

Cabinet

Wednesday 19 February 2020 at 2.00 pm

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

The Press and Public are Welcome to Attend

Membership

Councillor Julie Dore	(Leader of the Council)
Councillor Jackie Drayton	(Cabinet Member for Children & Families)
Councillor Terry Fox	(Cabinet Member for Finance, Resources and Governance)
Councillor Mazher Iqbal	(Cabinet Member for Business and Investment)
Councillor Bob Johnson	(Cabinet Member for Transport and Development)
Councillor Mark Jones	(Cabinet Member for Environment, Streetscene and Climate Change)
Councillor Mary Lea	(Cabinet Member for Culture, Parks and Leisure)
Councillor George Lindars-Hammond	(Cabinet Member for Health and Social Care)
Councillor Abtisam Mohamed	(Cabinet Member for Education and Skills)
Councillor Paul Wood	(Cabinet Member for Neighbourhoods and Community Safety)

PUBLIC ACCESS TO THE MEETING

The Cabinet discusses and takes decisions on the most significant issues facing the City Council. These include issues about the direction of the Council, its policies and strategies, as well as city-wide decisions and those which affect more than one Council service. Meetings are chaired by the Leader of the Council, Councillor Julie Dore.

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. 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 Cabinet 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.

Cabinet meetings are normally open to the public but sometimes the Cabinet 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.

Cabinet decisions are effective six working days after the meeting has taken place, unless called-in for scrutiny by the relevant Scrutiny Committee or referred to the City Council meeting, in which case the matter is normally resolved within the monthly cycle of meetings.

If you require any further information please contact Paul Robinson on 0114 273 4029 or email paul.robinson@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.

**CABINET AGENDA
19 FEBRUARY 2020**

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** (Pages 1 - 4)
Members to declare any interests they have in the business to be considered at the meeting.
- 5. Minutes of Previous Meeting** (Pages 5 - 18)
To approve the minutes of the meeting of the Cabinet held on 15th January 2020.
- 6. Public Questions and Petitions**
To receive any questions or petitions from members of the public.
- 7. Items Called-In For Scrutiny**
The Director of Legal and Governance will inform the Cabinet of any items called in for scrutiny since the last meeting of the Cabinet.
- 8. Sheffield Inclusion Strategy 2020-2025** (Pages 19 - 64)
Report of the Executive Director, People Services.
- 9. People Keeping Well - Next Steps (2020-2023)** (Pages 65 - 86)
Report of the Executive Director, People Services.
- 10. Discretionary Support For Inward Investment** (Pages 87 - 98)
Report of the Executive Director, Place.
- 11. Proposal for Alternative Governance Arrangements for Sheffield City Council** (Pages 99 - 122)
Report of the Executive Director, Resources.
- 12. Revenue Budget and Capital Programme 2020/21** (Pages 123 - 418)
Report of the Executive Director, Resources.
- 13. Revenue Budget and Capital Programme Monitoring 2019/20 - As at 31/12/2019** (Pages 419 - 436)
Report of the Executive Director, Resources.

14. **Month 9 Capital Approvals** (Pages 437 - 474)
Report of the Executive Director, Resources.
15. **Appropriation of the Former Hemsworth Primary School Site (Blackstock Road) for Housing Purposes*** (Pages 475 - 484)
Report of the Executive Director, Place.

*(NOTE: Appendix 2 to the report at item 15 in the agenda is not available to the public and press because it contains exempt information described in paragraph 3 of Schedule 12A to the Local Government Act 1972, as amended.)

NOTE: The next meeting of Cabinet will be held on Wednesday 18 March 2020 at 2.00 pm

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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Cabinet

Meeting held 15 January 2020

PRESENT: Councillors Terry Fox (Deputy Chair), Jackie Drayton, Mazher Iqbal, Bob Johnson, Mark Jones, George Lindars-Hammond, Abtisaam Mohamed and Paul Wood

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1. APOLOGIES FOR ABSENCE

1.1 Apologies for absence were received from the Chair (Councillor Julie Dore) and from Councillor Mary Lea.

2. EXCLUSION OF PUBLIC AND PRESS

2.1 The Deputy Chair (Councillor Terry Fox) reported that appendix 2 to the report at agenda item 13 (see minute numbered 12 below) – ‘Month 8 Capital Approvals’ - was not available to the public and press because it contained exempt information described in Paragraph 7 of Part 1 of Schedule 12A of the Local Government Act 1972 (as amended), relating to action taken or to be taken in connection with the prevention, investigation or prosecution of crime. Accordingly, if the content of the appendix was to be discussed, the public and press would be excluded from the meeting.

3. DECLARATIONS OF INTEREST

3.1 There were no declarations of interest.

4. PUBLIC QUESTIONS AND PETITIONS

4.1 Public Questions Concerning Non-Receipt of Full Answers to Previously Asked Questions

4.1.1 Nigel Slack commented that he wished to conclude some long outstanding questions still awaiting responses, and he asked when he might receive full answers to the questions posed about:-

(a) Mount Pleasant and the questions posed over the Scrutiny meeting in March 2018?;

(b) Due diligence - When reporting on spending and other proposals, he had asked about greater detail being made available about what 'Due Diligence' meant, and the Chief Executive at that time had suggested this should be possible, but since then nothing had been done or heard of this issue?; and

(c) Equality Impact Assessments – his question asked about these being published as part of reports, rather than having to be requested, and again this was suggested to be a minor issue easily changed, but he had heard nothing

since.

- 4.1.2 Councillor Terry Fox, the Deputy Leader of the Council, stated that he would investigate the issues raised by Mr. Slack, and arrange for him to be supplied with a written response within one week.

4.2 Public Questions Concerning Hanover Tower

- 4.2.1 Nigel Slack stated that, at the last Council meeting, the Cabinet Member for Neighbourhoods and Community Safety responded to a question about the further delay on the Hanover Tower Cladding Report with a comment that 'legal' required the Council's contractor at the time to have a further period to respond to the report. Mr. Slack asked, why? Is it the Council's policy that contractors are more important than the residents of the city? Why should Lovell's be given more time to respond when the report has already taken 2 ½ years - did they not have an opportunity to put their side of the case?
- 4.2.2 Mr. Slack added that his own experience of the legal department within Council suggests that they are more concerned with protecting the Council's reputation than conducting effective & timely investigations or providing for complete transparency, an example being 10 months to investigate a standards complaint that involved 3 interviews and taking those interviews as gospel truth with no corroborating evidence. He asked is it the Council's legal team that determine decisions, or are they there to interpret the law for Councillors who then make the decisions? He commented that there is in this situation, as in others, a perception of the tail wagging the dog.
- 4.2.3 Mr. Slack further asked will the Council publish the report and let the contractor have their say in a public arena? If not, will the report be published in its original form with the additional comments from Lovell's or will it be amended before publication to save face for the contractor?
- 4.2.4 In response to Mr. Slack's comments regarding the conduct of the Council's legal team, Councillor Terry Fox, the Deputy Leader of the Council, stated that if a member of the public had a criticism to make about the conduct of a Council officer, then he/she should bring this to the attention of the (Interim) Chief Executive for investigation, in preference to expressing it in a public meeting.
- 4.2.5 Councillor Paul Wood, the Cabinet Member for Neighbourhoods and Community Safety, commented that he receives advice from the Council's legal team and would need to have a very good reason to overrule the advice or be confident that a decision contrary to that advice would not later have to be reversed. In relation to the Hanover Tower Cladding Report, he stated that he had been advised that anyone named in the report has to be given the opportunity to respond to its contents. He added that Lovell's had originally been given 7 days to respond to the report, and that had been extended to the end of January, following representations having been made to the Council by Lovell's. He stated that if this matter has not been dealt with by 31st January, it is his intention, as he stated at the last Council meeting, to publish the report thereafter, unless legally

prevented from doing so.

- 4.2.6 Councillor Wood commented that he didn't agree that contractors have priority over residents, and believed that contractors were never more important than the residents. He commented that there were many issues within his Cabinet Portfolio where he was taking contractors to task to ensure that work was undertaken correctly for the benefit of residents. In his opinion, no Council officer, contractor, or fellow Member, was put above the importance of the job that Members do for people within the city.
- 4.2.7 He stated that his experience of the Council's legal team was that he had yet to receive any proof that advice given to him was incorrect, and therefore he had confidence in the service provided by the team. He was not aware of the standards complaint referenced by Mr. Slack. He added that the legal team interpret the law and advise on what the Council is legally able to do or not able to do, and that the team do protect the Council from claims and financial penalties which could result from the Council not dealing with matters correctly.
- 4.2.8 Councillor Wood agreed that 2 ½ years for the production of the report was far too long. He confirmed that the Council will publish the Hanover Tower Cladding Report in full, and the report would, in the first instance, be provided to the residents of Hanover Tower and a meeting would be arranged with the residents. The report would then be released to the wider public and media, and he added that he had indicated to the media that he was prepared to hold a meeting at which the report would be circulated and to which the public could attend. However, he would not be able to ensure the attendance of any third party named in the report, although their attendance would be welcomed if they should choose to do so.
- 4.2.9 Councillor Wood referred to issues which had been raised by Mr. Slack, at the last Council meeting, regarding the repairs service, and he stated that he had already recognised that there were issues within the repairs service and had identified that this was an area which needed to be reviewed. He added that levels of satisfaction with the service were around the 90% mark, but that there was nevertheless scope for improvement. He commented that this was a large service and improvements can often take time to achieve, but he recognised the importance of the service, particularly for disabled people in the city. He stated that he had recently met with the Executive Director, Place, to discuss how to progress this review, and he added that there would soon be an announcement on how the Council was to plan the restructure of the service.

4.3 Public Questions Concerning Webcasting of Council Meetings

- 4.3.1 Nigel Slack commented that the Council's webcasting system appears to be having a very high proportion of teething issues, with the failure to be able to broadcast live, issues over the sound system and very poor signposting on the website to enable people to engage effectively. He added that even maintenance scheduling seems to be interfering in the smooth operation of delivering transparent meetings. He asked when might the public expect these technical

issues to pass and a regular webcasting schedule to be operational?

4.3.2 Councillor Terry Fox, the Deputy Leader of the Council, stated that the Director of Legal and Governance had appraised him of the issues recently encountered with the system, and of the work being undertaken to improve its operation and resilience. He agreed that webcasting was an important aspect of delivering open and transparent decision-making, and added that the webcasting system was working ok for this meeting.

4.4 Public Questions Concerning Sheffield City Council-Sheffield Tree Action Group Joint Inspection Report

4.4.1 Russell Johnson stated that the Deputy Leader will have noted the long-awaited report on the Joint Investigations, published before Christmas. He added that this unequivocally showed that the reasons given for condemning the assessed trees were spurious, and that this would have been known to the Council and the contractor. Mr. Johnson asked, in view of this, will the Deputy Leader now apologise for the lies to the public and the High Court about the so-called 'last resort' fellings, and for the destruction of over 5,000 mostly healthy street trees before the Council's, probably illegal, activities were stopped by public protest?

4.4.2 Councillor Terry Fox, the Deputy Leader of the Council, stated that he would arrange for a written response to be supplied to Mr. Johnson.

4.5 Public Questions Concerning the 'Big City Conversation'

4.5.1 Russell Johnson commented that he was fortunate to be present at the full Council meeting the previous week to hear the officer's report on the interim feedback on the 'Big City Conversation' exercise. He asked does the Deputy Leader and Cabinet share his disappointment that a paltry 2,200 people have engaged with this exercise so far (compared with over 26,000 for the 'It's Our City' petition conversations) and that, of these, 72-73% feel 'not well informed' about how decisions are made, how services are performing and about local services overall?

4.5.2 Mr. Johnson further asked does this not support the widespread view that governance under the current leadership is lacklustre, or possibly disastrous, and will the Deputy Leader agree with him that this fact has caused many to celebrate the announcement that the Council will have a new Leader very soon, possibly even before the elections and that this enables us to look forward to vibrant, open and honest governance under a modern committee system?

4.5.3 In response, Councillor Terry Fox, the Deputy Leader of the Council, stated that as regards the feedback on the 'Big City Conversation' exercise, the initiative was ongoing and in its infancy and that, although 4 months' into the exercise, with many events held and still planned to be held, the announcement of the General Election had impacted on the delivery of the exercise, as the requirements of the Pre-Election Rules on Publicity had prevented many Councillors from conducting

their events and obtaining feedback from their local communities. He added that he welcomed any feedback that is received by the Council, good or bad, as this enlightens the Council as to the way forward.

- 4.5.4 As regards Mr. Johnson's comments about the Leader and leadership of the Council, Councillor Fox stated that the Leader of the Council remained as the Leader and that, after a decade of leading this Council and this city during an unprecedented period of austerity and getting the Council to where it is now, he was proud that she had led the Labour Group, and he was proud to have served behind her, and that it was up to her, and her alone, to determine when she deems it is right for her to step down. He wished to applaud Councillor Dore and added that he had been appalled by the vile comments that had been placed on social media platforms since Councillor Dore had announced that she would not be seeking re-election in May.
- 4.5.5 Councillor Mazher Iqbal, Cabinet Member for Business and Investment, stated that a 'Big City Conversation' event had recently been held at the Fox Valley centre, and that he would be attending a 'Big City Conversation' event on Saturday at the Handsworth Asda supermarket, which would give residents of his Ward an opportunity to be heard, and he encouraged members of the public to attend the event, or to participate in the Conversation online or via local libraries.

4.6 Public Questions Concerning South Yorkshire Police Operation Quito

- 4.6.1 Russell Johnson stated that the leadership of the Council will no doubt have seen the press coverage of a Freedom of Information (FOI) obtained email showing that a senior Sheffield City Council officer asked a senior South Yorkshire Police officer for the names of members of the public attending a Police briefing on how the Force intended to apply the law whilst policing protests in the city. Mr. Johnson asked will the Deputy Leader, on behalf of the Cabinet, distance himself from this and assure him that this officer was not politically authorised to make that highly dubious approach to the Police, and that, if no authorisation was given, appropriate action will be taken to discipline the officer? Mr. Johnson further asked that, if the Leader of the Council did instruct the officer to do this, would the Deputy Leader please explain and justify this apparent conspiracy?
- 4.6.2 Councillor Terry Fox, the Deputy Leader of the Council, stated that he would arrange for a written response to be supplied to Mr. Johnson.
- 4.6.3 The Interim Chief Executive stated that officer conduct was her area of responsibility. She stated that Mr. Johnson had made a serious allegation, in public, relating to the conduct of a Council officer, and she requested Mr. Johnson to supply her with information and evidence to support his allegation, so that she could conduct a full investigation and then respond to him.

4.7 Public Questions Concerning an Independent Inquiry

- 4.7.1 Russell Johnson asked, following the FOI revelations late last year around the

Council's behaviours connected with the PFI debacle, and the Joint Inspection Report, alongside the obvious failure of Amey to meet contractual quality obligations, would the Deputy Leader consider instigating, as a parting act of generosity to the city from the Leader, an independent inquiry into all aspects of the contract? Mr. Johnson added that, at the very least, such a gesture might perhaps do something to repair the regime's, and, by association, the city's, reputation nationally and internationally.

4.7.2 Councillor Terry Fox, the Deputy Leader of the Council, stated that he would arrange for a written response to be supplied to Mr. Johnson.

5. MINUTES OF PREVIOUS MEETING

5.1 The minutes of the meeting of Cabinet held on 18th December 2019, were approved as a correct record.

6. ITEMS CALLED-IN FOR SCRUTINY

6.1 It was noted that there had been no items called-in for scrutiny since the last meeting of the Cabinet.

7. RETIREMENT OF STAFF

7.1 The Executive Director, Resources submitted a report on Council staff retirements.

7.2 **RESOLVED:** That this Cabinet :-

(a) places on record its appreciation of the valuable services rendered to the City Council by the following staff in the Portfolios below:-

<u>Name</u>	<u>Post</u>	<u>Years' Service</u>
<u>Place</u>		
Lesley Buttery	Neighbourhood Officer	27
Michael Hanson	Principal Engineer	49
Patricia Western	Enhanced Housing Options Officer	32
<u>Resources</u>		
Joanne McLaren	Project Officer	30
Anne Proctor	Assistant Finance Officer	24

(b) extends to them its best wishes for the future and a long and happy retirement; and

(c) directs that an appropriate extract of this resolution under the Common Seal of the Council be forwarded to them.

8. SHEFFIELD CITY COUNCIL TO BE A BREASTFEEDING FRIENDLY LOCAL AUTHORITY AND TO WORK WITH PARTNERS ACROSS ALL SECTORS TO MAKE SHEFFIELD A BREASTFEEDING FRIENDLY CITY

8.1 The Executive Director, People Services, submitted a report seeking approval for Sheffield City Council to become a Breastfeeding Friendly Local Authority, and to work with partners to make Sheffield a Breastfeeding Friendly City. The aim was to improve breastfeeding facilities in the city and remove some of the barriers to sustained breastfeeding in work and throughout the city.

8.2 **RESOLVED:** That Cabinet agrees the City Council should promote and advertise its support of breastfeeding, and officially state that Sheffield City Council is a Breastfeeding Friendly Local Authority and will work with partners across all sectors to make Sheffield become a Breastfeeding Friendly City.

8.3 Reasons for Decision

8.3.1 There are 260 Breastfeeding Friendly venues in Sheffield, all of which are prepared to advertise their support of breastfeeding. Many of these venues are large organisations, including Sheffield Hallam University, Sheffield Children's Hospital, Starbucks, Costa Coffee, John Lewis, Kelham Island, The Millennium Gallery and, most recently, Supertram.

8.3.2 However, in the City Centre there are department stores with unsatisfactory facilities for breastfeeding and there is a long-standing issue with breastfeeding support in Meadowhall Shopping Centre and on public transport.

8.3.3 It is essential that Sheffield City Council and their partners set the standard in this area of Public Health and encourage other large and small organisations to follow their lead. It is recommended that the Council promote and advertise its support of breastfeeding and officially state that Sheffield City Council is a Breastfeeding Friendly Local Authority and will work with partners from all sectors to become a Breastfeeding Friendly City.

8.3.4 The main outcomes of these recommendations would be:

- To validate and strengthen the work already carried out by Breastfeeding in Sheffield;
- Increased opportunities to promote the benefits of breastfeeding;
- To normalise the image of breastfeeding and make a cultural change;
- To show breastfeeding mums that they are supported in the city;
- More women encouraged to initiate breastfeeding, leading to more babies

- and children receiving the relevant benefits;
- More women able to sustain breastfeeding for longer;
- More businesses and organisations to follow the lead of Sheffield City Council by welcoming and supporting breastfeeding mums.

8.4 Alternatives Considered and Rejected

The reputational risk to Sheffield City Council of doing nothing was considered to be high, as this move will impact positively on the health of children, young people and their families. Other large organisations, including Sheffield Hallam University and the Clinical Commissioning Group, are all breastfeeding friendly.

9. HOUSING REVENUE ACCOUNT (HRA) BUSINESS PLAN AND HRA BUDGET 2020/21

9.1 The Executive Director, Place submitted a report providing the 2020/21 update of the Housing Revenue Account (HRA) Business Plan. It includes proposals to:

- Build more council homes and accelerate the current council housing stock increase programme.
- Continue to prioritise investment in fire safety measures.
- Broaden our tenant engagement and consultation channels/streams.
- Plan a programme of environment works to improve future sustainability of our neighbourhoods.
- Transform the way our customers are able to access the Housing and Neighbourhoods Service.
- Develop a pre-tenancy support package/offer to new council tenants to help ensure they are able to sustain their tenancy.
- Continue to review the costs and performance of services provided to the HRA to ensure value for money is achieved and the service continues to improve.
- Bring forward proposals for a charged gardening scheme for tenants who would like assistance with their garden and enhance our vacant gardens.
- Review housing offices and community buildings to ensure these are being fully utilised by tenants and residents.
- Continue to deliver improvements to our tenants' homes to make sure they continue to be well maintained.

9.2 **RESOLVED:** That Cabinet recommends to the meeting of the City Council on 5th February 2020 that:-

- (a) the HRA Business Plan report for 2020/21, as set out in the appendix to the report, is approved;
- (b) the HRA Revenue Budget 2020/21, as set out in the appendix to the report, is approved;
- (c) rents for Council dwellings, including temporary accommodation, are increased by 2.7% from April 2020 in line with the Regulator of Social Housing's Rent Standard;
- (d) garage rents for garage plots and garage sites are increased by 2.7% from April 2020 for those garages tenants that have seen improvements; garage rents for garage plots and sites will not be increased for garages that have not yet received improvements; this increase will be applied to individual units once garage improvement work has been completed;
- (e) the burglar alarm charge is £1.25 per week from April 2020; this is a reduction of £0.36 per week;
- (f) the community heating charge remains unchanged for 2020/21;
- (g) the sheltered housing service charge remains unchanged for 2020/21; and
- (h) the furnished accommodation charge remains unchanged for 2020/21.

9.3 **Reasons for Decision**

- 9.3.1 To optimise the number of good quality affordable council homes in the city.
- 9.3.2 To maximise the financial resources to deliver key outcomes for tenants and the city in the context of a self-financing funding regime.
- 9.3.3 To ensure that tenants' homes continue to be well maintained and to optimise investment in estates.
- 9.3.4 To assure the long term sustainability of council housing in Sheffield.

9.4 **Alternatives Considered and Rejected**

Sheffield City Council has a statutory duty to produce an annual balanced HRA budget, which is evidenced by the Business Plan update, therefore no alternative option was considered to producing this report.

10. PRIVATE SECTOR HOUSING ASSISTANCE POLICY 2020

- 10.1 The Executive Director, Place, submitted a report seeking approval for the Private Sector Housing Assistance Policy detailed in the report and set out in appendix A.

The Policy sets out the types of assistance available to private occupants to improve their living conditions and enable independent living, and replaces the previous Assistance Policy approved by Cabinet on 14th November 2007.

10.2 RESOLVED: That:-

- (a) the Private Sector Housing Services Policy, approved by Cabinet on 14th November 2007, subject to recommendations (b), (c) and (d), be revoked, with effect from 1st February 2020;
- (b) the Private Sector Housing Assistance Policy, detailed in the report and set out in appendix A to the report, be approved and come into operation from 1st February 2020;
- (c) the Assistance Policy, approved by Cabinet on 14th November 2007, which forms part of the Private Sector Housing Services Policy, as amended from time to time, be revoked, with effect from 1st February 2020;
- (d) the Intervention and Enforcement Policy, approved by Cabinet on 14th November 2007, which forms part of the Private Sector Housing Services Policy, as amended from time to time, is not revoked and remains in operation;
- (e) the Director of Housing Services, in consultation with the Cabinet Member for Neighbourhoods and Community Safety, be authorised to revise the Intervention and Enforcement Policy; and
- (f) the Director of Housing Services, in consultation with the Cabinet Member for Neighbourhoods and Community Safety, be authorised to revise the Private Sector Housing Assistance Policy.

10.3 Reasons for Decision

- 10.3.1 Revoking the Private Sector Housing Services Policy (PSHSP), to be replaced by the proposed Improving the Private Sector Housing Support and Conditions Strategy 2020-25, shall enable the improvement of standards within private sector homes in Sheffield. The revocation of the Assistance Policy, and the implementation of the proposed Policy outlined in this report, will ensure that the assistance reflects the current policy and funding landscape. It will support the most vulnerable private occupants to make the necessary improvements to their properties so that they can live independently in suitable, safe and energy efficient accommodation. It will also support people to move to more suitable housing and enable foster carers to accommodate more children within the city.

10.3.2 The Policy will be kept under review to ensure that it remains relevant, reflects local need and current legislation. To enable revision to the Policy arising from the review, it is recommended that the Director of Housing Services, in consultation with the Cabinet Member for Neighbourhoods and Community Safety, is authorised to revise the proposed Policy. A similar delegation of authority is recommended in respect of the Intervention and Enforcement Policy to ensure it remains relevant and properly reflects local need.

10.4 **Alternatives Considered and Rejected**

Do nothing - The main alternative is to not develop a new policy and rely on the 2007 Assistance Policy and other Council programmes to improve the condition, and suitability, of private sector housing. However, the current policy does not reflect the situation within Sheffield's private sector housing market or the flexibility allowed within the Disabled Facilities Grant (DFG) funding.

11. **PROCUREMENT OF THE TIPPING AND COLLECTION OF WASTE MATERIALS TO SUPPORT COUNCIL SERVICES**

11.1 The Executive Director, Place, submitted a report seeking approval for procurement and contract award of a Tipping and Collection of Waste Materials Service (including appropriate Treatment, Recycling and Disposal) to support Council Housing, Repairs and Maintenance, and Parks and Countryside Services.

11.2 **RESOLVED:** That Cabinet:-

- (a) approves the re-tendering of the Tipping and Collection of Waste Materials Service, as detailed in the report;
- (b) delegates authority to the Executive Director, Place, in consultation with the Director of Financial & Commercial Services and Director of Legal and Governance, where there is no existing authority, to:-
 - (i) agree the procurement strategy;
 - (ii) agree, and thereafter award, the new contracts to the successful providers; and
 - (iii) take all other necessary steps not covered by existing delegations to achieve the outcomes outlined in the report.

11.3 **Reasons for Decision**

- 11.3.1 The procurement will enable the Council to:-
- Have a compliant mechanism in place to meet the service requirements.
 - Continue to meet its obligations in regard to waste collection and disposal.

11.3.2 Benefits of consolidating requirements across the service areas include:-

- Reduced costs in purchasing and process i.e. procurement process and contract management/administration (ordering and billing efficiencies etc)
- Improved supplier service and support (strategic contract for supplier)
- Improved quality (potential for a seamless service as same/similar approach and systems)
- Improved economies of scale

11.3.3 The advantages of splitting the contracts into specific lots are:-

- Increased competition as more/new suppliers
- Increased innovation due to more suppliers
- Spreads risk, diverse supply chain
- Supports SME's

11.4 **Alternatives Considered and Rejected**

11.4.1 The Council can continue to operate the Tipping and Waste Collection on the same basis with 3 distinct contracts that sit across the services as we do now. This would not provide us with potential for savings to be achieved from a consolidated approach from a supply perspective or efficiencies relating to contract management. There would still be a requirement to re-procure the services to comply with PCR 2015 and the Council's Constitution including Standing Orders

11.4.2 We have explored the potential use of Veolia's Energy Recovery Facility, but this would result in the waste all being incinerated for energy recovery without any material being removed for recycling. Putting the waste through processing sites that divert large volumes to recycling would have a positive impact. Colleagues in Waste Management have confirmed that they will be looking to scope options for how the Council may be able to manage its own waste without the need for these external arrangements in the future.

12. **MONTH 8 CAPITAL APPROVALS***

12.1 The Executive Director, Resources, submitted a report providing details of proposed changes to the Capital Programme 2019/20, as brought forward in Month 8.

12.2 **RESOLVED:** That Cabinet:-

- (a) approves the proposed additions and variations to the Capital Programme listed in Appendices 1 and 2 of the report, including the procurement strategies and delegates authority to the Director of Finance and Commercial Services or nominated Officer, as appropriate, to award the necessary contract; and
- (b) approves the variations to the Housing Capital Programme as part of the

annual programme refresh, as detailed in Appendix 3 of the report.

12.3 Reasons for Decision

12.3.1 The proposed changes to the Capital Programme will improve the services to the people of Sheffield.

12.3.2 To formally record changes to 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.

12.3.3 Obtain the relevant delegations to allow projects to proceed.

12.4 Alternatives Considered and Rejected

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.

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Author/Lead Officer of Report: Tim Armstrong,
Head of SEN

Tel: 0114 2930214

Report of: *Executive Director, People Services*

Report to: *Cabinet*

Date of Decision: *19th February 2020*

Subject: *Sheffield Inclusion Strategy, 2020-2025*

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 type="checkbox"/>	
- Affects 2 or more Wards	<input checked="" type="checkbox"/>	
Which Cabinet Member Portfolio does this relate to? <i>People – Education and Skills</i>		
Which Scrutiny and Policy Development Committee does this relate to? <i>Children, Young people and Families</i>		
Has an Equality Impact Assessment (EIA) been undertaken?	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
If YES, what EIA reference number has it been given? <i>648</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:

To agree the Sheffield Inclusion Strategy, 2020-2025

Following the local area SEND inspection in November 2018 we have worked with partners including Sheffield CCG and Sheffield Parent Carer Forum to co-produce a clear vision and strategy for inclusion, including Special Educational Needs and Disabilities.

The strategy has been developed through a number of focus groups and co-production sessions, building on information already available prior to summer

2019 and then gathered through questionnaire feedback in summer 2019.

We sought views on the draft strategy via a formal consultation which took place from November 2019 to January 2020. The strategy was finalised after the consultation and we are now presenting it to Cabinet for final sign off and authorisation to publish.

Recommendations:

We recommend that Cabinet approves the Inclusion Strategy so that we can begin to write an associated action plan building on and incorporating the Written Statement of Action.

Background Papers:

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

- Inclusion Strategy
- Equalities Impact Assessment
- Research and consultation results
- Prior evidence including the PCF State of Sheffield Report and Our Voice Matters

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>Liz Gough, Sian Holmes (Commercial)</i>
	Legal: <i>Nadine Wynter Steve Eccleston</i>
Equalities: <i>Bashir Khan</i>	
<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>John Macilwraith</i>
3	Cabinet Member consulted: <i>Abtisam Mohammed</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.
	Lead Officer Name: <i>Tim Armstrong</i>
	Job Title: <i>Head of SEN</i>
Date: <i>(Insert date)</i>	

1. PROPOSAL

- 1.1 Sheffield City Council (SCC), Sheffield CCG (SCCG) and the Sheffield Parent Carer Forum (SPCF) have worked together to draft an inclusion strategy for Sheffield. We have:
- Built on previous research and consultation such as the SPCF State of Sheffield Report
 - Run focus groups with parents, young people and frontline staff during summer 2019
 - Held co-production sessions in October 2019 with leaders, frontline staff and parents
 - Run a formal consultation to gather views from across the city on a draft version of the strategy
- 1.2 As a Strategy Development Group, we have met on a weekly basis since July 2019 to coordinate the development of the strategy.
- 1.3 Our proposal is to publish the strategy attached to this report and to use it to write an action plan for putting its commitments into practice.
- 1.4 Inclusion is important to ensure that all young people and their families, regardless of their needs, get the opportunity to access the best life chances. The challenges to addressing inclusion, particularly around Special Educational Needs and Disabilities (SEND), are growing nationally with growing demand, changes in the complexities of needs, a new academic curriculum and financial pressures across sectors. The SEND reforms introduced through the Children and Families Act 2014, created an aspiration that those with additional needs would be at the centre of all decision making and that services would be more able to meet needs in a timely and co-ordinated manner.
- 1.5 Within Sheffield the views of our young people and their families are clear; we are not doing this well enough. The local area SEND inspection in November 2018 identified significant weaknesses and this is confirmed by feedback from families. Our schools have struggled to balance pressures and remain focused on good inclusive practice whilst support services have struggled to keep pace with growing demand. The aspiration across the city is to change our systems so that we act early to identify, assess and meet needs, work in partnership and establish integrated and local based processes and services that make Sheffield an inclusive city.
- 1.6 This strategy will build on changes and developments over the past 4 years including:
- Closer school sector working with schools supporting each other to address needs and improve access to support through work such as the Sheffield Support Grid, Primary and Secondary Inclusion Panels, locality working and a developed graduated

approach to meeting needs

- Piloting approaches to address needs locally, for example through addressing sensory needs or sharing of skills
- A strategic joint commissioning approach to plan support and provision at all levels of need, including a focus on all age disabilities
- Ensuring that young people and parent voices are central to developments with an evolving approach to co-production
- Developing pathways for assessment, support and provision, particularly through the development of vulnerable learner reviews and early years partnership
- Improvement in the timeliness of EHC Needs Assessments
- A focus on key transition points at age 2, 9 and 14 – focusing on planning two years in advance
- Successful improvement of our social care systems to build quality frameworks that address safeguarding needs
- Improving integration of health advice to co-ordinated needs through commissions including speech and language support via Primary Inclusion panel and pilots around addressing sensory needs
- Improving the use of data, policies and procedures to ensure access to education for all young people, including around elective home education, partial timetables and agreeing school places.

1.7 While this has all driven forward improvement, there is a clear recognition that more needs to be done to reach the aspirations that the local area has for its most vulnerable young people, including where families feel change is not rapid enough. This strategy provides the overarching focus for that to be achieved, covering all areas of inclusion, including SEND.

1.8 A review of our research and consultation with parents, young people, leaders and frontline workers identified five key themes which we have written as commitments in the strategy. These are:

1. Effective identification of needs with appropriate assessments (*Assessment*)
2. A wide range of services and opportunities that meet the needs of our young people (*Provision*)
3. Smooth transition at every stage of a young person's life, and particularly to adult life (*Transition*)
4. Excellent communication and engagement between young people, families, services and schools (*Communication*)
5. Skilled leader and staff capabilities to deliver the services (*Workforce*)

1.9 Our co-production identified a number of broad cross-cutting values that, alongside our commitments, underpin our strategic approach:

- Person centred approaches and effective engagement – 'No decision about us, without us'
- Consistency across the city

- Accountability and trust
- A culture of working in partnership
- All children and young people should be safe, settled and ready to learn

1.10 Whilst we are not legally required to have an inclusion strategy, the need to work in partnership to ensure that improvement is made is clear. The local area SEND inspection in November 2018 identified it as a significant weakness and our consultation clearly detailed the need for a single citywide document that enabled services to be held to account for improvement.

2. HOW DOES THIS DECISION CONTRIBUTE?

2.1 The strategy lays out our commitment to:

- Reduce inequalities by ensuring that every child and young person has the right support at the right time so that they can live a happy and fulfilled life.
- Improve young people and their families experience by skilling up staff, creating better collaboration between services, providing clear communication and carrying out timely reviews and responses.

3. HAS THERE BEEN ANY CONSULTATION?

3.1 Yes. We carried out soft consultation/research over summer 2019, which involved focus groups with parents, young people and leaders/frontline workers, a parent survey and a young person survey. Together, these activities helped us build on what we had already been told, for example in the Sheffield Parent Carer Forum State of Sheffield report, to identify five key areas to focus on. We then worked with Dr Kamal Birdi from The University of Sheffield, to run a co-production session using the CLEAR IDEAS model. This enabled us to co-produce our priorities and solutions, working with over sixty individuals from our key stakeholders. This proved successful in identifying positive solutions and priorities which have formed the basis of the strategy.

3.2 We have worked closely with the Sheffield Clinical Commissioning Group (SCCG) and Sheffield Parent Carer Forum (PCF) throughout, to regularly check which areas or people we needed to focus on and to identify ways to reach them.

3.3 We worked with SCCG to develop an EIA for their Strategic Public Experience and Engagement Committee (SPEEC) which sets strict guidelines for public consultation. A copy of this EIA is attached. It was officially passed by SPEEC on 10th September 2019.

3.4 We ran a formal consultation on the draft Inclusion Strategy between

11th November 2019 and 26th January 2020. [This was originally due to run until mid-December 2019 but was extended due to SCCG not being able to consult during PERP]. From the consultation responses, we have been able to see the percentages of people who agreed or disagreed with various elements of the strategy and also to theme comments and identify parts of the strategy to write more clearly, or focus differently.

3.5 During the first four weeks of the consultation we listened to what people told us up to that point and re-drafted the strategy commitments in plain English. We re-issued these alongside the original draft strategy for further comment in December (23rd) for the remainder of the consultation period.

3.6 In total, we received 160 responses to the consultation. Of those who told us which category they belonged to:

- 63 (39.6%) Parent, carer or family member of a child aged 0-25 with SEND
- 1 (0.6%) A child / young person
- 36 (22.6%) Leader (education, health or care)
- 38 (23.9%) Frontline professional
- 21 (13.2%) Other

3.7 The majority of respondents (84%) felt the strategy had correctly identified what needs to be done to improve inclusion within the city. Under every commitment, the majority of respondents (i.e. consistently over 50%) either agreed or strongly agreed with the statements about our challenges, what it looks like now, our priorities, what we will change and the impact, as set out in the table below.

3.8 We kept a detailed spreadsheet of responses and met with the Strategy Development Group on a regular basis to study responses, going through each comment in turn and assessing the degree to which to reflect it in the strategy. Analysis of the responses identified several areas for us to make clearer:

- Language and tone – too much jargon
- Provision - what current provision is available, any gaps and what we will be doing to plan future provision and address any gaps.
- Resourcing and how to make it a reality
- Role of schools and SENCO
- Early years - it was felt that this didn't come through strongly enough in the original draft

3.9 As a result of people's responses we have reworded sections of the strategy to try and ensure that comments have been taken on board:

- Making the language clearer and using less (or explaining better) jargon
- Making early years more visible within the document
- Being clearer about transition points and what we are referring to
- Adding a paragraph around resourcing so that people are clear what our plans are here

- Being clearer about timescales and that the action plan will follow on from the strategy
- 3.10 Where we haven't incorporated comments it is because we made a considered decision that it wasn't appropriate – for example we didn't include reference to families in the vision because this is a child and young person strategy and if we get it right for the child or young person then this should have a knock on effect on the wellbeing of the family. As part of the consultation we took additional steps to reach specific BAME communities, including offering to run focus groups or drop ins. We did not have any take up from this offer.
- 3.11 We have kept a detailed record of promotions for the consultation.

4. RISK ANALYSIS AND IMPLICATIONS OF THE DECISION

4.1 Equality of Opportunity Implications

- 4.1.1 Decisions need to take into account the requirements of the Public Sector Equality Duty contained in Section 149 of the Equality Act 2010 which identifies the need to:
- eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act.
 - advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it.
 - foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
- 4.1.2 The Equality Act 2010 identifies the following groups as a protected characteristic: age; disability; gender reassignment; marriage and civil partnership; pregnancy and maternity; race; religion and belief; sex and sexual orientation.
- 4.1.3 An EIA has been carried and highlights that we have built on our previous research and consultation with a wide range of stakeholders to prepare a draft SEND and Inclusion Strategy for Sheffield.
- 4.1.4 The Strategy will help us to better meet the needs and aspirations of children and young people in Sheffield and will positively impact on the health of young people and their parents and carers; young people; SEN and disabled young people; some BAME communities and carers.
- 4.1.5 We have widely consulted on the vision and the five key commitments of the draft strategy and took specific steps to try to engage with and get the views of all communities.

4.2 Financial and Commercial Implications

- 4.2.1 No direct financial or commercial implications arise from this report and the strategy is in line with current business plans. Regular reviews of SEN costs and affordability are undertaken between Business Strategy and Finance. Any changes in funding requirements for SEN will be subject to a separate report which will need to go through the appropriate approval process.

4.3 Legal Implications

- 4.3.1 The Children and Families Act 2014 places a number of legal duties on local authorities, which include ensuring that children, young people and their parents are involved in discussions and decisions about their individual support and about local provision. The proposed strategy forms part of the Council's commitment to being open and transparent in the way that it deals with inclusion, including SEND across the city.

5. ALTERNATIVE OPTIONS CONSIDERED

- 5.1 Not applicable – we are duty bound to co-produce an Inclusion strategy as part of our Written Statement of Action for Ofsted.

6. REASONS FOR RECOMMENDATIONS

- 6.1 Sheffield requires a clear strategic plan for improvement in regards to inclusion. The strategy has been co-produced to do so.

Sheffield Inclusion Strategy, 2020-2025

Foreword

We want all children and young people in Sheffield to be happy, safe, settled and ready to learn. Some will need some extra help to achieve this. We want our young people to be as independent as possible but have access to the right support at the right time when they need it.

Our strategy has been developed to help us achieve this goal. We recognise that over the years with previous strategies, this has not necessarily been the case. However, we are committed to ensuring this strategy will make a difference to young people and their families. We know it will not be easy. This is a massive challenge that requires all of us to work together as schools, the council, health services and most crucially young people and their families.

We face growing demand and pressures on our services and recognise that we are working with limited capacity and resources. We must make sure that we carefully and jointly understand the needs of our city and plan how we use our resources most effectively. But more than this we must make sure that we work in partnership to develop the right early help, support and provision so that the experience of each young person is a positive one.

By working together we are confident that we can improve outcomes for young people in our city and make Sheffield a truly inclusive place to grow up and live, no matter what needs they may have.

We want to thank everyone who has worked hard to contribute to and co-produce this strategy and who is committed to work hard to implement it.

Cllr Abtisam Mohammed, Cabinet Member Education & Skills, Sheffield City Council

John Macilwraith, Executive Director, People Services, Sheffield City Council

Brian Hughes, Director of Commissioning & Performance and Deputy Accountable officer, Sheffield Clinical Commissioning Group

Katie Monette, Chair, Sheffield Parent Carer Forum

Key terms:

Throughout this strategy we use a number of key terms:

- *By 'young people' we mean all children and young people from birth up to age 25*
- *By 'families' we mean all parents, carers and family members*
- *By 'services' we mean any service across Education, Health and Care, including statutory social care services, supporting children and young people*
- *By 'schools' we mean all education providers including childminders, nurseries, schools, colleges and training providers*

- *By ‘assessments’ we mean a wide range of assessments to identify and meet needs across education, health and care services, including diagnosis and co-ordinated plans such as EHC plans*
- *By ‘transition’ we mean every stage that a young person moves through including into school, from primary to secondary school and into post-16 education and adult life*
- *By ‘plans’ we mean all types of written plans across Education, Health and Care*
- *By ‘meaningful activity’ we mean all activities in adult life such as paid and voluntary work, activity that enriches life and is purposeful to the individual*

Throughout our strategy we recognise that areas overlap and so we have only included these in one specific area rather than repeating and replicating information.

Inclusion in Sheffield:

Inclusion is important to make sure that all young people and their families, regardless of their needs, get the opportunity to access the best life chances. The challenges to addressing inclusion, particularly around Special Educational Needs and Disabilities (SEND), are growing nationally with increasing demand, changes in the complexities of needs, a new academic curriculum and financial pressures across sectors. The SEND reforms introduced through the children and families act, 2014, created an aspiration that those with special educational needs/disabilities would be at the centre of all decision making and that services would meet needs in a timely and co-ordinated manner.

In Sheffield the views of our young people and their families are clear; we are not doing this well enough. The local area SEND inspection in November 2018 identified significant weaknesses and this is confirmed by feedback from families. Our schools have struggled to balance pressures and remain focused on good inclusive practice whilst support services, such as health and social care, have struggled to keep pace with growing demand.

The aspiration across the city is to change our systems so that we act early to identify, assess and meet needs, work in partnership and establish integrated and locally based processes and services that make Sheffield a more inclusive city.

This strategy will build on changes and developments over the past 4 years including:

- Closer school sector working with schools supporting each other to address needs and improve access to support through work such as the Sheffield Support Grid, Primary and Secondary Inclusion Panels, locality working and a developed graduated approach to meeting needs
- Trialling approaches to address needs locally, for example through addressing sensory needs or sharing of skills
- A strategic joint commissioning approach to plan support and provision at all levels of need, including a focus on all age disabilities
- Ensuring that young people and parent voices are central to developments with an agreed co-production charter

- Developing pathways for assessment, support and provision, particularly through the development of vulnerable learner reviews and early years partnership
- Improvement in the number of EHC Needs Assessments being completed in 20 weeks.
- A focus on key transition points and pathways to the next stage of education starting at age 2, 9 and 14 – focusing on planning two years in advance
- Successful improvement of our social care systems to build quality frameworks that address safeguarding needs
- Improving integration of health advice and intervention through commissions including speech and language support via Primary Inclusion panel and addressing sensory needs and training in schools
- Improving the use of data, policies and procedures to monitor access to full time education for all young people, including around elective home education, partial timetables and agreeing school places, including reducing exclusions and children being removed from school roll.

While this has all driven forward improvement, there is a clear recognition that more needs to be done to reach the aspirations that the local area has for its most vulnerable young people, including where families feel change is not rapid enough. This strategy provides the overarching focus for that to be achieved, covering all areas of inclusion, including SEND.

A data infographic detailing the current Inclusion data in the city (below) is being developed to include in the final published strategy.

Total number of children

- In January 2019 there were 73,279 children aged 5-16 (Reception - Y11) in Sheffield. Of these, 1,998 (2.7%) had an EHC plan and 10,565 (14.4%) had SEN Support in Sheffield maintained mainstream and special schools and academies (excludes not independent mainstream and independent special schools).

Primary Need

- For SEN overall, the largest primary need is Speech, Language & Communication Needs (SLCN) at 25.2% of the SEN population. This is followed by Autistic Spectrum Disorder (ASD) at 16.9%.
- For children with an EHCP, the main primary need is ASD at 40.8% (significantly more than any other group); the second highest group is Social, Emotional and Mental Health (SEMH) at 16.3% and Severe Learning Difficulties (SLD) at 12.0%.
- For children with SEN support, the largest percentage is 28.2% for SLCN, followed by Moderate Learning difficulty (MLD) at 19.1% and SEMH at 16.9%.

EHC Plans

- In 2019 the number of EHC Plans maintained by Sheffield LA was 3,201. This number has risen every year since 2015 (mainly due to inclusion of post 16 FE in figures).
- However, EHC Plans as a proportion of school population is lower than the national average and other core cities at 2.7% of the population.

Tribunals and mediation

- In 2019 there were 119 appeals lodged to the SEND Tribunal
- In 2018 there were 76 mediations, 22 of which then went on to tribunal

Exclusions

- In 2018-19 there were 2837 fixed term exclusions for children with SEN
- During the same time period there were 59 permanent exclusions – (only two of these were for children or young people with an EHC plan)

Short breaks

- Between 2018 and 2019 1447 children and young people accessed various types of short break services.

Placements

- We accommodate fewer SEN children in mainstream schooling than nationally, however we are comparable to other cities.

- In 2019 the key placement groups for children and young people with EHCPs was:
 - Mainstream schools: 739
 - Special schools: 1279
 - Integrated Resource Units: 269
 - FE / other post 16 settings: 581

Home Education

Currently (23/01/2020), there are 524 children recorded in Sheffield as being in elective home education. Of these, 154 (29%) are recorded as having a special educational need

The voice of Inclusion in Sheffield:

We have listened to our key stakeholders:

- Children & Young People
- Parents, Carers and families
- Front line professionals
- Leaders across the city

They have told us, both now and in the past, what we need to do differently. We have learnt from work done since the introduction of the SEND reforms, the outcome of the local area SEND inspection and the 2018/19 'State of Sheffield' questionnaire, conducted by the Sheffield Parent Carer Forum. We have asked our stakeholders what our priorities should be and how we should be changing and improving inclusion across the city.

To develop our vision and strategy - using all the information gained through consultation and previous surveys – we worked with Dr Kamal Birdi from The University of Sheffield, using the CLEAR IDEAS model. We worked with over sixty of our key stakeholders to co-produce our priorities and solutions. This work has formed the basis of the strategy.

A priority for our strategy is to listen to, and act on, the voice of children and young people. We ran a number of group discussions with young people as part of developing our strategy, but we know we need to do more in future as young people must be at the centre of our strategy.

As part of the development of the strategy we recognise that there are still some groups that are underrepresented and we will continue to work with them to make sure that we hear their voice.

Our strategic priorities 2020-2025

Our vision:

Sheffield will be an inclusive city where we work together to ensure that all children and young people get the right support at the right time so that they can live a happy and fulfilled life.

Our five commitments:

To achieve this vision we are making five commitments:

1. Effective early identification of needs with appropriate assessments across Education, Health and Care (*Assessment*)
2. A wide range of Education, Health and Care services and opportunities that meet the needs of our young people (*Provision*)
3. Smooth transition across Education, Health and Care at every stage of a young person's life, and particularly to adult life (*Transition*)
4. Excellent communication and engagement between young people, families, Education, Health and Care services including schools (*Communication*)
5. Skilled leader and staff capabilities to deliver the services across Education, Health and Care (*Workforce*)

Our values:

The values we will work on throughout this strategy to achieve this are:

- Co-production – Children, young people, families and services working together
- Person centred – Putting the child and their family at the centre of what we do so that there is 'No decision about us, without us'
- Consistency – making sure support is the same across the city
- Transparency and accountability – leaders taking responsibility for making things better
- Trust – between families and services

What success will look like?

We will know inclusion is improving in Sheffield if we see:

- More satisfaction from young people and their families in the support and services available to them
- Shorter waiting times for access to specialist support and provision, including health services
- Increased inclusion and attendance at school for those with SEND and other needs; reduced exclusions, absence from school and fewer young people inappropriately removed from school roll
- Better educational attainment and progress
- More young people moving into work and other meaningful activity in adult life
- All children and young people are safe, settled and ready to learn.

Commitment 1: Effective early identification of needs with appropriate assessments across Education, Health and Care (Assessment)

Our challenge:

- We need to identify children and young people's needs earlier so that we can produce a high quality plan, provide support as soon as possible and reduce exclusion and lost access to learning and education.
- We need to assess children and young people based on their overall individual needs rather than their medical diagnosis
- We need to improve our assessment processes so that we are clear about who should do what and when.

What it looks like now:

Families, Services and schools tell us:

- We focus more on a diagnosis than on an individual's specific needs.
- They do not always know how to access assessment and support.
- Processes can be hard to understand and are not clear and consistent.
- There is too much focus on standard offers rather than services that are tailored to needs.
- It takes too long to get a diagnosis and families have to wait too long to get support whether they have a diagnosis or not.
- They want services to work together and want to have better services in local areas.

What we have done so far:

- We have developed tools to support assessment processes. This includes tools for SEN Support linking the Family Common Assessment Framework (FCAF) and Education, Health and Care Needs Assessments.
- We have improved the number of Education Health and Care needs assessments completed in the statutory timescales.

Our priorities:

1. We will identify children and young people as early as possible so that they and their families get the right support at the right time.
2. We will assess children and young people based on their individual needs and we will work with families to understand what works and what needs to change.
3. We will have clear assessment and review processes that describe who does what and when on an ongoing basis.
4. We will work together with other services to identify and assess need.
5. All our plans will be high quality and have a focus on long term aspirations and outcomes

What we will change:

Priority One - *We will identify children and young people as early as possible so that they get the right support at the right time.*

- We will create clear referral routes for assessment and support that are not dependent on diagnosis.

- We will use data to prioritise how we use the resources we have available to get the right skills, knowledge and funding in place to identify and assess needs in a timely way.
- We will provide advice and support to families who are waiting for their needs to be met and be transparent about how long they may have to wait
- We will work with schools and nurseries to make sure they have the knowledge and skills to identify needs early.
- Services across education, health and care will work together with families and listen to their concerns to support the early identification of needs.
- We will make sure that maternity services, health visitors and early years education providers work together to ensure needs are identified and support is put in place as early as possible.

Priority Two - *We will assess children and young people based on their individual needs and we will work with families to understand what works and what needs to change.*

- The family and people who work with the family will be at the centre of identifying and assessing needs from the start.
- We will ask and listen to the child and family's views about what is working and what needs to change in order to build better relationships between services and families.
- We will develop evidence-based tools and easy-to-read resources to support assessments so that all children and young people can take part, including those that communicate non-verbally.
- When assessing need we will be flexible in how we do this to best suit the child or young person, for example adapting the environment where assessments take place.

Priority Three - *We will have clear assessment and review processes that describe who does what and when on an ongoing basis.*

- We will create clear documents, pictures and diagrams that show assessment and review processes, including a directory of who does what and when.
- We will make it clearer and easier for children and young people's needs to be reviewed using the 'graduated approach'. This is a cycle of assess, plan, do, review.
- We will review and publish decision making processes, including resource allocation panels, to make sure they are clear and accountable.
- We will create a quality framework to ensure all assessments, plans and reviews are of high quality including MyPlans and EHC Plans.
- We will make sure that young people's needs are regularly reviewed and support and services will be flexible to adapt to changing needs.
- Where a request is made for an EHC needs assessment for a child who is in care, is a care leaver or who has previously been in care and are now adopted, in kinship care or on a Special Guardianship order, we will ensure this is done

Priority Four - *Services will work together to identify and assess need.*

- We will set up joint teams/hubs of services around the city.
- We will work with schools to improve SEND knowledge and access to assessment and clinical support.
- We will make sure that schools are ACE (Adverse Childhood Experience) aware.

- We will make sure that access to support is based on identified needs rather than being reliant on a diagnosis
- We will make sure that reviews take place and advice is given by staff with the right skills

Priority Five – *All our plans will be high quality and have a focus on long term aspirations and outcomes.*

- We will make sure that assessments are ‘person-centred’ (meaning they place the child at the centre of planning) to create plans that are led by the views and aspirations of the child/young person and their family
- We will make sure that all plan writers are trained in how to identify aspirations and outcomes and include them in plans

The impact this will have:

- Children and young people will have timely assessments of their strengths and difficulties which are used to create a plan so that they receive the right ongoing support and services.
- Children and young people and their families will feel that they have been listened to.
- Schools and services will understand and implement assessment and review processes working with families.
- Services will work well together to assess children and young people, focusing on their needs over their diagnosis.

Commitment 2: A wide range of Education, Health and Care services that meet the needs of our young people (Provision)

Our challenge:

- We need to work together to commission more flexible services based on the needs of children and young people.
- We need to make sure we have sufficient services available to meet the needs of all children and young people. This includes universal (services open to all), targeted (services for those with some additional needs) and specialist services (services for those with the most complex needs).
- We need to make sure our systems and processes are easy to understand and use.
- We need to make sure that mainstream settings are inclusive and are able to focus on early intervention, particularly before a child is of school age.

What it looks like now:

- Children, young people and families are not always involved in developing services.
- Our systems and processes are difficult to use and understand.
- We have growing numbers of children and young people that need services and not enough funding.
- We do not have enough specialist education places; all our special schools are full.
- Mainstream schools do not have the right expertise and enough resource to support all children and young people.
- Our services are very busy and are not able to support all the children and young people who need them.
- Our advisory services, such as health services and educational advice givers, are not joined up and are not able to support all those who need them.
- Children and young people are expected to fit into a service offer rather than the service offering support to meet the need.

What we have done so far:

- Two new special schools have been commissioned and are due to open in 2021 and 2022 to increase capacity and ease the flow into special schools.
- We have increased funding to mainstream schools from April 2020 but there is still not enough.
- We are increasing the number of integrated resource places (specialist placement in a mainstream school) throughout the city.
- We are working with schools to help them have more inclusive practice.
- We are promoting better use of the Sheffield Support Grid, locally developed guidance for schools and services, to provide consistent guidance on how needs should be met. This includes a parent guide.
- We are improving health services with more of a focus on SEND when we commission and review services
- We are increasing local social care offer by reviewing our short breaks provision and provision for young adults.
- We have introduced Healthy Minds (a programme to support the emotional health and wellbeing of children and young people in schools) to two thirds of schools in Sheffield and plan to extend this further.

Our priorities:

1. We will make provision and support easy to find and access.
2. We will give the right support to children and young people at all levels of need.
3. We will provide support as early as possible.
4. We will analyse data to predict future need so that we can create sufficient high quality local provision.
5. We will work together with services and schools to improve inclusion.

What we will change:**Priority One** - *We will make provision and support easy to find and access*

- We will create funding models for education support that are clear and easy to understand.
- We will commission advice, guidance and advocacy services for children, young people and families.
- A key worker will be allocated to help support families who need it.
- We will reduce waiting times so that they are in line with national and local targets as a minimum.
- We will have a clear referral process and sufficient provision for short breaks and respite care.

