Public Engagement Toolkit

On 23 March 2022 Full Council agreed the following:

> *A toolkit to be developed for each committee to use when considering its 'menu of options' for ensuring the voice of the public has been central to their policy development work. Building on the developing advice from communities and Involve, committees should make sure they have a clear purpose for engagement; actively support diverse communities to engage; match methods to the audience and use a range of methods; build on what's worked and existing intelligence (SCC and elsewhere); and be very clear to participants on the impact that engagement will have.*
>
> *The list below builds on the experiences of Scrutiny Committees and latterly the Transitional Committees and will continue to develop, (including through the ongoing work with Involve). The toolkit could include (but would not be limited to):*
>
> a. *Public calls for evidence*
> b. *Issue-focused workshops with attendees from multiple backgrounds (sometimes known as 'hackathons') led by committees*
> c. *Creative use of online engagement channels*
> d. *Working with VCF networks (eg including the Sheffield Equality Partnership) to seek views of communities*
> e. *Co-design events on specific challenges or to support policy development*
> f. *Citizens assembly style activities*
> g. *Stakeholder reference groups (standing or one-off)*
> h. *Committee / small group visits to services*
> i. *Formal and informal discussion groups*
> j. *Facilitated communities of interest around each committee (eg a mailing list of self-identified stakeholders and interested parties with regular information about forthcoming decisions and requests for contributions or volunteers for temporary co-option)*
> k. *Facility for medium-term or issue-by-issue co-option from outside the Council onto Committees or Task and Finish Groups. Co-optees of this sort at Policy Committees would be non-voting.*

A public engagement toolkit is therefore under development. It is intended to be a quick 'how-to' guide for Members and officers to use when undertaking participatory activity through committees.

It will provide an overview of the options available, including the above list, and cover:

- How to focus on purpose and who we are trying to reach
- When to use and when not to use different methods
- How to plan well and be clear to citizens what impact their voice will have
- How to manage costs, timescales, scale.

Until the full toolkit is published, there is an expectation that Members and Officers will be giving strong consideration to the public participation and engagement options for each item on a committee's work programme, with reference to the above list a-k.

Report to Policy Committee

Author/Lead Officer of Report: Jane Wilby, Head of Accounting

Tel: +44 114 2736293

Report of:	Ryan Keyworth, Director of Finance & Commercial Services
Report to:	Strategy & Resources Committee
Date of Decision:	5 July 2022
Subject:	Month 2 Monitoring & Outturn Report 2021-22

Has an Equality Impact Assessment (EIA) been undertaken?	Yes	☐	No	✓
If YES, what EIA reference number has it been given? *(Insert reference number)*				
Has appropriate consultation taken place?	Yes	☐	No	✓
Has a Climate Impact Assessment (CIA) been undertaken?	Yes	☐	No	✓
Does the report contain confidential or exempt information?	Yes	☐	No	✓

If YES, give details as to whether the exemption applies to the full report / part of the report and/or appendices and complete below:-

*"The (**report/appendix**) is not for publication because it contains exempt information under Paragraph (**insert relevant paragraph number**) of Schedule 12A of the Local Government Act 1972 (as amended)."*

Purpose of Report:

This report provides the outturn monitoring statement on the City Council's Revenue and Capital Budget Outturn as at the end of Month 12, 2021/22

The report also provides an update of the Council's Treasury Management activity in 2021/22 and sets out expectations for the coming of the year.

Recommendations:

- The Committee is asked to:
  a) Note the updated information and management actions provided by this report on the 2021/22 Revenue Budget Outturn as described in this report;
  b) Approve carry forward requests for 2 items in the People portfolio
     i. £700k underspend for Local Area Committees and
     ii. £972k unspent grant monies to support Clinically Extremely Vulnerable individuals
  c) Note the updated information and management actions provided by this report on the 2021/22 Capital Programme Monitoring as described in **Appendix 1**;
  d) Note the annual Treasury Management Outturn report for 2021/22 as described in **Appendix 2**

Background Papers:
(Insert details of any background papers used in the compilation of the report.)

Lead Officer to complete:-		
1	I have consulted the relevant departments in respect of any relevant implications indicated on the Statutory and Council Policy Checklist, and comments have been incorporated / additional forms completed / EIA completed, where required.	Finance: *Ryan Keyworth, Director of Finance and Commercial Services*
		Legal: *David Hollis, Assistant Director, Legal and Governance*
		Equalities & Consultation: *James Henderson, Director of Policy, Performance and Communications*
		Climate: *N/A*
	Legal, financial/commercial and equalities implications must be included within the report and the name of the officer consulted must be included above.	
2	**SLB member who approved submission:**	*Ryan Keyworth*
3	**Committee Chair consulted:**	*Cllr Terry Fox*
4	I confirm that all necessary approval has been obtained in respect of the implications indicated on the Statutory and Council Policy Checklist and that the report has been approved for submission to the Committee by the SLB member indicated at 2. In addition, any additional forms have been completed and signed off as required at 1.	

Lead Officer Name: Jane Wilby	**Job Title:** Head of Accounting
Date: *5th July 2022*	

1. PROPOSAL

1.1 This report provides the outturn monitoring statement on the City Council's revenue and capital budget for 2021/22.

Month 2 Budget Monitoring is discussed in the report at Agenda Item 10 - Medium Term Financial Analysis and Committee Budget Recommendations.

1.1.1 **Summary**
The Council's revenue budget as at 31st of March 2022 was overspent by £19.8m, equivalent to 5% of the Council's net revenue budget.

1.1.2 During the last quarter ended 31st March 2022, the Council received a £3.5m contribution from the local NHS Clinical Commissioning Group to meet the costs of enhanced care for patients discharged from hospitals. This one-off income helped the in-year position but does not mitigate the underlying budgetary overspends in the People portfolio. In total the Council benefitted from £10.4m of un-planned one-off funding from the NHS in 2021/22.

1.1.3 A significant amount of the pressures on revenue budgets in 2021/22 was indirectly due to the impact of the coronavirus pandemic. The main two areas of overspend are in Adult Social Care and in Children's and Families. During the pandemic, decisions were made to keep people safe and well in their homes. As a consequence, we have seen an increase in the individual costs of care packages which are continuing to cause pressure on Council budgets.

1.3 Detailed position

1.3.1 **Financial Position by Portfolio**
The table below summarises the outturn position by portfolio at Month 12.

£000s Portfolio	FY Outturn 21/22	FY Budget 21/22	FY Variance 21/22
People	286,701	264,270	22,431
Place	131,215	135,054	(3,839)
Policy, Performance & Comms	3,083	3,449	(366)
Resources	10,494	8,822	1,671
Corporate	(411,698)	(411,595)	(103)
Total	**19,795**	**0**	**19,795**

1.3.2 The main variances by portfolio are summarised as follows:

- **People** – The majority of the budget in the portfolio is allocated to commissioned services for home support, residential and nursing, short term care, supported living and direct payments for packages of care and placements. These costs are referred to as our "purchasing budget". Purchasing budgets are the majority of the overspend; £10m in Adult social care and £9.4m in Children's due to continued growth of package costs in the service following the pandemic.

- **Place** – The £3.8m underspend was a net position with ups and downs across the service. Key underspends contributing to the position include an additional £1m income from highways network management fees, £1.6m from unfilled vacancies across place services and a £1.4m improvement in Leisure services against a prudent budget position post-covid recovery.

- **Resources and PPC** – The majority of the overspend relates to undelivered savings plans for legal and governance and business change. Some of the overspend in legal came about due to the additional work required for transitioning to a new governance model.

- **Corporate** – movements were caused by recognising unrestricted revenue grants within the financial year.

1.3.3 **People**

The table below summarises the outturn position for the People portfolio at Month 12.

£000s People	FY Outturn 21/22	FY Budget 21/22	FY Variance 21/22
Care & Support	124,404	116,830	7,574
Children & Families	110,850	95,787	15,063
Commissioning Inclusion & learning	26,590	23,972	2,618
Community Services	7,869	10,873	(3,004)
Employment & Skills	26,987	16,807	180
Total	**286,701**	**264,270**	**22,431**

1.3.4 The table below summarises the key variances in the People portfolio, Of the £22.4m overspend, £3.5m results from undelivered 2021/22 savings plans and £5.8m from savings plans prior to 21/22 (bfwd Savings); each year undelivered savings plans continue to cause variances as budgets have been permanently reduced. The £12.6m underlying variance is the overspend emerging in year.

Key Variances by Service Area (£000)						
Key Variances	Care and Support	Children and Families	Commission Inclusion & Learning	Community Services	Employment & Skills	Total Variance
21/22 Budget Savings	339	3,160	0	0	0	3,499
Bfwd Savings	4,428	847	500	0	0	5,775
Covid	24	335	0	0	236	595
Underlying Variance	2,783	10,721	2,118	-3,004	-56	12,562
Total People	**7,574**	**15,063**	**2,618**	**-3,004**	**180**	**22,431**

- The Adults Care and Support budget finished £7.6m over budget, but this is after taking £10.4m of one-off CCG/Grant income and £1.3m of investment into account leaving an underlying overspend of £16m. £13.2m of the underlying overspend is largely due to increased cost of expensive homecare packages which are being reviewed as part of the recovery plan. Staffing was also £2.3m overspent.

- In Children and Families, placements were £9.2m overspent due to increased cost of packages and some growth from 20/21. Staffing was £4m overspent with particular increases in prevention and early intervention and higher costs through use of agency resources. There are around £2m other overspends.

- Commissioning, Inclusion, and Learning includes a mental health purchasing overspend of £2.8m due to increased activity and costs.

- Community Services were underspent by £2m on youth budgets, £0.5m underspent on community safety and £0.5m underspent on the Practical Support Grant income that was drawn down in month 12.

- In Education & Skills, SEN Transport overspent by £0.8m (and £1.6m DSG) with the emerging Transport pressure increasing in line with increase in SEND placements (see DSG table 3). This is partly offset by £0.6m underspends across the Service.

1.3.5 **Dedicated Schools Grant (DSG)**

At Month 12, the Council reported an overspend on DSG budgets of £2.95m. This position improved slightly towards the end of the year due to drawdown of unallocated funding and a PFI surplus. The key reasons for this overspend are costs of SEN transport and SEN places in Employment and Skills.

1.3.6 **Public Health**

Public Health services are funded by Public Health Grant – any variances to budgeted expenditure will be managed by adjusting the drawdown of grant income to match, therefore Public Health variances will be nil in terms of net expenditure and invisible within the above reported position. This table demonstrates the variances to budget and £1m underspend transferred to the Public Health reserves. The key variances were contract underspends in People and Policy Performance and Communications.

£000 Public Health	**FY Outturn 21/22**	**FY Budget 21/22**	**FY Variance 21/22**
People	29,817	30,500	(683)
Place	2,635	2,702	(67)
Policy Perf & Comms	795	1,047	(252)

Resources	22	22	-
Underspend to reserves	1,002		1,002
Total	**34,271**	**34,271**	**-**

1.4.1 **Place**

The table below summarises the outturn position for the Place portfolio at Month 12.

£000s Place	**FY Outturn 21/22**	**FY Budget 21/22**	**FY Variance 21/22**
City Growth	27,055	28,137	(1,082)
Culture & Environment	37,273	38,237	(964)
Housing General Fund	6,323	6,827	(504)
Major Projects	88	125	(37)
Operational Services	46,846	48,696	(1,850)
Place Strategy & Change	(172)	63	(235)
Transport & FM	13,802	12,969	833
Total	**131,215**	**135,054**	**(3,839)**

1.4.2 The table below summarises the key variances in the Place portfolio:

Key Variances by Service Area (£'000)								
Division/Theme	**City Growth**	**Culture & Env**	**Hsg Gen Fund**	**Op Services**	**Major Projects**	**Strat & Change**	**T & FM**	**Total Variance**
21/22 Budget Savings	410	61	0	261	0	0	1,410	2,142
Covid Impacted	253	-1,294	0	-844	0	0	53	-1,832
Other								
Vacancies-Plng,HW,Strat,Parks&Ber	-672	-265		-555		-115		-1,607
Highway Network Mgt Fees	-1,058							-1,058
Facilities Mgt							-454	-454
One-off settlements	-208	-197		-254				-659
Planning Income	567							567
City Road Crematorium (closure)		701						701
Electric Works	173							173
Waste Management				-455				-455
Other	-531	23	-504	-3	-37	-120	-177	-1,349
TOTAL OTHER	-1,729	262	-504	-1,267	-37	-235	-631	-4,141
TOTAL	**-1,066**	**-971**	**-504**	**-1,850**	**-37**	**-235**	**832**	**-3,831**

- There is a £2.1m overspend from shortfalls in approved budget savings proposals in the year, notably the Housing Repairs restructure.

- Covid impacted activities such as leisure (including Sheffield City Trust), parking and markets were allocated an extra £14m one-off budget provided. Recovery was stronger than anticipated and the services delivered an underspend against this allocation

- There was a £4.1m underspend from 'other' factors notably £1.6m from vacancies held and unfilled during the period and a £1m improvement against budgeted highway network management fee income.

- It should be noted that given the Council's financial position and the current recruitment control process it is anticipated that underlying underspends resulting from vacancies should provide some sustained improvement for the Place portfolio going into 22/23 to assist in mitigating pressures around full savings delivery.

1.5.1 **Resources & PPC**

The table below summarises the outturn position for the Resources & PPC portfolios at Month 12.

£'000's Resources & PPC	FY Outturn 21/22	FY Budget 21/22	FY Variance 21/22
BUSINESS CHANGE & INFO SOLNS	17,786	16,938	848
CENTRAL COSTS	(45,081)	(44,592)	(489)
CONTRACT REBATES & DISCOUNTS	(1,417)	(451)	(966)
CUSTOMER SERVICES	4,157	4,247	(90)
F&CS	18,425	18,247	178
HOUSING BENEFIT	2,455	2,455	0
HUMAN RESOURCES	6,211	5,944	267
LEGAL & GOVERNANCE	7,744	5,754	1,990
RESOURCES MANAGEMENT& PLANNING	213	280	(67)
PPC	3,218	3,584	(366)
PUBLIC HEALTH PPC	(135)	(135)	0
TOTAL	**13,576**	**12,271**	**1,305**

The key variances in the portfolio included a £2m overspend relating to additional Legal Services activity (£1.1m) and costs associated with the transition to new Committee structures (£0.7m). An additional £0.8m on Business Change & Information Systems from extra data centre capacity and devices linked to home working arrangements. These were offset to some extent by a £1.4m underspend on Central costs (e.g. pensions) and rebates.

