Budget Recommendation 4**

That the use of reserves and carry forward policy (as described in the Medium Term Financial Plan) be approved.

#### **Budget Recommendation 5**

That the Executive Director Resources is given delegated authority to specify capital receipts from the sale of housing land, before housing land receipts are received, that will be used to fund affordable housing or regeneration projects.

#### **Budget Recommendation 6**

That the Council's prudential indicators for capital financing and borrowing limits (as described in the Medium Term Financial Plan) be approved.

#### **Budget Recommendation 7**

That it be noted that at its meeting on 29th January 2004 the Council calculated the amount 44,057 as its Council Tax Base for the year 2004/05.

#### **Budget Recommendation 8**

That the following amounts be now calculated by the Council for the year 2004/05:-

- a. **£323,330,810** being the Council's total revenue expenditure for 2004/05;
- b. **£130,203,810** being the Council's total revenue income for 2004/05;
- c. **£193,127,000** being the Council's revenue cash limit budget for 2004/05 (a-b);
- d. **£2,905,000** being the amount of Council reserves to be used in 2004/05;
- e. **£190,222,000** being the Council's revenue budget requirement for 2004/05 (c-d);
- f. **£143,751,117** being the sum payable for 2004/05 into the Council's General Fund in respect of redistributed non-domestic rates, revenue support grant and transfer from the collection fund;
- g. **£46,470,883** being the sum to be met from South Tyneside MBC council tax in 2004/05 (e-f);
- h. The South Tyneside MBC council tax for the year 2004/05 for each category of dwelling shown on the next page.

2004/05 BOROUGH COUNCIL TAX South Tyneside Council's Proportion	Band Weighting	South Tyneside Council 2003/04	South Tyneside Council 2004/05
<b>Band A Properties</b>	6/9	£670.04	<b>£703.19</b>
<i>Annual Increase</i>			£33.15
<i>Weekly Increase</i>			£0.64
<b>Band B Properties</b>	7/9	£781.71	<b>£820.39</b>
<i>Annual Increase</i>			£38.68
<i>Weekly Increase</i>			£0.74
<b>Band C Properties</b>	8/9	£893.38	<b>£937.59</b>
<i>Annual Increase</i>			£44.21
<i>Weekly Increase</i>			£0.85
<b>Band D Properties</b>	1	£1,005.05	<b>£1,054.79</b>
<i>Annual Increase</i>			£49.74
<i>Weekly Increase</i>			£0.96
<b>Band E Properties</b>	11/9	£1,228.39	<b>£1,289.19</b>
<i>Annual Increase</i>			£60.80
<i>Weekly Increase</i>			£1.17
<b>Band F Properties</b>	13/9	£1,451.74	<b>£1,523.58</b>
<i>Annual Increase</i>			£71.84
<i>Weekly Increase</i>			£1.38
<b>Band G Properties</b>	15/9	£1,675.08	<b>£1,757.98</b>
<i>Annual Increase</i>			£82.90
<i>Weekly Increase</i>			£1.59
<b>Band H Properties</b>	18/9	£2,010.10	<b>£2,109.58</b>
<i>Annual Increase</i>			£99.48
<i>Weekly Increase</i>			£1.91

### Budget Recommendation 9

That it be noted that for the year 2004/05 the Northumbria Police Authority and the Tyne and Wear Fire and Civil Defence Authority have stated the following amounts in precepts issued to the Council for each of the following categories of the dwellings:-

2004/05 BOROUGH COUNCIL TAX Fire and Police Proportion	Band Weighting	Fire Authority 2003/04	Fire Authority 2004/05	Police Authority 2003/04	Police Authority 2004/05
<b>Band A Properties</b>	6/9	£39.29	<b>£41.55</b>	£42.53	<b>£44.62</b>
<i>Annual Increase</i>			£2.26		£2.09
<i>Weekly Increase</i>			£0.04		£0.04
<b>Band B Properties</b>	7/9	£45.84	<b>£48.47</b>	£49.62	<b>£52.06</b>
<i>Annual Increase</i>			£2.63		£2.44
<i>Weekly Increase</i>			£0.05		£0.05
<b>Band C Properties</b>	8/9	£52.39	<b>£55.40</b>	£56.71	<b>£59.49</b>
<i>Annual Increase</i>			£3.01		£2.78
<i>Weekly Increase</i>			£0.06		£0.05
<b>Band D Properties</b>	1	£58.94	<b>£62.32</b>	£63.80	<b>£66.93</b>
<i>Annual Increase</i>			£3.38		£3.13
<i>Weekly Increase</i>			£0.07		£0.06
<b>Band E Properties</b>	11/9	£72.04	<b>£76.17</b>	£77.98	<b>£81.80</b>
<i>Annual Increase</i>			£4.13		£3.82
<i>Weekly Increase</i>			£0.08		£0.07
<b>Band F Properties</b>	13/9	£85.13	<b>£90.02</b>	£92.16	<b>£96.68</b>
<i>Annual Increase</i>			£4.89		£4.52
<i>Weekly Increase</i>			£0.09		£0.09
<b>Band G Properties</b>	15/9	£98.23	<b>£103.87</b>	£106.34	<b>£111.55</b>
<i>Annual Increase</i>			£5.64		£5.21
<i>Weekly Increase</i>			£0.11		£0.10
<b>Band H Properties</b>	18/9	£117.88	<b>£124.64</b>	£127.60	<b>£133.86</b>
<i>Annual Increase</i>			£6.76		£6.26
<i>Weekly Increase</i>			£0.13		£0.12

## **Budget Recommendation 10**

That, having calculated the council tax for South Tyneside Council, Northumbria Police Authority and Tyne and Wear Fire and Civil Defence Authority, the Council hereby sets the following amounts as the amount of Council Tax for the year 2004/05 for each category of dwelling shown below:-

<b>2004/05 BOROUGH COUNCIL TAX</b>	<b>% of Properties in Each Band</b>	<b>% of Properties Receiving Benefit</b>	<b>Band Weighting</b>	<b>Borough Council Tax 2003/04</b>	<b>Borough Council Tax 2004/05</b>
<b>Band A Properties</b>	68.2%	43.0%	6/9	£751.86	<b>£789.36</b>
<i>Annual Increase</i>					£37.50
<i>Weekly Increase</i>					£0.72
<b>Band B Properties</b>	12.2%	16.0%	7/9	£877.17	<b>£920.92</b>
<i>Annual Increase</i>					£43.75
<i>Weekly Increase</i>					£0.84
<b>Band C Properties</b>	10.2%	7.0%	8/9	£1,002.48	<b>£1,052.48</b>
<i>Annual Increase</i>					£50.00
<i>Weekly Increase</i>					£0.96
<b>Band D Properties</b>	5.5%	5.0%	1	£1,127.79	<b>£1,184.04</b>
<i>Annual Increase</i>					£56.25
<i>Weekly Increase</i>					£1.08
<b>Band E Properties</b>	2.3%	3.0%	11/9	£1,378.41	<b>£1,447.16</b>
<i>Annual Increase</i>					£68.75
<i>Weekly Increase</i>					£1.32
<b>Band F Properties</b>	1.0%	1.0%	13/9	£1,629.03	<b>£1,710.28</b>
<i>Annual Increase</i>					£81.25
<i>Weekly Increase</i>					£1.56
<b>Band G Properties</b>	0.5%	1.0%	15/9	£1,879.65	<b>£1,973.40</b>
<i>Annual Increase</i>					£93.75
<i>Weekly Increase</i>					£1.80
<b>Band H Properties</b>	0.1%	-	18/9	£2,255.58	<b>£2,368.08</b>
<i>Annual Increase</i>					£112.50
<i>Weekly Increase</i>					£2.16

# “Focusing on our Priorities”



## Medium Term Financial Plan

2004 - 2007



South Tyneside Council



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## 1. Introduction

1. The Council's Medium Term Financial Plan is one of three key Council strategic planning documents:-

- **Performing Together** (the Council's master service plan) – this sets out the Council's priorities and describes in detail what we plan to achieve;
- **Focusing on our Priorities** (the Council's medium term financial plan) – this plan directs overall spending to our key areas for improvement or where investment is needed; and
- **Work Force Development Plan** – this plan ensures we have the right people with the skills to deliver our priorities.

2. These strategic planning documents are **fully integrated** and flow from the Community Strategy. All three documents focus on achieving the Council's priorities.

### **Focusing on our Priorities** (the Council's Medium Term Financial Plan)

3. Each year, we need to identify what we need to spend on Council services for the following year and also identify provisional spending plans for the following two years to ensure our spending plans are balanced and match the money we will receive from government and council tax payers. These plans form part of the Council's medium term financial plan.
4. The following pages identify what extra money we plan to spend over the coming three years to continue delivering services, what we plan to spend on priority led initiatives, what we plan to invest in major capital projects and what current spending we plan to redirect to help fund our priorities.

The Executive Director Resources confirms to Council (as required by the Local Government Act 2003) that the spending plans identified in this medium term financial plan and the council tax calculation for 2004/05 are robust estimates that:

- Redirect resources towards our priorities in a way that is achievable;
- Reflect the best estimate of inflation and pay award factors available at this time;
- Consider and recognise the major financial risks facing the Council over the next three years;
- Contain proposals for increased income or reduced expenditure that are achievable over the medium term.

The Executive Director Resources also confirms that the level of Council reserves is adequate to meet the known financial risks facing the Council over the medium term.

## 2. What are the Council's spending plans?

5. The tables below summarise our revenue and capital spending plans for 2004/05 and provisional spending plans for 2005/06 and 2006/07.

2003/04 Budget £m	Revenue Spending Forecast	2004/05 Budget £m	2005/06 Provisional Spending £m	2006/07 Provisional Spending £m
<b>171.146</b>	<b>Revised Base Budget</b>	<b>181.903</b>	<b>193.127</b>	<b>198.879</b>
11.390	Standstill Pressures	12.061	8.135	7.378
8.674	Priority Led initiatives	6.904	4.024	1.165
- 6.536	Redirection of Current Spending	-4.733	-5.930	-2.072
- 0.916	Increased Income Opportunites	-3.008	-0.477	0.524
<b>183.758</b>	<b>TOTAL Revenue Spending Plans</b>	<b>193.127</b>	<b>198.879</b>	<b>205.874</b>
	% increase each year	6.2%	3.0%	3.5%

2003/04 Revised £m	Capital Spending Plans	2004/05 Budget £m	2005/06 Provisional Spending £m	2006/07 Provisional Spending £m
	<b>Council Capital Schemes</b>			
9.989	Planned Maintenance Programme	8.987	8.655	9.713
17.370	Priority Schemes	26.836	87.456	77.208
<b>27.359</b>	<b>TOTAL Council Capital Schemes</b>	<b>35.823</b>	<b>96.111</b>	<b>86.921</b>
	<b>Housing Capital Schemes</b>			
14.274	Housing Programme	14.205	13.910	14.358
<b>14.274</b>	<b>TOTAL Housing Capital Schemes</b>	<b>14.205</b>	<b>13.910</b>	<b>14.358</b>
<b>41.633</b>	<b>TOTAL Capital Spending Plans</b>	<b>50.028</b>	<b>110.021</b>	<b>101.279</b>

6. In 2004/05, we plan to spend £193.127m (an increase of 6.2%) on our services and £50.028m on capital priorities and maintenance programmes. Our capital plans for later years reflect potential funding from the Building Schools for the Future programme to modernise and upgrade our secondary school buildings.
7. Our spending plans are explained in the following sections.

### Spending on Current Services

8. The Council needs to spend money to keep services at their current level. Just to standstill and continue to deliver our current services we will need to spend an extra £12.1m or 6.6% next year, a further £8.1m in 2005/06 and a further £7.4m in 2006/07.
9. The table on the next page details our standstill pressures over the next three years.

