

Overview and Scrutiny Management Committee

Thursday 19 October 2017 at 1.00 pm

**To be held at the Town Hall, Pinstone
Street, Sheffield, S1 2HH**

The Press and Public are Welcome to Attend

Membership

Councillors Chris Peace (Chair), Ian Auckland, Penny Baker, John Booker, Denise Fox, Douglas Johnson, George Lindars-Hammond, Pat Midgley, Josie Paszek, Mick Rooney, Ian Saunders, Steve Wilson and Cliff Woodcraft

Substitute Members

In accordance with the Constitution, Substitute Members may be provided for the above Committee Members as and when required.

PUBLIC ACCESS TO THE MEETING

The Overview and Scrutiny Management Committee comprises the Chairs and Deputy Chairs of the four Scrutiny Committees. Councillor Cate McDonald Chairs this Committee.

Remit of the Committee

- Effective use of internal and external resources
- Performance against Corporate Plan Priorities
- Risk management
- Budget monitoring
- Strategic management and development of the scrutiny programme and process
- Identifying and co-ordinating cross scrutiny issues

A copy of the agenda and reports is available on the Council's website at www.sheffield.gov.uk. You can also see the reports to be discussed at the meeting if you call at the First Point Reception, Town Hall, Pinstone Street entrance. The Reception is open between 9.00 am and 5.00 pm, Monday to Thursday and between 9.00 am and 4.45 pm. on Friday. You may not be allowed to see some reports because they contain confidential information. These items are usually marked * on the agenda.

Members of the public have the right to ask questions or submit petitions to Scrutiny Committee meetings and recording is allowed under the direction of the Chair. Please see the website or contact Democratic Services for further information regarding public questions and petitions and details of the Council's protocol on audio/visual recording and photography at council meetings.

Scrutiny Committee meetings are normally open to the public but sometimes the Committee may have to discuss an item in private. If this happens, you will be asked to leave. Any private items are normally left until last. If you would like to attend the meeting please report to the First Point Reception desk where you will be directed to the meeting room.

If you require any further information about this Scrutiny Committee, please contact Emily Standbrook-Shaw, Policy and Improvement Officer, on 0114 27 35065 or email emilystandbrook-shaw@sheffield.gov.uk

FACILITIES

There are public toilets available, with wheelchair access, on the ground floor of the Town Hall. Induction loop facilities are available in meeting rooms.

Access for people with mobility difficulties can be obtained through the ramp on the side to the main Town Hall entrance.

**OVERVIEW AND SCRUTINY MANAGEMENT COMMITTEE AGENDA
19 OCTOBER 2017**

Order of Business

- 1. Welcome and Housekeeping Arrangements**
- 2. Apologies for Absence**
- 3. Exclusion of Public and Press**
To identify items where resolutions may be moved to exclude the press and public
- 4. Declarations of Interest**
Members to declare any interests they have in the business to be considered at the meeting
- 5. Minutes of Previous Meeting**
To approve the minutes of the meeting of the Committee held on 20th July, 2017
- 6. Public Questions and Petitions**
To receive any questions or petitions from members of the public
- 7. Medium Term Financial Planning**
Report of the Director of Finance and Commercial Services
- 8. Presentation Topics for the January 2018 Council Meeting**
Members to discuss presentation topics for the Council meeting on 3rd January, 2018
- 9. Issues to Raise from Other Scrutiny Committees**
Report of the Policy and Improvement Officer
- 10. Work Programme 2017/18**
Report of the Policy and Improvement Officer
- 11. Date of Next Meeting**
The next meeting of the Committee will be held on Thursday, 16th November, 2017, at 1.00 pm, in the Town Hall

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ADVICE TO MEMBERS ON DECLARING INTERESTS AT MEETINGS

If you are present at a meeting of the Council, of its executive or any committee of the executive, or of any committee, sub-committee, joint committee, or joint sub-committee of the authority, and you have a **Disclosable Pecuniary Interest (DPI)** relating to any business that will be considered at the meeting, you must not:

- participate in any discussion of the business at the meeting, or if you become aware of your Disclosable Pecuniary Interest during the meeting, participate further in any discussion of the business, or
- participate in any vote or further vote taken on the matter at the meeting.

These prohibitions apply to any form of participation, including speaking as a member of the public.

You **must**:

- leave the room (in accordance with the Members' Code of Conduct)
- make a verbal declaration of the existence and nature of any DPI at any meeting at which you are present at which an item of business which affects or relates to the subject matter of that interest is under consideration, at or before the consideration of the item of business or as soon as the interest becomes apparent.
- declare it to the meeting and notify the Council's Monitoring Officer within 28 days, if the DPI is not already registered.

If you have any of the following pecuniary interests, they are your **disclosable pecuniary interests** under the new national rules. You have a pecuniary interest if you, or your spouse or civil partner, have a pecuniary interest.

- Any employment, office, trade, profession or vocation carried on for profit or gain, which you, or your spouse or civil partner undertakes.
- Any payment or provision of any other financial benefit (other than from your council or authority) made or provided within the relevant period* in respect of any expenses incurred by you in carrying out duties as a member, or towards your election expenses. This includes any payment or financial benefit from a trade union within the meaning of the Trade Union and Labour Relations (Consolidation) Act 1992.

*The relevant period is the 12 months ending on the day when you tell the Monitoring Officer about your disclosable pecuniary interests.

- Any contract which is made between you, or your spouse or your civil partner (or a body in which you, or your spouse or your civil partner, has a beneficial interest) and your council or authority –
 - under which goods or services are to be provided or works are to be executed; and
 - which has not been fully discharged.

- Any beneficial interest in land which you, or your spouse or your civil partner, have and which is within the area of your council or authority.
- Any licence (alone or jointly with others) which you, or your spouse or your civil partner, holds to occupy land in the area of your council or authority for a month or longer.
- Any tenancy where (to your knowledge) –
 - the landlord is your council or authority; and
 - the tenant is a body in which you, or your spouse or your civil partner, has a beneficial interest.
- Any beneficial interest which you, or your spouse or your civil partner has in securities of a body where -
 - (a) that body (to your knowledge) has a place of business or land in the area of your council or authority; and
 - (b) either -
 - the total nominal value of the securities exceeds £25,000 or one hundredth of the total issued share capital of that body; or
 - if the share capital of that body is of more than one class, the total nominal value of the shares of any one class in which you, or your spouse or your civil partner, has a beneficial interest exceeds one hundredth of the total issued share capital of that class.

If you attend a meeting at which any item of business is to be considered and you are aware that you have a **personal interest** in the matter which does not amount to a DPI, you must make verbal declaration of the existence and nature of that interest at or before the consideration of the item of business or as soon as the interest becomes apparent. You should leave the room if your continued presence is incompatible with the 7 Principles of Public Life (selflessness; integrity; objectivity; accountability; openness; honesty; and leadership).

You have a personal interest where –

- a decision in relation to that business might reasonably be regarded as affecting the well-being or financial standing (including interests in land and easements over land) of you or a member of your family or a person or an organisation with whom you have a close association to a greater extent than it would affect the majority of the Council Tax payers, ratepayers or inhabitants of the ward or electoral area for which you have been elected or otherwise of the Authority's administrative area, or
- it relates to or is likely to affect any of the interests that are defined as DPIs but are in respect of a member of your family (other than a partner) or a person with whom you have a close association.

Guidance on declarations of interest, incorporating regulations published by the Government in relation to Disclosable Pecuniary Interests, has been circulated to you previously.

You should identify any potential interest you may have relating to business to be considered at the meeting. This will help you and anyone that you ask for advice to fully consider all the circumstances before deciding what action you should take.

In certain circumstances the Council may grant a **dispensation** to permit a Member to take part in the business of the Authority even if the member has a Disclosable Pecuniary Interest relating to that business.

To obtain a dispensation, you must write to the Monitoring Officer at least 48 hours before the meeting in question, explaining why a dispensation is sought and desirable, and specifying the period of time for which it is sought. The Monitoring Officer may consult with the Independent Person or the Council's Audit and Standards Committee in relation to a request for dispensation.

Further advice can be obtained from Gillian Duckworth, Director of Legal and Governance on 0114 2734018 or email gillian.duckworth@sheffield.gov.uk.

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Overview and Scrutiny Management Committee

Meeting held 20 July 2017

PRESENT: Councillors Chris Peace (Chair), Ian Auckland, John Booker, Denise Fox, Douglas Johnson, George Lindars-Hammond, Pat Midgley, Josie Paszek, Ian Saunders and Cliff Woodcraft

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1. APOLOGIES FOR ABSENCE

1.1 Apologies for absence were received from Councillors Penny Baker, Helen Mirfin-Boukouris, Mick Rooney and Steve Wilson.

2. EXCLUSION OF PUBLIC AND PRESS

2.1 No items were identified where it was proposed to exclude the public and press.

3. DECLARATIONS OF INTEREST

3.1 Councillor John Booker declared a personal interest in item 6 on the agenda for the meeting 'Annual Performance Update 2016-17', in particular the section relating to School Exclusions as he had been involved with exclusions in a professional capacity.

4. MINUTES OF PREVIOUS MEETINGS

4.1 The minutes of the meetings of the Committee held on 15 February and 17 May 2017 were approved as correct records, subject to the inclusion of Councillor Ian Saunders in the list of those present for the meeting on 17 May.

4.2 Arising from the minutes, a Member of the Committee enquired about the availability of Equality Impact Assessments on the Council's website. It was agreed that the Policy and Improvement Officer would look into the issue and report back to the Committee.

5. PUBLIC QUESTIONS AND PETITIONS

5.1 There were no public questions or petitions.

6. ANNUAL PERFORMANCE UPDATE 2016-17

6.1 James Henderson (Director of Policy, Performance and Communications), Andi Walshaw (Performance and Research Manager) and Ben Arnold (Principal Performance and Research Analyst) introduced a presentation outlining the Annual Performance Update of the Council. The presentation provided the Committee with a general overview of performance and then focused on 7 key areas of interest arising from the performance for 2016-17. Key officers from each area attended the meeting to answer questions from Members.

6.2 In introducing the presentation, James Henderson commented that the Council

continued to maintain a good level of performance. There had been a large degree of stability with some slight improvements. There were, however, some areas which did not have a Red, Amber or Green (RAG) rating. These areas tended to be in children's services due to changes at Government level.

6.3 James Henderson then highlighted to the Committee some areas of strong performance and areas of concern within each of the Council's priority areas – Thriving Neighbourhoods and Communities, Better Health and Wellbeing, Strong Economy, Tackling Inequalities and In-Touch Organisation.

6.4 In response to a question from the Chair, Councillor Chris Peace, as to whether the Council was measuring the right areas and whether the RAG model worked well in highlighting performance, James Henderson commented that improvements could always be made, where appropriate. He had spoken to the Leader of the Council as to how this could be restructured. It was based around the priorities of the Corporate Plan which had been set three years ago. It was now the appropriate point to look to see whether the current model was properly aligned to broader priorities.

6.5 School Exclusions

6.5.1 James Henderson provided an overview of current performance in relation to School Exclusions. He commented that there had been a significant upturn in the rate of exclusions across the City. However, as a result of work being done across the City to address this, recent data had shown a slowdown in the rate of increase.

6.5.2 There had been differentials in rates of those excluded of Black, Minority and Ethnic (BME) origin and those of White British origin. Rates of BME exclusions had halved whilst levels of White British had increased. However, numbers were very small at primary level. Permanent exclusions had increased at Secondary level. There were some areas of concern with a number of factors behind them and extensive work was being undertaken to address the issues.

6.5.3 Pam Smith (Head of Primary and Targeted Intervention) and Emma Beal (Service Manager, Alternative Provision) attended the meeting to answer questions from the Committee. Information was provided to the Committee in responses to the questions as outlined below:-

- In respect of levels of exclusions increasing, research had been undertaken with secondary schools. Increasing complexity within families was an issue and early intervention work was needed to try and prevent challenging behaviour further down the line. Changes in education policy and performance measures, as well as budget pressures, were all contributing to the increase also.
- When a child was excluded from school the City Council had to make provision for them and this was done through the Sheffield Inclusion Centre. The Council worked closely with schools to try and integrate the child back into the school where possible.

- Sheffield mirrored the national trend in relation to increasing complexity within families. Although this had always been an issue, there had been a change in services across the City which may have impacted on this. Some of the exclusions may not have been included in the figures in the past which were now recorded due to more robust reporting mechanisms.
- In relation to Academies, the Council was aware of concerns raised by a Member of the Committee that he believed they excluded children far too quickly. Meetings had taken place with Multi-Academy Trusts where this issue had been raised. On at least two occasions Ofsted had called Academies to account for attendance and inclusion practices within their schools. The Council could work closely with Ofsted and the Department for Education (DfE) on this.
- In relation to a request from a Member that future reports include figures rather than percentages it was agreed that this request be given consideration and if possible figures would be used in future reports.
- Children tended to be excluded for a period of persistent disruption which was why the figures tended to show that exclusions were higher in summer terms.
- A new Chair, Board and Head had been secured for the Inclusion Centre with a strong remit of reintegration. There would be a different focus depending on the age group. Regarding reintegration, the policy approach had recently changed to early intervention to avoid the need to reintegrate the child in the future.