1.6.1 **Housing Revenue Account**

The HRA income and expenditure account provided a contribution towards funding the HRA capital investment programme of £13.5m. This is £4.6m lower than the budgeted position.

£000s Housing Reveue Account	FY Outturn 21/22	FY Budget 21/22	FY Variance 21/22
Net income (Dwellings)	(143,885)	(145,013)	1,128
Other income	(6,284)	(6,150)	(134)
Repairs & Maintenance	45,662	43,130	2,532
Depreciation – Cap Fund Prog	25,620	25,620	0
Tenant Services	52,222	51,054	1,168
Interest on Borrowing	13,111	13,175	(63)
Contribution to Cap Prog	13,553	18,184	(4,631)
Total	**0**	**0**	**0**

1.6.2 The loss of rents is mainly due to a high level of vacant properties that cannot be tenanted, in part due to outstanding repair jobs. The actual variance is £3.2m but is offset to some extent by a reduction to the bad debt provision as rental arrears are at a lower level than forecast.

1.6.3 The higher repairs and maintenance costs of £2.5m is a result of addressing the backlog of repairs that could not be carried out during lockdown and is, to a certain extent a timing different. The £2.5m is after a £1.7m contribution from reserves to help smooth costs out. There is also a high number of disrepair claims contributing to the overspend in tenant services due to excess legal fees to deal with the claims.

1.6.4 **Community heating position**

The Community Heating account overspent in 2021/22 by £255k largely due to a shortfall in income from Pay-As-You-Go meter charges and increased expenditure on Gas. This has been funded from reserves but use of HRA reserves will need to be recovered in future years.

1.6.5 **Recommendation for approval of carry forward expenditure from 2021/22:**

There are areas from 21/22 where priority projects have been unable to be delivered due to circumstances outside of the control of management. These specific cases are recommended to carry forward unspent budget. It should be noted that these are one-off agreements that cover 2022/23 budget only. The outturn position assumes these carry-forwards are approved. Non- approval of any of the following items would result in an improved outturn position.

i) Local Area Committees and Ward Pots £700k

The seven local area committees were each allocated a budget of £100k for 2021/22 which was largely unspent in year. The local area committees were launched mid-2021. Due to timing of the first meetings and subsequently developing community plans, the budgets remained largely unspent for the financial year. This report recommends the budgets are carried forward into 2022/23 to support the delivery of community plans agreed in each local area. Ward Pot budgets are also designated to support local communities to deliver improvements to neighbourhoods. The underspend in 2021/22 Ward Pots is also proposed to be carried forward

ii) Clinically Extremely Vulnerable £972k

MHCLG issued funding for Councils to support Clinically Extremely Vulnerable individuals following lockdown. The Council provided a community response team to support covid testing sites, vaccination promotion, recovery, safe and well checks, shopping and support to access to fuel and food vouchers. Recruitment delays caused slippage in the programme meaning the grant was unspent in 21/22. A temporary team will be in place for 22/23 with the approval of this carry forward request. The funding is one-off and will not be available to support the staffing of this team beyond March 2023.

1.7 Capital Summary

Please see Appendix 1

1.8 Treasury Outturn Report (Appendix 2)

The Council is required, under the Local Government Act 2003, to produce an annual review of Treasury Management activities and the actual prudential and treasury indicators for 2021/22. The full Treasury Management Outturn Report is provided in Appendix 2 and meets the requirements of both the Chartered Institute of Public Finance and Accountancy Code of Practice on Treasury Management and the Prudential Code for Capital Finance in Local Authorities. The regulatory environment places responsibility on Members for the review and scrutiny of Treasury Management policy and activities. This report is therefore important, as it provides details of the outturn position for treasury activities and highlights compliance with the Council's policies previously approved by Members.

2. HOW DOES THIS DECISION CONTRIBUTE ?

2.1 To formally record the Revenue Budget in line with Financial Regulations.

3. HAS THERE BEEN ANY CONSULTATION?

3.1 No

4. RISK ANALYSIS AND IMPLICATIONS OF THE DECISION

4.1 <u>Equality Implications</u>

4.1.1 There are no specific equal opportunity implications arising from the recommendations in this report.

4.2 <u>Financial and Commercial Implications</u>

4.2.1 The primary purpose of this report is to provide Members with information on the City Council's revenue and capital budget monitoring position for 2021/22 and the Treasury Management .

4.3 <u>Legal Implications</u>

4.3.1 There are no specific legal implications arising from the recommendations in this report.

4.4 <u>Climate Implications</u>

4.4.1 There are no specific climate implications arising from the recommendations in this report.

4.4 <u>Other Implications</u>

4.4.1 There are no other implications arising from the recommendations in the report

5. ALTERNATIVE OPTIONS CONSIDERED

5.1 Several alternative courses of action are considered as part of the process undertaken by Officers before decisions are recommended to Members. The recommendations made to Members represent what Officers believe to be the best options available to the Council, in line with Council priorities, given the constraints on funding and the use to which funding is put within the Revenue Budget and the Capital Programme.

6. REASONS FOR RECOMMENDATIONS

6.1 To record formally changes to the Revenue Budget and the Capital Programme.

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May 2022

CAPITAL OUTTURN REPORT 2021/22

Sheffield City Council

1 Executive summary Page 2
2 Key facts Page 3
3 Performance by priority area Page 5
4 Spend below budget Page 7
5 Spend over budget Page 8
6 Slippage Page 9
7 Funding and resources Page 12
8 Improving our performance Page 15
9 Glossary Page 17

1 INTRODUCTION

A succinct summary of the report content and conclusions

1.1 Purpose of report

Capital spending pays for buildings, roads and council housing and for major repairs to them. It does not pay for the day-to-day running costs of council services. We strive to use our capital monies to make the biggest possible positive impacts upon Sheffield people's lives.

Last year, our capital spending fell under nine priority areas:

- Growing and inclusive economy
- Housing investment
- People: capital and growth
- Transport
- Cleaner, greener, safer
- Heart of the City II
- New homes
- Green and open spaces
- Essential compliance and maintenance

Further details on each of these priorities are contained in our Capital Strategy. In May 2022 we moved to a committee system of governance, and priorities have been realigned. Next year's reporting will therefore reflect these new priorities.

In March 2021, Cabinet approved a capital programme budget for the financial year 2021/22. This Outturn Report sets out how we delivered against the 2021/22 approved budget, including:

- levels of actual spend that occurred throughout 2021/22 (sections 2 and 3)
- key projects which underspent and the reasons for this (section 4)
- key projects which overspent and the reasons for this (section 5)
- levels of slippage and the reasons for this (section 6)
- how the capital programme is funded and how these resources have been spent (section 7)
- actions we are taking to improve our performance (section 8).

A Glossary is included at section 9 to promote a clear, shared understanding of financial and project terminology.

1.2 Headline conclusions

As the initial impact of the COVID-19 pandemic subside, we are left with a legacy of challenging supply chain issues, rising prices, and a surfeit of work. Throughout the pandemic, the Council 'kept the wheels turning', ensuring a decent throughput of work to support our local economy – both contractors and suppliers. But we now face a new set of challenges as we deal with rising inflation and the impact of the war in Ukraine.

The pandemic and the war have undoubtedly had an impact on what we've been able to deliver. We are feeling these impacts today and will do so for some years to come. We've seen sharp rises in some material prices – in some cases over 50% -with many items in very short supply with long lead-in times. Contractors are struggling to recruit labour. The release of pent-up demand means they can be selective which jobs they tender for, and on what terms. We've done our best to mitigate the impacts of these challenges and will continue to do so as we continue the work to rebuild and renew our city.

Whilst there continues to be slippage on the capital programme, we have maintained our clear distinction between delivery slippage and re-profiling (as set out at section 6). This has helped to highlight where variations against budget are the result of timely strategic decisions rather than failure of delivery. Use of this analysis will continue alongside our continued monitoring and critical challenge of unrealistic budget profiles. We want to deliver a robust capital budget with minimal variances, even in these challenging times.

The good news is that the great majority of slippage is accounted for by a small number of projects with relatively high levels of slippage, which were largely beyond our control. These are set out later at section 3.2. This gives us – and Sheffield people - reassurance of our ability to spend money 'to profile' - how we expected we would.

That said, there is no room for complacency. The Council will continue to make ongoing improvements to its processes and governance to minimise slippage in the capital programme. We anticipate that 2022/23 will be no less challenging for us as prices rise, supply chains struggle and labour shortages bite. We will have to work effectively across the city – and wider region – to continue to maximise our impact on Sheffield's recovery and make a real difference to Sheffield people's lives.

Phil Moorcroft | Damian Watkinson
Commercial Business Development Team | Finance and Commercial Services
May 2022

2 KEY FACTS

Key high-level budget and expenditure information

2.1 Budget and expenditure headlines

(a)	Approved capital programme budget for 2021/22 at 31 March 2021 (Month 1)	£222.8m
(b)	Approved capital programme budget for 2021/22 at 31 November 2021 (Month 8) – the latest report to Cabinet	£267.0m
(c)	Approved capital programme budget for 2020/21 at 31 March 2022 (Month 12)	£193.8m
(d)	Actual expenditure against the revised budget of £193.8m	£151.03m

2.2 Reasons for budget changes between Month 8 (b) and Month 12 (c)

These approved capital budgets were reduced by £115.97m between the end of November 2021 and March 2022:

		2020/21
(b)	Month 8 approved budget	£267m
(e)	Reprofiling	-£25.4m
(f)	Slippage	-£53.4m
(g)	Additions	+£4.9m
(h)	Variations	£+0.7m
(c)	Month 12 approved budget	£193.8m

The key projects and programmes which had in-year budget changes at (e) to (h) above (and were approved by Cabinet by March 2022) are:

Reprofiling (e)		Slippage (f)		Additions (g)		Variations (h)	
New Homes and Council Housing Investment Annual Programme Refresh	-£23.2m	Heart of The City II Programme	-£21.1m	Purchase of Housing at Corker Bottom	+£3.8m	Annualised capital interest - Heart of the City II	+2.5m
Future High Streets Fund (Public Realm and Front Door Intervention schemes)	-£1.5m	New Homes and Council Housing Investment Annual Programme Refresh	-£16m	Town Hall Square Animation Scheme	+£0.3m	Corporate Adjustment re: Grant Payments	+£4.7
Broadfield Road Junction Scheme	-£0.6m	Transport Programme (Clean Air Zone £2.8m, Broadfield Road £1.5m)	-£5.8m			Changes to Housing Programme Block Allocations resulting from annual refresh	-£6.3m
		Economic Growth Programme (Upper Don valley Flood £2.2m, West Bar CPO scheme £1.8m)	-£4.6m				
		People Capital Programme (Astrea Sports Pitch £1m, Aldine House Extension £1m)	-£2.9m				
		Green and Open Spaces Programme	-£1.3m				

Further details are set out at sections 3-5 overleaf.

3 PERFORMANCE BY PRIORITY AREA

A summary of expenditure against budget at Month 12

3.1 Year-end net slippage figures

The overall outturn of expenditure against the approved budget of £193.8m was £151.03m. The table below summarises the outturn expenditure by Priority Area, categorising variances against budget.

Year-end net slippage - the aggregate of Slippage and Accelerated Spend - totalled £28.3m. This represents 15% of the approved Month 12 budget.

Priority	Approved Expenditure Budget	Expenditure 31/03/22 (Qtier)	Variance	Slippage	Reprofile	Accelerated Spend	Overspend	UnderSpend	Internal Adjusment	Percentage Year End Net Slippage
GROWING & INCLUSIVE ECONOMY	8,885,542	7,109,886	1,775,656	2,056,141	29,896	(98,000)	(2,000)	1,200	(211,582)	22%
ESSENTIAL COMPLIANCE & MAINT	4,934,023	3,305,852	1,628,171	946,869	172,478	(29,535)	(22,537)	608,176	(47,280)	19%
GREEN & OPEN SPACES	2,658,684	2,078,586	580,097	362,106	233,007	(26,760)	(12,231)	23,974	0	13%
HEART OF THE CITY II	55,678,756	42,807,189	12,871,567	12,843,655	-	-	(4,061)	31,973	-	23%
NEW HOMES	45,600,496	28,436,802	17,163,693	4,840,696	12,138,573	(31,805)	(7,376)	3,066,267	(2,842,662)	11%
HOUSING INVESTMENT	26,069,840	22,327,197	3,742,643	3,165,049	144,838	(384,699)	(268,955)	907,328	179,082	11%
PEOPLE CAPITAL & GROWTH	18,096,993	15,719,969	2,377,025	1,821,558	1,048,374	(62,967)	(2,367,944)	1,967,013	(29,010)	10%
CLEANER GREENER SAFER	19,555,017	18,495,370	1,059,647	987,924	57,157	-	-	4,566	10,000	5%
TRANSPORT	7,614,406	6,045,243	1,569,163	2,072,118	54,254	(150,068)	(448,408)	17,545	23,722	25%
CORPORATE*	4,707,441	4,707,441	-	-	-	-	-	-	-	0%
GRAND TOTAL	**193,801,198**	**151,033,536**	**42,767,662**	**29,096,118**	**13,878,578**	**(783,834)**	**(3,133,511)**	**6,628,041**	**(2,917,730)**	15%

* Corporate Transactions relate capital grant and loan transactions with the South Yorkshire Mayoral Combined Authority

The highest levels of year-end net slippage were on Transport (25%), Heart Of The City (23%) and Growing & Inclusive Economy (22%). The key reasons for this are:

Growing & Inclusive Economy

- Delay in Upper Don Valley Flood Scheme due to contractor entering administration (£1m)
- Delays to M1 Gateway Project due to funding issues and pandemic (£0.2m)
- Delay to Future High Streets Fund Public Realm works due to extended tender period required (£0.2m).

Transport

- Delays to the Clean Bus Technology Grant Scheme to private Bus operators (£0.5m)
- Delays to delivery of Transforming Cities Fund Housing Zone North Scheme (£0.2m)
- Delays to Network Management Scheme – caused by requirement to redesign (£0.2m).

Heart Of The City

- Delay to Pounds Park Scheme due to contractor negotiations and need to secure additional funding (£3.3m)
- Slippage on Blocks B&C Programmes due to delays encountered by contractor on site (£3.9m)
- Slippage on Block H due to delays encountered by contractor on site (£2.6m).

3.3 Impact upon the Council's resources

The vast majority of **overspends** were funded from External Grants or contributions. These did not therefore require additional support from the Council's resources.