Revenue Standstill Pressures	TOTAL Standstill Pressures		
	2004/05 £'m	2005/06 £'m	2006/07 £'m
<b>Inflationary Pressures</b>			
Pay Inflation (3.5% in 2004/05, 3% thereafter)	3.474	2.456	2.575
Teachers Pay Inflation (2.5% in 04/05, 2.94% in 05/06, 3% in 06/07)	1.375	1.650	1.685
Pay Increments (staff not yet at top of scale)	0.364	0.455	0.429
Price Inflation @ 2.5% (based on Govt Inflation Target)	2.814	2.867	2.927
Increase in Pension Fund Liabilities (Pension Deficit)	0.898	0.762	0.774
Increase in Landfill Tax	0.087	0.260	0.270
Increase in PTA Levy	0.445	0.666	0.371
Increase in Debt Charges	0.307	0.673	0.350
Increase in Insurance Premiums and Self Funded Costs	0.859	0.080	0.082
	<b>10.623</b>	<b>9.869</b>	<b>9.463</b>
<b>Increases in External / Internal Charges</b>			
Inflationary increase in external fees and charges	- 0.996	- 1.038	- 1.072
Inflationary increase in external funding	- 0.751	- 1.091	- 1.122
Increase in costs recovered from schools	- 0.457	- 0.224	- 0.025
Increase in central support and capital charges	- 0.101	- 0.143	- 0.147
	<b>- 2.305</b>	<b>- 2.496</b>	<b>- 2.366</b>
<b>Demand Led Pressures</b>			
Forecast Reduction in Pupil Numbers	- 0.943	- 0.943	- 0.943
Increase in Charges to General Fund (Right to Buy sales)	0.044	0.024	0.120
Increased Waste Disposal Tonnage	0.154	0.090	0.090
New ICT Systems Licence costs	0.137	0.020	-
	<b>- 0.608</b>	<b>- 0.809</b>	<b>- 0.733</b>
<b>Statutory / Legislative Pressures</b>			
Compliance with Data Protection & Freedom of Information Acts	0.075	-	-
Meeting new national website standards	0.024	-	-
Appointment of Headteacher at Early Excellence Centre Nursery	0.042	-	-
Implement the Council's homelessness strategy	0.080	-	-
New responsibilities for Licensing (Licensing Act 2003)	0.200	-	-
New Electrical Waste Disposal Regulations (WEEE)	0.200	-	-
Learning Disability - Commissioning Plan	0.200	0.350	-
	<b>0.821</b>	<b>0.350</b>	<b>-</b>
<b>Other Standstill Pressures</b>			
Reduction in Business Rates (NNDR Revaluation)	- 0.074	-	-
Increase in Tyne & Wear Museum Recharge (single status)	0.047	-	-
Partial reinstatement of one-off secondary school funding	0.100	-	-
Reduced funding requirement for Youth Choice Project	-	0.200	-
Estimated Increase in Grounds Maintenance Contract Costs	-	0.500	-
Increase the efficiency of development control	0.050	-	-
Placement care fees (Min wage inflation)	0.786	1.198	1.291
Increase in Children with a Disability contract costs	0.250	-	-
Reduction in client contributions for residential homes	0.148	-	-
	<b>1.307</b>	<b>1.498</b>	<b>1.291</b>
<b>Changes to External Income / Government Funding</b>			
Movement in grant income	0.082	0.623	0.624
Movement in grant expenditure	2.141	0.346	0.347
	<b>2.223</b>	<b>0.277</b>	<b>0.277</b>
<b>TOTAL - Standstill Pressures</b>	<b>12.061</b>	<b>8.135</b>	<b>7.378</b>

## Spending on Planned Maintenance

10. The Council also needs to spend money to maintain our assets and meet estimated capital commitments carried forward from 2003/04. The table below summarises our planned maintenance programme for the next three years.

Capital Planned Maintenance Programme	2004/5 Budget £m	2005/6 Provisional Spending £m	2006/7 £m	Total 3 Years £m
Council Assets	2.600	2.450	3.250	8.300
School Assets	2.481	2.516	2.516	7.513
Local Transport Plan	3.506	3.289	3.289	10.084
Design and Feasibility Work (new schemes)	0.200	0.200	0.200	0.600
Capital Programme Contingency Fund	0.200	0.200	0.458	0.858
<b>TOTAL Capital Planned Maintenance Programme</b>	<b>8.987</b>	<b>8.655</b>	<b>9.713</b>	<b>27.355</b>

11. We plan to spend £9.0m on planned capital maintenance in 2004/5, £8.7m in 2005/06 and a further £9.7m in 2006/07. The detailed programme is shown below.

<b>Capital Planned Maintenance Programme</b>	<b>2004/5 Budget £m</b>	<b>2005/6 Provisional Spending £m</b>	<b>2006/7 Spending £m</b>	<b>Scheme Status</b>
<b>Council Assets</b>				
Health & Safety works across the whole asset portfolio	0.400	0.250	0.100	Green
Community Centre repairs (following results of current review)	0.100	0.250	0.450	Green
Frontline Buildings/Civic Buildings	0.300	0.200	0.850	Green
Estate shops	-	-	0.100	Green
Industrial Units	-	-	0.200	Green
Social Care & Health Day Care Facilities	0.500	0.450	0.250	Green
Care Standards/upgrade Elderly Persons Homes	0.250	0.250	0.250	Green
Riverside Maintenance	0.200	0.200	0.200	Green
Energy Efficiency improvements	0.050	0.050	0.050	Green
Disability Discrimination Act Works Programme	0.250	0.250	0.250	Green
Gordon House Office covenant repayment	0.100	0.100	0.100	Green
Back Lanes - Improve unadopted streets	0.100	0.100	0.100	Green
Improving the quality of footpaths	0.250	0.250	0.250	Green
Memorial Health & Safety	0.100	0.100	0.100	Green
	<b>2.600</b>	<b>2.450</b>	<b>3.250</b>	
<b>School Assets</b>				
Education Asset Management Surveys	0.025	0.025	0.025	Green
Devolved Formula Funding	1.956	1.991	1.991	Green
School Asset Conditioning and Suitability Work	0.500	0.500	0.500	Green
	<b>2.481</b>	<b>2.516</b>	<b>2.516</b>	
<b>Local Transport Plan</b>				
<b>Commitments from 2003/04 programme</b>				
Integrated Transport Programme (overspend from 2003/04)	- 0.141	-	-	Green
Highways Maintenance Programme (Overprogramming)	- 0.213	-	-	Green
Bridge Maintenance Programme (Station Rd)	0.212	-	-	Green
<b>Integrated Transport Programme</b>				
Access for All	0.148	0.162	0.162	Green
Cycling Improvements	0.094	0.103	0.103	Green
Safety and Security	0.625	0.683	0.683	Green
Traffic Calming & Demand Management	0.178	0.195	0.195	Green
Environmental Improvements	0.172	0.188	0.188	Green
Economic Development	0.100	0.110	0.110	Green
Traffic Development, Management and Lab Testing	0.091	0.099	0.099	Green
<b>Highways Maintenance Programme</b>				
Highways	0.142	0.110	0.110	Green
Principal Roads	0.932	0.805	0.805	Green
Other Roads	0.803	0.694	0.694	Green
Bridges	0.363	0.140	0.140	Green
	<b>3.506</b>	<b>3.289</b>	<b>3.289</b>	
<b>Design and Feasibility Work (new schemes)</b>	<b>0.200</b>	<b>0.200</b>	<b>0.200</b>	Green
<b>Capital Programme Contingency Fund</b>	<b>0.200</b>	<b>0.200</b>	<b>0.458</b>	Green
<b>TOTAL Capital Planned Maintenance Programme</b>	<b>8.987</b>	<b>8.655</b>	<b>9.713</b>	

12. In common with all our capital spending plans we have used a simple colour system to assess each scheme's state of readiness to proceed.

<b>Green</b>	The scheme is ready to proceed within the timescales identified and funding has been secured.
<b>Amber</b>	The scheme is included within our spending plans but either requires further design and feasibility work or external funding needs to be secured before proceeding further.

## Spending on Council Priorities

13. We also need to spend money to deliver our vision for South Tyneside by progressing with our Council priorities.
14. The following sections outline our spending priorities and why we believe we need to spend money on these actions.

## Enterprise and Jobs

15. We face significant challenges in employment and enterprise. South Tyneside has high levels of unemployment and historically low business start up rates. This is why we have a vision to **make South Tyneside a centre for enterprise and innovation where new and existing businesses can realise their full potential and people can find jobs.**
16. But creating jobs is not straightforward. They are a by-product of successful businesses, hence our creation of a Business Support Fund and an Intervention Fund last year. This investment helped create new businesses and enable others to relocate to the Borough. By prioritising our spending in this way, we moved out of the top ten unemployment spots for the first time in 16 years (now 21<sup>st</sup> off bottom) and now have an unemployment rate of 4.8%.
17. Recent consultation on our priorities shows that residents are right behind us and want to **see more job opportunities in the Borough.** We want to build on this success by attracting much needed inward investment.
18. Thus we have identified a number of priority areas which we believe we need to spend additional money on in the next year:

Revenue Priority Led Initiatives		2004/05 Increase £m	2005/06 Provisional £m	2006/07 Increase £m
<b>Enterprise and Jobs</b>				
<b>E2</b>	<b>Creating a culture where innovation and new enterprises flourish</b>			
	Opportunities which enrich our lives - improve and develop the built cultural infrastructure	-	0.035	-
<b>E5</b>	<b>Improving the Borough's image as a location for business and investment</b>			
	Improve internal and external Council communication	0.046	0.075	-
	Project management capacity to deliver regeneration projects	0.075	-	-
<b>E7</b>	<b>Helping disadvantaged and under represented groups into employment and self-employment</b>			
	Ethnic Minority Employment Scheme	0.050	-	-
		<b>0.171</b>	<b>0.110</b>	<b>-</b>

19. The following table shows the key Enterprise and Jobs Capital Priorities over the next three years.

Capital Priority Schemes		2004/5 Budget £m	2005/6 Provisional Budget £m	2006/7 Budget £m	Scheme Status
<b>Enterprise and Jobs</b>					
<b>Contractual Commitments / Scheme Slippage from 2003/04 Programme</b>					
	Business Support Fund commitments	0.400	-	-	Green
<b>E3</b>	<b>Helping businesses to survive and develop and grow</b>				
	Business Support Fund (retentions, relocations and start-up)	0.500	0.500	0.500	Green
<b>E5</b>	<b>Improving the Borough's image as a location for business and investment</b>				
	Construction of a managed workspace facility in Boldon (TEDCO 3)	4.698	0.186	0.093	Amber
		<b>5.598</b>	<b>0.686</b>	<b>0.593</b>	

## Healthy Living and Care

20. We aim to make South Tyneside **a place where people are healthy, live longer and are helped to care for themselves.**
21. Last year, we identified areas in which we could make a real difference and focused our spending accordingly. We invested in restructuring our front line services, diversifying and re-investing in services for older people as well as giving looked after children more opportunity to live in a family environment. This investment paid handsome dividends by turning around our frontline services from

a 0\* (no star) service with uncertain prospects to 1\* (one star) service with promising prospects (SSI report). Moreover, we reduced older people's residential admissions by 16% from the previous year and enabled greater numbers of older people to stay at home. At the other end of the age spectrum, we more than halved the length of time children are looked after before adoption and doubled the number of enquiries for fostering.