Priority Two - *We will give the right support and provision to children and young people at all levels of need.*

- We will make sure there are sufficient high quality specialist school, integrated resource and alternative provision places.
- We will commission sufficient advice services to identify and support the needs of children and young people in the city across all types of needs
- We will work with schools to develop models of funding that allows them to put identified support in place at both SEN support and EHC plan level
- We will review existing provision and analyse data to predict future demand. Where needed we will increase provision that works well.
- We will improve support to access education so that all children and young people can have a full time education placement that is right for them.
- We will work to reduce the number of fixed term and permanent exclusions of learners with SEND.
- We will develop a flexible approach to providing support in our localities and education provision so that needs can be met quickly when they arise for example flexible approaches to timetabling, placements, curriculum and qualifications
- We will provide more health services in schools so children and young people can get access to the support they need more quickly and don't have to miss school to attend appointments. This includes mental health and emotional wellbeing support.
- We will identify gaps in areas of need and upskill our workforce so that they have the expertise to identify and meet the needs of children in the city
- We will make sure that young people's needs are regularly reviewed and make it easier to change their support and services if their needs have changed.

Priority Three - *We will provide support as early as possible.*

- We will focus on early intervention starting with Early Years teams and early intervention services.
- We will seek to invest in providing support as early as possible including increasing funding in mainstream schools.
- We will support parents through small group workshops that are universally accessible and not just at the point of crisis
- We will provide evidence based support for parents in their role, particularly around transition times

Priority Four - *We will analyse data to predict future need so that we can create sufficient high quality local need.*

- We will work together with children, young people and families to plan our local offer of provision to identify and address gaps at all ages.
- We will revise our post-16 offer with a focus on access to work, life skills and community participation.
- We will review our short break and respite provision to ensure it meets need.
- We will review our health services starting with Speech and Language, Occupational Therapy and Physiotherapy and Mental Health to ensure they meet need.
- We will analyse data to predict future need

Priority Five - *We will work together with services and schools to improve inclusion.*

- We will develop a city wide approach to inclusion in schools so that all children are made to feel welcome.
- We will develop a quality framework to ensure that services are of high quality and meet young people's needs.
- We will monitor and quality assure the impact of services Where we identify issues with the quality or sufficiency of services, we will take action to make sure that children and young people's needs are being met.
- We will help schools to make the physical learning environment as inclusive as possible.
- We will share and learn from good practice both within Sheffield and further afield

The impact this will have:

- Families will be able to access the advice, provision and support that they need.
- Children and young people will have the right support at the right time.
- Children and young people will be supported earlier and services will be more joined up.
- Children and young people will have access to local provision that meets their needs.
- Children and young people will be in more inclusive schools, making them happier and more able to learn.

Commitment 3: Smooth transition across Education, Health and Care at every stage of a young person's life, and particularly to adult life (Transition)

Our challenge:

- We need to make sure that it is easy for children and young people to move through different educational stages and into adult life.
- We need to make sure that transition services and processes across education, health and care are joined up.
- There are gaps in provision for young people aged 16-25 across education, health and care.
- We need to develop a wide range of high quality opportunities for young people moving into adult life. These include education, work, being a part of their community, independent living and the ability to manage their own health needs.

What it looks like now

- The move through education stages and into adult life is one of the greatest areas of concern for families, schools and services.
- Our services do not work well together and there is no city wide transition policy with joined up systems and processes.
- We have not always communicated well with families about what is happening.
- Transition reviews are not joined up, are not working well and do not focus enough on what the next stage of adult life will be like.

What we have done so far:

- We have begun to develop transition pathways for age 2 (pre-school), age 9 (Year 4) and age 14 (Year 9).
- We are working with young people and their families to improve EHCP (Education and Health Care Plan) annual reviews and the pathways for moving to adult life.
- We are working with young people and their families to look at post-16 provision with a focus on their outcomes.
- We have improved transition routes between children's and adults' health services and are working on producing clearer pathways for social care services.

Our priorities:

1. We will have clear pathways for children and young people as they move through education stages and into adult life, ensuring that services and processes across education, health and care are joined up.
2. We will make sure that all young people have their own plan that clearly supports them in moving into adult life that covers all parts of their life. This includes considering work and other meaningful activity, independence, being a part of their community and managing their health.
3. We will make sure that we have sufficient provision and support across education, health and care for young people aged 16-25.
4. We will make sure that we have enough opportunities for young people as they move out of full time education and into work or other meaningful activities.
5. We will make sure that young people and their families are able to access the right help and support in planning and preparing for adult life.

What we will change:

Priority One - *We will have clear pathways for children and young people as they move through education stages and into adult life, ensuring that services and processes across education, health and care are joined up.*

- We will develop our pathways of support and intervention for young people from age 2 (into school), age 9 (primary to secondary) and age 14 (into post-16 education and into adult life). This will include the sharing of information and planning of support into and between those stages.
- We will create clear documents on these transition pathways which will show what support is available at each stage.
- We will develop a clear governance structure around transition including a strategic multi-agency transition group to draw together all partners and a strategic lead
- We will have clear roles and responsibilities around transitions, including who should be involved in transition reviews and how.
- We will support parents to support their child at key transition stages. We will work with young people and their families to make sure that they are at the centre of the process.

Priority Two - *We will make sure that all young people have their own plan that clearly supports them in moving into adult life that covers all parts of their life. This includes considering work and other meaningful activity, independence, being a part of their community and managing their health.*

- We will have a joint review process for all young people with additional needs from age 14 onwards with a focus on what adult life will look like and what support they will need.
- We will make sure that early intervention and social care teams work with education and health services to begin transition planning early that includes a pathway plan that considers work, housing, training, health and financial support such as benefits.
- We will work with schools to develop impartial independent advice and guidance for young people that supports a clear path to work, whether this be paid work, voluntary work or other meaningful activities.
- We will explore how we can use technology in young people's reviews to make them more effective and ensure they result in change.

Priority Three - *We will make sure that we have sufficient provision and support across education, health and care for young people aged 16-25.*

- We will create a 5 year plan to ensure we have enough provision for young people including education and training, health, care, community provision, and housing.
- We will work with schools and colleges to review the curriculum and qualifications offered for those with complex needs, to ensure that it is fit for purpose in preparing young people for adult life.
- We will use available data and information from listening to young people and their families to inform commissioning so that we have the right provision in place that meets the needs of young people in line with their interests and skills.
- We will explore how we can use technology to support a clear strategic plan for working together, for example considering shared data systems

- We will join up the current health transition work under the children's and adults health providers to improve the journey between children's and adult health services.
- We will develop a 5 day offer of opportunities for young people who require it when they are accessing a study programme.

Priority Four - *We will make sure that we have enough opportunities for young people as they move out of full time education and into work or other meaningful activities.*

- We will work with employers to develop employment opportunities for young people with SEND including supported internships, work experience, volunteering and job coaching.
- We will ensure that there are sufficient commissioned and community activities for those young people who are unable to work that are varied and meaningful.
- We will build on this strategy to develop an all aged disability approach across the city

Priority Five - *We will make sure that young people and their families are able to access the right help and support in planning and preparing for adult life.*

- We will review and redesign our available services that support young people to plan and move into adult life.
- We will explore how we can provide a key worker for young people who need it to help them in planning for adult life.

The impact this will have:

- Young people will have a smooth transition between different educational stages and services.
- Young people and families' experience of transition will be good.
- All young people with SEND will have a clear plan to move into adult life that covers all parts of their life.
- We will have sufficient provision for young people to move successfully into adult life
- Services will have the skills and tools to support young people through identifying their strengths and needs and plan for adult life.
- Young people will have a good outcome at the end of the transition process.

Commitment 4: Excellent communication and engagement between young people, families, education, health and care services including schools (Communication)

Our challenge:

- We need to build mutual trust and relationships between children, young people, families, schools and services across the city that is based on openness and honesty
- We need to make sure our services are based on the needs of the children, young people and families we support.
- We need to clearly and proactively communicate, with families and services about who should do what, when and how.
- We need to make it easy for children, young people and families to find up to date information.
- We need to improve communication between the team of professionals supporting a child and family

What it looks like now:

- Families tell us that our communication systems do not work. They find it difficult to understand what should happen and hard to get answers.
- They have told us that they do not know where to go to for help when there are gaps in support.
- Our systems are not easy to use and there is not enough transparency.
- Our communication is not consistent and there is poor 'customer care' when families are going through difficult processes.
- We have some good practice of communication but it is in pockets across the city, is dependent on individuals, and is not consistent.

What we have done so far:

- We have produced new guidance and videos to explain how things work.
- We are consulting with children, young people and families on what we should improve.

Our priorities:

1. We will make sure that the voice of the young person and their family will be at the centre of all our services.
2. Services and schools will work together to ensure good communication with children, young people and families that is focused on the individual child.
3. We will make sure that assessment and support processes are clear and easily available to all.
4. We will have a clear and consistent way of working with families from day one. Families will know what is happening and what will happen next.
5. Our services and schools will be open, honest and realistic with families about what support is available.

What we will change:

Priority One - *We will make sure that the voice of the young person and their family will be at the centre of all our services.*

- We will recognise, listen and respond to the family as an equal partner who are the experts of what daily life is like for their child.

- We will develop a citywide ‘tell us once’ approach so that young people do not have to repeat their story. Appropriate information will be shared.
- We will develop an engagement approach with under-represented communities to ensure that their voice is heard. This will include Roma, BAME, and those families with their own learning needs or speak English as an additional language.
- A range of tools and techniques will be used to allow non-verbal children to express themselves. This will mean that we can get their views and find out what is important to them.
- We will make sure that young people and their families who are unable to share their views have support from an advocate.

Priority Two - *Services and schools will work together to ensure good communication with children, young people and families that is focused on the individual child.*

- We will develop a ‘customer approach’ in services and schools that prioritises good communication and ensures that agreed actions are completed. We will have clearly publicised service standards and measure our performance against these
- We will ensure that our IT systems talk to one another to share appropriate information. This will include looking into the development of a central data system across services.
- From birth or the first identification of need, services across Education, Health and Care will work together to ensure that families know how they will be supported.
- Services will put in place systems to ensure that the communication they have with schools is also provided to families and vice versa, including if a service is coming to see the child, assessments being shared and the outcomes of their work.
- We will request, publish and act on feedback from service users

Priority Three - *We will make sure that assessment and support processes are clear and easily available to all.*

- We will make sure that young people and their families receive support as they wait for an assessment (and possible diagnosis) and after they have received it.
- We will re-design our local offer website to make it easy to use so that everyone can find the information they need including what different education providers offer.
- We will outline clear detailed assessment and support processes in different formats for all to use. This will include posters, animations and diagrams that make it easier to understand information.
- We will put in place a marketing strategy to ensure that information about SEND and inclusion is widely available. We will look at putting information in public places such as doctor’s surgeries. We will look at how we use social media to get information to families.
- We will make sure we work closely with local charities, voluntary sector organisations and SENDIASS (Special Educational Needs and Disabilities Information Advice and Support Service) so that the right advice is available and is the same from all.

Priority Four – *We will have a clear and consistent way of working with families from day one. Families will know what is happening and what will happen next.*

- We will use individual agreed methods of communication with children, young people and their families. Services and schools will agree this with them when they are first involved.
- We will make sure we contact families so they do not have to chase for information. Our processes will not depend on parents having to seek out or fight to get what their children need

Priority Five – *Our services and schools will be open and honest about what support is available.*

- We will develop standards and best practice guidance on how, when and what to communicate with families. This will include written and verbal communication from teachers, SENCOs and services such as returning telephone calls. We will be clear about any access criteria.

The impact this will have:

- The child and young person's voice will be central to the way all our services work.
- Services and schools will work well together and families will know what is happening and when.
- Children, young people and families will understand the support available to them and this will be communicated to them rather than them having to search for it themselves.
- Families, schools and services will have better relationships.
- Professionals will have the tools available to them to communicate well with families.
- It will be easier for families to get the information and help they need.

Commitment 5: Skilled leader and staff capabilities to deliver the services across Education, Health and Care (Workforce)

Our challenge:

- We need to have a workforce that works well together with shared values and trust.
- We need to ensure that leaders have the skills to make the right decisions to support children, young people and families. They need to have clear roles and responsibilities. We need to have decision making processes that are clear and accountable.
- Our workforce needs to be supported with training so that they have the right skills and knowledge.
- We need to have systems that are easy to use for our staff.

What it looks like now:

- We have a committed, hardworking but often overstretched workforce who we want to support to do their job as well as possible.
- Our families tell us that some staff go the extra mile to help but that not all staff have the skills they need.
- We have a range of expertise across the city but it is not consistently available to all.
- We recognise that our SENCO's often have limited capacity to co-ordinate support for young people
- We have had issues recruiting and retaining staff which has changed how well services run.
- Our leaders tell us that systems and processes do not join up and the pressures on individual services are preventing change.
- We have some good joint working but it is not consistent across Sheffield. We know that cases involving many teams can be a difficult experience for families.

What we have done so far:

- We have developed training on processes that is being rolled out to schools and services across the city.
- The Accountable Care Partnership (a group of health and social care organisations that work together to deliver care for people living in Sheffield) has developed a workforce strategy.
- We have created school-sector leadership across SEND. This has helped education providers' work together more but we need to join with health and care services.
- We have held events including the 2018 SEND Leaders conference to promote inclusion.

Our priorities:

1. We need to know how many people need our services and understand where we have gaps in staffing and skills.
2. We need to make sure our workforce has the skills they need to understand and support inclusion.
3. We need to develop shared values, language and knowledge so that we can work together well.
4. We need to make sure that support is joined up.
5. We need to ensure we value and support our staff so that we can recruit and retain the right people.

What we will change:

Priority One - *We need to know how many people need our services and understand where we have gaps in staffing and skills.*

- We will make sure we use data and feedback from families to tell us how many people need our services and what our services need to provide.
- We will use feedback from families to help us identify skills gaps. We will develop and train staff to make sure that our services are able to support the people who need them.
- As we look at the individual capacity of services we will consider the impact of communicating well with families and others

Priority Two - *We need to make sure our workforce has the skills they need to understand and support inclusion.*

- We will develop standards for staff across services and we will use these to check how well our workforce is performing. We will invite, publish and act on feedback from service users.
- We will create a programme of training for all schools, services, young people and families in the city that covers inclusion and SEND. We will include parents in training where possible, both as providers and as recipients of training.
- We will make sure that there is a citywide offer of training for our SENCO's, so that they have the skills and expertise to co-ordinate support within their school
- We will train our assessors and plan writers so that they have the skills to create high quality, accurate and specific plans.
- We will explore how to develop a 'charter mark' for inclusion so that we can evidence that leaders are developing good inclusive practice.
- We will share learning from mistakes and complaints with the workforce to support improvement.
- We will raise awareness with universal health services (eg GP, dentist) about how best to support young people with SEND during routine appointments

Priority Three - *We need to develop shared values, language and knowledge so that we can work together well.*

- We will develop a resource bank so understanding and experience can be shared across the city.
- We will develop a skill sharing approach so different staff can come together to share skills and knowledge.
- We will undertake peer reviews and service evaluations so that we can keep improving our services.
- We will develop a set of shared values and common language so that everyone can work together well, improving communication between services.
- We will use the city's Inclusion Improvement Board to lead the whole programme in making changes across services and schools.
- We will develop clear roles and responsibilities for leaders and will make decision making processes clear and accountable.
- If provision in a plan is not put in place leaders will be accountable to make sure this is addressed.

Priority Four - *We need to make sure that support is joined up.*

- We will provide families with trained key workers where needed so that our most vulnerable and complex children, young people and families are well supported.

- We will explore how we can join together education, health and care services as local teams in different areas of the city.

Priority Five - *We need to ensure we value and support our staff so that we can recruit and retain the right people.*

- We will develop a citywide understanding of recruitment and retention issues so that we can create a plan to minimise the loss of expertise and changes in staff.
- We will make jobs in inclusion attractive to people so that we can recruit and retain high quality staff including investing in training to support professional development.
- We will work to empower staff to be creative, pro-active and make decisions.

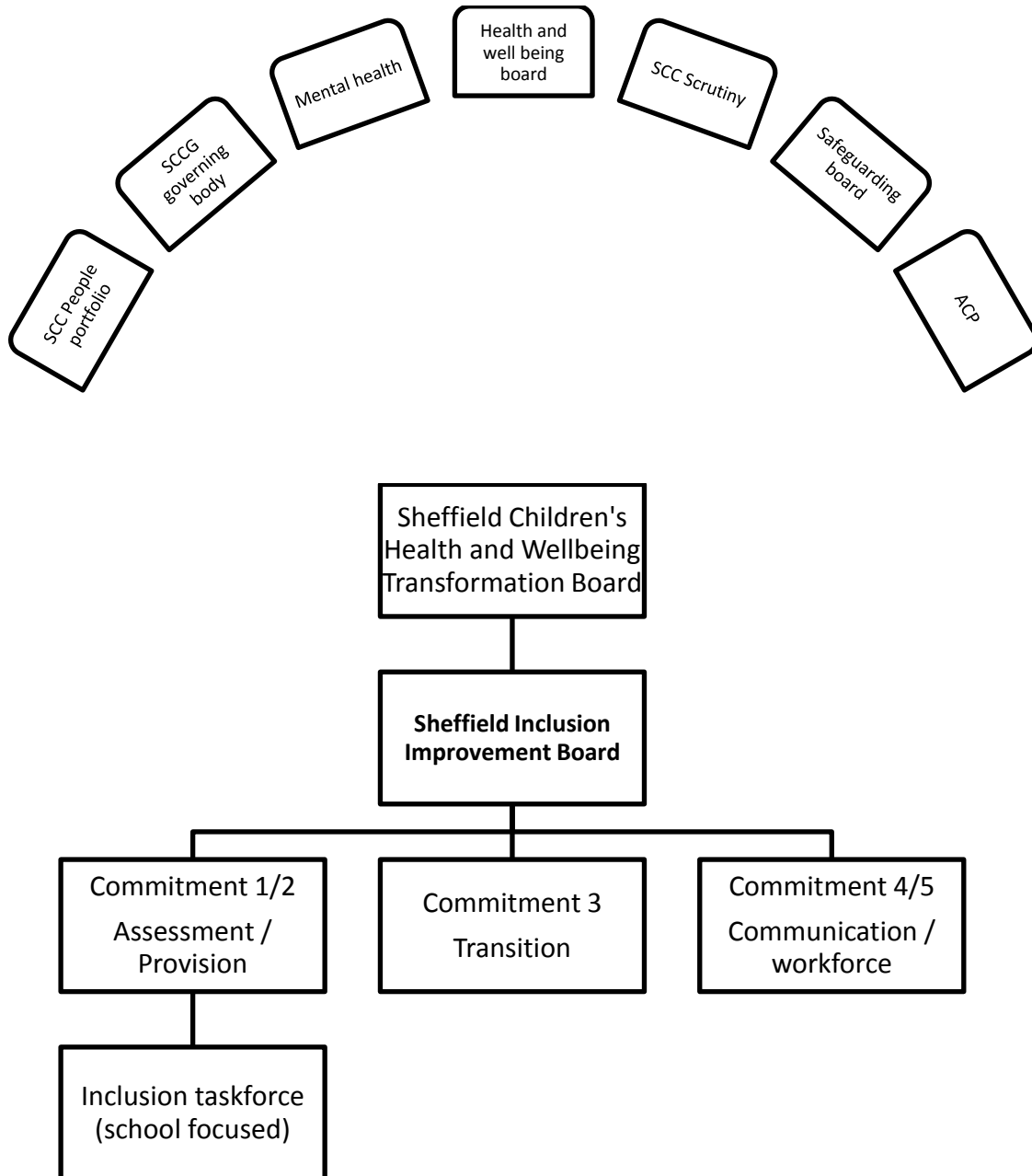
The impact this will have:

- Services will have the right skilled staff to support the people that need them.
- Staff will be skilled and well trained, make better decisions and give better support.
- Leaders will have clear roles and responsibilities and will be accountable.
- Services will work well together and with families with shared values, language and knowledge.
- Services will be able to recruit and retain high quality staff and morale will be high.

Governance

In order to fully implement the strategy we will have in place robust oversight and governance that includes representatives from across the Education, Health and Care sectors and involves children, young people and families. There is a lot of work to do and so careful monitoring and review is essential. This will be done through the Sheffield Inclusion Improvement Board which reports to the Sheffield Children’s Health and Wellbeing Transformation Board.

Below is the model of how governance of the strategy will work:



Each sub-group will drive forward the work of the commitments and will include representatives from across Education, Health and Care as well as parents and representatives for young people.

The strategy will also link to other strategies that are in development or will be developed over time such as the Education Strategy, Mental Health Strategy and Skills strategy.

We recognise that whilst this is an Inclusion Strategy, it does not cover some much broader issues that impact on inclusion in the city such as specific safeguarding concerns and risks of exploitation as this would be covered by safeguarding policies.

Making the strategy a reality

In order to deliver the strategy, we will need to put in place a robust action plan which details how we will make the changes needed.

Following the local area SEND inspection in November 2018, Sheffield City Council and Sheffield CCG were required to develop a written statement of action, setting out how significant weaknesses would be addressed. The written statement of action can be found at:

<https://www.sheffield.gov.uk/home/schools-childcare/send-inspection>

The written statement of action will be used as the starting point for our action plan. The action plan will cover all areas of the strategy and will be co-produced. Our action plan will include:

- Resource implications, including funding
- Clear timescales for delivery
- SMART (specific, measurable, achievable, realistic, time-bound) outcomes

The action plan will be regularly reviewed and updated with the first version being produced for April 2020 and will be published accordingly. It will form the basis of reports to the Inclusion improvement board each month.

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Equality Impact Assessment and Consultation

Approved

Approved by Khan Bashir (CYPD)

Equality Impact Assessment

Introductory Information

Reference number

648

Proposal type Budget Project**Project name**

Inclusion Strategy

Decision Type**Type of decision**

- Cabinet
- Cabinet Committee (e.g. Cabinet Highways Committee)
- Leader
- Individual Cabinet Member
- Executive Director/Director
- Officer Decisions (Non-Key)
- Council (e.g. Budget and Housing Revenue Account)
- Regulatory Committees (e.g. Licensing Committee)

Lead Cabinet Member

Mohamed Abtisam (LAB-CLLR)

Entered on Q Tier Yes No**Year(s)****EIA date**

16/10/2019

EIA lead

Khan Bashir (CYPD)

EIA contact

Pryde Eleanor (NCC)

Lead officer

Armstrong Timothy

Lead Corporate Plan priority

Better Health and Wellbeing

Portfolio, Service and Team**Cross Portfolio**

Yes No

Portfolio

People Services

People Services service(s)

- Business Strategy
- Care and Support
- Children and Families
- Commissioning
- Inclusion and Learning
- Lifelong Learning and Skills

People Services team(s)**Is the EIA joint with another organisation (eg NHS)?**

No Yes

Brief aim(s) of the proposal and the outcome(s) you want to achieve

We will co-produce an Inclusion strategy for Sheffield. We are and have been building on previous research and consultation via focus groups with staff and young people; surveys of parents and young people; a co-production session with parents, councillors, leaders and frontline workers from health, education and care and consultation with young people, parents, frontline workers and leaders on a draft of an Inclusion Strategy for Sheffield that helps us better meet the needs and aspirations of children and young people in our city.

Over November/December 2019 we are carrying out a consultation on the draft strategy and we are asking questions about the vision and the five key themes of:

1. Effective identification of needs with appropriate assessments (Assessment)
2. A wide range of services and opportunities that meet the needs of our young people (Provision)
3. Smooth transition at every stage of a young person's life, and particularly to adult life (Transition)
4. Excellent communication and engagement between young people, families, services and schools (Communication)
5. Excellent leader and staff capabilities to deliver the services (Workforce)

We are taking steps to ensure that the widest range of stakeholders from our four key stakeholder groups (young people, parents/carers, leaders and frontline workers) are reached. We are taking specific steps to look at how we can reach the hardest to reach and people with communication needs.

The aim is for the final draft of the strategy to be presented at the February 2020 Cabinet.

UPDATE 27th Jan 2020: Deadline for consultation was extended to 26th January to allow the CCG to promote the strategy and ensure their requirements for consultation are satisfied. This mitigated against the CCG being unable to promote the consultation in November-December due to PERP.

Final strategy to go to Cabinet on 19th February and SCCG Governing Body on 5th March.

Impact

Under the [Public Sector Equality Duty](#) we have to pay due regard to the need to:

- eliminate discrimination, harassment and victimisation
- advance equality of opportunity
- foster good relations

More information is available on the [Council website](#) including the [Community Knowledge Profiles](#).

Note the EIA should describe impact before any action/mitigation. If there are both negatives and positives, please outline these - positives will be part of any mitigation. The action plan should detail any mitigation.

Overview

Overview (describe how the proposal helps to meet the Public Sector Duty outlined above), Supporting Evidence (Please detail all your evidence used to support the EIA)

We have carried out an equality analysis in line with the requirements of the Public Sector Equality Duty. Building on previous research about our SEND services, we consulted with our four key stakeholder groups (young people, parents, frontline workers and leaders) during summer and September 2019 and in co-production sessions in October 2019, in order to get a clear understanding of key areas to include in our Inclusion Strategy. We have met with the Sheffield Clinical Commissioning Group (SCCG) and Sheffield Parent Carer Forum (PCF) on a (mostly) weekly basis since July 2019, to plan and carry out our research/consultation and co-production session. We have considered how to reach specific people and areas (e.g. some Black, Asian and Minority Ethnic (BAME) groups, some postcodes, non-verbal young people) and planned our consultation and research to try and capture these views. We have undertaken a combination of focus groups with frontline workers and leaders, parent and young person surveys, groups with young people at schools and Sheffield Futures. The research and consultation we have done to date to co-produce our strategy has helped and will continue to help ensure that we have been as inclusive as possible with our consultation (we have also worked within the SCCG's compulsory measures for public consultation). It has helped to foster good relations as we are asking people across the four stakeholder groups what's important to them.

The focus of the strategy is SEND and Inclusion, so it directly affects people with the range of conditions that SEND encompasses. The longer term impact of implementing the strategy will be to maximise the potential of the young people. It is aimed that this will be through young people having their needs assessed at the right time to get the right support; young people will be at the centre of all assessments so that they are meaningful to their life and services assessing young people will work together to ensure a co-ordinated assessment process so that their experience is better.

Impacts

Proposal has an impact on

Health

Does the Proposal have a significant impact on health and well-being (including effects on the wider determinants of health)?

Yes No

Staff

Yes No

Impact

Positive Neutral Negative

Level

None Low Medium High

Details of impact

We have ensured that staff from a range of SEND and inclusion services have had a chance to feed into the research and consultation process to date, so that they have had the opportunity to share their views about issues and priorities that will feed into the strategy development. We have done this via a number of focus groups with relevant departments.

One of the key themes to come out of the research and consultation to date is Workforce. It is expected that through the implementation of the strategy, the workforce will receive appropriate training and development and feel more supported to fulfil their roles. It is expected that this will positively affect morale and wellbeing.

We have also been working closely with our partners in health to ensure a collaborative approach.

We sent a link to the consultation on the draft strategy to departments working in the area of SEND and we included a link to the consultation via the Council's internal communication channels.

Customers

Yes No

Impact

Positive Neutral Negative

Level

None Low Medium High

Details of impact

Through the process of gathering research for developing the draft Inclusion Strategy, we have ensured that customers have had the opportunity to share their views - including via focus groups, surveys at events, a parent survey and co-production session. In doing so, we have been able to develop priorities for the strategy that reflect the views shared. One thing that has come out strongly is that young people want to be happy and have the opportunity to do what they want with their lives. This is important for general wellbeing. Parents want more support for a full range of conditions including mental health. Currently many parents feel stressed because of a lack of clarity and communication in the system.

The potential positive impact of developing this strategy is that it makes people feel heard and sets out key changes that we will make which will have an impact on the health and wellbeing of customers.

We will provide the consultation link to HealthWatch to circulate to their members. In late November the SCCG was unable to do any promotion due to the NHS having strict rules around Pre Election Rules on Publicity (PERP).

UPDATE 8th Jan 2020: Deadline for consultation was extended to 26th January to allow the SCCG to promote the strategy and ensure their requirements for consultation are satisfied. This mitigated against the SCCG being unable to promote the consultation in November-December due to PERP. This means we are now promoting the strategy via SCCG routes.

UPDATE 27th Jan 2020: The consultation has now closed. We have had 160 responses. We have promoted widely and have kept a detailed record of this.

Comprehensive Health Impact Assessment being complete

Yes No

Please attach health impact assessment as a supporting document below.

Public Health Leads has signed off the health impact(s) of this EIA

Yes No

Health Lead

Bethan Plant

Age

Staff

Yes No

Customers

Yes No

Impact

Positive Neutral Negative

Level

None Low Medium High

Details of impact

This strategy is about our commitment to children and young people with SEND, so if fully affects them. If we get it right and implement the changes in the strategy then we will be able to fulfil our vision that Sheffield is an inclusive city where we work together to ensure that children and young people get the right support at the right time so that they can live a happy and fulfilled life. This will have a positive impact on children and young people.

Our research and consultation leading up to the development of the draft strategy has included focus groups with children and young people to get their views about what is important to them. We will run further focus groups once the draft strategy is out for consultation in order to ensure we capture views, we are aiming for this to include with looked after children. We will send the survey link to ChilyPep to circulate to it's members and young people as well as Learn Sheffield and School Point to distribute to schools.

UPDATE 8th Jan 2020: We ran two focus groups with young people with SEND during the first part of the consultation period to get their views about the strategy. We are re-distributing the consultation to schools via Learn Sheffield.

UPDATE 27th Jan 2020: The consultation has now closed. We have had 160 responses. We did further promotion to include the Care Leaver's Council and Children in Care Council as well as the Children's Health and Wellbeing Board, and have kept a detailed record of this to ensure we reached out as widely as possible.

Disability**Staff**

Yes No

Customers

Yes No

Impact

Positive Neutral Negative

Level

None Low Medium High

Details of impact

The focus of this strategy is SEND and Inclusion so it directly affects people with the range of conditions that SEND encompasses. The longer term impact of implementing the strategy will be to maximise the potential of the young people. In particular we hope that the impact of implementing the strategy will be:

- Young people will have their needs assessed at the right time to get the support they need to access education
- Young people will be at the centre of all assessments so that they are meaningful to their life
- Services assessing young people will work together to ensure a co-ordinated assessment process so that their experience is better

We have carried out several focus groups already with young people with SEND and these have been used to inform the draft. We will run further groups with young people with SEND once the draft is out for consultation. We will send the consultation survey link to all schools in Sheffield via School Point and Learn Sheffield and out widely to disability groups across the city.

UPDATE 8th Jan 2020: We ran two focus groups with young people with SEND during the first part of the consultation period to get their views about the strategy. We are re-distributing the consultation to schools via Learn Sheffield. We promoted the consultation to SEND parent groups across the city, including S.P.L.A.S.H (Supporting People Linked by ADHD in Sheffield), Downs Syndrome Support Group, Sparkle and Ray of Hope.

UPDATE 27th Jan 2020: The consultation has now closed. We have had 160 responses. We have promoted widely and have kept a detailed record of this to ensure we reached out as widely as possible.

Race

Staff

Yes No

Customers

Yes No

Impact

Positive Neutral Negative

Level

None Low Medium High

Details of impact

From what we know, the majority of young people with SEND are White British, however there are also a significant number of young people with SEND who are Pakistani and White Gypsy Roma as well as from other BAME or dual heritage groups such as White and Black Caribbean.

We know that we have struggled to reach some BAME groups in Sheffield, especially in relation to SEND and may also have language barriers.

To help us reach the widest range of BAME communities we will use the BAMER Hub (which is one of the seven equality hubs) to promote the consultation as well as promoting in particular to groups doing focused work with the Pakistani and Roma Slovak communities who can be difficult to reach. We will offer opportunities for us to support discussion groups with these communities.

We recognise that some individuals may have language barriers and we will take all steps to try and be inclusive to their needs. We have provided the offer of translation on the consultation web page. These offers are written in the top 6 languages in Sheffield requested from Language Line since January 2019.

UPDATE 8th Jan 2020: We promoted the consultation to the BAMER Hub and particular groups doing focused work with, for example Pakistani and Roma Slovak communities. We did this via email and followed up with a further email offering support to run focus groups and / or a drop in. As yet we have had no take up. We have also not received any requests for translated versions of the strategy.

UPDATE 27th Jan 2020: The consultation has now closed. We have had 160 responses. We have promoted widely and have kept a detailed record of this to ensure we reached out as widely as possible. We received no response to our offer of running a focus group/drop in.

Carers

Staff

Yes No

Customers

Yes No

Impact

Positive Neutral Negative

Level

None Low Medium High

Details of impact

We want to ensure that the parent/carer voice is heard and is reflected in our Inclusion strategy and future SEND work. In doing so we want to improve parent/carers experience of the SEND 'system' in Sheffield, to improve provision and to provide clear and timely communication and support for each step of their child's life. For many parents this will reduce frustration and stress and increase trust. We have provided several opportunities for parents and carers to share their thoughts about our current approach to SEND and Inclusion in Sheffield. We attended a range of events over summer 2019 in order to capture the views of families and young people. We set up focus groups in schools and at Sheffield Futures to talk to young people and we produced a parent survey and young person survey for parents and young people to complete with their views about issues and priorities to feed into the strategy development. We had parents/carers at the co-production strategy that we held in October 2019 and will ensure we promote the consultation on the draft strategy widely, working closely with the PCF to achieve this. We will ensure we send the link to the survey to all parents and carers who gave their details wishing to be involved in future SEND work and will also promote via the PCF networks.

UPDATE 8th Jan 2020: We also promoted the strategy consultation via email to various SEND groups across the city including including S.P.L.A.S.H (Supporting People Linked by ADHD in Sheffield), Downs Syndrome Support Group, Sparkle and Ray of Hope. To date, almost 45% of respondents to the consultation are parents or carers.

UPDATE 27th Jan 2020: The consultation has now closed. We have had 160 responses. We have promoted widely and have kept a detailed record of this to ensure we reached out as widely as possible. PCF have continued to promote via their channels and the Carer's Centre also sent out communications to their members. 40% of consultation respondents identified themselves as parents/carers.

Supporting Documentation

NHS SCCG EIA Form - SEND strategy development.docx
 Inclusion Strategy consultation process - overview for EIA.docx
 SPEEEC report - SEND strategy development.doc

Cumulative impact

Proposal has a cumulative impact

Yes No

Proposal has geographical impact across Sheffield

Yes No

Details of geographical impact across Sheffield

It is a citywide consultation

Local Partnership Area(s) impacted

All Specific

Action Plan and Supporting Evidence

Action plan

We will be promoting the consultation widely across the city in order to reach our four key stakeholder groups and beyond. Including via the following groups:

Partners: [N.B. SCCG can no longer promote the consultation due to strict NHS rules around PERP]. PCF will promote via facebook, parents groups, newsletter. Local Offer etc. This was one of the factors that was taken into account to extend the consultation deadline to 26 January 2020.

Local organisations and groups: ChilyPep, Healthwatch.

Schools: School Point, Learn Sheffield.

Parents: Subscribers to the Children, Young People & Families topic in GovDelivery (5,888 people) as well as all the promotion done via the PCF.

Council: Intranet, People News, Five minutes on Friday, SCC Consultation Hub, teams involved in focus groups, SENDIAS.

We will also send out to groups who can promote the survey among different BAME communities.

We will also be promoting via social media and the local press.

Focus groups: we will run focus groups with young people, parents and frontline workers during the consultation period in order to ensure we capture their views.

UPDATE 8th Jan 2020: SCCG has been undertaking a gap analysis to identify areas whether we need to push the strategy further. We have emailed schools again via Learn Sheffield, have emailed parent groups across the city, including S.P.L.A.S.H (Supporting People Linked by ADHD in Sheffield), Sparkle, Downs Syndrome Support Group, Sheffield Deaf Society, Sheffield Society for the Blind. We have emailed Burton Street Project, asking them to promote to their networks. Having extended the consultation deadline, SCCG is now able to support promotion and has been doing so via their networks. We have offered support to run focus groups and drop ins with various BAME organisations in the city.

UPDATE 27th Jan 2020: We had 160 responses to the consultation and have kept a detailed record of who it was promoted to. We have tried to reach out as widely as we can, including to groups representing members of specific BAME communities. We offered to run focus groups and/or drop ins but have not had any take up from this offer.

Supporting Evidence (Please detail all your evidence used to support the EIA)

Consultation

Consultation required

Yes No

Consultation start date

11/11/2019

Consultation end date

26/01/2020

Details of consultation

We have worked closely with the Sheffield Clinical Commissioning Group (SCCG) and Sheffield Parent Carer Forum (PCF) to regularly check which areas or people we needed to focus on and to identify ways to reach them.

We worked with SCCG to develop an EIA for their Strategic Public Experience and Engagement Committee (SPEEC) which sets strict guidelines for public consultation. A copy of this EIA is attached. It was officially passed by SPEEC on 10th September 2019.

We ran a formal consultation on the draft Inclusion Strategy between 11th November 2019 and 26th January 2020. [This was originally due to run until mid-December 2019 but was extended due to SCCG not being able to consult during PERP]. From the consultation responses, we have been able to see the percentages of people who agreed or disagreed with various elements of the strategy and also to theme comments and identify parts of the strategy to write more clearly, or focus differently.

During the first four weeks of the consultation we listened to what people told us up to that point and re-drafted the strategy commitments in plain English. We re-issued these alongside the original draft strategy for further comment in December (23rd) for the remainder of the consultation period.

In total, we received 160 responses to the consultation. Of those who told us which category they belonged to:

- 63 (39.6%) Parent, carer or family member of a child aged 0-25 with SEND
- 1 (0.6%) A child / young person
- 36 (22.6%) Leader (education, health or care)
- 38 (23.9%) Frontline professional
- 21 (13.2%) Other

The majority of respondents (84%) felt the strategy had correctly identified what needs to be done to improve inclusion within the city.

Under every commitment, the majority of respondents (i.e. consistently over 50%) either agreed or strongly agreed with the statements about our challenges, what it looks like now, our priorities, what we will change and the impact, as set out in the table below.

We kept a detailed spreadsheet of responses and met with the Strategy Development Group on a regular basis to study responses, going through each comment in turn and assessing the degree to which to reflect it in the strategy. Analysis of the responses identified several areas for us to make clearer:

- Language and tone – too much jargon
- Provision - what current provision is available, any gaps and what we will be doing to plan future provision and address any gaps.
- Resourcing and how to make it a reality
- Role of schools and SENCO
- Early years - it was felt that this didn't come through strongly enough in the original draft

As a result of people's responses we have reworded sections of the strategy to try and ensure that comments have been taken on board:

- Making the language clearer and using less (or explaining better) jargon
- Making early years more visible within the document
- Being clearer about transition points and what we are referring to
- Adding a paragraph around resourcing so that people are clear what our plans are here
- Being clearer about timescales and that the action plan will follow on from the strategy

Where we haven't incorporated comments it is because we made a considered decision that it wasn't appropriate – for example we didn't include reference to families in the vision because this is a child and young person strategy and if we get it right for the child or young person then this should have a knock on effect on the wellbeing of the family.

As part of the consultation we took additional steps to reach specific BAME communities, including offering to run focus groups or drop ins. We did not have any take up from this offer.

We have kept a detailed record of promotions for the consultation.

Are Staff who may be affected by these proposals aware of them

Yes No

Are Customers who may be affected by these proposals aware of them

Yes No

If you have said no to either please say why

Summary of overall impact

Summary of overall impact

We will co-produce an Inclusion strategy for Sheffield. We are/have been building on previous research and consultation via focus groups with staff and young people, surveys of parents and young people, a co-production session with parents, councillors, leaders and frontline workers from health, education and car) and consultation(with young people, parents, frontline workers and leaders) on a draft of a SEND and Inclusion Strategy for Sheffield that helps us better meet the needs and aspirations of children and young people in our city.

In November/December 2019 we are carrying out a consultation on the draft strategy and we are asking questions about the vision and the five key commitments of the strategy.

We are taking steps to ensure that the widest range of stakeholders from our four key stakeholder groups Young People, Parents/carers, leaders and frontline workers are reached. We are taking specific steps to look at how we can reach the hardest to reach.

UPDATE 8th Jan 2020: Deadline for consultation was extended to 26th January to allow SCCG to promote the strategy and ensure their requirements for consultation are satisfied. This means we are now promoting the strategy via SCCG routes.

UPDATE 27th Jan 2020: The consultation has now closed. We have received 160 responses. We have been reviewing comments and will make adaptations to the strategy as appropriate. Although we took all steps to reach the widest stakeholders, take up of request for focus groups was low.

Summary of evidence

Changes made as a result of the EIA

Escalation plan

Is there a high impact in any area?

Yes No

Overall risk rating after any mitigations have been put in place

High Medium Low None

Review date

Review date

29/02/2020

If a review date is specified, it will appear in the 'Upcoming Reviews' view when the EIA review is within 30 days.

Approved

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Author/Lead Officer of Report:
Emma Dickinson

Tel: 07584 386 707

Report of: *John Macilwraith (Executive Director, People Services)*

Report to: *Cabinet*

Date of Decision: *19 February 2020*

Subject: **People Keeping Well – Next Steps (2020-2023)**

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 checked="" type="checkbox"/>		
Which Cabinet Member Portfolio does this relate to? Health and Social Care				
Which Scrutiny and Policy Development Committee does this relate to? <i>Healthier Communities and Adult Social Care Scrutiny</i>				
Has an Equality Impact Assessment (EIA) been undertaken?	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
If YES, what EIA reference number has it been given? (642)				
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:-				
<p><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></p>				

Purpose of Report:

The purpose of this report is to describe the plans for the next three years for People Keeping Well (April 2020 to March 2023)

The aim is to:

- help stabilise the voluntary community sector
- provide a platform for Primary Care Networks to fund social prescribing

People Keeping Well is Sheffield's community based approach to improving people's health and wellbeing and is delivered by voluntary, community and faith organisations (sometimes references as social prescribing).



Recommendations:

1. Note and acknowledge the contents of the report
2. Authorise grant funding of the lead partners as detailed and set out in this report in order to deliver the People Keeping Well Programme (April 2020 to March 2023).
3. Where no authority exists under the Leaders Scheme of Delegation, delegate such authority to the Director of Commissioning Inclusion and Learning in consultation with the Cabinet Member for Health and Social Care and the Director of Finance and Commercial Services to award grant funding and thereafter to enter into funding agreements in line with this report and to take such other steps where no authority exists, to meet the aims and objectives of this report, for period April 2020 to March 2023.

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

1. Briefing note provides more detail of People Keeping Well model, partners and impact

<http://www.sheffielddirectory.org.uk/pkw>

2. Background to the Better Care Fund

<http://democracy.sheffield.gov.uk/documents/s21931/Update%20on%20the%20Better%20Care%20Fund%202.pdf>

Lead Officer to complete:-		
1	I have consulted the relevant departments in respect of any relevant implications indicated on the Statutory and Council Policy Checklist, and comments have been incorporated / additional forms completed / EIA completed, where required.	Finance: <i>Ann Hardy / Paul Jeffries</i>
		Legal: <i>Henry Watmough-Cownie</i>
		Equalities: <i>Ed Sexton</i>
<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>John Macilwraith</i>
3	Cabinet Member consulted:	<i>Cllr George Lindars Hammond</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.	
	Lead Officer Name: <i>Emma Dickinson</i>	Job Title: <i>Commissioning Manager</i>
	Date: <i>22 Nov 2019</i>	

1. PROPOSAL

- 1.1 People Keeping Well (PKW) is part of the Better Care Fund and is Sheffield's community based approach to supporting health and wellbeing.

In other areas, PKW would be described as social prescribing. In Sheffield, we shy away from this unhelpful term because we believe what we have is a more effective and embedded approach than just a 'signposting service for primary care'. See the attached briefing note for more information.

Health care is clearly very important to maintain health but socio-economic, health behaviours and the external environment make up 80% of what impacts a person.

By ensuring people are connected to and feel part of their local community we can help them stay independent and well for longer and increase their quality of life. By resolving social issues and connecting people to 'what matters to me', through PKW, we hope to empower people and develop skills.

PKW builds on the legacy of long term public health funding for these interventions in our VCF sector.

PKW is an enabler to delivering the City's strategies; Health and Wellbeing and Shaping Sheffield as it is a building block of the neighbourhood development and addressing health inequalities.

1.2 PKW as part of the Joint Commissioning Programme

The diagram below is from the Joint Commissioning Committee describing the whole system changes required in Sheffield.



PKW is an integral part of this system change, specifically in the following two areas:

- a. **Resilient Communities**, as described in the JCC paper is: *Building resilient communities enables individuals and communities to harness local resources and expertise to help themselves. It enables them to take collective action to increase their own resilience as well as that of others. This gives a greater sense of community and reduces the impact of social, financial and health pressures.*

Indicators of *resilient communities* are people volunteering and many vibrant informal activities, groups and events (eg Sunday football, Scouts, lunch clubs, coffee mornings, neighbourhood watch, Friends of Groups, Volunteer libraries, community allotments etc etc etc)

PKW role in building *resilient communities*: PKW Leads and partner organisations (local VCF) are best situated to reach into communities and 'activate' people to volunteer, start activities, capacity build existing activities, apply for and distribute small grants (more detail below)

- b. **Locally accessible integrated services in communities** as set out in the JCC paper: *enables all sectors to work together to provide the support needed at the earliest opportunity. This multidisciplinary approach should prevent the escalation of need and demand on more acute services.*

PKW role: Social Prescribing and connecting people to social interventions are as common place as Primary Care within Communities.

The role of the Community Wellbeing funding provides 1 to 1 workers who target people at risk of declining health and wellbeing (social prescribing) alongside specific group activities and peer support e.g. health trainers, cook and eat sessions, health champions

1.3 Background

In 2015, a commercial procurement Pseudo Framework for People Keeping Well was issued and organisations were invited to form partnerships covering populations of 20-30,000 to deliver against the outcomes framework that had been developed.

17 partnerships were identified; each led by a VCF organisation (15 led by community anchors and 2 by city wide providers). The procurement framework is due to end March 2020.

Over this period of time, SCC has established a way of working with the VCF organisations. Instead of a service provision model only, we have been moving toward PKW Leads taking local leadership. This has meant a greater sense of partnership working and devolving of monies to much smaller grassroots and community organisations that the Council has rarely funded previously.

PKW have developed stronger working relationships with Primary Care Networks. This has provided a basis for PCNs to fund services and community development roles. These relationships have also been pivotal in ensuring the PKW model has been utilised as part of the social prescribing funding from the NHS, a key objective of the NHS long term plan.

1.4 **Proposal**

Based on the learning from the last 4 years, we wish to continue to provide funding that can contribute to stabilising community organisations and the partnerships. To do this, for April 2020 to March 2023 we are proposing to:

- 1.5 Continue with the existing PKW Leads for the 17 partnerships, rather than destabilising the last 4 years work and opening the opportunity to other organisations (1 change of South Yorkshire Housing Association to Stocksbridge 4 Leisure due to SYHA no longer wishing to be the lead organisation in that area)
- 1.6 Continue with the existing funding model of:
 - a. 425k for '**resilient communities**' (25k each partnership), see section 1.9 for details
 - b. £921,700 for '**community wellbeing**' (social prescribing - variable amounts across the partnerships based on deprivation), see section 1.15
- 1.7 Continue, along with Sheffield CCG, to jointly fund Voluntary Action Sheffield (the local infrastructure organisation) to provide capacity building and partnership development for the PKW partnerships (22k each per year)
- 1.8 Change from a procurement and contract process to a grant agreement. (Other Local Authorities in Y&H either use a grant or are returning to a grant process)
 - a. Procurement drives competition and PKW is about partnership working and integration.
 - b. With a grant process, the devolvement of monies to smaller grassroots organisations will not incur VAT as it does now

1.9 PKW Resilient Communities

Each partnership area (there are 17 PKW partnerships) receives funding of 25k per year each to build *Resilient Communities* in their area.

The conditions for the funding are:

1. Leading, facilitating and supporting asset based community development in your PKW partnership area:
2. Facilitating and enabling volunteering:

The needs of all communities and neighbourhoods are very different but it may look like: (list not exhaustive):

Capacity building:

- a) Hosting and facilitating partnership, community forums, working with the Primary Care Network
- b) Community Grants
- c) Seed funding to pilot grass roots community provision
- d) Training and development and developing new ways of working across a community
- e) People voice and democratic engagement

Volunteering (every form of volunteers from activities through to peer support):

- a) Sharing of volunteering approaches and processes across local areas
- b) Joint staffing, resource and infrastructure across the partnership
- c) Facilitating of best practice and supporting organisations to achieve the local volunteering standard

The table below outlines the funding and population for each partnership area:

- The average funding per person for the 425k is £0.73 per person
- The range is:
 - £1.79 in Arbourthorne to
 - £0.31 in the South West of the City

Examples of activities and delivery are:

- a. Community grants to grassroots organisations and activities eg mens groups, running groups, equipment for activities
- b. Funding for smaller community organisations to deliver local activities eg dementia café, social café
- c. Joint training and coaching to foster multi agency approaches
- d. Volunteering projects – joint recruitment process , sharing volunteers, co-ordinating together across neighbouring partnerships

Partnership	Population	Money	££ per Person
Arbourthorne	13957	25,000	1.79
Burngreave	27178	25,000	0.92
Chapel Green	31247	25,000	0.80
Darnall and Tinsely	33111	25,000	0.76
Firth Park	31654	25,000	0.79
Gleadless Valley & Heeley	23747	25,000	1.05
Hillsborough	37210	25,000	0.67
Manor Castle	28958	25,000	0.86
Sharrow, Broomhill & City Centre	39574	25,000	0.63
Sheaf Valley	17787	25,000	1.41
Lowedges, Batemoor, Jordanthorpe, Greenhill & Beauchief	31125	25,000	0.80
South East (two partnerships that joined – Birley, Mosborough, Woodhouse and Beighton)	73440	50,000	0.68
South West	80367	25,000	0.31
Southey	41107	25,000	0.61
Upper Don	19602	25,000	1.28
Upperthorpe & Netherthorpe	52442	25,000	0.48
Total	582506	425K	0.73

1.10 Better Care Fund additional monies

We have been allocated 200K per year for the next 3 years to build on the learning and transformation as described above.

Evidence based approach to the allocation of monies

It is clear from the Marmot review and other national evidence that deprivation causes health inequalities and is the greatest impact on people's health and wellbeing.

The first two key message of the Marmot Review said:

Reducing health inequalities is a matter of fairness and social justice. In England, the many people who are currently dying prematurely each year as a result of health inequalities would otherwise have enjoyed, in total, between 1.3 and 2.5 million extra years of life.

There is a social gradient in health – the lower a person's social position, the worse his or her health. Action should focus on reducing the gradient in health.

But evidence also describe loneliness and isolation, caring for family members and conditions that affect older groups of people (eg dementia) can be equally detrimental on health and wellbeing. Sheffield's older communities and greater numbers of carers are in the South East, South

West and North of the city.

The fourth key message of Marmot said:

Focusing solely on the most disadvantaged will not reduce health inequalities sufficiently.

To reduce the steepness of the social gradient in health, actions must be universal, but with a scale and intensity that is proportionate to the level of disadvantage. We call this proportionate universalism.

Locally also PKW is part of Better Care Fund and the Joint Commissioning Committee. Our approach also takes into account supporting the whole health and social care system. The PKW funding has stabilised wellbeing provision within the VCF and has enabled PKW to be best placed to receive NHS link worker funding and Primary Care transformation funding. If PKW couldn't be truly citywide it could put this NHS funding at risk of being routed elsewhere.

- 1.11 In line with the evidence above and the outcome of the consultation we are proposing the follow for April 2020 to March 2023:
- 1.12 Make PKW citywide and pump prime three existing partnerships to increase their reach to cover the remaining gaps (10K each, total, 30K). We believe this will provide a strong position for the VCF sector to receive additional funding, e.g. NHS long term plan commitments (for two years only, Apr 2020 to March 2022). The allocation of this 30K in 2022-2023 will be decided with the Cabinet Member for Health and Social Care.
- 1.13 Support two partnerships who are undergoing significant transition which will enable them to work more closely with their local PCN (10K each, total, 20K) (for two years only, Apr 2020 to March 2022). The allocation of this 20K in 2022-2023 will be decided with the Cabinet Member for Health and Social Care.
- 1.14 Change the existing funding allocation for Community Wellbeing to realign to current deprivation measures.
 - a. The current allocations are based on historical legacy of over 12 years
 - b. The methodology to allocate the CWP funding used the weighted Indices of Multiple Deprivation score for each of the 100 neighbourhoods
 - c. If we did this within the existing budget envelop:
 - i. 9 organisations receive more money
 - ii. 4 organisations will be adversely affected
 - d. See the attached table for the allocation for each organisation (which is an aggregation of the neighbourhoods in each of their area)
 - i. The most deprived neighbourhood is allocated

£21,354.95

- ii. The least deprived neighbourhood is allocated £807.33

We will use the additional monies to ‘top up’ four PKW partnerships so they will be ‘no worse’ off from the reallocation (£149K per year for three years, Apr 2020 to Mar 2023)

- The average ££ per person for the revised allocation is £1.84
- The range of allocations per organisations is:
 - £3.07 in the North East of the City to
 - £0.46 in the South West

1.15 The iBCF extra funding (200k) has only been allocated for 3 years. If this funding is not continued, CWP funding will revert to the current allocation (subject to the budget continuing)

Lead partner	Area	CWP Current	CWP Revised	Additional top up payment	Revised Total	££ / person
4SLC	Upper Don	-	28,668.73		28,668.73	1.46
Age UK	Dore and Totley	-	36,903.42		36,903.42	0.46
Darnall Wellbeing	Darnall and Tinsley	96,100	61,535.34	34,564.66	96,100.00	2.90
Heeley City Farm	Gleadless and Heeley	49,000	51,349.63		51,349.63	2.16
Heeley Trust	Sheaf Valley	32,000	13,844.69	18,155.31	32,000.00	1.80
MCDT	Arbourthorne Manor	131,900	107,467.96	24,432.04	131,900.00	3.07
Reach SS	LBJ & GB	50,000	53,436.01		53,436.01	1.72
Shipshape	Sharrow & City Centre	98,900	26,483.49	72,416.51	98,900.00	2.50
SOAR	Burngreave, Chapelgreen, Firth Park & Southey	310,000	328,578.71		328,578.71	2.50
WCDF	South East	58,000	114,926.30		114,926.30	1.56
ZEST	Hillsborough Upperthorpe & Netherthorpe	95,800	98,505.73		98,505.73	1.10
TOTAL		921,700	921,700.00	149,568.52	1,071,268.53	

1.16 In confirming funding for the next three years, it gives PKW stability and the confidence to plan and work with partners.

It has been recognised across health and social care that PKW is central to supporting people’s health and wellbeing and as such we need to seek to further funding to further PKWs reach and impact.

The Council will continue to learn and work with local people, communities, Scrutiny, local Councillors and health partners to ensure a long term joint system approach to funding which keeps people independent, safe and well

2. HOW DOES THIS DECISION CONTRIBUTE?

- 2.1 This proposal contributes to the live of Sheffield's people – specifically the following ambitions of the Corporate Plan; better health and wellbeing and will contribute to thriving neighbourhoods and communities and tackling inequalities
- 2.2 As highlighted by the annual Director of Public Health Reports, healthy life expectancy years for people in deprived areas is not getting any better.

International, national and local evidence shows that people who are lonely, isolated, lack friends or connections, don't have a purpose or unemployed, live in poor housing, poor diet, are not physically active etc etc have poor health and wellbeing outcomes.

We know from our own services, that people with these characteristics start to utilise formal services earlier and for longer.