The overspend identified in People: Capital & Growth Area was largely driven by the Accelerated Adaptations and High Value Equipment elements of the Disabled Facilities Grant (DFG) funded expenditure (£2.1m). This was partly because of changes to the Private Sector Housing Policy, giving more flexibility on the use of this government funding. We also made headway in tackling the backlog of works caused by the COVID pandemic. However, this was also partly offset by underspending in other areas of DFG funded expenditure (see below).

In relation to **underspends**:

- In **People Capital & Growth,** £1.6m related to expenditure due to be funded by the Disabled Facilities Grant. This is largely reflective of the shift towards delivery of works through the more flexible Accelerated Adaptations Grant process (and away from the mandatory Disabled Facilities Grant process).

- £3m underspend against **New Homes** funding related to the allocation for the acquisition of sundry properties to be included in Council Housing Stock. Changes in the availability of suitable properties and government regulations on the use of Right To Buy capital receipts mean that these funds will be returned to the overall Council Housing Stock Increase Programme allocation.
- Underspending on **Housing Investment** relates largely to a saving at the conclusion of the Pitched Roofing and Roofline contract (£0.6m)
- In **Essential Compliance,** underspends were identified on the allocation for the Mechanical Replacement Programme (£0.4m). This will now be used to provide match funding to Public Sector Decarbonisation works and the Ecclesfield Depot Scheme (£0.2m) which is currently on hold.

4 SPEND BELOW BUDGET

A summary of the top ten projects which spent below budget

The table below sets out the ten projects with the highest spend below the approved budget, together with categorisation of the variance and the reason for it.

Priority	Scheme Title	Approved Expenditure Budget	Integra Expenditure 31/03/22 (Qtier)	Variance	Slippage	Reprofile	Accelerated Spend	Overspend	UnderSpend	Internal Adjusment	Comments
NEW HOMES	NEW BUILD COUNCIL HOUSING PURCHASE -CORKER BOTTOMS	3,826,843	1,024	3,825,819	-	3,825,819	-	-	-	-	Delay on purchase of properties from Sheffield Housing Company due to agreeing specification changes. It is anticipated to be resolved in quarter 1 22/23
HEART OF THE CITY	POUNDS PARK	4,061,312	807,087	3,254,225	3,254,225	-	-	-	-	-	Slippage of expenditure from 21/22 to 22/23 has occurred due to significant delays to the start of the works as a result of negotiations with the contractor on their tender price and the need to seek additional budget to cover the higher than expected costs.
NEW HOMES	BROWNFIELD SITE ACQUISITIONS & DEVELOPMENT	3,355,308	109,659	3,245,649	-	3,238,273	-	-	-	7,376	1. The purchase of Allen Street has been delayed as a live substation that didn't show on the land searches, has been found in the building. 2. The purchase of the other ownerships at Attercliffe Waterside hasn't progressed yet as greater certainty of the funding from the Combined Authority was required.
NEW HOMES	COUNCIL HSG ACQUISITIONS PROG	7,483,200	4,489,121	2,994,079	-	-	-	-	2,994,079	-	The underspend reflects a slowdown in the programme due to the continuing housing market conditions, and will be returned to block allocation for Stock Increase Programme
HEART OF THE CITY	BLOCK C PEPPER POT BUILDING	8,786,853	6,141,063	2,645,790	2,645,790	-	-	-	-	-	Extensive delays encountered by contractor on site have resulted in reduced construction expenditure in the year, but also delays to tenant fit-out works, capital incentive & fee expenditure as a result.
HEART OF THE CITY	BLOCK H HENRYS BLOCK	16,337,855	13,703,761	2,634,094	2,634,094	-	-	-	-	-	Construction delays encountered by contractor on site have resulted in reduced construction expenditure.
NEW HOMES	NEW BUILD COUNCIL HOUSING DARESBURY/BERNERS	6,221,484	4,823,469	1,398,015	1,398,015	-	-	-	-	-	Major delays caused by Covid, resource availability, and unexpected finds of mine shaft/tunnels during ground consolidation at Berners Road. Anti-social behaviour issues at Daresbury caused a delayed start due to the need to install reinforced fencing, floodlighting and CCTC coverage. New programme has been agreed with Housing Officers.
HEART OF THE CITY	BLOCK B LAYCOCK HOUSE	7,978,956	6,652,837	1,326,119	1,326,119	-	-	-	-	-	Extensive delays encountered by contractor on site have resulted in reduced construction expenditure in the year, but also delays to tenant fit-out works, capital incentive & fee expenditure as a result.
NEW HOMES	NEW BUILD COUNCIL HOUSING PURCHASE-BAXTER COURT	1,340,325	68,625	1,271,700	-	1,271,700	-	-	-	-	Purchase of properties delayed as developer has run into problems including installation of gas meters linked to energy price crisis and willingness of companies to take on new customers A new longstop date of June 2022 has been agreed for completion but a completion inspection is now pencilled in for 25th April so it could be earlier.
NEW HOMES	NEW BUILD COUNCIL HOUSING ADLINGTON RD-OLDER PERSONS INDEPENDENT LIVING	12,187,785	11,042,870	1,144,915	1,144,915	-	-	-	-	-	Programme delayed due to inclusion of pay as you go metering and gas meter installation
Total		**71,579,920**	**47,839,515**	**23,740,405**	**12,403,159**	**8,335,792**	**-**	**-**	**2,994,079**	**7,376**	

5 SPEND ABOVE BUDGET

A summary of the top ten projects which spent above budget

The table below sets out the ten projects with the highest spend above the approved budget, together with categorisation of the variance and the reason for it.

Priority	Scheme Title	Approved Expenditure Budget	Integra Expenditure 31/03/22 (Qtier)	Variance	Slippage	Reprofile	Accelerated Spend	Overspend	UnderSpend	Internal Adjusment	Comments
PEOPLE CAPITAL & GROWTH	DISBLED FACILITIES GRANT ACCELERATED ADAPTATIONS GRANT	1,600,000	3,306,168	(1,706,168)	-	-	-	(1,706,168)	-	-	High levels of demand experienced following changes to Private Sector Housing Assistance Policy
PEOPLE CAPITAL & GROWTH	DISABLED FACILITIES GRANT HIGH VALUE EQUIPMENT	325,000	762,962	(437,962)	-	-	-	(437,962)	-	-	High levels of demand due to COVID backlog
TRANSPORT	TRANSFORMING CITIES FUND SOUTH WEST BUS CORRIDORS	135,014	400,690	(265,676)	-	-	-	(265,676)	-	-	Increased costs associated with consultation and subsequent additional design and survey work required to respond to concerns raised. Will be funded from next tranche of Transforming Cities Funding from the Combined Authority
HOUSING INVESTMENT	COUNCIL HOUSING ELECTRICAL UPGRADES PHASE 2	2,209,715	2,436,114	(226,399)	-	-	(226,399)	-	-	-	Still early stages of the contract, however cost per unit have been higher than tender prices. Will continue to be managed throughout 22/23.
GROWING & INCLUSIVE ECONOMY	NURSERY STREET ACQUISITION	-	171,096	(171,096)	-	-	-	-	-	(171,096)	The project received approval via a Cabinet Report for £309k however, budget information not completed before year end
HOUSING INVESTMENT	DEMOLITION PROGRAMME	578,450	718,712	(140,262)	-	-	(140,262)	-	-	-	Additional unforeseen costs due to Leaseholder disputes, additional asbestos removal and fly-tipping costs. Project is ongoing dependent on future decisions on outhouses a budget increase may be required in 22/23.
TRANSPORT	CLEAN AIR ZONE SIGNAGE	2,000	120,790	(118,790)	-	-	(118,790)	-	-	-	Signs and post ordered earlier than planned due to supply issues in the market causing excessive lead times.
GROWING & INCLUSIVE ECONOMY	WEST BAR COMPULSARY PURCHASE ORDERS	1,299,203	1,397,203	(98,000)	-	-	(98,000)	-	-	-	Accelerated spend: CPO slightly ahead of schedule
HOUSING INVESTMENT	COUNCIL HOUSING WINDOWS& DOORS PLACEMENT	-	83,214	(83,214)	-	-	-	(83,214)	-	-	Final contract payments not accrued for. Overspend funded from HRA block allocation
TRANSPORT	PARKHILL PARKING SCHEME	10,145	89,618	(79,473)	-	-	-	(79,473)	-	-	Additional costs due to additional time spent over budgeted to enable feasibility design to be completed. Additional costs will be confirmed as part of delivery stage. Funded via Local Transport Plan
Total		**4,559,526**	**6,180,399**	**(1,620,872)**	**-**	**-**	**(583,451)**	**(866,325)**	**-**	**(171,096)**	

6 SLIPPAGE

A statement of slippage levels for 2021/22 and comparison against previous years

6.1 Why is slippage important?

Slippage impacts not only our financial position, but also the services we provide:

- **Reputational damage** – if projects are not delivered as publicised, this can cause both internal and external damage to the Council's reputation. It means we haven't been able to deliver what we said we would do for Sheffield residents.
- **Financial planning** – inaccurate profiling makes it difficult for us to plan new investments and determine our borrowing requirements.
- **Revenue budget** – whilst slippage can have a positive effect through reducing our borrowing costs, it can also increase our costs when capital investment should result in reduced revenue running costs which are then delayed. There is also the risk that interest rates could rise in the intervening period, increasing our borrowing costs.
- **Construction inflation** – project delay can lead to increased tender costs as time progresses in a growing market. This is a high risk as supply chains and working practices are impacted by COVID-19 and the war in Ukraine.
- **Ancillary costs and consequential works** – delays to, for example, new school buildings can result in temporary accommodation being required at additional cost and disruption. Delays to planned maintenance can cause additional costs for short-term revenue repairs and increase the cost of the capital replacement in the longer term due to asset deterioration and the urgency of the repair.

Continually reducing the levels of slippage in the capital programme is a key priority for the Council. Spend on delivery demonstrates that projects are being delivered on the ground for the benefit of our residents. The pandemic and war are undoubtedly placing unprecedented pressures on our – and our supply chain's – ability to deliver. We are planning for this to become the 'new normal'. So as ever, we must learn from our experiences to respond with innovation and flexibility to tackle the issues we face.

6.2 What causes slippage?

It's important that we understand why slippage is occurring so we can address it and report on it in a clear and timely manner. Key reasons for slippage include:

- **The COVID-19 pandemic –** whilst project delays due to sickness are falling, issues with the supply chain, rising costs and availability of materials are worsening. This will not improve any time soon.
- **Delays in planning consent –** this can be lengthy and must follow due process.
- **Timing of third party funding contributions –** slippage can occur when a project is entered onto the capital programme and funding is then delayed.
- **Tender returns and value engineering –** if tender returns exceed budget, this can require a lengthy period of redesign, costing and validation in order to bring a scheme back within budget. This was identified as a risk last year and has materialised this year. Construction inflation is predicted to increase further. We will configure our specifications accordingly, but the risk of high tender returns – or no tender returns - remains.
- **Access issues –** if a delivery window is missed (such as school holidays), this can result in significant slippage until the next available window.
- **Final accounts and snagging –** where these are not resolved in a timely manner, we may need to retain monies for final payments and resolution of defects.
- **Project planning –** optimism bias, and the fact that funding may need to be made available if risks (such as planning consent) do not materialise, can lead to delivery slippage.

We've been taking action to tackle these issues over recent years with good success. We will continually review our performance and respond effectively to emerging threats to maximise the successful delivery of our capital programme. We're providing guidance for project managers in how to forecast expenditure more accurately so we are all clear on what can be delivered and when.

More detail on the actions we are taking to address these challenges is set out at section 8.

6.3 Historical position

Reducing the levels of slippage in the capital programme is always a key priority for the Council.

In recent years, total slippage (which includes year-end slippage plus in-year slippage) has been on a downward trend. From a high point of 43% in 2012/13, slippage levels tumbled to 24% in 2017/18. This is largely because of the introduction of the 'Gateway Process', which introduced greater rigour and accountability to project governance.

6.4 What is 'slippage'?

In 2017/18, action was taken to confirm the definitions of 'slippage' and 're-profiling' and draw a clear distinction between the two. This makes it easier to understand the difference between us proactively planning and re-evaluating projects and programmes, and responding to events which blow us off course. The helps transparency and clarity when interrogating the reasons behind levels of spend which may change from those originally planned:

- **'Slippage'** relates to spend below budget, which reflects a scheme in delivery falling behind programme. Stakeholders need to understand the reasons for this and take remedial actions to try and bring the project back on track.

- **'Re-profiling'** is the re-allocation of budget between years for projects which are not yet in delivery. Budget allocations are being moved which could be due to several reasons. For example, further feasibility work could be required to be undertaken, or further funding sought. Or we could minimise risk to Council taxpayers by splitting a project into a series of projects to spread delivery risk, such as on Heart of the City II.

6.5 Our current position

We have used the methodology set out above to compare slippage in 2020/21 to 2021/22. This table summarises the breakdown between slippage and re-profiling in 2021/22, including:

- that authorised in-year as part of the regular approvals process, and
- that occurring at year-end as part of overall planned expenditure.

Maximum authorised expenditure in-year	Expenditure delivered	In-year slippage (£m)	Year-end net slippage (£m)	Total slippage (£m)	Slippage as % of budget
£279.4m	£151.0m	55.7	28.3	84.0	30.1%
		In-year reprofile (£m)	**Year-end new reprofile (£m)**	**Total reprofile (£m)**	**Reprofile as % of budget**
		30.5	13.9	44.4	15.9%

Total slippage for the period 2020/21 was therefore £84.0m or 30.1%. This is comparable with last year's 29.8% figure.

What has caused this?

The major contributory factors to the **Year End Net Slippage** figure are set out at sections 3, 4 and 5 above. Key elements of the **In-Year Slippage** are largely identified in the changes between month 8 and month 12 at Section 2.2 above.

A level of slippage is inevitable in any capital programme and, as identified above, key contributors to the figure in 2021/22 have often been factors outside the Council's control. As set out at section 6.2 above, COVID-19 has had a major impact on our ability to get works delivered. The challenging supply market is unlikely to improve. We need to be honest with ourselves about this and set more realistic forecasts up-front. We are ambitious for Sheffield and impatient to deliver. But over-promising serves no-one's interests.