22. We recognise that improving health and care in South Tyneside requires a balance between people taking responsibility for their own health, having appropriate health and care packages for those who need them, and tackling the wider factors that affect people's health.
23. So to continue our success, we believe that we need to make progress in each of the priority areas shown in the following table:

Revenue Priority Led Initiatives		2004/05	2005/06	2006/07
		Increase £m	Provisional £m	Increase £m
<b>Healthy Living and Care</b>				
<b>H1</b>	<b>Improving life chances for children</b>			
	Full year of family support for young children	0.125	-	-
	Sure Start	-	0.183	-
	Children's information packages	0.027	-	-
	Strengthening the Human Resources service	0.024	-	-
	Children with disabilities respite	-	0.150	0.150
<b>H2</b>	<b>Protecting vulnerable children</b>			
	Strengthening legal support to Children's Services	0.048	-	-
	Protecting vulnerable children	0.026	-	-
	Increased allowances for foster carers	0.100	-	-
	Increased number of foster carers - YOU effect campaign	0.228	-	-
	Mainstream funding for 'The Place' project	0.120	-	-
	Improved residential care for looked after children	-	0.100	0.100
	Contracted foster carers	-	0.125	0.200
<b>H3</b>	<b>Creating the right conditions for better health</b>			
	Mainstream exercise referral scheme	0.025	0.025	-
	Develop a range of leisure facilities to engage young people	0.015	0.018	-
<b>H5</b>	<b>Improving access to social care and health services</b>			
	Increased investment in training	0.065	-	-
	Increased training in manual handling	0.029	-	-
	Continuation of promoting independence schemes	0.130	-	-
	Full year funding for assessment and review teams	0.107	-	-
	Day services	0.150	0.050	-
	Commissioned home care	0.080	-	-
	Physical disability	0.065	0.065	-
	Connolly House - dementia care	0.125	-	-
	Older people's commissioned placements	0.338	-	-
	Grant services in Information Services	0.043	-	-
<b>H6</b>	<b>Meeting the needs of vulnerable groups</b>			
	Out of hours falls service	0.030	-	-
	Mainstream the Health Promotion Team	0.160	0.250	0.200
		<b>2.060</b>	<b>0.966</b>	<b>0.650</b>

24. To help fund Healthy Living and Care standstill pressures and priority led initiatives we have identified plans to redirect current spending and increase income. These plans are shown in the table below and on the following page.

Redirection of Current Spending	Total		Provisional	
	2004/05 £'m	2005/06 £'m	2005/06 £'m	2006/07 £'m
<b>Healthy Living and Care</b>				
Reduction in care home placements	- 0.165	-	-	-
Reduction in area team management structure	- 0.100	-	-	-
Implementation of Older People commissioning plan	- 0.720	-	-	-
Review of eligibility criteria	- 0.100	-	-	-
Improved absence management	- 0.150	-	-	-
Reduction in looked after children	- 0.615	-	-	-
Reduction in the number of placements	- 0.255	-	-	-
Reduce provision of intensive home care	- 0.070	-	-	-
Reduce Social Services spending to government guidelines	-	-	0.992	0.975
<b>Total Healthy Living and Care Redirection of Spending</b>	<b>- 2.175</b>	<b>-</b>	<b>0.992</b>	<b>0.975</b>

Increased Income Opportunities	Total		Provisional	
	2004/05	2005/06	2006/07	
	£'m	£'m	£'m	
<b>Healthy Living and Care</b>				
Star centre contribution	-	0.037	-	
Day care and transport service charging	0.075	-	-	
Children's placements - partner contributions	0.200	-	-	
Continuing care - partner contributions	0.973	-	-	
<b>Total Healthy Living and Care Increased Income Opportunities</b>	<b>1.248</b>	<b>0.037</b>		

25. The table below shows the key Healthy Living and Care Capital Priorities over the next three years.

Capital Priority Schemes	2004/5	2005/6	2006/7	Scheme Status
	Budget £m	Provisional Budget £m	Budget £m	
<b>Healthy Living and Care</b>				
<b>Contractual Commitments / Scheme Slippage from 2003/04 Programme</b>				
Community Mental Health Teams - Access	0.089	-	-	Green
<b>H1 Improving Life Chances for Children</b>				
Surestart - Bede	0.070	-	-	Green
Surestart - St Mary's RC Day-Care Facility	0.268	-	-	Amber
Surestart - Primrose ( including Valley View)	1.904	0.090	-	Amber
Surestart - Biddick Hall	1.239	0.075	-	Amber
Surestart - Rekendyke, Beacon and Bents	3.919	0.150	-	Amber
Surestart - All Saints New Extension	0.390	-	-	Amber
<b>H6 Meeting the needs of vulnerable people</b>				
Disabled facilities in private housing	1.000	1.000	1.000	Green
	<b>8.879</b>	<b>1.315</b>	<b>1.000</b>	

## Safer Communities

26. Crime, generally, is falling in the Borough. Local people, however, are still concerned about crime in their area. This year's MORI Residents' survey showed that fear of crime is a clear priority for residents. Recent consultation around our priorities revealed similar messages with overwhelming support for initiatives to reduce the fear of crime.
27. Through last year's investment we have made great progress towards achieving our aim of making South Tyneside **a safe and tolerant place to live**. We now have one of the best Youth Offending Service teams in the country (ranked 43<sup>rd</sup> in 2002, 9<sup>th</sup> in 2003) and have reduced youth disorder incidents from 9,968 last year to 7,472 this year. The ODPM has recognised our Community Warden scheme as a "model of good practice" for others and recent consultation with residents (via the Council's On View magazine) shows that local people clearly value the scheme. Evidence of our achievement in the last year is demonstrated by our recent shortlisting (out of 73 applications) for Beacon Status in the area of Community Safety.
28. The message is clear though – we need to continue investing wisely in this area to address residents' perceptions of safety. Thus we believe that we need to spend money in three key areas:

Revenue Priority Led Initiatives	2004/05	2005/06	2006/07
	Increase £m	Provisional Increase £m	Increase £m
<b>Safer Communities</b>			
<b>C4 Tackling anti-social behaviour</b>			
Roll out the community warden schemes	0.581	0.021	-
Reduce youth disorder and anti-social behaviour	0.240	0.014	0.043
<b>C5 Preventing youth crime</b>			
Mainstream funding for Youth Offending Service projects	0.098	0.024	-
	<b>0.919</b>	<b>0.059</b>	<b>0.043</b>



29. The table below shows the key Safer Communities Capital Priorities over the next three years.

Capital Priority Schemes		2004/5	2005/6	2006/7	Scheme Status
		Budget £m	Provisional £m	Budget £m	
<b>Safer Communities</b>					
<b>C1</b>	<b>Tackling crime and its causes</b>				
	Burglary Reduction Scheme (Home security measures across Borough)	0.300	-	-	Amber
	Mobile CCTV Camera System (purchase of 7 digital cameras)	0.056	-	-	Amber
<b>C2</b>	<b>Raising public confidence</b>				
	Improve safety of access to Bede Metro	0.150	0.050	-	Amber
		<b>0.506</b>	<b>0.050</b>	<b>-</b>	

## Stronger Communities

30. The Government wants local authorities to promote good relations and strengthen communities. We are totally committed to this ideal and believe that South Tyneside is a great community with friendly people in it. But, we want to strengthen this even further. We want to make South Tyneside **a place where people are included and everyone feels involved**.
31. Last year we directed spending to a number of community leisure and youth inclusion programmes. This was hugely successful and saw over 8,000 people attending our first ever multicultural celebration 'Cultures Together'. We also targeted our most deprived wards in a summer play scheme and increased participation by 88%. Overall, we had a 20% increase in attendances at summer play schemes throughout the Borough. We aim to build on this success by promoting equality and diversity and strengthening community cohesion even further.
32. The table below shows the key Stronger Communities priority led initiatives next year.

Revenue Priority Led Initiatives		2004/05	2005/06	2006/07
		Increase £m	Provisional £m	Increase £m
<b>Stronger Communities</b>				
<b>S1</b>	<b>Reducing financial exclusion and hardship</b>			
	Introduce a full war pensions disregard for benefit purposes	0.156	-	-
<b>S3</b>	<b>Promoting equality and diversity and strengthening community cohesion</b>			
	Improve sports development programme	0.008	-	-
	Develop neighbourhood cultural activities and support cultural champions	0.022	0.022	-
<b>S6</b>	<b>Developing capacity for neighbourhood renewal</b>			
	Capacity building with the voluntary sector	0.020	-	-
		<b>0.206</b>	<b>0.022</b>	<b>-</b>

33. To help fund Stronger Communities standstill pressures and priority led initiatives we have identified increased income opportunities. These plans are shown in the table below.

Increased Income Opportunities	Total		Provisional	
	2004/05	2005/06	2006/07	
	£'m	£'m	£'m	
<b>Stronger Communities</b>				
Increase in benefit grant from Dept. for Work and Pensions	-	0.106	-	-
<b>Total Stronger Communities Increased Income Opportunities</b>	<b>-</b>	<b>0.106</b>	<b>-</b>	<b>-</b>

34. The table on the next page shows the key Stronger Communities Capital Priorities over the next three years.

Capital Priority Schemes		2004/5 Budget £m	2005/6 Provisional Budget £m	2006/7 Budget £m	Scheme Status
<b>Stronger Communities</b>					
<b>S3</b>	<b>Promoting equality &amp; diversity &amp; strengthening community cohesion</b>				
	Community Area Forums Capital Grant	0.080	0.080	0.080	Green
		<b>0.080</b>	<b>0.080</b>	<b>0.080</b>	

## Learning, Creativity and Culture

35. Learning and culture are key factors in improving people's employment prospects and indeed their health. So we aim to make South Tyneside **a great place for everyone to learn and enjoy life**.
36. Last year we invested over £2m in Education priority led initiatives. Today our Key Stage 1, 2 and 3 scores are improving faster than the country as a whole. GCSE rises have outstripped the national improvement rates over the past two years. Our schools are receiving substantially better inspection grades than in comparative Councils. The quality of education and the management and efficiency of our schools is judged to be improving faster than the national average and attendance figures are moving from below the national average to compatibility with the national average.
37. Building upon these achievements, the following table shows the priority areas, which we believe we need to spend money on in the next year:

Revenue Priority Led Initiatives		2004/05 Increase £m	2005/06 Provisional Increase £m	2006/07 Increase £m
<b>Learning, Creativity and Culture</b>				
	<b>Passport increased funding into the Schools Block</b>	1.779	2.107	0.332
<b>L1</b>	<b>Giving young children the best start in life</b>			
	Promoting excellence in early years education and childcare	-	0.180	-
	Improve the promotion of childcare provision	0.028	-	-
<b>L2</b>	<b>Securing the entitlement of every child and young person to a high quality learning experience in school</b>			
	Contribution to PFI scheme at Boldon school	-	0.100	0.500
<b>L3</b>	<b>Securing inclusion in education provision for vulnerable and disadvantaged children and young people</b>			
	Partnership development and promotion of council image	0.014	-	-
<b>L4</b>	<b>Providing the opportunity for progression in education beyond 16</b>			
	Work more closely with Tyne and Wear museum service	0.004	-	-
<b>L8</b>	<b>Giving people a choice of opportunities for lifelong learning</b>			
	Implement the recommendations of the best value review of culture and libraries	0.050	-	-
	Increase the number of library assistants	0.032	-	-
	Implement the vision of the government's 21st Century youth work agenda	0.042	-	-
	Implement the government's transforming youth work agenda	-	0.050	-
	Detached Youth Worker Project	0.058	0.010	-
	Youth Initiatives centres	-	0.028	-
		<b>2.007</b>	<b>2.475</b>	<b>0.832</b>

38. To help fund Learning, Creativity and Culture standstill pressures and priority led initiatives, we have identified plans to redirect current spending. These plans are shown in the table on the next page.