3. HAS THERE BEEN ANY CONSULTATION?

- 3.1 Consultation has taken place with the PKW lead organisations and others, which identified the following key areas for development:
- The need to ensure the partnerships provide a city wide coverage which is currently not the case.
 - The need to ensure that the community wellbeing funding allocated to the partnerships reflected the current deprivation within the city – the current allocation of this is against historical deprivation data
 - Partners requested that SCC consider the stability of the sector and provide longer term funding

4. RISK ANALYSIS AND IMPLICATIONS OF THE DECISION

4.1 Equality of Opportunity Implications

- 4.1.1 The following paragraphs are taken from Sheffield's Health and Wellbeing Strategy:

- 4.1.2 *We know that people in poorer parts of Sheffield live shorter lives and have worse health than those in more affluent areas. We also see similar disparities affecting groups with specific shared characteristics, such as people from BAME backgrounds, or people with learning disabilities. These differences and disparities are the health inequalities that exist in our city, and that we see as unacceptable.*

It is not right that some people can expect to live a less healthy life because of who they are or where they live. Equally, vibrant and healthy communities produce skilled, happy and productive

people, leading to a stronger economy, which benefits everyone.

4.1.3 PKW is purposely partnerships of organisations including small, grassroots and communities of interest organisations in order to reach people who experience poor health and wellbeing outcomes

4.1.4 Social interventions and People Keeping Well is key to tackling the causes of poor health and wellbeing because we aim to:

- Build friendships and connections
- Enable communities to develop the skills and tools to support each other
- Give people the knowledge to know how to deal with future crises or where to get help before the problem becomes a crisis

4.2 Financial and Commercial Implications

4.2.1 The proposal as set out in 1.5 to 1.9

- Grant fund the existing PKW Leads
- Continue to fund the Leads through the two funding pots (Resilient Communities and Community Wellbeing)
- Continue to fund Voluntary Action Sheffield

Income Stream	Amount	Expenditure	Amount
Council funding	£1,175,000	Resilient Communities	£425,000
		Community Wellbeing	£921,700
		VAS Capacity Building	£22,000
Sheffield CCG	£200,000		
Total	£1,375,000.00	Total	£1,368,700.00

4.2.2 The proposal set out in 1.10 to 1.15 – extra monies (200K) per year for 3 years from iBCF

Expenditure	Amount	Comment
Pump prime funding to go city wide (Apr 2020 to March 2022)	Darnall Wellbeing	£10,000
	Zest	£10,000
	Age UK	£10,000
Supporting emerging and changing partnerships	Stocksbridge 4 Leisure	£10,000
	Heeley Trust	£10,000
'Top up' of partnerships that are adversely affected by reallocating community wellbeing funding	£149,000	April 2020 to March 2023
Total	£199,000.00	

4.3 Legal Implications

4.3.1 The PKW scheme had previously been delivered following a compliant procurement exercise via an agreed service contract; such terms and conditions set out an agreed standard, for an agreed price. The proposal is to grant fund the existing providers. Any grant agreement will include clawback provisions within the terms if there is failure by the service provider to meet required objectives. Grant funding is not subject to EU rules on procurement.

The legal power for the Council to establish, administer and make awards from the various grant funds as described in this report is provided by the general power of competence contained in Section 1 of the Localism Act 2011. Subject to certain statutory restrictions, none of which apply in this case, Section 1 gives the Council “power to do anything that individuals generally may do”.

In considering this report Cabinet must be mindful of the requirements imposed by the public sector equality duty enacted in Section 149 of the Equality Act 2010. Some of the proposals in this report involve the taking of action to assist persons sharing ‘protected characteristics’ within the meaning of the 2010 Act to overcome or minimise disadvantage or otherwise meet their needs. This is permitted by Section 158 of the 2010 Act.

5. ALTERNATIVE OPTIONS CONSIDERED

5.1 The following alternative options were considered and discounted

Option	Pros	Cons	Comment
Refresh and review the current PKW Leads	<ul style="list-style-type: none"> • Transparent process • Another organisation may wish to be a lead 	<ul style="list-style-type: none"> • Destabilise the current partnership • Interrupt and put at risk the implementation of social prescribing link workers – funding coming from NHS into PKW • Partnership working is hard and time consuming and it would counteract the last 4 years 	<ul style="list-style-type: none"> • Through the last 4 years, a number of PKW Leads have change but this has been a ‘bottom up approach’ where the process has been agreed by partners of the partnership • Through ongoing dialogue there are some existing organisations who are not currently involved in PKW and we will support them to join partnerships
Decommission and deliver in-house	Greater consistency and control	<ul style="list-style-type: none"> • It is recognised that Council Services do not reach all communities and groups • A council service 	A council approach to community development it not as successful as communities and VCF

		would struggle to be flexible and responsive and deliver a personalised approach unlike a group of community organisations	
Decommission and end PKW	Save money immediately	<ul style="list-style-type: none"> Lack of support and provision for the 2,000 people who interact with PKW a quarter 	Community based approaches about building resilience and enabling people to remain independent and away from formal services for as long as possible

6. REASONS FOR RECOMMENDATIONS

6.1 This report recommends:

Recommendation From April 2020 to March 2022	Funding implication	Reason
a) Continuing with the existing PKW Leads for the next 2 years (with the one change)	Within existing budget streams: <ul style="list-style-type: none"> 425K £921,700 22k 	<ul style="list-style-type: none"> To continue stability with the PKW partnerships To allow the implementation of the NHS link worker funding into PKW To build on the last 4 years partnership working
b) Move to grant approach	(per year)	<ul style="list-style-type: none"> In discussion with Officers in Commercial Services and Legal is was agreed a grant agreement was the appropriate process Benchmarking with other local authorities, this is the approach they are either using or returning to after trying a procurement process
c) Fund Voluntary Action Sheffield (the local infrastructure organisation)		To provide capacity building and partnership development for the PKW partnerships (22k each per year)
d) Use the extra iBCF monies to	New monies from iBCF 200K	The recommendations for the iBCF funding have come from a stocktake of PKW undertaken with leads and wider partners to improve the current programme
I. Pump prime funding to allow citywide coverage of PKW	dII) per year for Apr 2020 to March 2023	
II. To offset the impact of reallocating the monies against current indices of multiple deprivation scores	dI&III) per year for Apr 2020 to March 2022	
III. To pump prime transition of 2 partnerships		

Briefing Note

What is 'People Keeping Well'?

'People Keeping Well in their Community' is community-based prevention activity that can help to prevent and delay people needing to access health and social care services. It is one of Sheffield's approaches to Social Prescribing.

It's about resolving social issues and connecting people to **'things that matter to them'** locally which will reduce the risk and/or decline of poor health and wellbeing, so that people:

- are more connected – they have made friends and have a peer network for support
- are more resilient – they have coping mechanisms to deal with 'life issues/crisis' better
- know where to go to get timely help – for example to manage long term conditions

People Keeping Well

1. PKW Community Partnerships
 - voluntary community organisations
 - Health Trainers and community wellbeing activities
 - Make a referral: www.sheffielddirectory.org.uk/pkw
2. Community Support Workers
 - approx 19 Council staff
 - co-located in GP practices
 - Make a referral: www.sheffield.gov.uk/csw



Sign up
to our
PKW
Weekly
Email
Update

The PKW Team

Emma Dickinson
Commissioning Manager
Zania Stevens
Commissioning Officer
(Prevention)
Lee Teasdale-Smith
Commissioning Officer
(Carers)
Zahira Begum
Assistant Commissioning
Officer
David Price
Assistant Commissioning
Officer

Contact us:
pkw@sheffield.gov.uk

Making Every Contact Count (MECC)

People Keeping Well follows the principles of MECC – using the thousands of day-to-day interactions that organisations and individuals have with other people every day to:

- Hold opportunistic healthy lifestyle conversations
- Support people in making positive changes to their physical and mental health and wellbeing



PKW Community Partnerships

People Keeping Well is sometimes known as Social Prescribing or community referral. It is all about ‘making every contact count’ and connecting people to a range of local non-medical services to improve health and wellbeing.

The partnerships meet regularly to consider how they can work together to support the community to live well and tackle local issues.

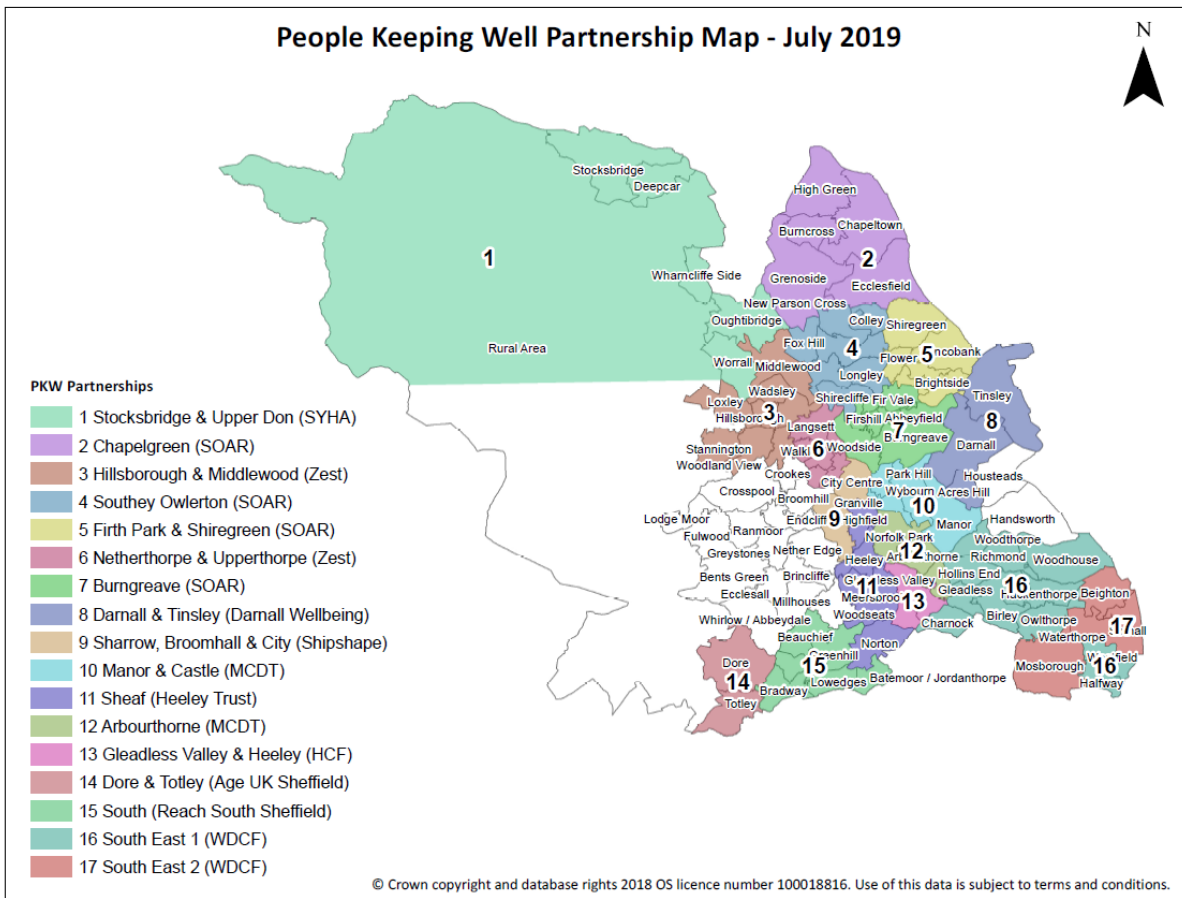
Each partnership is led by a local voluntary sector organisation which works with a wide range of people who live or work in that community.

Each partnership is different, depending on local needs, but might include other voluntary

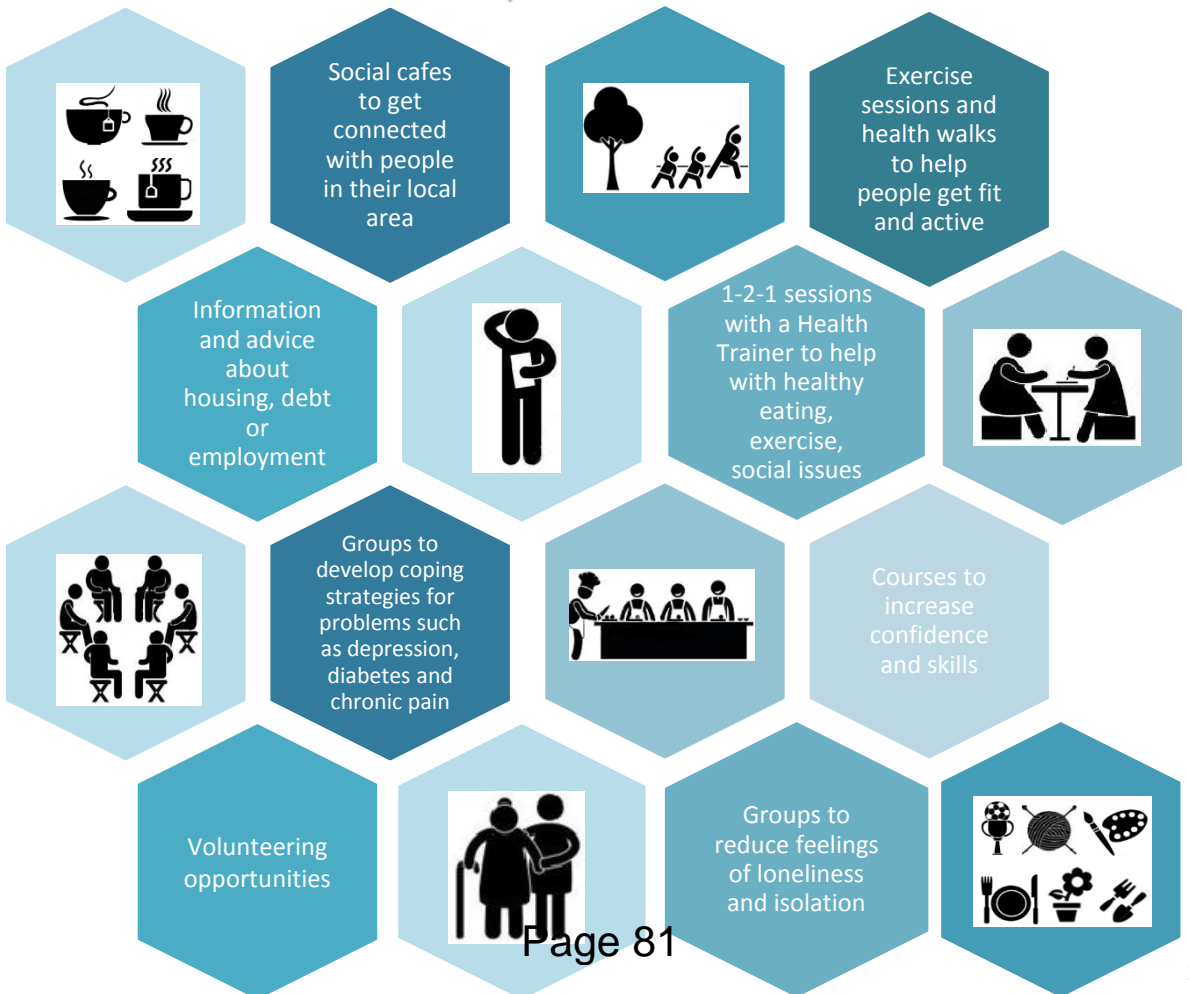
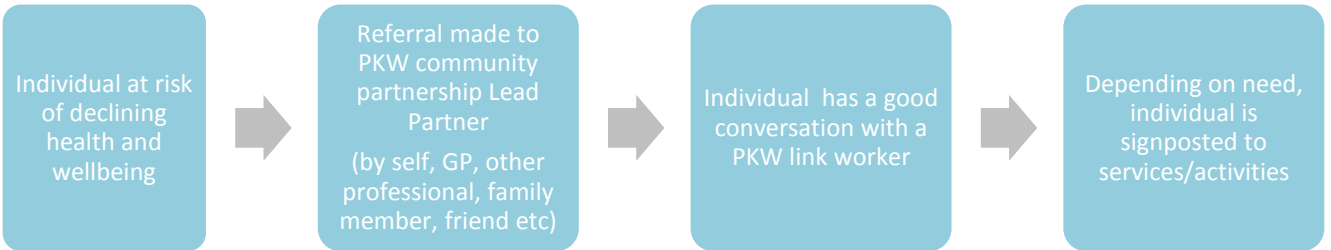
groups, libraries, local forums, Councillors, neighbourhood Police Officers, transport services, housing associations, TARAS, faith groups, food banks and GP practices.

Social Prescribing includes having a ‘what matters to me’ conversation to identify what support is needed. People are then put in contact with services that can provide help and advice. Examples include:

- Life admin support eg benefits, housing, advocacy
- Healthy lifestyles and managing long term conditions
- Social inclusion activities eg arts groups, volunteering, physical exercise and gardening.



People Keeping Well community partnerships: how it works



Area	Name	Neighbourhoods	PKW Lead Partner organisation
1	Stocksbridge	Stocksbridge, Upper Don, Rural, Bradfield, Oughtibridge, Wharnccliffe Side, Worrall	South Yorkshire Housing Association
2	Chapel Green	High Green, Chapeltown, Ecclesfield, Burncross, Grenoside	SOAR
3	Hillsborough	Hillsborough, Middlewood, Wadsley, Walkley Bank, Wisewood, Woodland	ZEST
4	Southey	Southey, Owlerton, Fox Hill, New Parson Cross, Old Parson Cross, Southey Green, Longley, Shirecliffe, Colley	SOAR
5	Firth Park	Firth Park, Shiregreen, Wincobank, Brightside, Flower, Stubbin, Brushes,	SOAR
6	Netherthorpe	Netherthorpe, Uppertorpe, Walkley, Langsett, Crookesmoor	ZEST
7	Burngreave	Burngreave, Firvale, Abbeyfield, Firshill, Woodside	SOAR
8	Darnall	Darnall, Tinsley, Acres Hill (& Clover Group GP Practices)	Darnall Wellbeing
9	Sharrow	Sharrow, Broomhall, City Centre	ShipShape
10	Manor	Manor, Castle, Wybourn, Park Hill, Granville	Manor & Castle Development Trust
11	Sheaf	Highfield, Heeley, Woodseats, Gleadless Valley (parts of Meersbrook)	Heeley Trust
12	Arbourthorne	Arbourthorne, Norfolk Park	Manor & Castle Development Trust
13	Gleadless	Gleadless Valley, Gleadless, Heeley	Heeley City Farm
14	Dore	Dore and Totley	Age UK
15	South	Lowedges, Batemoor, Jordanthorpe, Bradway, Greenhill, Beauchief	Reach South Sheffield
16	South East 1	Woodhouse, Hackenthorpe, Owlthorpe, Westfield, Halfway	Woodhouse and District Community Forum
17	South East 2	Beighton, Waterthorpe, Sothall, Mosborough, Richmond, Hollinsend, Birley, Base Green, Charnock	Woodhouse and District Community Forum

For contact details and to make a social prescribing referral to your local PKW Lead Partner organisation:
www.sheffielddirectory.org.uk/pkw

How do we know it works?

This is an emerging approach based on years of community based interventions for health and wellbeing. There is a growing national evidence-base for social prescribing:

- <https://www.health.org.uk/publication/how-should-we-think-about-value-health-and-care>
- <https://www.nesta.org.uk/report/more-than-medicine-new-services-for-people-powered-health/>



The difference it has made to people

"My GP doesn't need to increase my beta blockers for high blood pressure now, because of the progress I've made"

Eat Well Course, Manor & Castle Development Trust

"I'm 84 and live on my own but I like to keep going and get out and about to this"

Chair-Based Exercise, Woodhouse & District Community Forum

"A community event like this is great for reducing social isolation and people get the opportunity to meet other people and find out what is happening locally. It's great to see so many people from different cultures, eating together and enjoying themselves and voting for their favourite dish"

ZEST, Ready Steady Cook event

"I'm a full-time carer for my husband. I used to stay at home all the time and never went out due my caring responsibilities, but then realised I needed to think about my own health and started coming here to take a break from caring and still enjoy doing things like cooking, baking and socialising!"

Community Lunch, The Terminus Initiative

"I feel normal here, no-one judges. If someone forgets their words no-one minds"

Dementia Memory Café, Parson Cross Forum

"I've not even run for a bus in the last 10 years but this week I did some jogging!"

'Bounce & Burn' Trampoline Exercise Class, Manor & Castle Development Trust

"I have a bit of depression so I was quiet at first but I talk now because it's so relaxed and calm"

Chronic Pain Group, SOAR

"It's nice to meet new people and socialise. It can get really lonely living on my own"

Coffee Morning, Heeley Trust

"A few of us have formed a walking group and regularly meet up and go for walks round the local area. Before coming to the exercise class, we didn't see walking as a form of exercise"

Ladies Exercise Open Day, Shipshape

"When I first came, I found it hard to keep up with the rest of the group, struggled with using a computer and wasn't keen on group learning, so the staff asked one of the volunteers if they could work with me one-to-one. Now I'm pleased with the progress I've made in short space of time. I can confidently go on the internet"

Silver Surfers Internet Session, Reach South Sheffield

"I was made redundant and have been out of work. Volunteering here helps me gain experience and also gives me something to do in my spare time and meet people, as I don't want to be stuck at home all the time"

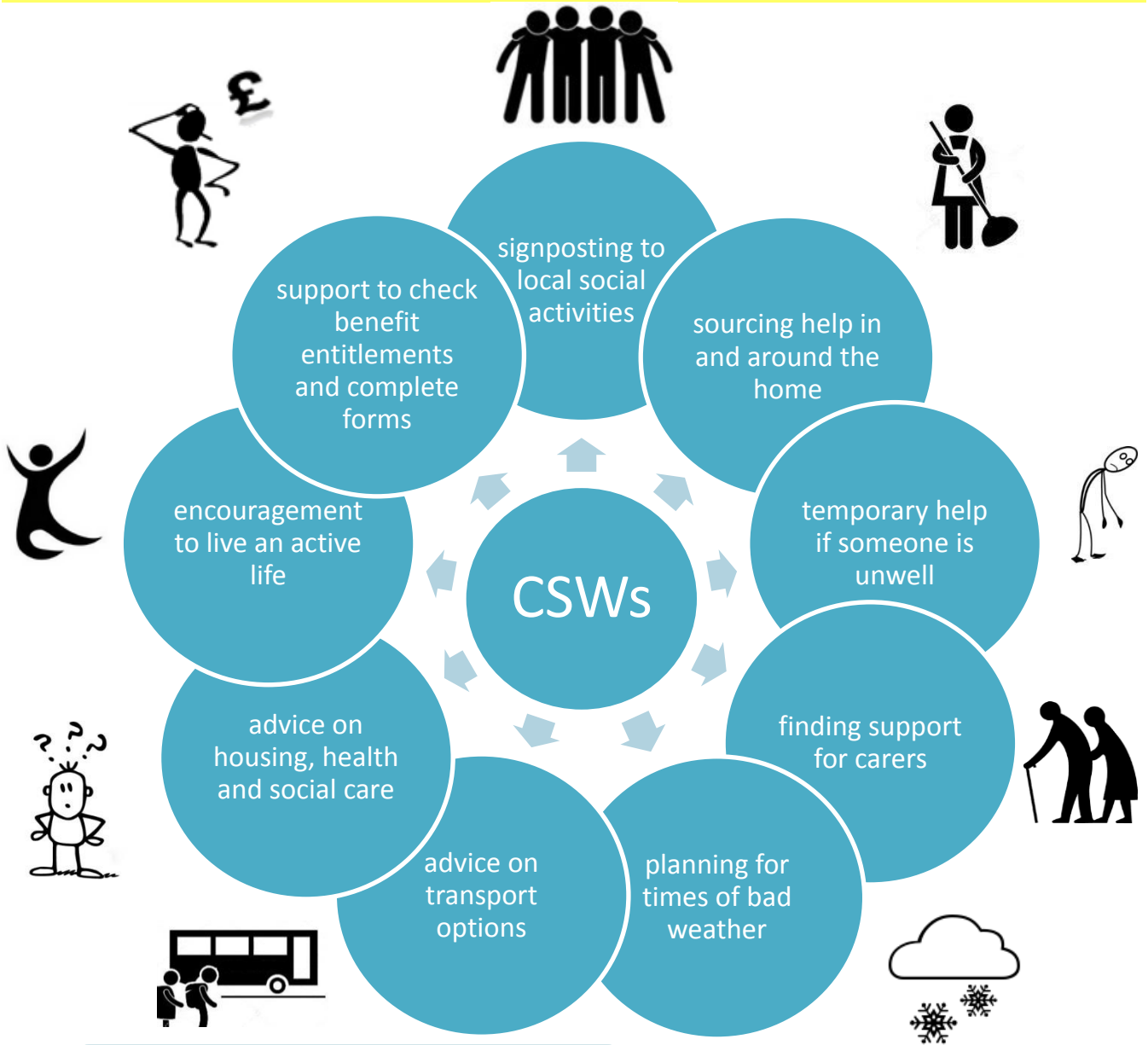
Green Gym Community Growing Project, Heeley City Farm

"I've been making my own meals now. I realised it doesn't have to take all day to cook"

Eat Well Course, Manor & Castle Development Trust

"My Sciatica has been eradicated; I couldn't stand for even 5 minutes but now can walk for 1.5 hours a week"

Health Walk, Darnall Wellbeing



Make a referral to a
Community Support Worker
(via the central referral hub)

- CSWReferrals@sheffield.gcsx.gov.uk
- 0114 2057120
- www.sheffield.gov.uk/csw

CSWs and PKW Community Partnerships work closely together – if you're not sure who to refer to, make a referral to one and they will pass on the case to the other if needed.

People Keeping Well: Breakdown and details of allocations

Lead partner	Area	No. partnerships	Pop (2018)	% pop	Overall IMD	% IMD
4SLC	Upper Don	1	19602	3	82	3
Age UK	Dore and Totley	1	80367	14	105	4
Darnall Wellbeing	Darnall and Tinsley	1	33111	6	175	7
Heeley City Farm	Gleadless and Heeley	1	23747	4	146	6
Heeley Trust	Sheaf Valley	1	17787	3	39	2
MCDT	Arbourthorne Manor	2	42915	7	306	12
Reach SS	LBJ & GB	1	31125	5	152	6
Shipshape	Sharrow & City Centre	1	39574	7	75	3
SOAR	Burngreave, Chapelgreen, Firth Park & Southey	4	131186	23	936	36
WCDF	South East	2	73440	13	327	12
ZEST	Hillsborough Uppertorpe & Netherthorpe	2	89652	15	281	11
TOTAL		17	582506	100	2625	100

Lead partner	Resilient Communities	CWP Current	Total Current	Current ££ / person
4SLC	25,000	-	25,000	1.28
Age UK	25,000	-	25,000	0.31
Darnall Wellbeing	25,000	96,100	121,100	3.66
Heeley City Farm	25,000	49,000	74,000	3.12
Heeley Trust	25,000	32,000	57,000	3.20
MCDT	50,000	131,900	181,900	4.24
Reach SS	25,000	50,000	75,000	2.41
Shipshape	25,000	98,900	123,900	3.13
SOAR	100,000	310,000	410,000	3.13
WCDF	50,000	58,000	108,000	1.47
ZEST	50,000	95,800	145,800	1.63
TOTAL	425,000	921,700	1,346,700	2.31

Resilient Communities	CWP Revised	Additional top up payment	Total Revised	Revised ££ / person
25,000	28,668.73		53,668.73	2.74
25,000	36,903.42		61,903.42	0.77
25,000	61,535.34	34,564.66	121,100.00	3.66
25,000	51,349.63		76,349.63	3.22
25,000	13,844.69	18,155.31	57,000.00	3.20
50,000	107,467.96	24,432.04	181,900.00	4.24
25,000	53,436.01		78,436.01	2.52
25,000	26,483.49	72,416.51	123,900.00	3.13
100,000	328,578.71		428,578.71	3.27
50,000	114,926.30		164,926.30	2.25
50,000	98,505.73		148,505.73	1.66
425,000	921,700.00	149,568.52	1,496,268.52	2.57

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Author/Lead Officer of Report: Ben Morley,
Head of Strategic Development and External
Programmes

Tel: 0114 223 2389

Report of: Lorraine Manley, Executive Director of Place

Report to: Cabinet

Date of Decision: 19th February 2020

Subject: Discretionary Support for Inward Investment

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 checked="" type="checkbox"/>	
Which Cabinet Member Portfolio does this relate to? Cabinet Member for Business Skills Development and Cabinet Member for Finance, Resources and Governance		
Which Scrutiny and Policy Development Committee does this relate to? Economic and Environmental Wellbeing Scrutiny and Policy Development		
Has an Equality Impact Assessment (EIA) been undertaken?	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
If YES, what EIA reference number has it been given? 596		
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:-		
<p><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></p>		

Purpose of Report:

This report seeks support for the provision of financial encouragement for inward investment into Sheffield in return for social and economic benefits. Specifically the proposal seeks approval to:

1) Agree a delegated arrangement to provide support for inward investment developments where such support demonstrates value for money and brings tangible benefits to the City.

2) Agree to the provision of a grant of £500,000 to secure an inward investment in to the Lower Don Valley that will generate over 1,500 jobs and up to a £309,500 contribution towards a grant that will create 90 jobs at Parkwood Springs.

Recommendations:

Cabinet is recommended to:

1) Endorse, in principle, the approach to encourage inward investment where such an investment can demonstrate value for money and social and economic benefits for the City.

2) To the extent not covered by existing delegations, delegate authority to the Executive Director of Place in consultation with the Cabinet Member for Business Skills Development, Cabinet Member for Finance, Resources and Governance and the Director of Finance and Commercial Services to make specific decisions on providing support for inward investment proposals that meet the following conditions:

- The proposed financial support is for genuine inward investment activity that will be new to the City.
- A value for money assessment, including the social and economic benefits, is included as part of the consultation with the nominated Cabinet Members.

3) Approve a £500,000 inward investment grant to Clipper Logistics Plc in respect to their investment at Shepcote Lane.

4) Approve a contribution up to £309,000 to Skyline Luge Sheffield in respect to a grant of £619,000 being provided by the SCRCA for their investment at Parkwood Springs.

Background Papers:

Not applicable

Lead Officer to complete:-		
1	I have consulted the relevant departments in respect of any relevant implications indicated on the Statutory and Council Policy Checklist, and comments have been incorporated / additional forms completed / EIA completed, where required.	Finance: Ryan Keyworth
		Legal: Sarah Bennett
		Equalities: Annemarie Johnson
<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:	Lorraine Manley
3	Cabinet Member consulted:	Councillor Mazher Iqbal (Cabinet Member for Business and Investment) Councillor Terry Fox (Cabinet Member for Finance, Resources and Governance)
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.	
	Lead Officer Name: Ben Morley	Job Title: Head of Programmes and Accountable Body
	Date: 31/10/19	

1. PROPOSAL

- 1.1 This report seeks support for the provision of financial assistance to encourage and secure inward investment into Sheffield in return for direct social and economic benefits. Specifically the proposal seeks approval to:
- 1) Agree delegated arrangements to provide grants for inward investment developments where such support demonstrates value for money and brings tangible benefits to the City.
 - 2) Agree to the provision of a grant of £500,000 to secure an inward investment in to the Lower Don Valley that will generate over 1,500 jobs and contribute up to £309,000 towards a SCRCA grant of £619,000 to secure an investment at Parkwood Springs that will generate approximately 90 jobs.
- 1.2 Inward Investment can lead to significant social and economic benefits to the City and its residents in terms of access to additional jobs, wages and opportunities. It is a tool to target the creation of good jobs that pay a living wage and as a result promote health and wellbeing for employees and their families. Inward investments by their very nature represent new and additional activity within the City leading to the need to train and upskill potential employees as well as developing new supply chains within the local economy. Furthermore successful inward investments provide powerful marketing evidence to promote the City to other potential investors.
- 1.3 Inward investment activity is usually a competitive process with investors often having a number of potential locations in mind to establish their activity whether that be on a regional, national or international basis. In this context Sheffield is often well placed to attract inward investment by providing good value for money in respect to property and labour costs together with access to a skilled workforce, good communications and on the doorstep of a National Park. However other cities and regions can often match or better the Sheffield 'offer' in one or more these criteria and as such the provision of a grant can help to secure an investment in such a competitive market.
- 1.4 The offer of grants for Inward Investment is often provided by other parties e.g. the Sheffield City Region Combined Authority (SCRCA). They are often considered a 'last resort' measure to ensure an investment is secured and would be expected to be backed by an analysis of value for money together with an assessment of the wider strategic benefits. The value of money assessment is usually based on a range of factors including the number and type of jobs being created, training and transport provision to encourage local employment and the potential to establish local supply chains.

1.5 Where a grant is considered to represent value for money, experience has demonstrated that the ability to negotiate at speed and with the confidence that such funding will be forthcoming can make the difference between 'winning' or 'losing' an investment. Establishing a streamlined process for grants of this type, as they arise, would be a valuable tool to help secure appropriate inward investment benefits.

1.6 **SCR Business Investment Fund**

1.6.1 Sources of funding to support inward investment are limited but the importance of the activity has been recognised by the SCRCA and in recent years they have been the main source to provide Inward Investment grants to businesses through their Business Investment Fund (BIF).

1.6.2 The BIF is available to support Inward Investment proposals where there is an acceptable economic justification for the investment but under the approach each proposal requires the 'host' Local Authority (LA) to contribute up to 50% of the grant value where there is a material uplift in Business Rates. In such cases the SCRCA provides the initial grant to the investor and the LA reimburses the SCRCA over an agreed period of time as the uplift in business rates is realised.

1.6.3 The SCR have indicated that the 50% reimbursement will not be applicable where:

a) The investor locates to an Enterprise Zone, on the basis that 100% of the Business Rate income is already committed to reinvestment in the area.

b) Where, subject to an 'affordability test' the uplift in business rates is not sufficient to reimburse the SCRCA in full or in part. For example, where a company locates to an existing building where rates are already payable there is no net additional uplift in business rate income as a result of the inward investment grant.

1.6.4 The SCR has recently approved a BIF grant of £619,000 for the Skyline Luge development at Parkwood Springs which has the potential to create 90 jobs and is considered a significant element of the wider redevelopment of the former ski village as well as significantly contributing to the Outdoor City Strategy. The facility will include up to three luge tracks and two zip wires and will be the first of its type in Europe.

1.6.5 It has been determined that this grant will require a 50% (£309,500) contribution from the Council but the amount will be capped at the lesser of the 50% contribution or 10 years net additional Business Rates resulting from the development.

1.6.6 At maximum cost of £3,433 per job, the value for money for the SCC investment is considered very good and will create job opportunities for

local residents of Parkwood Springs.

1.7 **Direct Grant Award**

1.7.1 The Clipper investment at Shepcote Lane represents an overall investment of c£20m. When Clipper first approached the Council and SCRCA for support they indicated that a grant of £1.65m would be the minimum necessary to select Sheffield as a preferred location for their investment. As part of the assessment it was made known that another 7 other sites were being considered by the future occupier with offers of grant attached.

1.7.2 The SCRCA process determined that a BIF grant of £1.15m could be made available and at this time SCC agreed in principle to provide the balance of up to £0.5m to achieve the target level.

1.7.3 As a result of this funding offer to Clipper the resulting occupier, Pretty Little Thing, have created 1,667 new jobs of which 50% are on full time contracts and of which 70% have been filled by Sheffield residents.

1.7.4 The relationship with Clipper and Pretty Little Thing has also enabled Talent Sheffield to broker introductions to key employability/skills agents in the City and put in place a wide range of interventions, including:

- Sheffield Futures – working with disadvantaged young people in Sheffield to receive opportunities in employment - 70 original hires.
- Through Opportunity Sheffield 56 local people have sustained employment for 4 weeks or more and of these, 10 have come through their specialist provider, Big Ambition, who work with individuals with mental health issues facing barriers getting back into employment.
- Fresh Start - Clipper's Fresh Start initiative, whose purpose is to train and hire people who have barriers to finding employment, includes ex- offenders. Numbers hired so far – 151.
- Schools: through the Working Ahead partnership, Clipper are partnering with over 10 schools in Sheffield and Rotherham to inform young people about the world of work, raise aspirations and increase the diversity of their workforce.
- Sector Based Work Academies: this ongoing programme carried out by Job Centre Plus and a local training provider aims to get unemployed/furthest from the labour market individuals job ready for warehouse roles – this is a rolling programme through which Clipper are hiring 12-13 per month.
- Upskilling the Workforce – Clipper are upskilling 60 Team Leaders & Managers over a 24 month period, and this is being partly funded through SCR Skills Bank 2, which is enabling such a significant amount of staff development.
- Sheffield Hallam University Logistics Apprenticeship - now in Year 2, with a cohort of approx. 18 apprentices per year.

- Be Well at Work Award – commitment to maximising the Health and Wellbeing of the whole workforce, with support from Sheffield City Council and Sheffield Occupational Health Advisory Service Progressing for Bronze award this year.
- English Language Training – Clipper are funding an in house ESOL programme (English for Speakers of Other Languages) for their staff as in excess of 20 languages are spoken on site.

1.7.5 The cost per job to the Council is £300 which represents exceptional value for money in the context of other inward investment activity undertaken nationally not just within Sheffield and the City Region. In the context of affordability of the investment it has been calculated that the £0.5m grant is equivalent to less than three years Business Rates income from the site which was previously unoccupied.

1.8 **Future Arrangements for Inward Investment Support**

1.8.1 In light of the need for the Council to act quickly and with certainty when negotiating on inward investment enquires it is proposed that delegated arrangements are put in place for the Executive Director of Place in consultation with the Cabinet Member for Business Skills, the Cabinet Member for Finance, Resources and Governance and the Director of Finance and Commercial Services to approve grants, within the parameters set out below:

- Grants shall only be made available for genuine inward investment activity that will be new to the City.
- A value for money assessment, including the social and economic benefits of the investment, is included as part of the consultation with the nominated Cabinet Members.

1.8.2 These criteria will be applicable whether the Council funding is provided as a standalone inward investment grant or part of a wider public sector package such as outlined in respect to the SCRCA BIF process. Any proposals that sit outside of the parameters will need approval under the Leaders Scheme of Delegation.

2. **HOW DOES THIS DECISION CONTRIBUTE?**

2.1 Strong economy

2.1.1 The proposal in this report aligns with the Council's objective to grow a stronger and fairer local economy. A strong, inclusive economy drives wage growth and living standards, improving peoples' lives. The proposal seeks to improve the ability of Sheffield to attract inward investment that will have direct and tangible economic benefits through good quality net new job creation, uplift in GVA and the development of supply chains.

2.1.2 The majority of Sheffield's new jobs will be created by growth in

indigenous companies. This is why the Council has protected investment in its business start up programmes and support for existing businesses via 'Business Sheffield'. Each year, Business Sheffield works with over 512 people who are looking to start a business. Of those, approximately 200 go on to start a business and we know that over 80% are still trading 12 months later, benchmarking Sheffield as one of the best places in the UK to start a business. Business Sheffield also works with approximately 600 established businesses each year who are looking to expand, providing support in crucial areas such as productivity, leadership, recruitment, business planning, export and sales and marketing and specialist tech scale up support.

- 2.1.3 As part of a balanced approach to economic development, inward investment provides a much needed boost of jobs and economic activity to supplement this indigenous growth. The Council therefore works to secure inward investment from companies that are able to provide good quality jobs for local residents and demonstrate a commitment to training, environmental sustainability and ethical practice.
- 2.1.4 Both the specific grants in this report and the parameters for future Council funding include considerations that support an inclusive, fair economy that creates more and better jobs. Factors that will influence future inward investment funding decisions include targeted approaches for people facing particular barriers to employment; salary levels including provision of the Living wage; environmental sustainability; and providing opportunities for progression and upskilling. The interventions attached to awarding Clipper a grant, outlined in paragraph 1.7.4, demonstrate the leverage that SCC can apply to new investments in the city, resulting in benefits for Sheffield people.
- 2.2 Thriving neighbourhoods and communities
 - 2.2.1 The use of Inward investments can be used to encourage the creation of economic and social betterment that might be lots of other parts of the country. They can also be used to target specific sites where a inward investor is flexible in their choice of location.
 - 2.2.2 In addition the provision of a grant can be used to encourage investors to develop employment opportunities within specific communities by running local jobs fayres, providing local transport and developing training programmes. The investment by Clipper at Shepcote Lane and subsequent occupation by Pretty Little Things has seen targeted benefits for local communities such as those in Darnell, Tinsley and Attercliffe.
- 2.3 Better health and wellbeing
 - 2.31 The link between employment and a secure income with health and wellbeing is well established. This proposal not only secures over 1,500

jobs for the City but enables the Council to look to secure other footloose inward investments with the social and economic benefits that follow.

2.3.2 Importantly with the use of a grant, the Council will have the ability to significantly influence an Investor to provide good quality employment contracts, wages at or above the living wage and encourage the use of apprenticeships and the provision of training programmes.

2.4 Tackling inequalities

2.4.1 Inward investments have the ability to create a range of employment opportunities from low skilled to highly technical roles. With the use of a grant to attract an Investor the Council will have the ability to significantly influence a range of measures by the investor to tackle inequality. These measures can include setting the lowest wages at or above the Living Wage, improving accessibility to the workplace for lower income employees, providing apprenticeships and training programmes to improve employee skills and opportunities. The extent of these measures will depend on the nature of the inward investor but without a funding relationship with the investor there is far less opportunity to secure these benefits.

3. HAS THERE BEEN ANY CONSULTATION?

3.1 The Council is not required to consult on the proposal.

4. RISK ANALYSIS AND IMPLICATIONS OF THE DECISION

4.1 Equality of Opportunity Implications

4.1.1 An Equality Impact Assessment has been undertaken and the overall impact of both recommendations - supporting two specific investments and the principle of delegating approvals of inward investment in the future are considered positive. Grants for inward investment under the proposed delegation will be provided based on both their economic and social impacts on the residents of Sheffield. In all cases it is expected that the investment will result in net job creation and opportunities to recruit from within Sheffield and develop local supply chains with Sheffield businesses will be proactively encouraged as part of any grant award. In addition investors will be expected to look at other initiatives such as the provision of transport and providing training to enable potential recruits and employees benefit from the activity.

4.2 Financial and Commercial Implications

Support to Skyline Luge (Parkwood Springs):

4.2.1 Based on the information currently available the Skyline investment is likely to lead to a net uplift in Business Rates for the Council of £15,000 to £53,200 per annum.

- 4.2.2 To secure total grant offer of £619,000 from the SCRCA to the development SCC will be required to contribute the lesser of 10 years Business Rates uplift or £309,500.

Support to Clipper Logistic Plc:

- 4.2.3 The Clipper investment brings back an empty building into use and results in significant social and economic benefits. With reference to affordability the estimated Year 1 Business Rate income from the development has been recently estimated at c£0.33m and as a result the £0.5m grant is equivalent to no more than 2 to 3 years Business Rate income from the development.

Future Inward Investment grants

- 4.2.4 All future grants to support inward investment under the proposed delegated arrangements will be considered against a value for money assessment where 'affordability', including a consideration of the impact on Business Rates, will be considered alongside the other social and economic impacts. This approach will apply whether the grant is made directly by the Council to the investor or by reimbursing the SCRCA as part of the BIF grant arrangements.

4.3 Legal Implications

- 4.3.1 The Council has a general power under Section 1 of the Localism Act 2011 to do anything that an individual may generally do (which would include applying for and providing grants and providing guarantees) provided it is not prohibited by other legislation and the power is exercised in accordance with the limitations specified in the Act e.g. around charging for the provision of a service.
- 4.3.2 It is expected that the funding for the Clipper project and future Inward Investments will be provided as a grant through a Funding Agreement. It is expected that the nature of financial support outlined above will likely distort competition between member states of the EU and could be considered to constitute State Aid. In this respect each investment will be assessed for State Aid implications and where appropriate grant funding will be provided as lawful state aid under the provisions of either the De Minimis Regulations or the Commission's General Block Exemption Regulation, in particular Article 14 – Regional Investment Aid. There is a small risk that our interpretation of the relevant regulations may be challenged. In the event of a successful challenge the European Commission would seek to recoup the unlawful aid and so an obligation to repay the grant plus interest will be incorporated into each grant agreement.
- 4.3.3 Where necessary, additional security through guarantees or charges on property shall be put in place to protect the Council's position.

- 4.3.4 Where Council funding is provided via the SCR's BIF grant, the Council will enter into an Agreement to pay the SCR up to 50% of the investor grant over a period of up to 10 years, this period to be agreed with the SCR. In these circumstances the SCR will take full responsibility for the drafting of the Funding Agreement with the Investor and ensuring compliance with relevant legislation, including State Aid. This is applicable in respect to the Skyline Luge proposal.

5. ALTERNATIVE OPTIONS CONSIDERED

- 5.1 Being able to respond quickly, efficiently and with confidence to an inward investment enquiry is considered important to securing the investment together with the social and economic benefits that would result. Retaining existing approval arrangements is an option however it is considered that the delegated arrangements outlined in this report would provide certainty to negotiations with inward investors which in turn would increase the likelihood of securing such an investment in Sheffield.
- 5.2 No threshold for the size of grant to be agreed under the delegation has been identified. It is considered that an assessment of affordability alongside the economic and social benefits resulting from the investment will form part of the assessment process prior to consideration by the Members and Officer with delegated authority.
- 5.3 With regard to the Skyline Luge grant, the SCR funding will not be provided without the contribution from SCC. The overall grant will look to secure the Skyline investment in Sheffield rather than a number of other sites they are considering in the UK and across Europe.
- 5.4 In respect to the Clipper grant, the risk of not providing the grant would be significant reputational damage having indicated the funding would be forthcoming. The occupier, Pretty Little Thing, has delivered against the expectations associated with the grant offer and delivered significant benefits to the local community.

6. REASONS FOR RECOMMENDATIONS

- 6.1 Inward Investment has the opportunity to bring significant social and economic benefits to the City. In order to help attract and secure inward investment the Council has the ability to provide grant funding either through a direct grant to the investor or through a contribution to a grant provided by the Sheffield City Region Combined Authority Business Investment Fund where that is required. The benefits of supporting inward investment in this manner can include job creation, improved wages, bespoke travel arrangements, training programmes and the development of local supply chains with existing local businesses.
- 6.2 In order to ensure the Council has the ability to act quickly and in confidence with potential inward investors it is proposed that delegated

arrangements are established to enable grants to be provided where a value for money case can justify the investment.

- 6.3 In order to secure a £20m investment at Shepcote Lane that has now created over 1,500 jobs, approval from the Council is sought to confirm the provision of £500,000 to the investor. In addition up to £309,500 is required to support a £619,000 grant from the SCRCA towards an investment at Parkwood Springs that has the potential to create 90 jobs and create a new major leisure attraction in the City.



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Tel: 0114 273 4018

Report of: The Executive Director of Resources

Report to: Cabinet

Date of Decision: 19 February 2020

Subject: **Proposal for Alternative Governance Arrangements for Sheffield City Council**

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 type="checkbox"/>	
- Affects 2 or more Wards	<input checked="" type="checkbox"/>	
Which Cabinet Member Portfolio does this relate to? <i>Finance, Resources and Governance</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 checked="" type="checkbox"/>	No <input type="checkbox"/>
If YES, what EIA reference number has it been given? 760		
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:-		
<p><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></p>		

Purpose of Report:

In May 2020 a referendum will be held to determine whether the Council retains its leader and cabinet model of decision making, or moves to a committee system model. The Council is required to draw up and publish proposals for a committee system before holding the referendum.

The report presents proposals for a committee system and for an enhanced leader and cabinet model of governance as recommended by Full Council at its meeting on 5 February 2020, for consideration by Cabinet.

Recommendations:

1. That as recommended by Full Council at its meeting on 5 February 2020, Cabinet approves:
 - (a) the proposals for an enhanced Leader and Cabinet governance model; and
 - (b) proposals for a Committee system of governance to be published before a referendum, as set out in the report.
2. To request the Director of Policy Performance and Communications, in consultation with the Director of Legal and Governance, to publish a notice as required by the Referendum Regulations, setting out the main features of these proposals, and to undertake additional activity to ensure that they are communicated to people in the city as clearly as possible before the referendum.

Background Papers:

Principles For Governance at Sheffield City Council – Report to Council on 8 January 2020.

Proposal For Alternative Governance Arrangements For Sheffield City Council – Report to Council on 5 February 2020

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: Paul Schofield
		Legal: Andrea Simpson
		Equalities: James Henderson
<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:	Eugene Walker, Executive Director of Resources
3	Cabinet Member consulted:	Councillor Terry Fox, Deputy Leader of the Council and Cabinet Member for Finance, Resources & Governance
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.	
	Lead Officer Name: Gillian Duckworth	Job Title: Director of Legal & Governance
	Date: 13/01/2020	

1. BACKGROUND

- 1.1 In May 2020 a referendum will be held to determine whether the Council retains its leader and cabinet model of decision making, or moves to a committee system model. The Council is required by the regulations to draw up and publish proposals for a committee system before holding the referendum.
- 1.2 Part 1A of the Local Government Act 2000, as amended by the Localism Act 2011, prescribes the permitted forms of governance for local authorities in England: executive arrangements or a committee system (the Secretary of State may prescribe additional permitted arrangements in regulations but has not done so). The Act and regulations made under it enable a change in governance arrangements if a local authority chooses to do so and sets out circumstances in which such a change must be considered or implemented.
- 1.3 The Local Authorities (Referendums) (Petitions) (England) Regulations 2011 (Petitions Regulations) require that if the authority receives a valid petition signed by at least 5% of the electorate requesting a referendum on a constitutional change it must hold such a referendum. The petition must contain a prescribed statement on the referendum that is sought.
- 1.4 In August 2019 the Council received a valid petition seeking a referendum “on whether the council should be run in a different way by one or more committees made up of elected councillors”. Accordingly, on the day of the next local elections on 7 May 2020, a referendum will be held to determine whether the Council retains its leader and cabinet model of decision making, or moves to a committee system model.
- 1.5 The Council is required by the regulations to draw up and publish proposals for the operation of a committee system before holding the referendum. This report presents proposals for a committee system. It also sets out proposals for an enhanced leader and cabinet model of governance. At its meeting on 5 February 2020 Full Council recommended both proposals for consideration by Cabinet.

2. GOVERNANCE PETITION AND REFERENDUM

- 2.1. The referendum will ask people eligible to vote in Sheffield whether they want to change the Council’s governance arrangements to a committee system or to retain the leader and cabinet model of governance. It will be run in accordance with the Local Authorities (Conduct of Referendums) (England) Regulations 2012 (Referendums Regulations). The Council has no discretion over the question to be asked as the precise wording is specified in these regulations:

*How would you like Sheffield City Council to be run?
By a leader who is an elected councillor chosen by a vote of the other elected councillors. This is how the council is run now.*

Or

By one or more committees made up of elected councillors. This would be a change from how the council is run now.

- 2.2 Before holding the referendum, the Petitions Regulations require the Council to draw up proposals concerning how it is proposed to operate the committee system. The Referendums Regulations specify that a notice must be published no later than 56 days before the referendum, in a way that is likely to bring it to the attention of persons living in the area, containing a statement that proposals have been drawn up and a description of the main features of the proposals. A copy of the proposals must be available for inspection throughout the referendum period and sufficient copies must be available for persons who wish to obtain them.
- 2.3 There is no requirement for the Council to publish a proposal for any changes to the existing Leader and Cabinet system should that model be endorsed through the referendum, although it may do so if it wishes.
- 2.4 If the result of the referendum is to approve the change in governance arrangements to a committee system the Council must implement it by resolution at its Annual Meeting in May 2020. If the result is to reject the change, the Council may not implement it and must continue to operate the existing form of governance, which is the leader and cabinet model.
- 2.5 Under Part 1A of the Local Government Act 2000, if a referendum on constitutional change has been held the local authority may not hold, or be required to hold, another referendum within 10 years. If the local authority proposes to make a change from one form of governance to another and the implementation of the authority's existing form of governance was approved in a referendum then the proposed change must be approved by referendum. The outcome of the referendum will therefore determine whether the Council operates executive arrangements or a committee system for at least a 10 year period.
- 2.6 Were a change to the committee system to be favoured in the referendum, the Council would have a year to implement the change, with the new system being in operation from the date of the Annual Meeting in May 2021. During this implementation period, further work would be undertaken on the detail of the system, but within the parameters set out in this report.

3. REVIEW OF DECISION MAKING IN SHEFFIELD CITY COUNCIL

- 3.1 At its meeting on 3 July 2019, Council resolved that the Deputy Leader and Cabinet Member for Finance, Resources and Governance would work with the Overview and Scrutiny Management Committee to review decision making in Sheffield City Council.
- 3.2 The cross party Overview and Scrutiny Management Committee (OSMC) looked at what the Council might want to achieve through changing its decision making structures and set out to produce a set of principles that

should underpin both of the options that are put to the referendum.

3.3 The Committee adopted a 'select committee' approach and held a series of evidence gathering sessions to hear from a range of witnesses including: experts in local governance – Local Government Association, Centre for Public Scrutiny and the Institute of Local Government Studies; local groups with an interest in governance - It's Our City (the petition organisers), Sheffield for Democracy and an Active Citizen; the voluntary sector and business community – Voluntary Action Sheffield, Sheffield Chamber of Commerce and Industry; Young Advisers and Members of Sheffield Youth Cabinet. They conducted an online call for evidence and heard presentations from some of those who had responded. They also learnt from other Councils – Rotherham, Melton, Cheshire East and Reading – through site visits and conversations.

3.4 The Committee then produced a report for consideration by Full Council which evaluated the evidence and identified ambitions, governance principles and ways of working that it recommended should shape future governance options.

3.5 On 8 January 2020, Council approved the recommendations made by the Overview and Scrutiny Management Committee following consideration of the Committee's report *Principles For Governance At Sheffield City Council*. Council endorsed the ambitions, governance principles and ways of working, as set out in the Committee's report, to shape future governance options. The Resolution of Council was as follows:

3.6 **RESOLVED:** That this Council approves the recommendations made by the Overview and Scrutiny Management Committee, that:-

(a) the Council endorses the ambitions, governance principles and ways of working, as set out in its report, to shape future governance options;

(b) work commences as soon as possible to implement the following:-

- Strengthening Sheffield City Council's approach to Scrutiny
- A commitment to the highest ethical standards and ensuring that the Code of Conduct reflects this
- Improving Sheffield City Council's approach to communicating about how decision making works
- Ensuring that a commitment to meaningful community engagement, involvement and consultation runs through the organisation
- Improving the information that we provide about how decision making happens across the city as a whole, and how partnerships and boards interconnect; and

(c) following the referendum, the Overview and Scrutiny Management Committee provides cross party oversight of the development of the new governance arrangements prior to their implementation.

4. AMBITIONS, GOVERNANCE PRINCIPLES AND WAYS OF WORKING

4.1 The Overview and Scrutiny Management Committee's report set out five ambitions for Sheffield City Council and identified governance principles and ways of working that will deliver these ambitions.

4.2 The ambitions are as follows:

1. Sheffield City Council is a trusted organisation, where decisions are taken in an open and transparent way and accountability is clear.
2. Sheffield City Council is a Council where all Councillors are involved in – and can influence – decision making
3. Sheffield City Council engages, involves and listens to citizens, communities and partners
4. Sheffield City Council has a modern and responsive approach to governance which reflects the increasingly complex policy making environment
5. Sheffield City Council is a reflective council that is committed to continuously improving governance

4.3 These ambitions, together with the governance principles and ways of working are summarised in Appendix 1 to this report. This report outlines how these governance principles might be incorporated into a new committee system or an enhanced Leader and Cabinet model of governance.