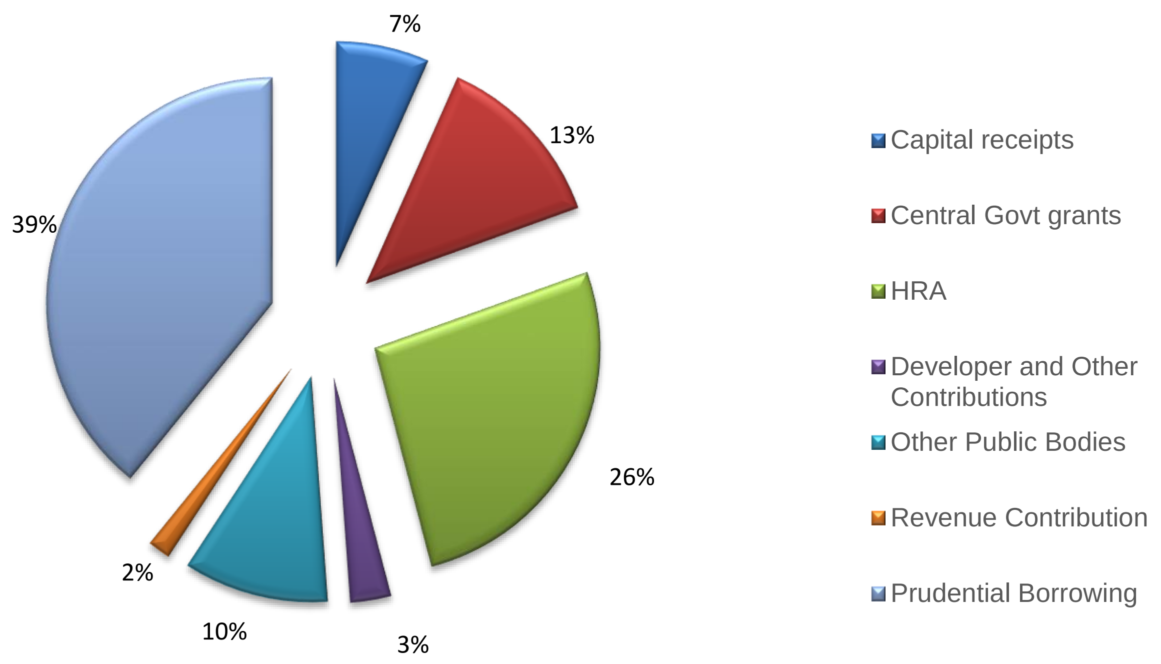
The major contributory factors to the **Year End Net Re-profile** are identified in Section 4. Key elements of the **In-Year Re-profile** amount are largely identified in the changes between month 8 and month 12 at Section 2.2 above

7 FUNDING AND RESOURCES

How the capital programme is funded; key risks to note

7.1 Breakdown of capital funding

Capital expenditure in 2021/22 totalled £151m, broken down in the proportions set out below:



Taking each of the key funding streams in turn:

A Prudential borrowing

The £59.1m of Prudential Borrowing makes up almost 40% of the capital programme. This funds:

- Heart of The City II scheme (£42m). Future revenues and capital receipts from developed sites are expected to offset future principal and revenue costs. We keep this under ongoing review.
- Major Sporting Facilities financing arrangements (£15.6m).
- Vehicle Fleet upgrade to improve air quality and reduce repair costs (£1.6m).

B Capital receipts

Expenditure funded by capital receipts (£10m) has been directed mainly to investments in in Housing Growth (£5.2m), investment in the corporate estate (£1.2m), and completion of compulsory purchases as part of West Bar Development (£1.4m), with the remainder contributing to smaller investments such as investments in Parks, Libraries and accommodation for young care leavers.

C Central government grants

The majority of the £19.5m funded by Central Government Grants relates to grants from the Department for Education for the creation of new school places and maintenance of schools' infrastructure (£8.4m) which included the repayment of corporate cash flow from prior years and Disabled Facilities Grant funded activity (£6.5m).

- Future High Streets Fund Investment at Fargate (£2m)
- Contributions towards Clean Air Targets (£1.8m)

D Housing Revenue Account (HRA)

The HRA is the account in which a Council's housing revenue (e.g. tenants' rent) and housing costs (e.g. property management and maintenance) are kept. It is separate from the General Fund. In total expenditure of £25.1m has been incurred on the maintenance of Council housing stock and part funding the construction of new council housing.

E Other Public Bodies

These contributions totalling £15.7m are made up of:

- various grants from non-departmental government bodies such as the Environment Agency in respect of flood alleviation schemes, and Homes England in relation to Affordable Housing Grants.
- Sheffield City Region grants which includes Active Travel Funding, Transforming Cities Transport Funding and Local Transport Plan Funding and Get Britain Building Funds.

7.2 Key risks and issues

As rehearsed throughout this document, there are many risks facing the delivery of the capital programme include. Indeed, many of these are now issues:

- Increase in scheme costs on projects in progress – possible compensation payments for delay and increased costs resulting from price increases of materials.
- Reduced overall investment capacity - costs of tendered works are inflated to accommodate risk and supply chain issues.
- Lack of interest in our tender opportunities - smaller contractors struggle to source materials due to relative lack of purchasing power and therefore do not tender; larger contractors are now much more selective when deciding which tender opportunities to prioritise.
- Tenderers are unwilling to hold tenders open for acceptance for the usual period due to unprecedented price increases for some materials or trades.
- Delays to schemes due to inability to source materials.
- Increased disputes due to cost increases incurred since the scheme was tendered.
- An increased focus on net zero potentially leads to further increases in costs if more environmentally friendly solutions cost more.
- Weakened economy may impact negatively upon level of capital receipts required to fund some schemes.
- Delays to schemes may jeopardise time-limited funding streams if funders are unwilling to offer flexibility on these.
- Levels of grant funding may fall, and central government may change its investment priorities.
- The full extent of the changing landscape relating to retail, ways of working and transport has yet to crystallise.

Careful monitoring of the situation on key contracts and negotiations with funders will be undertaken to quantify and mitigate these risks. We will also keep our proposed projects under review to enable us to respond swiftly to the changing landscape and funders' emerging priorities. However, there is little we can do to increase material supplies or limit cost increases. We have had no choice other than to accept these risks and issues and respond flexibly when they arise. We have taken steps to mitigate some of the largest risks – such as increasing contingency pots – and will continue to plan accordingly, sharing best practice with other local authorities as we adjust to the 'new normal'.

8 IMPROVING OUR PERFORMANCE

Key actions we have taken to date and proposals for future improvements

Building upon the causes of slippage set out at section 6, we have taken and will continue to take steps to minimise the risk of slippage on the capital programme:

Only fully-funded projects can enter the capital programme

Slippage can occur when a project is entered onto the capital programme and funding is then delayed. Only fully-funded schemes can enter the capital programme.

Full project values will only be added to the capital programme following Gateway 2 approval

This removes the risk of high project values being added to the capital programme at feasibility stage, when there is a higher risk of delay and the project has not been fully scoped.

Ongoing challenge and support for project managers' forecasting

Project managers are challenged every month on their highlight reports and forecasts to continually improve their performance and ensure we have timely and accurate management information. Further guidance has been provided at the start of this new financial year and there is a key focus on ensuring the deliverability of schemes to profile in the light of the market challenges we are facing.

Improved reporting

A snapshot monthly monitoring report is produced, highlighting key areas of under and over spend, together with levels of forecasting, spend trends and key risks and issues. This is shared with senior officers and Members to enable appropriate and timely actions to be taken.

Constructive challenge of business cases

The work of the Business Case Review Group continues, providing an initial quality assurance filter for business cases prior to their submission to programme groups for consideration. This group includes representatives from Finance and Commercial Services and the Capital Delivery Service to ensure a joined-up approach to the financing, procurement and delivery of a project. This helps to ensure that business cases are deliverable on time and in budget.

Revisiting business units to distinguish slippage from re-profiling

Entire project values are no longer added to the capital programme until a contract has been awarded and we have confidence that it will progress. Where projects are split into phases, future phases will not be added to the programme at the outset of phase 1.

Revisiting our investment priorities

Working with colleagues in across the Council, we continue to work with elected Members to ensure our investment priorities are clearly articulated and meet the City's changing needs.

Tackling delivery risks

Work with statutory undertakers is ongoing to minimise delays and unnecessary costs.

More effective working with strategic partners

We continually challenge our operational processes when commissioning 'non-core' highways works through our strategic partner, Amey. There is always scope to improve these and reduce levels of slippage on elements of the Transport capital programme. We are piloting new ways of working to reduce duplication and increase efficiency

9 GLOSSARY

Definitions of key terminology

Slippage	For projects which are in delivery. Actual spend is below the level forecasted by the project manager. The logical conclusion is that the delivery of the project is falling behind programme.
Re-profile	For projects which are not yet in delivery. Preliminary budget allocations are moved to better reflect how we anticipate a project will be delivered as feasibility progresses and risks identified, quantified, and mitigated.
Accelerated spend	Spend which is taking place sooner than anticipated – i.e. ahead of profile. This does not mean that the project will overspend.
Overspend	Spend more than approved budget. Further monies are required to complete the project.
Underspend	A saving. We have spent less to deliver the project than we anticipated, and the saved funds can be diverted to other projects (or returned to the funder).
Internal adjustment	An accounting treatment applied at the end of an accounting period to bring balances up to date / virements between budget allocations.
Net slippage	The overall level of slippage remaining when accelerated spend or overspend has been deducted from the levels of slippage.
Variance	Where a level of spend or timescale is not in accordance with that originally forecasted.
Forecasting	A process undertaken each month by Project Managers to set out the anticipated profile of spend on each project. Reasons for changes are included in the Highlight Report.

Page 34

Sheffield
City Council

Treasury Management Outturn Report 2021/22

Contents Page

Director of Finance & Commercial Services' Overview

- The Strategy for 2021/22
- Coronavirus Impact
- Recommendations

Outturn Report

External Context: The Economy and Interest Rates

Borrowing and Investment Rates

Borrowing Requirement and Debt Position

2021/22 Borrowing Outturn

Debt Rescheduling

2021/22 Investment Outturn

Annex 1: Outturn Position with General Fund & HRA Split

Annex 2: Prudential and Treasury Indicator

Key Messages	## Director of Finance and Commercial Services' Overview
All investment and borrowing transactions were in line with the principles approved in the 2021-22 Annual Treasury Strategy Statement and the Annual Ethical Investment Strategy. £50m of new borrowing taken in March 22 the mitigate risk of interest rate increases During 2021/22 Bank of England Base Rates increased from 0.1% to 0.75%. Inflation increased to 6.2%.	The Council is required, under the Local Government Act 2003, to produce an annual review of Treasury Management activities and the actual prudential and treasury indicators for 2021/22. This report meets the requirements of both the CIPFA Code of Practice on Treasury Management (the Code) and the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code). During 2021/22, the Full Council received the annual Treasury Management Strategy Statement (TMSS), whilst Co-Operative Executive was presented with the 2020/21 Outturn Report and a Mid-Year Treasury Management Update Report. The regulatory environment places responsibility on Members for the review and scrutiny of TM policy and activities. This report is therefore important, as it provides details of the outturn position for treasury activities and highlights compliance with the Council's policies previously approved by Members. <u>The Strategy for 2021/22</u> The expectation for interest rates within the treasury management strategy for 2021/22 was that Bank Rate would remain at 0.1% until it was clear to the Bank of England that the emergency level of rates introduced at the start of the Covid-19 pandemic were no longer necessitated. Investment earnings rates remained low until towards the turn of the year when inflation concerns indicated central banks, not just the Bank of England, would need to lift interest rates to combat the second-round effects of growing levels of inflation (CPI was 6.2% in February). The Treasury Management Strategy anticipated steady increases in borrowing costs and given Sheffield's under borrowed position (using temporarily available cash balances to delay external borrowing, avoiding interest payments) we expected to take significant borrowing before rates started to rise. Whilst the first half of 2021/22 saw very little increase in borrowing rates the second half of the year was very different. The cost of living crisis started to emerge and high inflation in fuel, energy, and food (all exacerbated by the Russian invasion of Ukraine) put pressure on the BOE to increase its base rate. Very high cash balances have meant that we didn't need to take on new borrowing however, to protect against further interest rate risk the authority did take £50m of new long-term borrowing. Base rates have since risen 3 times to 1% (May22) since the decision was taken to borrow. The Council operated within the Prudential Indicator Limits for 2021/22 set by the authority (see annex for details of limits).

Key Messages	**Outturn Report**

Key Messages

Slippage in major capital investment projects, such as the Heart of the City Programme, has seen the CFR increase slightly less than expected.

No HRA capital expenditure has been financed by borrowing in 21/22 despite a budget of £49m

Within the overall CFR total, the HRA's CFR remains unchanged.

£50m of new borrowing was taken in year.

Investment balances increased as a result of additional Government funding, which included the grant for the £150 tax rebate scheme plus new borrowing taken in March 22.

Outturn Report

The Council's underlying need to borrow to finance capital expenditure is termed the Capital Financing Requirement (CFR).

The CFR grows when the Council uses borrowing to fund capital projects but falls as we put money aside each year to repay that debt. The money we put aside to repay the debt each year is known as our 'minimum revenue provision' (MRP), and mimics depreciation charges that are used in the private sector.

The table below shows the outturn for 2020/21 and 2021/22, and the original forecast for 2021/22 including PFI liabilities.

	2020/21 Actual (£m)	2021/22 Actual (£m)	2021/22 Budget from TMS (£m)
General Fund CFR (non PFI)	844	885	910
General Fund - PFI Liabilities	360	341	338
Overall General Fund CFR	1,204	1,226	1,249
HRA CFR	346	346	395
Total CFR	1,550	1,572	1,644

After adjusting for PFI liabilities of £341m, the overall underlying financing requirement of the Authority is £1,231m (an increase of 3.4% on the 2020/21 figure). This is lower than the increase forecast in the budget.

Actual capital investment for 2021/22 was £151.0m, this is lower than the planned £191.7m set out in the TMSS. Capital Expenditure financed by borrowing was £59.1m, £55.4m lower than anticipated at the start of the year, £49m of this related to HRA expenditure that was not financed by borrowing as initially planned.

Gross external debt, excluding PFI liabilities, has increased by £41m to £589m compared to 2019/20. This is £50m in new loans whist £9m of existing loans matured.

Key Messages:

The UK's Growth saw one of the largest contractions globally during covid followed by a strong bounce. Current economic and geopolitical issues are acting as a strong headwind against growth and the possibility of a technical recession has increased.

UK Base Rates have remained low but increasing in the final quarter, the forecast is for more increases in to 22/23 to tackle inflationary pressure.

Inflation surged above the banks 2% in the second half of the year, initially driven by supply chain problems following Brexit and Covid, then latterly by the Russian invasion of Ukraine and its impact on food and fuel prices.