Redirection of Current Spending	Total		Provisional	
	2004/05	2005/06	2006/07	
	£'m	£'m	£'m	
<b>Learning, Creativity and Culture</b>				
Funding of special education needs from primary budgets	- 0.320	-	-	
Special education pupils transport	- 0.100	- 0.050	-	
Review of grounds maintenance provision	- 0.035	-	-	
Review of management arrangements in leisure facilities	- 0.032	- 0.400	- 0.120	
Reduce the number and cost of out borough places	- 0.062	-	-	
Savings resulting from reductions in nursery school places	- 0.130	-	-	
Savings resulting from reductions in primary school places	- 0.060	- 0.133	-	
Chuter Ede education centre efficiencies	- 0.020	-	-	
Education business partnership subsidy reduction	- 0.010	-	-	
Reduction in financial support for letting of school premises by community groups	- 0.023	-	-	
Reallocation of premises costs of adult and youth training	- 0.020	- 0.020	-	
Reallocation of management costs of vocational adult learning	- 0.015	- 0.043	-	
Efficiency savings in the administration of awards	-	- 0.025	-	
Premises savings resulting from secondary school reorganisation	- 0.082	- 0.341	-	
Efficiency savings within the Leisure service to fund pension deficit costs	- 0.033	- 0.035	- 0.035	
<b>Total Learning, Creativity and Culture Redirection of Spending</b>	<b>- 0.942</b>	<b>- 1.047</b>	<b>- 0.155</b>	

Increased Income Opportunities	Total		Provisional	
	2004/05	2005/06	2006/07	
	£'m	£'m	£'m	
<b>Learning, Creativity and Culture</b>				
2% above inflation increase in Leisure service charges	- 0.054	-	-	
<b>Total Learning, Creativity and Culture Increased Income Opportunities</b>	<b>- 0.054</b>	<b>-</b>	<b>-</b>	

39. The table below shows the key Learning, Creativity and Culture Capital Priorities over the next three years.

Capital Priority Schemes	2004/5	2005/6	2006/7	Scheme Status
	Budget £m	Provisional Budget £m	Budget £m	
<b>Learning, Creativity and Culture</b>				
<b>Contractual Commitments / Scheme Slippage from 2003/04 Programme</b>				
Bedewell & Marine Park Nursery Facilities	0.410	-	-	Green
Retention costs of South Shields Museum Refurbishment Project	0.015	-	-	Green
Harton School Library Extension	0.013	-	-	Green
Ocean Road Community Centre Extension	0.071	-	-	Green
Improvements in Borough Schools	0.022	-	-	Green
Ellison / St Peters Replacement	0.121	-	-	Green
Primary School Reorganisation	0.147	-	-	Green
<b>L2 Entitlement of every child &amp; young person to a high quality learning experience</b>				
Furniture for the new Westoe Primary School	0.200	-	-	Green
Contribution to Voluntary Aided Sector Capital Projects	-	-	0.200	Green
Horsley Hill School (Primary school reorganisation phase 1)	1.450	3.350	0.100	Green
Primary School Reorganisation phase 2 (Jarrow and Hebburn areas)	-	0.200	0.800	Amber
Replacement of Dunn Street School	-	1.300	-	Amber
New community and school sports facilities	0.331	2.700	-	Amber
Building Schools for the Future	0.200	68.060	68.060	Amber
<b>L7 Contributing to the cultural renaissance of the region</b>				
South Marine Park Redevelopment (Lottery Bid)	-	4.310	-	Amber
	<b>2.980</b>	<b>79.920</b>	<b>69.160</b>	

## Housing and Environment

40. We aim to make South Tyneside **a clean and attractive place that people choose to live in, work and visit**. In 2002, the MORI Residents Survey found that local residents were generally dissatisfied with our recycling service. The budget for 2003/04 invested in a number of initiatives to target residents concerns and improve the environment.
41. In 2003, the picture had completely transformed with net satisfaction more than trebling to +69% (+19% in 2002). We are working hard to make a real difference to our environment and want to continue focusing investment where it matters.
42. The table on the next page shows the key Housing and Environment priority led initiatives, which we believe we should spend money on.

Revenue Priority Led Initiatives		2004/05	2005/06	2006/07
		Increase £m	Provisional Increase £m	Increase £m
<b>Housing and Environment</b>				
<b>A1</b>	<b>Ensuring people have a good choice of quality homes</b>			
	Promote energy efficient housing	0.180	0.020 -	0.200
<b>A2</b>	<b>Improving transport</b>			
	Improve street lighting through PFI	- 0.100	0.240	-
	Improve road safety for children	0.030	-	-
<b>A3</b>	<b>Improving South Tyneside's reputation as a place to live, work and visit</b>			
	Promote greater customer awareness in parks	-	0.026	0.020
	Roll out Blitz-it	0.615	-	0.015
<b>A4</b>	<b>Improving planning and urban design</b>			
	Implement a local development framework	-	0.177 -	0.177
<b>A5</b>	<b>Making South Tyneside a world leader for sustainability</b>			
	Extend kerb it green scheme	0.093	-	-
	Extend kerbside collection service	0.104	-	-
<b>A6</b>	<b>Protecting and improving the countryside and natural environment</b>			
	Develop and deliver a woodland and countryside strategy	-	0.030	-
		<b>0.922</b>	<b>0.493 -</b>	<b>0.342</b>

43. To help fund Housing and Environment standstill pressures and priority led initiatives, we have identified plans to redirect current spending and increase income. These plans are shown in the table below.

Redirection of Current Spending	Total	Provisional	
	2004/05 £'m	2005/06 £'m	2006/07 £'m
<b>Housing and Environment</b>			
Removal of profit target for NS Traded Services	-	-	0.420
Reduce price inflation by 0.5%	- 0.049 -	0.054 -	0.056
Reduce Highways expenditure to government guidelines	- 0.231 -	0.424 -	0.182
Increased car parking income (volume)	- 0.060 -	-	-
Reduce costs of Public conveniences	- 0.020 -	-	-
Reduce road safety consultants fees	- 0.020 -	-	-
Increased income from trading services	- 0.165 -	0.175 -	0.175
<b>Total Housing and Environment Redirection of Spending</b>	<b>- 0.545 -</b>	<b>0.653</b>	<b>0.007</b>

Increased Income Opportunities	Total	Provisional	
	2004/05 £'m	2005/06 £'m	2006/07 £'m
<b>Housing and Environment</b>			
Increase service fees above inflation	- 0.111	-	-
Increase building control fees (break even target)	- 0.062	-	-
Increase car parking fees by 10p per hour	- 0.050	-	-
Increase bereavement service charge above inflation	- 0.050	-	-
Increase in government grant funding	- 0.220	0.085	-
Increase in Neighbourhood Renewal funding	- 0.869 -	0.055	0.924
Increase income from traded services	- 0.070	-	-
<b>Total Housing and Environment Increased Income Opportunities</b>	<b>- 1.432</b>	<b>0.030</b>	<b>0.924</b>

44. The table below shows the key Housing and Environment Capital Priorities over the next three years.

Capital Priority Schemes		2004/5	2005/6	2006/7	Scheme Status
		Budget £m	Provisional Budget £m	Budget £m	
<b>Housing and Environment</b>					
<b>A1</b>	<b>Ensuring people have a good choice of quality homes</b>				
	Final phase of warden call equipment upgrade	0.469	-	-	Green
	Improve private housing in the Borough	0.750	0.750	0.500	Green
<b>A3</b>	<b>Improving South Tyneside's reputation as a place to live, work and visit</b>				
	Cleadow Park Home Zones (Streetscape improvements)	0.450	-	-	Green
	Highways Infrastructure and Streetscape Improvements	0.300	0.236	0.200	Green
<b>A5</b>	<b>Making South Tyneside a world leader for sustainability</b>				
	Kerb It Green scheme	0.350	-	-	Green
	Improvements to civic amenities site to address Health & Safety Issues	0.400	0.800	-	Amber
	Upgrade recycling facilities across the borough	0.280	-	-	Amber
		<b>2.999</b>	<b>1.786</b>	<b>0.700</b>	

## Transformation

45. Over the past year, we have put the building blocks in place to deliver real transformation of South Tyneside.
46. In 2004/05, with these building blocks in place, we will start to deliver our vision. Our residents will notice a real difference as approximately £1/4 billion inward investment in the Borough will begin over the coming year.
47. The table below shows the key Transformation Capital Priorities over the next three years.

Capital Priority Schemes	2004/5	2005/6	2006/7	Scheme Status
	Budget £m	Provisional Budget £m	Budget £m	
<b>Transformation</b>				
<b>T4/5 Regenerate the Riverside and our Town Centres</b>				
Regeneration Fund for Land Purchases	0.600	0.600	0.600	Green
Regeneration and Transformation Fund	1.225	1.475	0.875	Amber
Lottery Development Fund	0.150	-	-	Green
External Single Programme Grants	1.339	-	-	Green
Cleadon Park Community Campus	-	0.200	3.500	Amber
	<b>3.314</b>	<b>2.275</b>	<b>4.975</b>	

## Modernisation

48. Modernisation is fundamental to transforming the Borough. Accordingly, South Tyneside Council is committed to becoming a **modern, fully effective local authority**. We will have achieved this when we are universally recognised as being an excellent council.
49. Last year, capacity across the Council to deliver our vision was a key CPA challenge. The 2003/04 budget was structured to address this and funded a number of initiatives, which are now delivering real improvements. In 2002, we scored 2 out of 4 for Corporate Governance and had our Best Value Performance Plan qualified. A year later, our Corporate Governance has improved; we have an 'unqualified Best Value Performance Plan'; we have re-focused our eight priorities and have the capacity to deliver them.
50. To continue this progress we need to prioritise our actions and concentrate effort on some key challenges for the forthcoming year. We believe that spending money on the actions set out in the following table is crucial to reaching our goal of becoming an excellent council.

Revenue Priority Led Initiatives	2004/05	2005/06	2006/07
	Increase £m	Provisional Increase £m	Increase £m
<b>Modernisation</b>			
<b>M2 Focusing on what matters</b>			
Increase in Monitoring Officer responsibilities	0.053	-	-
Improved employee satisfaction levels	-	0.018	0.018
<b>M3 Ensuring capacity to deliver the vision and priorities</b>			
Revenue implications of capital ICT projects	0.174	0.100	-
Improve long-term sickness management	0.058	-	-
Strengthened human resources & diversity employment practices	0.065	-	-
Establish a strategic procurement function	0.099	-	-
Support and develop staff to deliver high quality services to schools	0.115	0.019	-
Ensure that all children have a safe, healthy and accessible environment in which to work	0.010	-	-
<b>M5 Revitalising local democracy</b>			
Deliver successful elections	0.045	-	-
	<b>0.619</b>	<b>0.101</b>	<b>0.018</b>

51. To help fund Modernisation standstill pressures and priority led initiatives, we have identified plans to redirect current spending and increase income. These plans are shown in the tables below.