6.6 Educational Attainment

6.6.1 James Henderson provided the overview of current performance in relation to educational attainment. Significant progress had been made in respect of this with Sheffield ranking higher than in the past on a number of measures. At key stage 2 level the evidence suggested that reading was the area where pupils performed less well.

6.6.2 Pam Smith and Emma Beal then answered questions from Members of the Committee as follows:-

- A lot of work had been done with schools with the aim of improving performance in relation to reading. The reading comprehension test was a very challenging test and was the first time that pupils had taken this type of test. This year's test had been much fairer. Sheffield also had a large number of newly arrived children and skills such as reading could prove very difficult when it was an additional language. Schools which had developed a focus on vocabulary had seen some very good results.

6.7 Take-Up of Apprenticeships

6.7.1 James Henderson outlined to the Committee that the percentage of 16-17 year olds taking up apprenticeships had increased in the 2014/15 academic year and the higher rate had been maintained last year. Sheffield had a higher proportion of

16-17 year olds taking up apprenticeships than the national average and the Core Cities, as at June 2016, with the exception of Nottingham.

6.7.2 In response to a question from a Member of the Committee, James Henderson stated that the increase in the take up of apprenticeships was partly as a result of national legislation but also the result of the policy direction of the Council such as the 100 apprentices' scheme which was promoted through the City Region. The national statistics showed the impact of the policy direction of the Council. He would try to confirm provision of apprenticeships offered by the private sector in the City and report back to Members of the Committee.

6.8 Adult Social Care

6.8.1 Phil Holmes, Director of Adult Services, presented the latest performance measures in respect of Adult Social Care. It was acknowledged that 'Delayed transfers of care' continued to be a significant challenge. Savings could not be delivered as a result of budget pressures and more work was being done to try and achieve the savings needed this year.

6.8.2 Phil Holmes then responded to questions from Members of the Committee as follows:-

- Regarding 'Delayed Transfers of Care' it was often assumed that people were less able to cope than they actually were. The City needed to get better at sending people home if this was shown to more meet their needs. If a focus was placed on this it would be better for the Council and better for the citizen. Intermediate care beds were available but checks needed to be made that they were being used in the right way.
- In terms of the budget position, information could be circulated to Members on how the overall budget figure had changed. The cash limit had not gone down but inflationary figures had gone up. The key was whether the Council could keep up with demographic pressures.
- It was difficult to quantify the exact number of people supported in social care because those supported to live at home was previously a national indicator and those people supported in social care was more than people supported by the City Council. A new structure was being established where social workers were moving towards more of a locality focus and it was expected that the qualitative side of performance would improve.
- One of the major pressures on the system was people living longer. However, ways of working which could often be very bureaucratic was adding to the pressures and this needed to be addressed.
- There was a need for a more localised approach. The City Council was trying to establish local relationships with local people and organisations. Adult Social Care should be more community based.

6.9 Housing Growth

6.9.1 James Henderson outlined the latest performance in relation to Housing Growth. Growth had increased substantially within the last couple of years following a dip in the years before that. The number of Sheffield Housing Company completions had met its target but the number of affordable homes built or acquired had fallen short of its target and remained an issue.

6.9.2 Janet Sharpe (Director of Housing and Neighbourhoods) attended the meeting to answer questions from the Committee. Information was provided to the Committee in responses to the questions as outlined below:-

- There were many reasons for there being a large amount of affordable homes built or acquired in 2014/15. The Council had undertaken a new build programme and there had also been a significant level of private investments. There was still a significant shortfall in the number of affordable homes in the City and all options were being looked at to address this. A five year affordable homes strategy and programme would be submitted to Cabinet in the Autumn.
- 3,000 houses needed to be built each year to comply with the target of the number of deliverable homes as a percentage of the five year housing supply. There was a need to improve choice and quality for all. The City Council was working more closely with developers to ensure “bricks on the ground” as granting planning permission did not necessarily mean something would get built.
- It was often difficult to secure affordable housing as a result of the economic situation. There was a need to secure different types of housing to suit all needs. If the Council was challenged on affordable housing it was sent to the District Valuer for an independent valuation.
- Every year, the Council lost 300 homes as a result of the Right to Buy legislation. This was why the new build programme was crucial. A stock increase strategy was introduced in 2014/15 and there may be a need to reintroduce this programme. The Council had first refusal if a right to buy property was reselling within five years of purchase.
- When a planning application was submitted there was a need to ensure the appropriate infrastructure was in place. A piecemeal solution would not work. This would all be taken into consideration within the Local Plan. There was a number of funding streams available from the Government to support the development of local infrastructure, which needed to be utilised.

6.10 Transport

6.10.1 In commenting on performance in respect of transport, James Henderson stated that user satisfaction with the condition of the highways has been steadily improving. Satisfaction with traffic and congestion has been stable

6.10 Edward Highfield (Director of City Growth) and Dick Proctor, (Transport Planning Manager) attended the meeting to answer questions from Members of the

Committee and responses were provided as outlined below:-

- Hills were not the primary reason why people did not cycle in the City. The main barriers were perceptions of safety and fear. The current corporate target, agreed by the City Region, was 10% of journeys by cycling, which required significant investment.
- Bus patronage had been dropping but had stabilised in recent times. Bus operators equated data to footfall in the City Centre and it was therefore important to have robust data in relation to footfall. A new Transport Strategy for Sheffield would be published in the Autumn which would outline growth over a twenty year period. The Transport Strategy for the City Region would also be published in September.
- The Streets Ahead programme having an amber rating was a fair reflection. There had been good progress in carriageway resurfacing and any disruption was being managed well. The amber rating reflected ongoing issues and the scale of the project.
- In respect of air quality, the figures accounted for the last two or three years and performance was relatively good. There was a need to consider the impact of growth on air quality. Council policy on vehicle idling was just related to around schools at the present time, but national conversation may need to widen the scale of this.

6.11 Sport, Culture and Tourism

6.11.1 Presenting the performance measures for Sports, Culture and Tourism, James Henderson commented that the number of visits to sports venues and activities per 1,000 population to sporting venues and activities had increased compared to last year and was the highest rate since 2013/14. The majority of the improvement seen was due to the addition of Graves and Thorncliffe Leisure Centres. There had been a slight decrease in visits to cultural venues.

6.11.2 Richard Eyre, Head of City Centre Management and Events and Tammy Barrass, Head of Partnerships and Special Projects, attended the meeting to answer questions, and responses were provided as outlined below:-

- Footfall figures in the City Centre only covered Fargate, Division Street and The Moor so it was difficult to get an actual figure. This would be expanded in November so a more accurate figure could be given. These figures could be shared with the Committee and included in future reports. Vacancy rates for buildings were collated so the Council had that information.
- The Outdoor Economic Strategy had been approved by Cabinet and officers were now looking at the delivery of this. Future performance would be included in future RAG reports.
- Officers would confirm why the Library Theatre was no longer included in the performance measures.

- The Council was negotiating with retailers to open later on occasion as part of the 'Live After 5' campaign and many had been open during the recent Sheffield Grand Prix Cycling event.

6.12 **Resolved:** That:-

- (i) the information now presented be noted; and
- (ii) Officers be thanked for their attendance and responses to the questions.

7. DRAFT COMBINED SCRUTINY WORK PROGRAMME 2017-18 AND UPDATE FROM CHAIRS

7.1 The Policy and Improvement Officer submitted the Draft Combined Scrutiny Work Programme for 2017-18.

7.2 **Resolved:** The Committee noted the Programme for 2017/18.

8. OVERVIEW AND SCRUTINY MANAGEMENT COMMITTEE DRAFT WORK PROGRAMME 2017-18

8.1 The Policy and Improvement Officer submitted a report outlining the draft Overview and Scrutiny Management Committee Work programme for 2017/18.

8.2 **Resolved:** That:-

- (i) the Committee approves the work programme for 2017/18; and
- (ii) the Chair be requested to liaise with the Chair of the Working Group considering a review of Council meetings in respect of public engagement at Council meetings.

9. DATE OF NEXT MEETING

9.1 It was noted that the next meeting of the Committee would be held on 19 October 2017.

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Report to Overview & Scrutiny Management Committee

19th October 2017

Report of: Director of Finance and Commercial Services

Subject: Medium Term Financial Planning

Author of Report: Dave Phillips, Head of Strategic Finance
0114 27 35872

Summary:

The Committee will receive a presentation (attached) on the revised approach to documenting Medium Term Financial Planning. Also attached for information is the Cabinet report on the Medium Term Financial Strategy 2018/2019 to 2022/23.

The Scrutiny Committee is being asked to:

Comment on the approach to Medium Term Financial Planning.

Category of Report: OPEN

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Author/Lead Officer of Report: Dave Phillips,
Head of Strategic Finance

Tel: 0114 273 5872

Report of: *Eugene Walker*
Report to: *Cabinet*
Date of Decision: *19 July 2017*
Subject: *Medium Term Financial Strategy 2018/19 to 2022/23*

Is this a Key Decision? If Yes, reason Key Decision:-	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
- Expenditure and/or savings over £500,000	<input checked="" type="checkbox"/>	
- Affects 2 or more Wards	<input type="checkbox"/>	
Which Cabinet Member Portfolio does this relate to? <i>Finance and Resources</i>		
Which Scrutiny and Policy Development Committee does this relate to? <i>Overview and Scrutiny Management Committee</i>		
Has an Equality Impact Assessment (EIA) been undertaken?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
If YES, what EIA reference number has it been given? <i>(Insert reference number)</i>		
Does the report contain confidential or exempt information?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
If YES, give details as to whether the exemption applies to the full report / part of the report and/or appendices and complete below:-		
<i>"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)."</i>		

Purpose of Report:




- Provide Members with details of the forecast financial position of the Council for the next 5 years; and
- To recommend the approach to budgeting and business planning that will be necessary to achieve a balanced budget position over the medium term.

Recommendations:

It is recommended that Members:

- note the forecast position for the next 5 years; and
- agree the approach to budgeting and business planning

Background Papers:

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: <i>Dave Phillips</i>		
	Legal: <i>Gillian Duckworth</i>		
Equalities: No			
<i>Legal, financial/commercial and equalities implications must be included within the report and the name of the officer consulted must be included above.</i>			
2	EMT member who approved submission: <i>Eugene Walker</i>		
3	Cabinet Member consulted: <i>Councillor Olivia Blake Cabinet member for Finance and Resources</i>		
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 Decision Maker by the EMT member indicated at 2. In addition, any additional forms have been completed and signed off as required at 1.		
	<table border="1"> <tr> <td>Lead Officer Name: <i>Dave Phillips</i> </td> <td>Job Title: <i>Head of Strategic Finance</i></td> </tr> </table>	Lead Officer Name: <i>Dave Phillips</i> 	Job Title: <i>Head of Strategic Finance</i>
Lead Officer Name: <i>Dave Phillips</i> 	Job Title: <i>Head of Strategic Finance</i>		
	Date: 10 th July 2017		

1. PROPOSAL

(Explain the proposal, current position and need for change, including any evidence considered, and indicate whether this is something the Council is legally required to do, or whether it is something it is choosing to do)

1.1 *This report provides the month 9 monitoring statement on the City*

2. HOW DOES THIS DECISION CONTRIBUTE?

(Explain how this proposal will contribute to the ambitions within the Corporate Plan and what it will mean for people who live, work, learn in or visit the City. For example, does it increase or reduce inequalities and is the decision inclusive?; does it have an impact on climate change?; does it improve the customer experience?; is there an economic impact?)

- 2.1 *To formally record changes to the Revenue Budget and gain Member approval for changes in line with Financial Regulations.*

Please refer to paragraph 28 of the main report for the recommendations.

3. HAS THERE BEEN ANY CONSULTATION?

- 3.1 *No*

4. RISK ANALYSIS AND IMPLICATIONS OF THE DECISION

4.1 Equality of Opportunity Implications

- 4.1.1 *No*

4.2 Financial and Commercial Implications

- 4.2.1 *Yes. Cleared by Dave Phillips*

4.3 Legal Implications

- 4.3.1 *No*

4.4 Other Implications

- 4.4.1 *No*

5. ALTERNATIVE OPTIONS CONSIDERED

- 5.1 *A number of 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 and gain Member approval for changes in line with Financial Regulations and to reset the capital programme in line with latest information.*

MEDIUM TERM FINANCIAL ANALYSIS: 2018/19 TO 2022/23

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Purpose of the Report

1. The purpose of the Report is to:

- provide Members with details of the forecast financial position of the Council for the next 5 years, and;
- recommend the approach to budgeting and business planning that will be necessary to achieve a balanced budget position over the medium term.