5. PROPOSALS

5.1 On 5 February 2020, full Council considered a report titled *Proposal For Alternative Governance Arrangements For Sheffield City Council*. The Council Resolution was as follows:

RESOLVED: That approval be given to the recommendations set out in the report of the Executive Director, Resources, now submitted, that the Council recommends to Cabinet (a) the proposals for an enhanced Leader and Cabinet governance model and (b) proposals for a Committee system of governance to be published before a referendum, as set out in the report.

5.2 The proposals for an enhanced Leader and Cabinet model of governance and those for a committee system which were approved by full Council at its meeting on 5 February 2020 are outlined below at

sections 7 and 8 of this report. The proposals are also summarised in the two diagrams attached to this report.

6. COMMUNITY INVOLVEMENT

- 6.1 As part of either a Leader/Cabinet or a Committee system, and based on the feedback from the Big City Conversation, the Council will draw up proposals to strengthen locality arrangements and increase community voice and influence and the opportunity for people to have their say at a local level. The design of this model would also ensure that there is an effective mechanism for communities, through the locality arrangements, to feed into the Council's decision making processes. The governance principles which have been endorsed by full Council at its meeting in January 2020 will also be applied to the design of the locality arrangements.

7. PROPOSAL FOR AN ENHANCED LEADER AND CABINET MODEL

7.1 How are decisions made?

7.1.1 Full Council

There are some functions which are reserved to Full Council by law, which includes the Council's budget and policy framework. Council appoints the Lord Mayor, the Leader of the Council and statutory officers. It also approves the Council's Constitution and makes appointments to committees and to external bodies. Full Council is also the forum for political debate and for holding decision makers to account through questions from the public and elected Members and for participation and people bringing issues to the Council, such as by presenting petitions.

7.1.2 Executive

In the existing model of governance adopted by Sheffield City Council, the Executive of the Council is responsible for most day to day decisions. These decisions are the responsibility of the Leader, individual Cabinet Members or Cabinet acting collectively or are delegated to officers or other bodies. The Cabinet comprises the Council Leader and up to nine other councillors appointed as Executive Members by the Leader. The Leader and Cabinet have to make decisions in line with the Council's overall policies and budget.

- 7.1.3 The Leader's Scheme of Delegation sets out the allocation of executive functions by the Leader. The scheme reserves specific decisions to Cabinet or a Committee of Cabinet. Other decisions are reserved to individual Cabinet Members and to the extent that a matter is not reserved, it will fall to an officer to decide, namely the Chief Executive, or an Executive Director. Each Executive Director will have a Scheme of Delegation within their portfolio.

7.2 Proposals for an Enhanced Model and governance principles

- 7.2.1 If the outcome of the governance referendum is for the Council to retain a

Leader and Cabinet model, it is proposed to make some changes to enhance the existing Leader and Cabinet model of governance and in order to implement in practice the governance principles agreed by Full Council in January 2020. This model is illustrated in the diagram appended to this report.

- 7.2.2 As referred to above in Section 6 of this report, an enhanced Leader and Cabinet model of governance would include strengthened locality arrangements which work effectively alongside, and feed into, citywide decision making processes.

7.3 Pre-decision scrutiny

- 7.3.1 A new Policy Development and Performance Committee will strengthen the current arrangements. It will look at decisions before they are made by Cabinet to give an opportunity to bring a different perspective, challenge assumptions and look at other issues such as risk. The Committee will be part of the authority's formal overview and scrutiny arrangements and will be able to commission other Scrutiny Committees to undertake more detailed work on issues as required.

- 7.3.2 The Policy Development and Performance Committee would replace the Overview and Scrutiny Management Committee which is currently part of the decision making structure. The Committee is also likely to meet with greater frequency. The other existing thematic Scrutiny and Policy Development Committees, namely, Children, Young People and Family Support; Economic and Environmental Wellbeing; Healthier Communities and Adult Social Care; and Safer and Stronger Communities would be retained.

7.4 Forward Planning

- 7.4.1 The Council will produce and publish a rolling 12 month forward plan of the strategic or operational decisions which the Council knows it is going to be taking, so it is clear to the public what decisions we are planning to take, when they will be taken and, who will be taking them. It is inevitable that decisions will need to be added to the plan at shorter notice but these will be added as soon as they are known.

- 7.4.2 The Council is required to publish details of Key Executive Decisions to be taken by the Cabinet, Individual Cabinet Members or Executive Directors/Directors in 28 days and beyond. This is required by Section 9 of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012.

- 7.4.3 As in a committee system, the Audit and Standards Committee will regularly look at matters relating to ethical standards to help underpin the Council's governance.

7.5 Regulatory Decisions

- 7.5.1 Non-executive decisions, which include Planning and Licensing decisions, will continue to be made by separate politically proportionate committees, as now. Policy decisions will continue to be taken by either the committees or Cabinet as prescribed by the legislation.

8. PROPOSAL FOR A COMMITTEE SYSTEM

- 8.1 In a committee system, decision-making authority comes from Full Council and functions are discharged in accordance with the provisions of Part VI of the Local Government Act 1972. The Council can delegate its functions to committees or officers. Committees can also appoint and delegate to sub-committees, and a committee or a sub-committee can delegate to an officer. Decisions may not, however, be delegated to an individual councillor in a committee system. Local authorities with a committee system may have separate overview and scrutiny committees, but they are not required to. However, the arrangements have to include a way of scrutinising health services, and crime and disorder matters.

8.2 Full Council

- 8.2.1 In a committee system, the Full Council and committees make all the decisions and may delegate to officers. There are some functions which are reserved to Full Council by law, which include the Council's budget and policy framework. Council also appoints the Lord Mayor, the Leader and statutory officers. It also approves the Council's Constitution and makes appointments to committees and to external bodies. Full Council is also the forum for political debate and for holding decision makers to account, including through questions from the public and elected Members and for participation and people bringing issues to the Council, such as by presenting petitions.
- 8.2.2 Because Full Council has a slightly different role in a committee system, there may need to be some changes to the structure and format of Full Council meetings. These will be considered as part of the implementation process described below as part of the further work identified.

8.3 Policy and Strategy

- 8.3.1 A politically proportionate Policy and Strategy Committee, chaired by the Leader of the Council and including the chairs of the thematic committees, would be established. This committee would have authority to make decisions within the parameters established by Full Council.
- 8.3.2 In summary, the committee would be responsible for:
- Setting the overall direction of the organisation
 - Proposing the Thematic Committees and changes to the scheme of delegation for approval by Annual Council
 - Strategic decisions with substantial implications for the city and its

- communities
- New policy or strategy that affects the authority as a whole or a substantial part of it
- Considering issues affecting the whole organisation (including human resources, ICT etc.)
- Budget and capital programme recommendations and budget monitoring
- Performance management
- External Relationships and Partnerships e.g. Sheffield City Region
- Major contractual decisions above a specified financial threshold and/or impacting on the size, structure or autonomy of the Authority e.g. insourcing/outsourcing and partnering arrangements

8.4 Themed Committees

8.4.1 It is proposed to establish individual committees based around specific themes or areas of work. These committees will be responsible for developing policy and strategy for their area and for operational or implementation decisions. The committees would also be politically proportionate. Each committee would have authority to make decisions within the parameters established by Full Council. The themes are likely to reflect the current Cabinet Portfolios and therefore there may be up to 9 committees

8.4.2 In summary, these committees would be responsible for:

- Developing policy and strategy within their area of responsibility (although with decision making on these resting with the Policy and Strategy Committee)
- Implementing and making decisions within the agreed strategy
- Performance management and budgetary oversight within their area
- Scrutiny and investigating issues of concern within their areas
- Establishing sub-committees for particular issues within their areas

8.5 How will decisions be made?

8.5.1 The Policy and Strategy Committee would set the overarching direction of the Council and individual strategies, plans and policies would be developed by the themed committees and then considered by the Policy and Strategy Committee to make sure they fit with the Council's overall strategies and direction. Themed committees will implement strategy and make decisions that are within their particular remits. This model is illustrated in the diagram appended to this report.

8.6 Scrutiny

8.6.1 In a committee system, the statutory scrutiny functions - currently crime and disorder, flooding risk, and health services functions - would be performed either by a separate scrutiny committee or by one or more of the committees. The principle of being able to 'call in' decisions will be

included in the process and written into a new constitution.

8.7 Regulatory Decisions

- 8.7.1 It is proposed that existing regulatory committees and sub committees would not be substantially changed by a move to a committee model of governance. A separate Planning and Highways Committee and separate Licensing Committee and sub-committee would continue to be in place to deal with decisions on those matters within their remit.
- 8.7.2 Policy decisions relating to Planning and Licensing matters would be dealt with by the Policy and Strategy Committee.

8.8 Officer decisions

- 8.8.1 Operational decisions by council officers would be made as set out in schemes of delegation approved by Full Council and the scope of officer decisions will be the same as it is in the existing Leader and Cabinet model of governance in order to fulfil the governance principles.

8.9 Urgent Decisions

- 8.9.1 A mechanism would also be developed to deal with matters which are urgent but which are not a matter of extreme urgency. It is proposed that a committee is established to deal with urgent matters in line with the principles adopted by Full Council.
- 8.9.2 The executive decision making process currently includes provision for urgent decision making so that key decisions may if necessary be made, while still subject to call in, without 28 days' notice or advance publication of the report. Exceptionally where delay for scrutiny would 'significantly prejudice the interests of the Council or a third party' a decision may be removed from the call in process. A committee system will need to provide for the committee dealing with urgent matters to be similarly able to make decisions at short notice.
- 8.9.3 A procedure will be established for the Chief Executive to deal with matters of extreme urgency in certain circumstances and which would be set out in the Constitution. This is to make sure the Council can fulfil its role in an emergency situation under the Civil Contingencies Act 2004.
- 8.9.4 At present, Part 7 of the Leader's Scheme of Delegation sets out provisions in cases of extreme urgency. It includes steps that should be taken by the Chief Executive as regards expenditure and reporting the action taken to the appropriate Cabinet Member.

8.10 Schemes of Delegation

- 8.10.1 The terms of reference for all Committees and sub committees will be set out in the Council's Constitution. Schemes of delegation, to be approved by Full Council, will set out how decisions will be made by committees

and by Council officers.

8.11 How the proposals meet the governance principles

- 8.11.1 As referred to above in Section 6 of this report, a committee system of governance would include strengthened locality arrangements which work effectively alongside, and feed into, citywide decision making processes.
- 8.11.2 The Council will produce and publish a rolling 12 month forward plan of the strategic or operational decisions which the Council knows it is going to be taking, so it is clear to the public what decisions we are planning to take, when they will be taken and, who will be taking them. It is inevitable that decisions will need to be added to the plan at shorter notice but these will be added as soon as they are known.
- 8.11.3 The Audit and Standards Committee will regularly look at matters relating to ethical standards to help underpin the Council's governance, as in the current system.
- 8.11.4 A committee system will include a Policy and Strategy Committee and themed Committees as well as regulatory and other committees which will involve all councillors and enable them to influence decision making. The themed committees will be responsible for implementing the budget and policy framework agreed by Full Council and decisions must be in line with the Council's overall policies and budget. The themed committees will have responsibility for most day-to-day decisions.
- 8.11.5 The committees will have delegated authority to make decisions within the parameters set by Full Council and this will be set out in the Constitution.
- 8.11.6 Full Council will decide the extent to which decisions are delegated to committees and to Council Officers.
- 8.11.7 It will be the responsibility of a Policy and Strategy Committee to make sure the decision making structure is co-ordinated and to enable a joined up approach to tackling issues which need the involvement of a number of organisations in the city and to strengthen our ability to work with our partners.
- 8.11.8 The Council's representation on partnerships and external bodies will be decided by Full Council. It will be important to make sure there is a clear approach to bringing matters back into the Council decision making structure for consideration as appropriate. This will ensure that our approach is properly co-ordinated and aligns with the Council's wider objectives, policies and priorities.
- 8.11.9 As referred to above at paragraph 8.9, a mechanism, will be included in the decision making structure for making urgent decisions openly and transparently.

8.12 Other Committees

- 8.12.1 Other existing committees would be retained in either model of governance, including:
- Admissions Committee
 - Appeals and Collective Disputes Committee
 - Audit and Standards Committee
 - Senior Officer Employment Committee

8.13 Joint Arrangements

- 8.13.1 Established Joint Committees such as the Joint Commissioning Committee with the Clinical Commissioning Group will continue within either system, the appointments within a Cabinet model are made by Cabinet whereas in a Committee system the appointments will be made by Full Council.

8.14 Health & Wellbeing Board

- 8.14.1 The Sheffield Health and Wellbeing Board is established under the Health and Social Care Act 2012 as a statutory committee of Sheffield City Council. It operates as a multi-agency board of equals. The normal political proportionality rules for committees are dis-applied by the Local Authority (Public Health, Health and Wellbeing Boards and Health Scrutiny) Regulations 2013.

9. FURTHER WORK

- 9.1 If the Council changes the way it is governed and adopts a committee system, the Council will have a period of one year to implement the change. During that implementation period, the Constitution and supporting documents will be rewritten and developed in conjunction with Members of the Council and these would be subject to approval by Full Council.
- 9.2 In line with the governance principles, the decision making structure will include a body to look at corporate governance and to oversee and periodically review the effectiveness of our governance arrangements. The Corporate Members Group, which includes representatives from all of the political groups on the Council is established within the Council's present structure.
- 9.3 At its meeting on 8 January 2020, Council also resolved that following the referendum, the Overview and Scrutiny Management Committee will provide cross party oversight of the development of the new governance arrangements prior to their implementation.
- 9.4 Issues which will need to be decided in more detail include the following:
- The terms of reference of the committees and sub committees

- How the public will participate in a new or enhanced model, for example, by asking public questions and submitting petitions, and how we will engage with people and communities as part of the decision making process
- How a new governance structure will work with partners and partner organisations
- Committee sizes and frequencies
- How the budgetary framework will work
- Review the Policy Framework and matters which should be subject to consideration by full Council
- Other work to implement in practice the principles adopted by Council at its meeting on 8 January 2020.

10. HOW DOES THIS DECISION CONTRIBUTE?

- 10.1 The proposals outlined in this report and the outcome of the referendum will be the basis of the Council's future decision-making.

11. HAS THERE BEEN ANY CONSULTATION?

- 11.1 Whilst there is not a requirement for the Council to consult in relation to the development of its governance proposals, significant engagement activity to help inform the development of these proposals has taken place with the people of Sheffield. This has been through two main routes – firstly the work of the Overview and Scrutiny Management Committee in developing the principles which these proposals are based on, and secondly the work of the ongoing Big City Conversation.
- 11.2 As part of the Overview and Scrutiny Management Committee exercise referred to above, members of the public and interested stakeholders were asked to contribute evidence to the committee. Over 600 individuals and institutions responded to this call for evidence, all of which was considered by the committee. A number of individuals who submitted written evidence, as well as a range of stakeholder groups were also asked to provide oral evidence to the committee. Additionally, the committee undertook a number of fact-finding visits to other councils that had implemented changes in governance. All of this information was taken into account by the committee when developing their principles to be taken into account within these proposals.
- 11.3 Furthermore, through the Big City Conversation over 3,000 Sheffield people from across the city have provided their views about their current involvement in local decision making, about both the extent to which and how they would wish to get involved in issues that affect them in future. Although the Big City Conversation survey has not yet concluded, interim results were provided to Full Council at its January meeting, and indicated that although a minority of people get involved in local decisions at the moment, a large majority would wish to be involved, particularly where the decision affects them or their community. People

indicated that they were, however, sceptical about the extent to which their involvement currently has significant influence over the eventual decision taken.

11.4 Additionally, people have provided information about a wide range of other issues and have been able to feed through other points in relation to governance and decision making. Events have taken place across the city to gauge people's views, as well as an independently facilitated Town Hall event focused exclusively on the questions of governance. The output from this was submitted as evidence to the OSMC enquiry and the independent chair gave evidence as part of the committee's evidence gathering work.

11.5 A full report on the Big City Conversation will be prepared and presented to Elected Members after the close of the survey on 14 February 2020.

12. RISK ANALYSIS AND IMPLICATIONS OF THE DECISION

12.1 Equality of Opportunity Implications

12.1.1 An initial Equalities Impact Assessment (EIA) has been undertaken and has not found any positive or negative equalities impacts associated with either proposal but the EIA will be kept under review during the remainder of this process.

12.2 Financial and Commercial Implications

12.2.1 The cost of the democratic process is currently funded by the Council's General Fund budget. The main cost drivers are the size of the committees and the officer resource required to support Members both through providing secretarial support to the committee and briefing the members of the committee. A unit cost per committee meeting is an artificial figure and may not be indicative of the total cost to the Council if the level of activity changed (because some costs are fixed in nature and would not change if more meetings were to be held). However, if the number and frequency of the Committee model meetings were such that no additional officer resource was required the change might be cost neutral subject to the comment below.

12.2.2 Based on current portfolios, a Committee model would have nine themed committees and a Policy and Strategy Committee. The enhanced Leader and Cabinet model would have Cabinet, a Policy Development and Performance Committee and four Scrutiny and Policy Development Committees.

12.2.3 Chairs of committees are entitled to allowances in addition to that paid as councillors in respect of their ward duties. The scale of the allowance is determined by the Independent Remuneration Panel. The total cost of the allowances is directly comparable under the two systems as it is a variable cost paid per Chair.

12.2.4 Changes to the operation of the Council's decision making arrangements would be looked at by the Independent Remuneration Panel as part of a review of the Council's Members' Allowances Scheme. The recommendations of the Panel will be considered by Full Council before new arrangements are put in place and at that point there should be sufficient clarity on the scale of the change to calculate financial implications of the proposed arrangements.

12.3 Legal Implications

12.3.1 The legal implications of this decision are largely set out within the report. As noted above at paragraphs 1.5 and 2.2 the Council has a duty to draw up and publish proposals concerning how a committee system would be operated. The Referendums Regulations permit it to provide (whether or not in pursuance of any duty to do so) any other factual information relating to any proposals (such as proposals for an enhanced Leader and Cabinet model as set out in this report) or the referendum; such information must be presented fairly.

12.3.2 Access to Information

Part 4 of the Council's Constitution sets out Access to Information Procedure Rules which apply to meetings of the Council, its Committees, Overview and Scrutiny and Policy Development Committees, Area Committees, the Audit and Standards Committee and Regulatory Committees and to the Executive. The Procedure Rules take account of the requirements of both The Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012 and the provisions relating to access to Council, committee and sub-committee meetings and documents in Part VA of the Local Government Act 1972.

These rules would need to be reviewed following a change in governance arrangements to ensure they not only fulfil our statutory obligations but also support the Council to meet the ambition that it is a trusted organisation, where decisions are taken in an open and transparent way and accountability is clear.

12.3.3 Political proportionality

The political balance requirements of the Local Government and Housing Act 1989 and the Local Government (Committees and Political Groups) Regulations 1990 apply, with some limited exceptions, to any committees and sub-committees established under the Constitution. The allocation of seats on committees must be in the same proportion as that in which the council as a whole is divided.

12.3.4 The political balance rules do not apply to the Executive (Cabinet) or the Shadow Cabinet, nor the Licensing Committee (although past and existing practice has ensured that it is politically balanced). In addition, any formal Area Committees established under the Local Government Act 2000 or otherwise meeting the criteria set out in regulation 16A, are similarly exempted. Those criteria are briefly that the area committee

discharges functions of the authority or advises the authority (or a committee of it) only in respect of part of the area of the authority, and all the voting members of it who are council members have been elected to wards wholly or partly within that part of the area.

- 12.3.5 The 1989 Act and the Regulations make provision for alternative arrangements to the political balance requirements to be made in respect of appointments by the Council or a committee to any body if notice of such a proposal is given to each member of the Council or the committee and no member votes against them. Full Council is informed of this each year in the report to the Annual Meeting proposing committee appointments, which states that “Alternative arrangements in not applying strict political proportionality can be put in place provided Council gives unanimous support without any Member dissenting from that approach”.

13. ALTERNATIVE OPTIONS CONSIDERED

- 13.1 The Council must produce a proposal for a committee system before a referendum under the 2011 regulations. There is some scope to look at different designs of committee system. In looking at the outline design of the proposals, the work done by the Overview and Scrutiny Management Committee has been taken into account, including the evidence considered by the Committee relating to approaches taken at different local authorities.
- 13.2 Alternative governance models in operation at other local authorities were looked at by the OSMC during the scrutiny exercise concerning governance. These included strengthened arrangements for pre-decision scrutiny in a Leader and Cabinet model of governance, such as in Rotherham Council and the development of proposals for a committee system underway at Cheshire East Council.
- 13.3 The Council does not have to consider proposals for an enhanced leader/cabinet model as part of the requirements before a referendum. However, we believe it is very important, following the review by the Scrutiny Committee, to reflect on how the existing arrangements work and say how the existing arrangements might be enhanced to help meet the governance principles adopted by Full Council in January 2020.

14. REASONS FOR RECOMMENDATIONS

- 14.1 The Council must produce and publish a proposal for a committee system as required by the 2011 and 2012 regulations. The proposals for a committee system meet the principles endorsed by Full Council in January 2020 and were recommended to Cabinet by Full Council in February 2020.
- 14.2 The proposals for an enhanced Leader and Cabinet model reflect the same principles and were also recommended to Cabinet by Full Council.

- 14.3 The Council will also take into account the governance principles and ways of working in the further development of proposals for either model of governance and following the referendum in May 2020 (as outlined in the further work at Section 9) to enable it to meet its ambitions set out in paragraph 4.2 of this report.

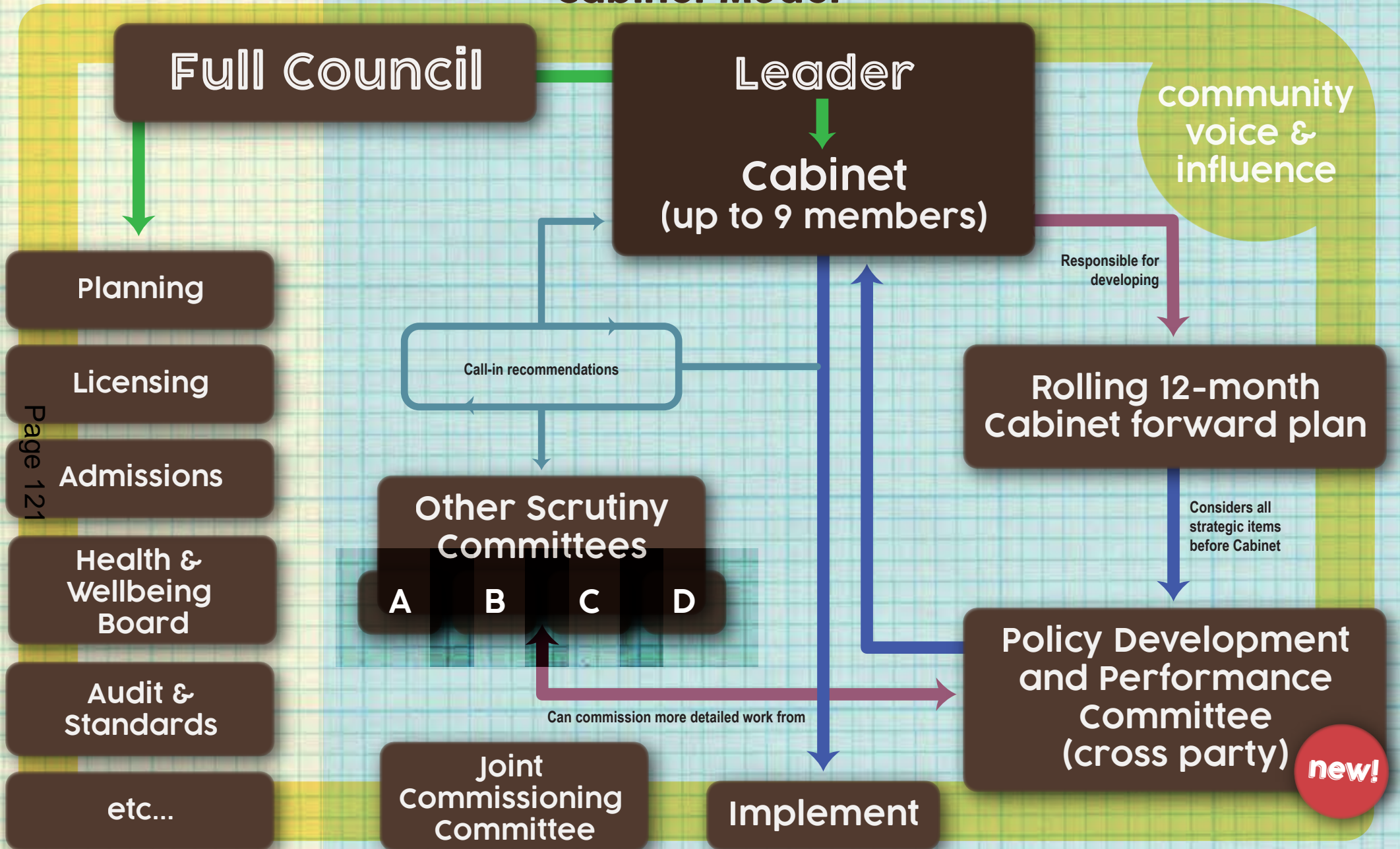
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Appendix 1 Summary of Overview & Scrutiny Management Committee Recommendations

<p>SCC...is a trusted organisation where decisions are taken in an open and transparent way, and accountability is clear.</p>	<p>SCC... is a council where all councillors are involved in and able to influence decision making</p>	<p>SCC...engages, involves and listens to citizens, communities and partners</p>	<p>SCC...has a modern and responsive approach to governance which reflects the increasingly complex policy making environment</p>	<p>SCC...is a reflective council that is committed to continuously improving governance</p>
<p>Governance Principles</p> <ul style="list-style-type: none"> A commitment to openness and transparency must run through our decision making structure with a comprehensive forward planning of decisions and clear decision making reports. Scrutiny should be strengthened in any future decision making structure – we must be held accountable for the decisions that we take, and embrace challenge to ensure we're getting the best outcomes for Sheffield Our governance should be underpinned by a commitment to the highest ethical standards as set out in the Nolan Standards on Public Life <p>How we do business</p> <ul style="list-style-type: none"> We need to take a more creative approach to communicating about how decision making in the Council works – how decisions are made, what those decisions are and what they mean for the city. 	<p>Governance Principles</p> <ul style="list-style-type: none"> Our decision making structure should create channels for all 84 Councillors to be involved in, and influence decision making. Our decision making structure should be underpinned by effective ways of working with local communities. Our decision making structure must not inappropriately increase delegations to officers. Our decision making structure needs to balance between time spent in formal decision making meetings in the Town Hall against working with and in communities. <p>How we do business</p> <ul style="list-style-type: none"> Role of Full Council – should be reviewed in the light of changes following the referendum Ensure that the appropriate support, training and skills development is available for Councillors on an ongoing basis. 	<p>Governance Principles</p> <ul style="list-style-type: none"> The issues people care about are often local in nature. Our decision making structure needs to include channels through which people, communities and partners can work with local councillors about what is important to them. We need to strengthen locality arrangements based on the findings of the Big City Conversation and ensure that these arrangements work effectively alongside, and feed into, citywide decision making processes. <p>How we do business</p> <ul style="list-style-type: none"> We must ensure that a commitment to meaningful community engagement, involvement and consultation runs through the organisation. We need to constantly demonstrate how engagement activity is shaping decision making. We need to make it as easy as possible for people to engage with us – with clear, consistent, accessible communication about what the Council is doing. 	<p>Governance Principles</p> <ul style="list-style-type: none"> Our decision making structure must avoid silo working, and enable a joined up approach to tackling issues which need the involvement of a number of organisations in the city. Our decision making structure needs to have a mechanism for making urgent decisions openly, transparently and effectively engaging elected councillors. Our decision making structure needs to strengthen our ability to work with our partners in a complex policy environment, and enable us to take a lead on key issues facing the city and the citizens of Sheffield. <p>How we do business</p> <ul style="list-style-type: none"> We need to improve the information we provide about how decision making happens across the City as a whole and how partnerships and structures interconnect. 	<p>Governance Principle</p> <ul style="list-style-type: none"> We need to be clear about what we are trying to achieve through our governance arrangements, and build in measures to assess whether it is working. We need to identify a forum that enables us to reflect, on an ongoing basis, on whether our governance systems are working as anticipated, and if changes need to be made. <p>How we do business</p> <ul style="list-style-type: none"> We need to establish a process of continuous engagement so that Members, partners and citizens can give a view on how the system is working.

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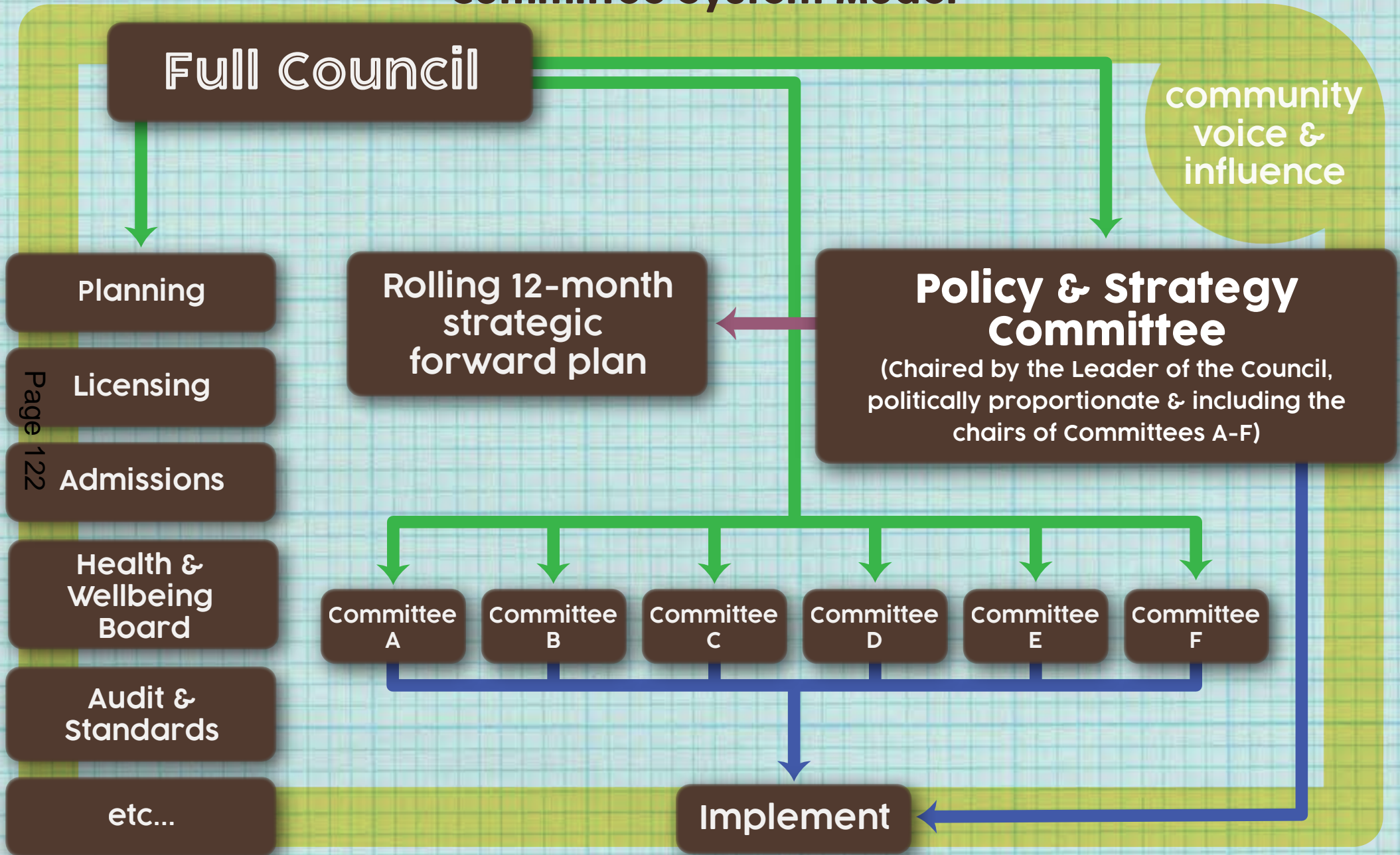
Cabinet Model



Key

- appoints →
- develops →
- decision →
- decision review (call-in) process →

Committee System Model





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: *19th February 2020*

Subject: *Budget Report and Capital Programme for 2020/21*

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 checked="" 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 checked="" type="checkbox"/>	No <input 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:

The purpose of the Revenue Budget Report is to:

- approve the City Council's revenue budget for 2020/21, including the position on reserves and balances;
- approve a 2020/21 Council Tax for the City Council; and
- note the levies and precepts made on the City Council by other authorities.

The purpose of the Capital Programme Report is to:

- Set out the Council's key priority areas for capital investment;
- Provide an overview of specific projects included in the years 2020 to 2025;
- Set out the overall shape of the current Capital Programme for the 5 years to 2025 (at **Appendix 2**). Block allocations are included within the programme for noting at this stage and detailed proposals will be brought back for separate approval as part of the monthly approval cycle;
- Set out our principles for how we invest in non-cash assets; and
- Provide background to our Corporate Investment Fund Policy at **Appendix 1**.


Recommendations:

1. As regards the Revenue Budget Report, Cabinet is recommended:
 - To approve a net Revenue Budget for 2020/21 amounting to £420.171m;
 - To approve a Band D equivalent Council Tax of £1,621.40 for City Council services, i.e. an increase of 3.99% (1.99% City Council increase and 2% national arrangement for the social care precept);
 - To approve the proposed amendments to the Long Term Empty premium which applies to Council Tax charges in respect of Long Term Empty Dwellings, as set out in paragraph 48, with effect from 1 April 2020;
 - To note that the section 151 officer has reviewed the robustness of the estimates and the adequacy of the proposed financial reserves, in accordance with Section 25 of the Local Government Act 2003. Further details can be found in **Appendix 4** and within the Section 25 Statutory Statement on Sustainability of Budget and Level of Reserves from paragraph 15;
 - To approve the savings as set out in **Appendix 2**;
 - To approve the revenue budget allocations for each of the services, as set out in **Appendices 3a to 3d**;
 - To note that, based on the estimated expenditure level set out in **Appendix 3** to this report, the amounts shown in part B of **Appendix 6** would be calculated by the City Council for the year 2019/20, in accordance with sections 30 to 36 of the Local Government Finance Act 1992;
 - To note the information on the precepts issued by the South Yorkshire Police & Crime Commissioner and of South Yorkshire Fire & Rescue Authority, together with the impact of these on the overall amount of Council Tax to be charged in the City Council's area;

- To approve the proposed amount of compensation to Parish Councils for the loss of Council Tax income in 2020/21 at the levels shown in the table below paragraph 85;
 - To approve the Treasury Management and Annual Investment Strategies set out in **Appendix 7** and the recommendations contained therein;
 - To approve the Minimum Revenue Provision (MRP) Policy set out in **Appendix 7**; which takes into account the revisions proposed for 2019/20 onwards;
 - To agree that authority be delegated to the Executive Director of Resources to undertake Treasury Management activity, to create and amend appropriate Treasury Management Practice Statements and to report on the operation of Treasury Management activity on the terms set out in these documents;
 - To approve a Pay Policy for 2020/21 as set out in **Appendix 8**; and
 - To agree that the Members' Allowances Scheme for 2017/18 and onwards, approved on 3 March 2017, and implemented for 2018/19 and 2019/20, be also implemented for 2020/21.
2. As regards the Capital Strategy, Cabinet is recommended:
- to approve the contents of the Capital Strategy & Budget Book and the specific projects included in the years 2020/21 to 2024/25; that block allocations are included within the programme for noting at this stage and detailed proposals will be brought back for separate Member approval as part of the monthly monitoring procedures; and
 - to approve the proposed Capital Programme for the 5 years to 2024/25 as per **Appendix 2** of the capital report.

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>Nadine Wynter</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 Terry Fox Cabinet member for Finance, Resources and Governance</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.	
Lead Officer Name: <i>Dave Phillips</i> 		Job Title: <i>Head of Strategic Finance</i>
Date: 7 th February 2020		

1. PROPOSAL

- 1.1 The City Council on 6 March 2019 meets to consider the Revenue Budget for 2019/20 and to determine the Council Tax for that year.

The report provides information to enable the Council to set a budget and determine the Council Tax.

The proposals set out in this report provide for a balanced budget to be recommended to Council.

2. HOW DOES THIS DECISION CONTRIBUTE?

- 2.1 The purpose of this report is to:

- approve the City Council's revenue budget for 2019/20, including the position on reserves and balances;
- approve a 2019/20 Council Tax for the City Council; and
- note the levies and precepts made on the City Council by other authorities.

Please refer to paragraph 243 of the main report for the recommendations.

3. HAS THERE BEEN ANY CONSULTATION?

- 3.1 *Yes – see Paras 191-212 for further details.*

4. RISK ANALYSIS AND IMPLICATIONS OF THE DECISION

4.1 Equality of Opportunity Implications

- 4.1.1 *Paras 213-242 describe the Equality impact of the Budget Report in greater detail.*

4.2 Financial and Commercial Implications

- 4.2.1 *Yes – cleared by Dave Phillips*

4.3 Legal Implications

- 4.3.1 *Yes – see Legal section of the report (Paras 160-170)*

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 *The City Council on 6 March 2019 meets to consider the Revenue Budget for 2019/20 and to determine the Council Tax for that year. The report provides information to enable the Council to set a budget and determine the Council Tax. The proposals set out in this report provide for a balanced budget to be recommended to Council.*

FOREWORD

Brexit and the 2019 General Election have dominated the national political agenda and provide a challenging backdrop to Sheffield City Council's 2020/21 budget. There has been little Central Government focus on the domestic issues that matter to the people of Sheffield, such as the continuing and increasing pressures on our health and social care services, the climate emergency, and air quality issues. On the financial side, the Council has seen nine years of cuts to Central Government funding for local services.

The announcement in the September 2019 Spending Review that, for the first time in ten years, additional funding for Local Government would be made available from Central Government for 2020/21, was welcome. The additional funding means the Council does not have to make unplanned cuts to services in 2020/21. However, like the rest of Local Government, we continue to call for additional resources. The additional 2020/21 funding does address in-year cost pressures, but does nothing to reverse the cuts of the nine previous years. This is also only a one year settlement, with no certainty beyond 2020/21. The Council hopes that a settlement covering 2021/22 to 2024/25 will be announced in summer 2020 to allow planning for services to take place over the medium term rather than year-to-year.

Like all councils, Sheffield has faced rising cost and demand pressures for services to our most vulnerable citizens, in particular those who need children's and adults' social care. Social care services, many of which are preventative in nature, help people to live independently and safely in the community, and to leave hospital in a timely manner. It is generally accepted that community-based provision provides more positive outcomes for people, as well as being significantly less costly than hospital-based medical treatments. The lack of funding for preventative services puts additional operational and financial pressures on the NHS.

In addition, the rising cost of social care for our elderly people across the nation, as our population ages, remains an issue that urgently needs addressing. It is accepted by most commentators that the current model for adult social care is unsustainable. However, despite various reviews over the past 20 years, to date no solution has emerged from Central Government, and one is urgently required.

The Council is determined to maintain strong ambitions for the City, and not to retreat into providing only statutory services.

We want to see our communities grow and be sustainable, so these communities meet the needs of existing and future residents, their children and other users, to contribute to a high quality of life and provide opportunity and choice, within a safer, stronger, cleaner environment.

We can achieve this by decent, affordable homes, a diverse, inclusive and safe community, access to jobs, green spaces and services, and the chance to get

engaged in and make a difference to a community in which people want to live and work now and tomorrow.

We can achieve this in the Climate Emergency by making use of natural resources, enhancing the environment, promoting social cohesion and inclusion and strengthening our economic prosperity.

We do not achieve these aims by doing short-term across-the-board cuts to budgets, which we have resisted throughout the last 10 years. Instead, the Council has maintained a programme of strategic changes to services, adopted new technology, focussed on the needs of each individual, and sought to provide streamlined services.

Throughout, the Council has prioritised support for social care, using money released from savings, together with money raised locally from fees and charges and council tax increases, and some specific grants for social care from Central Government.

The budget for the People Portfolio, which provides these care services, has risen from £198m in 2017/18 to £251m in 2020/21, enhancing the major principle of this Council of looking after the most vulnerable in our city.

The Council continues to work with our partners across Sheffield, particularly in the NHS, to use these funds, and the funds managed jointly with the NHS, to strengthen our preventative and community based services to provide the best outcomes we can for the people of Sheffield. Our future financial sustainability relies on further progress in this area in the coming years.

A balanced budget for 2020/21 is recommended to Council for approval, and sufficient reserves are being retained to protect essential services in the short-term if further Central Government funding reductions occur after 2020/21. However, the Council hopes that Central Government will maintain the approach to funding started in 2020/21 and provide additional funding from 2021/22 onwards. This will be essential if the Council is to protect and invest in the services that are key priorities for the people of Sheffield.

The Council remains committed to providing the best possible services for the people of Sheffield, whilst maintaining a sustainable medium-term financial position.

Terry Fox

Deputy Leader and Finance Cabinet Member

BUDGET REPORT 2020/21

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2020/21 REVENUE BUDGET

REPORT OF THE CHIEF EXECUTIVE AND THE EXECUTIVE DIRECTOR, RESOURCES

Purpose of the Report

1. The purpose of this report is to:
 - approve the City Council's revenue budget for 2020/21, including the position on reserves and balances;
 - approve a 2020/21 Council Tax for the City Council; and
 - note the levies and precepts made on the City Council by other authorities.

Medium Term Financial Outlook

Key messages

The October 2019 Medium Term Financial Analysis predicted an overall funding gap of approximately £35m between 2019/20 to 2022/23. More recent updates indicate this gap remains broadly the same for 2020/21 to 2023/24.

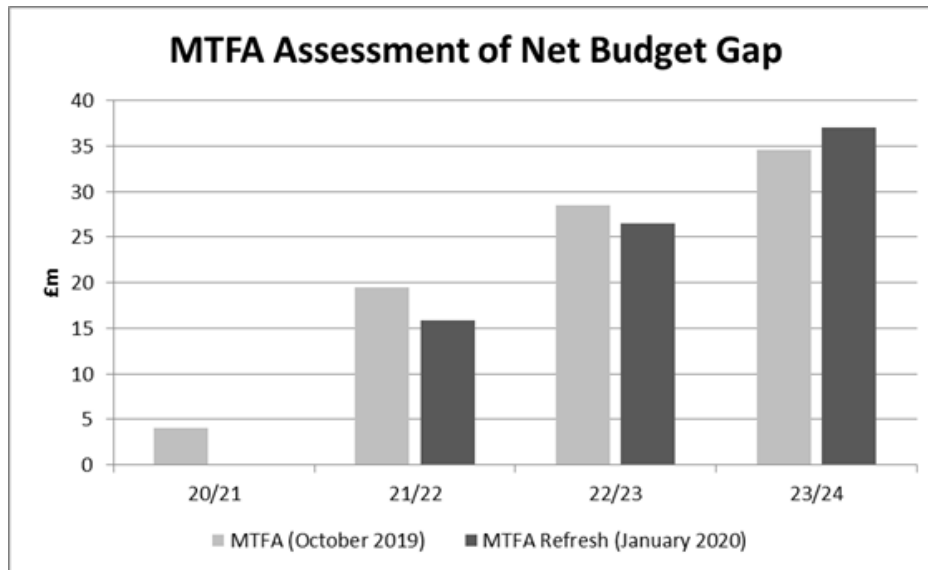
Funding uncertainty continues to hamper effective budget planning.

Growth in demand for services and cost inflation continues to outstrip additional funding available from Government or local taxation over the medium term.

2. This budget has been set in the context of the likely resources available and calls on those resources over the medium term to ensure sustainability. The Medium Term Financial Analysis (MTFA), published in October 2019, set out the Council's latest financial forecast for the period 2020/21 to 2023/24.
3. The Council's Social Care services continue to experience significant cost and demand pressures which, even with additional social care funding announced in the 2019 Spending Round, completely outstrip growth in local taxation. Even after significant proposed portfolio savings and mitigating actions the net gap still to find stands at approximately £35m over the MTFA period.
4. The following graph, Figure 1, shows the forecast net gap as per the published MTFA (October 2019), and the latest forecast. The gap remains broadly unchanged overall, despite later actions to balance the 20/21 budget,

as these actions have been counter-balanced by demand growth in later years.

Figure 1



Reform to Local Government funding

5. The Council's financial planning continues to be hampered by short term Spending Review announcements by Central Government. The Final Settlement announced on the 6th February 2020 is no different as it only confirms funding for 2020/21. There was welcome news that previous years' one-off funding will be added to the baseline and additional funding for social care has been allocated, but effective planning beyond 2020/21 is not possible, which is not conducive to delivery of long-term value for money solutions.
6. In addition to the uncertainty created by short-term funding announcements, there are currently two Government consultations underway which will change the way Local Government is funded in future in total, and could also significantly affect the distribution of these funds. These consultations are changes to the Business Rates Retention scheme and the Fair Funding Review.
7. Under previously announced Government plans, the assumed level of business rates retained by Local Authorities was due to be increased from 50% to 75% from 2020/21. However this change has been delayed until 2021/22 and, on current plans, it will be included in the 2020 Spending Review.
8. The Council continues to assume that any growth in retained rates would be matched by reductions in Government grants – in effect; the net increase in

finances would be nil. This assumption is consistent with the views of public commentators such as the 'Public Finance' publication, and by Government comments that the change will be "fiscally neutral".

9. In addition, the Ministry for Housing, Communities & Local Government (MHCLG) is still reviewing the formula that determines baseline funding levels for all local authorities, the Fair Funding Review. This review was also due for completion during 2019, and should have formed part of the Council's settlement for 2020/21, but it has also been delayed to 2021/22.
10. The results of this Review are uncertain for the Council and further consultations are expected in 2020. There are potential downsides if the parts of the formula that benefit the Council (e.g. the funding for population density) are, in the round, decreased, in favour of less-advantageous measures to Sheffield. There are also potential upsides, in so far as re-baselining has the chance to recognise better our funding needs (i.e. our social care pressures and level of deprivation).
11. For the reasons set out above, we continue to assume the impacts will be fiscally neutral, and that the impact will simply slip by one year to 2021/22. Therefore no increase or reduction to central government funding has been assumed from 2021/22 onwards. This assumption is a key uncertainty and risk for the Council going forward.

Business Planning for 2020/21

Key messages

The budget gap identified for 2020/21 (additional costs - less grant income + local taxation) needs to be met by service savings.

SCC will focus on delivering savings via transformative strategic changes in discrete areas.

12. The Council's approach to managing its financial position in the medium term is controlled through the Business Planning process. This requires Services and Portfolios to develop Business Implementation Plans (BIP's), which show what activities will be provided in 2020/21 for a specified cash limited budget. The Business Planning process for 2020/21 began before the consideration of the MTFAs report by Cabinet in October 2019.
13. As reported in the MTFAs and detailed above, budget pressures such as contract inflation and the increasing demand for services continue to outstrip available resources over the medium term. Consequently budget savings and

service efficiencies will have to be delivered during 2020/21 and beyond in order to achieve a balanced budget and protect our front-line services.

14. For 2020/21, we have continued the approach adopted in the previous two years of concentrating on finding savings from a smaller number of discrete areas and continuing a four-year programme of transformative strategic changes in individual services. This programme is supplemented by a Council-wide and continuing search for lower level “tactical” reductions in expenditure, where we identify that there is scope for further efficiencies in individual services.

Section 25 Statutory Statement on Sustainability of Budget and Level of Reserves

Key messages

The Section 151 Officer (the Executive Director of Resources) has reviewed the adequacy of reserves and the robustness of the estimates behind calculating the budget requirement in line with the requirement under Section 25 of the Local Government Act 2003.

15. The Chartered Institute of Public Finance & Accountancy (CIPFA) are due to publish the Financial Management Code in the coming year, including the Financial Management Framework as a way of self-assessing compliance with the Code. Part of the Framework reinforces the requirement under Section 25 of the Local Government Act 2003 for the Section 151 Officer (the Executive Director of Resources) to review the adequacy of reserves and the robustness of the estimates behind calculating the budget requirement. This section specifically addresses this requirement, with relevant data referenced elsewhere within this Report.

The adequacy of reserves

16. **Appendix 4** details the Council’s current reserves and balances, and the overall strategy for the coming years. Holding reserves is part of good financial management for any organisation, and the Council holds reserves mostly as a provision against future liabilities. The Council also holds unearmarked reserves to deal with unknown emergencies, and the amount of this (£12.6m) benchmarks as low compared to other authorities.
17. As above at Paragraph 2, the Council maintains a Medium Financial Strategy (MTFA) to assess the risks within the Council’s financial position. The 2019/20 Budget was unusual in that it contained a planned draw from reserves of £11.2m to avoid making further cuts to front line services. This was agreed as

a one-off borrowing from reserves that would be repaid within future budgets within the 4-year term of the MTFA.

18. Following the Spending Round (announced by the Chancellor in October) the Council expects to receive a funding uplift of approximately £30m from a mix of grant funding and increases to local taxation. This figure has been confirmed within the Final Settlement. This Budget assumes a repayment of the £11.2m to reserves during 2020/21, and the remainder of the uplift will fund increases in portfolio expenditure – mainly within social care.
19. This section, read together with Appendix 4, satisfies the requirement to review reserves balances and confirms them as adequate in the medium term. However, there are three key factors at play that could undermine the sustainability of future budgets.
20. The three key factors are:
 - The Council's own ability to continue to deliver savings and manage increased pressures. The Council has an excellent track record of delivery, but nine years of reductions make it harder every year to achieve more;
 - the lack of a more stable funding regime from Central Government that recognises the pressures in social care linked to the NHS Long Term Plan; and
 - failure to achieve more significant savings from working with our partners in the local NHS than we have so far been able to do, linked to improving outcomes for the people of Sheffield from better integrated services. Achieving improvements in outcomes whilst making savings should be possible.
21. Only one of these factors is fully within the Council's control.

The robustness of estimates behind the budget requirement

22. This Report proposes a budget requirement of £420.2m, and a Band D Council Tax charge of £1,621.40 for the year 2020/21. The calculations behind these figures are reported principally within **Appendix 6**, though the calculations are based on estimates from a number of sources that are also published within this Report. The publication and inclusion of relevant estimates within this document stands as confirmation of their robustness. The Council has a proven track of record of establishing realistic and robust balanced budgets, relying on its specialist functions of business and financial planning.

- The Business Planning Process is described above at Paragraph 12, and informs the Portfolio Spending Plans beginning at Paragraph 71¹.
 - The Council's other main sources of income taken in to account when setting council tax retained Business Rates and specific grant funding can be subject to considerable variation year on year. The Business Rate position is discussed at Paragraph 27, and the grant funding position is discussed at Paragraph 26.
23. The Council maintains a Risk Register to assess the main financial risks facing the Council. In doing so, the Council maintains an awareness of issues that would greatly prejudice the accuracy of the estimates in the Budget. This Register is published in its entirety in Appendix 5, and reviewed throughout the year.

Formulation of the Budget for 2020/21

Key messages

The Council is required by statute to set a balanced budget. There are a number of stages involved in formulating a balanced budget, these include:

- The assessment of likely increases or reductions to income sources such as Central Government grants, Council Tax and Business Rates.
- Assessment of increased expenditure for both Corporate funded items and cost pressures within Portfolios resulting from increased demand for services and cost inflation.
- The resulting Budget Gap from the above two stages has to be met by delivery of budget savings. Should the level of savings be insufficient to meet this Gap, the Council's reserves have to be used. £11.2m of reserves were used to fund the 2019/20 budget Gap, which is unsustainable. There is no planned use of reserves for balance the 2020/21 budget.

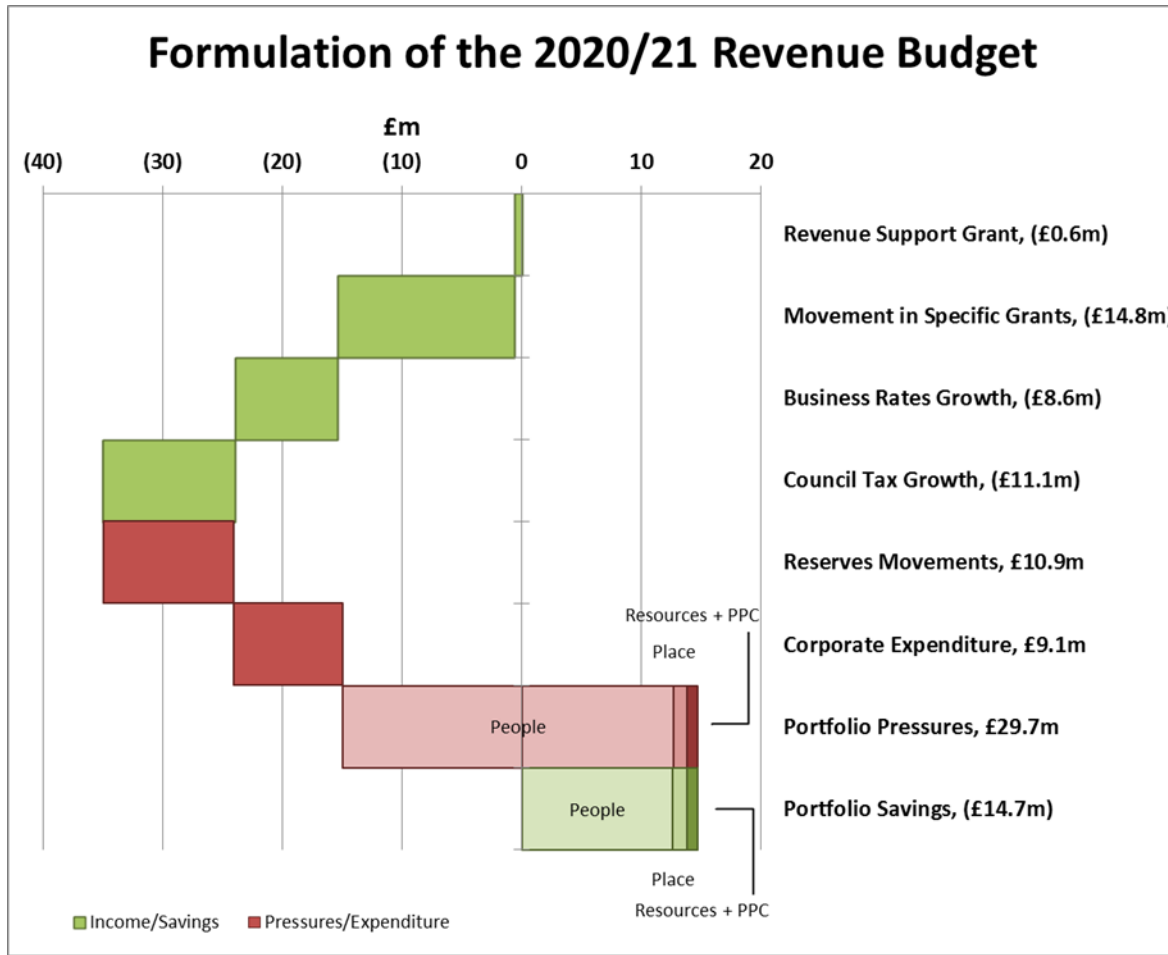
The following sections provide details of the assessments undertaken and the processes followed to ensure the 2020/21 budget is balanced.