Redirection of Current Spending	Total		Provisional	
	2004/05	2005/06	2006/07	
	£'m	£'m	£'m	
<b>Modernisation</b>				
Improved sickness absence management	- 0.250	- 0.250	- 0.250	-
Review of civic buildings and facilities management	- 0.180	-	-	-
Improve Council-wide procurement of services	- 0.220	- 0.200	- 0.200	-
Improve Council-wide management of Council assets	- 0.123	- 0.100	-	-
Efficiency savings within the Corporate Governance service	- 0.025	- 0.006	-	-
Review of council wide payroll operations	-	- 0.075	-	-
Limit price inflation to 2%	-	- 0.046	-	-
Future efficiency savings - absorb impact of pension increase	- 0.080	- 0.084	-	-
Absorb 0.5% increase in price inflation within existing budgets	- 0.040	-	-	-
Reduce corporate training programme where low demand is found	- 0.026	-	-	-
Reduce travel costs for Members and Officers	- 0.030	-	-	-
Reduce Member and Officer conference attendance costs	- 0.040	-	-	-
Review of low priority and support services	-	- 2.477	-	- 0.499
Corporate Development efficiency savings	- 0.057	-	-	-
<b>Total Modernisation Redirection of Spending</b>	<b>- 1.071</b>	<b>- 3.238</b>	<b>- 0.949</b>	

Increased Income Opportunities	Total		Provisional	
	2004/05	2005/06	2006/07	
	£'m	£'m	£'m	
<b>Modernisation</b>				
Review of rents on lease renewal	- 0.046	-	-	-
Increase in rentals, surveyor fees and energy rebates	- 0.074	- 0.070	-	-
Increased income from local land charges services	- 0.040	-	-	-
Increase recovery costs	- 0.008	-	-	-
Review of fees & charges and charging policy for discretionary services	-	- 0.200	- 0.200	-
Increase external funding opportunities	-	- 0.200	- 0.200	-
<b>Total Modernisation Increased Income Opportunities</b>	<b>- 0.168</b>	<b>- 0.470</b>	<b>- 0.400</b>	

52. The table below shows the key Modernisation Capital Priorities over the next three years.

Capital Priority Schemes	2004/5	2005/6	2006/7	Scheme Status
	Budget £m	Provisional Budget £m	£m	
<b>Modernisation</b>				
<b>Contractual Commitments / Scheme Slippage from 2003/04 Programme</b>				
Customer First Contact Strategy	0.120	-	-	Green
<b>M3 Ensuring capacity to deliver the vision and priorities</b>				
ICT system replacement programme phase 1	1.600	0.200	0.200	Green
ICT system replacement programme phase 2	0.260	0.575	-	Green
Implementation of the Council's E-government Strategy	0.500	0.569	0.500	Green
	<b>2.480</b>	<b>1.344</b>	<b>0.700</b>	

## The Council's Financial Position over the Medium Term

53. Over the medium term the Council faces significant financial pressures and has built in challenging savings targets into the above spending plans for 2005/06 and 2006/07 to ensure they remain affordable. Clear, achievable proposals to deliver these savings targets are currently being developed for Cabinet to consider in Autumn 2004 before the start of next year's budget cycle.
54. In addition to these recognised financial pressures, the Council will face additional spending pressures in 2005/06 and 2006/07 that cannot be quantified at this time. The four main areas of **potential financial exposure** for the Council are:-

- **Arms Length Management Organisation;**
- **Job Evaluation;**

- **Pension Deficit Payments;**
- **Insurance premiums and liabilities.**

55. Our external auditors currently score the **Council's financial standing** as 4 out of 4. This is an important and independent assessment of the Council's financial health and budget position.
56. To maintain the Council's financial standing, ensure our spending plans remain affordable, and recognise the financial risks facing the Council over the medium term, a revised use of reserves and carry forward policy is described later in this plan. This policy's objective is to protect the Council's medium term financial position by encouraging good financial management and the bolstering of specific earmarked reserves.

### Directorate Budgets for 2004/05

57. The table below summarises the revenue budgets for each directorate for 2004/05 and the revenue budget increase (excluding internal recharges). Internal recharges have been removed to provide a truer comparison.

Directorate Revenue Budgets	2004/05 Budget £	Increase (excluding recharges)	
		£	%
Corporate Development	3,902,240	678,161	13.9%
Lifelong Learning and Leisure	102,123,750	2,944,399	3.3%
Neighbourhood Services	25,156,740	884,523	5.0%
Resources	12,471,760	747,736	2.1%
Social Care and Health	49,472,510	4,172,481	10.1%

58. Further details about revenue and capital directorate budgets are included in Appendix 1 and directorate budget reports.

## 3. How will the Council fund the spending plans?

### Capital Funding Plans

59. The table below summarises our capital funding plans for 2004/05 and provisional funding plans for 2005/06 and 2006/07.

2003/04 Revised £m	Capital Funding Forecast	2004/05 Funding £m	2005/06 Provisional Funding £m	2006/07 Provisional Funding £m
<b>Funding for Council Capital Schemes</b>				
9.580	Supported Borrowing	6.738	5.587	5.395
8.675	Capital Receipts	10.542	9.128	10.711
0.155	Revenue Contributions	0.043	-	-
8.949	External Funding (secured)	12.051	1.934	0.250
-	External Funding (bid for)	6.449	79.462	70.565
<b>27.359</b>	<b>TOTAL Council Capital Schemes</b>	<b>35.823</b>	<b>96.111</b>	<b>86.921</b>
<b>Funding for Housing Capital Schemes</b>				
3.182	Housing Supported Borrowing	2.326	2.326	-
10.938	Housing Major Repairs Allowance	10.879	10.584	10.208
-	Housing Capital Receipts	-	-	3.150
0.054	External Funding (secured)	-	-	-
0.100	Housing Revenue Contribution	1.000	1.000	1.000
<b>14.274</b>	<b>TOTAL Housing Capital Schemes</b>	<b>14.205</b>	<b>13.910</b>	<b>14.358</b>
<b>41.633</b>	<b>TOTAL Capital Funding Forecast</b>	<b>50.028</b>	<b>110.021</b>	<b>101.279</b>

60. From 1<sup>st</sup> April 2004, a new prudential code for capital financing will apply to all Councils. This replaces the current system of credit approvals and credit ceilings.
61. The prudential code will allow the Council to determine what it needs to borrow each year to finance capital spending plans providing we can demonstrate we can afford to repay the debt and interest charges. The council's prudential indicators and supported borrowing requirements are detailed in section 6 of this financial plan.

### Capital Funding Plans – external funding

62. The table below identifies the external funding we have bid for and the external funding we have secured over the coming three years.

External Funding Forecast	2004/05 £m	2005/06 £m	2006/07 £m
<b>Capital Grant from central government</b>			
Single Programme	2.946	0.975	0.375
Single Regeneration Budget	0.488	-	-
Neighbourhood Renewal Funding	0.662	0.050	-
Modernisation Grants / Building Schools for the Future	1.542	69.079	68.060
Devolved Capital Grant	1.991	1.991	1.991
Surestart	3.551	0.315	-
Disabled Facilities Grant	0.296	0.296	0.296
Other Funding	1.687	4.144	-
	<b>13.163</b>	<b>76.850</b>	<b>70.722</b>
<b>Capital Grants and Contributions from other sources</b>			
European Regional Development Fund	5.337	0.046	0.023
Heritage Lottery Fund	-	3.200	-
Other Funding	-	-	0.070
Insurance Receipts	-	1.300	-
	<b>5.337</b>	<b>4.546</b>	<b>0.093</b>
<b>TOTAL External Funding Forecast</b>	<b>18.500</b>	<b>81.396</b>	<b>70.815</b>
External Funding Secured	12.051	1.934	0.250
External Funding Bid For	6.449	79.462	70.565
<b>TOTAL External Funding Forecast</b>	<b>18.500</b>	<b>81.396</b>	<b>70.815</b>

63. All of this external funding is not, as yet, secured. Capital schemes dependent on external funding will not proceed until full funding has been secured.

### Capital Funding Plans – capital receipts

64. The table below identifies the capital receipts we expect to receive over the coming three years.

Capital Receipts Forecast	2004/05 £m	2005/06 £m	2006/07 £m
<b>Capital Receipts Brought Forward</b>	<b>3.984</b>	<b>2.794</b>	<b>2.086</b>
Council House receipts	4.300	3.775	3.250
Housing Land receipts	2.680	3.090	-
Council Land receipts	2.132	1.315	8.285
Long Term Investment receipts	0.240	0.240	0.240
<b>TOTAL Capital Receipts</b>	<b>13.336</b>	<b>11.214</b>	<b>13.861</b>
Capital Receipts required for the Capital Programme	10.542	9.128	13.861
<b>Capital Receipts Carried Forward</b>	<b>2.794</b>	<b>2.086</b>	<b>0.000</b>



65. Previously, 75% of right to buy receipts and 50% of housing land receipts had to be set-aside to repay housing debt. The remaining balances could be used to fund the Council's capital programme.
66. The government is now changing the rules relating to housing land and right to buy receipts and from 1<sup>st</sup> April 2004:-
- 75% of right to buy receipts will now be paid directly to government rather than set-aside to repay housing debt;
  - 50% of housing land receipts will now be paid directly to government rather than set-aside to repay housing debt unless the Council formally determines before the housing land receipt is received that the receipt will be used to fund a specific affordable housing or regeneration scheme.
- Regeneration is defined very widely in the regulations, and essentially would cover any project that aimed to bring land or buildings in the borough into more productive use. It is not limited to projects for housing land, or to land owned by the Council;
- the remaining housing receipt balances will continue to be available to support the Council's capital spending plans.
67. Our receipts forecast assumes that the Council will ensure that, wherever possible, all housing land receipts will be used to fund affordable housing and regeneration schemes and retained within the Borough.
68. The decision to use any particular housing land receipts for affordable housing or regeneration projects must be taken after 1<sup>st</sup> April 2004. A decision must be made in respect of each receipt, and must identify a particular capital project to which it will be applied.
69. Council is therefore asked to resolve, as part of the budget recommendations, that the Executive Director Resources is given delegated authority to specify capital receipts from the sale of housing land, before housing land receipts are received, that will be used to fund affordable housing or regeneration projects.
70. In addition, from April 2006, when the new ALMO is operational, housing receipts will no longer be available to support the Council's capital programme. This is because the government will assume that future housing receipts will be used to meet the decent homes standard and will take account of these receipts when determining what capital funding the ALMO will receive. Our receipts forecast assumes that housing receipts will only be available to support the Council's housing capital programme from April 2006.

## Revenue Funding Plans

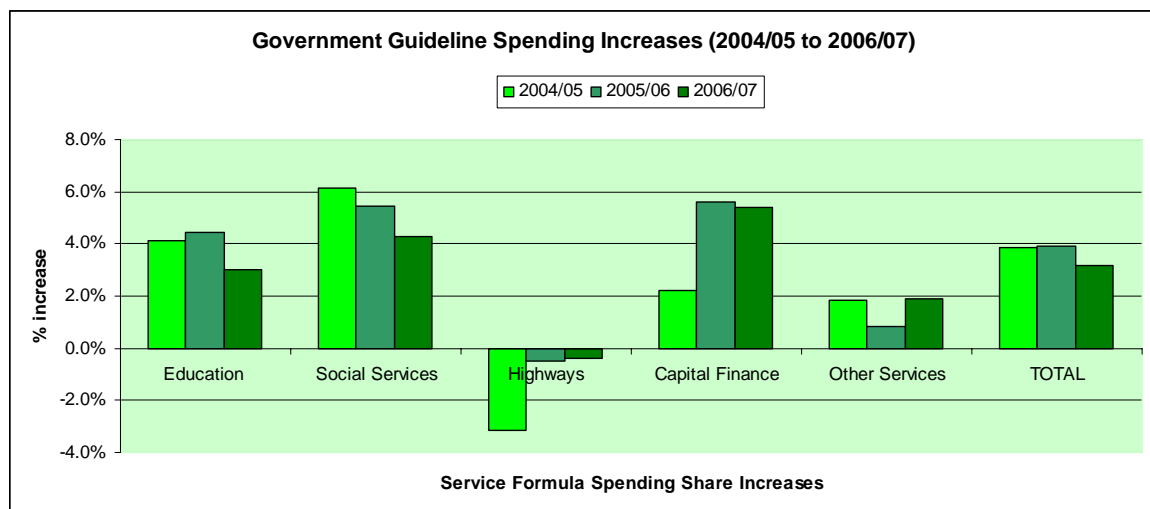
71. The table below summarises our revenue funding plans for 2004/05 and provisional funding plans for 2005/06 and 2006/07.

2003/04		2004/05	2005/06	2006/07
Budget	Revenue Funding Forecast	Budget	Provisional Funding	
£m		£m	£m	£m
137.060	Revenue Support Grant	143.749	148.490	153.199
2.469	Council Reserves	2.905	1.128	0.457
44.229	Council Tax Income	46.473	49.261	52.218
<b>183.758</b>	<b>TOTAL Revenue Funding Forecast</b>	<b>193.127</b>	<b>198.879</b>	<b>205.874</b>

72. In 2004/05, we will receive **74% of our revenue income from central government**, and **24% from council tax**. We will fund the remaining **2% from council reserves**.