Executive Summary

2. The Medium Term Financial Analysis (MTFA) sets out the Council's latest financial forecast for the period 2018/19 to 2022/23. Over the next 5 years, our current view is that the Council's cumulative budget gap will increase to circa £108m by 2022/23, as shown in Figure 1 below. This takes account of changes to the Council's main sources of income (i.e. central government grant and local taxation), corporate expenditure (e.g. capital financing costs) and pressures on services (arising from inflation, demand or legislative changes such as the increase to the minimum wage). However the additional Better Care Fund (BCF) monies announced in the spring 2017 budget are one-off funds, and so are not included in the table below, which considers recurrent funding changes. Instead they are noted below the table for completeness. A separate paper on the Council's approach to using these funds to assist in the transformation of social care services will be taken to Cabinet for approval in July 2017. Also the numbers in Figure 1 assume that 2017/18 pressures will be resolved in 2017/18, ie there are no unresolved pressures from 2017/18 brought forward into 2018/19.

Figure 1 – Summary of Projected Budget Gap for the 5 years to 2022/23

	2018/19	2019/20	2020/21	2021/22	2022/23
	£m	£m	£m	£m	£m
Reductions in RSG	15.4	15.5	0.0	0.0	0.0
Business Rates & Council Tax Income	(14.8)	(7.1)	(6.1)	(6.2)	(6.3)
Corporate Grant movements	(10.4)	(9.3)	0.0	0.0	0.0
Corporate Expenditure variations	10.9	7.5	10.9	7.3	7.4
Social Care pressures	21.0	17.6	15.6	11.0	11.0
Other service pressures	7.1	2.9	3.0	2.1	2.1
Budget Gap	29.1	27.1	23.3	14.3	14.3
Balance B/F		29.1	56.3	79.6	93.8
Cumulative position	29.1	56.3	79.6	93.8	108.1
Spr 2017 BCF (One-off Funds)	(7.7)	(3.8)			

3. Estimated pressures on services account for around £93m (circa 86%) of the cumulative projected budget gap in 2022/23.
4. The Council's social care services are experiencing significant cost and demand pressures which, even with additional adult social care funding, completely outstrip growth in local taxation.
5. The MTFA is recommending a revised approach to business planning which will focus on savings which support the Council's strategic priorities of economic growth, prevention and making the most effective use of our resources.
6. Following the outcome of the General Election on 8th June 2017 (which could lead to revised Department Expenditure Limits and hence central government grant funding available to local government), we may need to issue a revised MTFA in the Autumn. In addition we are currently refreshing the Council's corporate priorities, and as needed we will revise this Analysis to reflect those revised priorities.

Recommendations

7. It is recommended that Members:
 - note the forecast position for the next 5 years; and
 - agree the approach to budgeting and business planning.

Background

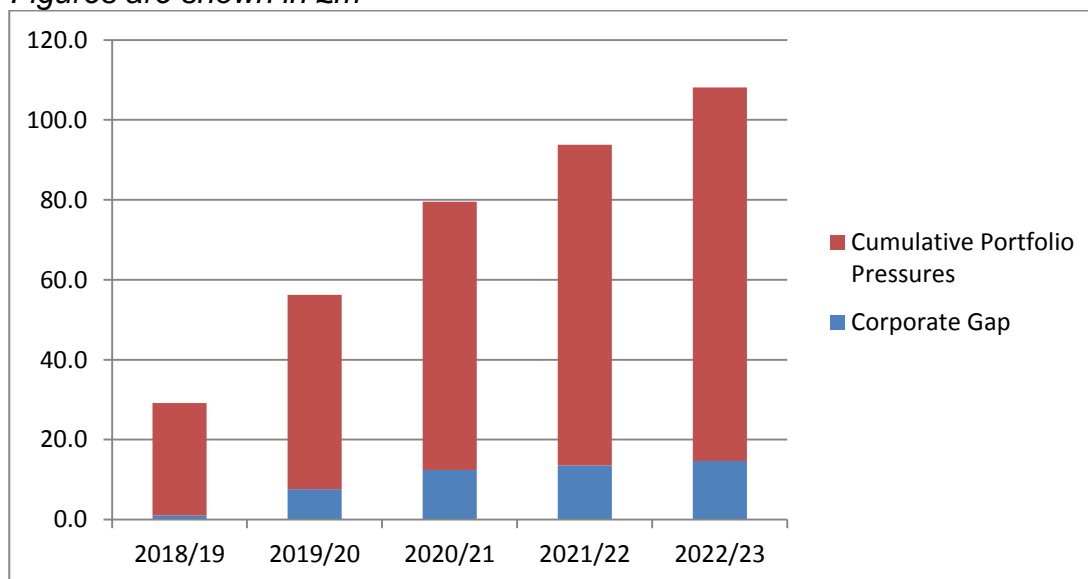
8. The last Medium Term Financial Strategy (MTFS) was considered by Cabinet on 19 October 2016. The MTFA has been updated to reflect:
 - the budget decisions of Full Council on 3 March 2017, and;
 - the announcement of additional adult social care funding in the Chancellor's Spring Budget on 8 March 2017.
9. The full details of the provisional Local Government Finance Settlement for 2018/19 are not likely to be known until December 2017. However as part of the final Local Government Finance Settlement for 2017/18, announced on 20 February 2017, Central Government issued a firm set of Revenue Support Grant (RSG) figures for the three years to 2019/20 for 97% of all local authorities which had accepted the Government's offer of a guaranteed multi-year settlement (Sheffield was one of the 97%).
10. In last year's MTFS, Cabinet endorsed the Council's approach on lobbying Government for the Improved BCF Grant to be brought forward to 2017/18. Although the allocations for this particular grant have not been changed since the publication of the 2016/17 Local Government Finance Settlement (i.e. £2.2m in 2017/18, circa £13m in 2018/19 and then £22m in 2019/20), the Government has heeded the call from the local government sector for additional adult social care funding to be front-loaded.
11. Consequently, the Chancellor announced in his Spring Budget on 8 March 2017 £2bn of additional funding for adult social care will be made available over the next three years (2017-20). For the Council, this means circa £12.5m of additional funding in 2017/18 (with reducing amounts in the following two years). However there are certain conditions with which the Council must comply, so we cannot simply plug the budget gap with this new money. The decision as to how this funding will be utilised will have a major bearing on business planning in the medium term, and will be covered in a separate report, as discussed in para 2 above.
12. A further consultation seeking views on the implementation of the Government's commitment to allow local government to retain 100% of the Business Rates that we raise locally closed on 3 May 2017. However, following the result of the General Election and subsequent omission of the Local Government Finance Bill from the Queen's Speech on the 21st June, it is clear that there are no current plans to pursue the implementation of 100% business rates retention.
13. In addition we are still working through the full impact of the severe reductions in funding that have occurred since 2010, and are grappling with increasing demand and cost pressures on many of our services, particularly in relation to social care services for vulnerable older adults and children. These factors create too many variables to predict the future with certainty.

Summary

14. Every year the Council is required by law to set a balanced budget. The approval of the Council's budget in March is the culmination of the annual business planning process. This report seeks Cabinet endorsement of the proposed approach to this year's business planning process. For further details, please see paragraph 57 onwards.
15. The first step in the business planning process for 2018/19 is to estimate the gap between the Council's resources and expenditure. In addition to cuts to Revenue Support Grant of around £125m
16. Over the last 4 years (from £192.5m in 2013/14 to £67.8m in 2017/18), we now have strong indications that the remaining RSG of £67.8m will reduce to £36.9m by 2019/20. The cut to RSG in 2018/19 will be £15.4m. However, due to additional social care funding and forecast rises in other income, we estimate that the cut to RSG in 2018/19 will be completely offset, leaving a cash standstill position.
17. Our estimate also reflects expenditure variations such as:
 - the unwinding of a debt restructuring arrangement (the aim of which was to release one-off funding to support the revenue budget over the 4 years from 2013-17);
 - the estimated cost of implementing a revised pay & reward strategy; and
 - contractual inflation on the Streets Ahead contract.
18. The budget gap also takes into account pressures on services arising from inflation, demand or legislative changes such as the increase to the minimum wage. These pressures are becoming harder to deal with as budgets reduce and are currently forecast at approximately £29.1m for 2018/19. Further details on the gap can be found from paragraph 25 as well as in **Appendix 1**.
19. The chart below shows how the forecast gap increases over the next 5 years from 2018/19 to 2022/23.

Figure 2 – Projected Budget Gap for the 5 years to 2022/23 (including an estimate of pressures in future years)

Figures are shown in £m



20. Whilst the forecast corporate funding gap for 2018/19 appears to be relatively small, it should be noted that the total budget gap for 2018/19 comprises around £28.1m of portfolio pressures which for the most part are subject to volatility (e.g. social care demand), and could exacerbate the budget gap further.

Reform to Local Government Finance

21. Up to the point at which the General Election was called, the local government sector was working on the assumption that 2019/20 would see the implementation of 100% business rates retention, the implications of which were covered in significant detail in last year's MTFS.
22. However, as stated above, the result of the General Election and subsequent omission of the Local Government Finance Bill from the Queen's Speech on the 21st June, made it clear that there are no current plans to pursue the implementation of 100% business rates retention. Informal representations from DCLG have echoed this view and highlighted that there will be no 100% business rates retention deal by 2019/20.
23. Although the figures reported in this MTFAs are based around the principle of adopting 100% business rates retention from 2019/20, it was always acknowledged that the impact of such a process was anticipated to be fiscally neutral. i.e. the additional 50% business rates income would be exchanged pound for pound for existing funds provided to the Local Authority such as RSG and Public Health Grant.
24. For the reason set out above and given the uncertainty of any future deals around business rates retention, the overall figures remain unchanged but represent a key risk for the Authority going forward.

Assessment of the Budget Gap

25. As shown in Figure 1, the scale of the budget gap is affected by changes in the Council's resources (Revenue Support Grant, Business Rates, Council Tax and other specific grants) and expenditure, as well as one-off and exceptional items. This section deals with each of these key components in turn. Further details can also be found in Appendix 2.

Revenue Support Grant

26. For 2018/19 and 2019/20, the Council will receive £52.4m and £36.9m respectively of RSG from Government, as per the terms of its multi-year settlement agreement.

Business Rates

27. Around a quarter of the Council's net expenditure is financed by the Council's 49% share of business rates collected locally.

28. As previous years' MTFS reports have covered the nuances of business rates in great detail, this year's MTFA focuses on the following key planning assumptions which affect the next 5 years. Further details can be found in **Appendix 2**.

- Multiplier Inflation;
- Growth in the business rates base;
- 2017 revaluation;
- Refunds of business rates due to successful appeals;
- Reliefs;
- Losses and costs of collection of business rates.

29. Significant risks in respect of business rates are described further in **Appendix 3**.

Council Tax

30. The Council set a Council Tax Requirement for 2017/18 of £182.1m based on a 1.99% increase. The Council also exercised an option provided by the Government to charge a Social Care Precept in 2017/18. The Band D equivalent council tax was £1,428.36, a 4.99% increase on the previous year (3% of which relates to the Social Care Precept).

31. The overall level of Council Tax income is dependent on the following:

- The Council Tax base: i.e. the overall number of properties that the Council can collect council tax from;

- Any restrictions on the ability of the Council to increase the level of council tax: i.e. the policy of the Government to prescribe an increase that will trigger a local referendum.

32. The phrase “Band D equivalent properties” is used throughout this report because Band D is used by the Government as the standard for comparing council tax levels between and across local authorities. This measure is not affected by the varying distribution of properties in bands that can be found across authorities. Most properties in Sheffield are in the lower Band A. A definition of Council Tax can be found in **Appendix 5**.

Council Tax base

33. The Council Tax base for 2017/18 was set at 133,743.89 Band D equivalent properties. This was an increase of 1,490 properties (1.1%) compared to the figure for 2016/17, partly due to an additional 1,543 properties, but also as a result of 699 fewer properties being entitled to the Council Tax Support Scheme (CTSS) offset by 752 properties that are entitled to discounts and exemptions.

34. The statutory date for the determination of the tax base for 2018/19 is not until early next year. However, for the purposes of the MTFAs, a review of the current position has been made based on information presently available. Further details can be found in **Appendix 2**.

- The overall number of properties;
- Number of properties eligible to discounts and exemptions (not including CTSS);
- Number of properties eligible for CTSS; and
- Estimated collection rate.