24. In formulating the Budget for 2020/21, there are a number of adjustments that will need to be made to reflect variations in costs and resources, some of which are outside of the control of the Council, whilst others reflect the continuation of current Council policy. The following sections show those

¹ The full Business Implementation Plans (BIPS) are published online here; <https://www.sheffield.gov.uk/home/your-city-council/budget-spending.html>

items that have been included in the proposed budget, along with a summary graph (Figure 2) which demonstrates how the Council's revenue budget for 2020/21 has been balanced.

Figure 2



Local Government Finance Settlement

Key messages

The annual Local Government Finance Settlement announced on the 6th February 2020 confirmed the financial settlement allocations from Central Government for the year 2020/21.

This confirmed, among other things, various grants payable to the Council for the year and levels of Business Rates funding to be retained locally, as well as the referendum threshold for Council Tax.

- The Government announced details of the Provisional Local Government Finance Settlement for 2020/21 on 20th December 2019, with the Final Settlement allocations presented the House of Commons on the 6th February 2020.

26. Below is a summary of the key points set out in the Final Settlement which impact on the 2020/21 budget for the Council:
- Revenue Support Grant (RSG) for Sheffield will increase in 2020/21 by around £0.6m or 1.6% in line with CPI as at September 2019.
 - Additional Social Care Support Grant of £1 billion for 2020-21 was announced during the Autumn Spending Round and confirmed in the Final Settlement. Sheffield's share of this funding is £12.2m and is in addition to the £4.6m Adult Social Care Grant awarded in 2019/20 which now forms part of the baseline funding.
 - Confirmation that SCC's £2.7m share of the Winter Pressures Grant awarded in 2019-20 will be continued and rolled into the Better Care Fund for 2020/21. This funding will remain in the funding baselines going forward with the ring-fence removed, which is in-line with our forecast assumptions, so provides no additional resources.
 - The overall referendum trigger for Council Tax increases has been increased to 4%, to accommodate authorities' ability to raise a 'Social Care Precept' of up to 2% (an additional flexibility of 1% compared to 2019/20). The threshold to increase Core Council Tax before a referendum is triggered has reduced from 2.99% in 2019/20 to 1.99% for 2020/21. Full details of the anticipated increase to Council Tax income for 2020/21 are reported later in this report.
 - Full details of the forecast increase to Business Rates income including the impact of the Local Government Finance Settlement are detailed in the following section.

Business Rates Income

Key messages

The Council retains 49% of business rates collected within the authority (remainder paid to Government and SY Fire).

The Council also receives grant income, to top up this income to the level of a set 'baseline' need.

For 2020/21, the Council will receive £162.0m income from business rates, made up of £103.8m retained rates and £58.2m of grant income. This is £8.6m more than received in 2019/20

27. In April 2013 the Government introduced the Business Rates Retention scheme. As a result the Council collects all of the business rates in its area,

but it is only allowed to retain a portion (49%). The remaining portion is paid over to Government (50%) and South Yorkshire Fire Authority (1%). The Government announced in December 2017 that the proportion of business rates to be retained locally will increase to 75% from 2020/21, however in September 2019, this increase was delayed until 2021/22.

28. The basis for the Business Rates estimate is the valuation list issued by the Valuation Office Agency (VOA) in December 2019. Using this list it is estimated that the number of business premises in Sheffield that are liable for business rates is 19,078 (19,003 as at December 2018) with an aggregate rateable value of £554.5m (£548.9m as at December 2018). These figures include two parts of the city where special rules apply.

Sheffield Retail Quarter and Enterprise Zone

29. As shown in the table below, the designated areas referred to as the Sheffield Retail Quarter and the Enterprise Zone account for less than 2% of the aggregate rateable value of the city. However, both areas 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. On the NNDR1, they are called “Designated Areas”.

Table 1

	£m	
Sheffield Retail Quarter	4.6	0.8%
Enterprise Zone	4.9	0.9%
Rest of Sheffield	545.0	98.3%
Total	554.5	100%

30. The Business Rates growth above baseline for the Sheffield Retail Quarter and Enterprise Zone are forecast to be £987k and £547k respectively.

Calculating the Business Rates Estimate for 2020/21

31. Based on the Rating List and the 2020/21 rating multiplier (the “rate poundage”, which is set by Government) produces a gross business rate estimated income (the “Gross Rate Yield”) of £274.9m (£262.7m in 2019/20). This is the most realistic estimate of the expected level of income before any adjustments. There are however a number of deductions from this figure:

- Reliefs: there are a number of reliefs against business rates liability including small business rates relief, charitable relief, deductions for empty properties and partly occupied premises. It is estimated that the total value of these reliefs and deductions will amount to approximately £51.3m (£49.3m in 2019/20). There has been an increase in reliefs relating to Empty Property Relief (£1.5m) and Charitable Relief (£0.9m) offset by small changes to other reliefs which amount to £2.0m in total. Items such as Charitable relief have increased in line with inflation however Empty property relief is forecast to increase due to current market conditions.
 - Losses and costs of collection: this includes an estimate of the bad and doubtful debts in 2020/21, the potential legal and other recovery costs. Using the assumptions set out in Government guidance, the estimated figure is £4.4m (£4.3m in 2019/20).
32. A further deduction is required relating to refunds of business rates due to successful appeals. Business ratepayers can seek an alteration to the rateable value of a property by appealing to the Valuation Office Agency (VOA). A prudent provision has been established to mitigate the impact of any appeals that are outstanding.

Overall Business Rates Estimate for 2020/21

33. Based on assumptions relating to reliefs and appeals, it is estimated that the total net business rates for Sheffield will amount to £211.5m in 2020/21 (£201.5m in 2019/20). Business Rate income is taken to the Council's Collection Fund, where the appropriations are made. The estimated Collection Fund for 2020/21, relating to business rates, is shown below:

Table 2

Collection Fund - Business Rates Estimate for 2020/21

2019/20		2020/21
262,699	Gross Business Rates income yield	274,938
-49,348	LESS Estimated Reliefs	-52,786
-4,295	Losses in Collection	-4,450
-7,525	Losses on Appeals re Current Year Bills	-7,666
<u>201,531</u>	Net Estimated Business Rates	<u>210,036</u>
Appropriation of net business rates:		
98,826	Sheffield City Council	102,844
1,989	SY Fire Authority	2,070
99,472	Government	103,518
1,244	Designated Areas	1,604
<u>201,531</u>		<u>210,036</u>

34. The estimated 49% of net business rates for Sheffield amounts to £102.8m in 2020/21 (£98.8m for 2019/20). The designated areas figure includes £984k which relates to Sheffield City Council. It is proposed that the Council budget for 2020/21 includes both of these figures as its share of business rates income.

Table 3

Total Income from Business Rates – Sheffield Share

	2019/20	2020/21	Variance
	£'000	£'000	£'000
Net Business Rates	98,826	102,844	4,018
Designated Area Business Rates (NDD)	515	984	469
Business Rates Top Up Grant	42,529	43,222	693
S31 Grant for Small Business Rates Relief	6,841	6,852	11
S31 Grant for Business Rate Inflation Cap (BRIC)	3,261	5,834	2,573
S31 Grant for Retail Relief Scheme	1,518	2,312	794
<u>Total Income from Business Rates</u>	<u>153,490</u>	<u>162,048</u>	<u>8,558</u>

35. The net business rates income for 2020/21 has increased by £4.0m from 2019/20 figures. This is primarily due to anticipated retail developments which would have seen an initial decrease in business rate income not progressing in line with the expected timetable.
36. The net business rates income is also impacted on by Government policy on rates relief. The increases in Small Business Rates Relief in 2017/18 and the introduction of the Retail Relief Scheme for 2019/20 have significantly reduced the level of Net Business Rates income. We do however receive government compensation through Section 31 grants.
37. The Government introduced the Localism Act in 2011 with the aim of devolving decision making powers from Central Government to Local Authorities. The increased use of the rate reliefs to administer Government Policy and alter hereditaments business rates bills does not see us disadvantaged financially, however, it does see us more reliant on grant income and is contrary to the Localism Act.
38. The increases to the Business Rates Top-up Grant, Retail Relief and Small Business Rates Relief are primarily inflationary. The Business Rates Inflation Cap increase is mainly due to recognising compensation income following confirmation that we are to be fully reimbursed for the government policy change to CPI from RPI as the inflationary multiplier. The changes detailed above were confirmed as part of the Final Settlement.

Council Tax income

Key messages

Subject to Council approval, the Council Tax rate will increase by 3.99%. This will be 1.99% for the Core Council Tax and 2% for the Adult Social Care Precept.

There are 140,243.94 Band D equivalent properties, an increase of 1.1% from 2019/20 (table 4, below).

The Council will therefore receive £227.4m of income via Council Tax, which is £11.1m greater than 2019/20.

This Report recommends the 3.99% increase to Council Tax, and the increased levy on long-term empty properties (pars 46-48 below).

Council Tax base for 2020/21

39. It is proposed to set a Council Tax Requirement of £207.6m for 2020/21 based on a 1.99% increase. There is also an option provided by the

Government to apply an additional 2% to the Adult Social Care Precept for 2020/21. If taken, the total raised from the Adult Social Care precept for 2020/21 will be £19.8m. This brings the total Council Tax Requirement to £227.4m, an £11.1m increase from 2019/20, and results in a Band D Council Tax of £1,621.40.

40. This includes a determination that the Council Tax base – the number of properties on which a tax can be charged – will be 140,243.94 Band D equivalent properties. This represents an increase in the tax base of 1.1% compared to the previous year.
41. The Council recognises that any increase in Council Tax can impact on vulnerable people and families. To mitigate the increase in Council Tax, we will increase the Council Tax Hardship Fund by £200k in 2020/21. The Hardship Fund will total £1.6m and is reviewed on an annual basis.
42. 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. A definition of Council Tax can be found in **Appendix 10**.
43. A summary of the Council Tax levels by band can be found in Table 7 in the ‘Financing the 2020/21 Budget Requirement’ section of this report. Further details can also be found in **Appendix 6**.
44. The practice has been to establish a prudent estimated in year collection rate as part of the tax base calculations. For tax base setting purposes, a collection rate of 95.5% has been assumed (although we still intend to collect 99% over the long term). This collection rate remains unchanged from 2019/20. The collection rate is continuously monitored to ensure that it accurately reflects the current trends on collection.
45. The Council Tax Base for 2020/21 has therefore been determined as 140,243.94 Band D equivalent properties, as shown in Table 4 below. This is an increase of 1,499.52 properties (or 1.1%) compared to 2019/20 and will result in an increase in Council Tax income of £11.1m assuming a 1.99% increase in Band D Council Tax and a 2% increase in the Social Care Precept. Of the £11.1m increase, £2.3m is as a result of the net increase in Band D equivalent properties, £4.4m is due to the proposed 1.99% increase in Band D Council Tax and £4.4m is as a result of the 2% Adult Social Care Precept.

Table 4

	Band D equivalent number of properties
Council Tax Base of Band D equivalent properties for 2019/20	138,744.42
Additional properties in 2019/20	2,234.51
Reduction in properties entitled to CTSS	366.93
Increase in number of properties entitled to discounts / exemptions	-1,101.92
Council Tax Base of Band D equivalent properties for 2020/21	<u>140,243.94</u>

Long Term Empty (LTE) premium

46. In Sheffield, under amendments to the Local Government Finance Act 1992, dwellings that are liable for Council Tax, and are a Long Term Empty Dwelling, which is a dwelling that has been continuously unoccupied and substantially unfurnished for a period of 2 or more years, are charged an additional 100% Council Tax. This is known as the Long Term Empty (LTE) premium. The intention behind this additional charge is to encourage owners of empty dwellings to bring them into use, so as to improve the housing supply, locally and nationally.
47. Further, arising from amendments to the Local Government Finance Act 1992, which come into force 1 April 2020, Local Authorities from that date may increase the LTE premium from 100% to 200% in respect of all dwellings that have been Long Term Empty Dwellings for a period of 5 years or more.
48. For the purpose of encouraging owners of Long Term Empty Dwellings within Sheffield to bring them back into use, so as to improve the housing supply; it is proposed that the LTE premium is amended, in line with the amended legislation that comes into force 1 April 2020. It is therefore proposed that with effect from 1 April 2020, dwellings that have been a Long Term Empty Dwelling for a period of less than 5 years shall be subject to a LTE premium of 100% and dwellings that have been a Long Term Empty Dwelling for at least 5 years shall be subject to a LTE premium of 200%.

Council Tax referenda

49. The Localism Act 2011 introduced the requirement for a local authority to determine whether its Council Tax for a financial year is excessive. If the Council Tax were to be considered excessive, a referendum is required in respect of that amount.
50. The principles upon which a Council Tax is considered to be excessive are determined by the Secretary of State for Housing, Communities and Local Government. The 2020/21 Local Government Finance Settlement announced that an authority's relative basic amount of Council Tax for 2020-21 is excessive if the authority's relevant basic amount of Council Tax for 2020-21 is 2% more than its relevant basic amount of Council Tax for 2019/20 and that its Adult Social Care precept increase for 2020-21 is greater than 2% of the relevant basic amount of Council Tax for 2019/20. This report does not recommend any increases that would trigger a referendum.

Balances and Reserves

Key messages

£10.9m reduction in use of reserves when compared to 2019/20, mainly due to the reversal of the unsustainable £11.2m draw from reserves required to balance the previous year's budget.

Attached to this report as **Appendix 4** is the Councils Reserves Strategy showing details of the reserves held and planned uses.

51. There is a planned £10.9m reduction in the use of reserves for 2020/21 when compared to 2019/20, as set out in Figure 2 above. This reduction is the result of removing the draw on reserves required to balance the 2019/20 budget.
52. The overall movement on reserves is a planned £7.1m contribution to reserves, which is predominantly due to the repayment of £8.7m of reserves used to fund the pensions' deficit prepayment during 2016/17.
53. The Executive Director of Resources has reviewed the position relating to Reserves and has produced a Reserves Strategy which is attached at **Appendix 4**. This sets out the estimated requirement for Reserves to meet expenditure in 2020/21, and/or smooth costs in future years, for various purposes and explains the purpose of each earmarked reserve. This report also includes the statutory statement (section above) from the Executive Director on the sustainability of reserves and the budget.

Corporate Expenditure

Key messages

There a number of council wide or major programmes and projects funded centrally. Examples include the Heart of the City 2 development and new Customer Experience programme.

The increased cost of these corporately funded items is £9.1m for 2020/21.

54. There are a number of proposed additions to the budget for 2020/21, which are to be funded corporately, the most significant of which are as follows:
- Heart of the City 2 Capital Financing (HotC2) (£0.9m): This £0.9m is in addition to the existing £4.6m bringing the total cost to £5.5m. The costs are split between the interest of £2.8m and MRP of £2.7m in relation to the development costs of Blocks D, E, F and G1. These costs are to be financed via additional rental and business rates income generated by the scheme.
 - Streets Ahead (£0.8m): the planned Council investment in the Streets Ahead programme will increase by £0.8m as planned. This consists of contract inflation of £1.1m and a reduction in repayments to borrowing for the programme of £0.3m.
 - Customer Experience Programme (£1.5m): The Council has an existing Customer Experience Strategy which aims to make continual improvements to the services we provide to all of our residents. In 2019 we launched a 6 week Customer Survey – the first in over 4 years and received over 2500 responses (online and face to face). The findings suggest that whilst we have made some progress in improving our customers experience we still have a way to go and are not consistently meeting customer expectation or need. To address this we need to be more ambitious than ever in order to meet the needs of our customers and give them the experience we want them to have and we know that they deserve. The scale of change is significant and must reach all parts of our organisation - people, process, information and technology. This will require additional investment of up to £3.0m over a two to three year period.
 - Sheffield International Venues (SIV) (£1.3m). The Month 6 Revenue Budget Monitoring report detailed that the Council and SCT have been working to reduce the subsidies paid to support SCT's operations. A business plan was received from SCT that proposed to move to a zero

subsidy by 19/20. This relied heavily on plans to grow their income base. This proposal was agreed, but is not being achieved by SCT, with deficits over the last few years averaging £2.8m and expected to continue at this level. The anticipated shortfall identified, and provided for, during the 2019/20 budget process was £1.5m. In order to meet the amended forecast shortfall of £2.8m, £1.3m of additional funding is needed for 2020/21.

- Pay strategy (£3.4m): this covers the expected costs of staff salary increments for 2020/21. This figure excludes a 2% cost of living increase covered within Portfolio pressures that equates to approximately £3.7m.

Development of Portfolio Budgets

Key messages

Additional funding is provided to cover inflation and service demand costs, as well as, corporate investments for major projects. This increase is offset by budget reductions delivered by proposed savings identified within portfolio's strategic plans.

The transfer of additional funds and/or the agreement to deliver savings receive political sign off to ensure the efficient use of funds in delivery of the Council priorities and statutory duties.

People are the only portfolio to receive significant investment with a net budget increase in funding of £17.9m for 2020/21. This demonstrates the Council's ongoing commitment to social care and the most vulnerable residents in the city.

55. The following table (Table 5) shows how the portfolio budgets are proposed to change from 2019/20 to 2020/21. The three main reasons for changes to portfolio budgets are:

- Pressures £29.7m – further details can be found in both **Appendix 1** as well as the budget implementation plans at the following link: <https://www.sheffield.gov.uk/home/your-city-council/budget-spending.html>;
- Savings £14.7m – further details can be found in the Savings Summary in **Appendix 2** of this report and /or the budget implementation plans at the following link: <https://www.sheffield.gov.uk/home/your-city-council/budget-spending.html>;
- Other movements (£4.1m net increase) – virements from corporate items to Portfolios, mainly in relation to corporately funded contract inflation on

Streets Ahead contract of £1.1m and pay strategy of £3.4m, offset by the anticipated income of £1.0m in relation to HotC2 rental income.

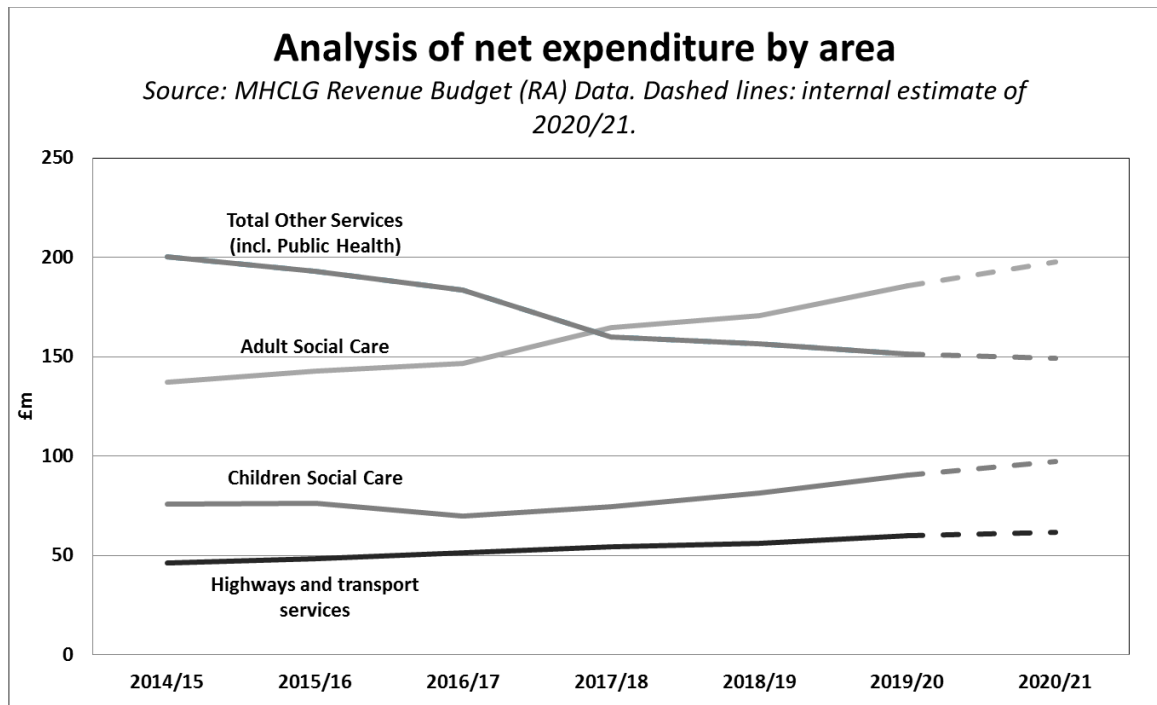
Table 5

	Adjusted Budget 2019/20	Pressures 2020/21	Savings 2020/21	Other Movements 2020/21	Original Budget 2020/21
	£000	£000	£000	£000	£000
Portfolio budgets:					
People	232,655	27,689	(12,561)	2,799	250,582
Place	145,423	1,096	(1,257)	1,344	146,606
Policy Performance and Communications	2,195	90	(90)	(37)	2,158
Resources	39,747	789	(790)	(42)	39,704
	420,020	29,664	(14,698)	4,064	439,050

Note **Appendix 3** will reconcile between the figure above, and the Net Budget requirement of £420m shown in paragraph 22.

56. The figures in Table 5 demonstrate that, subject to Full Council approval, the People Portfolios with its social care responsibilities will see significant investment of £17.9m. This is the third successive year of investment totalling approximately £53m. Figure 3 below demonstrates this ongoing commitment to social care and the impact on other service of this prioritisation.

Figure 3.



57. The net £17.9m increase in the People portfolio budget understates the scale of the challenge facing the Council's social care services and is also

predicated upon the Portfolio's ability to deliver £12.6m worth of savings for 2020/21.

58. This level of additional funding has only been possible via a combination of an increase in the Social Care Grant of £12.2m and the Council's difficult decision to increase council tax, including the Adult Social Care precept. The Council has had to balance the extra costs to Sheffield taxpayers from the increase, with the need to protect its social care services to its most vulnerable residents.
59. It will be vital that this additional investment allows the People portfolio to continue its implementation of the approved recovery plans (details included in the Portfolio Spend Revenue Plans section below) to drive down costs and manage demand.
60. There is however a significant risk around the impact of any delays in or non-delivery of the aforementioned recovery plans and the significant savings proposed in this budget. The increasing demand pressures on social care, both adults and children's, are widely recognised, not just in Sheffield, but across the country. As well as lobbying for improved funding, SCC will need to remain resolute in delivering its strategic plans but also flexible in response to new or changing demands.
61. Whilst increased funds have been provided by Government for Social Care (through the Social Care Grant) for 2020/21, these additional funds will not compensate for the larger national funding cuts imposed over the previous decade.
62. To date, all additional funding provided for social care has been focussed on adult social care and in particular on NHS related services for older people and delayed discharges from hospital. However growth in demand for Children's social care services has significantly increased over recent years and is quickly becoming acknowledged as the most significant financial risk amongst upper tier Local Authorities.
63. Additional Social Care Grant funding will help support investment in these areas. However, it will not be sufficient to fund the forecast increase in demand for services in the coming years. Additional focused resources are needed from Central Government to adequately protect these services and the Children supported by them.
64. The historic and current underfunding of Children's social care has and will continue to result in the diversion of budget from other council services to ensure effective service delivery and transformation.

65. This transfer of funds along with allocations from the Social Care Grant have enabled an increase in funding to Children's Services to support:
- new initiatives and support for families, including preventative measures such as reducing referrals to social care and the number of children entering the care system by delivering earlier support and other programmes;
 - the redesigning of services to ensure the right resources are available to children taken into care: and
 - performance initiatives to ensure that the service has the right number of appropriately trained staff to improve the quality of service delivery.
66. Should no new investment from Central Government be forthcoming after 2020/21 and into the medium term, the Service is likely to become reliant on temporary funding sources such as reserves.
67. The Place Portfolio has pressures of £1.1m for 2020/21, which are mainly the result of contract inflation and pay pressures. However, the Portfolio has been able to commit to additional savings of £1.3m, via a combination of reducing costs by doing things differently and increasing fees and charges to reflect the actual cost of the service. This will facilitate a £0.2m budget reduction for the portfolio.
68. Resources portfolio has been able to mitigate its 2020/21 pressures to deliver a balanced budget. The main pressures facing the Resources portfolio relate to pay inflation of £0.6m and have been mitigated predominantly via staff savings resulting from service restructures, reductions in pension costs and a slight increase in income generation targets.

Savings Proposals for 2020/21

Key messages

The total level of savings proposed by the Portfolios for 2020/21 is £14.7m and covers categories such as services effectiveness, cost reduction and staff savings.

69. Discussions with Members have taken place since the consideration of the MTFAs, to produce a set of proposals that will achieve a balanced budget. The proposals set out in this report form the basis of a balanced budget and a recommendation to Council on 4th March 2020. The total amount of Portfolio savings are £14.7m. If any of these proposals were not to be approved by Council then alternative compensating savings would need to be identified and recommended to Council.

70. The graphs below display the level of savings by portfolio but also by category.

Figure.4

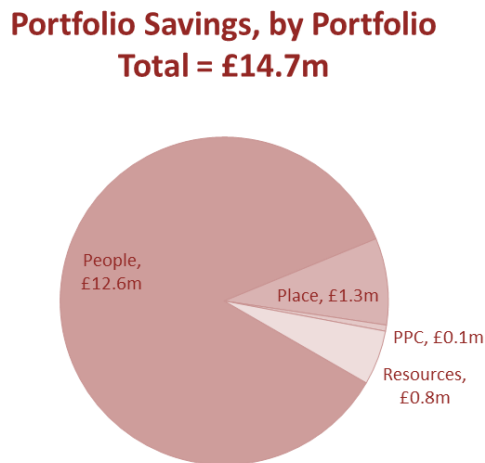
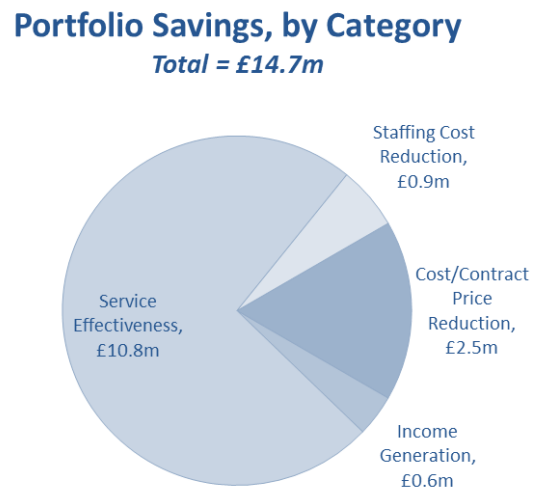


Figure. 5



Portfolio Revenue Spending Plans for 2020/21

Key messages

Each Portfolio develops a Revenue Spending Plan, which provides a high level summary on how funding will be spent to deliver service priorities. These are set in line with the Councils' overarching priorities and ensure the Fairness principles are adhered to. These plans also include a high level summary of the savings to be delivered for 2020/21.

71. Attached at Appendix 3a to 3d are the Portfolio Revenue Spending Plans, which include high level summaries of the Portfolio savings proposals required to deliver the £14.7m in 2020/21. These plans set out the future direction of the Portfolio's in meeting the Councils' priorities but also how longer term financial sustainability will be achieved.
72. Further details of the funding allocated to each service to support these plans along with the detailed savings proposals are contained within Budget Implementation Plans (BIP's). BIP's and have been completed for each of the three Portfolios and can be found on the website via the attached link: <https://www.sheffield.gov.uk/home/your-city-council/budget-spending.html>
73. A summary of the savings contained within the BIPs, together with a detailed cash allocation for each Portfolio, is provided and summarised at **Appendix 2 and Appendix 3a to 3d** respectively. As in previous years, the BIPs will be subject to regular monitoring reports throughout the year, in accordance with the City Council's overall budget monitoring procedures.

74. The sections below set out the Councils' priorities and Fairness principles applied in setting the 2020/21 budget and informing the Portfolio Revenue Spend Plans.

Our Priorities

75. Our budget for 2020/21 and Portfolio Revenue Spend Plans are driven by the five key priorities:

- **An in-touch organisation:** This means listening; being connected and being responsive to a range of people and organisations; ideas and developments. This includes local people; communities and Government, as well as keeping pace with technology. This means understanding the increasingly diverse needs of individuals in Sheffield, so the services we and our partners provide are designed to meet these needs. It also means understanding how to respond. This priority is also about empowering individuals to help themselves and providing opportunities to do this, so they and their communities are increasingly independent and resilient.
- **Strong economy:** This means creating the conditions for local businesses to grow and making Sheffield an attractive location to start a business. We want Sheffield to achieve our economic potential and for the pace of Sheffield's economic growth to quicken, particularly in the private sector. This means being well-connected, both physically and digitally, building on our success as a city that supports businesses to grow and play a full, distinctive role in the global economy. We want local people to have the skills they need to get jobs and benefit from economic growth; and to make the most of the distinctive things Sheffield has to offer, such as cultural and sporting facilities.
- **Thriving neighbourhoods and communities:** This means neighbourhoods where people are proud to live, with communities that support each other and get on well together. This includes good, affordable housing in places that are well-maintained and easy to get around. It means places with access to great, inclusive schools that also act as community amenities, together with libraries and it means places with access to high quality sport and leisure facilities, including green and open spaces. We want people living in Sheffield to feel safe and will continue to join with other agencies in the city to make it easier for local people and communities to get involved, so we can spot and tackle issues early. We will work with communities to support them and to celebrate the diversity of the city.

- Better health and wellbeing: This means helping people to be healthy and well, by promoting and enabling good health whilst preventing and tackling ill-health, particularly for those who have a higher risk of experiencing poor health, illness or dying early. Health and wellbeing matters to everyone. We will provide early help and look to do this earlier in life to give every child the opportunity to have a great start in life. This is strengthened by our other priorities that make sure the city has facilities and amenities that help people to stay healthy and well, such as leisure and culture, as well as access to green and open spaces.
- Tackling inequalities: This means making it easier for individuals to overcome obstacles and achieve their potential. We will invest in the most deprived communities; supporting individuals and communities to help themselves and each other, so the changes they make are resilient and long-lasting. We will work, with our partners, to enable fair treatment for individuals and groups, taking account of disadvantages and obstacles that people face.

76. Part of our response to the recommendations made by the Fairness Commission, was to embed the fairness principles into our Corporate Plan. The Fairness Commission report is available on the Council's website at www.sheffield.gov.uk/fairnesscommission and we have continued to use the Fairness Principles to influence the shape of the budget as a whole, ensuring the Council's budget is invested as fairly and equitably as possible. These principles are:

- Those in greatest need should take priority.
- Those with the most resources should make the biggest contributions.
- The commitment to fairness must be for the long-term.
- The commitment to fairness must be across the whole city.
- Preventing inequalities is better than trying to cure them.
- To be seen to act in a fair way as well as acting fairly.
- Civic responsibility - all residents to contribute to making the city fairer and for all citizens to have a say in how the city works.
- An open continuous campaign for fairness in the city.
- Fairness must be a matter of balance between different groups, communities and generations in the city.

- The city's commitment to fairness must be both demonstrated and monitored in an annual report.

Financing the 2020/21 Budget Requirement

Key messages

In accordance with the Local Government Finance Act 1992 (as amended by the Localism Act 2011) the Council is required to make a number of determinations. These are set out in **Appendix 6** and include:

- a Budget Requirement (a "section 32 calculation") = £420.2m
- a Council Tax Requirement (a section 31A(4) calculation) = £227.4m
- a basic amount of tax (Band D equivalent) = £1,621.40

77. The earlier part of this report is concerned with the formulation of the revenue budget and the issues which need to be considered in arriving at a total budget for 2020/21. This section of the report sets out the overall summary position and the statutory determinations relating to total net expenditure and its financing.

Council Tax

78. After taking account of the Revenue Support Grant, Business Rate income and Top Up Grant for 2020/21, the total amount to be raised from Council Tax amounts to £227.4m: this is the Council's Council Tax Requirement.

Collection Fund

79. The City 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, based on information available by 15 January. Taking these factors into account, the projection on 15 January was that the Collection Fund is in surplus, with a distribution to the City Council of £8.2m due in 2020/21.

Council Tax Base

80. On 15 January, the Executive Director of Resources, under delegated authority, approved the calculation of the Council Tax Base for the 2020/21 financial year. The amount of the Tax Base is 140,243.94 Band D equivalent properties.

Budget Requirement for 2020/21

81. If the Council votes in favour of increasing the Council Tax by 3.99% the Budget Requirement for 2020/21 will be £420.2m, as shown in the table below.
82. The Budget Requirement will be financed by a combination of Revenue Support Grant, Business Rate income, Top Up Grant and Council Tax income.

Table 6

	2019/20 £'000	2020/21 £'000
Service Expenditure	403,291	420,171
Total Expenditure	403,291	420,171
Financed by:		
Revenue Support Grant	-36,893	-37,494
Business Rates	-99,341	-103,828
Top Up Grant	-42,529	-43,222
Council Tax	-216,328	-227,391
Collection Fund Surplus	-8,200	-8,236
Budget Requirement	-403,291	-420,171
	£	£
Band D Council Tax (City Council)	1,559.18	1,621.40

Council Tax Levels

83. Details of the indicative level of Council Tax for Bands A to H are set out below with further details in **Appendix 6**.

Table 7

Band	Multiplier	Value (up to) in 1991	Chargeable Properties %	Tax £
A	6/9	£40,000	58.3	1,080.93
B	7/9	£52,000	15.9	1,261.10
C	8/9	£68,000	12.7	1,441.24
D	9/9	£88,000	6.5	1,621.40
E	11/9	£120,000	3.7	1,981.70
F	13/9	£160,000	1.7	2,342.03
G	15/9	£320,000	1.1	2,702.32
H	18/9	over £320,000	0.1	3,242.80
			100.00%	

Precepts

{Work in Progress}

South Yorkshire Police & Crime Commissioner and of South Yorkshire Fire & Rescue Authority

84. The budget proposals of the South Yorkshire Police & Crime Commissioner (PCC) and of South Yorkshire Fire & Rescue Authority (SYFRA) are as follows. The PCC and SYFRA figures were formally approved on {awaiting dates and confirmation increase} 2020 and {awaiting dates and confirmation increase} 2020 respectively. Further details can be found in **Appendix 6**.

Table 8

Major Preceptors	2019/20		2020/21		Increase
	Precept	Band D	Precept	Band D	
South Yorkshire Fire & Rescue Authority	10,146,379	73.13			
South Yorkshire Police and Crime Commissioner	26,938,616	194.16			

Parish and Town Councils

85. The overall level of Council Tax needs to include the precepts of Parish and Town Councils that lie within the City's boundaries. The levels of precepts for Parish Councils is set out in the table below:

Table 9

	Council Tax Income	Grant from Council	Total Precept on Collection Fund
	£	£	£
Bradfield Parish Council	249,542	4,098	253,640
Ecclesfield Parish Council	263,622	4,113	267,735
Stocksbridge Parish Council	129,669	2,959	132,628

86. In March 2015, it was agreed with Parish Councils to reduce the Council Tax Support Scheme (CTSS) grant in line with anticipated RSG cuts. The CTS subsidy for 2020/21 is the final year of this agreement and no CTS subsidy will be paid in future years.

Legal Advice

Key messages

The Chief Finance Officer has a number of responsibilities for which the authority should have regard. These include:-

- Reporting on the robustness of estimates in determining the budget requirement and the adequacy of reserves.
- Producing a balanced Revenue Budget and setting the Council Tax in line with the budget requirement.
- Having due regard towards the interest of Council Tax payers, eliminating discrimination and advance equality of opportunity to all.
- Being satisfied that the Council can continue to meet its statutory duties.

Responsibility of the Chief Financial Officer

87. Under section 25 of the Local Government Act 2003, the Chief Finance Officer of an authority is required to report on the following matters:
- the robustness of the estimates made for the purposes of determining its budget requirement for the forthcoming year; and

- the adequacy of the proposed financial reserves.
88. There is also a requirement for the authority to have regard to the report of the Chief Finance Officer when making decisions on its budget requirement and level of financial reserves. Details of Reserves are set out in Appendix 4. The view of the Executive Director of Resources is that Reserves are adequate to cover the medium term financial risk.
 89. In addition, under the Prudential Code framework the Chief Finance Officer of an authority is required to prepare and report upon a series of Prudential and Affordability indicators. These are set out in Appendix 7.
 90. The Local Government Finance Acts of 1988 and 1992 specify that the City Council determines its Revenue Budget before 11 March each year. The City Council is also required by section 30 of the Local Government Finance Act 1992 to set its Council Tax after determining its Revenue Budget requirement in accordance with the provisions of sections 31A, 31B and 34 to 36 of the same Act. Details of how the Council Tax has been calculated are included as part of the Council Tax resolution in this report at Appendix 6 , which is set out as required by legislation.
 91. By the law the Council must set a balanced budget, which is a financial plan based on sound assumptions which shows how income will equal spend over the short- and medium-term. This can take into account deliverable cost savings and/or local income growth strategies as well as useable reserves. However a budget will not be balanced where it reduces reserves to unacceptably low levels and regard must be had to any report of the Chief Finance Officer on the required level of reserves under section 25 of the Local Government Act 2003, which sets obligations of adequacy on controlled reserves.
 92. In the Local Government Finance Settlement 2020/21 the Secretary of state for Housing, Communities and Local Government proposed that local authorities will be able to increase council tax in 2020-21 by a core principle of up to 2%, without holding a local referendum. In addition, councils with adult social care responsibilities will be able to increase their council tax by a further 2%, on top of the core principle, to be spent exclusively on adult social care. The Draft Referendums Relating to Council Tax Increases (Principles) (England) Report 2020/21 states that the relevant basic amount of council tax of an authority is excessive if the authority's relevant basic amount of council tax for 2020-21 is 4% (comprising 2% for expenditure on adult social care, and 2% for other expenditure), or more than 4%, greater than its relevant basic amount of council tax for 2019-20.

93. In determining its budget as in all other matters, an authority should have due regard towards the interest of Council Tax payers and Members must, in arriving at a balanced decision based on the evidence, take into account all relevant information placed before them and ignore irrelevant matters.
94. The proposed budget has been prepared in the context of the requirement for the Council to make significant savings in its overall expenditure. The implementation of some of the proposals in the budget will require Executive decisions. These will be made in accordance with the Leader's Scheme of Executive Delegations, and any further delegations (e.g. from Cabinet) made in accordance with the Leader's Scheme. It is important to note that in making these decisions, there will have to be full consideration of all the relevant issues such as the Council's legal duties and contractual obligations.
95. In setting the budget the Council has a duty to have regard to the need to eliminate discrimination and advance equality of opportunity between all, irrespective of whether they fall into a protected category such as race, gender, religion etc. Further detail on this is in the Equalities Impact section and the Equality Impact Assets in Appendix 9.
96. The Council needs to be satisfied that it can continue to meet its statutory duties and meet the needs of vulnerable young people and adults. Proposals have been drawn up on the basis that Directors are satisfied that this will enable them to continue to meet their statutory duties and the needs of the most vulnerable. In some cases further consultation may be required.
97. If the outcome of such further considerations were to present difficulties in adhering to the agreed Council budget, officers would bring further proposals to members as appropriate.

Levies

98. The Council currently has approximately £22.8m in its revenue budget for levies. This includes the following :
 - Sheffield City Region (SCR) Combined Authority Local Transport Board (CALTB) levy; the SCR Combined Authority approved its budget for 2020/21 on 27th January 2020. The transport levy payable is frozen at 2019/20 levels of £22.5m.
 - Payments to the South Yorkshire Pensions Authority and to the Environment Agency amounted to £161k and {awaiting information} respectively in 2020/21. The figures for 2019/20 are £181k and £227k respectively.

Housing Revenue Account (HRA) Budget

99. This Report concerns the position of the Revenue Account of the Council, i.e. the income and expenditure for the majority of Council services, other than those that are accounted for separately as part of the Housing Revenue Account. A separate report on the HRA budget was considered by Cabinet on 15 January 2020.

Treasury Management Strategy

Key messages

As part of its budget decision, the Council is required to approve a Treasury Management Strategy for 2020/21. Treasury Management relates to the management of the Council's investments, borrowings and banking operations. This is set out in detail in **Appendix 7**.

100. The Council's Treasury Management activities must comply with the CIPFA Code of Practice on Treasury Management which sets out the controls over the risks associated with those activities and looks to achieve optimum performance consistent with those risks.
101. A separate CIPFA code, the Prudential Code for Capital Finance, requires the Council to set a range of Prudential Indicators as part of the budget process to ensure that capital spending plans are affordable, prudent and sustainable. The Local Government Act 2003 requires the Council to have regard to the Prudential Code and to set Prudential Indicators for the next three financial years.
102. The Sheffield City Council Treasury Management Strategy for 2020/21, including the proposed Annual Investment Strategy, Prudential Indicators and the Minimum Revenue Provision Policy, is set out in **Appendix 7**. The responsibility for day to day management of the Council's treasury management activities rests with the Head of Strategic Finance, and it is recommended that authority for undertaking treasury management activity and relevant reporting continue to be delegated to the Head of Strategic Finance.
103. The Administration has requested the inclusion of provisions in the Annual Investment Strategy to make clear the Administration's desire not to hold any direct investments in fossil fuels or companies involved in tax evasion or grave misconduct.

Financial Implications

104. The financial implications of the recommendations in this report (below) are set out in the preceding sections of the report.

Workforce Impact

Key messages

The potential workforce impact arising from the recommended savings proposals to set the 2020/21 budget, equates to a reduction of approximately 34 full time equivalent (FTE) posts.

105. The Budget Implementation Plans (BIPs), found at the following link <https://www.sheffield.gov.uk/home/your-city-council/budget-spending.html>, contain details of these reductions. This will be managed, in the first instance, through deleting vacant posts, voluntary early retirement (VER) and voluntary severance (VS) schemes, where appropriate, and then through the Council's Managing Employee Reductions (MER) procedure to achieve the balance of reductions and re-design of services.
106. VER/VS activity and the outcomes of MER processes have been the subject of Equality Impact Assessments (EIAs), as described in the Equality Impact section of this report, and they will continue to be monitored on an ongoing basis to ensure there is no disproportionate impact on any group within the workforce.
107. Consultation is taking place with the trade unions at a corporate and Portfolio level to identify opportunities to mitigate redundancies and support is provided to any employee who is affected by potential redundancy.

Pay Policy

108. In accordance with the Localism Act the Council is required to publish a Pay Policy for 2020/21. Details of this can be found in **Appendix 8**.

Members' Allowances

Key messages

Each year the Council has to agree a Members' Allowances Scheme. There are no proposed changes to the structure of the scheme for 2020/21. However, pay inflation currently forecast at 2%, will be added to allowances and is linked to average cost of living increases for SCC staff.

109. Prior to 1 April each year, the Council has to agree a Members' Allowances Scheme for the forthcoming financial year. At least every four years, or whenever the Council wishes to amend its Scheme, its Independent Remuneration Panel has to consider the Scheme (and any changes being proposed by the Council) and make recommendations to the Council.
110. The Council's Independent Remuneration Panel conducted a review of the Council's Members' Allowances Scheme in January 2017. The report of the Panel was considered by the Council at its budget meeting held on 3 March 2017, and the Council approved a Scheme for 2017/18 and onwards. The 2017/18 Scheme was also implemented for 2018/19 and 2019/20.
111. The Scheme that was approved for 2017/18 was unchanged from the previous Scheme. The structure of the previous Scheme had first been implemented in 2013/14 and had subsequently only been subject to minor alterations, as noted in previous years' budget reports, for example, as a result of regulatory changes introduced in 2014/15 to remove, on a phased basis, Members' entitlement to participation in the Local Government Pension Scheme (LGPS), resulting in budget savings on superannuation contributions.
112. Savings have also been achieved on the budget for Members' Allowances since 2013/14 as a result of the changes made to the responsibilities for which Special Responsibility Allowances were to be paid, and to the amounts of the Special Responsibility Allowances.
113. As regards the Scheme for 2020/21, officers have not identified any forthcoming changes in the structure or operation of the Council's decision making arrangements which would require consideration by the Independent Remuneration Panel due to their impact on the structure of the Scheme, and, accordingly, it is recommended that the current Scheme be rolled forward unchanged for 2020/21.
114. Additionally, in May 2020, a referendum will be held in relation to the Council's governance arrangements. Any changes to the structure or operation of Council decision making as a result of the outcome of the referendum would also need to be considered by the Panel. The impact on the Members' Allowances budget arising from changes to governance arrangements will be assessed in advance of a new structure being implemented. Notwithstanding, the Council will be required to reconvene the Independent Remuneration Panel in late 2020/early 2021 to undertake a review of the Scheme to ensure the requirement for the Scheme to be reviewed at least every four years is met.

115. The Scheme contains provision for the allowances to be adjusted on an annual basis in line with an agreed index. The index that has been used for many years for applying to the allowances (and continues to be the index within the current Scheme) is the average percentage officer pay award in Sheffield. The Council agreed to implement the annual increase in 2017/18, and again in 2018/19 and 2019/20, having agreed not to apply the annual increase each year from 2010/11, including in four years when Council employees received a pay rise.
116. Implementation of the annual increase on allowances in 2020/21 would give rise to a budgetary pressure. Savings will be found from elsewhere within the Council's overall financial position.

Budget Consultation

117. To inform, develop and enable citizens to have their say on options for the 2020/21 budget, the Council ran a budget survey between 20 December 2019 and 24 January 2020, in addition to wider engagement with citizens, and partner organisations over the last year.
118. This has helped us to ensure that our budget proposals have been shaped by people who may be affected by decisions taken as part of the budget, and that they have had an opportunity to put forward ideas for consideration.
119. To inform longer term thinking and Equality Impact Assessments our budget consultation activity consisted of two main strands:
- An online survey supported by social media promotion activity that looked at the financial position and the Council-wide approach. This provided opportunities for residents to have their say on priorities, investment in services and capital projects, our proposals for Council Tax, and provide suggestions on areas for further savings or generating income.
 - On-going conversations on particular topics and specific proposals, including meetings with the VCF and Businesses and key partner agencies.
120. Over a 5 week period during December and January we ran an online survey that received 313 responses through the Council's Citizen Space consultation portal (<https://sheffield.citizenspace.com>).
121. In addition, the consultation on our 2020/21 budget proposals has taken place alongside the [Big City Conversation](#). This has been a citywide conversation,

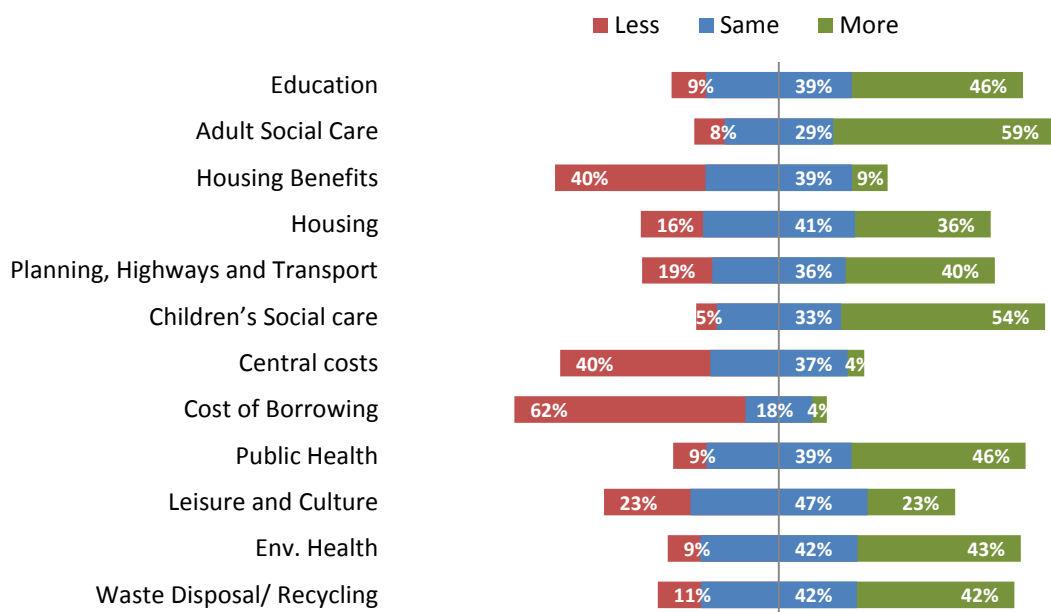
talking to citizens from across the city's neighbourhoods about the issues that matter most to them, what they would like to see change in Sheffield and how they want to get involved in the decisions that affect their communities and their city. There is a clear link between how the City Council invests its budget and the issues and priorities that Sheffielders have talked to us about in the Big City Conversation. While the Big City Conversation is ongoing, key themes and issues that citizens have raised are also reflected in the content below.

Citizens' Spending Priorities for Sheffield

122. Continuing the trend from recent years, respondents showed a clear support for the Council prioritising services and support for the most vulnerable in our city.
123. In relation to a question about the Council's priorities there were 306 responses with the majority of comments indicating that money should be spent on Children and Adult Social Care with specific references to support services, education, and protecting the most vulnerable. Health and wellbeing also had a significant number, in particular 'helping people to stay healthy', and also supporting people with mental health issues.
124. As in the consultation on our 2019/20 budget, Adult Social Care, Children's Social Care and Public Health/Education were highlighted as the top three priorities that the Council should fund more. Over 200 comments were received on these areas with most comments being explanations as to what respondents want to see an increase in spend for a particular service. Responses included wanting to see support for vulnerable children and adults, especially around Mental Health and education services. A number of respondents who indicated that more should be spent on Public Health felt that cuts in services to support people's health and wellbeing has had a huge impact on the people of Sheffield. In comparison to 2019/20, there was a percentage increase in those wishing to spend more on education, children and adult social care and public health.
125. Respondents also indicated that there were a number of service areas where the level of spend should remain the same. In particular, respondents cited leisure and culture, Environmental Health/Waste and Recycling, and Housing as areas where spending levels should stay the same.
126. Respondents were more likely to say that the Sheffield City Council should spend less on the cost of borrowing, central costs and housing benefits. We received over 200 comments relating to these three areas with comments suggesting additional money saved by reducing spend in these areas could

then be invested in education and social care. In addition, through the Big City Conversation, respondents have strongly argued that they particularly value their local parks and open spaces but would like to see greater activity to tackle congestion, improve public transport, reduce crime and improve the local neighbourhood/street environment. This is important to reflect upon alongside the below service spending priorities.

Summary of spending priorities

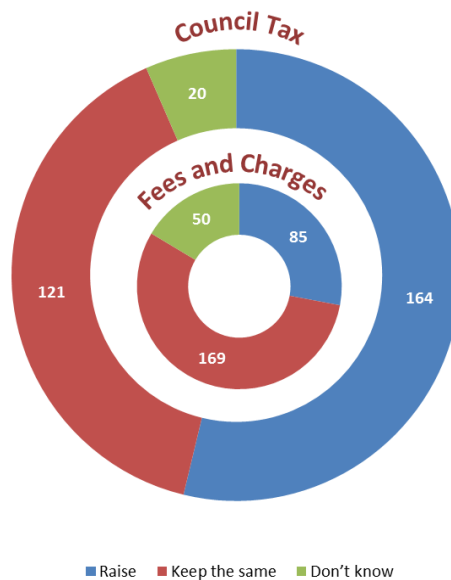


Council Tax and fees and charges

127. The majority of respondents (164) supported raising Council Tax with 121 people indicating that Council Tax should stay the same. Of those that gave a reason as to why they felt that Council Tax should be raised, the most common reason given was that a slight increase would be worth it to have improved public services. In addition, a number of respondents said that they supported an increase in Council Tax but would like reassurance and transparency that this extra money would be spent wisely and have a real impact.
128. Over half of respondents said that they did not want to see an increase in fees and charges and that the levels should stay the same. Many thought that fees and charges are high enough, that increases would be deemed unacceptable and likely to have most impact on poorer residents of the city. As in 2019/20, a number of the specific comments made by respondents related to parking

fees which are considered to be too high and there is concern for knock-on implications for the city centre.

129. Of the respondents that suggested fees and charges should be raised (85), the main reasons cited included that it could finance improved public services and leisure facilities and that the Council had few other choices if it needs to increase its overall funding. Finally, a number of respondents agreed that fees and charges must be increased but suggested that any increase should not include charges associated with library, bereavement or social care services.

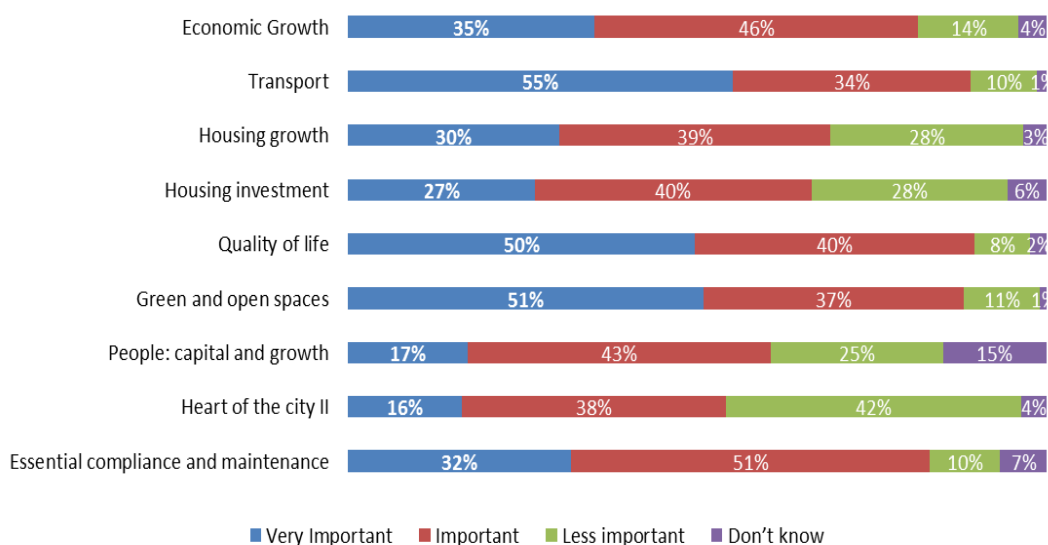


Council Investment

130. Respondents mainly suggested that it was important for the Council to invest in transport, green and open spaces and quality of life. Other areas seen as important included essential compliance & maintenance and people: capital and growth. Of the comments received, the thread throughout is that people agree that investment is important to promote regeneration and the need for a fair and improved transport infrastructure to support both business and leisure.
131. In relation to essential compliance and maintenance of the Council's estate, many agreed that there needs to be investment in where we all live, and gave positive feedback regarding changes to the Moor and some parks, which was a common theme in the Big City Conversation. Some people felt that there are areas in the community which are very neglected and only help to encourage graffiti and anti-social behaviour. This was also a strong theme that came out of the discussion with the public during the Big City Conversation.

132. Transport was seen as a very important area for investment, and noted that we need a far more accessible service which can run on an upgraded infrastructure. Comments also noted that currently people who do not live in the city centre find it very difficult to travel across the city. A proportion of people felt much more investment was needed to support more environmentally friendly travel for bikes and pedestrians. A good transport network was commented on as essential for the city’s regeneration along with regular and clean public transport.
133. The focus on transport reflects many of the comments received when we have spoken to residents as part of the [Big City Conversation](#) (face to face and through the online survey), with issues relating to public transport, congestion and air pollution regularly cited as issues that need addressing in neighbourhoods across the city.
134. The following chart indicates the proportion of comments that fell into each of the three categories. It should be noted that some respondents made several comments/suggestions that fitted into two or all three categories.