### Revenue Funding Plans - government grant

73. The government provides revenue support grant to each Council to help meet the costs of providing services. The amount of revenue support grant is determined by what the government thinks we should be spending (**the formula spending share**).
74. The graph below identifies the Council's actual percentage increase in formula spending share for 2004/05 and our estimates of what the increases will be in 2005/06 and 2006/07.

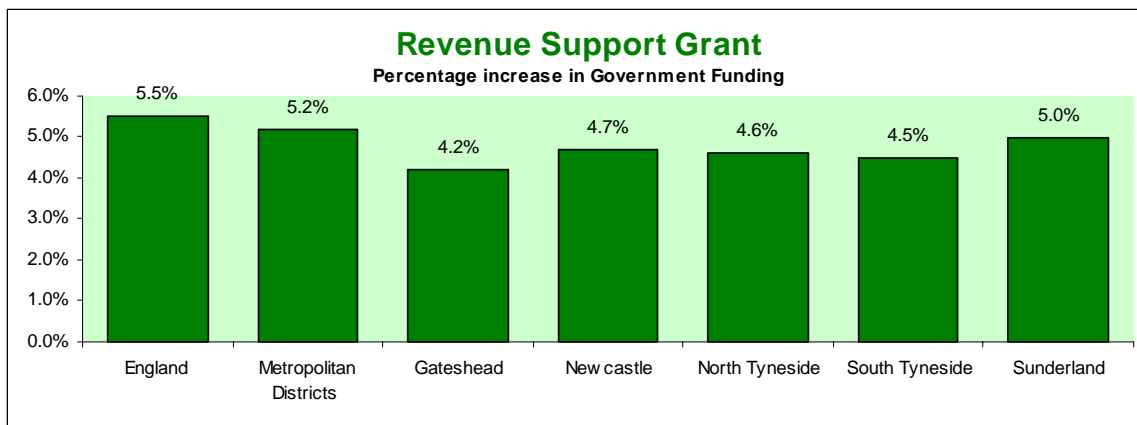


75. The graph shows our total 2004/05 formula spending share increases by 3.8% (£6.846m) to £185.107m. This is the lowest increase in the Tyne and Wear region and lower than the metropolitan and English average increases. We expect this to continue into 2005/06 and 2006/07 unless the government changes the way it calculates the Formula Spending Share.
76. Looking at service increases in Formula Spending Share for 2004/05:-
- On **Education**, we continue to lose funding due to falling pupil numbers. Education FSS has increased by £3.333m (4.1%) to £84.179m. We expect this funding loss to continue over the medium term;
  - On **Social Services**, we have received a £2.796m (6.1%) increase. The total Social Services FSS is £48.443m;
  - On **Highways**, we continue to lose funding due to changes in traffic flow. Our FSS has actually reduced by £0.173m (-3.2%) to £5.266m;
  - On **Capital Finance**, our FSS increased by £0.210m (2.2%) to £9.628m;
  - For all **other council services** (e.g. Environment, Leisure, Planning) we received a £0.68m (1.8%) increase. The total FSS is £37.591m. We expect this below inflation increase rate to continue over the medium term.

77. In 2004/05, we will need to spend £8.02m or 4.3% above the total Formula Spending Share to fund our revenue spending plans.
78. The government uses the Formula Spending Share to determine what funding it will give us each year. On 29<sup>th</sup> January 2004, the government told us they will give

us **£143.749m revenue support grant** in 2004/05, an increase of £6.237m (4.5%). This includes £0.8m one-off funding provided by government for 2004/05.

79. The final revenue support grant figure is £0.14m less than the provisional settlement announced in December 2003.
80. The graph below compares our grant increase to that received by other councils.



81. Our increase in government funding is the second lowest in the Tyne and Wear region and significantly lower than the metropolitan and English average increase.
82. The Council will continue to press government to change the way the Formula Spending Share is calculated and revenue support grant is distributed to ensure the levels of deprivation and need in the Borough are fully recognised. We will also lobby government to make the one-off funding received for 2004/05 permanent.
83. The table below identifies our revenue support grant forecast (based upon the FSS) over the next three years.

2003/04		2004/05	2005/06	2006/07
Budget	Revenue Support Grant Forecast	Budget	Provisional Funding	
£m		£m	£m	£m
137.060	Revenue Support Grant	143.749	148.490	153.199

### Revenue Funding Plans – use of council reserves

84. The Council holds a **£3.6m strategic reserve** to cover emergency events such as unforeseen financial liabilities or natural disasters. This reserve currently equals 2% of the Council's net revenue budget.
85. The Council also holds general reserves to support future spending plans and one-off spending. The table on the next page forecasts that the Council will have **£7.12m general reserves** available by 31<sup>st</sup> March 2004 to fund future spending plans.

<b>Council Reserves Forecast</b>		<b>£m</b>
<b>Actual Council General Reserves as at 1st April 2003</b>		<b>8.672</b>
Planned use of reserves in 2003/04		- 2.469
Agreed use of 2002/03 underspend - commitments		- 0.209
Agreed use of 2002/03 underspend - carry forward		- 0.360
Business Rate Refunds received		0.255
Business Rate Refunds expected		0.823
Estimated 2003/04 underspend		0.408
<b>Estimated Council General Reserves as at 31st March 2004</b>		<b><u>7.120</u></b>

86. This general reserve forecast takes account of planned usage of reserves in 2003/04 and the latest budget monitoring position as at 31<sup>st</sup> December 2004.
87. In deciding how these reserves should be used in future years the Council has a responsibility to consider the financial pressures it faces over the medium term and agree a policy for the use of reserves. This is now also a formal requirement of the Local Government Act 2003.
88. Recognising the Council's financial position over the medium term, Council is asked to agree the following reserves and carry forward policy to protect the Council's financial position and bolster the level of reserves:-

#### **South Tyneside Council - Use of Reserves and Carry Forward Policy**

- The purpose of the **Council's strategic reserve** is to cover emergency events such as unforeseen financial liabilities or natural disasters This reserve will be **maintained at a minimum 2% of the Council's net revenue budget**. This will be achieved through a first call on underspendings achieved (excluding the 25% element available to directorates);
- The purpose of the **Council's general reserves** is to support on-going and one-off revenue spending. Use of Council general reserves is limited to **£2.905m in 2004/05, £1.128m in 2005/06 and £0.457m in 2006/07** (the levels agreed in the Council's 2003 – 2006 medium term financial plan);
- The purpose of the **Council's earmarked reserves** is to meet identified spending commitments. These reserves will only be used for the purpose for which they were created and will be reviewed annually. If they are no longer required they will be released to the forward planning earmarked reserve;
- The purpose of the **Council's forward planning earmarked reserve** is to help offset medium term unbudgeted liabilities facing the Council (described in this financial plan). This is a new reserve and currently totals £2.173m. It will be supplemented in the future by available directorate underspendings;
- Any **overspending** by a directorate will be automatically carried forward by the directorate and be a first call on the directorate's budget for the following year;
- Each directorate is encouraged to plan for and achieve **a minimum 1% underspending** from 2004/05 through good financial management. To encourage this, 25% of any revenue underspending declared by 31<sup>st</sup> December each year will be available to the directorate to help meet spending pressures in subsequent years.

89. This reserves policy creates a forward planning earmarked reserve to help off-set medium term financial risks facing the Council and will help the Council ensure that spending plans over the medium term remain affordable and that the financial risks facing the Council are recognised and managed. The table below identifies the planned use of general reserves in light of this policy.

<b>Planned Use of General Reserves</b>	
<b>Estimated Council General Reserves as at 31st March 2004</b>	<b>7.120</b>
Forward Planning Earmarked Reserve	2.173
Planned use of reserves in 2004/05	2.905
Planned use of reserves in 2005/06	1.128
Planned use of reserves in 2006/07	0.457
Planned use of reserves in 2007/08 and beyond	0.457
<b>Total Planned Use of General Reserves</b>	<b>7.120</b>

### Revenue Funding Plans - increased council tax income

90. The table below identifies the amount of income we need to raise from council tax in 2004/05 and, **for planning purposes only**, what income we may need in 2005/06 and 2006/07 to balance our spending plans.
91. The actual increases in council tax income in future years 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.

2003/04		2004/05	2005/06	2006/07
Budget	Council Tax Income Forecast	Budget	Provisional Funding	
£m		£m	£m	£m
44.229	Council Tax Income	46.473	49.261	52.218

### 4. What will be the Borough's Council Tax for 2004/05?

92. The Borough's Council Tax pays for services provided by South Tyneside Council, Northumbria Police Authority and the Tyne and Wear Fire and Civil Defence Authority.
93. The Council Tax for each property band is based on a proportion of the band D council tax. The band D council tax is calculated by dividing the amount of income required by the Council Tax Base.
94. The Council agreed a **Council Tax Base of 44,057 for 2004/05** at its meeting on 29<sup>th</sup> January 2004.

### South Tyneside Council Tax Collection Fund

95. Each year the Council sets the Borough's Council Tax and collects the money due from council tax payers. The money we receive is paid into a separate 'Collection Fund'. Payments are made from this fund to South Tyneside Council, Northumbria Police Authority and the Tyne and Wear Fire and Civil Defence Authority.

96. As the billing authority we are required to keep this fund in balance. By 31<sup>st</sup> March 2004 we expect the Collection Fund to be in balance. Both the Fire and Police authorities have been notified of this.

### South Tyneside Council's Council Tax Requirement

97. To fund our spending plans, we need to increase **our proportion of the Borough's Council Tax by 4.95%** in 2004/05 to raise **£46.473m**. The table below identifies the effect of this 4.95% increase in council tax for property band.

2004/05 BOROUGH COUNCIL TAX South Tyneside Council's Proportion	Band Weighting	South Tyneside Council 2003/04	South Tyneside Council 2004/05
<b>Band A Properties</b>	6/9	£670.04	<b>£703.19</b>
<i>Annual Increase</i>			£33.15
<i>Weekly Increase</i>			£0.64
<b>Band B Properties</b>	7/9	£781.71	<b>£820.39</b>
<i>Annual Increase</i>			£38.68
<i>Weekly Increase</i>			£0.74
<b>Band C Properties</b>	8/9	£893.38	<b>£937.59</b>
<i>Annual Increase</i>			£44.21
<i>Weekly Increase</i>			£0.85
<b>Band D Properties</b>	1	£1,005.05	<b>£1,054.79</b>
<i>Annual Increase</i>			£49.74
<i>Weekly Increase</i>			£0.96
<b>Band E Properties</b>	11/9	£1,228.39	<b>£1,289.19</b>
<i>Annual Increase</i>			£60.80
<i>Weekly Increase</i>			£1.17
<b>Band F Properties</b>	13/9	£1,451.74	<b>£1,523.58</b>
<i>Annual Increase</i>			£71.84
<i>Weekly Increase</i>			£1.38
<b>Band G Properties</b>	15/9	£1,675.08	<b>£1,757.98</b>
<i>Annual Increase</i>			£82.90
<i>Weekly Increase</i>			£1.59
<b>Band H Properties</b>	18/9	£2,010.10	<b>£2,109.58</b>
<i>Annual Increase</i>			£99.48
<i>Weekly Increase</i>			£1.91

### Fire and Police Authority Council Tax Precepts

98. The table on the next page identifies the precepts for the Tyne and Wear Fire and Civil Defence Authority and the Northumbria Police Authority.