Council Tax referendum limits

35. Government policy regarding the trigger point for a local referendum is announced by the Secretary of State for Communities and Local Government in February each year. In February 2017, the Secretary of State set a principle that an increase in council tax of 2% or above would trigger a local referendum. In addition, headroom of 3% per annum (and 6% in total over 2017/18 to 2019/20) applied to Councils with social care responsibilities. Councils were required to certify that the funds raised by the additional 3% headroom were spent on social care. The trigger point for 2017/18 will not be known with certainty until the principles are issued in February 2018, however it is likely that the maximum headroom for social care will again be 3% in 2018/19, and nil in 2019/20.

36. It will be for the Council to decide the policy regarding future Council Tax increases. For the purposes of this report, a modest increase in Council Tax income is included in the forecast from April 2018 through growth in the current tax base.

Collection Fund Surplus

37. The Council is required to estimate, for Council Tax setting purposes, the projected year-end balance on the Collection Fund. This estimate must take account of payments received to date, the likely level of arrears and provision for bad debts etc., based on information available by 15 January. It has been assumed that there will be neither a surplus or a deficit on the Collection Fund by the end of 2017/18, hence neither a one-off benefit nor a one-off cost to the General Fund budget in 2018/19.

Specific Grant funding beyond 2017/18

38. The table below shows the main grants that the Council has taken into account when setting the 2017/18 revenue budget. As noted earlier in this report, the additional adult social care funding announced in the Spring Budget 2017 is not shown as it was announced unexpectedly 5 days after the Council approved its budget.

Figure 3 – Specific Grants

	£000
Housing Benefit Admin Subsidy Grant	2,351
Council Tax Support Admin Subsidy Grant	855
NHS Funding	12,399
CCG Better Care Income	5,000
Improved Better Care Fund	2,188
Public Health	34,235
Business Rates Top Up Grant	39,583
S31 Grant for Small Business Rate Relief	3,976
S31 Grant for Business Rate Cap 2014/15 & 2015/16	1,467
New Homes Bonus	7,029
Independent Living Fund	2,688
Adult Social Care Grant (One Off)	2,717
Total	<u>114,488</u>

39. As very little information has been provided on future allocations of specific grants by the Government, assumptions have been made about each of the grants listed in Figure 3 on a case by case basis. The following paragraphs focus on those grants where there is a relatively high degree of risk in terms of future cuts, or where certain assumptions have been made in the forecast.

Public Health

40. Based upon the latest available information, we are of the view that the Public Health grant will be reduced by 2.5% to 2.6% per year up to 2019/20, after which point it is likely to form part of the exchange of grant for an increased share of business rates.

41. There is also a risk that if a revised formula for Public Health is implemented before the ring-fence on the grant is removed, the national redistribution effect could result in circa £2m being cut from Sheffield's current allocation. We have assumed at this stage that this risk will not crystallise.

Dedicated Schools Grant (DSG)

42. During March 2016 the Government announced that it would introduce a national funding formula for schools, high needs and early years. The Government had planned to introduce this new funding formula from 2017/18, however the new system will now apply from 2018/19. The Government has launched a detailed consultation; further details and the financial impact for Sheffield are expected later in 2017.

43. Currently there are three blocks of funding: the Schools Block, the High Needs Block and the Early Years Block. As part of the National Funding Formula, funding allocations from the school block will be directly managed by the Education and Skills Funding Agency (ESFA) from 2019/20 and paid directly to schools.

44. As part of the Schools Block, from 2017/18 there is a new sub-block – 'Central Schools Block'. This contains funding for central schools' services, historic local authority spending commitments and the retained rate of the Education Services Grant (ESG). The Central Schools Block will be subject to reductions in funding over the coming years and there are specific limitations on the historic commitments, with limitations of no new commitments or increase in expenditure and an expectation from the Department for Education that this expenditure is time limited. This reduction in funding will inevitably create budget pressures for a number of council departments.

45. The People Portfolio have accounted for this reduction in grant within their budget pressures from 2018/19 and beyond.

Education Services Grant (ESG)

46. The General funding element of ESG of £500k will completely cease from September 2017.

47. The People portfolio have accounted for this cessation of the grant within the budget pressures figures for 2018/19.

Independent Living Fund (ILF)

48. The ILF scheme was administered by Department for Work & Pensions (DWP) until 30 June 2015, after which point the responsibility for service users transferred to local authorities. The scheme delivers financial support to disabled people so they can choose to live in their communities rather than in residential care.

49. After initial concerns of large scale funding reductions, the Department for Communities & Local Government (DCLG) provided indicative grant funding figures for 2016/17 to 2019/20. The grant award will fall from £2.8m to £2.5m for this period.

Funding for adult social care

50. As stated in the 2017/18 revenue budget report, £10.3m of so-called additional funding has made available to the Council, namely:
- Adult Social Care precept (£5.4m);
 - Adult Social Care Support Grant (one-off for 2017/18 only) (£2.7m), and;
 - Improved BCF grant (£2.2m).
51. As stated in the Council Tax section of this report (paragraph 35), there is a limit to the percentage by which local authorities with social care responsibilities can raise council tax. It is likely that the maximum headroom for social care will again be 3% in 2018/19, and nil in 2019/20.
52. The Council will lose the ASC Support Grant of £2.7m in 2018/19 as it has only been provided for 2017/18.
53. The Improved BCF is expected to increase by £10.4m in 2018/19 and by £9.3m in 2019/20. These increases have been factored into the calculation of the forecast corporate budget gap, as illustrated in **Appendix 1**.
54. However, the Council faces an immediate challenge of managing the combined impact of £22.8m of RSG cuts and around £19m of social care cost pressures – i.e. £41.8m in total – with only £10.3m of additional ASC funding (of which £2.7m is temporary) and no additional funding for children’s social care. The challenge is compounded over the medium term, with a significant cumulative gap between social care cost pressures and resource levels by 2022/23.
55. The extra ASC funding announced in Spring Budget 2017 (five days after the Council’s 2017/18 revenue budget was approved) may help to alleviate these pressures to a certain extent, however the Council is required to pool this extra funding into the Better Care Fund and to agree how it is spent with the Clinical Commissioning Group. A separate paper prepared by the Director of Adult Social Services on the Council’s approach to using these funds to assist in the transformation of social care services will be taken to Cabinet for approval in July 2017.

Forecast revenue expenditure

56. The Council set a net revenue budget for 2017/18 of around £395.6m. There will be a number of items of additional expenditure that are likely to be incurred in future financial years and there will be other issues, about which there is currently uncertainty but which may also subsequently involve expenditure for the Council. A key issue for the budget process will be the approach to including additional budget provision during a period in which resources are constrained. Compared to the amounts budgeted for in 2017/18, there are a number of potentially significant additions and reductions to annual expenditure in future years:

- Local Government Pensions costs: following the triennial review of the South Yorkshire Local Government Pension Scheme (LGPS) in the December 2016 and confirmation in March 2017, the Council is confident that impacts of the assessment over the three years to 2019/20 have been captured during the 2017/18 budget process.
- However, it must be stressed that these revaluations of the fund have been historically volatile, due in no small part to the underlying assumptions linking the fund's future performance to the potential performance of the financial markets.
- Given the inherent uncertainty around the financial markets and potential impact of Brexit upon the fund's investments, there is a risk of increased pension charges in future years. This is reflected in the additional budget requirement forecast in 2020/21 of £5m, as shown in **Appendix 1** of this report.
- This likely increase in costs will be managed in some part by way of an early payment of the deficit recovery contribution during 2019/20, which should in turn reduce the contributions required over the next three years.
- Pay strategy: the Council agreed a new 4-year pay strategy with effect from April 2014 via a collective agreement with Trade Unions. This agreement will expire in March 2018. The estimate of circa £19m of pay and reward costs included in this MTFAs reflects the overall funding envelope which the Council believes is affordable given its current financial pressures.
- Preliminary discussions with Trade Unions began during 2016/17 and continue to pursue options to secure a new pay deal for staff going forward. It is worth noting that the profile of costs may alter over the period of the MTFAs depending on the pay strategy to be implemented.
- Capital Financing costs: an assessment has been made of the likely level of capital financing costs in future years across the whole of the Council. We anticipate that the capital financing budget can be reduced by £1.0m in 2018/19, with the potential for further reduction of £1.0m in 2020/21. This is for two main reasons. Firstly, future borrowing is likely to be taken at lower rates of interest than we have achieved historically. Secondly, some of the capital programme has been temporarily funded from borrowing from internal resources, lowering the overall level of interest incurred during this period.
- Streets Ahead contract: the Council investment in the Streets Ahead contract will result in the required amount increasing by approximately £1.8m per annum from April 2017, as planned, taking the total cost in 2018-19 to £79m. It does not include any additional costs arising from possible delays to the programme arising from street trees. The costs rise as the contractor invests in bringing the highways infrastructure up to the agreed standard. This includes the full debt charges associated with borrowing £135m to finance the acquisition of assets (a saving on the previous borrowing via PFI).

- Sheffield City Trust (SCT) debt charges: in 2013 Cabinet approved proposals to restructure the funding for SCT. Part of this restructuring allowed for the release of one-off funding supporting the revenue budget over 4 years. The additional costs shown against the 'MSF ongoing increase' line in **Appendix 1** are a result of this one-off support unwinding.
- Howden House PFI: there will be additional costs associated with the annual inflation uplift in the unitary charge. Based on current inflation forecasts, the additional annual cost is expected to be approximately £100k from 2018/19.
- Capita contract: in-depth negotiations have taken place between Council officers and Capita to identify the potential for further savings on the Capita contract. It was announced in Autumn 2014 that the negotiations were successfully concluded, resulting in savings of £1.8m in 2015/16 and £1.6m in 2016/17. The Council is currently negotiating further savings for 2017/18 onwards. These savings will help to mitigate future cost pressures within the contract.
- Impact of emerging pressures in 2017/18: there will be difficulties associated not only with delivering some of the savings approved in the 2017/18 budget but also in mitigating social care pressures due to demand and other factors. In particular there were unresolved social care pressures of £13m in 2016/17, with these pressures forecast to increase to £20m in 2017/18, and a further £21m of social care pressures anticipated in 2018/19. For the purposes of the MTFA forecast, it has been assumed that there will not be any unresolved pressures from 2017/18 or, if there are, these will be dealt with as part of the approach to managing pressures. However it should be stressed that these pressures are putting future budgets under great strain.
- In terms of portfolio cost / demand pressures, these amounted to approximately £27m in the 2017/18 budget and were offset by savings of an equivalent figure. The majority of the pressures in 2017/18 related to adult social care costs. The adult social care costs are likely to feature prominently in the review of potential pressures in 2018/19, alongside children's social care pressures.
- The level of general pressures for 2017/18 included a provision for staff pay awards of 1%, amounting to approximately £2m. Meetings between local government representatives and trade unions are currently underway to determine the proposal for pay awards in future years (see pay & reward strategy section above).

Approach to balancing the budget

57. 2018/19 is the eighth year of the Government's austerity programme, and we have had to plan for another cash reduction in our Revenue Support Grant, this year by £15.4m. Given the scale of the year-on-year reductions we have faced, it is becoming increasingly difficult to balance our budget whilst protecting our front-line

services, particularly by trying to make a series of across-the-Council percentage cuts to each service.

58. Consequently for 2018/19 we will continue with the approach initiated for 2017/18 business planning, in other words moving from a blanket requirement for portfolios to find a given percentage of savings in their net budget, to concentrating on finding savings from a smaller number of discrete areas. This means that we are refreshing a four-year programme of transformative strategic changes in individual services intended to release sufficient savings to enable our budget to be balanced. We will update this MTFA later in the year as needed to reflect the revised strategic programme. As part of this process, we are seeking to focus activities on the Council's key priorities of economic growth, prevention and making effective use of our resources. This programme is supported by a Council-wide continuing search for lower level "tactical" reductions in expenditure, where we identify that there is scope for further efficiencies in individual services.

Reserves

59. The Medium Term Financial Analysis is prepared against a backdrop of uncertainty and potential risk. There is nothing new in this, and whilst some of the risks have been managed by the Council for many years, it is important that the Council has adequate financial reserves to meet any unforeseen expenditure. For an organisation of the size of Sheffield City Council, relatively small movements in cost drivers can add significantly to overall expenditure.

60. The Executive Director of Resources has reviewed the position relating to Reserves and has produced a Reserves Strategy as part of the 2017/18 revenue budget which is attached at **Appendix 4**. This sets out the estimated requirement for Reserves and explains the purpose of earmarked reserves.

Capital Programme for 2018/19

61. 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. Therefore for budgetary purposes, the Capital Programme is kept separate to the General Fund revenue budget, hence any proposed changes to the Capital Programme are not expected to have any significant impact on the MTFA. The next update to the Capital Programme will be presented to Cabinet in February 2018.