Council investment



135. We received an extensive range of comments and suggestions on how the Council could increase income, reduce costs or make savings to support the budget. In terms of raising income these included collecting owed Council Tax and raising Council Tax; increasing car parking charges and business rates; and lobbying central Government for more money. Examples of comments about reducing costs included reducing pay, pooling local authority resources for South Yorkshire, and working more closely with the NHS and Universities. Comments on savings included ending external contracting and bringing outsourced council services back in-house.

136. Alongside our corporate budget consultation, we consulted people about proposals in particular areas. This consultation has taken different forms, depending on both the nature of the proposals and which providers, service users and communities are likely to be affected. This has included consultation with employees where we are proposing staffing reductions.
137. In People Services, proposals are based on a range of approaches, including: investments in Children's Social Care and Inclusion; risk and benefit sharing through integration with health partners; negotiation with fund holders and service-providers; individual support and casework; and general efficiencies. Some proposals have been informed by consultation feedback relating to dementia services; drugs and alcohol services; Adult Social Care payment processes; and Grant Aid to voluntary, community and faith sector organisations. Changes to fees and charges have been communicated. Other proposals will require communication with individuals and forms of co-production to develop ideas further. Consultation has been, or will be, carried out where proposals affect employees.
138. In Place Portfolio, the 2020/21 proposals are a mix of internal change and efficiencies, renegotiation of contract arrangements with partners and inflationary increase in charges/fees. A range of data has been used to help inform if there are any potential differential equality impacts and these will be considered as part of the decision making process for the proposals, depending on both the nature of the proposals and which providers, service users and communities are likely to be affected. This has included consultation with employees where we are proposing staffing reductions.
139. We have consulted closely with Voluntary, Community and Faith organisations providing Community Services to adults to inform the detail of our proposals to taper the level of Grant Aid in 2019/20, as outlined in our grant agreements. A Grant Aid consultation has been undertaken in 2020. Following an on-going engagement exercise, grant agreements with Associate Libraries will similarly be tapered in 2019/20. We will consult on different options for the day to day service currently offered for adults with learning difficulties at Love Street – the redevelopment of the West Bar area will see the site close. Further consultation may be required as we develop other in-house services.
140. Consultation on proposals will not stop once the budget has been agreed with Members. Further consultation with those affected individuals, groups, organisations and staff will take place throughout the forthcoming year as decisions are taken through the Council's governance process. Where appropriate, Equality Impact Assessments on specific budget proposals

include details about our approach to consulting people and further work that may be required. Reports on the consultation activity will be made available on the Council's consultation hub and the Council's budget webpages.

Equality Impact

141. Section 149 of the Equality Act 2010, the Public Sector Equality Duty states that a Public Authority must, in the exercise of its functions, have due regard to:
- Eliminating discrimination, harassment, and victimisation.
 - Advancing equality of opportunity.
 - Fostering good relations.
142. Having due regard to these involves:
- Removing or minimising disadvantage suffered by persons.
 - Taking steps to meet the needs of persons with different characteristics.
 - Encouraging people to participate in public life.
 - Tackling prejudice and promote understanding.
 - Taking steps to take account of a person's disabilities.
143. This is with regard both to people who share Protected Characteristics under the Act and those who don't. The Duty means we need to understand the effect of our policies and practices have on inequality. To do this we will examine the available evidence and work with staff and people who use services to consider the impact of Council activity and actions on the people who share protected characteristics. One of the ways we do this is through conducting Equality Impact Assessments (EIAs).
144. The Council-wide EIA (Appendix 9) and the individual service EIAs on budget proposals that underpin it are focused on the impact on the protected characteristics in the Equality Act 2010. These are age, disability, race, marriage and civil partnership, sex, sexual orientation, religion/belief, gender reassignment, pregnancy and maternity.
145. In Sheffield, we have decided to go beyond our statutory duty under the Equality Act 2010. We also assess the impact on health and wellbeing, the Voluntary and Community Sector (VCS), poverty and financial exclusion, carers, armed forces and cohesion. We believe that this gives

us a wider understanding than the statutory framework would without these additions.

146. This provides an overview of the potential implications of the proposals in the 2020/21, taking learning from the 69 individual EIAs that support each proposal.
147. The individual EIAs are not however a one-off tasks; instead they are ongoing or 'live' ensuring that they develop as the budget proposals develop and evolve over time. So, for example, an EIA may identify the need to consult with a particular section of the community and the outcome of this may mean the EIA needs to be updated and change the way the proposal is to be implemented. The EIA should be a record of the process not just the ultimate outcome. Through our 'live' EIA process we will be monitoring closely any adverse equality impacts as reductions and changes in provision occur during the next year.
148. As a consequence not all EIAs are currently complete and therefore this assessment should be seen as a reflection of our current understanding of the impact but not necessarily how the impact may look in three or nine months' time. Therefore, it's important to ensure that all equality impacts are fully considered when services report on the specific implementation plans for their Budget Saving Proposals.
149. It is possible that some decisions will have a disproportionate impact on some groups in comparison to others e.g. on certain geographic locations or groups, for example disabled people. Our assessments help us to identify, avoid or mitigate these impacts.
150. It is also important that we consider the cumulative effect of any decisions made. This could be cumulative year-on-year or different proposals impacting on the same group. EIAs also help us identify and make *positive* changes where possible.
151. Inevitably, funding reductions at the scale and pace that we have experienced over the last nine years does have implications for the front-line services we deliver, on those in greatest need and on some of the work we do with groups who share equality characteristics under the Equality Act 2010. We have tried to minimise the impact on the most vulnerable and those in greatest financial hardship as far as possible, however we have to make some really difficult choices. This year the savings and demand pressures that are required mean that we are less able to protect frontline services than before.

152. Tackling inequality is fundamental to the values of the Council and is considered throughout our proposals. Although the required level of savings have reduced we still and we are investing in a number of areas, including Adult Social Care, we must prioritise supporting those at risk or in need, and focus on ensuring we do not slide backwards or lose ground in tackling areas of persistent inequality. However, it is inevitable when funding levels are cut year on year that there will be an impact on the services we deliver, including some of our work with those who are most vulnerable.
153. Impact analysis is started early in the process of considering service changes, to ensure we involve relevant individuals and groups, including those who use services. This also gives us time to understand and consider evidence we have about the potential impact of any proposal. The action plans for individual EIAs are designed to ensure that the services concerned implement changes with as little negative impact as possible. There is also careful management control of each proposal. The impact analysis process helps to shape both proposals which were not accepted and not included in the budget and those that are.
154. A commitment to tackling inequality, ensuring fairness and increasing social justice is at the heart of the Council's values. We have a [Corporate Plan](#) which includes tackling inequalities as one of the Council's five key priorities. We have also supported the Fairness and Tackling Poverty and Social Exclusion Partnership and the [Making Sheffield Fairer](#) Campaign. The Fairness and Tackling Poverty Partnership, of which the Council is a part of, has produced a Sheffield wide [Tackling Poverty Strategy](#). The Fairness Framework and campaign, as well as our Corporate Plan and Tackling Poverty Strategy, have influenced our priorities and decision making across the Council.
155. In the last year, we have launched our new [Equality Objectives 2019-23](#) which demonstrate our commitment to challenging inequality and promoting a fair and inclusive Sheffield.

Evidence supporting our impact analysis

156. As set out in Appendix 9, our equality impact analysis is underpinned by a robust evidence base, including:
- **Demographic analysis** - the 2011 Census and population data, Joint Strategic Needs Assessment, Open Data and Community Knowledge Profiles, which are used to help us identify possible

impacts requires an understanding of how the city is made up and the issues people face

- **Welfare and poverty data** - although not within the scope of our budget proposals, we consider the impact of welfare reform and the rollout of Universal Credit on our communities
- **Consultation** - to inform, develop and enable citizens to have their say on options for the 2020/21 budget, the Council ran a budget survey between 20 December 2019 and 24 January 2020.

Mitigating impact

157. As set out in the wider Budget Report, a commitment to tackling inequality, ensuring fairness and increasing social justice is at the heart of the Council's values. We have considered the Fairness Commission and the resultant Fair City Campaign. We have also considered the Tackling Poverty Strategy, 2019-23 Equality Objectives, and our Corporate Plan.
158. As throughout austerity, our overall approach has been to protect services for those in greatest need, develop preventive solutions for the longer term, and to make savings by changing how we manage and deliver services. This will have an impact on what the Council can continue to deliver, and especially on the Council's universal offer.
159. The year on year reductions over the last nine years have impacted on the people of Sheffield, including those in greatest need and groups that share protected characteristics. Most impacts relate to age, both younger and older people, disabled people and their carers, women and households on lower incomes. In all of these areas mitigating actions have been identified and will be implemented as part of EIA action plans.
160. Although there are very difficult choices to make, our impact assessments illustrate our commitment to fairness principles and to mitigate negative impacts where possible. Through our 'live' EIA process we will monitor closely for any adverse equality impacts as reductions and changes in provision occur during the next year.

Cumulative impact

161. As in previous years, we have regard to the cumulative impact of changes from recent years to inform our decision making this year. Whilst there are fewer implications this year and important investments in key services like social care, we should recognise the impact that almost a decade of austerity has had on communities and public services. We have found

that service transformation, including staff reductions and joined up services, and the prioritisation of those in most need have been the most effective ways to mitigate the negative impact of budget reductions and increased cost pressures.

162. The groups which are impacted across EIAs and portfolios are disabled people, older and young people, women, carers and people on low incomes.
163. Due to low income some groups are more likely to be cumulatively impacted, these are disabled people, carers, some BAME groups, young people and some groups of women, such as lone parents and female pensioners.
164. Some people who previously received a service will receive a changed or reduced service, or no service, as we focus services on those most in need. The reduction in universal provision is likely to impact on those who are not in the greatest need, but who are struggling financially and may find it difficult to pay for alternative provision.
165. A further impact across a range of proposals will be the transition from one provider to another. These changes have the potential to impact individuals. We will take this into account and will provide support for these people and their carers.
166. Looking across this year's budget proposals, there may be cumulative implications for a number of protected characteristics, largely because of increased investment and the positive development of services. This includes:
 - **Women** - looking across the proposals in the 2020/21 budget, women may experience positive cumulative impacts through increased investment in areas such as the Strengthening Families (supporting families and addressing issues around domestic and sexual abuse), and the Fresh Start Programme (working with those most at risk of having a child removed).
 - **Older people and disabled people** – the budget includes increased investment in social care and enables the People Portfolio to continue to develop the services for adults including through the 'Conversations Count' approach and the focus of the Home First team in helping keep people out of hospital and keeping people independent, safe and well at home.

167. It is difficult to quantify the cumulative level of impact as mitigations have been highlighted in all EIAs and external factors, such as welfare reform, are also impacting negatively on some of the same groups of people.

Headline summary of impact assessments

168. There are 69 EIAs supporting this year's budget proposals but as identified in above, the Government's Spending Review in September 2019 allocated a small increase in local government funding for 2020/21. This addresses the in-year cost pressures that the Council faces but does not reverse the reductions in funding we have seen over the last nine years.
169. Therefore, the total amount of Portfolio savings we are required to make in 2020/21 amount to £14.7m, mainly focusing on service effectiveness, cost reductions and staff savings. There is significant continuity from previous years where multi-year transformation programmes continue to be delivered.
170. Key implications:
- **Council Tax** – the proposed increase in Council Tax (including the Adult Social Care Precept) has enabled the Council to invest in social care services for the third year in a row, supporting some of the most vulnerable people in the city. The increase in Council Tax was largely supported by respondents to the Budget Consultation. However, the increase in Council Tax brings increased financial pressure on lower income households (particularly those impacted on by Welfare Reform) and it is clear from the collection rates that under the Council Tax Support scheme, some working age households have found (and will continue to find) it harder to meet their Council Tax liability than others, though the overall collection rate amongst Council Tax Support recipients has increased. The impact of this is mitigated through a Local Assistance Scheme and the Council Tax Support Scheme, which limits support to 77% of the Council Tax liability for working age applicants despite Government funding cuts in these areas. The Council Tax increase is also mitigated by increasing the Council Tax Hardship Scheme in 2020/21 by £200k.
 - **SCC workforce** - internal restructuring as a result of the budget proposals and other significant drivers, for example the change programmes linked to SCC2020, have implications for the City Council's workforce. There has clearly been an impact on staffing

levels as austerity has continued and the budget indicates further possible staff reductions of up to a further 34 FTE (full time equivalent) positions 2020/21. The full EIA document sets out more detail on how reductions in 2018/19 have impacted on protected characteristics within our workforce.

- **Voluntary, Community and Faith Sector** – the proposal to extend existing Grant Aid contracts by one year recognises the importance of the work done by the VCF sector in Sheffield to support our communities with protected characteristics. The proposed small reduction in Grant Aid allocations is considered to be manageable but this will be monitored given that it impacts on already stretched organisations.
- **Social Care** – the budget includes additional investment for social care which should benefit people with a number of protected characteristics (e.g. older people, people with disabilities) and supports some of the more vulnerable people in the city. Given the ongoing scale of demand increases in adults and children’s care, these investments are important but do not compensate for national funding reductions and are predicated on the People’s Portfolio delivering £12.6m of savings.
- **Health** – spending is integrated throughout the Portfolios in the Council. The 2020/21 budget indicates that the Public Health grant is not expected to be reduced this year and there are positive investments being made in the Sexual Health contract which will support unrepresented groups to access sexual health services, including young people, men and members of the LGBT+ community. More broadly, SCC is committed to working closely with NHS partners to deliver better health outcomes for people in the city.
- **Inequality** – whilst Council Tax increases will impact on people on low incomes (mitigated through increased investment in the Council Tax Hardship Scheme), there are a number of positive investments which contribute to addressing the root causes of inequality. For example, improving educational attainment and inclusion for children and young people with more complex needs through the Strengthening Inclusion Programme which will help pupils with a number of protected characteristics (race, cohesion, age). Further, there are also a range of investments through the Strengthening Families Programme to support some of our most vulnerable children, young people and families.

171. We are continuing to target resources at those who most need our support and are at risk, to help people to become more independent, to intervene earlier where possible and do more preventative work, to get even better value for money from the services we purchase and to pursue innovative approaches in service commissioning and design.
172. As part of the ongoing transformation of the City Council (e.g. SCC2020) services. We are continuing with restructures of Council services and are both internalising and externalising services where appropriate.
173. We are continuing to get value for money from our contracts. This is with our major strategic providers but also across Portfolios such as with our, housing commissioning, learning disability services, youth services etc.
174. A list of the available EIA's is attached in Appendix 9 and can be accessed online via 'Our Equality Duty. EIA's can be requested individually or collectively and at the time of your request you will receive the most up to date version.

Recommendations

175. Council is recommended:
 - a) To approve a net Revenue Budget for 2020/21 amounting to £420.171m;
 - b) To approve a Band D equivalent Council Tax of £1,621.40 for City Council services, i.e. an increase of 3.99% (1.99% City Council increase and 2% national arrangement for the social care precept);
 - c) To approve the proposed amendments to the Long Term Empty premium which applies to Council Tax charges in respect of Long Term Empty Dwellings, as set out in paragraph 48, with effect from 1 April 2020;
 - d) To note that the section 151 officer has reviewed the robustness of the estimates and the adequacy of the proposed financial reserves, in accordance with Section 25 of the Local Government Act 2003. Further details can be found in **Appendix 4** and within the Section 25 Statutory Statement on Sustainability of Budget and Level of Reserves from paragraph 15;
 - e) To approve the savings as set out in **Appendix 2**;
 - f) To approve the revenue budget allocations for each of the services, as set out in **Appendices 3a to 3d**;
 - g) To note that, based on the estimated expenditure level set out in **Appendix 3** to this report, the amounts shown in part B of **Appendix 6** would be calculated by the City Council for the year 2019/20, in

accordance with sections 30 to 36 of the Local Government Finance Act 1992;

- h) To note the information on the precepts issued by the South Yorkshire Police & Crime Commissioner and of South Yorkshire Fire & Rescue Authority, together with the impact of these on the overall amount of Council Tax to be charged in the City Council's area;
- i) To approve the proposed amount of compensation to Parish Councils for the loss of Council Tax income in 2020/21 at the levels shown in the table below paragraph 85;
- j) To approve the Treasury Management and Annual Investment Strategies set out in **Appendix 7** and the recommendations contained therein;
- k) To approve the Minimum Revenue Provision (MRP) Policy set out in **Appendix 7**; which takes into account the revisions proposed for 2019/20 onwards;
- l) To agree that authority be delegated to the Executive Director of Resources to undertake Treasury Management activity, to create and amend appropriate Treasury Management Practice Statements and to report on the operation of Treasury Management activity on the terms set out in these documents;
- m) To approve a Pay Policy for 2020/21 as set out in **Appendix 8**; and
- n) To agree that the Members' Allowances Scheme for 2017/18 and onwards, approved on 3 March 2017, and implemented for 2018/19 and 2019/20, be also implemented for 2020/21.

Charlie Adan
Interim Chief Executive

Eugene Walker
Executive Director, Resources

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Portfolio Pressures

	BIP Reference*	Loss of Funding £'000	Increasing Demand on Services £'000	Pay & Price Inflation £'000	Legislation Changes £'000	Other £'000	Total £'000
People							
End of Strengthening Families investment activities	14.E3, 22.E1	2,210					2,210
Miscellaneous pressures due to loss of funding (<£150k)	Various	508					508
Loss of temporary funding	22.E2	500					500
Project continuation	6.E2, 8.E2, 11.E4	22	1,567				1,589
Anticipated growth in client base and assessed needs	10.E3, 11.E3		10,052				10,052
Growth in Children in Care	20.E1		1,250				1,250
Increase in Transforming Care demand	10.E5		487				487
Miscellaneous demand pressures (<£300k)	Various		1,241				1,241
Pressure on fieldwork non-staffing costs	18.E4		700				700
Pressure on fieldwork staffing costs	18.E5		1,100				1,100
Pressure on staying put	18.E6		314				314
Inflationary increases	30.E2			5,235			5,235
2% Pay award	Various			1,968			1,968
Increase in teachers' pension costs	28.E5			35			35
Legislative changes to payments to care homes	11.E5				500		500
		3,240	16,711	7,238	500	0	27,689
Place							
Loss of parking revenue due to city centre redevelopment	41.E5	123					123
Provision for increased cost of Waste Management services arising from growth in households/volumes.	41.E3		200				200
2% Pay Award	Various			1,100			1,100
Inflationary increase on waste contract	41.E2			900			900
Reversal of 2018/19 pressure	41.E4					(1,227)	(1,227)
		123	200	2,000	0	(1,227)	1,096
Policy, Performance and Communications							
2% Pay Award	44.E1			90			90
		0	0	90	0	0	90
Resources							
2% Pay Award	Various			589			589
Reduction in the level of external spend from BIP proposals resulting in reduced contract discounts	48.E1					200	200
		0	0	589	0	200	789
Total Pressures		3,363	16,911	9,917	500	(1,027)	29,664

* - Full Budget Implementation Plans (BIPs) available here - <http://www.sheffield.gov.uk/content/sheffield/home/your-city-council/budget-spending.html>

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Portfolio Savings

	BIP Reference*	Cost/ Contract Price Reduction £'000	Service Effectiveness £'000	Staff Cost Reductions £'000	Income Generation £'000	Total £'000
People						
End of RFID Equipment Lease	35.B1	(22)				(22)
Fieldwork Non-staffing Costs - review of Section 17 discretionary spending	18.B2	(350)				(350)
Increasing independence and inclusion	11.B1	(590)				(590)
Increasing Independence and Shift to Prevention	11.B2	(450)				(450)
Mental Health Service reductions	30.B1	(500)				(500)
Premises Cost	33.B2	(20)				(20)
Reduction in annual insurance premiums	2.B9	(58)				(58)
Youth Commissioning	30.B3	(37)				(37)
Business Strategy - risk and resilience improvements	2.B7		(14)			(14)
Improving Independence and Inclusion	10.B1		(2,123)			(2,123)
Increase in in-house fostering, kinship and regulation 24 carers	20.B1		(1,000)			(1,000)
Increasing the Proportion of Adults living at Home	10.B4, 10.B5, 11.B3		(1,078)			(1,078)
Increasing the Shift to Prevention	10.B2, 10.B3		(1,750)			(1,750)
Information Systems and Corporate Digital Services	2.B2		(17)			(17)
Integrated Social Work Model	18.B1		(1,100)			(1,100)
Management Growth in Demand	20.B2		(1,000)			(1,000)
Reduction in out-of-city placements	20.B3		(150)			(150)
Sustainable Provider Market	10.B6, 10.B7, 10.B8	(75)	(802)			(877)
Sustainable Provider Market and Fairer Charging	11.B4		(979)			(979)
Business Support Staff, attendance and wellbeing continuation	1.B1			(47)		(47)
Resources and Strategy	2.B1			(63)		(63)
Social Care and Payments Team	2.B8			(32)		(32)
Staff Restructure	30.B2			(68)		(68)
Staffing and Management Review	36.B1			(26)		(26)
Staffing and Management Review in central teams	35.B2			(67)		(67)
Charging for football pitch at Lowfield School	30.B4				(15)	(15)
Income from Joint Commissioning work	2.B6				(24)	(24)
Increased Income	28.B2				(39)	(39)
Increased Income to Information Systems	2.B4, 2.B5				(30)	(30)
Teacher's Pension grant funding	28.B5				(35)	(35)
		(2,102)	(10,013)	(303)	(143)	(12,561)
Place						
Upperthorpe Healthy Living Centre, Cultural Trusts - approved in prior year	38.B1, 38.B3	(86)				(86)
Portfolio-wide Improved Operational Efficiency	37.B1, 37.B2, 43.B2		(592)			(592)
Place HUB - approved in prior year	41.B2			(218)		(218)
Fees & Charges Review	37.B4, 38.B2, 41.B1, 43.B3				(361)	(361)
		(86)	(592)	(218)	(361)	(1,257)
Policy, Performance and Communications						
General savings across the service	44.B2		(85)			(85)
Increase in Communications income	44.B1				(5)	(5)
		0	(85)	0	(5)	(90)
Resources						
BCIS Non-staffing Savings	46.B1	(13)				(13)
Reduced pension costs for former employees	47.B1	(200)				(200)
Review of HR Contracts	52.B3	(20)				(20)
Finance & Commercial Services - restructured service	50.B1		(180)			(180)
HR Operational Structure	52.B2		(70)			(70)
Learning and Development Service Delivery Model	52.B1		(60)			(60)
On-line and web chat offer staffing efficiencies	49.B5		(60)			(60)
Repairs changes - staffing efficiencies	49.B6		(30)			(30)
Savings in Out of Hours Contact Centre	49.B2		(30)			(30)
BCIS Staffing Savings	46.B2			(39)		(39)
Members allowances savings	53.B3			(30)		(30)
Increased out of hours income generation	49.B1				(10)	(10)
Increased Registry Office income locally set	49.B3				(40)	(40)
Register Office - national revisions on income	49.B4				(8)	(8)
		(233)	(430)	(69)	(58)	(790)
Total Savings		(2,421)	(11,120)	(590)	(567)	(14,698)

* - Full Budget Implementation Plans (BIPs) available here - <http://www.sheffield.gov.uk/content/sheffield/home/your-city-council/budget-spending.html>

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Appendix 3

Restated 2019/20	<u>Summary Revenue Budget</u>	2020/21
£000		£000
	Portfolio budgets:	
232,655	People	250,582
145,423	Place	146,606
2,195	Policy Performance and Communications	2,158
39,747	Resources (inc. Housing Benefit & Council Tax Collection)	39,704
420,020		439,050
	Corporate Budgets:	
	Specific Grants	
-74,437	PFI Grant	-74,437
-5,961	New Homes Bonus (LGF)	-5,929
-3,261	Business Rates Transitional Grant	-5,861
-6,841	Small Business Rates Relief	-6,852
-21,896	Improved Better Care Fund	-21,896
-1,518	Retail Relief	-1,541
0	Adult Social Care Grant	-12,242
0	Health Income	-2,600
	Corporate Items	
5,500	Redundancy Provision	5,500
5,961	New Homes Bonus (LGF)	5,929
-1,138	Public Health Savings / re-investments	0
3,000	Better Care Fund	3,000
3,290	Social Care Demand Contingency	3,290
4,000	Strengthening Families - Think Forward Investment	4,000
25,702	Schools and Howden PFI	25,930
900	Infrastructure Investment	900
14	Payment to Parish Councils	11
1,500	Sheffield International Venues	2,800
0	Customer Experience Programme	1,500
2,100	Other	2,600
	Capital Financing Costs	
13,662	General Capital Financing Costs	13,662
4,573	Heart of the City 2	5,473
13,092	Streets Ahead Investment	12,730
18,887	MSF Capital Financing Costs	18,816
	Reserves Movements	
-13,268	Contribution from Reserves	-1,653
9,410	Reserves Movements Relating to Pensions	8,735
403,291	Total Expenditure	420,915
	Financing of Net Expenditure	
-36,893	Revenue Support Grant	-37,494
-99,341	NNDR/Business Rates Income	-104,572
-42,529	Business Rates Top Up Grant	-43,222
-201,090	Council Tax income	-207,615
-8,200	Collection Fund surplus	-8,236
-15,238	Social Care Precept	-19,776
-403,291	Total Financing	-420,915

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People

	<u>Gross Expenditure</u> £'000	<u>Income</u> £'000	<u>Net Expenditure</u> £'000
BUSINESS STRATEGY - PEOPLE			
Business Strategy Business Support	956	(562)	394
Business Strategy Operational Budgets	10,010	(5,953)	4,057
Portfolio Leadership Team	881	(146)	735
Portfolio Wide Budgets	66,157	(60,561)	5,596
School Budgets	142,633	(142,633)	0
	220,636	(209,855)	10,782
CARE AND SUPPORT			
Access & Prevention	16,692	(5,078)	11,615
Care & Support Business Support	1,502	(117)	1,385
Care & Support Commissioning	7,662	(4,485)	3,177
Contributions to Care	2,367	(2,367)	0
Learning Disabilities	66,768	(23,496)	43,272
Long Term Support	115,782	(48,488)	67,293
Prepractice Development	470	0	470
Safeguarding Adults	1,503	(162)	1,340
	212,746	(84,194)	128,552
CHILDREN & FAMILIES			
Children & Families - CILS	8,922	(5,019)	3,904
Children & Families Business Support	4,035	(342)	3,692
Children's Disabilities Service	2,173	(110)	2,063
CYP Provider Services	19,525	(6,224)	13,300
Fieldwork Services	18,738	(371)	18,368
Health Strategy	2,570	(334)	2,237
Placements	29,843	(2,532)	27,312
Policy & Service Improvement	912	(269)	643
Prevention & Early Intervention	8,470	(3,702)	4,768
Safeguarding Children	2,739	(1,026)	1,714
	97,928	(19,927)	78,001
COMMISSIONING, INCLUSION AND LEARNING SERVICES (CILS)			
Children's Public Health	14,497	(14,441)	56
CILS Business Support	1,219	(1,033)	185
Early Support & Prevention	3,576	(1,059)	2,517
Inclusion & Schools Services	5,445	(4,765)	680
Schools and Learning	7,753	(7,631)	122
SEN	21,660	(21,160)	500
Supporting Vulnerable People	34,876	(14,921)	19,955
	89,025	(65,010)	24,015
COMMUNITY SERVICES			
14-24 Partnership	1,629	(1,191)	438
Community Services Business Support	366	(232)	135
Employment & Skills	5,221	(3,285)	1,936
Family & Community Learning	4,997	(4,653)	344
Libraries, Information & Archives	5,417	(1,001)	4,416
Locality Management	3,274	(1,310)	1,964
	20,904	(11,672)	9,233
	641,239	(390,657)	250,582

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People Portfolio Revenue Spend Plan

1. The People Services Portfolio is an integrated service within Sheffield City Council ('the Council') which supports adults and children, young people, families and communities, and has three key areas of focus:
 - Improved management of demand for services by shifting from crisis response to a greater focus on early intervention and **prevention**, ensuring we listen to the people who use our services and work with our partners to do the right thing at the right time.
 - Ensuring that there is **high-quality**, diverse and robust care and support for our customers, providing good value for money for the Council.
 - Developing our **workforce**, making sure we have the right-sized staff groups, enabled by effective systems and supported to develop their skills.
2. Underpinning this is an 'all age' approach to disability-related services across the portfolio which supports individuals from childhood through to old age in a consistent and seamless way, without barriers or difficult transition points.
3. In 2020/21, we are budgeting to spend in the region of £250.6m cash and £28m of Public Health grant on delivering services for People. A further £463.7m of funding was allocated separately by Government for schools and early year providers. The majority of our funding is spent on social care: £128.6m for Adults Care and Support and £78.2m for Children, Young People and Families.
 - In partial recognition of the pressures affecting Social Care the Government announced an extra £1bn of funding. This money will help to support the increasing cost of social care in both Adults and Children's services.
 - The Government also announced it will continue to release Additional Better Care Fund monies to local authorities which was due to end in 2019/20. This money alongside the Winter Pressures Funding and the Adult Social Care Grant will continue to alleviate pressures in Adult Social Care.
 - Whilst these additional pots of money have improved the Council's medium term financial position, the funding will not fully cover the financial pressures in Social Care and unless there is clear information to suggest this funding will be made permanent there exists the real possibility of significant additional budget challenge beyond 20/21.

Children, Young People and Families

4. Our ambition is that all children, young people and families in Sheffield achieve their full potential in all aspects of their lives, that they have a great start in life, go to great schools, are safe, healthy, active, informed and engaged in society.
5. We will continue to work together with our partners and communities to ensure we raise expectations and attainment and enable our children, young people and adults to gain first class qualifications and skills, have enriching experiences and make a positive contribution to their local community and our City, and to support them through their journey to independence.
6. We will continue to respond to increases in demand for services, our range of statutory duties, and expectations of inspections (e.g. Ofsted). We will be creative, innovative and transformational in the way we work and deliver services to ensure that outcomes for children, young people and families continue to improve.
7. We will continue to improve our IT systems to enable better quality of information, improve automation and integration with other systems that will enable our staff to spend more time working with families. Furthermore, we are committed to the training and development of our staff so they are equipped to face the challenges ahead, for example the roll-out and continued use of 'Signs of Safety', a strength-based safety organised approach to child protection casework.
8. We are being creative about how we commission, deliver and pay for services, increasingly working with all our partner organisations, including schools, and seeking alternative funding streams. We are committed to protecting services which support children, young people and families, and this will always be a priority for us.
9. The strategies that underpin our ambition for successful children, young people and families are shaped in three main areas:
 - **Keeping children, young people and families healthy, safe and strong and giving every child a great start in life.** Our services focus on safeguarding, learning difficulties/disabilities, early help and intervention and the city's health strategy for children and young people. We provide multi-agency support services for children with additional needs and social care services for Children in Need (CIN), including those at risk of harm, in need of accommodation and those in care. Our services promote the early identification of children in need and deliver

high quality preventative and supportive services, enabling children to achieve their potential.

Effective plans are informed by good quality assessments, and address children's needs, including the need to be safeguarded, and improve their outcomes.

We will ensure that services are put in place to support children and young people to live within their families, wherever possible. Where they cannot remain in their families, we will make timely decisions to ensure that they are secured in a permanent placement as soon as possible. We will deliver, monitor and provide the highest quality care and placements for our children in care.

- **Developing skills for life and work and encouraging active, informed and engaged young people and adults into further education, employment, training and their journey to independence.**

We target our resources in supporting those teenagers and adults who are most at risk of not being in education, employment or training. We work to create technical pathways that better connect education and employers, and we are working to redesign the skills and employment systems so that they better meet the needs of the local economy. This has included creating a multi-agency and localised employment service for those facing the greatest barriers to work, integrating support from the Council, Health and Jobcentre Plus to create a jobs and skills brokerage service that makes best use of the apprenticeship levy and the generation of job opportunities for the most vulnerable.

- **Supporting schools, children and young people's education, lifelong and community learning and being the champion and advocate for children, young people and their families, improving the quality of learning outcomes, raising attainment and enabling enriching experiences.** The quality of children's school experiences is fundamental to their later life chances. Children who experience high quality teaching and learning are much more likely to experience positive outcomes, such as sustained employment, good mental and physical health, avoidance of poverty and increased social mobility.

We have a vital role in working in partnership with schools, colleges, Learn Sheffield, and other education providers on the key educational issues affecting the whole city, such as ensuring enough school places across the city and support for vulnerable learners. In addition, this partnership working enables a focus on raising attainment and

expectation by challenging schools and other education providers when required and supporting them to improve.

10. We are seeing significant and growing demand and need in areas such as special educational needs, emotional health and wellbeing, and child poverty. Alongside this are changes in legislation and policy which impact on the way we operate, and the expectations children, young people and families have of us, including the Children and Families Act 2014 (and the linked Care Act), the National Minimum Wage, and an ongoing shift towards more autonomy for schools. In addition, we are working with the schools in the city to prepare for the implementation of National Fair Funding Formula.
11. One of our biggest challenges is the increase in demand for children's services. We will address this challenge through the early identification of children with additional needs, and deliver high quality preventative and supportive services to enable children to continue living successfully and safely with their families and communities. Our strategy continues to be to deliver the right level of support by the right service at the right time.
12. The scale of financial challenge facing children's social care is significant and cannot be resolved in the short term. An improvement and recovery plan focuses on the delivery of new initiatives to support families and to improve practice, and is structured under three themes.
 - **Demand:** We are working to reduce referrals to social care and the number of children entering the care system by delivering earlier support and the development of several evidence based programmes. This includes working with expectant parents who have already had children taken into care, to prevent repeat removals. We are also delivering targeted parenting programmes to increase resilience and help reduce family breakdown, as well as engaging with wider families and community by delivering restorative practice techniques (Family Group Conferences, Multi Systemic Therapy) for young people to stay with their families wherever possible instead of entering into the care system.
 - **Supply:** We are redesigning and investing to ensure the right resources are available so that children taken into care in Sheffield are able to stay within the city. We are also working to ensure appropriate sufficiency of placements to meet changing needs. Our focus is on increasing the number of local authority foster carers through development of a comprehensive package of support, including wraparound support and ongoing training packages for foster carers.

- **Performance:** Having the right number of appropriately-trained staff is critical to improving the quality of service delivery. We are committed to children and families receiving support in a timely manner, and we are investing in staff training and development to ensure strong and consistent social care work practices and good quality risk management.

Dedicated Schools Grant (DSG)

13. The provisional 2020/21 DSG settlement amounts to £463.7m for Sheffield, of which it is estimated that £354.7m will be earmarked for mainstream schools. The remaining funding is used to provide Early Years activities (£35.4m), services for children and young people with Special Education Needs and/or Disabilities (£66.7m), and statutory educational services (£6.9m). The final settlement for DSG will be received in spring 2020.
14. In recent years, the national Government has been implementing the National Funding Formula (NFF), with the aim of providing 'fairer funding' for all schools. As a result, Sheffield Schools will receive a DSG increase of an estimated £22m (Schools Block) in 2020/21, all of which will be transferred directly to schools.
15. We have agreed with Sheffield Schools Forum to implement a transitional model in 20/21 towards the National Fair Funding (NFF) by prioritising the use of new funding allocation to deliver it. The reason we are making the decision to transition towards the national funding is to protect Sheffield schools from the sudden impact of a hard national funding formula in the future.

The changes for 20/21 are:

- Increases primary AWPU by 4% and secondary by 6% - increased funding for all schools and delivers the NFF ratio of 1:1.29
 - Aligns English as an Additional Language to NFF.
 - Adopts Ever6 factor, ensuring more support for 'just managing' families and transitions into secondary.
 - Adopts Lump Sum of £120k.
 - Re-aligns Social Deprivation significantly closer to NFF, with a further increase to be implemented in 2021/22.
 - Re-distributes Prior Attainment to support re-alignment of Social Deprivation.
16. It is also expected that the amount of DSG held centrally to fund services delivered by the Council on behalf of schools will come under increasing pressure from 2020/21 and beyond.

Adult Services

17. Adult social care supports thousands of people every year in Sheffield, and our vision is to keep people healthy, safe and well, and to support them to live the lives they want to live.
18. We do this by having the right conversations with people to ensure they receive the right support from the right person at the right time, focussed on three different kinds of need:
 - People who may need a little support to stay resilient and strong. They will maintain their level of independence if they are connected to the resources and support available within their neighbourhoods and networks.
 - People who have experienced some difficulty, perhaps following a period of poor health. They will regain their previous level of independence if they get focused help.
 - People for whom regaining their previous level of independence may not be possible. They will still live a good life if they receive targeted and co-ordinated support that is geared to priorities important to them.
19. The financial pressures facing adult social care are well publicised. Nationally, the LGA has estimated that there will be a national social care funding shortfall of £3.5bn by 2025 just to maintain existing standards of care. In Sheffield, the Council's financial pressures can broadly be defined in two categories: rising provider costs (predominantly the costs associated with the crucial investment in staff wages to meet the National Minimum Wage) and an increasing demand for care and support services - increasing numbers of people are requiring higher levels of support in the community for longer. A significant element of these demand pressures is associated with supporting increasing numbers of people out of hospital and other restrictive health related settings, to care in or nearer the home.
20. In partial recognition of these pressures, the Council received some additional one-off Government funding through the Improved Better Care Fund (iBCF) for the three years from 2017/18, which continues into 20/21. Whilst this has improved the Council's medium term financial position, unless there is clear information to suggest this funding will be made permanent, there exists a real possibility of significant additional budget challenge beyond 2020/21.
21. It should be noted that the Council also received funding to support emergency winter planning, which has now been confirmed for 20/21.

22. The scale of the financial challenge facing adult social care remains significant. As a result, our Adult Social Care Improvement Plan is updated annually and sets out how we will seek to meet the financial challenges ahead whilst ensuring that Sheffield people can stay healthy, stay out of hospital and live independently at home for as long as possible. The budget proposals for 20/21 form a part of this plan.
23. The Adult Social Care Improvement Plan is structured under five themes:
- **Increasing the shift to prevention.** The strategic intention of Adult Social Care in Sheffield is to support a shift into prevention and wellbeing. This means we are increasingly moving our focus to early help and preventative support by developing resilient communities, better use of online resources, equipment and adaptations. This approach to supporting people earlier in their community, including those with dementia, is improving outcomes for local people whilst promoting better usage of adult social care resources.
 - **Increasing the independence and inclusion of adults of working age.** A continued focus within the plan is to improve the support provided to existing recipients of adult social care services. We value people for the strengths and motivations they bring, and work with people of all ages to help them get the best possible life, not the best possible service. Over 20/21 we will further develop our all-age approach to disability including:
 - Helping young people as they prepare for adulthood to access social and community activities, employment and universal services in order to provide better outcomes for individuals and their communities
 - A reablement-focused approach to review and support planning with a focus on moving people from static long-term care to greater independence.
 - **Developing a sustainable provider market.** The development of the Council's relationship with its providers is key to providing a consistent focus on outcomes, prevention, quality and value for money. We have continued to oversee significant provider fee rate uplifts in recent years in recognition of the cost of providing quality care through a properly remunerated and resilient workforce. 20/21 will see a continued focus on the Council's commercial relationship with its external contractors to ensure value for money and consistency. This will be achieved through

contract management, review and negotiation, efficient use of provision, making better use of in-house services, by improving support to people with direct payments, and through continued growth in approaches such as Shared Lives and Short Breaks.

- **Increasing the proportion of adults who are able to live at home.** Better preventative support means that people are able to live in their own homes and remain active in their communities for longer. A new supported living scheme is set to open in 20/21 which will increase opportunities for adults of working age to live independently. We continue to work closely with our NHS partners to ensure people are able to return home from hospital in a timely way and to avoid unnecessary care home admissions. Together we will continue to develop new preventative approaches to ensure that people are better supported to remain healthy and safe at home, avoiding the need for hospital admission in the first place, for example through the recently launched joint multi-disciplinary team, based at Shortbrook.
- **Fairer charging.** It is crucial that we ensure people do not have financial worries or concerns about being supported properly, but also that we charge fairly and consistently for social care. In 20/21 we will continue with our programme of change to improve the way we support service users to access benefit income, pay their contributions for care and avoid accruing debt. We will also continue to ensure uplifted fee rates, benefit income and capital asset information is used to inform our contribution calculations. We are continuing to work with health colleagues to ensure that the allocation of Continuing Health Care funding in Sheffield is balanced and equitable.

24. The Sheffield Mental Health Transformation Programme is a collaborative programme of work that has been jointly developed and is being jointly delivered by the Council and our NHS partners. The projects which make up the programme have a focus on prevention, reablement and progression, reduced use of restrictive settings, the development of alternative models of provision, seeking best value and more efficient ways of delivering services. This collaborative approach has already delivered better value for money across the partnership, and we will continue to focus our efforts on it in 20/21. In particular we will develop our approach to integrating and streamlining support for children, young people and adults encompassing health, social care, education and employment.

25. In 2019 the Council and the Clinical Commissioning Group (CCG) established a new Joint Commissioning Committee (JCC) which builds on health and social care integration through the Better Care Fund, to bring together the planning and budgets of the two commissioning organisations and allow for joint decision making and a single commissioner voice for the city. Closer integration of the system is essential to the delivery of a financially sustainable future and to improving the quality of experience of the thousands of people accessing health and social care services in Sheffield.

Services in Sheffield's communities

26. Our aim is that Sheffield's communities thrive and are positive places for people to live and be successful. We want people to feel they are listened to and enable them to access support and gain benefit from community infrastructure, assets and actions.
27. Funding for the core service of Council-run hub libraries, the Home Library service and Central Library will continue at current levels in 20/21. In addition the Council will also continue to support the co-delivered and associate libraries which are run by volunteers, as well as a range of schemes to support people in their local communities. We plan to review the way our libraries and communities teams are structured to ensure that they are as effective as possible.
28. A decision was taken by cabinet in November to extend the majority of existing Grant Aid funding arrangements for 12 months to 31 March 2021, to allow for a full and thorough review of Voluntary Sector Grant Aid to be undertaken.

Learning and Skills

29. We will continue to support the development of thriving communities where citizens are supported to develop the skills, confidence and ambition for life, active citizenship and work. The Lifelong Learning and Skills Service works to ensure people are supported and enabled to achieve their learning, skills and employment outcomes and develop their careers through high quality, locally-led learning and employment opportunities.
30. This work includes the delivery of a localised employment service for those facing the greatest barriers to work, jobs and skills brokerage, making best use of the apprenticeship levy, the generation of job opportunities for the most vulnerable, and the redesign of a devolved skills system.
31. In addition, this includes the delivery of a wide range of learning programmes including Family, Adult and Community learning to improve the life chances

and opportunities of adults and their families, and provision for young people including those with Special Education Needs and Disabilities via our specialist training centres. The service also leads on brokerage of education provision, support and progression planning within the 14-25 education arena.

Cross-portfolio

32. We have a number of teams which provide crucial support for our front-line services. Over 20/21 we will continue to find ways to deliver this support efficiently and effectively in as streamlined a way as possible. Part of this will involve reducing premises costs where we can, and in a small number of areas we will carry out reviews of staffing.
33. In 2019/20 we renewed our focus on the support we provide to our workforce in order to increase the number of people who are active and healthy at work and reduce our reliance on agency staff. This work will continue into 20/21.

Public Health

34. Across People Services we continue to deliver our distributed public health model, ensuring that all service delivery is evidence based and meets need. We will continue to ensure that the Public Health grant is allocated where it will have the greatest impact in improving people's health and wellbeing and reducing inequalities. Despite significant challenges with the Public Health Grant being reduced nationally we have prioritised service delivery particularly focusing on ensuring children and families have the best start in life. Priority services including Substance Misuse services and Sexual Health services have recently been recommissioned through robust tendering processes.

We continue to prioritise working with NHS partners including Sheffield Clinical Commissioning Group, Sheffield Teaching Hospitals, Sheffield Health and Social Care Trust, Primary Care Sheffield and Sheffield Children's NHS Foundation Trust to redesign and remodel services including Emotional Wellbeing and Mental Health Services and the 0-19 Healthy Child Programme. The Public Health Grant continues to fund a range of services provided by the Voluntary, Community and Faith sector working to support the needs of the most vulnerable.

35. Overall People Services is prioritising through the use of the Public Health grant a model which ensures prevention and early intervention is focused on ensuring that older people, adults, children, young people and families are supported to maintain their health and wellbeing.

Place

	<u>Gross Expenditure</u> <u>£'000</u>	<u>Income</u> <u>£'000</u>	<u>Net Expenditure</u> <u>£'000</u>
City Growth	43,000	(23,883)	19,118
Culture & Environment	22,983	(14,183)	8,801
Housing General Fund	9,939	(5,661)	4,277
Major Projects	132	(39)	93
Operational Services	120,641	(23,205)	97,436
Place Strategy & Change	1,356	(670)	687
Transport & Facilities Management	77,055	(60,859)	16,195
	275,106	(128,500)	146,606

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Place Portfolio Revenue Spend Plan

1. In discussion with Members the Place portfolio has five main priorities to deliver:
 - **A Growing Economy** that is inclusive and ambitious helping businesses thrive providing good quality jobs;
 - **Housing** that provides affordable homes for all and protects the vulnerable in society;
 - **Sustainability** to ensure that the city is resilient for the future and moving it towards being Carbon Neutral;
 - **Quality of life** so that people feel proud of the place where they live with clean green spaces and a sustainable transport network;
 - **Good Customer Service and Access** to the portfolio's services which are joined up to require minimum contact from the customer.

These priorities are explained in more detail below.
2. The portfolio works to further develop and strengthen Sheffield's economy by helping existing and new businesses to grow, and provide more, and better, jobs. The successful attraction of Boeing and McLaren to the Advanced Manufacturing Park are two examples of helping businesses thrive. We also recognise the need to develop small businesses (which of course have the potential to grow into larger employers) through initiatives like our Launchpad programme which provides practical technical advice and support.
3. Alongside this, Place will proactively lead the initiatives required to meet the city's housing needs across all sectors and areas. Both of these two priority objectives can only be delivered if the city has an efficient transport infrastructure which supports journeys for work and leisure.
4. The Council's commitment to environmental responsibility is demonstrated by our Green agenda. This includes reducing the carbon footprint of our own buildings and vehicles; encouraging Sheffield's businesses to reduce their carbon emissions; and working with our partners to invest in sustainable and affordable energy, such as in our District Heating network. Transport and Sustainability priorities will be further aligned through plans to improve air quality by developing a Clean Air Zone where planning is well advanced. Our Parks and Countryside service works to preserve and develop Sheffield's woodlands which hold approximately 2.1 million trees.
5. We also want to continue to offer a vibrant mix of cultural, leisure and sporting facilities and events. This includes putting on events in the city centre, supporting cultural venues such as the Sheffield Theatres – the Crucible, Studio and the Lyceum; Sheffield Museums – Millennium Gallery, Weston Park Museum, and Graves Gallery; as well as major sporting and cultural

facilities, such as the Arena, Ponds Forge and the City Hall. The city is one of the greenest in the country with extensive local parks.

6. We want to create new and improved existing public spaces and buildings so that they are safe and welcoming for businesses and people to use, for example our improvements to the Moor pedestrian area and creating a pedestrian area around the University of Sheffield campus. Much of our work in this area relies on large one-off project funding, and large scale projects, such as Heart of the City 2 (formerly the Sheffield Retail Quarter), will continue to transform the city over the next few years. The construction of the new HSBC office building at the Moorhead is one tangible example. Construction work adjacent to this building is well underway to develop the next phases of this project.
7. Construction work to improve the public realm has also begun to encourage the regeneration of the Castlegate area. Outside the city centre, the Council has played a major part in the development of the Olympic Legacy Park creating a setting for both public and private investment, in education and medical related industries. This is also leading to regeneration of the area around the park as shown by the opening of the National Centre of Excellence for Food Engineering, developed by Sheffield Hallam University.
8. Our ambition around creating a competitive city, with a strong economy and great assets and transport links, will not change, but how we go about it will. In particular, we are going to have to pay for things in different ways and influence our partners, like us, to find new ways of preserving activity by working more efficiently.
9. We also want Sheffield to be a city that has successful places and sustainable communities, with access to high quality housing, local services, shops, and jobs, as well as having excellent parks, streets and other physical infrastructure. Our ambition is that everyone in Sheffield should have a high quality of life, and that people feel proud of where they live.
10. It means making sure our neighbourhoods are safe and easy to move around, through delivering our Streets Ahead scheme to improve our roads and pavements, and keep them in good condition. We also want people to be able to choose how they travel about the city, whether by bus, tram, cycling or walking.
11. We need to maintain our parks, sports and leisure facilities to encourage people to use and enjoy them, and keep the streets clean by collecting and processing the city's waste and recycling, whilst continuing to review the affordability and costs of all of our strategic contracts. As well as making

Sheffield a better place to live in, all of these help to promote the health of the people of Sheffield as part of our responsibilities for Public Health. We have dedicated teams running weight management, smoking cessation and campaigns against illicit alcohol and tobacco supplies. We also want communities to be better able to help themselves and for people to have a say over what happens in their local area.

12. As a local authority, we also provide a number of other public protection services that are required by law. These include planning, pest control, trading standards and health protection services, as well as the coronial and bereavement services for the city.
13. The portfolio spends around £500m per year providing these services. This is funded by the Housing Revenue Account, external income and recharging internal services for those activities Place provides as the professional expert of the Council e.g. project management. The remainder (approximately £146m comes from the Council's General Fund. Of this support, around £122m (84%) is expended on four key items – the Streets Ahead and Waste Management contracts, the PFI contract for some of the Council's accommodation, and, payments to the South Yorkshire Passenger Transport Executive for the provision of transport interchanges, concessionary fare schemes and tendered bus services.
14. The remaining amount of around £24m supports the rest of the vast range of services which Place provides. We spend approximately £200m providing these services and the gap is made up by charging the (internal and external) users for the service.
15. In 2020/21, we need to reduce our portfolio budget by a further £1.3 million to meet the reduced central government funding, inflationary and demand pressures and make a £0.2m contribution to the pressures faced by the Council. Not only do we need to reduce how much we spend; we need to do it quickly. The level and pace of change isn't easy so we will make sure that we keep a close eye on how any changes affect different groups of people in the city.
16. A key part of this strategy is to improve our use of resources, by seeking new business models, streamlining processes and raising productivity, either through using less, or releasing resource, to earn additional income through the services we provide to business and residents. Through this transformation programme we will be able to preserve the public facing services, without reducing service standards or ceasing services.

17. We will be seeking to drive additional value from our key contracts and our external partners who operate as trusts providing services once delivered by the Council.
18. So, given the importance of income from external users of our services, we are proposing therefore that we review charges for services to ensure we recover the full cost of providing these services reflecting the inflationary pressures the Council faces. Those charges that do increase will be benchmarked against market rates.
19. Approximately one third of the planned savings will come from improving our use of resources by setting targets for those services which are essentially trading activities.to make a small return on sales.
20. Finally, we have developed a new funding model to align Council services to the nature of their activities. So, where allowed by statute, those activities providing services to the public or business will be funded from fees and charges. Statutory responsibilities will be paid for by the General Fund, and, those activities developing the Housing and Economic Growth priorities will be funded by external development grants or the rewards from growth such as New Homes Bonus or capital receipts from the sale of land which has been developed by the Council.
21. As in 2019/20 we plan to transfer approximately £3.1m of growth type activities from the General Fund to the Growth Investment Fund. These activities will be subject to review to ensure they do meet the criteria before funding is allocated.

Resources

	<u>Gross Expenditure</u> £'000	<u>Income</u> £'000	<u>Net Expenditure</u> £'000
Business Change & Information Solutions	3,419	(1,930)	1,489
Contract Rebates & Discounts	0	(851)	(851)
Customer Services	7,185	(1,699)	5,486
Finance & Commercial Services	9,730	(3,272)	6,458
Human Resources	6,502	(1,384)	5,118
Legal & Governance	7,133	(3,120)	4,013
Resources Management & Planning	244	0	244
	<hr/> 34,213	<hr/> (12,255)	<hr/> 21,957
Central Costs	14,954	(18,037)	(3,083)
Central Costs - CAPITA	20,674	0	20,674
Housing Benefit	179,465	(179,309)	156
	<hr/> 215,093	<hr/> (197,346)	<hr/> 17,747
	<hr/> 249,305	<hr/> (209,601)	<hr/> 39,704

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Resources Portfolio Revenue Spend Plan

1. We have a number of corporate services which support Sheffield residents in their day to day lives directly through the Council's Customer Service function, our service for assessing and paying benefits, and collecting Council Tax and Business Rates.
2. The Council is, a large and complex organisation, where we rely on effective professional support to run our business and the services we provide to Sheffield people. This indirect support from the Resources portfolio includes:
 - helping our teams to manage their budgets and staff;
 - providing and maintaining the information technology systems which are essential to delivering Council savings in an efficient and cost effective way;
 - helping our teams with legal advice ensuring our activities are lawful and transactions are effected;
 - making sure we get the best value for money when we buy goods and services; and
 - helping us as a whole Council to manage our performance, financial and human resources, contracts and our plans for the future.
3. The Resources and PPC portfolios can help deliver savings across the Council by changing the way the Council works. In 2020/21 directors from these portfolios will lead five broadly themed initiatives aimed at delivering better value for money user satisfaction. This is part of the Council's SCC 2020 programme to transform and deliver better and more sustainable council services for the future. These initiatives are:
 - ensuring we deliver value for money services to Sheffield;
 - preparing the Council for future technology changes and ensuring there are business planning procedures which deliver member priorities;
 - develop talent and skills within the workforce to ensure high quality performance in everything the Council does;
 - redesign, reform and improve our public services through citizen involvement, customer insight and business intelligence; and
 - review of the Council's governance and assurance framework to ensure open and transparent decision making is enabled.

4. Resources portfolio has just completed a major change project insourcing 250 locally based staff employed by the current contractor to deliver ICT and Revenues and Benefits services in order to ensure we have a service that can deliver change efficiently and effectively.
5. We have already made substantial savings for example we have reduced the number of offices we occupy: consolidating 27 locations into three city centre sites, thereby avoiding expenditure of £34 million over 10 years.
6. For 2020/21, further reviews to streamline process and concentrate on the priority tasks will allow us to meet the predominantly salary based inflationary pressures of £0.7m faced by the portfolio without drawing on additional support from the General Fund budget.
7. Many corporate services have small core budgets and are increasingly reliant on trading income (some are fully traded, so receive no budget allocation) – this trading income is effectively subsidising the strategic functions that would need to exist irrespective of general services to Council departments, such as Legal Services. The resources portfolio leadership team has concluded that it would be high risk to reduce the net budgets of those services much further by assuming additional speculative income.

Policy, Performance & Communications

	<u>Gross Expenditure</u> £'000	<u>Income</u> £'000	<u>Net Expenditure</u> £'000
Policy, Performance & Communications	4,884	(2,591)	2,293
Public Health (PPC)	1,488	(1,623)	(135)
	6,373	(4,215)	2,158

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Policy, Performance and Communications Portfolio Revenue Spend Plan

1. Policy, Performance and Communications provides a number of strategic support services for the Council, including policy advice, performance management, partnership development, research and analysis, equalities and consultation advice, communications support, and web and intranet services. It is also responsible for supporting the Council's statutory Scrutiny function and running electoral services.
2. Sheffield City Council is a democratically elected organisation. This means we have specific additional responsibilities associated with running elections, ensuring that the public can engage with the council and have their say on important decisions, and supporting Councillors who make these decisions on behalf of the people of Sheffield. We are also responsible for ensuring people are registered to vote, and for running parliamentary and regional elections.
3. The majority of the service's Revenue Budget funded expenditure is incurred on core democratic services (elections, electoral registration, and Scrutiny), and the provision of policy, equalities, and analytical advice and support to the organisation. The Communications service generates a net surplus to the Council, through a range of income sources, including through external trading and the management of the Council's external advertising.