2004/05 BOROUGH COUNCIL TAX Fire and Police Proportion	Band Weighting	Fire Authority 2003/04	Fire Authority 2004/05	Police Authority 2003/04	Police Authority 2004/05
<b>Band A Properties</b>	6/9	£39.29	<b>£41.55</b>	£42.53	<b>£44.62</b>
<i>Annual Increase</i>			£2.26		£2.09
<i>Weekly Increase</i>			£0.04		£0.04
<b>Band B Properties</b>	7/9	£45.84	<b>£48.47</b>	£49.62	<b>£52.06</b>
<i>Annual Increase</i>			£2.63		£2.44
<i>Weekly Increase</i>			£0.05		£0.05
<b>Band C Properties</b>	8/9	£52.39	<b>£55.40</b>	£56.71	<b>£59.49</b>
<i>Annual Increase</i>			£3.01		£2.78
<i>Weekly Increase</i>			£0.06		£0.05
<b>Band D Properties</b>	1	£58.94	<b>£62.32</b>	£63.80	<b>£66.93</b>
<i>Annual Increase</i>			£3.38		£3.13
<i>Weekly Increase</i>			£0.07		£0.06
<b>Band E Properties</b>	11/9	£72.04	<b>£76.17</b>	£77.98	<b>£81.80</b>
<i>Annual Increase</i>			£4.13		£3.82
<i>Weekly Increase</i>			£0.08		£0.07
<b>Band F Properties</b>	13/9	£85.13	<b>£90.02</b>	£92.16	<b>£96.68</b>
<i>Annual Increase</i>			£4.89		£4.52
<i>Weekly Increase</i>			£0.09		£0.09
<b>Band G Properties</b>	15/9	£98.23	<b>£103.87</b>	£106.34	<b>£111.55</b>
<i>Annual Increase</i>			£5.64		£5.21
<i>Weekly Increase</i>			£0.11		£0.10
<b>Band H Properties</b>	18/9	£117.88	<b>£124.64</b>	£127.60	<b>£133.86</b>
<i>Annual Increase</i>			£6.76		£6.26
<i>Weekly Increase</i>			£0.13		£0.12

99. The Tyne and Wear Fire and Civil Defence Authority precept for 2004/05 has increased by 5.73%. The Northumbria Police Authority precept for 2004/05 has increased by 4.91%.

### South Tyneside Council Tax for 2004/05

100. After taking account of the council tax requirements of South Tyneside Council, the Fire and Police authorities, the table below shows that a 4.99% increase in Borough's Council Tax for 2004/05 is required to meet these commitments.

Council Tax Increase	2003/04 Band D	2004/05 Band D	Increase in Band D	
			£	%
South Tyneside Council	£1,005.05	£1,054.79	£49.74	4.95%
Fire Authority	£58.94	£62.32	£3.38	5.73%
Police Authority	£63.80	£66.93	£3.13	4.91%
<b>Borough Band D Council Tax</b>	<b>£1,127.79</b>	<b>£1,184.04</b>	<b>£56.25</b>	<b>4.99%</b>

101. The table below identifies the Borough's Council Tax for each property band for 2004/05.

2004/05 BOROUGH COUNCIL TAX	% of Properties in Each Band	% of Properties Receiving Benefit	Band Weighting	Borough Council Tax 2003/04	Borough Council Tax 2004/05
<b>Band A Properties</b>	68.2%	43.0%	6/9	£751.86	<b>£789.36</b>
<i>Annual Increase</i>					£37.50
<i>Weekly Increase</i>					£0.72
<b>Band B Properties</b>	12.2%	16.0%	7/9	£877.17	<b>£920.92</b>
<i>Annual Increase</i>					£43.75
<i>Weekly Increase</i>					£0.84
<b>Band C Properties</b>	10.2%	7.0%	8/9	£1,002.48	<b>£1,052.48</b>
<i>Annual Increase</i>					£50.00
<i>Weekly Increase</i>					£0.96
<b>Band D Properties</b>	5.5%	5.0%	1	£1,127.79	<b>£1,184.04</b>
<i>Annual Increase</i>					£56.25
<i>Weekly Increase</i>					£1.08
<b>Band E Properties</b>	2.3%	3.0%	11/9	£1,378.41	<b>£1,447.16</b>
<i>Annual Increase</i>					£68.75
<i>Weekly Increase</i>					£1.32
<b>Band F Properties</b>	1.0%	1.0%	13/9	£1,629.03	<b>£1,710.28</b>
<i>Annual Increase</i>					£81.25
<i>Weekly Increase</i>					£1.56
<b>Band G Properties</b>	0.5%	1.0%	15/9	£1,879.65	<b>£1,973.40</b>
<i>Annual Increase</i>					£93.75
<i>Weekly Increase</i>					£1.80
<b>Band H Properties</b>	0.1%	-	18/9	£2,255.58	<b>£2,368.08</b>
<i>Annual Increase</i>					£112.50
<i>Weekly Increase</i>					£2.16

## 5. What are the Council's housing spending plans?

102. The Council's housing spending plans comprise the housing revenue budget and the capital investment programme.

### Housing revenue spending and funding plans

103. The table below summarises the housing budget for the next three years.

2003/04 Revised		2004/05 Budget	2005/06 Provisional Spending	2006/07 Provisional Spending
Housing Revenue Account				
£m		£m	£m	£m
69.236	Expenditure	42.784	42.710	42.692
- 69.220	Income	- 41.575	- 42.626	- 42.927
<b>0.016</b>	<b>TOTAL Surplus (-) / Deficit (+)</b>	<b>1.209</b>	<b>0.084</b>	<b>0.235</b>
<b>2.484</b>	<b>Year End HRA Reserves Forecast</b>	<b>1.275</b>	<b>1.191</b>	<b>1.426</b>

104. The significant reduction in income and expenditure in 2004/05 reflects changes to rent allowances. From 1<sup>st</sup> April 2004, rent allowance payments and income will no longer be accounted for in the Housing Revenue Account. Rent Allowance income and expenditure will be accounted for in the Council's main revenue spending account.



105. In 2004/05, a **deficit of £1.209m** is planned reducing to **£0.084m** in 2005/06. A small **surplus of £0.235m** is projected for 2006/07. The 2004/05 and 2005/06 planned deficits will be funded from housing reserves.
106. The HRA reserves forecast identifies what reserves will be available to Housing Revenue Account at the end of each year. Included within these reserve totals is a £1m strategic reserve that is regarded as the minimum balance necessary to give stability to the financial position on the account.

### Increase in Council House Rents in 2004/05

107. Our budget proposals **follow government guidelines** on rent increases and restructuring. Council house dwelling rents for 2004/05 will **increase by an average of £2.12 per week or 4.95%**. No tenant's individual rent increase for 2004/05 will exceed 3.3% plus £2 per week
108. Service charges for 2004/05 will increase by an average 2.8% in accordance with government guidelines. Further details are included in the Neighbourhood Services budget report attached to this plan.

### Housing capital spending plans

109. The table below summarises the Housing Capital Investment Programme for the next three years.

Housing Capital Programme	2004/5	2005/6	2006/7	Scheme Status
	Budget £m	Provisional Budget £m	Budget £m	
<b>Housing and Environment</b>				
<b>Contractual commitments from 2003/04 programme</b>				
Housing programme commitments	1.455	1.000	1.000	Green
<b>Ensuring people have a good choice of quality homes</b>				
Health and Safety programme	0.335	0.265	0.265	Green
High priority essential works	5.485	5.235	5.235	Green
Home loss and disturbance	0.310	0.310	0.310	Green
Supporting the programme	0.410	0.410	0.410	Green
Delivering decent homes - windows	2.100	1.000	-	Green
Community Area Forums - Investment Programme	1.200	1.200	1.200	Green
Community Area Forums - Delivering Decent Homes	2.910	4.490	5.938	Green
<b>TOTAL Housing Capital Programme</b>	<b>14.205</b>	<b>13.910</b>	<b>14.358</b>	

110. The table below summarises how we plan to fund the Housing Capital Investment Programme for the next three years. Our funding plans assume housing capital receipts for the new ALMO to use from April 2006.

Capital Funding Forecast	2004/05	2005/06	2006/07
	Funding £m	Provisional Funding £m	Funding £m
<b>Funding for Housing Capital Schemes</b>			
Housing Supported Borrowing	2.326	2.326	-
Housing Major Repairs Allowance	10.879	10.584	10.208
Housing Capital Receipts	-	-	3.150
External Funding (secured)	-	-	-
Housing Revenue Contribution	1.000	1.000	1.000
<b>TOTAL Housing Capital Schemes</b>	<b>14.205</b>	<b>13.910</b>	<b>14.358</b>

## 6. What are the Council's prudential indicators?

### Prudential Code – introduction to the new code

111. Section 3 of the Local Government Act 2003 requires the Council to determine its own affordable borrowing requirement necessary to fund capital expenditure. This new requirement replaces previous regulations relating to basic credit and supplementary credit approvals set by central government as the maximum amount the Council could borrow in any one year.
112. The Prudential Code is a professional code of practice, backed by legislation, to support Councils when taking investment decisions on their programme programmes.
113. The key objectives of the Code are to ensure, within a clear framework, that capital investment plans of local authorities are **affordable, prudent and sustainable** and that **treasury management decisions are taken in accordance with good professional practice**.
114. The new system of capital finance allows the Council to have much greater flexibility and freedom over its borrowing. The new regulations however, do not provide any additional revenue support for the increased costs of borrowing beyond the level supported by government. As a result, the cost of any additional borrowing the Council would want to undertake would have to be met from revenue expenditure and would need to be affordable and sustainable in the long term.
115. 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.

### Prudential Code – compliance with the new code

116. The Council has already put plans in place to establish procedures to monitor all forward looking prudential indicators and develop a measurement and reporting process that highlights significant deviations from expectations.
117. In considering the capital programme, the new 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.
118. We are currently reviewing our compliance with the new prudential code. We plan to review our capital investment strategy and develop a more effective option appraisal mechanism later this year to demonstrate that our investment plans represent the most cost effective option for the Council and that the investment actually delivers the service improvements expected. This will ensure that the Council fully complies with the code. Up until that point, no unsupported borrowing is being proposed within the Council's capital programme.

## Affordability - council capital financing requirement

119. The Council's Capital Financing Requirement measures the Council's underlying need to borrow money to fund its capital programme.

120. The table below summarises the Council's capital programme for 2004/05 to 2006/07.

2003/04 Revised £m	Capital Spending Plans	2004/05 Budget £m	2005/06 Provisional £m	2006/07 Spending £m
27.359	Council Capital Programme	35.823	96.111	86.921
14.274	Housing Capital Programme	14.205	13.910	14.358
<b>41.633</b>	<b>TOTAL - Council Capital Programme</b>	<b>50.028</b>	<b>110.021</b>	<b>101.279</b>

121. The table below identifies the Council's Capital Financing Requirement for this capital programme (after taking account of debt we need to repay each year).

2003/04 Revised £m	Capital Financing Requirement (CFR)	2004/05 Budget £m	2005/06 Estimate £m	2006/07 Estimate £m
88.116	Council Capital Programme	91.452	93.787	95.853
83.305	Housing Capital Programme	85.631	88.018	88.018
<b>171.421</b>	<b>TOTAL - Council Capital Financing Requirement</b>	<b>177.083</b>	<b>181.805</b>	<b>183.871</b>

## Affordability - ratio of financing to council's net revenue stream

122. The table below identifies the estimated ratio of financing costs (debt charges and interest payments) to the Council's net revenue stream for current and future spending plans identified in this financial plan.

2003/04 Revised %	Ratio of Financing Costs to Net Revenue Stream	2004/05 Budget %	2005/06 Estimate %	2006/07 Estimate %
3.78%	Council Capital Programme	3.96%	4.19%	4.22%
46.06%	Housing Capital Programme	39.45%	39.03%	38.26%

## Affordability – estimated impact of capital investment decisions

123. A key measure of affordability is the incremental impact on the Council Tax and the Council rent levels of capital investment decisions.