Housing Revenue Account

62. The Housing Revenue Account (HRA) is the statutory financial account of the Local Authority as landlord. The Council owns approximately 39,900 homes that are home to around 46,400 people as tenants. In addition, 2,437 leaseholders also receive housing services from the Council. It is the Council's current and future tenants and leaseholders who are impacted by the decisions made in the HRA Business Plan.

63. For budgetary purposes, the HRA is kept separate to the General Fund revenue budget, hence any proposed changes to the HRA business plan are not expected to have any impact on the MTFA. The next update to the HRA Business Plan will be presented alongside the HRA revenue budget for 2018/19 to Cabinet in January 2018.

Implications of this Report

Financial & Commercial Implications

64. This is a revenue & capital financial report, and as such all financial and commercial implications are detailed in the main body of the report.

Legal Implications

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

Equal Opportunities Implications

66. There are no specific equal opportunities implications arising from the recommendations in this report.

Alternative Options Considered

67. A number of 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.

Dave Phillips
Head of Strategic Finance
03 July 2017

Appendix 1 – Forecast Revenue Position 2018/19 to 2022/23

	2018/19	2019/20	2020/21	2021/22	2022/23
	£m	£m	£m	£m	£m
<u>Grant variations:</u>					
RSG					
Reductions in RSG	15.4	15.5	0.0	0.0	0.0
Re: Business rates					
Top-up grant - inflation	-1.0	0.0	0.0	0.0	0.0
<u>Other specific grants</u>					
Improved BCF	-10.4	-9.3	0.0	0.0	0.0
<u>Business rate income:</u>					
Inflation on business rate multiplier	-2.5	-2.0	-1.0	-1.0	-1.0
Growth in Business rate base	-1.8	-0.7	-0.7	-0.7	-0.7
<u>Council Tax income:</u>					
Growth in Council Tax Income	-4.3	-4.4	-4.5	-4.5	-4.6
Social Care Precept	-5.6	0.0	0.0	0.0	0.0
<u>Collection Fund surplus:</u>					
Fall out of 2014/15 Collection Fund surplus paid in 2015/16	0.4	0.0	0.0	0.0	0.0
<u>Expenditure variations:</u>					
Pay Strategy	2.8	4.1	4.1	4.0	4.0
Living Wage Increase (LWF)	0.2	0.4	0.8	0.8	0.8
Pensions deficit	0.0	0.0	5.0	0.0	0.0
Employers NI Contributions	0.0	0.0	0.0	0.0	0.0
Council Tax Hardship Fund	0.2	0.2	0.2	0.2	0.2
Streets Ahead contract	1.8	1.8	1.8	1.8	1.8
MSF ongoing increase	5.7	0.4	0.5	0.5	0.5
Howden House PFI	0.1	0.0	0.1	0.0	0.1
Capital Financing costs	-1.0	0.0	-1.0	0.0	0.0
Capita contract costs	1.1	0.6	-0.6	0.0	0.0
TOTA Year on year movement, excluding service pressures	1.1	6.6	4.8	1.1	1.1
Social care pressures	21.0	17.6	15.6	11.0	11.0
Other services' pressures	7.1	2.9	3.0	2.1	2.1
add bf position	0.0	29.1	56.3	79.6	93.8
Cumulative position, excluding service pressures	29.1	56.3	79.6	93.8	108.1

Appendix 2 – Key Assumptions

Assumption / Scenario	Base Case
RSG	<p>Indicative reductions as per 2017/18 Local Govt Finance Settlement, i.e.:</p> <ul style="list-style-type: none"> • £15.4m (2018/19) • £15.5m (2019/20)
Business rates	<ul style="list-style-type: none"> • A business rates growth model has been developed by a multi-disciplinary team of Council officers to analyse potential growth. This model pulls information from a variety of sources in order to quantify growth in the business rates base. Any forecasts of potential growth need to be treated with caution as there may be reductions in business rate income elsewhere as businesses relocate or have their rate liability re-assessed by the Valuation Office Agency (VOA). • This is based on the forecasts made by the Office for Budget Responsibility in March 2017 (e.g. 3.6% for 2018/19) minus 1% to account for market volatility. RPI has been used as the basis for inflation for the period up to 2019/20. From 2019/20 the inflation figure drops down to CPI in line with the policy announced by the former Chancellor in the 2015 Autumn Statement. • The VOA recently completed the process of re-assessing all premises subject to business rates in preparation for full-scale national revaluation with effect from April 2017. At the same time, a new appeals process was introduced (“Check Challenge Appeal”). At this stage, it is not possible to evaluate the potential impact of appeals triggered by 2017 revaluation on the Council, so it is assumed in this MTFa that there will be a neutral impact. • Business ratepayers can seek an alteration to the rateable value of a property by appealing to the VOA. However, because of the large volume of appeals, decisions by the VOA can take several years. A prudent provision has been taken for the appeals and as such this should not impact on the MTFa. It is difficult to arrive at a reliable estimate of the potential refunds due on outstanding appeals in addition to any new ones that may be lodged. Based on the most recent data provided by the VOA, it is assumed that the cost of refunds due to appeals will remain at 2017/18 levels. • Neutral impact from small business rate relief and other changes announced in Chancellor’s March 2016 Budget • Reliefs, costs of collection and appeals will remain at 2017/18 levels there are a number of reliefs against business rates liability, including small business rates relief, charitable relief, and deductions for empty properties and partly occupied premises. It is estimated that the total value of these reliefs and deductions will remain constant at 2017/18 levels (circa £44.1m) • It is assumed that losses on collection will stay at 2017/18 levels.
Council tax	<ul style="list-style-type: none"> • >500 additional band D equivalent properties per annum at the present time, the prudent assumption being made is that there will be at least an additional 500 band D equivalent properties for each of the next five years. Some increase was to be expected with additional properties being constructed or brought into use. It is not known to what extent this figure will grow in the coming months. • The tax base for 2018/19 assumed that 36,740 properties would be eligible for discounts and exemptions. At the present time, it is assumed that the number of properties claiming discounts/reliefs in

	<p>future years will remain the same. However, this figure is subject to fluctuations throughout the year, particularly as a result of student homes exemptions.</p> <ul style="list-style-type: none"> Local Council Tax Support Scheme stays the same. The current CTSS in Sheffield which was introduced in 2013 requires council tax payers of working age to pay a minimum of 23% of their council tax bills. For financial planning purposes, it has been assumed that the scheme will not be altered in the medium term. However this will be an issue for Members to consider alongside the savings proposals for 2018/19. Core referendum trigger remains at 2%. Social care referendum trigger remains at 3% cumulative for next 2 years. In-year collection rate remains at 95.5%: for budgeting purposes, the practice has been to set a prudent in-year collection rate as part of the tax base calculations, although eventually the Council recovers up to 99% of council tax. The introduction of CTSS has also had an impact on the collection rate. The forecast level of council tax income for 2018/19 assumes an in-year collection rate of 95.5% (unchanged from 2017/18). No change to reliefs & discounts Hardship Fund increases by £0.2m per annum
Collection Fund surplus/ deficit	<ul style="list-style-type: none"> Collection Fund balances in each of the next 5 years
Specific grants	<ul style="list-style-type: none"> Improved BCF grant as per 2017/18 Local Govt Finance Settlement allocations.
Pay inflation (set nationally)	1% per annum from 2017/18, to be absorbed by portfolios
Pay inflation in line with Living Wage Foundation (set locally)	This is expected to cost on average an additional £0.2m and £0.4m per annum for the 2 years to 2019/20, jumping by a further £0.8m annum after that. This is due to the rate at which LWF increases and overtakes the lower end of the SCC pay scale.
Pay strategy (set locally)	The estimate of circa £19m of pay and reward costs over the period of this MTFAs reflects the overall funding envelope which the Council believes is affordable given its current financial pressures.
Employers' national insurance	After the introduction of the new state pension from April 2016 which led to the abolition of the "contracted out" rate of employers' contribution and additional costs of approximately £3.1m from 2016/17, no further changes to NI.
Local Government Pension Scheme (LGPS) costs	An additional £5m has been set aside in 2020/21 to cover the possible impact of the next triennial valuation
Streets Ahead contract inflation	Council investment in the Streets Ahead contract will result in the required amount increasing by approximately £1.8m per annum. The costs rise as the contractor invests in bringing the highways infrastructure up to the agreed standard
2017/18 & prior year budget savings	All savings approved by Full Council in March 2017 (and all prior years) will be achieved in full. If in-year monitoring of the deliverability of these savings identifies a high risk of non-achievement, portfolios will be expected to find mitigating savings.
MSF	MSF Bond Capitalisation: Following advice from our external auditors, the principal element of the deposit bond repayment for MSF is now capitalised, which has allowed the released revenue funding to support the budget from 2017/18 onwards.
Capital financing costs	£1m reduction in costs anticipated in 2018/19 and £1m in 2020/21.
Better Care Fund	The £9.3m contribution from reserves to temporarily bridge the gap

	between the Council's current level of expenditure and the amount of resources which it can afford to contribute to the BCF pooled budget will be replaced with either additional funding from the CCG or through recurrent savings on adult health and social care expenditure.
Capita contract	Assumed £0.2m additional saving in 2017/18 after which point the level of overall saving reduces by £1.1m and £0.6m in 2018/19 and 2019/20 respectively. These anticipated savings adjustments are as per the contract negotiated during 2014/15.

Appendix 3 – Key Financial Risks

RSG reductions	Current assumption is based on the 2017/18 Local Government Finance Settlement announced in February 2017. Although RSG is part of the multi-year settlement offer made by the Government, there is a risk that the offer could be affected by external factors such as global recession, Brexit, further austerity and/or any further localisation of business rates retention
Business rates	Key sensitivities relate to: <ul style="list-style-type: none"> • Growth forecasts (approximately 2% per annum) – a shift of 1% in these forecasts is equivalent to £1m • 2017 revaluation – local authorities have been assured that the outcome of revaluation will be fiscally neutral • 2020 reset – no indications presently available, but could have a significant impact on the Council’s top-up grant • Appeals – highly volatile; the Council seeks to mitigate fluctuations in appeals by regular monitoring and communications with VOA • Future increases in the multiplier
Council tax	One of the key risks is around the referendum trigger set by Central Government, which will not be confirmed until February each year. If the trigger was reduced from 2% to 1%, this would limit the Council’s ability to generate additional income by circa £1.8m. It will be for the Council to decide the policy regarding future Council Tax increases.
Spending Review	National policy announcements affecting the future of local government funding, in particular the Chancellor’s Budget due in late November each year, could have a profound effect on all sources of Central Government funding, including RSG and specific grants such as Public Health. The outcome of the General Election 2017, which was not known at the time of writing this report, could have a significant bearing on future spending reviews.
Pay inflation	A 1% variance in pay equates to around £1.7m. Based on recent history, public sector pay is expected to be capped at 1%; this has been used as the basis for calculating portfolios’ pay pressures. The corporate budget gap takes account of a potential increase over and above the 1% threshold (see pay and reward strategy section of the main body of the report for further details).
2017/18 budget savings	Any risk of non-achievement of agreed savings in the 2017/18 budget will be reported in monthly budget monitoring reports. Portfolios will be expected to find mitigating savings.

Appendix 4 – Reserves Strategy

Introduction

- This appendix reports on the latest position in relation to the level of the Council's reserves. This assessment of reserves is even more important in the context of the significant and sustained cuts in central government funding in the six years from 2011/12 to 2017/18, and the further 2 years of cuts announced in the Chancellor's 2016 Summer Budget.
- As at the 31 March 2017 the balance of General Fund reserves was £135.5m. However, as part of the assessment of the adequacy of reserves, a number of reserves are set aside or "earmarked" to cover liabilities for expenditure which is already committed but not yet paid for. The following table shows the split of earmarked and non-earmarked reserves. All but £9.7m the aforementioned £135.5m is set aside as earmarked reserves for future liabilities. The figures in the table below are not anticipated to change but are still provisional pending the outcome of the financial accounts audit.
- The table shows that during 2017/18 total reserves levels are planned to increase by £4.6m. This is primarily as a result of the planned repayment of the temporary borrowing from reserves used to make the early pension deficit payment during 2016/17 for the periods 2017/18 to 2019/20. This early payment delivered significant savings.

Summary of Non-Earmarked & Earmarked Reserves at 31 March 2017 & Estimate of balance at 31 March 2018

Description	Balance at 31/03/17 £000	Movement in 2017/18 £000	Balance at 31/03/18 £000
Non-earmarked Reserves			
General Fund Reserve	9,691	2,913	12,604
	9,691	2,913	12,604
Earmarked Reserves			
Invest to Save Post 2015	1,482	(1,321)	161
PFI Reserve	(349)	(1,079)	(1,428)
Highways PFI Reserve	15,231	(1,240)	13,991
Total PFI Reserve	14,882	(2,319)	12,563
Major Sporting Facilities	41,034	(11,165)	29,869
New Homes Bonus	11,567	(3,325)	8,242
Insurance Fund Reserve	11,102	(1,000)	10,102
Public Health	1,032	0	1,032
Other earmarked	44,734	20,854	65,589
Total Earmarked Reserves	125,833	1,725	127,557
Total Revenue Reserves	135,524	4,638	140,161

* a negative number (in brackets) indicates that the reserve is in deficit: in this case because of up front investment that is to be repaid in future years from savings.