External Context: The Economy and Interest Rates
Source: Link Asset Services (April 22)

UK. Economy. Over the last two years, the coronavirus outbreak has done huge economic damage to the UK and to economies around the world. After the Bank of England took emergency action in March 2020 to cut Bank Rate to 0.10%, it left Bank Rate unchanged at its subsequent meetings until raising it to 0.25% at its meeting on 16th December 2021, 0.50% at its meeting of 4th February 2022 and then to 0.75% in March 2022.

The UK economy has endured several false dawns through 2021/22, but with most of the economy now opened up and nearly back to business-as-usual, the GDP numbers have been robust (9% y/y Q1 2022) and sufficient for the MPC to focus on tackling the second-round effects of inflation, now that the CPI measure has already risen to 6.2% and is likely to exceed 8% in April.

Gilt yields fell towards the back end of 2021, but despite the war in Ukraine gilt yields have shot higher in early 2022. At 1.38%, 2-year yields remain close to their recent 11-year high and 10-year yields of 1.65% are close to their recent six-year high. These rises have been part of a global trend as central banks have suggested they will continue to raise interest rates to contain inflation.

Historically, a further rise in US Treasury yields will probably drag UK gilt yields higher. There is a strong correlation between the two factors. However, the squeeze on real household disposable incomes arising from the 54% leap in April utilities prices as well as rises in council tax, water prices and many phone contract prices, are strong headwinds for any economy to deal with. In addition, from 1st April 2022, employees also pay 1.25% more in National Insurance tax. Consequently, inflation will be a bigger drag on real incomes in 2022 than in any year since records began in 1955.

Average inflation targeting. This was the major change in 2020/21 adopted by the Bank of England in terms of implementing its inflation target of 2%. The key addition to the Bank's forward guidance in August 2020 was a new phrase in the policy statement, namely that "it does not intend to tighten monetary policy until there is clear evidence that significant progress is being made in eliminating spare capacity and *achieving the 2% target sustainably*". That mantra now seems very dated. Inflation is the "genie" that has escaped the bottle, and a perfect storm of supply side shortages, labour shortages, commodity price inflation, the impact of Russia's invasion of Ukraine and subsequent Western sanctions all point to inflation being at elevated levels until well into 2023.

USA. The flurry of comments from Fed officials following the mid-March FOMC meeting – including from Chair Jerome Powell himself – hammering home the hawkish message from the mid-March meeting, has had markets pricing in a further 225bps of interest rate increases in 2022 on top of the initial move to an interest rate range of 0.25% - 0.5%.

In addition, the Fed is expected to start to run down its balance sheet. Powell noted that the rundown could come as soon as the next meeting in May.

The upward pressure on inflation from higher oil prices and potential knock-on impacts on supply chains all argue for tighter policy (CPI is estimated at 7.8% across Q1), but the hit to real disposable incomes and the additional uncertainty points in the opposite direction.

EU. With euro-zone inflation having jumped to 7.5% in March it seems increasingly likely that the ECB will accelerate its plans to tighten monetary policy. It is likely to end net asset purchases in June – i.e., earlier than the Q3 date which the ECB targeted in March. And the market is now anticipating possibly three 25bp rate hikes later this year followed by more in 2023. Policymakers have also hinted strongly that they would re-start asset purchases if required. In a recent speech, Christine Lagarde said "we can design and deploy new instruments to secure monetary policy transmission as we move along the path of policy normalisation."

While inflation has hit the headlines recently, the risk of recession has also been rising. Among the bigger countries, Germany is most likely to experience a "technical" recession because its GDP contracted in Q4 2021, and its performance has been subdued in Q1 2022. However, overall, Q1 2022 growth for the Eurozone is expected to be 0.3% q/q with the y/y figure posting a healthy 5.2% gain. Finishing on a bright note, unemployment fell to only 6.8% in February.

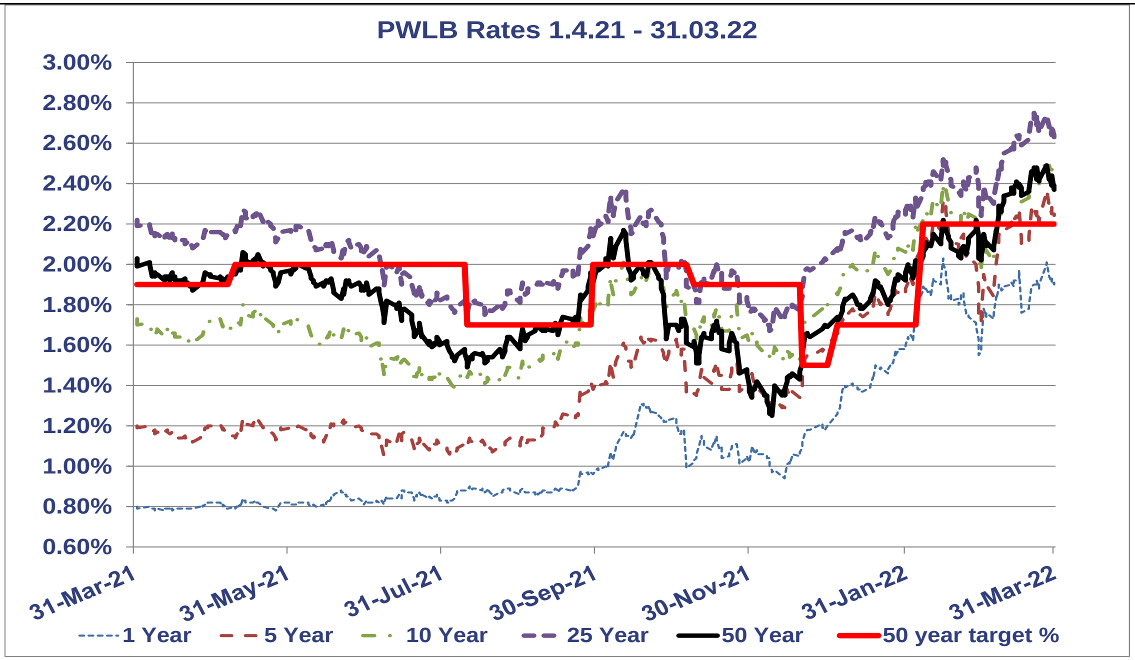
China. After a concerted effort to get on top of the virus outbreak in Q1 of 2020, economic recovery was strong in the rest of the year; however, 2021 has seen the economy negatively impacted by political policies that have focussed on constraining digital services, restricting individual freedoms, and re-establishing the power of the One-Party state. With the recent outbreak of Covid-19 in large cities, such as Shanghai, near-term economic performance is likely to be subdued. Official GDP numbers suggest growth of c4% y/y, but other data measures suggest this may be an overstatement.

World growth. World growth is estimated to have expanded 8.9% in 2021/22 following a contraction of 6.6% in 2020/21.

Deglobalisation. Until recent years, world growth has been boosted by increasing globalisation i.e. This has boosted worldwide productivity and growth, and, by lowering costs, has also depressed inflation. However, the rise of China as an economic superpower over the last 30 years, which now accounts for 18% of total world GDP (the USA accounts for 24%), and Russia's recent invasion of Ukraine, has unbalanced the world economy. In addition, after the pandemic exposed how frail extended supply lines were around the world, both factors are now likely to lead to a sharp retrenchment of economies into two blocs of western democracies v. autocracies. It is, therefore, likely that we are heading into a period where there will be a reversal of world globalisation and a decoupling of western countries from dependence on China (and to a much lesser extent Russia) to supply products and vice versa. This is likely to reduce world growth rates.

Central banks' monetary policy. During the pandemic, the governments of western countries have provided massive fiscal support to their economies which has resulted in a big increase in total government debt in each country. It is therefore very important that bond yields stay low while debt to GDP ratios slowly subside under the impact of economic growth. This provides governments with a good reason to amend the mandates given to central banks to allow higher average levels of inflation than we have generally seen over the last couple of decades. Both the Fed and Bank of England have already changed their policy towards implementing their existing mandates on inflation, (and full employment), to hitting an average level of inflation. Greater emphasis could also be placed on hitting subsidiary targets e.g., full employment before raising rates. Higher average rates of inflation would also help to erode the real value of government debt more quickly.

Key Messages:	Borrowing and Investment Rates
Investment rates rose during 2021/22 and the expectation is for further rate rises. The PWLB remain a cost effective source of borrowing the chart on the following page shows rates increasing as the UK Base Rate rises. The Council's investment policy continues to apply a cautious approach, with investments made in low risk counterparties, but with correspondingly low returns.	Investment returns began to slowly increase towards the end of21/22 as the BOE began to increase the Base Rate. Most local authority lending managed to avoid negative rates and one feature of the year was the continued growth of inter local authority lending. The expectation for interest rates within the treasury management strategy for 2021/22 was that Bank Rate would remain at 0.1% until it was clear to the Bank of England that the emergency level of rates introduced at the start of the Covid-19 pandemic were no longer necessitated. The Bank of England and the Government also maintained various monetary and fiscal measures, supplying the banking system and the economy with massive amounts of cheap credit so that banks could help cash-starved businesses to survive the various lockdowns/negative impact on their cashflow. The Government also supplied huge amounts of finance to local authorities to pass on to businesses. This meant that for most of the year there was much more liquidity in financial markets than there was demand to borrow, with the consequent effect that investment earnings rates remained low until towards the turn of the year when inflation concerns indicated central banks, not just the Bank of England, would need to lift interest rates to combat the second-round effects of growing levels of inflation (CPI was 6.2% in February). While the Council has taken a cautious approach to investing, it is also fully appreciative of changes to regulatory requirements for financial institutions in terms of additional capital and liquidity that came about in the aftermath of the financial crisis. These requirements have provided a far stronger basis for financial institutions, with annual stress tests by regulators evidencing how institutions are now far more able to cope with extreme stressed market and economic conditions. Investment balances have been kept to a minimum through the agreed strategy of using reserves and balances to support internal borrowing, rather than borrowing externally from the financial markets. External borrowing would have incurred an additional cost, due to the differential between borrowing and investment rates as illustrated in the chart shown below. Such an approach has also provided benefits in terms of reducing counterparty risk exposure, by having fewer investments placed in the financial markets. Interest rate forecasts expected only gradual rises in medium and longer-term fixed borrowing rates during 2021/22 and the two subsequent financial years until the turn of the year, when inflation concerns increased significantly. Internal, variable, or short-term rates, were expected to be the cheaper form of borrowing until well in to the second half of 2021/22.


PWLB Rates 1.4.21 - 31.03.22
3.00%
2.80%
2.60%
2.40%
2.20%
2.00%
1.80%
1.60%
1.40%
1.20%
1.00%
0.80%
0.60%
31-Mar-21
31-May-21
31-Jul-21
30-Sep-21
30-Nov-21
31-Jan-22
31-Mar-22
1 Year
5 Year
10 Year
25 Year
50 Year
50 year target %

Page 42

Key Messages:	Borrowing Outturn for 2021/22

Key Messages:

The strategy to reduce under-borrowing was postponed this year due to high cash balance and slippage in the capital programme.

The overall level of capital investment being funded through prudential borrowing is less than originally expected in the TMS.

Page 43

Borrowing Outturn for 2021/22

The table below shows the breakdown for capital expenditure that should have been financed by external borrowing during the year. SCC externalised a significant proportion of this during 2021/22. The result of this is that the Council's under borrowed position has remained stable. Under-borrowing means that the Council is currently financing some of its capital expenditure from its own cash balances, rather than borrowing externally to fund this expenditure. This exposes the council to higher rates when borrowing is needed, the current environment is for rates to increase slightly. Delaying borrowing is still avoiding costs and allowing time for uncertainty in borrowing requirements to become clearer, EG timing of HOTCII disposals.

	£000	£000
Original borrowing estimate per 21/22 TMS		**114,500**
Expenditure on Schemes creating a Borrowing need:		
Heart of the City	42,000	
Leisure Facilities	15,570	
Essential Compliance	1,579	
Total Borrowing needed:		59,149
Variance to TMSS		**(55,351)**

The 2021/22 TMS aimed to slightly reduce the level of internal borrowing. However, during the year investment balances have dramatically increased and new borrowing would have added to this. The strength of the cash position and the continuing low rate in historical terms allowed further deferral of borrowing.

Under borrowing remains at sustainable levels, but still carries significant interest rate risk – as interest rates do begin to rise. Unaffordable rate increases are not anticipated in the near future however, future rate policy is increasingly hard to predict. High inflation supports a policy of future rate increases, offsetting this is that disposable incomes are falling and higher rates will not affect the cost of living crisis.

Key Messages:

Net borrowing for the year was £40.7m

Some of the borrowing repaid was short-term borrowing which typically attract lower level of interest rates.

Page 44

Details of the borrowing taken and repaid in 2021/22 are shown in the table below:

Loan Repayments and Borrowing 2021/22						
New Borrowing				Loans Repaid		
Counterparty	Amount (£000)	term (Years)	Interest Rate (%)	Counterparty	Amount (£000)	Original Rate (%)
PWLB	£15,000	48	2.09	SYMCA	£7,000	2.3
PWLB	£20,000	49	2.09	PWLB	£2,326	10.5
PWLB	£7,500	42	2.21			
PWLB	£7,500	43	2.08			
	£50,000				**9,326**	
Net borrowing	**£40,674**			Net Repayments		

Borrowing rates remain historically low. New borrowing was taken at rate around 0.6% higher than forecast in the Treasury Strategy. Cost of living and high inflation have put pressure on the BOE to increase the UK base rate.

As at 31 March 2021, the loans portfolio, excluding PFI liabilities, totalled £899m, and indicates the Council is under borrowed by £333m – an increase of just £1m on the previous year.

Key Messages:

There has been no debt rescheduled during 2012-22

Investment balances held by the Council were expected to decrease during the year - but this turned out not to be the case.

Investment balances increased by £122m compared to 31 March 2021 – primarily as a result of additional government grant support related to the Coronavirus pandemic.

Investment returns remain subdued – due to market conditions and the policy to invest in low-risk counterparties.

Debt Rescheduling

No rescheduling was done during the year as differential between PWLB new borrowing and premature repayment rates made rescheduling unviable.

Investment Outturn

<u>Ethical Investment Policy</u>

The Council's Investment Policy is set out in the annual Investment Strategy approved by Full Council in March each year. The policy outlines the approach for choosing investment counterparties, and is based on credit ratings provided by the three main credit rating agencies supplemented by additional market data, such as rating outlooks, credit default swaps, etc. In addition, the Council commits to not holding any direct investments in fossil fuels or, to the best of their knowledge, companies involved in tax evasion or grave misconduct.

The investment activity during the year conformed to the approved Investment Strategy.