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Reserves Strategy

Introduction

1. This appendix reports on the latest position in relation to the level of the Council's reserves. Section 25 of the Local Government Act 2003 requires the statutory Chief Finance Officer (the Executive Director of Resources) to present to the authority a report assessing the adequacy of unallocated reserves in the context of corporate and financial risks facing the Council and in determining council tax levels.
2. The Council needs to balance the necessity for reserves against the immediate impact on council taxpayers and arrive at a level it considers adequate and prudent, but not excessive.
3. This Reserves Strategy therefore needs to be considered and agreed by the Council in setting its 2020/21 budget, capital programme and council tax.
4. This assessment of reserves is even more important in the context of the significant cuts in central government funding over recent years and the cost pressures faced by the Council in some areas (e.g. Social Care). In addition, there is pressure on the capital programme and ultimately any deficit on the programme would have to be charged to revenue reserves.
5. Reserves can be used temporarily to fund services, and this approach is reviewed as part of the budget strategy. However:
 - they are "one off" funds and using them in the budget will only delay the need to make savings. Once used, they are clearly not available to support future years.
 - they are therefore most suited to covering one off, unexpected costs and emergencies (e.g. the 2007 and 2019 floods) or costs that are likely to be incurred in the future but the timing is uncertain (e.g. legal or other claims against the council).

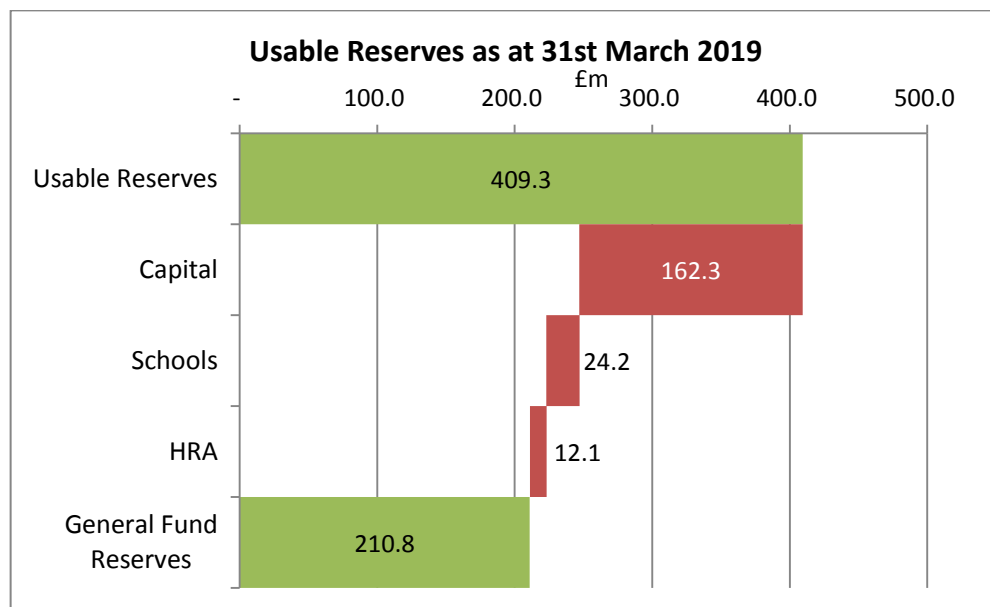
Total Reserves

6. The [Council's Statement of Accounts for 2018-19](#) shows a figure for "usable" reserves in the balance sheet at page 24 of £409.3m as at 31st March 2019. However, this figure is a technical accounting one and is not relevant for the purposes of setting the General Fund revenue budget.

7. The Council’s total spending and reserves is legally separated in to four main blocks:

- Capital - committed to funding schemes planned over a number of years, e.g. highways, major repairs or rebuilding;
- Schools - held in trust and only usable for schools spending;
- Housing Revenue Account (HRA) - spend on council housing, funded by rents;
- General Fund - spend on all other services not in the above three categories, funded from government grants, the local share of business rates and council tax.

8. For the purposes of setting the budget and this reserves strategy, £198.5m of the “usable reserves” are irrelevant as below:



9. This leaves around £210.8m of General Fund reserves as at 31st March 2019. However, as part of the assessment of the adequacy of reserves referred to above, a number of reserves are “earmarked” i.e. committed to cover liabilities for expenditure which is already committed but not yet paid for.

Estimate of reserves going forward

10. The table below highlights the split of earmarked and non-earmarked reserves forecast at 31st March 2020 and 31st March 2021.

11. Of the £221.0m total reserves forecast as at 31 March 2020, all but £12.6m is set aside as earmarked reserves for future liabilities.

12. Reserves levels are planned to increase by £7.1m during 2020/21. This is primarily a cash flow movement as a result of repayments to reserves following their temporary use to fund the early pension deficit payment made to South Yorkshire Pensions Authority (SYPA) during 2016/17. This early payment attracted a significant discount, and so enabled the delivery of savings over the following three years.

Estimate of reserves at 31 March 2020 & 31 March 2021

Description	Balance at 31/03/20 £000	<i>Movement in 2020/21 £000</i>	Balance at 31/03/21 £000
Non-earmarked Reserves			
General Fund Reserve	12,616	0	12,616
	12,616	0	12,616
Earmarked Reserves			
PFI Reserve	31,974	(2,041)	29,933
Highways PFI Reserve	4,465	(2,614)	1,851
Total PFI Reserve	36,440	(4,655)	31,784
Invest to Save Post 2015	7,046	1,642	8,688
Insurance Fund Reserve	9,564	0	9,564
New Homes Bonus	15,113	0	15,113
Major Sporting Facilities	28,647	(4,619)	24,028
Business Rates Appeals	19,595	0	19,595
Public Health	807	0	807
Service Area Reserves	16,041	500	16,501
Other earmarked	75,163	14,214	89,377
Total Earmarked Reserves	208,416	7,082	215,458
Total Revenue Reserves	221,032	7,082	228,114

General (non-earmarked) revenue reserves

13. The purpose of general revenue reserves is to provide funding for any unforeseen risks and expenditure which may arise during the year. The Council will always need a minimum level of emergency reserves. 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 backed reserves and other working capital generate interest which is used in the funding of the budget.

14. Non-earmarked General Fund Reserves are estimated to be £12.6m at 31 March 2020, representing 3.0% of the 2020/21 budget (at the maximum net budget requirement of £420.9m). It should be noted that, during the year 2019/20, the General Fund balance was increased by £4.5m to £12.6m. This decision was taken in order to replenish the reserve to the minimum level that would be considered prudent.
15. 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...”

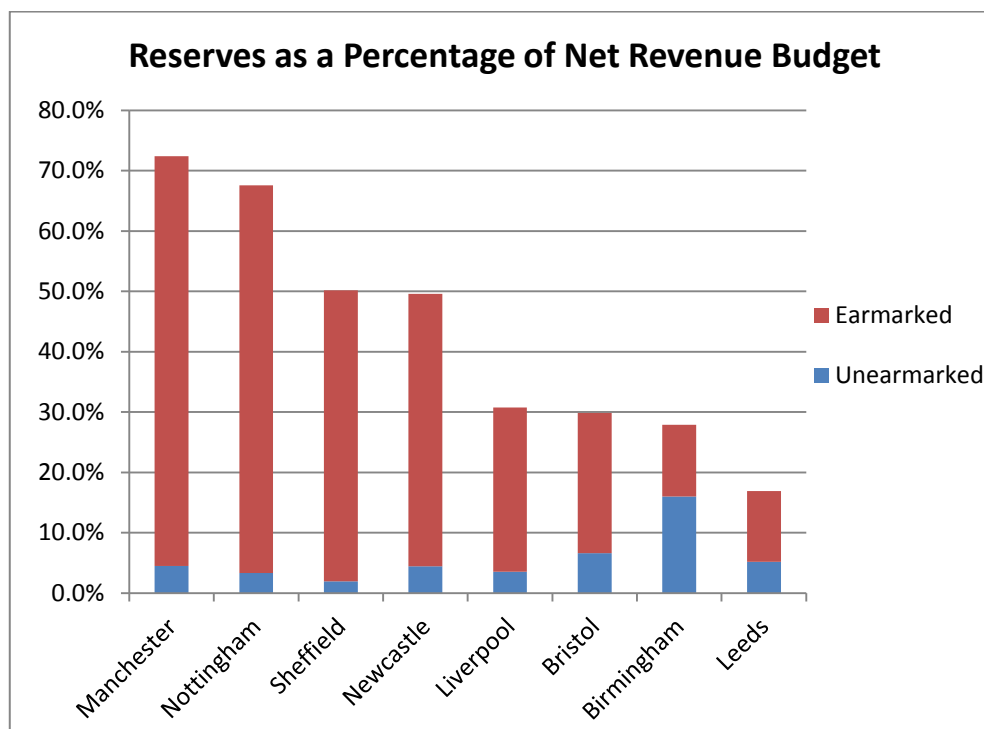
16. Sheffield’s forecast level of General Fund reserves as at 31 March 2020 meets this benchmark. However, it is low in comparison to most other major cities. The table below shows that Sheffield had the lowest levels of General Fund reserves as at 31 March 2019 as a percentage of its 2019/20 net revenue budget when compared to similar councils. This was before it was topped up to remain within the boundaries discussed above.

	Un-earmarked Reserves at 31/3/19, (£m)*	Un-earmarked Reserves as % of Net revenue Budget 2019/20, (£m)**
Birmingham	144.0	16.0%
Bristol	23.3	6.6%
Leeds	28.0	5.2%
Manchester	22.0	4.5%
Newcastle	10.1	4.5%
Liverpool	16.3	3.6%
Nottingham	8.0	3.3%
Sheffield	8.1	2.0%

* Based on 2018-19 Statement of Accounts

** Based on 2019-20 RA data

17. The graph below shows a comparison of both earmarked and un-earmarked reserves as a percentage of Net Revenue Budget in relation to other major cities;



Earmarked Reserves

18. A list of earmarked reserves, their purpose and proposed use are set out below. Figures in brackets represent their anticipated balance at 31/3/20.
19. 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.

Private Finance Initiative (PFI) Reserve (£36.4m)

20. This PFI grant is a good example of why we have earmarked reserves – Government pays us money in advance to pay future years' liabilities, so we set these sums aside in a reserve until they are needed. If we did not do so, there would be insufficient funds to cover the cost of contracts in future years. These reserves are therefore firmly committed in the medium to long term.
21. The PFI reserve balance is forecast at £36.4m as at 31st March 2020 and is expected to reduce by £4.7m over the course of 2020/21 in line with the established PFI spend profile.

Invest to Save Projects (£7.0m)

22. The Council's Modern and Efficient Council programme has delivered a number of core infrastructure and business transformation projects that are essential to the future success of the Council's business operations. The ongoing successes

of these programmes have delivered in excess of £9m of permanent savings, which have been used to help offset budget pressures over the last few years.

23. Following this success, the Council is launching a number of new initiatives aimed at delivering significant long term savings as a result of some upfront developmental investment.

Insurance Fund (£9.6m)

24. This reserve was created in 2013/14 following the audit of the 2012/13 accounts. The External Auditor recommended that the difference between the Council's best estimate of actual losses and the maximum potential liability should be classified as an earmarked reserve.

New Homes Bonus (£15.1m)

25. The Government pays all Councils New Homes Bonus to incentivise them to bring empty properties back into use or encourage new housing to be built. The Council intends to use the payments to promote housing development and to fund economic growth projects. This reserve sets aside the payments until required for agreed projects, which now form part of the wider Corporate Investment Fund.

Major Sporting Facilities (MSF) (£28.6m)

26. The remaining funds are required for the future costs of the Major Sporting Facilities debt (Ponds Forge, Hillsborough Leisure Centre, etc.). £4.6m will be used in 2020/21 to service the outstanding MSF debt in line with the established spend profile. The remaining balance will reduce over the remaining life of the contract ending in 2023/24.

Business Rates Appeals (£19.6m)

27. This reserve is required to cover potential reductions in Business Rates income following future successful appeals.

Public Health (£0.8m)

28. Public Health grant funding is given to the Council on a yearly basis. The conditions of the grant specify that these funds are restricted to public health functions and that any surpluses must be carried to a reserve for use in future years. This balance therefore represents underspends in prior years.

Service Area Reserves (£16.0m)

29. These are a variety of service specific reserves agreed by Cabinet in previous years set aside for long term projects / plans, examples include the Workplace Accommodation Strategy and the Flexible Development Fund.

Other Earmarked Reserves (£75.2m)

30. This includes various specific earmarked reserves including:
- pension deficit payments;
 - children's and adults social care;
 - redundancies;
 - contingencies for potential budget deficits, including interest rate risk;
31. There is a forecast net in-year increase on these reserves totalling £14.2m in 2020/21. This is largely due to a repayment to the pension reserve following the early payment in 2016/17.

Assessment of levels of reserves

32. The Section 151 officer has carried out an assessment of the adequacy of the level of reserves held by the Council in light of the principal risks it faces. While the maximum total financial impact of these risks far exceeds the reserve held, the overall likelihood of all these risks being incurred in any one year is low and therefore, it is not deemed prudent, nor offers best value to hold sufficient reserves to cover all eventualities. **Appendix 5** details the risks and the level of their potential impact.
33. The Executive Director of Resources recommended during the 2020/21 budget process that:
- The General Fund Balance be maintained at around £12.6m, and therefore in line with the recommended level of 3% to 5% of the Council's net spending, regarded by most Chief Finance Officers in the Audit Commission's research as a prudent level for General Fund reserves.
 - Given the current over spend position against the 2019/20 revenue budget, and the possibility of an over spend at year end, the General Fund balance will be charged with the amount of any over spend. In this event, the Executive Director of Resources will recommend replenishing the General Fund balance to the minimum level outlined above, either by un-earmarking part of an earmarked reserve, or charging the 2020/21 Revenue Budget with an alternative savings plan.
 - The most significant ongoing risk is the delivery of financial savings from the social care recovery plans. Non-delivery of the plans over an extended period of time would start to hit earmarked reserves and threaten the financial stability of the Council. The position is not yet critical, but stringent focus on monitoring and review of the plans will be essential.

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CORPORATE RISK REGISTER

AS AT 1st April 2020

1. This Appendix provides a brief overview of the main financial risks facing the Council in 2020/21 and beyond. A more detailed schedule of these risks will be monitored by the Executive Management Team to ensure that the risks are mitigated.

Corporate Risks

Capital financing costs

2. The Council currently maintains a substantial but manageable under borrowed position (i.e. The Council has used reserves to cash-flow capital spend, rather than borrow externally) to help support the revenue budget and mitigate residual counterparty default risk on cash investments. In operating with an under borrowed position the Council exposes itself to interest-rate risk. This risk is exacerbated by the uncertainty created by the on-going Brexit negotiation. Recognising this, our Treasury Management function maintains a regular dialogue with the Director of Finance and Commercial Services and the Executive Director of Resources to monitor the risk and review mitigation opportunities.

Business Rates

3. Following the advent of the Government's Business Rates Retention Scheme in April 2013, a substantial proportion of risk has been transferred to local government, particularly in relation to appeals, charitable relief, tax avoidance, hardship relief and negative growth.
4. There is a current effort by the Valuation Office Agency to clear all outstanding appeals relating to the 2010 list by the end of September 2019. As at 31st December 2019, there are around 330 properties relating to the 2010 valuation list with a rateable value of approximately £45m under appeal in Sheffield.
5. Not all of the above rateable value noted above is at risk and not all the appeals will be successful. However due to uncertainty around these factors prudent provisions are taken whenever appropriate to mitigate the loss of income as a result of successful appeals.
6. Of the properties outstanding, the majority are either ATM's or related and approximately 50% are ATM's. There is a longstanding legal case concerning the right to charge Business Rates on ATM's. The case has currently been decided in favour of the supermarkets bringing the case however the VOA has been given the right to appeal this ruling by the Supreme Court. Sheffield City Council has fully provided for the risk of losing this appeal.

7. The appeals process following the 2017 Revaluation has also changed and is now known as Check, Challenge, Appeal. The aim of this system is to reduce the number of spurious and speculative appeals and reduce the time taken to process genuine appeals.
8. To date, the number of Check, Challenges and Appeals processed appears to have reduced on previous years. Data released by MHCLG in September 2019 show that there were only 90 checks outstanding for Sheffield and 150 challenges outstanding. A review of the appeals provision has been conducted to ensure that it remains adequate to cover all outstanding checks and challenges.
9. Up to the point at which the General Election was called for June 2017, 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.
10. Subsequently the Provisional Local Government Finance Settlement (Dec 17) announced that only 75% of business rates would be retained by Local Authorities. The new level of retention was set to be implemented in 2020/21 however following the Spending Round in September 2019, it was confirmed that this was now delayed until 2021/22 due to the complexities of the current political landscape. The Council still expects this increase to replace existing grants such as RSG and the Public Health grant, and as such we expect this to have no overall impact on the Council's net financing position
11. The Council's financial position is significantly determined by the level of Business Rates and Council Tax income. Each of these may be subject to considerable volatility, especially give the legislative changes above, and will require close monitoring and a focus on delivering economic growth to increase our income and on delivering outcomes jointly with other public sector bodies and partners.

Medium Term Financial Analysis

12. On 9th October 2019, Cabinet considered a report of the Executive Director of Resources entitled Medium Term Financial Strategy (MTFA) 2020/21 to 2023/24¹. This report provided an update on the Medium Term Financial Strategy and the financial position of the Council for the next 4 years. This report established the budget planning scenarios for the medium term.
13. The MTFA position is regularly reviewed, and since publication the underlying position has changed. The Council now faces an estimated £73.1m budget gap over the next 4 years. This reduces to £37.0m if £36.0m of identified savings are delivered successfully.

¹ [Item 9, October 2019 Cabinet meeting](#)

14. The future funding environment for the medium term is very uncertain (see below). For the first time since 2010/11, the Council is expecting a real terms increase in funding from Central Government, but the Council nonetheless faces an £73.1m budget gap over the next 4 years. The Council undertakes an ongoing business planning process to identify mitigations to these pressures and develop demand management strategies.

Future funding uncertainty

15. The Government is currently reviewing the basis on which funding is distributed to local authorities ('Fair Funding review'). This is contemporaneous with the introduction of 75% retention of business rates described above, and also with the wider Spending Review, and allocating budgets to central Government departments. The Fair Funding Review has been subject to considerable delay and there is extensive consultation already complete with more still to do. This was originally scheduled to be in place by 1st April 2020 – the Council is planning on the basis that this will be introduced 1st April 2021 at the earliest.
16. There is a potential risk of net loss in terms of revenue funding, either in terms of how funding is distributed within the system or the amount of funding being distributed by whatever mechanism. Currently the MTFs forecasts an overall nil effect of the Fair Funding Review. Any loss therefore would have an immediate impact on service delivery and financial sustainability. This also creates uncertainty for business planning purposes. 2019/20 is the last year of a four year funding settlement, and there is a lack of information from government about future plans for the sector. Financial planning for 2020/21 and beyond is currently proceeding on uncertain and cautious footing. Late announcements of temporary, one-off funding do not create a safe foundation for business planning and investment.²
17. The current planning assumption is that the net effect of these changes will be fiscally neutral, and this is being closely monitored by business planning functions and the Strategic Finance team. These teams are able to respond quickly to consultations and communicate with colleagues in other authorities to effectively communicate our position, to argue for a fair financial settlement and to formulate a sustainable plan for future years' budgets.

Implementation of savings proposals

18. The MTFs described a net revenue funding gap, after identified mitigations, of £34.6m by 2023/24. As described in the main report, this has since changed to a £37.0m net gap. This position assumes the delivery of £36.0m of savings in that term. The risks

² Recommendations and Conclusions from the [76th Report of the Public Accounts Committee](#) on Local Authority Spending, published 6th February 2019.

of delivery of savings in all years specific areas such as adults' and children's social care is considerable, given the increasing demand pressures and the levels of savings that have been achieved in previous years. These risks are underscored by the need for the Council to identify and deliver additional savings to be able to address the £37.0m gap. The risk is that non-delivery of budgeted savings will create a threat to the medium term financial sustainability of the Council.

19. To mitigate this, officers are working on the safe and legal implementation of budget proposals by:
 - (a) Ensuring that there is a thorough understanding of the impact of proposals on different groups and communities, including undertaking Equality Impact Assessments for budget proposals and discussed with Cabinet Members;
 - (b) Carrying out appropriate, meaningful consultation activity with affected communities and stakeholders, and ensuring that where the proposal affects a supplier or provider, that they undertake appropriate consultation and equalities work with service users; and
 - (c) Discussing budget proposals with affected members of staff in advance of them being made public, and putting in place MER processes where required, in consultation with HR.

Pension Fund

20. External bodies whose pension liability is underwritten by the Council are likely to find the cost of the scheme a significant burden in the current economic context. If they become insolvent the resulting liability may involve significant cost to the Council.
21. The greatest risks to the Council are those schemes at risk of their pension fund closing in a deficit position. The deficit when the fund crystallises is based upon a 'least risk basis' calculation by the actuary, which results in a significantly higher deficit than if calculated on an ongoing basis. The Triennial Review which covered the 2017-20 period, highlighted the total liabilities being underwritten by the Council for external bodies at £10.4m. This figure is on an ongoing, rather than least risk, basis. In the worst case, if these funds were to crystallise, the potential liability could be much higher. The results of the latest Triennial Review covering the three-year period from April 2020 are still awaited, however, based on the initial fund performance figures for the Council itself, it is expected that there will also be a significant improvement for the external bodies.
22. To mitigate these risks, agreement has been reached with South Yorkshire Pensions Authority to subsume the assets/liabilities within the Council's own fund on an ongoing basis where appropriate. This avoids the significant costs associated with a crystallisation event.

Economic Climate

23. There is potential for current adverse economic conditions to result in increased costs (e.g. increased homelessness cases) or reduced revenues.
24. The Council seeks to maintain adequate financial reserves to mitigate the impact of unforeseen circumstances.

External Funding

25. The Council utilises many different grant regimes, for example central government, Sheffield City Region and EU. Delivering projects that are grant funded involves an element of risk of grant claw back where agreed terms and conditions are not stringently adhered to and evidenced by portfolios. In order to minimise risk strong project management skills and sound financial controls are required by Project Managers along with adherence to the Leader's Scheme of Delegation to approve external funding bids.
26. As SCC funding reduces, portfolios are increasingly seeking out new sources of external funding, both capital and revenue. EU funding contracts have more complex conditions, require greater evidence to substantiate expenditure claims and are less flexible on timescales and output delivery targets. This increases the inherent risk in projects which are EU funded. Furthermore as the Council reduces its staff resources a combination of fewer staff and less experienced staff increases the risk of non-compliance with the funding contract conditions and exposes the authority to potential financial claw back.
27. Moreover, the pressure on the General Fund means that Service Managers are forced to seek more external funding such that the general level of risk associated with grants is increasing because of the additional workload this creates amongst reduced and potentially inexperienced staff.
28. The result of the referendum on EU membership does not in the short term change the risk profile of EU grants.

Taxation

29. As a general rule, the Authority is able to recover the majority of the value added tax (VAT) incurred on its payments to suppliers, i.e. its input tax. There are, however, special rules surrounding the recovery of input tax relating to supplies that are deemed 'exempt' from VAT, e.g. selling, leasing and letting of commercial land and buildings, education and insurance services. The VAT Act 1994 allows local authorities to recover input tax incurred in providing VAT-exempt supplies, so long as the tax attributable to exempt activities is less than 5% of the VAT incurred on all goods and services purchased.

30. The Council took advantage of its partial exemption position when making an exempt lease to a strategic partner as part of the Heart of the City development, delivering substantial savings. The Council has agreed a 7-year average partial exemption calculation with HMRC due to the spikes in construction costs which result in a breach in a couple of individual years. Any breach of the agreed threshold over the term would lead to substantial VAT recovery by HMRC.
31. Building the lease into the Authority's 7-year average partial exemption calculation leaves us at just below 4% in terms of the 5% limit, i.e. headroom of just over 1%. As a result, continual monitoring of our partial exemption position is vital in ensuring that we do not breach and also to inform decision-making on future projects being undertaken by the Authority.
32. Land and property transactions potentially pose one of the greatest risks of partial exemption breach. The Tax Team currently engages with colleagues in the Property Services team on at least a monthly basis to establish whether planned land and property transactions are likely to cause any partial exemption issues. In addition to this, communications are due to be issued in the next month to Heads of Service in portfolios making exempt supplies, which will further raise awareness of the partial exemption issues currently being faced by the Authority. Furthermore, systems have been developed internally to enable effective monitoring.

Sheffield City Trust

33. Sheffield City Trust (SCT) was set up in 1987 to oversee running City's sport and leisure facilities, linked to the Major Sporting Facilities (MSF) that were built for the 1991 World Student Games. The MSF are Ponds Forge, Hillsborough Leisure Centre and the FlyDSA Arena.
34. The Council has faced almost 10 years of austerity, with significant funding cuts and a consequent increase in the maintenance backlog across the Council's asset base, including the Council-owned facilities that are leased to SCT. In 2018 a 6 year business plan was received from SCT that proposed a zero subsidy by 19/20. This proposal was agreed by the Council, but has not been achieved to date by SCT.
35. In late June 2019 SCT requested, and was given, a cash-flow loan of £1m from the Council to alleviate a cash shortfall, and to avoid any risk of default on the bond that was used to finance the MSF. In July 2019 the Council commissioned Grant Thornton to report on SCT's cash position. On 20th November 2019, Cabinet approved an additional £3.7m of in-year funding for SCT.³
36. The existing relationship with SCT may naturally come to an end in 2024 with the end of the MSF debt. However, the process is not simple with a number of transactions

³ [Item 11, November 2019 Cabinet](#)

that will need to be completed. It is also clear that the best outcome will require the Council and SCT to work together in partnership.

37. Consequently there are a number of risks around the future financial position of SCT, and around the level of funding required to support future sporting and leisure facilities within the City. These risks will be considered and mitigated by longer-term planning for leisure facilities within the City.

Treasury Management

38. The Council proactively manages its counter-party risk. Counterparty risk arises where we have cash exposure to bank and financial institutions who may default on their obligations to repay to us sums invested. Counterparty risk continues to diminish as banks have been obliged to improve their capital funding positions to mitigate against future financial shocks. However, the UK's decision to leave the European Union has the potential to intensify these risks as the UK's decision to exit the EU creates significant political, economic, legislative and market uncertainty which is unlikely to be resolved in the short term. The Council is continuing to mitigate counterparty risk through a prudent investment strategy, placing a substantial proportion of surplus cash in AAA-rated, highly diversified and liquid funds and the remainder with counterparties with investment grade ratings.
39. As part of the 2020/21 budget process, we are developing a Treasury Management and Investment Strategies, both of which were based on discussions with Members and senior officers about our risk appetite. This included a review of our counter-party risk to ensure it is reflective of the relative risks present in the economy. A cautious approach was adopted whilst the uncertainties created by the planned exit from the EU are resolved and the level of market volatility returns to normal levels. Given the profound nature of the exit from the EU, we will continue to review our Treasury Management and Annual Investment Strategies during 2020/21 to ensure we have the ability to respond appropriately to market volatility.
40. The Council is also actively managing its longer term need for cash. Cash flow requirements show that the Council will require new borrowing in the coming years to finance capital investment (current, future and past unfunded expenditure). This is intensified by the size and timing of investment requirement arising from the development of the Heart of the City II project and the timing of any divestment. Added to this are the uncertainties caused by the UK exit from the EU will require the Council to remain vigilant to interest-rate risk, and will draw down loans in a timely manner to militate against borrowing costs rising above our target rates – especially following the recent change in margin applied to PWLB loans by HM Treasury and the longer timeframe for arranging alternative funding sources. However we will use our Treasury advisors to ensure this is undertaken efficiently and effectively

41. IFRS 9 introduced a new expected credit loss model which broadened the range of information the Council is required to consider when determining its expectations in terms of credit losses; and resulted in an increased level of provision during 2018/19. On the positive side, when making new loans to third parties, the new expected credit loss model ensures the Council undertakes effective due diligence and understands the potential financial implications at the outset of the loan and annually thereafter.

Welfare Reforms including Universal Credit

42. A programme of welfare reforms, introduced in 2013, led to cuts in a range of benefits including Housing Benefit (HB) and Council Tax Support posing a risk to residents' ability to pay their rent and council tax and therefore increases in arrears.
43. The most significant reform, the introduction of Universal Credit (UC) which replaces HB for those of working age, is being rolled out in Sheffield with full take up expected in 2023 or later.
44. UC poses a significant financial risk to the Council as support towards housing costs, which is currently paid through HB direct to the Housing Revenue Account will in most cases, under UC, be paid directly to individuals. It is estimated that this could double or even treble the cost of collection and increase rent arrears to £15m by the end of 2020/21. However, impacts are uncertain at present as there is limited data available therefore estimates will be reviewed as we learn from the roll out.
45. The Council administers a locally funded hardship scheme to provide extra support to residents who cannot pay their council tax and a government funded scheme which supports those who cannot afford to pay their rent. The Council will also continue to take robust action to recover arrears from those who simply will not pay. It is however committed to not evicting a tenant as a result of arrears due to delays in universal credit payments.
46. There is also a UC Project Working Group which is supporting the roll-out of UC and taking steps to ensure the Council is prepared for full take up.

People Risks – Children Young People and Families

Education Funding

47. Schools are entitled to receive a proportion of the Council's Dedicated Schools Grant (DSG) which Schools Forum have decided can be de-delegated back to CYPF to fund central services. Academies can on conversion choose whether to buy into those services thus creating a potential funding gap. In 2020/21 up to £500k could be at risk to centrally funded services should Academies choose not to buy back those services funded from de-delegated DSG from the local authority.
48. If an academy is a sponsored conversion then the Council will have to bear the cost of any closing deficit balance that remains in the Council's accounts. In 2020/21 this cost

to the Council is estimated at around £500k and remains a risk for any future conversions, especially with the continuation of the academy conversion programme.

49. As part of transition to a National Funding Formula, when all funding allocations to schools will be directly managed by Education Funding Agency, Sheffield school forum is expected to review and approve all previously held centrally held allocation subject to a limitation of no new commitments or increase in expenditure over the next two years. These historical commitments are now part of central school block and school forum approval is required each year to confirm the amounts on each line. Expenditure in centrally held funding amounts to around £8m. The funding announcements for 2020/21 have confirmed that the central school block will reduce by 20%, which is £1.1m for Sheffield and are likely to continue to reduce over the next few years.

Children's Social Care

50. There continues to be an increase in demand and costs for services for children social care both in terms of placement costs, fieldwork costs and support costs.
51. There are a number of ongoing transformational projects in place to manage the increasing demand and costs within available resources. These include preventing children coming into care and ensuring appropriate family based services, thereby avoiding the need for high cost, out of city placements. Implementation of these programmes is contingent upon cross service and cross portfolio working.

Special Educational Needs and Disabilities (SEND)

52. There continues to be an increase in demand and costs for children with special educational needs and disabilities. This includes increasing demand for Special School Autistic Spectrum Disorder (ASD) places and pressures on mainstream schools to support increasingly complex needs, with increasing statutory assessment pressure reforms.
53. The government has announced additional Dedicated Schools Grant (DSG) of £9m for High Needs Funding and there are a number of ongoing transformational projects in place to managing increasing demand and costs within available resources. Delivery of these programmes is contingent upon cross service, cross portfolio and cross partnership working with Health and Schools.

People Risks – Adult Social Care

54. In 2020/21 we have a significant partnership arrangement with the CCG which includes various funding streams for core services in Adult Social Care. There is a risk that these funding streams are not sustainable long term and there would be a risk to the Council delivering core services should this funding cease.

55. The new year will see a continuation of the pooled budget arrangement with the Clinical Commissioning Group and the Sheffield Health and Social Care Foundation Trust to manage Mental Health services jointly within the Better Care Fund and identify savings through a new joined up approach to delivering services. Work needs to strengthen within the arrangement to ensure that all partner organisations benefit from the joint working and that the clients receive the right level of support irrespective of where the funding of the service happens.
56. For 2020/21 we have put in measures to address the budget gap on all Adult Social Care Purchasing (Older People, Physical Disabilities and Learning Disabilities) however the risk remains that continued demand pressures increasingly affect our position to balance. Demand management plans within service should address some of the continued pull on resources and potentially redress some of the continued increases seen over the last two years.
57. The Government announced a higher National Living Wage threshold for April 2020 than had previously been published. This has the potential to increase costs of externally procured services over and above that assumed in the pressures calculated during business planning. This places an additional pressure on all delivery of Adult Social Care and could impact on clients in terms of their contributions.
58. For 2020/21 there is a risk that providers will seek to increase their fees above the level of pressure that the Council has allowed which could increase the potential overspend beyond that created by the additional increase to National Living Wage.

Place Portfolio

Revenue Budget savings

59. The Place budget comprises five significant contractual commitments - Streets Ahead programme, Waste Management, the South Yorkshire Passenger Transport Levy, repayment of Major Sporting facilities debt and the Private Finance Initiative costs of some buildings – which together absorb the major part of the portfolio's General Fund support. The Portfolio cannot meet projected reductions in local authority funding by only reducing costs in the services that share remaining part of the General Fund budget without a significant reduction to those services. Thus in the 2015/16 Business planning round, the Portfolio's strategy was based on reducing the cost of the first three of these contracts to preserve the other services. The PFI cost is fixed and cannot be reduced without buying out the provider.
60. The South Yorkshire Transport Levy and Waste Management contracts have been successfully reduced. Officers continue to review the opportunities to realise further benefits from the Streets Ahead contract and this forms a significant part of the future cost reduction plans.

61. The Portfolio has also developed further strategic interventions planned over the next four years including reducing the level of support to Sports Trusts, and has embarked on the Place Change Programme to review all the other services seeking a business-like approach to service delivery to maximise efficient and effective delivery whilst understanding the full cost of operational decisions. This knowledge can then be used to set fees and charges to recover the full cost of the service. Realising the efficiencies and opportunities within these reviews are crucial to the Portfolio delivering a sustainable balanced position going forward. Delivery of the Sports Trusts savings will be dependant on the performance of the Council's partners and the general leisure market conditions. This is proving to be very challenging and is being carefully monitored.
62. The portfolio's future financial strategy is to reduce its dependence on General Fund support by replacing it with funding from third parties or fees and charges. Raising additional income will be dependent on the performance of the overall economy and the competitive position of the services in the market place.
63. The Portfolio undertakes a number of complex, high profile capital projects which require strong cost control from the sponsor and project manager. Experience has shown that this discipline is not present in all projects and has exposed the portfolio on occasions to find funding from the Revenue Budget to fund overspends. Furthermore, the Council has agreed a number of contingent liabilities relating to developments within the city centre. If these were to crystallise there would be an immediate Revenue and Capital Budget impact.

Housing Revenue Account Risks

64. There are a number of future risks and uncertainties that could impact on the 30 year HRA business plan. Work is continually ongoing to assess the financial impact of these. Identified risks to the HRA are:
 - **Welfare Reform /Universal Credit:** the Government's welfare reform continues to be a significant risk to the HRA. The risk to income collection will continue to become increasingly difficult as Universal Credit and continues to be rolled out. Mitigations are in place such as funding additional officers to manage the impacts of welfare changes on affected tenants. Work is continually ongoing analysing the financial risk to the business plan.
 - **Interest rates:** fluctuations in the future levels of interest rates have always been recognised as a risk to the HRA. These are managed through the Council's Treasury Management Strategy.
 - **Repairs and Maintenance:** existing and emerging risks within the revenue repairs budget include unexpected increased demand (for example due to adverse weather conditions) and increases in construction costs due to inflation.

Capital Programme Risks

Project Cost Control

65. There is an inherent risk within all the programme of overspending on any single project as a result of unforeseen circumstances (e.g. ground conditions or contamination) or poor management and planning. The Council has made significant improvements in the management of capital projects including improved risk management, however, in the event of an overspend it will have to use its own limited resources to plug the gap.

Housing Growth

66. There is a risk to delivering the full scope of major schemes such as Park Hill and other housing growth schemes because of the instability in the housing market. This could result in schemes 'stalling', leading to increased costs of holding the sites involved and delayed realisation of the projected benefits including Community Infrastructure Levy which along with capital receipts form a key element of the Corporate Investment Fund. Any reduction in these funding streams will limit the Council's investment capacity.
67. It is now anticipated that New Homes Bonus funding (central Government funding to incentivise house building) will not continue beyond 2020/21. This funding stream was also a key element of the Corporate Investment Fund and could therefore negatively impact on the council's investment capacity.

Heart Of the City 2 (formerly Sheffield Retail Quarter)

68. The route for delivery of the remainder of the Heart of the City2 (HoC2) programme is now being done on an incremental measured block by block basis, working within the approved masterplan, which can be delivered comprehensively over time but not necessarily by a single developer and/or the Council. This approach mitigates the Council's risk and financial exposure and delivers momentum.
69. The Council has committed significant funding for the delivery of the HoC2. This is made up of a number of phases:
- (a) £62m - To acquire land and carry out initial feasibility work
 - (b) £27m - For the appointed development manager to take forward the pre-construction phases of the scheme.
 - (c) £89m - For the construction of the first building and associated public realm. The office accommodation of the building has been pre-let to HSBC on a 25 year lease, with options to exit at years 10 and 15. This means the Council carries the longer term vacant property risk on the office and also on a more periodic basis for retail and food and beverage units created as shorter leases

expire. This building is now complete and the letting activity is in progress to secure tenants for the remaining office, retail and F&B units.

- (d) £35m - For the development of blocks B & C of the scheme. These blocks are being built speculatively and so the Council carries the letting risk for the Office, Residential and Retail space being created.
- (e) £63m – For the development of block H. The block is being sub divided to deliver a food hall and separate office building. A food hall operator will be secured before construction costs are committed. In addition the construction appointment will be split into two distinct phases so that the office building and food hall could be delivered to different programmes as required to meet market demand if necessary.

- 70. There are a further blocks (A, G, I) which are at design review stage.
- 71. This phased approach to delivery also allows for future changes in the scheme to reflect changes in shopping habits/behaviours and the expectations of shoppers and users of the city centre and to reflect on Council priorities such as the Climate Emergency.
- 72. Creating confidence in the City through the successful delivery and letting of the early phases, stimulates more market interest in the later phases and where appropriate third party development may be considered for some blocks.
- 73. The scheme is being funded through prudential borrowing which will be repaid primarily from the rental value created from the various types of property and from the increased Business Rates that the completed scheme will produce (known as Tax Incremental financing (TIF)). The financing costs are being capitalised while the scheme is in development. There is a risk that if the scheme ceases to be active that the financing costs of circa £4m pa will have to be provided for from existing budgets. The long term impact of the phased delivery has been built in to the Medium Term Financial Strategy.
- 74. A programme of development of this size carries with it significant levels of risk across a number of areas. These risks are amplified because of the length of the development programme and because of the uncertainties caused by the rapidly changing retail landscape and the unknown effects of Brexit.
- 75. In order to mitigate those risks stringent governance will be exercised over the progression of the scheme so that additional cost commitments will only be made if there is tangible evidence that scheme has positively achieved its pre-conditions and that the demand, rental levels and costs can be evidenced to be in line with or an improvement on base assumptions.

Schools' Expansion programme

76. In February 2016 the Cabinet approved a report setting out the need to provide additional places in primary, secondary and Sixth Form establishments. The immediate demand for places required the Council to commit funds ahead of receipt from central government. The actual funding gap between expenditure incurred and funds received at 2018/19 year end was £13.5m. Future confirmed allocations of funding total £13.1m, with a further £8.4m expenditure committed. Therefore, the current amount at risk (i.e. expenditure committed without confirmed funding allocation) is £8.8m.
77. An announcement is now expected in spring 2020 of the grant allocation for 2021/22. If the amount granted is less than £8.8m or is not announced until after 31 March 2020, this will require a further application of council resources in lieu of further funding.
78. Initial estimates by the School Organisation Team indicated the 2021/22 allowance could be up to £11m. However, changing government methodologies over the calculation of the grant mean this cannot be relied upon. This therefore remains a risk to the Council. That said, robust monthly monitoring of the Schools Places Expansion Programme has ensured that the level of potential risk has been quantified and work on the accounting treatment has significantly reduced the potential draw on corporate resources.
79. In the event of a change of government policy which further reduced the financial support available to local authorities' capital programmes, the Council would very probably be faced with a greater affordability gap in the schools' capital programme than has already been identified above, requiring it to contribute its own capital resources.
80. The Council already faces pressure to maintain the condition of the school building estate so there is a limited opportunity to divert funds earmarked for maintenance to support the school place expansion programme. The Council has taken steps to minimise this exposure by challenging the construction industry to build to a specific cost target against Education Funding Agency standards, and, matching the provision of some 16–18 year places to demand.

Appendix 6 (the Council tax Determination) will be completed following formal approval of Parish and Preceptor Council Tax Levels for 2020/21, and will appear here.

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APPENDIX 7

Treasury Management Strategy Statement, Minimum Revenue Provision Policy Statement and the Annual Ethical Investment Strategy for 2020/2021

Executive Summary

Introduction

Treasury Management fulfils a number of key roles that link the Revenue Budget and the Capital Programme. In line with the CIPFA definition of Treasury Management, these roles include:-

- ensuring that cash flow is adequately planned for and cash is available when needed
- investing surplus funds in line with the authority's risk appetite
- the funding of the Council's capital programme
- the effective control of the risks associated with those activities

The 2020/21 Treasury Management Strategy Statement (TMSS)

In Section 2, we highlight that the TMSS covers both capital issues and treasury management issues as required by the Local Government Act 2003, the CIPFA Prudential Code, MHCLG MRP Guidance, the CIPFA Treasury Management Code and MHCLG Investment Guidance.

This section also reports on the Council's response to requirements under the above codes in relation to training and the use of Treasury Management Consultants.

Capital Prudential Indicators

In Section 3, we discuss that the Council's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in the *Capital Prudential Indicators*, which are designed to assist members' overview and confirm capital expenditure plans.

The Council's Borrowing Need (Capital Financing Requirement)

In Section 4, we explain that the Council's Capital Financing Requirement (CFR), the second Prudential Indicator, is the total historic capital expenditure that has not yet been paid for; either from revenue or capital resources, and is a measure of the Council's underlying need for borrowing.

Any new capital expenditure not immediately paid for, from grants, capital receipts or revenue contributions, will increase the Council's overall CFR.

The Council's CFR is expected to steadily increase over the next few years based on the Council's capital investment plans; moving from £1.5bn in 2018/19 to £1.6bn in 2023/24.

Minimum Revenue Provision

Section 5 sets out its Minimum Revenue Provision (MRP) policy for the 2020/21 financial year, which outlines how the Council will set aside some of its revenue resources as a provision for reducing the underlying need to borrow (as identified by the CFR). The core requirement is that:

- The Council has an approved policy for calculating MRP (this policy)
- The Council sets aside an amount which is deemed to be prudent, having regard to MHCLG's statutory guidance.

The MRP policy for 2020/21 is largely unchanged from 2019/20. However, changes under the new Accounting Standard IFRS16 to how we recognise leased assets will require the principal elements of lease payments to be treated as MRP.

Application of Resources

Section 6 outlines the Council uses resources other than borrowing temporarily to finance capital expenditure. This allows the Council to remain "under borrowed" - meaning that we have not externally borrowed to fund fully the CFR.

A consequence of being under borrowed is that the Council has less cash available to invest. However as we receive lower interest on our investments than we pay on borrowing, this approach is financially advantageous.

Current Debt Portfolio

In section 7, we explain that the new borrowing forecast to be taken is based on funding expenditure in the Capital Programme whilst broadly maintaining a sustainable under-borrowed position.

In addition to external borrowing we are forecasting PFI Liabilities to fall over the forecast period as payments are made, and in 2020/21 we see the final payment on the transferred debt relating to the old South Yorkshire County Council.

Treasury Indicators

Section 8 sets out the Treasury Indicators assess the affordability of planned capital expenditure and its effect on the Council's overall finances.

This main body of the report details the indicators for:

- Revenue cost as a proportion of net revenue
- Limits to Borrowing activity

Members are asked to approve the Treasury indicators within this section.

Borrowing Strategy

In section 9 we point out that increased borrowing rates and the Council's relatively strong cash balances support continuing the Council's under-borrowed position at current levels.

The capital programme will require new borrowing to be taken to achieve this aim.

It is expected the increased margin on PWLB borrowing will make lending to Local Authorities more attractive to banks, and the Treasury team will seek advice as necessary to assess the value of these sources of borrowing.

Treasury Limits on Activity

Section 10 highlights the boundaries and limits imposed in relation to variable rate exposure and maturity profiles.

Debt Rescheduling

Section 11 notes that during 2019/20, no rescheduling of the Council's debt was undertaken and none is expected in the foreseeable future.

Annual Ethical Investment Strategy

In section 12, we set out the Annual Ethical Investment Strategy that aims to ensure investment decisions comply with its investment priorities (Security, Liquidity and Yield) and do not contradict the Council's ethical values.

Investment Strategy

In Section 13 we highlight the distinction between Treasury and other investment types, the considerations in making short and long term decisions as well as limits for investment over 12 months.

Section 1 - Introduction**Key Points:**

Treasury Management fulfils a number of key roles that link the Revenue Budget and the Capital Programme. In line with the CIPFA definition of Treasury Management, these roles include:-

- **ensuring that cash flow is adequately planned for and cash is available when needed**
- **investing surplus funds in line with the authority's risk appetite**
- **the funding of the Council's capital programme**
- **the effective control of the risks associated with those activities**

1.1 The Council operates a balanced revenue budget, which should mean that cash raised will meet its cash requirements; over the medium term. A key role of the treasury management operation is to ensure that cash flow is adequately planned for and available when needed. Surplus cash is invested in low risk counterparties and instruments in alignment with the Council's risk appetite. The security and liquidity of the portfolio of investments are our primary concerns before considering investment return (yield).

1.2 Another primary function of the treasury management service is the funding of the Council's capital programme. The capital plans provide a guide to the borrowing needs of the Council, informing longer term cash flow planning to ensure that the Council can meet its capital spending obligations. The management of longer term cash may involve arranging long or short term loans, or using longer term cash flow surpluses. On occasion any loans or credit liabilities previously drawn may be restructured to meet Council risk or cost objectives.

CIPFA defines treasury management as:

"The management of the local authority's borrowing, investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."

1.3 Accordingly, the document provide a strategic framework for the achievement of the following objectives:

Borrowing:

- Proposed levels of borrowing are sustainable and affordable
- The expected costs are well-matched to the relevant revenue streams to maximise budgetary certainty
- Financing is readily available when required for major capital

expenditure

- The most economical sources of borrowing for a given situation are identified and made use of.

Investments:

- Security: Public funds are not lost
- Liquidity: Cash is available when required for essential expenditure
- Yield: Returns are maximised to maintain, so far as the above constraints allow, the spending power of public funds held by the Authority.

Effective Balance Sheet Management:

- A sustainable and prudent balance is struck between the use of cash balances in lieu of external borrowing and any potential risks of refinancing

1.4 The Council is currently required to receive and approve a number of reports each year, incorporating a variety of policies, estimates and actuals.

These reports include:

- Prudential and treasury indicators and treasury strategy (this report) which covers Capital and Treasury Management issues (see 2.1/2.2 below):
- A mid-year treasury management report – This will update members with the progress, amending prudential indicators as necessary, and advise whether any policies require revision.
- Annual treasury report – This provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

The above reports are required to be adequately scrutinised before being recommended to the Council. This role is undertaken by the Cabinet Member for Finance.

Section 2 - The 2020/21 Treasury Management Strategy Statement (TMSS)

Key Points:

The TMSS covers both capital issues and treasury management issues as required by the Local Government Act 2003, the CIPFA Prudential Code, MHCLG MRP Guidance, the CIPFA Treasury Management Code and MHCLG Investment Guidance.

This section also reports on the Council's response to requirements under the above codes in relation to training and the use of Treasury Management Consultants.

- 2.1 The TMSS covers capital issues:
- the capital plans and the prudential indicators;
 - the minimum revenue provision (MRP) policy
- 2.2 The TMSS covers treasury management issues:
- the current treasury position;
 - treasury indicators which limit the treasury risk and activities of the Council;
 - prospects for interest rates;
 - the borrowing strategy;
 - the investment strategy;
 - policy on borrowing in advance of need;
 - debt rescheduling;
 - creditworthiness policy; and
 - the Council's policy on use of external service providers
- 2.3 The CIPFA Code requires the responsible officer to ensure that members with responsibility for treasury management receive adequate training. This especially applies to members responsible for scrutiny.

The Cabinet Member for Resources and Finance and the Audit and Scrutiny Committee has been provided with treasury management training from officers during the year. Further internal and external training will be considered as necessary.

The training needs of treasury management officers are also periodically reviewed. During the year officers attended workshops, seminars and conferences provided by CIPFA, the Council's treasury management consultants and other relevant organisations.

The Council's Treasury Manager holds a qualification in international treasury management awarded by the Association of Corporate Treasurers as well as

being a CCAB qualified accountant.

- 2.4 The Council uses Link Asset Services as its external treasury management advisors.

The Council recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon our external service providers.

It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subject to regular review.

Section 3 – Capital Prudential Indicators

Key Points:

The Council's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in the *Capital Prudential Indicators*, which are designed to assist members' overview and confirm capital expenditure plans.

- 3.1 This prudential indicator is a summary of the Council's capital expenditure plans, both those agreed previously, and those forming part of the budget cycle. These plans are approved as part of approving the Capital Budget, so are noted here for information.

Capital Expenditure	2018.19 Actual £'m	2019.20 Forecast £'m	2020.21 Budget £'m	2021.22 Estimate £'m	2022.23 Estimate £'m	2023.24 Estimate £'m
People Capital & Growth	44.5	£15.2	£5.4	£2.4	£2.2	£0.0
Essential Compliance & Maint	4.0	£9.5	£1.4	£0.0	£0.0	£0.0
Economic Growth	10.6	£7.7	£4.9	£1.2	£0.0	£0.0
Housing Investment	48.5	£39.7	£44.1	£56.8	£57.7	£113.5
Quality of Life	20.0	£15.4	£19.2	£17.6	£17.7	£17.9
Transport	4.7	£13.7	£7.2	£0.3	£0.0	£0.0
Housing Growth	11.0	£27.9	£38.9	£76.3	£75.6	£51.0
Heart of the City II	48.2	£23.0	£56.0	£33.4	£22.3	£6.7
Green & Open Spaces	1.2	£1.4	£0.9	£0.2	£0.0	£0.0
ICT	0.0	£0.0	£1.4	£0.0	£0.0	£0.0
Corporate	0.0	£1.3	£0.0	£0.0	£0.0	£0.0
Total	192.7	£154.7	£179.4	£188.2	£175.4	£189.1

The Council's Capital Strategy and Capital Programme provides more detail on the key investment priorities aligned to the Council's overall corporate objectives, and are available from the Council's Website.

- 3.2 In addition to the table above, the Council may also invest up to a limit of £10m per year in loans to local enterprises, local charities, wholly owned companies and joint ventures as part of a wider strategy for local economic growth.
- 3.3 The Council may also make commercial investments and these will be reported via the Capital Strategy as they are non-treasury investments. There are currently no plans to make investment of this type. The capital strategy establishes a limit on commercial income (currently 3% of net expenditure) to minimise any exposure to the risk associated with commercial investments.
- 3.4 The table below summarises our capital expenditure plans and how these plans are being financed by capital or revenue resources.

Any capital expenditure not funded by grants, receipts, or revenue contributions, results in a need for borrowing.

Capital Expenditure:	2018.19 Actual £'m	2019.20 Forecast £'m	2020.21 Budget £'m	2021.22 Estimate £'m	2022.23 Estimate £'m	2023.24 Estimate £'m
Capital expenditure:						
Non-housing	£133.2	£87.1	£96.5	£55.2	£42.1	£24.6
Housing	£59.5	£67.6	£83.0	£133.0	£133.3	£164.5
Total	£192.7	£154.7	£179.4	£188.2	£175.4	£189.1
Financed by:						
Capital Receipts	£15.6	£23.8	£26.8	£33.2	£12.0	£18.6
Capital Grants & Contributions	£69.7	£50.0	£30.5	£32.9	£10.3	£18.6
Revenue Contributions	£62.4	£39.3	£47.7	£73.0	£97.7	£110.9
Net borrowing need for the year	£45.1	£41.5	£74.4	£49.0	£55.4	£41.0
Fund Split						
General Fund	£45.1	£41.5	£74.4	£49.0	£38.8	£24.3
HRA	£0.0	£0.0	£0.0	£0.0	£16.6	£16.7
Total	£45.1	£41.5	£74.4	£49.0	£55.4	£41.0

Capital Receipts and grants are anticipated to be an important but declining source of funding for the Council's capital investment programme.

The significant use of revenue resources to fund capital expenditure primarily relates to the use of revenue reserves and rental income raised in the Housing Revenue Account (HRA) to fund capital works on the Council's housing stock and acquisitions to meet the Council's housing ambitions.

As in previous years, judicious use of borrowing to support capital investment remains a prudent financing option whilst borrowing costs remain relatively low (in historical terms).

The above financing need excludes other long term liabilities, such as Public Finance Initiatives (PFI) arrangements, no new PFI assets are expected to be acquired during the term of this strategy.

Section 4 – The Council's Borrowing Need (Capital Financing Requirement)

Key Points:

The Council's Capital Financing Requirement (CFR), the second Prudential Indicator, is the total historic capital expenditure that has not yet been paid for; either from revenue or capital resources and is a measure of the Council's underlying need for borrowing.

Any new capital expenditure not immediately paid for, from grants, capital receipts or revenue contributions, will increase the Council's overall CFR.

The Council's CFR is expected to steadily increase over the next few years based on the Council's capital investment plans; moving from £1.5bn in 2018/19 to £1.6bn in 2023/24.

4.1 The following table shows projections for the Council's CFR:

Capital Financing Requirement	2018.19 Actual £'m	2019.20 Forecast £'m	2020.21 Budget £'m	2021.22 Estimate £'m	2022.23 Estimate £'m	2023.24 Estimate £'m
CFR non-housing	£1,191.1	£1,203.2	£1,241.6	£1,238.6	£1,243.8	£1,240.1
CFR housing	£345.9	£345.9	£345.9	£360.8	£372.8	£380.8
Total CFR - Year End	£1,537.0	£1,549.1	£1,587.5	£1,599.4	£1,616.6	£1,620.9
In Year Movement in CFR	£34.3	£12.0	£38.4	£11.9	£17.2	£4.3
<u>Movement in CFR represented by:</u>						
Expenditure not funded by grants, receipts, or contributions	£60.7	£41.5	£74.4	£49.0	£55.4	£41.0
Additional PFI liabilities	£0.0	£0.0	£0.0	£0.0	£0.0	£0.0
- MRP/VMRP and other movements	-£26.3	-£29.5	-£36.0	-£37.1	-£38.3	-£36.7
In Year Movement in CFR	£34.3	£12.0	£38.4	£11.9	£17.2	£4.3

- 4.2 The CFR does not increase indefinitely. Statute requires the Council to charge an amount each year to the budget known as the Minimum Revenue Provision (MRP). This charge mimics depreciation, reduces the CFR, and ensures the Council has enough cash to repay its debts.

The CFR also includes other long term liabilities such as PFI arrangements. Whilst these form part of the CFR, and therefore the Council's borrowing requirement, these types of arrangements include a borrowing facility which means the Council is not required to separately borrow for these schemes.