General (Non-Earmarked) Revenue Reserves

- The purpose of general revenue reserves is to provide funding for any unforeseen risks and expenditure which may arise in the year, but only as the last resort, such as for emergency funding. Reserves also provide flexibility in managing fluctuations between budgets and actual expenditure or emergencies: a good example being the Sheffield floods in 2007 when we had to use reserves to fund spending on the recovery operation before reclaiming costs from insurance or the Government. Finally, cash reserves and other working capital generate interest which is used in the funding of the budget.
- Non-earmarked General Fund Reserves (the “working balance”) are estimated to be £9.7m at 31 March 2017, representing only 2.4% of net revenue expenditure.
- There is no overall formula that can calculate what the level of reserves should be; it is a matter of judgement based on the known risks, budgetary pressures and local factors. The 2012 Audit Commission report ‘Striking a Balance’ indicated that:

“most Chief Finance Officers in our research regarded an amount between 3 and 5 per cent of the council’s net spending as a prudent level for risk-based reserves...”

- Sheffield’s level of general fund reserves at 2.4% net revenue budget has fallen below the minimum prudent level recommended by the Executive Director of Resources, mainly as a result of the £2.3m overspend in 2016/17. The Executive Director will make the recommendation to Cabinet in June 2017, as Statutory Finance Officer (s151 Officer), that the reserve is returned to the minimum recommended level of £12.6m, approximately 3% of net revenue expenditure, during 2017/18. This recommendation is reflected in the table above.

Earmarked Reserves

- Earmarked reserves are set aside to meet known or predicted liabilities, but ones that are not certain enough to create an exact provision in the accounts. The liabilities are, however, likely enough to say that the earmarked reserves are not normally available to fund the budget or other measures.
- A detailed list of earmarked reserves, their purpose and proposed use are set out in the unaudited 2016/17 Statement of Accounts, Usable Reserves Note 29 in the following link <http://www.sheffield.gov.uk/home/your-city-council/statement-accounts>

Appendix 5 – Glossary of Terms

Term	Definition
Abbreviations	The symbol ‘k’ following a figure represents £thousand. The symbol ‘m’ following a figure represents £million. The symbol ‘bn’ following a figure represents £billion.
Capital Expenditure	Expenditure that is incurred to acquire, create or add value to a non-current asset.
Capital Receipts	The proceeds from the sale of capital assets which, subject to various limitations (e.g. Pooling Arrangements introduced in the Local Government Act 2003) can be used to finance capital expenditure, invested, or to repay outstanding debt on assets originally financed through borrowing.
Community Infrastructure Levy (CIL)	A charge to be introduced from 1st April 2015 which will raise funds from developments on a differential scale linked to the location and type of development. It is intended to cope with the costs of growth e.g. additional schools and transport infrastructure.
Collection Fund	A fund administered by the Council recording receipts from Council Tax, National Non-Domestic Rates and payments to the General Fund. All billing authorities (including the Council), are required by law to estimate the year-end balanced on the Collection Fund by 15 January, taking account of various factors, including reliefs and discounts awarded to date, payments received to date, the likely level of arrears and provision for bad debts. Any estimated surplus on the Fund must be distributed to the billing authority (the Council) and all major precepting authorities (Police, Fire and DCLG) in the following financial year. Conversely, any estimated deficit on the Fund must be reclaimed from the aforementioned parties.
Contingency	A condition which exists at the Balance Sheet date, where the outcome will be confirmed only on the occurrence of one or more uncertain future events not wholly within the Council’s control.
Corporate	An internal source of capital funding, which is largely financed by

Resource Pool (CRP)	capital receipts from land sales.
Council Tax	<p>A banded property tax that is levied on domestic properties. The banding is based on assessed property values at 1 April 1991, and ranges from Band A to Band H. Around 60% of domestic properties in Sheffield fall into Band A.</p> <p>Band D has historically been used as the standard for comparing council tax levels between and across local authorities, as this measure is not affected by the varying distribution of properties in bands that can be found across authorities.</p>
Council Tax Freeze Grant	Grant funding provided by national government to support councils that freeze their Council Tax charges. The grant scheme is open to all billing and major precepting authorities, including police and fire authorities, which decide to freeze or reduce their council tax. If they do, they receive additional funding equivalent to raising their council tax by 1%.
Council Tax Support	Support given by local authorities to low income households as a discount on the amount of Council Tax they have to pay, often to nothing. Each local authority is responsible for devising its own scheme designed to protect the vulnerable. CTS replaced the nationally administered Council Tax Benefit.
DCLG	Department for Communities & Local Government
Designated Areas	These are specific parts of the city referred to as the New Development Deal and Enterprise Zone. They are significant because any growth in business rates above the “baseline” established in 2013/14 can be retained in full locally, rather than half being repaid to Government.
General Fund	The total services of the Council except for the Housing Revenue Account and the Collection Fund, the net cost of which is met by Council Tax, Government grants and National non-domestic rates.
Minimum Revenue Provision (MRP)	The minimum amount which must be charged to an Authority’s revenue account each year and set aside as provision for credit liabilities, as required by the Local Government and Housing Act 1989.
National Non-Domestic Rates	These are often referred to as Business Rates, and are a levy on business properties based on a national rate in the pound applied

(NDR)	to the 'rateable value' of the property. The Government determines the national rate multiplier and the Valuation Office Agency determine the rateable value of each business property. Business Rates are collected by the Local Authority and paid into their collection fund, this amount is then distributed 49% to the Local Authorities general fund, 1% to the South Yorkshire Fire and Rescue Authority and 50% to Central Government. The Central Government share is then redistributed nationally, partly back to Local Authorities through Revenue Support Grant.
Localisation	This term refers to the implementation of 100% business rates retention, which is by far the most significant reform to local government finance during the period of this MTFA. From 2020, it is assumed that the 50% central share of business rates currently retained by central government will be transferred to local government.
Precepts	The amount levied by another body such as the South Yorkshire Police Authority that is collected by the Council on their behalf.
Private Finance Initiative (PFI)	A contract in which the private sector is responsible for supplying services that are linked to the provision of a major asset and which traditionally have been provided by the Council. The Council will pay for the provision of this service, which is linked to availability, performance and levels of usage.
Provisions	Amounts charged to revenue during the year for costs with uncertain timing, though a reliable estimate of the cost involved can be made.
Reserves	Result from events that have allowed monies to be set aside, surpluses, decisions causing anticipated expenditure to have been postponed or cancelled, or by capital accounting arrangements.
Revenue Expenditure	Expenditure incurred on the day-to-day running of the Council, for example, staffing costs, supplies and transport.
Revenue Support Grant (RSG)	This is a Government grant paid to the Council to finance the Council's general expenditure. It is based on the Government's assessment of how much a Council needs to spend in order to provide a standard level of service.

Specific Government Grants	These are designed to aid particular services and may be revenue or capital in nature. They typically have specified conditions attached to them such that they may only be used to fund expenditure which is incurred in pursuit of defined objectives.
Spending power	<p>DCLG measures the impact of government funding reductions against local authorities' combined income from both government funding and council tax. This combined measure of income is called revenue spending power.</p> <p>NB: in a press release from the Chartered Institute of Public Finance & Accountancy (CIPFA) following the Local Government Finance Settlement, CIPFA made the following notable comment: <i>"CIPFA's measure of funding used in this analysis is "unfenced spending power". This is funding that councils have available to meet their priorities and fund existing staff and commitments and which is not already ring-fenced for other use. This includes Revenue Support Grant (RSG), retained business rates, council tax and a number of special grants that authorities are free to spend as they wish. In contrast DCLG's measure also includes Public Health Grant (which can only be spent on public health matters) and the Better Care Fund (which is largely NHS money or budgets that local authorities have pooled with the NHS, and can only be spent on priorities agreed with local NHS managers)."</i></p>
Unsupported (Prudential) Borrowing	Borrowing for which no financial support is provided by Central Government. The borrowing costs are to be met from current revenue budgets.

Medium Term Financial Planning (MTFP) 2018/19 to 2022/23

Draft of the revised approach to documenting the
Medium Term Financial Planning

Overview and Scrutiny Management Committee
October 2017



Aim

- Policy development of the proposed approach to the Council's Medium Term Financial Planning
 - Is the split between the MTFA and MTFS clear?
 - Are Members happy with the proposed areas discussed in each?
 - Are there any other areas we should incorporate?



Agenda

- **Key messages**
- **Proposed Reporting Structure**
 - Medium Term Financial Analysis (MTFA) - (June – July reporting)
 - Medium Term Financial Strategy (MTFS) - (Jan – Feb reporting)



Key messages

- The MTFA describes the financial challenge facing the Council, ie the level of resources we have available, compared to our forecast level of spending. Forecast spending includes changes for known member priorities, and allows for pressures. In the current resource-constrained environment, almost inevitably forecast spending is initially higher than resources. Hence the MTFA calculates the funding gap.
- The principal function of the MTFS is to build upon the MTFA to discuss the policy choices and underpinning financial solutions we are considering to achieve a balanced financial position, highlighting the emergent risks and pressures.
- Consequently links between priorities and expenditure, pressures and savings should be better defined.

MTFA Reporting - contents

- Reform to Local Government Finance
- Financial impact of Corporate Objectives & Members' Priorities
- Assessment of the Corporate Gap
- Assessment of the Portfolio Gap
- Summary position
- Narrative summary of our intended approach to balancing the budget
- Reserves

MTFA Reporting (cont.)

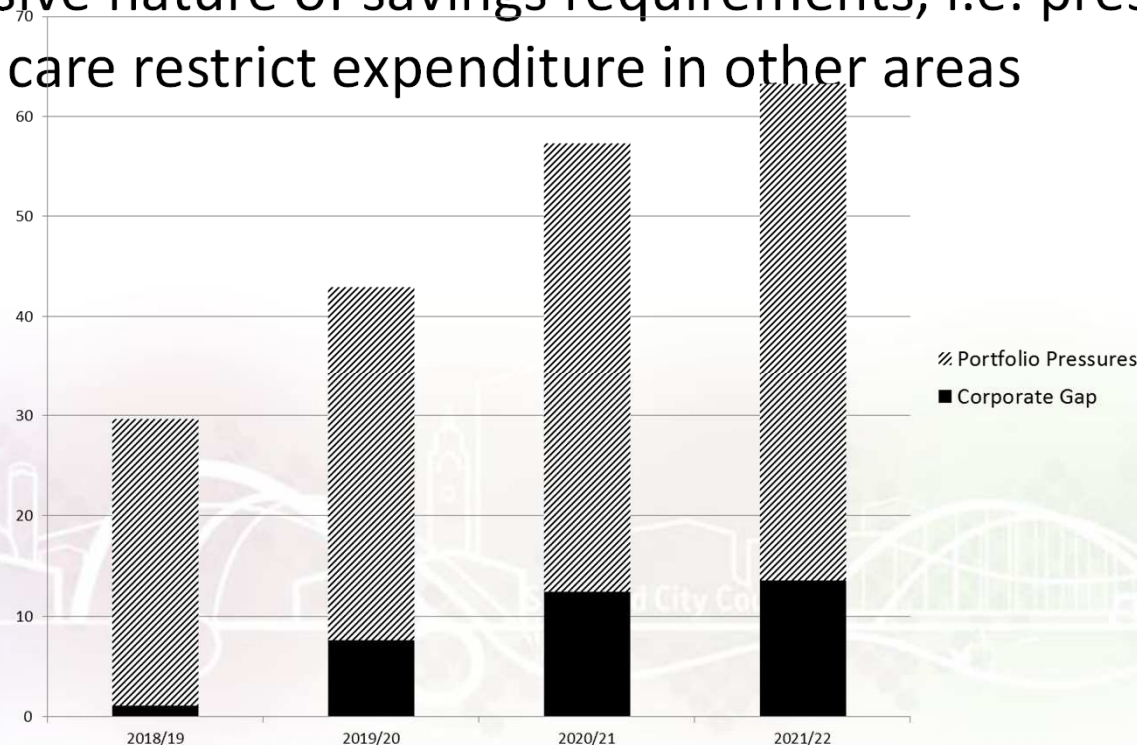
Assessment of the Corporate Gap - the July 2017 MTFA assessment is shown below

	2018/19	2019/20	2020/21	2021/22	2022/23
	£m	£m	£m	£m	£m
Reductions in RSG	15.4	15.5	0.0	0.0	0.0
Business Rates & Council Tax Income	(14.8)	(7.1)	(6.1)	(6.2)	(6.3)
Corporate Grant movements	(10.4)	(9.3)	0.0	0.0	0.0
Corporate Expenditure variations	10.9	7.5	10.9	7.3	7.4
Budget Gap	1.1	6.6	4.8	1.1	1.1

Proposed MTFA Reporting (cont.)