<u>Investments held by the Council</u>

The Council maintained an average balance of £345m of internally managed funds. As at 31st March 2022, investments were £387m; up £122m on the previous year. The Council had no liquidity difficulties during the year.

The internally managed funds earned an average rate of return of 0.13% compared to 0.23% in the previous year. This should still be judged a good achievement given the state of the market, and the base rate was just 0.1% for most of the year.

The Council would not plan to have such high cash balances under normal circumstances, the timing and amount of Government grants has created the situation. It is expected cash balances will slowly fall, though there remains much uncertainty as to how Central Government will fund Local Authorities for their medium-term Covid-19 pressures.

Annex 1: Outturn Position with General Fund & HRA Split

Authority	**31 March 2021 Principal**	**Rate/ Return**	**31 March 2022 Principal**	**Rate/ Return**
Total debt	858	*3.92%*	898	*3.90%*
CFR	1,190		1,231	
Over / (under) borrowing	-332		-333	
Total investments	265	*0.23%*	387	*0.13%*
Net debt	593		511	

General Fund	**31 March 2021 Principal**	**Rate/ Return**	**31 March 2022 Principal**	**Rate/ Return**
Total debt	579	*3.56%*	620	*3.56%*
CFR (excluding PFI)	844		885	
Over / (under) borrowing	(265)		(265)	
Total investments	265	*0.11%*	387	*0.11%*
Net debt	314		233	

HRA	**31 March 2021 Principal**	**Rate/ Return**	**31 March 2022 Principal**	**Rate/ Return**
Total debt	279	*4.60%*	278	*4.59%*
CFR	346		346	
Over / (under) borrowing	(67)		(68)	
Total investments	0	*n/a*	0	*n/a*
Net debt	279		278	

Page 47

Annex 2: Prudential and Treasury Indicators

During 2021/22, the Council complied with its legislative and regulatory requirements including the CIPFA Code of Practice on Treasury Management (the Code) and the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code). The key actual prudential and treasury indicators detailing the impact of capital expenditure activities during the year, with comparators, are as follows:

Debt remained below the operational limit (the level not expected to be exceeded) and the Authorised Limit (the limit which cannot be exceeded without cabinet approval) throughout the year. The CFR was £141m below the Authorised limit and gross debt £472m below.

Actual prudential and treasury indicators	**2020/21 Actual £0**	**2021/22 Actual £0**	**2022/23 Estimate (TMS) £0**
Capital expenditure:			
General Fund	*84,990*	*100,270*	132,100
HRA	*37,652*	*50,764*	170,600
Total	*122,642*	*151,034*	302,700
Capital Financing Requirement:			
General Fund	1,204,089	1,225,943	1,288,900
HRA	345,867	345,867	456,300
Total	1,549,956	1,571,810	1,745,200
Gross debt	1,218,151	1,239,195	1,340,500
Net External debt (gross debt less investments)	953,550	851,981	1,269,700
Investments			
Longer than 1 year	0	0	Nil
Under 1 year	264,601	387,214	70,800
Total	264,601	387,214	70,800
Operational Limit	1,650,000	1,785,000	
Authorised Limit	1,690,000	1,690,000	

The Council’s net external debt (loans plus PFI balances less investments) has decreased by £102m, whilst our overall need for borrowing, which is represented by the CFR, has increased by £21m. This is due to a temporary large increase in investment balances

Movements in Net Debt	2021/22 Movement £000
New Borrowing	50,000
Repaid Borrowing	-9,326
Less PFI Repayments	-19,631
Less increase in Investment	-122,613
Total	-101,569

The CFR increases when we use borrowing to fund capital projects, whilst external debt goes up when we take on new loans or other credit arrangements such as PFI liabilities.

Net Debt has decreased, the table above shows the significance of the increased investment balances on the movement.

These deposits were placed with an array of AAA rated, instant access money market funds, fixed term and call account deposits with banks and investments with other Local Authorities. This investment policy meant that we sought to minimise security risks and increase the liquidity of our deposits. Deposit returns were relatively low at 0.13% (albeit above the UK Bank Base Rate of 0.10% during most 2021/22).

External debt payments haven’t changed dramatically in year.

Financing Cost to Revenue looks significantly better but is a result of increases to revenue that are expected to be temporary and the unwinding of one-off higher costs in the previous year.

Financing Costs as a proportion of Revenue

	Outturn	
	2020/21 Act	**2021/22**
Ratio of financing costs to net revenue stream:	**£'000**	**£'000**
Non-HRA Including PFI	15.5%	14.4%
Non-HRA Excluding PFI	7.5%	6.5%
HRA	8.5%	8.4%

The information in the above takes account of the actual costs associated with external loans plus accounting adjustments for items such as MRP and premiums and discounts adjustment. While the Non HRA ratios have changed significantly, the actual cost of servicing external loans has changed very little this year as new loans were taken in March, so the full year effect of the costs is not reflected.
The reduction in the ratio is as a result of increase to revenue funding mainly in the form covid and recovery grants.

There has been no significant shift in the HRA ratio.

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Report to Strategy and Resources Committee

Author of Report:
Cat Arnold, Policy and Improvement Officer

Report of:	Director of Policy, Performance and Communications
Report to:	Strategy and Resources Committee
Date of Decision:	5th July 2022
Subject:	Cost of Living Crisis Strategy and Action Plan

Has an Equality Impact Assessment (EIA) been undertaken?	Yes	X	No	
If YES, what EIA reference number has it been given? 1203				
Has appropriate consultation taken place?	Yes	x	No	
Has a Climate Impact Assessment (CIA) been undertaken?	Yes		No	x
Does the report contain confidential or exempt information?	Yes		No	x

Purpose of Report:

This report provides the Strategy and Resources Committee with an update Sheffield's response to the cost-of-living crisis.

Following the decisions made at the S&R Committee meeting on 31st May 2022, incident-style response arrangements have been established with the first citywide Cost of Living (CoL) Crisis Strategy Group meeting on 23rd June.

The CoL Crisis Strategy Group have developed a draft action plan for S&R Committee to consider (see Appendix 2) which outlines the actions we are and will take as a city to support communities across Sheffield. This will continue to develop over the coming months based on evidence and insight from our communities about the support they need and to ensure we prepare as best we can for additional cost of living pressures in the winter.

Finally, the paper provides an outline of the Food Access Plan (Appendix 3) for Sheffield, which will focus on the themes of responding to immediate need, responding to underlying causes of food poverty and coordination and capacity building. The Food Access Plan will ultimately form part of the city's new Food Strategy (expected Sept 2022) but S&R Committee are asked to agree the outline focus and initial investments.

Recommendations:

That Strategy and Resources Committee:

1. Notes the work that has been done to establish an incident response-type arrangement to help the city respond to the current situation and prepare for the forthcoming autumn and winter period, including the establishment of a strategic-level group chaired by the Leader of the Council and a tactical partner group led by a senior SCC officer.

2. Endorses the strategic aims, objectives, principles and draft action plan that have been developed in response to this work, as set out in Appendix 1 and Appendix 2 which will be developed further in collaboration with partners.

3. Agrees the outline Food Access Plan and proposed funding allocations as set out in paragraphs 21-24 and Appendix 3.

4. To the extent that further decisions reserved to this Committee will be required in order to finalise and implement the action plan, delegates authority to take those decisions to the Director of Policy, Performance and Communications, in consultation with the chair of the Strategy and Resources Committee following discussion with the Cost-of-Living Crisis strategic group.

Background Papers:

Supporting Sheffielders Through the Cost-of-Living Crisis, Strategy & Resources Committee, 31st May 2022, https://democracy.sheffield.gov.uk/documents/s52586/Cost%20of%20Living%20Crisis%2031.05.22_.pdf

Sheffield Tackling Poverty Framework 2020-30, https://democracy.sheffield.gov.uk/documents/s38873/Appendix%201%20-%20Sheffield%20Tackling%20Poverty%20Framework%202020-2030.pdf

Lead Officer to complete:-		
1	I have consulted the relevant departments in respect of any relevant implications indicated on the Statutory and Council Policy Checklist, and comments have been incorporated / additional forms completed / EIA completed, where required.	Finance: Ryan Keyworth (Director of Finance and Commercial Services)
		Legal: Sarah Bennett (Assistant Director of Legal and Governance)
		Equalities & Consultation: Adele Robinson (Equalities and Engagement Manager)
		Climate: N/A
	Legal, financial/commercial and equalities implications must be included within the report and the name of the officer consulted must be included above.	
2	**EMT member who approved submission:**	*James Henderson (Director of PPC)*
3	**Committee Chair consulted:**	*Cllr. Julie Grocutt*
4	I confirm that all necessary approval has been obtained in respect of the implications indicated on the Statutory and Council Policy Checklist and that the report has been approved for submission to the Committee by the EMT member indicated at 2. In addition, any additional forms have been completed and signed off as required at 1.	
	Lead Officer Name: James Henderson	**Job Title:** Director of Policy, Performance and Communications
	Date: 24th June 2022	

Purpose of report

1. This report provides an update on activity to address the Cost of Living crisis, including a draft of a live action plan which is being developed with city partners through the newly established Cost of Living Crisis Strategy Group. This is in direct response to the direction set by Strategy and Resources Committee at the meeting on 31st May 2022.

2. The report also provides Strategy and Resources Committee with an outline Food Access Plan which was allocated funding in SCC's 2022/23. The Food Access Plan will become part of the new Sheffield Food Strategy but this paper sets out for approval a proposed approach to investing the funding allocated in the 2022/23 budget.

Background

3. At its meeting on the 31st May 2022, Strategy and Resources Committee agreed to introduce citywide incident response-style arrangements to co-ordinate the city's response to the cost of living crisis which is having profound implications for citizens and businesses.

4. The Committee also agreed that a further report should be prepared for the S&R Committee on 5th July setting out a proposed strategy and action plan for addressing the cost-of-living crisis in Sheffield.

The cost-of-living crisis is bringing real hardship to Sheffielders in all communities

5. The cost-of-living crisis is beginning to have a significant impact on people in every part of our city. Price rises driven by energy price inflation, alongside additional taxation, are having an impact on most households in the city. The energy price cap is likely to rise again in the autumn which will amplify the challenges from autumn/winter.

6. Poverty was already increasing in Sheffield before Covid hit – and the pandemic has exacerbated inequalities and disproportionately affected the city's poorest communities.

7. We are seeing real incomes reducing, costs increasing with inflation at 9.1% – this is affecting energy, food, and rent. We are also seeing an increase in illegal money lending, with people increasingly using them for essentials. For further details about the impacts see Cost of Living Crisis paper from Strategy and Resources on 31st May 2022: https://democracy.sheffield.gov.uk/documents/s52586/Cost%20of%20Living%20Crisis%2031.05.22_.pdf

The worst of the crisis is likely to be ahead of us so citywide response is needed now

8. As a council, and a city, we have a long-standing commitment to tackling poverty, as set out most recently in the Sheffield Tackling Poverty Framework. We have been working together as partners before and throughout the pandemic to support people in crisis across the city and have focused on both the causes and impacts of poverty – responding to day-to-day issues whilst planning for prevention.

9. Whilst we will continue to take forward this wider work, the unprecedented cost-of-living crisis means that rapid stepping up the city's response is critical if we are to support citizens and communities.

10. We recognise that we do not control all the necessary levers, and our response must be focused on the steps we can take as a city to alleviate the effects of the CoL crisis, and in particular, the impact that it is having on routine day-to-day income and expenditure decisions for households.

11. A **Cost-of-Living Crisis Strategy Group** has been established and had its first meeting on 23rd June 2022. The purpose of the Group is to oversee an incident management response to the CoL crisis to:

    - Take co-ordinated action where we can now while planning for autumn and winter
    - Set collective strategic direction for operational actions and interventions
    - Harness and gather shared intelligence and community insight
    - Get ahead of the challenge and give vital structure and focus through an emergency-style response
    - Use our networks of influence, for example in lobbying central Government

12. The Cost of Living Crisis Strategy Group Terms of Reference are included in Appendix 1.

13. A tactical level partner group is also being established. This group will have responsibility for coordinating planning and activity in support of the overall strategy developed by the Strategy Group.

14. Further, to support the development of a whole city approach, we have connected to neighbourhoods and key partners, including:

- **Health and Wellbeing Board** – the Sheffield Health and Wellbeing Board discussed the cost of living crisis as part of their meeting agenda on 23rd June 2022. The HWBB and health sector see the response to the cost of living crisis as central to their agenda and recognise the immediate and long term implications for the city's wellbeing. Strong commitment from health partners and will be part of citywide effort. HWBB paper available here - https://democracy.sheffield.gov.uk/documents/s52959/Item%206%20Cost%20of%20Living.pdf

- **Local Area Committees** – there is a vital role for Members and the LAC Teams that work with communities across the city. In particular, LACs are keen to play a role in supporting communities, particularly in identifying communities most at risk/impacted and using local assets/networks to find solutions which work for specific communities and areas of the city.

- **VCF sector** – the city's VCF sector are a critical partner in supporting communities. Demand on the VCF sector is significant and many organisations are stretched, particularly following the Covid pandemic. However, our networks and relationships from the pandemic are strong with significant experience and practice which can be built upon in our response to the CoLC.

Developing a strategy and action plan

At its first meeting the Cost of Living Crisis Strategic Group discussed a proposed strategy and action plan as set out below.

Aim

15. The overall **aim** is to work with the people and communities of Sheffield through the Cost of Living crisis to help mitigate the significant challenges they will be facing, with a particular focus on those who are struggling the most.

Objectives

16. To meet this aim we will focus on the following **objectives**:

    a. Support people to make the best possible choices about how they use the income they have

    b. Help people maximise their income further (including but not limited to benefits maximisation)

    c. Provide a central place to gather information about the scale and nature of the crisis, especially how it is developing over time, in order to prioritise actions and to amplify personal stories

    d. Do what we can to ensure that emergency support is available when people are in financial crisis

e. Co-ordinate support for the people and communities that need it the most

f. Put people experiencing the cost of living crisis at the heart of Sheffield's approach to recovery and delivering clean, inclusive growth including supporting people to respond to rising fuel prices, while preparing the whole city for long-term trends.

Principles

17. We will prioritise our efforts according to the following **principles**:

a. **Identify where we can pull levers in the city** – there are many wider forces which are beyond our control so we need to focus on what we can influence.

b. **Focus on scale of impact** - This might be small impact on a large number of people (e.g. communications), or larger impact on people who are struggling the most or who are more vulnerable. This includes understanding and addressing the distinct impacts on different communities in our city.

c. **Prevention where possible** – are there smaller actions we can take together now to prevent more severe crisis later? Recognise, though, that people are, and will be, in crisis and require emergency support too.

d. **Prioritise actions that enable people to draw on their own strengths** rather than treating them as a passive recipient of something that someone else has decided is best for them. Strive to be a gateway rather than gatekeeper to the support people are entitled to.

e. **Inform our actions using data and intelligence -** recognising that sometimes our best knowledge, particularly in a fast-changing situation, is based on personal stories.