124. The table below identifies the estimated incremental impact of capital investment decisions in this budget report, over and above capital investment decisions that have previously been taken by the Council, on future council tax and housing rent levels.

Estimated Incremental Impact of Capital Investment Decisions	2004/05	2005/06	2006/07
For the Band D Council Tax	£6.52	£5.76	£9.98
For Average Weekly Housing Rents	£0.94	£0.96	£1.47

125. In practice, the Council's capital investment decisions will not translate into the above council tax and rent increases because the Council will receive increased revenue support grant and housing subsidy to fund planned supported borrowing.

### Prudence – council treasury management practices

126. The Council has an integrated treasury management strategy and has adopted the CIPFA *Code of Practice for Treasury Management in the Public Services*.
127. 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.
128. The Council's treasury management strategy and annual plan for 2004/05 will be presented to Cabinet for approval on Wednesday 17<sup>th</sup> March 2004.

### Prudence Indicator - net borrowing and capital finance requirement

129. 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 external borrowing 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”

130. 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

131. The Council's actual external debt at 31<sup>st</sup> March 2003 was £182m comprising £181.7m borrowing and £0.3m other long-term liabilities. The Council's debt at 31<sup>st</sup> March 2004 is estimated to be £172.9m.
132. 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.
133. The table below identifies the **Council's authorised limit for external debt** for 2004/05 to 2006/07. For 2004/05, the authorised limit of £270m is the statutory limit determined under section 3(1) of the Local Government Act 2003.

Council External Debt	2004/05	2005/06	2006/07
	Budget £m	Estimate £m	Estimate £m
<b>External Debt Authorised Limit</b>			
Council Borrowing	265.0	265.0	270.0
Other Council Long Term Liabilities	5.0	5.0	5.0
<b>TOTAL - Council External Debt Authorised Limit</b>	<b>270.0</b>	<b>270.0</b>	<b>275.0</b>

134. These authorised limits are consistent with the Council's current commitments, existing plans and proposals in this budget report for capital expenditure and financing, and with its proposed treasury management policy statement and practices. They are based on the **estimate of the most likely, prudent but not worst case scenario, with sufficient headroom over and above to allow for operational management** (e.g. unusual cash movements). Risk analysis and risk management strategies have been taken into account, as have plans for capital expenditure, estimates of the capital financing requirement and estimates of cashflow requirements for all purposes.
135. The table below identifies the **Council's operational boundary for external debt** for 2004/05 to 2006/07.

<b>Council External Debt</b>	<b>2004/05 Budget £m</b>	<b>2005/06 Estimate £m</b>	<b>2006/07 Estimate £m</b>
<b>External Debt Operational Boundary</b>			
Council Borrowing	209.7	210.5	214.4
Other Council Long Term Liabilities	2.0	2.0	2.0
<b>TOTAL - Council External Debt Operational Boundary</b>	<b>211.7</b>	<b>212.5</b>	<b>216.4</b>

136. 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 estimate. These limits represent the highest expected level of debt, which incorporates the actual external debt and allows for the risk of being unable to finance capital expenditure from internal sources.
137. The Council is asked to delegate authority to the Executive Director Resources to effect movement between the separately agreed authorised and operational boundary limits for borrowing and other long term liabilities, in accordance with option appraisal and best value for the authority, within the total limit for any individual year. Any use made of this delegation will be reported to the Council at its next meeting.

### **Prudence – council fixed and variable interest rate exposure**

138. The table below sets upper limits on the Council's fixed and variable interest rate exposures for net outstanding principal sums for the next three years.

<b>Fixed and Variable Interest Rate Exposure</b>	<b>2004/05 Budget %</b>	<b>2005/06 Estimate %</b>	<b>2006/07 Estimate %</b>
Fixed rate interest - upper limit	100%	100%	100%
Variable rate interest - upper limit	40%	40%	40%

### **Prudence - maturity structure of council borrowing**

139. The table on the next page sets upper and lower limits for the maturity structure of the Council's borrowing during 2004/05. The limits represent the amount of projected fixed rate borrowing maturing in each period, as a percentage of total projected fixed rate borrowing.

Maturity Structure of Borrowing for 2004/05	Upper Limit %	Lower Limit %
Under 12 months	40%	0%
12 months and 24 months	40%	0%
24 months and 5 years	50%	0%
5 years and within 10 years	75%	0%
10 years and above	100%	25%

## Prudence - investments for periods longer than 364 days

140. Councils with external debt have previously been unable to invest for periods in excess of 364 days. However, the government is currently consulting on new Local Government Investment Regulations that may permit the Council to invest money for periods in excess of 364 days.
141. Whilst the outcome of the consultation cannot be prejudged, should the regulations come into force, investments for a period in excess of 364 days will be limited to a maximum of 10% of the Council's investment portfolio at any one time.

## 7. What are the Tyne and Wear Pension Fund's Spending Plans?

142. The Council administers the Local Government Pension Fund for the Tyne and Wear region and is responsible for agreeing the pension administration and investment budgets for the Fund each year.
143. The table below summarises the spending plans for the Fund for 2004/05 and provisional spending plans for 2005/06 and 2006/07. These spending plans were considered and agreed by the Pension Committee on 11<sup>th</sup> February 2004.

2003/04 Budget £m	Tyne and Wear Pension Fund Budget	2004/05 Budget £m	2005/06 Provisional Spending £m	2006/07 Provisional Spending £m
5.883	Pension Investments	7.009	7.362	7.889
2.204	Pension Administration	2.201	2.220	2.282
<b>8.087</b>	<b>TOTAL Pension Fund Budget</b>	<b>9.210</b>	<b>9.582</b>	<b>10.171</b>

144. The key changes to the budget are:-

- **An estimated increase of £1 million in investment management fees in 2004/05.**

Investment management fees are based on the value of assets under management. When determining the budgeted fees for 2004/05 and onwards the value of the Fund has been projected forward in line with assumptions made in the Fund's asset liability study. The increase is particularly steep in 2004/05 because of the strong rise in investment markets since the low points in 2002/03 when the previous year's budget was produced.

- **An increase in employee costs within the Pensions Administration budget.**

This follows a review of the staffing structure and the creation of six and a half new permanent posts. These costs have been offset by the termination of a number of fixed term contract posts and a reduction in external ICT expenditure.

## **8. What happens next?**

145. On 27<sup>th</sup> February 2004, the Council will formally consider the Cabinet's budget and council tax recommendations before setting the council tax for 2004/05.
146. During the year, each directorate will monitor their budgets on a monthly basis and report key variances at the monthly finance monitoring meeting (as described in the Council's master plan - Performing Together). Quarterly budget monitoring reports will be presented to both Resources Scrutiny Committee and Cabinet for consideration.

2004/05 COUNCIL REVENUE AND CAPITAL BUDGETS

2003/2004 Revenue Budget £m	COUNCIL REVENUE BUDGET	Budget Holder	Total Cost £m	Total Income £m	2004/2005 Revenue Budget £m
<b>Neighbourhood Services Directorate</b>					
1.909	Housing and Construction Services	S Rawson	29.783 -	27.650	2.133
14.288	Streetscape	P Brooks	34.189 -	15.833	18.356
6.934	Strategic and Regulatory Services	A French	6.647 -	2.252	4.395
0.248	Business and Innovation	P Hanson	3.486 -	3.213	0.273
<b>23.379</b>			<b>74.105 -</b>	<b>48.948</b>	<b>25.157</b>
<b>Social Care &amp; Health Directorate</b>					
0.243	Service Strategy	T Doughty	0.478 -	0.063	0.415
13.643	Children's Services	A Dinning	21.456 -	6.544	14.912
31.781	Community Care	L Dean	54.798 -	20.844	33.954
-	Resources & Business Services	K Hannah	12.482 -	12.291	0.191
<b>45.667</b>			<b>89.214 -</b>	<b>39.742</b>	<b>49.472</b>
<b>Lifelong Learning &amp; Leisure Directorate</b>					
71.169	Strategy & Resources	E Campbell	91.417 -	15.893	75.524
8.121	School Improvement	M Dillon	5.403 -	0.561	4.842
5.514	Access & Inclusion	A Bradley	7.715 -	2.193	5.522
7.968	Lifelong Learning	R McKay	11.602 -	4.036	7.566
8.463	Culture & Community Services	T Duggan	12.754 -	4.084	8.670
<b>101.235</b>			<b>128.891 -</b>	<b>26.767</b>	<b>102.124</b>
<b>Corporate Development Directorate</b>					
-	Performance and Innovation	K Harcus	0.880 -	0.880	-
0.768	Corporate Growth and Focus	D Wood	1.500 -	1.374	0.126
0.858	Economic Development & Promotion	R O'Farrell	2.927 -	1.453	1.474
2.003	Building Strong Communities	S Brown	4.037 -	1.735	2.302
-	Management and Support	D Slater	0.871 -	0.871	-
<b>3.629</b>			<b>10.215 -</b>	<b>6.313</b>	<b>3.902</b>
<b>Resources Directorate</b>					
6.931	Finance	J Hayes	72.591 -	62.283	10.308
-	Pensions	S Moore	9.210 -	9.210	-
1.717	Corporate Governance	B Scott	9.340 -	7.477	1.863
1.240	Asset Management and Procurement	C Clark	6.154 -	5.836	0.318
-	ICT & E-Government	A Holt	4.787 -	4.787	-
0.040	Human Resources	S Moir	1.430 -	1.447	0.017
-	Management and Support	J Alderson	0.612 -	0.612	-
<b>9.848</b>			<b>103.512 -</b>	<b>91.040</b>	<b>12.472</b>
<b>183.758</b>	<b>TOTAL Council Revenue Budget</b>		<b>405.937 -</b>	<b>212.810</b>	<b>193.127</b>

2003/2004 Capital Budget £m	COUNCIL CAPITAL BUDGET	Budget Holder	Capital Scheme £m	External Funding £m	2004/2005 Capital Budget £m
<b>Neighbourhood Services Directorate</b>					
1.692	Housing and Construction Services - Council Programme	S Rawson	1.750 -	0.296	1.454
14.274	Housing and Construction Services - Housing Programme	S Rawson	14.205 -	-	14.205
4.115	Streetscape	P Brooks	5.886 -	0.967	4.919
0.545	Business and Innovation	P Hanson	0.589 -	-	0.589
<b>20.626</b>			<b>22.430 -</b>	<b>1.263</b>	<b>21.167</b>
<b>Social Care &amp; Health Directorate</b>					
2.329	Children's Services	A Dinning	7.790 -	7.725	0.065
0.806	Community Care	L Dean	0.089 -	0.089	-
<b>3.178</b>			<b>7.879 -</b>	<b>7.814</b>	<b>0.065</b>
<b>Lifelong Learning &amp; Leisure Directorate</b>					
7.835	Strategy & Resources	E Campbell	4.965 -	4.185	0.780
0.380	Lifelong Learning	R McKay	0.410 -	0.410	-
1.292	Culture & Community Services		0.086 -	-	0.086
<b>9.507</b>			<b>5.461 -</b>	<b>4.595</b>	<b>0.866</b>
<b>Corporate Development Directorate</b>					
2.847	Economic Development & Promotion	R O'Farrell	8.912 -	4.622	4.290
0.592	Building Strong Communities	S Brown	0.436 -	0.206	0.230
<b>3.439</b>			<b>9.348 -</b>	<b>4.828</b>	<b>4.520</b>
<b>Resources Directorate</b>					
0.100	Finance	J Hayes	0.100 -	-	0.100
3.359	Asset Management and Procurement	C Clark	2.450 -	-	2.450
1.424	ICT & E-Government	A Holt	2.360 -	-	2.360
<b>4.883</b>			<b>4.910 -</b>	<b>-</b>	<b>4.910</b>
<b>41.633</b>	<b>TOTAL Council Capital Budget</b>		<b>50.028 -</b>	<b>18.500</b>	<b>31.528</b>