Assessment of the Portfolio Gap – the July 2017 MTFA assessment is shown below

- Draws links between the service gaps and priorities
- How the size of the gap may inhibit actions / options to meet priorities
- Pervasive nature of savings requirements, i.e. pressures in social care restrict expenditure in other areas



Proposed MTFS reporting - summary

- Recap MTFA
- Impact of changes since the MTFA was published
- Approach to Balancing Corporate Gap
- Approach to Balancing Portfolio Gap
- Reserves overview



Proposed MTFS reporting (cont.)

- **Summarise the position** reported in the MTFA
- **In brief, discuss changes** since the MTFA was published, covering:
 - Priorities (estimation of financial impact)
 - Funding, central and local
 - Pressures
 - Savings



Proposed MTFS reporting (cont.)

Approach to Balancing Corporate Gap

Approach	Key Notes
1. How do our plans support our Strategic Priorities	<ul style="list-style-type: none">• Priority led business planning underpinned by the budget
2. Financial tools available	<ul style="list-style-type: none">• eg Strategy on capital financing• Business Rates and Council Tax reviews - growth
3. Proposed allocation of finance	<ul style="list-style-type: none">• How we could financially enable the priorities to be delivered
4. Key assumptions and dependencies	
5. Actions required	<ul style="list-style-type: none">• Continued Lobbying of CG for additional funds eg iBCF

Proposed MTFS reporting (cont.)

Approach to Balancing Portfolio Gap

1. How do our plans support our Strategic Priorities	<ul style="list-style-type: none">• Discussion and challenge of pressures• High level detail of policy choices and service specific recovery plans for social care, resources and business-like place
2. Financial tools available	As previous
3. Proposed allocation of the finance	As previous
4. Key assumptions and dependencies	
5. Actions Required	<ul style="list-style-type: none">• Revised business planning and finance approach. Priority led mid to long term view; from 2019 onwards

Proposed MTFS reporting (cont.)

- **Reserves overview**

- Calls on reserves to balance in year shortfalls
- Assessment of sustainability
- Effective utilisation of reserves to deliver savings i.e. early pension deficit payments or Invest to Save projects
- key risks i.e. earmarking and un-earmarking reserves required



Key dependencies

- Clarity on Council Strategic priorities
- Cultural change re budget process
- Revised governance re business and budget planning.



Questions

- Is the split between the MTFA and MTFS clear?
- Are members happy with the proposed areas discussed in each?
- Are there any other areas we should incorporate?
- Any other questions?





Report to Overview & Scrutiny Management Committee (OSMC)

Thursday 19th October 2017

Report of: Policy & Improvement Officer

Subject: Issues to raise from Scrutiny Committees

Author of Report: Emily Standbrook-Shaw, Policy and Improvement Officer
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One of the roles of OSMC is to provide a forum for receiving updates from the Chairs of the four standing Scrutiny Committees, and raising any issues that have come up through the Committees' work.

The combined scrutiny work programme is attached for information, although it should be noted that work programmes are live documents and are subject to change.

The Scrutiny Committee is being asked to

- Receive updates from the 4 Committee Chairs
- Consider any issues arising from the work of the Scrutiny Committees.

Overview & Scrutiny Management Committee		Thursdays 10am-1pm (apart from February)	
Topic	Reasons for selecting topic	Lead Officer/s	Agenda Item/ Briefing paper
Thursday 19th October 2017			
The Future of Local Government Funding, a report of the Director of Finance & Commercial Services	A report on the current and future position in terms of local government funding, to include changes to business rates.	Marianne Betts, Director of Finance & Commercial Services (Interim) Other attendees tbc.	Agenda Item
Other Agenda Item/s - tbc			Agenda Item
Presentation topics for the January 2018 Council Meeting	To identify one or two topics for the meeting of Full Council to be held in January, 2018.	Paul Robinson, Principal Committee Secretary, Democratic Services	Agenda Item
OSMC Work Programme 2017/18	To consider and discuss the committees Work Programme for 2017/18.	Diane Owens, Policy & Improvement Officer	Agenda Item

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Issues to raise from other Scrutiny Committees	To receive any updates from scrutiny chairs.	Scrutiny Chairs	Agenda Item
Thursday 16th November 2017			
Work Based Development and Wellbeing (Human Resources)	Details tbc	Lynsey Linton, Head of Human Resources Other attendees tbc	Agenda Item
Sheffield City Region - Devolution Update	To provide an update on Sheffield City Region Devolution, following the public consultation that will be due to take place over the summer of 2017 and outlining next steps.	Laurie Brennan, Policy & Improvement Manager Other attendees tbc	Agenda Item
OSMC Work Programme 2017-18	To consider and discuss the committee's Work Programme for 2017/18.	Diane Owens, Policy & Improvement Officer	Agenda Item

Issues to raise from other Scrutiny Committees	To receive any updates from scrutiny chairs.	Scrutiny Chairs	Agenda Item
14th February 2018 (10am-1pm)			
Revenue Budget 2018/19 and Capital Programme 2018/19 Page 62	To consider the Council's budget proposal in advance of Cabinet.	Cllr Olivia Blake, Deputy Leader and Cabinet Member for Finance Eugene Walker, Acting Executive Director of Resources Dave Phillips, Head of Strategic Finance Other attendees tbc.	Single Agenda Item
Draft Work Programme 2017-18	To consider and discuss the committee's Work Programme for 2017-18.	Diane Owens, Policy & Improvement Officer	Agenda Item

Issues to raise from other Scrutiny Committees	To receive any updates from scrutiny chairs.	Scrutiny Chairs	Agenda Item
19th April 2018			
How Sheffield City Council Would like to do Business - Ethical Procurement	Details tbc	Marianne Betts, Director of Finance & Commercial Services (Interim) Other attendees tbc.	Agenda Items
Customer Experience Strategy, including an update on the new Council website, a report of the Director of Policy, Performance and Communications	To provide an update on the Customer Experience Strategy and the Council's New Website, which launched in April 2017. To include performance and customer feedback. Following discussion at the February 2017 OSMC meeting, it will also cover accessibility of EIA's (Equality Impact Assessments).	James Henderson, Director of Policy, Performance and Communications - tbc Other attendees – tbd.	Agenda Item
Scrutiny Annual Report 2017-18 Draft Content & Work Programme 2018-19	This report provides the Committee with a summary of its activities over the municipal year for inclusion in the Scrutiny Annual Report 2017-18. It also includes a list of topics which it is recommended be put forward for consideration as part of the 2018-19 Work Programme for this committee.	Diane Owens, Policy & Improvement Officer	Agenda Item

Issues to raise from other Scrutiny Committees	To receive any updates from scrutiny chairs.	Scrutiny Chairs	Agenda Item

Other Possible Topics

Page 64	Children, Young People & Family Support		Mondays 10am-1pm	
	Topic	Reasons for selecting topic	Lead Officer/s	Agenda Item/ Briefing paper
Monday 13th November 2017				

<p>Attainment 2016-17 – citywide attainment outcomes in schools & academies - headline results</p>	<p>The Committee may wish to receive a report outlining headline attainment results. The Committee could then receive a more detailed report in January 2018 when validated data is available, this could include further analysis in terms of national data / comparators.</p>	<p>Jayne Ludlum, Executive Director of People Portfolio</p> <p>Stephen Betts, Learn Sheffield, Chief Executive</p> <p>Pam Smith, Head of Primary & Targeted Intervention</p> <p>Kate Wilkinson, Service Manager - Performance & Analysis Service</p>	<p>Agenda Item</p>
<p>Home Education and alternative provision</p> <p>Page 65</p>		<p>Dawn Walton, Director, Commissioning, Inclusion and Learning.</p>	<p>Agenda Item</p>
<p>Briefing Papers</p> <ul style="list-style-type: none"> • The future commissioning and delivery of young people’s services • Social Market Foundation – Commission on Inequality in Education. 			
<p>Monday 11th December 2017</p>			

<p>Sheffield Children’s Safeguarding Board Annual Report</p>	<p>This report will provide an update on the work of the Safeguarding Board, including current priorities and any challenges.</p> <p><i>The Sheffield Children’s Safeguarding Board Annual Report 2016/17 and Business Plan 2017/18 could be sent as background documents for the session.</i></p>	<p>Jane Haywood, Chair of the Sheffield Safeguarding Children Board</p> <p>Carly Speechley, Director, Children and Families</p> <p>Victoria Horsefield, Assistant Director, Children and Families</p> <p>Other attendees tbd</p>	<p>Agenda Item</p>
<p>Sheffield Sexual Exploitation Service Annual Report</p> <p>Page 66</p>	<p>This report will give an update on the work of the Sexual Exploitation Service and partner agencies working to address child sexual exploitation, including current priorities and any challenges.</p> <p><i>The Sheffield Sexual Exploitation Service Annual Report 2017-18 could be sent as a background document for the session.</i></p>	<p>Jane Haywood, Chair of the Sheffield Safeguarding Children Board</p> <p>Victoria Horsefield, Assistant Director, Children and Families</p> <p>Janine Dalley, Senior Programme Manager for Targeted Service. Sheffield Futures</p> <p>Other attendees tbd</p>	<p>Agenda Item</p>
<p>Adoption Performance</p>	<p>Further report on adoption (following the report the Committee received at its meeting on 17th July) To include performance data on the 6 stages of the process and a flow chart outlining the process and expected timescales, as well as information on what action is being taken to recruit from harder to reach communities.</p>	<p>Joel Hanna, Assistant Director, Provider Services.</p>	<p>Agenda Item</p>

Monday 15th January 2018

<p>2016 Final Results: City Context and School Performance</p> <p>Page 67</p>	<p>To receive a further report on citywide attainment (following the report the committee receive in November 2017). This report will reflect validated data and can include further analysis in terms of national data / comparators.</p>	<p>Jayne Ludlam, Executive Director of People Portfolio</p> <p>Pam Smith, Head of Primary & Targeted Intervention</p> <p>Kate Wilkinson, Service Manager - Performance & Analysis Service</p> <p>Stephen Betts, Learn Sheffield, Interim Chief Executive</p>	<p>Agenda Item</p>
<p>Skills development for 16-19s in Sheffield</p>	<p>TBC</p>		

Monday 12th March 2018

<p>Sheffield’s Emotional Wellbeing and Mental Health Transformation Programme, in response to Future in Mind</p>	<p>In December 2016 the committee received a report regarding the "Future in Mind Programme" and Sheffield's Transformation Plan. It outlined the impact on prevention and early intervention services, partnership working and upcoming challenges as well as a specific focus on work being undertaken through schools. The Committee requested a further update in around 12 months’ time to update on progress with this work.</p>	<p>Bethan Plant, Health Improvement Principal - Public Health Team</p> <p>Matthew Peers, Commissioning Manager – EWBMH, CCG</p> <p>Other attendees tbc</p>	<p>Agenda Item</p>
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<p>Child Poverty</p>	<p>tbc</p>		<p>Agenda Item</p>
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Possible Task Group

<p>Possible task group linked to current development of ‘Recruitment and Retention Strategy’ in CSC</p> <p>An initial meeting will be organised to brief the sub group and to try and identify an area to focus on</p>	<p>Membership</p> <p>Cllr Mick Rooney</p> <p>Waheeda Din</p> <p>Cllr Bob Pullin</p> <p>Cllr Jim Steinke</p> <p>Cllr Mohammed Maroof</p> <p>Cllr Cliff Woodcraft</p>		
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Safer & Stronger Communities

Thursday 5-8pm

Topic	Reasons for selecting topic	Lead Officer/s	Agenda Item/ Briefing paper
Thursday 9th November 4-7 pm			
Street Culture	An introduction to what is Street Culture and services in Sheffield – to include begging, drinking, rough sleeping, the street economy, impact of drug use and street drinking on communities and city centre economy; discussion to include consideration of a petition to Council 6 th September requesting a Night Café for the homeless and vulnerable	Maxine Stavrianakos	Single Item Agenda
Work programme 2017-18		Policy and Improvement Officer	Standing Item
Thursday 14th December 4-7 pm			
Neighbourhood Policing	Receive an update on neighbourhood policing now, including the combined Council/South Yorkshire Police Team, and future direction – separate visit to Neighbourhood Policing Team	Maxine Stavrianakos	
Community Safety – safe city – neighbourhood policing	Consider non hate crime and policing matters, including 101 service – broader what’s happening to make Sheffield communities safer – separate visit to Neighbourhood Policing Team		