Action Plan

18. An initial draft action plan has been developed. It is a live document which will be continuously updated. A version is included as Appendix 2.

19. The action plan is structured according to the following **workstreams**, each of which support the overall strategic objectives and are in line with the principles described at paragraph 18:

a. Communications and information sharing – guidance and promoting the support available

b. Providing direct and indirect access to emergency support – Council Tax energy rebate, making access to financial support easier, support for foodbanks

c. Supporting people to move away from crisis towards longer-term financial stability – welfare rights advice, employment support, food ladders

d. Data and Intelligence – harness data and insight from all partners, national data and evidence, citizen voice and insight

e. Response as a landlord and creditor – support for tenants (for example, Council Housing).

f. Response as employers – support for vital frontline staff in the city exposed to cost increases in their work

g. Responding to what matters to specific groups – responding to needs and impacts on different communities (this includes communities of interest and also geography, incorporating the vital role of Local Area Committees in co-ordinating responses in their areas)

Housing Support Fund

20. Accompanying this report is a separate paper that seeks the committee's approval for the spend of £5.2m Housing Support Fund award made by the Government. This will directly contribute to the Cost-of-Living Strategy outlined above by providing emergency support for vulnerable households (including tranches of funding reserved for households with children and for households including somebody of state pension age).

21. The funding aims to assist households via small grants administered by Sheffield City Council to meet daily needs such as food, clothing, and utilities where these cannot be afforded by households or where other local hardship support cannot be secured.

Food Access Plan

22. The Cost-of-Living response includes work on a Food Access Plan established as part of the 2022/23 budget in which Full Council agreed to invest £200k in supporting food access in the city.

23. Building on the work on food poverty undertaken by Overview and Scrutiny Management Committee, the Full Council resolution on the "Right to Food" in September 2021 and the recent Food Ladders Project in Sheffield (see Appendix 3), our developing Food Access Plan will focus on three areas:

- **Responding to immediate need**
- **Responding to underlying causes of food poverty**
- **Co-ordination and capacity building**

24. The table sets out below a proposed approach to investing the £200k from the 2022/23 SCC Budget in supporting food access and the wider cost of living crisis in Sheffield. Further detail is included in Appendix 3.

Key theme	Proposed investments	
1. Responding to immediate need Rising demand coupled with reducing donations means that food banks are struggling to source enough food and need support.	£50,000	Support members of the food bank network to ensure food banks are able to provide sufficient food to meet current levels of demand
	£20,000	donation to the South Yorkshire Community Foundation's Cost of Living Crisis Fund which will be accessed by food banks and other types of support organisations in the city to enable them to continue their work and respond to increasing demand *(NB agreed by S&R on 31st May 2022).*
2. Responding to underlying causes of food poverty Food poverty is a result of financial hardship and we are committed to preventing and tackling poverty in Sheffield. Accessing a food bank can be a gateway to other support services that may be able to help people with their financial situation e.g. employment, financial or mental health support.	£40,000	allocation for the expansion of outreach support provided through food banks.

<table>
<tr>
<td rowspan="2">3. Co-ordination and capacity building
Dedicated staffing capacity will allow detailed and up to date information to be held on emergency food provision in the city, the scale of the demand for this provision and the challenges being faced by providers and users. This will enable the city to tailor support to need and build collaboration between projects. Aim will be to:
• Build resilience through prevention -
• Expand use of food as a tool to access other support and services, including financial support and mental health services.
• Provide increased choice, opportunities for participation and minimise the risk of stigma.
• Build collaboration and shared expertise</td>
<td>£30,000</td>
<td>enable an external organisation to deliver these objectives for a period of 18 months</td>
</tr>
<tr>
<td>£60,000</td>
<td>used as a food bank/ food relief development fund. The specific funding criteria will need to be developed but in general, the funding will be awarded to food banks and other food relief projects who wish to develop their offer to move away from a dependency model of emergency food provision to one of prevention.</td>
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25. Over time we will also be situating this work within the context of a broader Tackling Poverty Action Plan (which we committed to develop in the Tackling Poverty Framework). This will seek to capture and co-ordinate the range of activity across the city focused on tackling poverty and its impacts, and will offer a wider and longer-term focus.

Cost of living crisis response - next steps

26. The action plan will continue to be developed in a flexible and iterative way, to respond to the uncertain nature of the crisis, and will evolve in line with the input and recommendations of the Cost of Living Crisis Strategy Group. The Tactical Group will be established to drive activity and practical action to support our communities.

27. Over time we will also be situating this work within the context of a broader Tackling Poverty Action Plan (which we committed to develop in the Tackling Poverty Framework). This will seek to capture and co-ordinate the range of activity across the city focused on tackling poverty and its impacts, and will offer a wider and longer-term focus.

RISK ANALYSIS AND IMPLICATIONS OF THE DECISION

Equality Implications

28. The cost-of-living crisis is likely to have a more significant impact on some groups of people in the city than others. This is likely to include people who share protected characteristics under the Equality Act, including women, disabled people, people from certain ethnic minority backgrounds, and both older and younger people. People with caring responsibilities are also likely to be disproportionately impacted as their income tends to be lower than the population as a whole.

29. The council's response to the cost-of-living crisis is intended to mitigate the worst effects of the crisis on people and communities across the city, including those who are most exposed to it. As described above this will include people who share certain protected characteristics. Therefore, the proposal set out in this report is intended to have an overall positive impact on equality within the city, although this will be within the wider negative context of the cost-of-living crisis.

30. A full Equality Impact Assessment is being prepared and will be included as part of the cost-of-living crisis action plan as set out at Recommendation 6.

31. The recent food ladders mapping research identified that women, other marginalised genders and refugees and asylum seekers may at times feel excluded from certain types of food relief. It also acknowledged that BAME-led emergency food support was underrepresented in the research and this is something that the food bank development work would need to address.

32. It is therefore important that the co-ordination and capacity building elements of this proposal and subsequent grants that are made through the food bank development fund have ensuring equality of access and ensuring that all groups are represented as a focus.

33. Reporting on demographic data will be a funding requirement wherever it is appropriate.

Financial and Commercial Implications

34. There are no new financial implications arising from this report. The Food Access Plan is in line with funding commitments made by Full Council at their meeting of 2nd March 2022.

35. The other measures in this report will be funded from existing budgets.

Legal Implications

36. There are no legal implications arising specifically from this report. There may be legal implications of the further decisions required to implement the action plans. These will be addressed at the time those decisions are made.

Climate Implications

37. There are no climate implications directly arising from this report. Any climate implications arising from the development of the strategy and action plan will be considered at the next meeting of the Strategy and Resources Committee.

ALTERNATIVE OPTIONS CONSIDERED

Food Access Plan

38. Focus the Food Access Plan purely on immediate need and allocate the full £200k to purchase food. This would support food banks in the short term but would not address any of the systemic issues or underlying causes of food poverty. The approach proposed seeks to strike a balance between addressing underlying causes, building capacity within the current system and ensuring that food banks and food relief projects are able to cope with anticipated increase in demand.
39. Focus the Food Access Plan and resource purely on prevention and addressing the underlying causes of food poverty. There is consensus that prevention should be a priority and that in an ideal world there would be no need for food banks to exist. However, the reality of the current cost of living crisis means this is no short term prospect of eliminating poverty and there is a very real need for emergency food support that cannot be ignored. These proposals mean that we can provide real support to food banks in the short term so that emergency food provision is accessible to those who need it, but where possible can also try to continue to shift away from a dependency model of emergency food provision to one of prevention.
40. Do nothing. The cost of living crisis affects those on the lowest incomes the most as they have the least amount of disposable income. As food is often one of the more flexible items in a household's budget (compared to rent or utility bills for example) this often leads to food poverty and households being unable to purchase sufficient nutritious food for their needs. This has both physical and mental health consequences.

The Wider Cost of Living Strategy and Action Plan

41. Do nothing – this was rejected as communities across Sheffield are being impacted on by the cost-of-living crisis. Working with partners, we hope we will help mitigate impacts of the cost-of-living crisis on communities and co-ordinate support and interventions around those that need it the most.

REASONS FOR RECOMMENDATIONS

42. The recommendations build on the commitments made by the Strategy and Resources Committee on 31st May to support Sheffielders through the cost of living crisis. Working with communities and partners across the city, the recommendations ensure that SCC will play a leading role through the strategic and tactical incident-type response.

43. The recommendations also propose investments in supporting food access in the city in line with the developing Food Access Plan.

Appendix 1

Sheffield Cost-of-Living Crisis Response

Strategy Group Terms of Reference

1. Purpose

The purpose of the Strategy Group is:

- To provide strategic direction for a whole city response to the cost-of-living crisis
- To ensure coordination and effective joint working across the various organisations and sectors who have a contribution to make to the city response
- To ensure that there is effective community and stakeholder voice and involvement in the development of the city response
- To agree and seek assurance for delivery of the resulting action plans
- To ensure that the principles of equality, diversity and inclusion are at the heart of the city's response to the cost-of-living crisis

2. Chairing and Membership

The Strategy Group is chaired by the Leader of the Council. In the Leader's absence the Deputy Leader of the Council will chair.

The membership of the Strategy Group includes VCF and statutory partners and includes representatives from other committees. The Group may want to engage additional members as the cost-of-living crisis response develops, bringing in expertise and appropriate.

3. Role of members of the Group

Members of the Group should:

- Listen carefully and contribute freely to all discussions of the Group
- Provide their own perspective and supportive challenge to the issues and solutions being considered by the Group
- Aim to reach consensus on the key issues facing the Group
- Treat all members of the Group and others who may be contributing to conversations with respect and understanding

- Take the work of the Group and seek commitment to the outcomes agreed by the board into their own committees, organisations, and sectors

4. Meeting frequency

The Group will meet on a fortnightly basis initially. The frequency of meetings may be altered by the Group. The Group will operate initially for a six-month period from June 2022 to December 2022, at which point the requirement for it will be reconsidered.

5. Decision making

The Group does not have formal decision-making responsibility. However, it is expected that once the Group has reached a conclusion on a given issue that members of the Group will take that decision back to their own organisations and seek any formal decision required to enable implementation.

6. Relationship with the Operational Group

This Group will provide the overall strategic direction for the city's cost of living response and will agree the action plans required to deliver that strategy. Responsibility for delivery will sit with the Operational Group, with the Strategy Group supporting and holding the Operational Group to account for delivery.

7. Resources and Support

Secretariat support to the CoL Strategy Group will be provided by Sheffield City Council's Policy and Partnerships Team. However, the cost-of-living crisis is a citywide challenge and it is intended that the role of the Strategy Group is to co-ordinate the city's resources to best support those in most need and pool resources where appropriate to maximise impact for the city.

Appendix 2

Draft Cost of Living Action Plan

As a council, and a city, we have a long-standing commitment to tackling poverty, as set out most recently in the Sheffield Tackling Poverty Framework. We have been working together as partners before and throughout the pandemic to support people in crisis across the city and have focused on both the causes and impacts of poverty – responding to day-to-day issues whilst planning for prevention.

Whilst we will continue to take forward this wider work, we are now facing an unprecedented cost-of-living crisis which also necessitates an emergency response, which is being co-ordinated by a Cost of Living Crisis Strategy Group.

Aim

This action plan sets out how we will focus our efforts in the coming months to respond to this crisis and how we will work with the people and communities of Sheffield to help mitigate the significant challenges they will be facing, with a particular focus on those who are struggling the most.

How will we prioritise our effort?

- ***Identify where we can pull levers in the city****:* There are many wider forces which are beyond our control so we need to focus on what we *can* influence.
- ***Scale of impact:*** This might be small impact on a large number of people (e.g. communications), or larger impact on people who are struggling the most or who are more vulnerable. This includes understanding and addressing the distinct impacts on different communities in our city
- ***Prevention where possible, while responding to urgent crisis:*** Identify smaller actions we can take together now to prevent more severe crisis later, which recognising that people are, and will be, in crisis and require emergency support too

- ***Draw on people's strengths:*** Prioritise actions that enable people to draw on their own strengths rather than treating them as a passive recipient of something that someone else has decided is best for them. Strive to be a gateway rather than gatekeeper to the support people are entitled to.
- ***Evidence-based interventions:*** Inform our actions using data and intelligence, recognising that sometimes our best knowledge, particularly in a fast-changing situation, is based on personal stories.

What do we want do?

Objectives

1. Support people to make the best possible choices about how they use the income they have
2. Help people maximise their income further (including but not limited to benefits maximisation)
3. Provide a central place to gather information about the scale and nature of the crisis, especially how it is developing over time, in order to prioritise actions and to amplify personal stories
4. Do what we can to ensure that emergency support is available when people are in financial crisis
5. Co-ordinate support for the people and communities that need it the most
6. Put people experiencing the cost of living crisis at the heart of Sheffield's approach to recovery and delivering clean, inclusive growth including supporting people to respond to rising fuel prices, while preparing the whole city for long-term trends

How will we do this?

We will approach this work through the following workstreams:

- Communications and information sharing
- Providing direct and indirect access to emergency support
- Supporting people to move away from crisis towards longer term financial stability
- Data and intelligence
- Responding as landlord and creditor
- Responding as employers

- Responding to what matters to specific groups

The table below sets out the actions we are planning to take across all of these workstreams, with a focus on how we are delivering against the objectives described above. This includes areas of work which are already underway, as well as planned activity and/or areas for further development.