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Work programme 2017-18		Policy and Improvement Officer	Standing Item
Thursday 18th January 4-7 pm			
Hate Crime Task Group - more detailed progress report	More detailed reporting on response to recommendations - may be rescheduled to January meeting	Jayne Dunn, Cabinet Member, Maxine Stavrianakos, Head of Neighbourhood Intervention & Tenant Support	
Tower Blocks	Ongoing item to consider Tower Blocks fire safety – follow up to July 2017. Invite reps from emergency services and HSE	SYFR/HSE	
Work programme 2017-18		Policy and Improvement Officer	Standing Item
Thursday 8th March 4-7 pm			
Tower Blocks	Ongoing item to consider Tower Blocks fire safety – follow up to July 2017. Invite reps from emergency services and HSE	SYFR/HSE	

Housing+	A review and progress report – current state of play, lessons and improvements		
Sheffield Cohesion Strategy	An update on progress and actions – strategy implementation.		
Scrutiny Annual Report 2017-18 Draft Content & Work Programme 2018-19 Page 71	This report provides the Committee with a summary of its activities over the municipal year for inclusion in the Scrutiny Annual Report 2017-18. It also includes a list of topics which it is recommended be put forward for consideration as part of the 2018-19 Work Programme for this committee.	Policy and Improvement Officer	Briefing Paper
TASK GROUP			
Dependent on resources and need			
Possible topics to be scheduled			
Youth Justice	Scrutiny focus to be developed		TBC

Housing - evictions	Consider and test policy, process, costs		TBC
Neighbourhood Working - A New Approach for Sheffield	The committee received a report on 16th February, and they agreed to request an interim update 3-6 months into implementation of the new model.		TBC
Healthier Communities & Adult Social Care			
Topic	Reasons for selecting topic	Lead Officer/s	Agenda Item/ Briefing paper
1st November 2017			
Mental Health Transformation	Gain an understanding of the mental health transformation programme and the impact it will have on Sheffield people.	NHS Sheffield CCG – Jim Millns SCC – Dawn Walton	
Food Strategy	To consider the draft Food Strategy	Jess Wilson, Health Improvement Principal	

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Sheffield Teaching Hospitals Quality Accounts	To consider the draft priorities for the 2017/18 Quality Account.	Hannah Constantine - STH	
Wednesday 17th January 2018			
CQC visits to GPs	Follow up from issues considered in 2016/17 - how do we ensure high quality GP services across the city - report on progress.	NHS Sheffield CCG/CQC	
Care and Support Performance	Request for 12 month update following 2016/17 consideration. OSMC considering at meeting on 20th July - issues may filter out of that.	Phil Holmes, Director of Adult Services	
Wednesday 28th February 2018			
Health in All Policies	To consider how well the public health strategy is being embedded across all areas of Council activity.	Greg Fell, Director of Public Health	
Wednesday 21st March 2018			
Reducing Delayed Transfers of Care	Update on how the new system coped over the winter period	Phil Holmes, SCC Michael Harper STH	
Future items to be scheduled			
Dementia Friendly City	What progress is being made on becoming a Dementia Friendly City - what more can we do?		

Social Prescribing	What is Sheffield's approach? Is it working? How do the costs and savings work? Is social prescribing being implemented in an equal way across the City?		
Accountable Care Partnership and Shaping Sheffield	To consider how the Accountable Care Partnership is developing, and how it is driving forward Shaping Sheffield, with a focus on how the plan is translating into action.	NHS Sheffield CCG, Sheffield City Council	
Emergency Preparedness	To seek assurances that Sheffield's health system is prepared for major incidents	NHS Sheffield CCG, Sheffield Teaching Hospitals	
Joint Strategic Hospital Services Review	To consider the outcome of the review and the potential impact on Sheffield	NHS Sheffield CCG	
Health & Wellbeing Board	To understand the role of the Health and Wellbeing Board and its relationship with Scrutiny	Policy and Improvement Officer	
Joint Overview and Scrutiny Committees			
South Yorkshire, Derbyshire, Nottinghamshire and Wakefield Joint Health Overview and Scrutiny Committee	This Committee meets in relation to Health Service Change across the footprint- currently focussing on two NHS service reconfigurations - Hyper Acute Stroke Services; and Children's Surgery and Anaesthesia.		
Yorkshire and the Humber Joint Health Overview and Scrutiny Committee	This Committee is currently considering changes to congenital cardiac surgery services.	Leeds City Council are lead body	

Economic & Environmental Wellbeing			
Topic	Reasons for selecting topic	Lead Officer/s	Agenda Item/ Briefing paper
Wednesday 18th October 2-5pm – postponed – to be rearranged			
Retaining World Snooker Championships in Sheffield	To receive an update on the retention of the World Snooker Championships	Mick Crofts - Director of Business Strategy and Regulation, Place	Agenda Item
China Economic and Civic Programme Update	To receive an update on this following Call-in of Cabinet Decision - December 2016	Lead Cabinet Member; Lead Officer - Edward Highfield	Agenda Item
FOR INFORMATION: Western Road First World War Memorial Committee recommendations – formal response	Formal response from Cabinet Member to the Committee’s Working Group report and recommendations.	Cabinet Member, Bryan Lodge	For Information
Work Programme 2017/18	To consider and discuss the committees work programme for 2017/18	Alice Nicholson - Policy & Improvement Officer	Standard Agenda Item
Wednesday 29th November 5-8pm			
City Centre Strategy: Sheffield Retail Quarter – update	Update on City Centre Strategy – to include key decision and announcements on SRQ	Lead Cabinet Member, Lead Officer Nalin Seneviratne	Standard Agenda Item
Sheffield culvert renewal programme and update on protecting Sheffield from	A look at culvert renewal as one model for improving drainage in the city and an update on	Lead Cabinet Member – Bryan Lodge	

flooding	Protecting Sheffield from Flooding – considered previously in November	Lead Officer – Jim Hughes	
Small business	What is the offer in Sheffield? For example for business, small & medium, in the Maclaren supply chain. How do businesses know and access support.	TBC – to include Federation of Small Businesses; Sheffield City Council; Sheffield City Region	
Work Programme 2017/18	To consider and discuss the committees work programme for 2017/18	Report of Alice Nicholson - Policy & Improvement Officer	Standard Agenda Item
Wednesday 31st January 5-8 pm			
Work Programme 2017/18	To consider and discuss the committees work programme for 2017/18	Report of Alice Nicholson - Policy & Improvement Officer	Standard Agenda Item
Wednesday 14th March 5-8 pm			
Scrutiny Annual Report 2017-18 Draft Content & Work Programme 2018-19	This report provides the Committee with a summary of its activities over the municipal year for inclusion in the Scrutiny Annual Report 2017-18. It also includes a list of topics which it is recommended be put forward for consideration as part of the 2018-19 Work Programme for this committee.	Report of Alice Nicholson - Policy & Improvement Officer	Annual Agenda Item
Task Group			
Task group 2017/18 - dependent on resources and need			

Future items to be scheduled - scope to be determined			
Growth and Prosperity – Growth Plan	Overarching Growth Plan, Hosing Strategy, Clean Air Strategy , City Centre Master Plan, Local Plan	Edward Highfield,. Director of City Growth	TBC
Bus Service Changes	Update on the Community Response to September 2018 bus changes	SYPTTE, Bus Service Providers	
Planning Applications - ward members	Briefing picking up this and other matters from 26.04.2017 - Economic Landscape item	Chief Planning Officer, Sheffield City Council	TBC
City Development Sites - Update on Sheffield Ski Village	What is position on key development sites citywide, eg Ski Village	Creative Sheffield	
Air Quality Plan (Environmental Wellbeing)	Update on development of Air Quality Plan for December 2018	Cabinet Lead – Jack Scott Lead Officer – Tom Finnegan-Smith	
University role in the economy – University of Sheffield and Sheffield Hallam University	University role in boosting the economy: what is your impact, what can we do better? Understanding the value and impact to Sheffield of being a student city.		
Outdoor City	Update on the Sheffield Outdoor City Programme		

POSTPONE - Bus Services Act 2017	<i>Postpone, until decision on SCR devolution deal and Mayor. An in depth follow up o the Bus Services Bill item 2016/17, and how Combined Authority can make best use of the powers</i>	SYPTe, SCR CA, Sheffield Bus Partnership	TBC
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Report to Overview & Scrutiny Management Committee (OSMC) Thursday 19th October 2017

Report of: Policy & Improvement Officer

Subject: OSMC Work Programme 2017/18

Author of Report: Emily Standbrook-Shaw, Policy and Improvement Officer
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The Committee's draft Work Programme is attached for consideration, Appendix 1. The Work Programme focusses on performance management, finance and a small number of corporate and city-wide issues; as well as having an overview of the work of the four Scrutiny Committees. This gives each meeting a specific focus, with 1-2 main agenda items and brief standing items on 'Issues to raise from other Scrutiny Committees' and the Work Programme.

The work programme will remain a live document and is brought to each committee meeting for consideration and discussion.

The Scrutiny Committee is being asked to:

- Consider and discuss the committee's Draft Work Programme for 2017/18
-

Overview & Scrutiny Management Committee (OSMC) Work Programme 2017-18

Chair: Cllr Chris Peace

[Meeting Papers on SCC Website](#)

Meeting day/ time: Thursday 1-4pm *(apart from February 2018)*

Please note: the Work Programme is a live document and so is subject to change.

Topic	Reasons for selecting topic	Lead Officer/s	Agenda Item/ Briefing paper
Thursday 19th October 2017			
The Future of Local Government Funding, a report of the Director of Finance & Commercial Services	A report on the current and future position in terms of local government funding, to include changes to business rates.	Marianne Betts, Director of Finance & Commercial Services (Interim) Other attendees tbc.	Agenda Item
Presentation topics for the January 2018 Council Meeting	To identify one or two topics for the meeting of Full Council to be held in January, 2018.	Paul Robinson, Principal Committee Secretary, Democratic Services	Agenda Item
OSMC Work Programme 2017/18	To consider and discuss the committees Work Programme for 2017/18.	Diane Owens, Policy & Improvement Officer	Agenda Item
Issues to raise from other Scrutiny Committees	To receive any updates from scrutiny chairs.	Scrutiny Chairs	Agenda Item

Thursday 16th November 2017

Work Based Development and Wellbeing	To provide an update on the development of the Workforce Strategy, with a particular focus on employee wellbeing and development.	Mark Bennet, Director of Human Resources and Customer Services. Lynsey Linton, Head of Human Resources	Agenda Item
Sheffield City Region - Devolution Update	To provide an update on Sheffield City Region Devolution and outlining next steps.	James Henderson, Director of Policy, Performance and Communications. Other attendees tbc	Agenda Item
OSMC Work Programme 2017-18	To consider and discuss the committee's Work Programme for 2017/18.	Diane Owens, Policy & Improvement Officer	Agenda Item
Issues to raise from other Scrutiny Committees	To receive any updates from scrutiny chairs.	Scrutiny Chairs	Agenda Item

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14th February 2018 (10am-1pm)

Revenue Budget 2018/19 and Capital Programme 2018/19	To consider the Council's budget proposal in advance of Cabinet.	Cllr Olivia Blake, Deputy Leader and Cabinet Member for Finance Eugene Walker, Acting Executive Director of Resources Dave Phillips, Head of Strategic Finance Other attendees tbc.	Single Agenda Item
Draft Work Programme 2017-18	To consider and discuss the committee's Work Programme for 2017-18.	Diane Owens, Policy & Improvement Officer	Agenda Item
Issues to raise from other Scrutiny Committees	To receive any updates from scrutiny chairs.	Scrutiny Chairs	Agenda Item

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19th April 2018			
How Sheffield City Council Would like to do Business - Ethical Procurement	Details tbc	Marianne Betts, Director of Finance & Commercial Services (Interim) Other attendees tbc.	Agenda Items
Customer Experience Strategy, including an update on the new Council website, a report of the Director of Policy, Performance and Communications	To provide an update on the Customer Experience Strategy and the Council's New Website, which launched in April 2017. To include performance and customer feedback. Following discussion at the February 2017 OSMC meeting, it will also cover accessibility of EIA's (Equality Impact Assessments).	James Henderson, Director of Policy, Performance and Communications - tbc Other attendees - tbd	Agenda Item
Scrutiny Annual Report 2017-18 Draft Content & Work Programme 2018-19	This report provides the Committee with a summary of its activities over the municipal year for inclusion in the Scrutiny Annual Report 2017-18. It also includes a list of topics which it is recommended be put forward for consideration as part of the 2018-19 Work Programme for this committee.	Diane Owens, Policy & Improvement Officer	Agenda Item
Issues to raise from other Scrutiny Committees	To receive any updates from scrutiny chairs.	Scrutiny Chairs	Agenda Item
Other Possible Topics			
Public engagement	To discuss public engagement in scrutiny.		