This action plan is still having details added – if something is missing that does not necessarily mean there is no activity to address it

Workstream	**Objectives supported by workstream**	**Actions**	**What has been done?**	**What could be done/is planned**	**What difference are we expecting to make?**
Communi-cations and information sharing	*1.* Supporting people to make the best possible choices about how they use the income they have *2.* Helping people to maximise their income further (including, but not limited to, benefit maximisation)	Targeted, consistent communications directing people towards helpful resources and links – some resources will be national and some local Includes direct messaging and also information via employees – to inform themselves and also households they are supporting/in contact with.	An email newsletter on Rising cost of living: How to get help if you're struggling was sent on 7 April to all Sheffield residents who are subscribed to SCC's alerts	Continued communications promoting the most up-to-date sources of information Can we do anything more direct around budgeting?	Some of this is prevention – helping people who have been coping financially before but are now struggling with CoL and who may be able to reduce outgoings, particularly before the Winter (Important here not to give the message that households are to blame for this crisis: this is about encouraging people to think about changes they're able to make, especially before the coming winter pressures)

		'Worrying about Money?' leaflets –	New batches have gone to all GPs and schools		
		Promote https://sheffieldmoneysupport.co.uk/			
		Information for frontline staff/those who are supporting others on financial support available - Ongoing frontline worker briefings being developed. Some are targeted at anyone supporting households; some are for specific SCC staff. - Are there opportunities to link up these communications across organisations in the city?	Different types of signposting information developed	Promote versions that already exist, depending on needs Update briefings to keep up with changes	
		Include Council Tax Support information in communications to residents and explore other ways to improve CTS take-up.			
Providing direct and indirect access to emergency support	*3.* Do what we can to ensure that emergency support is provided when people are in financial crisis	Payment of £150 Council Tax Energy Rebate nearly complete. This is Government money announced by the Chancellor in February. A new system has been set up to make the	So far paid £19.8M paid to DD customers = 132,000 households. 12,000 households are being sent letters with Post Office Payout vouchers. Sent £7M so far and around £4.5M have been cashed. If	All £150 payments should be made by end of June. Discretionary scheme currently being developed that will be administered	This is money going direct to households who are affected by the cost of living crisis.

	payments via SCC Revenues and Benefits service.	vouchers are not cashed after 3 months their Council Tax account will be credited.	alongside Household Support Fund.	
	The 'One Route In' project to review SCC hardship schemes is underway. This project aims to simplify access to SCC crisis support (creating a 'one route in') and to direct people towards schemes that maximise their income beyond their immediate crisis. Other hardship schemes provided by SCC include Council Tax Support, Council Tax hardship scheme, Discretionary Housing Payments, Local Assistance Scheme and Homelessness Prevention Grant.	The project will use learning from the **Household Support Fund** which has worked very closely with voluntary sector partners as 'Trusted Assessors' to make the application process more efficient and easier for people in crisis.	'One Route In' pilot due to start mid-July to run for 3 months, which will test the concept of managing schemes side-by-side. Learning from this pilot will inform next steps.	
	Holiday food vouchers for Free School Meals families.	They have been funded via central Government Covid funding and then Household Support Fund. They have been provided since the start of the pandemic.	Some of the current HSF will cover this; but other funding may be needed for 2022 summer holiday. Longer-term, what happens when Government money runs out and we can no longer afford to cover holiday food vouchers?	This is a very effective way of directing financial support to people who are struggling the most: vouchers are well understood and take-up is good.
	Support for Food banks and other schemes that are providing emergency help.	South Yorkshire Community Foundation fund set up: £20K	Food Access Plan: £50K for Food Purchasing Fund	Food banks are facing increased demand at the same time as reduced

			donation from SCC and open to donations from Sheffielders	for distribution to food banks via Sheffield Food Bank Network	donations. This funding will help them continue to provide emergency food. Demand and supply will continue to be monitored.
		Work to tackle loan sharks – working alongside the Stop Loan Sharks regional team to provide easier access to their support for people being exploited by loan sharks and increase intelligence about activity in the city.	Session 12 July through VAS for frontline workers from Vol Sector orgs Meeting with firvale Foodbanks links	Building networks in the city, including focused activity in particular areas.	
		Holiday Activities and Food programme https://sheffieldhealthyholidays.org/ provides some free healthy food to families alongside activities – promoting these sessions to low income families.			
Supporting people to move away from crisis towards longer-term financial stability	2. Helping people to maximise their income further (including, but not limited to, benefit maximisation)	Funding for welfare rights and debt advice and other VCF organisations to ensure that people receive the financial support they are entitled to. Welfare rights and debt advice are crucial for people to know what they are entitled to and to challenge the system when it does not get it right (between 2018 and 2021, 7 out of 10 disability benefit appeals in the UK were successful).	SCC provides approx. £800,000 grant funding to Citizens Advice Sheffield.	Are there other sources of funding in the city to help meet increasing advice demand in the face of reduced central government funding?	
				Food access plan to include £40,000 for Sheffield Citizens Advice to provide advice in reach to food banks	

		Food ladders work to link people using food banks towards other ‘rungs’ on the ladder, including community pantries, social eating projects and income maximisation – working closely with food banks and food bank users to enable community responses.		Food Access plan to include £60,000 Food bank / food relief project development fund to be distributed by SCC and £30,000 for Voluntary Action Sheffield (TBC) for supporting the development of a comprehensive network of food support across the city inc more systematic data collection	
		Work that schools are doing to support families (further detail to be added)			
		Work to support people into employment support (further detail to be added)			
		Increase take up of Free School Meals by using Council Tax Support data			
Data and Intelligence	3. Provide a central place to gather information about the scale and nature of the crisis, especially how it is developing over time, in order to prioritise actions and	Collation and analysis of data and intelligence to better understand the issues faced - Up-to-date intelligence from partnership groups – strategic and operational - National data sources that is extrapolated down to local level	- Ongoing collation of national and local data on Cost of Living crisis – some of this is statistics but much is qualitative/anecdotal	Food Access Plan worker will work closely with food banks to gather consistent data about demand	

	to amplify personal stories		- Initial workshop with SCC heads of service to	Explore how we can better use service data (SCC and elsewhere) to capture levels of financial difficulty and identify appropriate solutions	
	5. Co-ordinate support for the people and communities that need it the most	Co-produce responses with people who are affected by the cost of living crisis Develop a reference group?			
		Poverty Truth Commission – initial conversations have been held in the city.			
Responding as a landlord and creditor	2. Help people maximise their income further (including but not limited to benefits maximisation)	Support for SCC tenants – further details to be added. Tenants who are struggling to pay their rent are encouraged to contact Council Housing – support with income maximisation, debt and other help is available.	Further details to be added		
	3.Do what we can to ensure that emergency support is provided when people are in financial crisis	Support that other social landlords provide to their tenants			

		SCC approach to debt. Corporate debt policy – where a household is in debt to more than one part of the council, there is an approach in development to ensure that SCC is not making their situation worse.	Policy has been drafted		
Responding as employers	2. Help people maximise their income further (including but not limited to benefits maximisation)	Support for our staff (SCC and others) It is becoming increasingly difficult for front line workers to purchase fuel due to increased prices. We are hearing anecdotally that there is a concern about how they are going to carry out visits, some staff have started accessing foodbanks themselves	Frontline worker briefings provide information for staff as well as those they support. Information is available on Development Hub for staff.	More work needs to be done here to understand and respond to impact on employees	
Responding to what matters to specific groups	5.Co-ordinate support for the people and communities that need it the most	**Support for disadvantaged groups in the city, including diverse communities and people with disabilities**			

3.Provide a central place to gather information about the scale and nature of the crisis, especially how it is developing over time, in order to prioritise actions and to amplify personal stories	Further detail to be added here. Activity here is also reflected into workstreams above. Groups who are particularly affected by this crisis include (not comprehensive) - Private renters - People with disabilities - BAMER communities - Working poor Young people, single parents,			
	Local community work to respond to the Cost of Living Crisis – further detail to be added here. Activity here is also built into workstreams above.	East LAC have held a Cost of Living Action meeting and are proactive in providing useful community information	Planned activity in Burngreave about Loan Sharking and other issues related to CoL	
			Ward Pots have been launched and Elected members are considering 'cost of living' crisis as a Ward priority. There may be issues in some wards without large pots - there is hidden need in Fulwood, Dore & Totley e.g older people who are asset rich and cash poor, so cannot afford to heat their	

			properties effectively	

What's next and how does this fit with wider work?

This is a living document and the content will be regularly updated. The plan will be flexible and iterative, to respond to the uncertain nature of the crisis, and will evolve in line with the input and recommendations of the Cost of Living Crisis Strategy Group.

Over time we will also be situating this work within the context of a broader Tackling Poverty Action Plan (which we committed to develop in the Tackling Poverty Framework). This will seek to capture and co-ordinate the range of activity across the city focused on tackling poverty and its impacts, and will offer a wider and longer-term focus.

Appendix 3

Food Access Plan and funding proposals

Purpose

1. This provides an update on the development of the Food Access Plan which will form part of Sheffield's response to the cost-of-living crisis. In SCC's 2022/23 budget, the Council agreed to invest £200k in supporting food access in the city and the outline Food Access Plan proposes how this will be invested.

Background

2. The cost-of-living crisis is beginning to have a significant impact in people in every part of our city and this includes on their ability to afford food.

3. Sheffield has a rich tapestry of community food provision including "traditional" foodbanks, social eating spaces, surplus food re-users and local food producers. These community-led initiatives form a vital part of the safety net for those who find themselves in financial hardship. We are hearing that food bank use is increasing whilst donations are falling. This is leading to increasing pressures on food banks and food relief projects which were already stretched.

4. In March 2021 a Food Poverty Working Group of the Overview & Scrutiny Management Committee produced a report that included a number of recommendations in four key themes: Strategy & Culture; Developing a comprehensive network of food support – mapping and development; Navigating the system; Leadership. These recommendations were formally adopted by the council as part of the resolution on the Right to Food (Sept 2021). As a next step in delivering on the recommendations research was commissioned to map existing food bank and food relief provision in Sheffield against the "food ladders" model (the food ladders model was endorsed in the recommendations from scrutiny). This research had 2 aims – firstly to understand what emergency food provision there is in Sheffield and secondly to identify what additional support and development would help food relief projects address some of the challenges that they face and that their users face.

5. The *Food Ladders Project: Mapping the Geographies of Food Provision in Sheffield* report written by Lydia Leather and Selina Treuherz in May 2022 made recommendations that were debated at a feedback workshop with the research participants. Recommendations are being finalised but themes include:

    - Support the implementation of a supportive network of community food spaces that are committed to the Food Ladders model and principles, with particular focus on the community pantry model

- Undertake ongoing mapping and recording of food projects in Sheffield including regular and consistent collection of usage data. This will also need to include recognising and trying to address gaps in provision for minority or marginalised groups

- Consider scope for systematic changes to food bank referral processes

- Expand the hyper-local food system to improve food resilience and community engagement with the food system

6. Through the emerging Food Ladders network the recommendations will be refined, prioritised and developed into a set of clear actions and asks.

7. There are many differing priorities amongst food relief projects and therefore there is ongoing need for facilitated discussion and building consensus amongst the diverse range of food projects in the city. The current rising cost of living means that the priorities in the short term are likely to focus on addressing immediate need.

Proposal - Food Access Plan

8. In September 2021, a Council resolution regarding the “Right to Food” SCC committed to developing a Food Access Plan. This report outlines the themes that will form the basis of this Food Access Plan.

9. The three themes are **responding to immediate need, responding to underlying causes of food poverty** and **coordination and capacity building**. The initiatives that are funded by the food access funding will allow us to make progress towards the plan’s aims and will also help to inform subsequent actions that need to be taken.

10. Development of the Food Access Plan will be continuous as will implementation of projects that are associated with it. It is intended that the Food Access Plan will become a key part of Sheffield’s revised Food Strategy which is expected to be presented to Members in September 2022.

11. ShefFood, Sheffield’s Food Partnership will also support the ongoing development and implementation of the Food Access Plan.

12. The proposed Food Access Plan themes are as follows:

13. **Responding to immediate need**

14. Rising demand coupled with reducing donations means that food banks are struggling to source enough food and need help with this.

15. It is proposed that approximately £50,000 is given to members of the food bank network to ensure food banks are able to provide sufficient food to meet current levels of demand.

16. South Yorkshire Community Foundation have created a fund that will support individuals in need and to encourage people to donate their £150 Council Tax energy rebate or any other amount to this fund. SCC have supported the creation of this by donating £20,000 from the food access funding to add to the money raised from individuals. The funding generated by the fund will be given to food banks and other types of support organisations in the city to enable them to continue their work and respond to increasing demand.

17. Responding to underlying causes of food poverty

18. Food poverty is a result of financial hardship. The council's poverty strategy and cost of living crisis incidence response both outline ways the council can prevent poverty or support those experiencing poverty. Specific to food it is clear that accessing a food bank can be a gateway to other support services that may be able to help people with their financial situation e.g. employment, financial or mental health support. Sheffield Citizen's Advice have a history of providing outreach into food banks and therefore could be approached to discuss expansion of this work. The estimated cost of this is £40,000.

19. Co-ordination and capacity building

20. Dedicated staffing capacity will allow detailed and up to date information to be held on emergency food provision in the city, the scale of the demand for this provision and the challenges being faced by providers and users. This intelligence and conduit between the council and the diverse range of food support in the city will enable us to provide that right kind of support. It will also support networking, collaboration and the sharing of learning and expertise between projects, in particular those who want to develop their provision in response to the food ladders model. The desired outcome will be community food spaces that increasingly:

- Build resilience through prevention. We must still ensure emergency food provision is accessible to those who need it, but where possible we should also try to shift away from a dependency model of emergency food provision to one of prevention.

- Expands the use of food as a tool to access other support and services, including financial support and mental health services.

- Provide increased choice, opportunities for participation and minimise the risk of stigma.

- Are supported to collaborate and share expertise

21. It is proposed to allocate £30,000 to enable an external organisation to deliver the above objectives for a period of 18 months. Voluntary Action Sheffield had previously taken on a similar foodbank support role during the pandemic, and more broadly are a strategic partner for capacity development in the sector including organisational development, volunteering support etc, so this could be a natural development of that work.

22. It is proposed to reserve up to £60,000 to be used as a food bank/ food relief development fund. The exact funding criteria will need to be developed but in general the funding will be awarded to food banks and other food relief projects who wish to develop their offer to move away from a dependency model of emergency food provision to one of prevention. This might include establishing a community pantry, social eating space or formalising links with other support and services beyond food such as financial support.

23. The proposed funding breakdown is as follows

Responding to immediate need	
Donation to South Yorkshire Community Foundation cost of living fund (already approved)	£20,000
Food purchasing fund for distribution to Sheffield Food Banks	£50,000
Responding to underlying causes of food poverty	
Provision of advice in reach to food banks	£40,000
Coordination and capacity building	
Development of a comprehensive network of food support and community food spaces across the city	£30,000
Food bank / food relief project development fund	£60,000
Total	£200,000

24. Costings are estimated and there may need to be some adjustment as more detailed plans are made and/or in response to the ongoing impacts of the cost of living crisis. The only potential significant change would be if there is higher than

anticipated demand for the food purchasing fund. In this scenario funding may be moved from the food bank development fund into the purchasing fund.

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