The Council currently has £390.0m (2018/19 £400.8m) of such arrangements within the CFR.

Section 5 - Minimum Revenue Provision

Key Points:

Each year the Council sets out its Minimum Revenue Provision (MRP) policy, which outlines how the Council will set aside some of its revenue resources as a provision for reducing the underlying need to borrow (as identified by the CFR). The core requirement is that:

- **The Council has an approved policy for calculating MRP (this policy)**
- **The Council sets aside an amount which is deemed to be prudent, having regard to MHCLG's statutory guidance.**

The MRP policy for 2020/21 is largely unchanged from 2019/20. However, changes under the new Accounting Standard IFRS16 to how we recognise leased assets will require the principal elements of lease payments to be treated as MRP.

The Council is recommended to approve the following MRP statement:

- 5.1 For capital expenditure incurred before 1st April 2008, or which in the future will be Supported Capital Expenditure (expenditure which receives income support from government), MRP will be charged on a flat line basis over fifty years. This will ensure that all debt associated with Supported Capital Expenditure is fully provided for up to the Adjustment A level that is required of us by government within fifty years and better aligns the charges we make to the General Fund with the funding we receive from government. Adjustment A is a device for achieving neutrality between the old and new MRP systems. This was an amount calculated at the start of the new system in 2004 and is not subsequently varied.
- 5.2 The above approach is a prudent way of ensuring the Council can pay down debt in good time. In the event changes to the policy create over provisions, the over provision will be recovered over a prudent period; ensuring that at no

point the resultant MRP charge is negative. Going forward, changes to the guidance prevents over provisions arising from change in MRP policy from 2018/19 onwards.

- 5.3 The Council will apply Voluntary Revenue Provisions (VRP) to realign overall charges to the 'regulatory method' where it is considered prudent to do so. From 1st April 2007, the MRP on all unsupported borrowing has been based on the 'asset life method'. This means that MRP is based on the estimated useful life of the assets created.
- Where it is considered prudent to do so, the Council will adopt an annuity profile for MRP charges under the asset life methodology. Adoption of this approach will be considered on a scheme-by-scheme basis, and will only be used where adoption will result in costs being better aligned to the benefit flows that will accrue from the investment.
- 5.4 There is no requirement on the HRA to make a minimum revenue provision but there is a requirement for a charge for depreciation to be made. The HRA may opt to make voluntary revenue provisions where it is prudent to do so.
- 5.5 Where appropriate, the Council will defer the MRP related to specific projects until the asset(s) for the project become(s) operational. This is known as an MRP holiday and will allow the Council to align borrowing repayments to the economic benefit generated from those assets.
- 5.6 The Council will also withhold MRP payments related to the acquisition of assets purchased under compulsory purchase orders (CPO) where there is a commitment to pass these assets and their costs onto a development vehicle. Where capital loans are provided by the Council under section 25 of the 'The Local Authorities (Capital Finance and Accounting) (England) Regulations 2003', the Council will, where it is prudent to do so, align MRP profiles to loan repayments. This will ensure the Council does not unnecessarily charge amounts to its revenue budget.
- The Council can at times receive capitalisation directives from the Secretary of State. Where this is the case, the Council's policy will be to provide for MRP as the capitalisation is defrayed, rather than on initial recognition. The 'asset-life' approach will be taken to providing for MRP on capitalized spend, but where there is no discernible asset-life the Council will opt for a 20 year life.
- 5.7 In line with MHCLG guidance and to mitigate the impact of the move to International Financial Reporting Standards (IFRS) on the Council's revenue account, it is the policy of the Council to make an annual MRP charge equal to

the portion of the PFI unitary charge or lease payment taken to the Balance Sheet to reduce the liability.

During 2020/21, the Council will implement the new leasing standard (IFRS16) which will result in more lease assets being recognised on the balance sheet and therefore impact on the Councils CFR. As a result there will be an increased MRP charge (replacing the revenue impact of the principal element of the lease payments so the impact is only presentational).

- 5.8 A change introduced by the revised MHCLG MRP Guidance was the allowance that any charges made over the statutory minimum revenue provision (MRP), voluntary revenue provision (VRP) or overpayments, can, if needed, be reclaimed in later years if deemed necessary or prudent. In order for these sums to be reclaimed for use in the budget, this policy must disclose the cumulative overpayment made each year. In the period to 31 March 2020 the total VRP overpayments were £0.3m. Where revenue funds are identified as being available to make VRP payments by a service, advice is to use the surplus to offset in year capital expenditure if possible, before allocating funds to reduce existing MRP costs.

Section 6 - Application of Resources

Key Points:

The Council uses resources other than borrowing temporarily to finance capital expenditure. This allows the Council to remain “under borrowed” - meaning that we have not externally borrowed to fund fully the CFR.

A consequence of being under borrowed is that the Council has less cash available to invest. However as we receive lower interest on our investments than we pay on borrowing, this approach is financially advantageous.

- 6.1 The application of resources (capital receipts, grants, revenue reserves) to finance capital expenditure will have an associated impact on investment balances, unless resources are supplemented each year from new sources such as asset sales or the receipt of other grants. This is simply because as receipts, reserves, and grants are spent, there is less cash available to place on deposit. Detailed below are estimates of the year end balances for each resource and anticipated cash balances.

Core Funds and Expected Investment Balances	31/03/19 Actual £'000	31/03/20 Forecast £'000	31/03/21 Budget £'000	31/03/22 Estimate £'000	31/03/23 Estimate £'000	31/03/24 Estimate £'000
Year End Resources:						
Cash backed reserves*	312.7	324.8	305.7	249.4	241.5	235.0
Capital Receipts	136.5	136.5	130.0	124.0	118.0	112.0
Provisions	30.4	25.0	20.0	20.0	20.0	20.0
Total Core Funds	479.6	486.3	455.7	393.4	379.5	367.0
Working Capital	-50.4	-45.2	-35.3	-25.4	-15.4	-5.4
(Under)/over Borrowing	-325.5	-326.1	-314.6	-265.7	-263.6	-265.7
Expected Investments	103.7	115.1	105.8	102.3	100.5	95.9

**The vast majority of these reserves are earmarked for future spend, and do not represent available surplus for revenue budget purposes*

- 6.2 The above table shows that the Council plans to remain 'under-borrowed' throughout the period. This means that we have not yet taken loans to finance all our borrowing needs. Instead, the Council has used its own cash balances that it doesn't need immediately. These balances include grants received in advance, reserves and provisions being held over for future spend, and capital receipts that have yet to be deployed.
- 6.3 Operating in this manner is a good-fit for our wider operating environment. Low interest-rates mean that investment returns from cash held on deposit are poor. This does not provide us with an incentive to hold cash on deposit. Conversely, whilst borrowing costs are still very low in historical terms, these costs are still higher than investment returns. So, where possible, it is cheaper to use our own cash balances than use external loans at more expensive rates.
- This approach also minimises our counterparty risks, as it reduce the amount of cash we invest in counterparties (i.e. banks and pension funds) Following the financial crash in 2008, we remain cautious about where we invest.
- 6.4 Whilst an under-borrowed position has yielded significant savings over the past few years, it does expose us to a level of risk around interest rates changes. Should interest rates increase markedly from the current, historically low, levels, then we might regret not taking out fixed interest borrowing now. As a counter-incentive, increasing our borrowing before we would use the resulting cash would incur significant interest costs. Ultimately this is a judgement call.
- Accordingly, it is important that we continue to manage this risk, and retain exposure at a level we think is appropriate. To provide a balanced approach to this risk, and to keep the under borrowing position at a sustainable level, the Council intends to take sufficient additional loans over the forecast period to

bring enough cash into the Council to offset the outflows principally associated with our programme of capital investments including, in particular, the HotC II scheme.

- 6.5 Treasury officers will continue to monitor the financial markets to ensure our cash management plans are properly aligned to the Council's investment decisions and the ongoing risks in the wider economy.

Section 7 - Current Debt Portfolio

Key Points:

The new borrowing forecast to be taken is based on funding expenditure in the Capital Programme whilst broadly maintaining a sustainable under-borrowed position.

In addition to external borrowing we are forecasting PFI Liabilities to fall over the forecast period as payments are made, and in 2020/21 we see the final payment on the transferred debt relating to the old South Yorkshire County Council.

- 7.1 The Council's debt portfolio position is outlined below. The table below shows actual external debt against the CFR which represents the Council's need to borrow for capital purposes.

Comparing actual debt to the CFR highlights any under or over borrowing.

7.2

Current Portfolio Position	2018.19 Actual £'m	2019.20 Forecast £'m	2020.21 Budget £'m	2021.22 Estimate £'m	2022.23 Estimate £'m	2023.24 Estimate £'m
External Debt						
Loans at 1st April	799.9	802.9	828.4	897.7	978.4	1018.4
Expected change in Loans	3.0	25.6	69.3	80.7	40.0	21.0
PFI liabilities at 1st April	409.6	400.2	390.0	375.1	355.4	334.6
Expected change in PFI liabilities	-9.5	-10.1	-14.8	-19.8	-20.8	-18.8
Transferred Debt at 1st April	12.2	8.5	4.5	0.0	0.0	0.0
Expected Change in Transferred Debt	-3.7	-4.0	-4.5	0.0	0.0	0.0
Actual Gross Debt at 31st March	1211.5	1223.0	1272.9	1333.7	1352.9	1355.2
The Capital Financing Requirement	1537.0	1549.1	1587.5	1599.4	1616.6	1620.9
Authority Under/(Over) Borrowing	325.5	326.1	314.6	265.7	263.6	265.7
less HRA under/ (over) borrowing	60.9	66.1	53.8	4.8	2.8	4.8
GF Under / (Over) Borrowing	264.5	260.0	260.8	260.8	260.8	260.9
	325.4	326.1	314.6	265.6	263.6	265.6

- 7.3 In order to avoid any increases to the under-borrowed position, new external debt is expected to be needed over the forecast period. The majority of this debt is expected to be needed by 2021/22.
- 7.4 This analysis shows that the Council complies with the requirement to ensure that its gross debt does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2020/21 and the following two financial years. This allows some flexibility for limited early borrowing for future years, but ensures that borrowing is not undertaken for revenue or speculative purposes.

Section 8 - Treasury Indicators

Key Points:

The Treasury Indicators assess the affordability of planned capital expenditure and its effect on the Council's overall finances.

This section details the indicators for:

- **Revenue cost as a proportion of net revenue**
- **Limits to Borrowing activity**

Members are asked to approve the Treasury indicators below.

- 8.1 **Revenue cost as a proportion of net revenue** is monitored both with and without PFI cost and revenue included.

The net revenue stream consists of the money we have available from grant, Council Tax, and other sources that is without restriction and can be spent as the Council sees fit.

General fund costs forecast a modest rise proportionally until 2022/23 when disposals in the Heart of the City development are set to reduce MRP and interest costs.

HRA cost also rises over the forecast period due to significant capital expenditure following the lifting of the debt cap. The obvious exception is 2020/21 where accounting adjustments for historic early repayment of debt ends.

Excluding PFI

Ratio of Financing Costs to Net Revenue Stream:	2018.19 Actual	2019.20 Forecast	2020.21 Budget	2021.22 Estimate	2022.23 Estimate
General Fund	7.77%	8.56%	8.36%	8.61%	7.61%
HRA	9.6%	9.7%	9.0%	10.0%	10.0%

Including PFI

Ratio of Financing Costs to Net Revenue Stream:	2018.19 Actual	2019.20 Forecast	2020.21 Budget	2021.22 Estimate	2022.23 Estimate
General Fund	17.6%	17.5%	17.3%	18.3%	17.9%
HRA	9.6%	9.7%	9.0%	10.0%	10.0%

8.2 This reflects three prominent issues:

1. Fluctuations in income and costs arising from PFI arrangements make a significant difference to the above ratios.
2. We anticipate incurring more borrowing costs (interest and MRP costs) in the future than we do now; and,
3. The revenue income streams used for this calculation increase very modestly.

At a very high and unsophisticated level, this means that we are spending more on capital financing, and the rate at which income increases is not keeping pace with it. However, these ratios should not be viewed entirely in isolation from other sources of information; such as the balanced Revenue Budget.

8.3 The increase in General Fund financing costs primarily relates to the Council's investment in the HotC II scheme. These investments will not only help to deliver a revived retail area, to enable the city centre to compete with out-of-town alternatives and regional competition, but will also keep businesses in the city and attract new business rate payers.

8.4 Despite this indicator showing borrowing costs increasing as a proportion of net revenue, the forecast levels of borrowing remain affordable and are indicative of sound long-term strategic decisions taken by the Authority.

8.5 Limits to Borrowing Activity

The operational boundary is the limit beyond which external debt is not normally expected to exceed. In most cases, this would be a similar figure to the CFR but may be higher or lower depending on the levels of actual debt and the ability to fund under borrowing by other cash resources.

8.6 The following table shows the Council's estimates for its operational boundary; which in future years builds in both planned (i.e. known schemes) and makes some allowance for future capital expenditure and an estimate of the likely impact arising from the change to lease accounting due to IFRS 16:

Operational Boundary	2018.19 Actual £'m	2019.20 Actual £'m	2020.21 Proposed £'m	2021.22 Proposed £'m	2022.23 Proposed £'m	2023.24 Proposed £'m
Loans	£1,160	£1,160	£1,240	£1,270	£1,300	£1,320
Other Long Term Liabilities	£440	£440	£400	£380	£360	£340
Lease Arrangements	£0	£0	£10	£10	£10	£10
Total	£1,600	£1,600	£1,650	£1,660	£1,670	£1,670

- 8.7 The **authorised limit** on external debt represents a control on the maximum amount of debt the Council can legally hold. Under Section 3 of the Local Government Act 2003 this limit is agreed by full Council and cannot be revised without that body's agreement.

The Council is required to ensure that total capital investment remains within sustainable limits and, in particular, that the impact upon its future council tax and council rent levels is acceptable.

The authorised limit reflects the level of external debt which is still affordable though not desirable due to the impact on revenue budgets. External Debt will not rise above this limit without Cabinet approval.

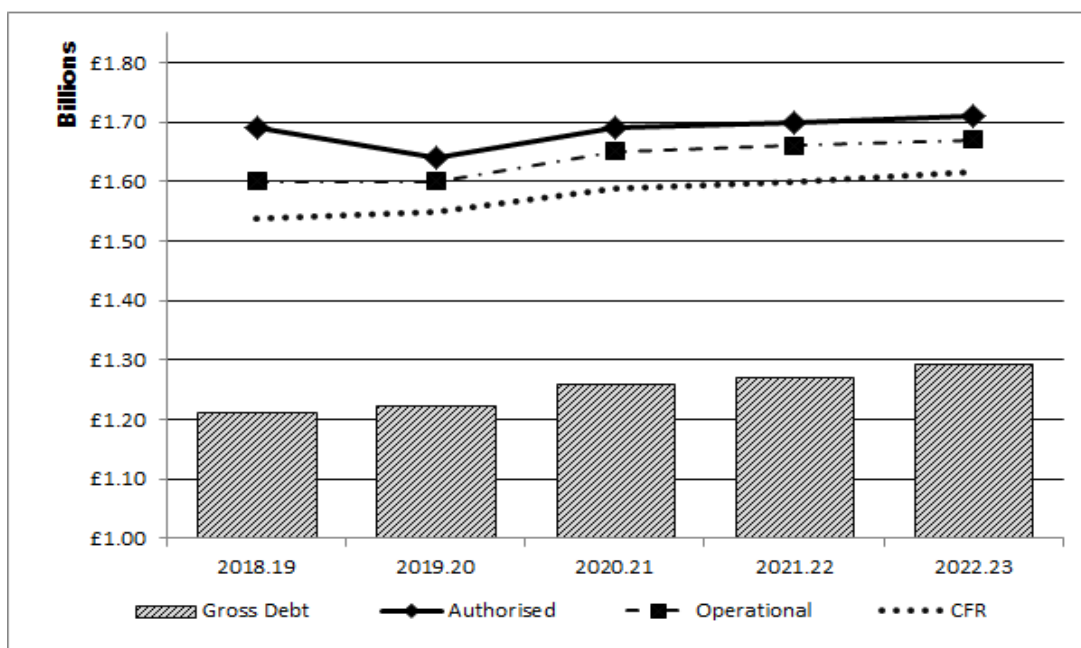
Authorised Limit	2018.19 Actual £'m	2019.20 Actual £'m	2020.21 Proposed £'m	2021.22 Proposed £'m	2022.23 Proposed £'m	2023.24 Proposed £'m
Loans	£1,250	£1,200	£1,280	£1,310	£1,340	£1,360
Other Long Term Liabilities	£440	£440	£400	£380	£360	£340
Lease Arrangements	£0	£0	£10	£10	£10	£10
Total	£1,690	£1,640	£1,690	£1,700	£1,710	£1,710

- 8.8 The government removed the HRA debt cap in the October 2018 budget giving the Council more freedom to borrow to help address the city's housing needs. However, as the HRA is self-financed, any additional borrowing must remain prudent, affordable and sustainable. Consequently the operational and authorised limits below have been established which also forms part of the overall limits above.

The HRA's ambition is to add 3,100 new housing units over the next 10 years, 500 of which have already been provided. The limits established below provide headroom to borrow should other sources of income fall short of target.

HRA Debt Limit	2018.19 Actual £'m	2019.20 Actual £'m	2020.21 Proposed £'m	2021.22 Proposed £'m	2022.23 Proposed £'m	2023.24 Proposed £'m
HRA Authorised Limit	£388.3	£384.2	£384.2	£426.3	£479.2	£499.7
HRA Operational Limit *	£388.3	£365.2	£365.2	£403.4	£449.5	£470.6
HRA CFR	£345.9	£345.9	£345.9	£360.8	£372.8	£380.8
HRA Headroom **	£42.4	£38.3	£38.3	£65.5	£106.4	£119.0

8.9 The above limits, the capital financing requirement (CFR) and the underlying gross debt can be compared on the graph below.



8.10 The authorised limit is higher than the gross debt to all allow us to deal with both planned capital expenditure, future capital expenditure over and above the current planned capital expenditure and any opportunities that may arise in-year to restructure contracts. However, the projected CFR and gross debt figures represent current planned expenditure only and not potential pipeline projects that have yet to be approved.

Section 9 - Borrowing Strategy

Key Points:

Increased borrowing rates and the Councils relatively strong cash balances support continuing the council's under-borrowed position around current levels. The large capital programme will require new borrowing to be taken to achieve this aim.

It is expected the Increased margin on PWLB borrowing will make lending to locals more attractive to banks and Treasury will seek advice as necessary to assess the value of these sources of borrowing.

- 9.1 The Council is currently maintaining an under-borrowed position and plans to do so while it remains prudent. This means that the capital borrowing need (the Capital Financing Requirement) has not been fully funded with loans and other credit arrangements (such as PFI arrangements). Instead cash supporting the Council's reserves, balances and working capital has been used as a temporary measure. However, these balances are expected to fall gradually, which in turn increases our exposure to interest rate risk.
- 9.2 However, in accordance with the view taken in previous years, the Council recognises the inherent risk in operating to this strategy. Where there is an extension to the current low borrowing rate period, then the Council's plans for its level of the internal borrowing position would be reviewed, with consideration being given to maintaining the position at its current levels, or modestly increasing it.
- 9.3 Conversely, if it was felt that there was a significant risk that the cost of borrowing was likely to increase beyond that currently, then the Director of Finance & Commercial Services will give consideration to taking on more fixed-rate loans whilst interest rates are still lower than they would be in future years.
- 9.4 The Borrowing strategy may be impacted by changes in the economic environment. For example borrowing may be taken earlier if the chance of interest rates increasing rises. A detailed economic review can be seen in the end of this appendix in **Note 1**. Additionally, the risks impacting on interest rates can be seen in **Note 2** alongside the forward forecast for a number of relevant interest rates.
- 9.5 The Municipal Bond Agency is aiming to issue bonds for local authorities in the near future and borrowing rates should be lower than those offered by the Public Works Loan Board. The Council may consider making use of this new source of borrowing; as and when appropriate.

Section 10 - Treasury Limits on Activity

Key points:

This section highlights the boundaries and limits imposed in relation to variable rate exposure and maturity profiles.

- 10.1 There are three debt related treasury activity limits. The purpose of these are to restrain the activity of the treasury function within certain limits, thereby managing risk and reducing the impact of any adverse movement in interest rates. However, if these are set to be too restrictive they will impair the opportunities to reduce costs / improve performance. The indicators are:
- Upper limits on variable interest rate exposure. This identifies a maximum limit for variable interest rates based upon the debt position net of

investments;

- Upper limits on fixed interest rate exposure. This is similar to the previous indicator and covers a maximum limit on fixed interest rates;
- Maturity structure of borrowing. These gross limits are set to reduce the Council's exposure to large fixed rate sums falling due for refinancing, and are required for upper and lower limits.

The Council is asked to approve the following treasury indicators and limits:

10.2	Limits on interest rate exposure based on net debt	2019.20	2020.21	2021.22	2022.23	2023.24
		Forecast	Budget	Estimate	Estimate	Estimate
		Upper	Upper	Upper	Upper	Upper
	Fixed interest rates (%)	100%	100%	100%	100%	100%
	Variable interest rates (£'m)	£110	£120	£145	£160	£160

The above table indicates our desire not to increase the number of variable rate loans we have beyond our current floating-rate lender option buyer option (LOBO) bank loans. The increases in variable rate limits above are exclusively from existing LOBO loans that are entering their call period.

10.3

Maturity structure of fixed interest rate borrowing:	2020.21	
	Lower	Upper
Under 12 months	1%	5%
12 months to 2 years	3%	5%
2 years to 5 years	5%	8%
5 years to 10 years	13%	15%
10 years to 20 years	13%	20%
20 years to 30 years	13%	20%
30 years to 40 years	24%	30%
40 years to 50 years	16%	20%
Over 50 years	9%	15%

The above table shows the Council's desire to avoid having too many loans maturing in any one period; but retain flexibility over the term of any new borrowing to take advantage of the yield curve. The Council currently expects the majority of its loans to mature in the medium term, supporting the HRA business plan and aligning maturities to our CFR profiles to avoid over-borrowing situations.

10.4

Maturity structure of variable interest rate	2020.21	
	Lower	Upper
Under 12 months*	0%	100%
12 months to 2 years	0%	0%
2 years to 5 years	0%	0%
5 years to 10 years	0%	0%
10 years +	0%	0%

The above table is reflective of our floating-rate LOBO bank loans. The bank has the option to re-set the interest rate on these loans, typically every six months. As the Council then has the option to accept the rate or repay these loans, we are required to show them as maturing within 12 months for the purposes of this indicator.

- 10.5 The Council will not borrow more than, or in advance of, its needs purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be within forward approved Capital Financing Requirement estimates, and will be considered carefully to ensure that value for money can be demonstrated and that the Council can ensure the security of such funds.
- 10.6 Risks associated with any borrowing in advance activity will be subject to prior appraisal and subsequent reporting through the mid-year or annual reporting mechanism.

Section 11 - Debt Rescheduling

Key Points:

During 2019/20, no rescheduling of the Council's debt was undertaken and none is expected in the foreseeable future

- 11.1 Rescheduling of current borrowing in our debt portfolio is unlikely to occur during 2020/21 due to the 100 bps increase in PWLB rates applies to new borrowing. Consequently any principal and premiums paid to repay existing loans would have to be refinanced at higher rates.

Approval of the Head of Service would be sought prior to any rescheduling.

Section 12 Annual Ethical Investment Strategy

Key points:

This Strategy ensures investment decisions comply with its investment priorities (Security, Liquidity and Yield) and do not contradict the Council ethical values.

-
- 12.1 The Council's investment policy has regard to the government's Guidance on Local Government Investments ("the Guidance") and the CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes 2017 ("the CIPFA TM Code").

The Council's investment priorities will be security first, portfolio liquidity second and then return (yield). This ensures we do not chase yield at the expense of the security of our investment.

- 12.2 The Council only invests in a limited number of financial institutions, and does not hold equities (shares) or other forms of investments in listed companies. Investment of the Council's pension contributions to the Local Government Pensions Scheme is carried out by South Yorkshire Pensions Authority in accordance with its own rules for investing, and the Council has no direct control over these decisions. In any event the Council will not knowingly invest in businesses whose activities and practices are inconsistent with the Council's values. To that end, the Council commits not to hold any direct investments in fossil fuels, tobacco or arms companies or to the best of our knowledge companies involved in tax evasion or grave misconduct.

- 12.3 In accordance with the above guidance from Central Government and CIPFA, and in order to minimise the risk to investments, the Council applies minimum acceptable credit criteria in order to generate a list of highly creditworthy counterparties for inclusion on the lending list. The Criteria applied can be seen in **Appendix 4**. This approach also enables diversification of counterparties and thus avoidance of concentration risk. The key ratings used to monitor counterparties are the Short Term and Long Term ratings.

Ratings will not be the sole determinant of the quality of an institution; it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets.

The Council has determined that it will only use approved counterparties from the UK and from countries with a minimum sovereign credit rating of AA- from Fitch (or Equivalent). These are included in Note 5 at the end of this appendix.

- 12.4 The creditworthiness methodology (see section 16 below) used to create the counterparty list fully accounts for the ratings, watches, and outlooks, published by all three ratings agencies with a full understanding of what these reflect in the eyes of each agency. Using these ratings services, potential counterparty ratings are monitored on a real time basis with knowledge of any changes

notified electronically.

- 12.5 The intention of the strategy is to provide security of investment and minimisation of risk. The strategy also enables the Council to operate a diversified investment portfolio to avoid an over concentration of risk.

Investment instruments identified for use in the financial year are listed under the 'specified' and 'non-specified' investments categories. Counterparty limits will be as set through the Council's treasury management practices.

Section 13 - Investment Strategy

Key Points:

Highlights the distinction between Treasury and other investments, the considerations in making short and long term decisions as well as limits for investment over 12 months.

- 13.1 The MHCLG and CIPFA have extended the meaning of 'investments' to include both financial and non-financial investments. This report deals solely with financial investments, (as managed by the treasury management team). Non-financial investments, essentially the purchase of income yielding assets, are covered in the Capital Strategy.

- 13.2 When considering its investments the Council will consider:

- Its longer term cash balances. This is cash available for use in the medium to long term, and comes from reserves, grants and receipts that are yet to be spent;
- Short term cash flow requirements that arise on a daily or weekly basis; and,
- Expectations on interest rates. Important when determining a required rate of return on the Council's investments.

Bank Rate is forecast to increase steadily but slowly over the next few years to reach 1.25% by quarter 1 2022. Base rate forecasts can be see above in section 10.1.

- 13.3 The suggested budgeted investment earnings rates for returns on investments placed for periods up to 100 days during each financial year for the next few years are as follows

Year	2019.20	2020.21	2021.22	2021.23	2023.24
Proposed Returns	0.75%	0.75%	1.00%	1.25%	1.50%

- 13.4 The Council does not typically place deposits with maturity dates in excess of 12 months, but should it do so the monetary value of those deposits will not exceed:

Sums invested greater than 365 days	2019.20 £'m	2020.21 £'m	2021.22 £'m	2022.23 £'m	2023.24 £'m
Maximum Amount	£30	£30	£30	£30	£30

- 13.5 **The Council is asked to approved the above treasury indicator and limits**
- 13.6 The Coucil will continue to use the un compounded 3 month LIBID rate as a benchmark for its investment returns.
- 13.7 At the end of the financial year, the Council will report on its investment activity as part of its Annual Treasury Outturn Report.

Note1 – Economic Backdrop

UK. Brexit. 2019 has been a year of upheaval on the political front as Theresa May resigned as Prime Minister to be replaced by Boris Johnson on a platform of the UK leaving the EU on 31 October 2019, with or without a deal. However, MPs blocked leaving on that date and the EU agreed an extension to 31 January 2020. In late October, MPs approved an outline of a Brexit deal to enable the UK to leave the EU on 31 January. Now that the Conservative Government has gained a large overall majority in the **general election** on 12 December, this outline deal will be passed by Parliament by that date. However, there will still be much uncertainty as the detail of a trade deal will need to be negotiated by the current end of the transition period in December 2020, which the Prime Minister has pledged he will not extend. This could prove to be an unrealistically short timetable for such major negotiations that leaves open two possibilities; one, the need for an extension of negotiations, probably two years, or, a no deal Brexit in December 2020.

GDP growth has taken a hit from Brexit uncertainty during 2019; quarter three 2019 surprised on the upside by coming in at +0.4% q/q, +1.1% y/y. However, the peak of Brexit uncertainty during the final quarter appears to have suppressed quarterly growth to probably around zero. The economy is likely to tread water in 2020, with tepid growth around about 1% until there is more certainty after the trade deal deadline is passed.

While the Bank of England went through the routine of producing another **quarterly Inflation Report**, (now renamed the Monetary Policy Report), on 7 November, it is very questionable how much all the writing and numbers were worth when faced with the uncertainties of where the UK will be after the general election. The Bank made a change in their Brexit assumptions to now include a deal being eventually passed. Possibly the biggest message that was worth taking note of from the Monetary Policy Report, was an increase in concerns among MPC members around weak global economic growth and the potential for Brexit uncertainties to become entrenched and so delay UK economic recovery. Consequently, the MPC voted 7-2 to maintain Bank Rate at 0.75% but two members were sufficiently concerned to vote for an immediate Bank Rate cut to 0.5%. The MPC warned that if global growth does not pick up or Brexit uncertainties intensify, then a rate cut was now more likely. Conversely, if risks do recede, then a more rapid recovery of growth will require gradual and limited rate rises. The speed of recovery will depend on the extent to which uncertainty dissipates over the final terms for trade between the UK and EU and by how much global growth rates pick up. The Bank revised its inflation forecasts down – to 1.25% in 2019, 1.5% in 2020, and 2.0% in 2021; hence, the MPC views inflation as causing little concern in the near future.

The **MPC meeting of 19 December** repeated the previous month's vote of 7-2 to keep Bank Rate on hold. Their key view was that there was currently 'no evidence about the extent to which policy uncertainties among companies and households had declined' i.e. they were going to sit on their hands and see how the economy goes in the next few months. The two members who voted for a cut were concerned that the labour market was faltering. On the other hand, there was a clear warning in the minutes that the MPC were concerned that domestic "unit labour costs have continued to grow at rates above those consistent with meeting the inflation target in the medium term".

If economic growth were to weaken considerably, the MPC has relatively little room to make a big impact with Bank Rate still only at 0.75%. It would therefore, probably suggest that it would be up to the Chancellor to provide help to support growth by way of a **fiscal boost** by e.g. tax cuts, increases in the annual expenditure budgets of government departments and services and expenditure on infrastructure projects, to boost the economy. The Government has already made moves in this direction and it made significant promises in its election manifesto to increase government spending by up to £20bn p.a., (this would add about 1% to GDP growth rates), by investing primarily in infrastructure. This is likely to be announced in the next Budget, probably in February 2020. The Chancellor has also amended the fiscal rules in November to allow for an increase in government expenditure.

As for **inflation** itself, CPI has been hovering around the Bank of England's target of 2% during 2019, but fell again in both October and November to a three-year low of 1.5%. It is likely to remain close to or under 2% over the next two years and so it does not pose any immediate concern to the MPC at the current time. However, if there was a hard or no deal Brexit, inflation could rise towards 4%, primarily because of imported inflation on the back of a weakening pound.

With regard to the **labour market**, growth in numbers employed has been quite resilient through 2019 until the three months to September where it fell by 58,000. However, there was an encouraging pick up again in the three months to October to growth of 24,000 which showed that the labour market was not about to head into a major downturn. The unemployment rate held steady at a 44 year low of 3.8% on the Independent Labour Organisation measure in October. Wage inflation has been steadily falling from a high point of 3.9% in July to 3.5% in October (3 month average regular pay, excluding bonuses). This meant that in real terms, (i.e. wage rates higher than CPI inflation), earnings grew by about 2.0%. As the UK economy is very much services sector driven, an increase in household spending power is likely to feed through into providing some support to the overall rate of economic growth in the coming months. The other message from the fall in wage growth is that employers are beginning to find it easier to hire suitable staff, indicating that supply pressure in the labour market is easing.

USA. President Trump's massive easing of fiscal policy in 2018 fuelled a temporary boost in consumption in that year which generated an upturn in the rate of growth to a robust 2.9% y/y. **Growth** in 2019 has been falling after a strong start in quarter 1 at 3.1%, (annualised rate), to 2.0% in quarter 2 and then 2.1% in quarter 3. The economy looks likely to have maintained a growth rate similar to quarter 3 into quarter 4; fears of a recession have largely dissipated. The strong growth in employment numbers during 2018 has weakened during 2019, indicating that the economy had been cooling, while inflationary pressures were also weakening. However; CPI inflation rose from 1.8% to 2.1% in November, a one year high, but this was singularly caused by a rise in gasoline prices.

The Fed finished its series of increases in rates to 2.25 – 2.50% in December 2018. In July 2019, it cut rates by 0.25% as a 'midterm adjustment' but flagged up that this was not intended to be seen as the start of a series of cuts to ward off a downturn in growth. It also ended its programme of quantitative tightening in August, (reducing its holdings of treasuries etc.). It then cut rates by 0.25% again in September and by another 0.25% in its October meeting to 1.50 – 1.75%. At its September meeting it also said it was going to **start buying Treasuries again**, although this was not to be seen as a resumption of quantitative easing

but rather an exercise to relieve liquidity pressures in the repo market. Despite those protestations, this still means that the Fed is again expanding its balance sheet holdings of government debt. In the first month, it will buy \$60bn, whereas it had been reducing its balance sheet by \$50bn per month during 2019. As it will be buying only short-term (less than 12 months) Treasury bills, it is technically correct that this is not quantitative easing (which is purchase of long term debt). The Fed left rates unchanged in December. However, the accompanying statement was more optimistic about the future course of the economy so this would indicate that further cuts are unlikely.

Investor confidence has been badly rattled by the progressive ramping up of increases in tariffs President Trump has made on Chinese imports and China has responded with increases in tariffs on American imports. This **trade war** is seen as depressing US, Chinese and world growth. In the EU, it is also particularly impacting Germany as exports of goods and services are equivalent to 46% of total GDP. It will also impact developing countries dependent on exporting commodities to China.

However, in November / December, progress has been made on agreeing a phase one deal between the US and China to roll back some of the tariffs; this gives some hope of resolving this dispute.

EUROZONE. Growth has been slowing from +1.8 % during 2018 to around half of that in 2019. Growth was +0.4% q/q (+1.2% y/y) in quarter 1, +0.2% q/q (+1.2% y/y) in quarter 2 and then +0.2% q/q, +1.1% in quarter 3; there appears to be little upside potential in the near future. German GDP growth has been struggling to stay in positive territory in 2019 and fell by -0.1% in quarter 2; industrial production was down 4% y/y in June with car production down 10% y/y. Germany would be particularly vulnerable to a no deal Brexit depressing exports further and if President Trump imposes tariffs on EU produced cars.

The European Central Bank (ECB) ended its programme of quantitative easing purchases of debt in December 2018, which then meant that the central banks in the US, UK and EU had all ended the phase of post financial crisis expansion of liquidity supporting world financial markets by quantitative easing purchases of debt. However, the downturn in EZ growth in the second half of 2018 and into 2019, together with inflation falling well under the upper limit of its target range of 0 to 2%, (but it aims to keep it near to 2%), has prompted the ECB to take new measures to stimulate growth. At its March meeting it said that it expected to leave interest rates at their present levels “at least through the end of 2019”, but that was of little help to boosting growth in the near term. Consequently, it announced a **third round of TLTROs**; this provides banks with cheap borrowing every three months from September 2019 until March 2021 that means that, although they will have only a two-year maturity, the Bank was making funds available until 2023, two years later than under its previous policy. As with the last round, the new TLTROs will include an incentive to encourage bank lending, and they will be capped at 30% of a bank’s eligible loans. However, since then, the downturn in EZ and world growth has gathered momentum; at its meeting on 12 September, it cut its deposit rate further into negative territory, from -0.4% to -0.5%, and announced a **resumption of quantitative easing purchases of debt for an unlimited period**; (at its October meeting it said this would start in November at €20bn per month - a relatively small amount compared to the previous buying programme). It also increased the maturity of the third round of TLTROs from two to three years. However, it is doubtful whether this

loosening of monetary policy will have much impact on growth and, unsurprisingly, the ECB stated that governments will need to help stimulate growth by 'growth friendly' fiscal policy.

There were no policy changes in the December meeting which was chaired for the first time by the new President of the ECB, Christine Lagarde. However, the outlook continued to be down beat about the economy; this makes it likely there will be further monetary policy stimulus to come in 2020. She did also announce a thorough review of how the ECB conducts monetary policy, including the price stability target. This review is likely to take all of 2020.

On the political front, Austria, Spain and Italy have been in the throes of **forming coalition governments** with some unlikely combinations of parties i.e. this raises questions around their likely endurance. The latest results of German state elections has put further pressure on the frail German CDU/SDP coalition government and on the current leadership of the CDU. The results of the Spanish general election in November have not helped the prospects of forming a stable coalition.

CHINA. Economic growth has been weakening over successive years, despite repeated rounds of central bank stimulus; medium term risks are increasing. Major progress still needs to be made to eliminate excess industrial capacity and the stock of unsold property, and to address the level of non-performing loans in the banking and shadow banking systems. In addition, there still needs to be a greater switch from investment in industrial capacity, property construction and infrastructure to consumer goods production.

JAPAN - has been struggling to stimulate consistent significant GDP growth and to get inflation up to its target of 2%, despite huge monetary and fiscal stimulus. It is also making little progress on fundamental reform of the economy.

WORLD GROWTH - Until recent years, world growth has been boosted by increasing **globalisation** i.e. countries specialising in producing goods and commodities in which they have an economic advantage and which they then trade with the rest of the world. This has boosted worldwide productivity and growth, and, by lowering costs, has also depressed inflation. However, the rise of China as an economic superpower over the last thirty years, which now accounts for nearly 20% of total world GDP, has unbalanced the world economy. The Chinese government has targeted achieving major world positions in specific key sectors and products, especially high tech areas and production of rare earth minerals used in high tech products. It is achieving this by massive financial support, (i.e. subsidies), to state owned firms, government directions to other firms, technology theft, restrictions on market access by foreign firms and informal targets for the domestic market share of Chinese producers in the selected sectors. This is regarded as being unfair competition that is putting western firms at an unfair disadvantage or even putting some out of business. It is also regarded with suspicion on the political front as China is an authoritarian country that is not averse to using economic and military power for political advantage. The current trade war between the US and China therefore needs to be seen against that backdrop. It is, therefore, likely that we are heading into a period where there will be a **reversal of world globalisation and a decoupling of western countries** from dependence on China to supply products. This is likely to produce a backdrop in the coming years of weak global growth and so weak inflation. **Central banks are, therefore, likely to come under more**

pressure to support growth by looser monetary policy measures and this will militate against central banks increasing interest rates.

The trade war between the US and China is a major concern to **financial markets** due to the synchronised general weakening of growth in the major economies of the world, compounded by fears that there could even be a recession looming up in the US, though this is probably overblown. These concerns resulted in **government bond yields** in the developed world falling significantly during 2019. If there were a major worldwide downturn in growth, central banks in most of the major economies will have limited ammunition available, in terms of monetary policy measures, when rates are already very low in most countries, (apart from the US). There are also concerns about how much distortion of financial markets has already occurred with the current levels of quantitative easing purchases of debt by central banks and the use of negative central bank rates in some countries. The latest PMI survey statistics of economic health for the US, UK, EU and China have all been predicting a downturn in growth; this confirms investor sentiment that the outlook for growth during the year ahead is weak.

INTEREST RATE FORECASTS

Link Asset Services Interest Rate View													
	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23
Bank Rate View	0.75	0.75	0.75	0.75	1.00	1.00	1.00	1.00	1.00	1.25	1.25	1.25	1.25
3 Month LIBID	0.70	0.70	0.80	0.90	1.00	1.00	1.00	1.10	1.20	1.30	1.30	1.30	1.30
6 Month LIBID	0.80	0.80	0.90	1.00	1.10	1.10	1.20	1.30	1.40	1.50	1.50	1.50	1.50
12 Month LIBID	1.00	1.00	1.10	1.20	1.30	1.30	1.40	1.50	1.60	1.70	1.70	1.70	1.70
5yr PWLB Rate	2.40	2.40	2.50	2.50	2.60	2.70	2.80	2.90	2.90	3.00	3.10	3.20	3.20
10yr PWLB Rate	2.70	2.70	2.70	2.80	2.90	3.00	3.10	3.20	3.20	3.30	3.30	3.40	3.50
25yr PWLB Rate	3.30	3.40	3.40	3.50	3.60	3.70	3.70	3.80	3.90	4.00	4.00	4.10	4.10
50yr PWLB Rate	3.20	3.30	3.30	3.40	3.50	3.60	3.60	3.70	3.80	3.90	3.90	4.00	4.00

The interest rate forecasts provided by Link Asset Services are **predicated on an assumption of an agreement being reached on Brexit between the UK and the EU**. On this basis, while GDP growth is likely to be subdued in 2019 and 2020 due to all the uncertainties around Brexit depressing consumer and business confidence, an agreement on the detailed terms of a trade deal is likely to lead to a boost to the rate of growth in subsequent years which could, in turn, increase inflationary pressures in the economy and so cause the Bank of England to resume a series of gentle increases in Bank Rate. Just how fast, and how far, those increases will occur and rise to, will be data dependent. The forecasts in this report assume a modest recovery in the rate and timing of stronger growth and in the corresponding response by the Bank in raising rates.

- In the event of an **orderly non-agreement exit in December 2020**, it is likely that the Bank of England would take action to cut Bank Rate from 0.75% in order to help

economic growth deal with the adverse effects of this situation. This is also likely to cause short to medium term gilt yields to fall.

- If there was a **disorderly Brexit**, then any cut in Bank Rate would be likely to last for a longer period and also depress short and medium gilt yields correspondingly. Quantitative easing could also be restarted by the Bank of England. It is also possible that the government could act to protect economic growth by implementing fiscal stimulus.

Note 2 - The balance of risks to the UK

- The overall balance of risks to economic growth in the UK is probably even, but dependent on a successful outcome of negotiations on a trade deal.
- The balance of risks to increases in Bank Rate and shorter term PWLB rates are broadly similarly to the downside.
- In the event that a Brexit deal was agreed with the EU and approved by Parliament, the balance of risks to economic growth and to increases in Bank Rate is likely to change to the upside.

One risk that is both an upside and downside risk, is that all central banks are now working in very different economic conditions than before the 2008 financial crash as there has been a major increase in consumer and other debt due to the exceptionally low levels of borrowing rates that have prevailed since 2008. This means that the neutral rate of interest in an economy, (i.e. the rate that is neither expansionary nor deflationary), is difficult to determine definitively in this new environment, although central banks have made statements that they expect it to be much lower than before 2008. Central banks could therefore either over or under do increases in central interest rates.

Downside risks to current forecasts for UK gilt yields and PWLB rates currently include:

- **Brexit** – if it were to cause significant economic disruption and a major downturn in the rate of growth.
- **Bank of England** takes action too quickly, or too far, over the next three years to raise Bank Rate and causes UK economic growth, and increases in inflation, to be weaker than we currently anticipate.
- A resurgence of the **Eurozone sovereign debt crisis**. In 2018, Italy was a major concern due to having a populist coalition government which made a lot of anti-austerity and anti-EU noise. However, in September 2019 there was a major change in the coalition governing Italy which has brought to power a much more EU friendly government; this has eased the pressure on Italian bonds. Only time will tell whether this new coalition based on an unlikely alliance of two very different parties will endure.
- Weak capitalisation of some **European banks**, particularly Italian banks.
- **German minority government**. In the German general election of September 2017, Angela Merkel's CDU party was left in a vulnerable minority position dependent on the fractious support of the SPD party, as a result of the rise in popularity of the anti-immigration AfD party. The CDU has done badly in recent state elections but the SPD has done particularly badly and this has raised a major question mark over continuing to support the CDU. Angela Merkel has stepped down from being the CDU party leader but she intends to remain as Chancellor until 2021.
- **Other minority EU governments**. Austria, Finland, Sweden, Spain, Portugal, Netherlands and Belgium also have vulnerable minority governments dependent on coalitions which could prove fragile.
- **Austria, the Czech Republic, Poland and Hungary** now form a strongly anti-immigration bloc within the EU. There has also been rising anti-immigration sentiment in Germany and France.

- In October 2019, the IMF issued a report on the World Economic Outlook which flagged up a synchronised slowdown in world growth. However, it also flagged up that there was **potential for a rerun of the 2008 financial crisis**, but this time centred on the huge debt binge accumulated by corporations during the decade of low interest rates. This now means that there are corporates who would be unable to cover basic interest costs on **some \$19trn of corporate debt in major western economies**, if world growth was to dip further than just a minor cooling. This debt is mainly held by the shadow banking sector i.e. pension funds, insurers, hedge funds, asset managers etc., who, when there is \$15trn of corporate and government debt now yielding negative interest rates, have been searching for higher returns in riskier assets. Much of this debt is only marginally above investment grade so any rating downgrade could force some holders into a fire sale, which would then depress prices further and so set off a spiral down. The IMF's answer is to suggest imposing higher capital charges on lending to corporates and for central banks to regulate the investment operations of the shadow banking sector. In October 2019, the deputy Governor of the Bank of England also flagged up the dangers of banks and the shadow banking sector lending to corporates, especially highly leveraged corporates, which had risen back up to near pre-2008 levels.
- **Geopolitical risks**, for example in North Korea, but also in Europe and the Middle East, which could lead to increasing safe haven flows.

Upside risks to current forecasts for UK gilt yields and PWLB rates

- **Brexit** – if agreement was reached all round that removed all threats of economic and political disruption between the EU and the UK.
- The **Bank of England is too slow** in its pace and strength of increases in Bank Rate and, therefore, allows inflationary pressures to build up too strongly within the UK economy, which then necessitates a later rapid series of increases in Bank Rate faster than we currently expect.
- **UK inflation**, whether domestically generated or imported, returning to sustained significantly higher levels causing an increase in the inflation premium inherent to gilt yields.

Note 3 - Treasury Management Practice (TMP1) – Credit and Counterparty Risk Management

SPECIFIED INVESTMENTS:

All such investments will be sterling denominated, with **maturities up to a maximum of 1 year**, meeting the minimum 'high' quality criteria where applicable.

The following specified investment instruments, along with their minimum credit rating, have been outlined below:

	* Minimum credit criteria / colour band	** Max % of total investments / £ limit per institution	Max Maturity Period
DMADF – UK Government	UK sovereign rating	100%	6 months
UK Government Gilt	UK sovereign rating	100%	12 months
UK Government Treasury Bills	UK sovereign rating		12 months
Bonds issued by multilateral development banks	AAA	100%	6 months
Money market funds CNAV	AAA	100%	Liquid
Money market funds LVNAV	AAA	100%	Liquid
Money market funds VNAV	AAA	£30m	Liquid
Ultra-Short Dated Bond funds with a credit score of 1.25	AAA	100%	Liquid
Ultra-Short Dated Bond funds with a credit score of 1.5	AAA	100%	Liquid
Local authorities	N/A	100%	5 years
Term deposits with banks and building societies	Blue Orange Red Green No Colour		12 months 12 months 6 months 100 days Not for use

	* Minimum credit criteria / colour band	** Max % of total investments / £ limit per institution	Max Maturity Period
CDs or corporate bonds with banks and building societies	Blue Orange Red Green No Colour		12 months 12 months 6 months 100 days Not for use

NON-SPECIFIED INVESTMENTS:

These are any investments which do not meet the specified investment criteria. Non-specified investments are typically viewed as being riskier than specified investments. A maximum of £30m will be held in aggregate in non-specified investment

A variety of investment instruments are outlined below. The Council has selected these instruments based on their high credit quality.

The criteria, time limits and monetary limits applying to institutions or investment vehicles are:

	* Minimum credit criteria / colour band	** Max % of total investments/ £ limit per institution	Max. maturity period
UK Government gilts	UK sovereign rating	100%	5 years
UK Government Treasury bills	UK sovereign rating	100%	5 years
Local authorities	N/A	100%	5 years
Gilt funds	UK sovereign rating	100%	5 years
Banks	Purple	100%	2 years
	Yellow	100%	5 years

Accounting Treatment of Investments

The accounting treatment may differ from the underlying cash transactions arising from investment decisions made by the Council. To ensure the Council is protected from any adverse revenue impact, which may arise from these differences, we will review the accounting implications of new transactions before they are undertaken.

Note 4 - Creditworthiness approach

This Council applies the creditworthiness service provided by Link Asset Services. This service employs a sophisticated modelling approach utilising credit ratings from the three main credit rating agencies - Fitch, Moody's and Standard and Poor's. The credit ratings of counterparties are supplemented with the following overlays:

- credit watches and credit outlooks from credit rating agencies;
- CDS spreads to give early warning of likely changes in credit ratings;
- sovereign ratings to select counterparties from only the most creditworthy countries.

This modelling approach combines credit ratings, credit watches and credit outlooks in a weighted scoring system which is then combined with an overlay of CDS spreads. The end product is a series of colour coded bands which indicate the relative creditworthiness of counterparties. These colour codes are used by the Council to determine the suggested duration for investments. The Council will therefore use counterparties within the following durational bands:

Colour Band	Duration
Yellow	5 years *
Dark pink	5 years for Ultra-Short Dated Bond Funds, credit score of 1.25
Light pink	5 years for Ultra-Short Dated Bond Funds , credit score of 1.5
Purple	2 years
Blue	1 year (applies to nationalised or semi-nationalised UK Banks)
Orange	1 year
Red	6 months
Green	100 days
No colour	not to be used

Y	Pi1	Pi2	P	B	O	R	G	N/C
1	1.25	1.5	2	3	4	5	6	7
Up to 5yrs	Up to 5yrs	Up to 5yrs	Up to 2yrs	Up to 1yr	Up to 1yr	Up to 6mths	Up to 100days	No Colour

Whilst the above gives the council scope to invest for periods in excess of 12 months, the Council does not expect to do so during 2019/20. Should it choose to do so, the action will be reported to the Cabinet Member for Finance at the earliest available opportunity.

Link Asset Services' creditworthiness service uses a wide array of information other than just primary ratings. Furthermore, by using a risk weighted scoring system, it

does not give undue significance to just one agency's ratings.

Typically the minimum credit ratings criteria the Council use will be a short term rating (Fitch or equivalents) of short term rating F1, and a long term rating A. There may be occasions when the counterparty ratings from one rating agency are marginally lower than these ratings but may still be used. In these instances consideration will be given to the whole range of ratings available, or other topical market information, to support their use.

	Colour (and long term rating where applicable)	Money and / or % Limit	Time Limit
Banks *	Yellow	100%	5 years
Banks	Purple	£30m	2 years
Banks	Orange	£30m	1 year
Banks – part nationalised**	Blue	£50m	1 year
Banks – UK only	Red	£20m	6 months
Banks – non UK	Red	£15m	6 months
Banks	Green	£10m	100 days
Banks	No colour	Not to be used	
Council's banker in the event of the bank being 'no colour'	-	100 %	5 days ***
DMADF	UK Sovereign Rating	100%	6 months
Local authorities	n/a	£30m	5yrs
Money market funds CNAV****	AAA	100 %	liquid
Money market funds LVNAV*****	AAA	100 %	liquid
Money market funds VNAV*****	AAA	£30m	liquid
Ultra-Short Dated Bond Funds with a credit score of 1.25	Dark pink / AAA	100 %	liquid
Ultra-Short Dated Bond Funds with a credit score of 1.5	Light pink / AAA	100 %	liquid

* Please note: the yellow colour category is for UK Government debt, or its equivalent, constant net asset value money market funds and collateralised deposits where the collateral is UK Government debt.

*** When placing deposits with part nationalised banks the Council will take care to review when it expects the UK Government to divest its interest in the institution, and the impact this move would have on the Council's view of the institutions security.*

**** to cover period to next working day allowing for weekends and bank holidays e.g. Easter*

***** CNAV refers to Constant Net Asset Value Money Market Funds when investors will be able to purchase and redeem at a constant Net Asset Value (£1 in / £1 out)*

****** LVNAV refers to Low Volatility Net Asset Value Money Market Funds when investors will be able to purchase and redeem at a stable Net Asset Value to two decimal places, provided the fund is managed to certain restrictions*

****** VNAV refers to Variable Net Asset Value Money Market Funds where the price may vary*

All credit ratings will be monitored weekly. The Council is alerted to changes to ratings of all three agencies through its use of the Link Asset Services creditworthiness service.

- if a downgrade results in the counterparty / investment scheme no longer meeting the Council's minimum criteria, its further use as a new investment will be withdrawn immediately.
- in addition to the use of credit ratings, the Council will be advised of information in movements in credit default swap spreads against the iTraxx benchmark and other market data on a weekly basis. Extreme market movements may result in downgrade of an institution or removal from the Council's lending list.

Sole reliance will not be placed on the use of this external service. The Council will also use market data and market information, information on government support for banks, and the credit ratings of that supporting government.

The Council has determined that it will only use approved counterparties from the UK and from countries with a minimum sovereign credit rating of AA- from Fitch (or Equivalent).

Note 5 - Approved countries for investments:

This list is based on the lowest available sovereign rating from the three main rating agencies: Fitch, Moody's and Standard & Pools.

AAA

- Australia
- Canada
- Denmark
- Germany
- Luxembourg
- Netherlands
- Norway
- Singapore
- Sweden
- Switzerland
- U.S.A

AA+

- Finland
- Hong Kong
- Austria

AA

- Abu Dhabi (UAE)
- France
- U.K.
- New Zealand

AA-

- Belgium
- Qatar

Pay Policy Statement

Background

1. Sheffield City Council is required under Sections 38–43 of the Localism Act 2011 to publish its pay policy. Sheffield City Council has routinely, on an annual basis, published data on all posts which have remuneration above £50,000.
2. The Council continues to monitor closely its senior management posts and keeps the structure under review to ensure it continues to be fit for purpose.
3. This policy statement does not cover or include staff employed by schools and is not required to do so.
4. This policy statement is required to be considered and approved by full Council at the Council meeting.

Definition of Officers Covered by this Policy Statement

5. This policy statement covers the following posts, full details of these posts is attached at Annex 1.
 - a) **Head of the Paid Service**, which in Sheffield City Council is the post of the Chief Executive (required by Local Government & Housing Act 1988).
 - b) **Statutory Chief Officers**, which in Sheffield City Council are the posts of:
 - i) Director of Adult Services (under Local Authority Social Services Act 1970)
 - ii) Executive Director of People (Director of Children's Services under Children's Act)
 - iii) Director of Legal and Governance (Monitoring Officer, required by Local Government & Housing Act 1988)
 - iv) Executive Director of Resources (Chief Finance Officer under Section 151 of Local Government Act 1972)
 - v) Director of Public Health (required by National Health Service Act 2006).
 - c) **Non-statutory Chief Officers** (those who report to the Head of Paid Service or Statutory Officer)
 - d) **Chief Officers** (those who report to Non Statutory Chief Officers)

Pay Policy Statement

6. Sheffield City Council's aim on matters of remuneration is to have in place an approach that enables the authority to:
- Recruit and retain people with the skills and expertise to deliver high quality services to the citizens of Sheffield City Council;
 - Manage employee remuneration in a manner that is fair, transparent and reasonable;
 - Take account of national and regional pay policy and market trends in the context of local government;
 - Have a framework for managing the range of pay across the Council's workforce, this is known as pay ratios;
 - Have simple uniform packages across all employment groups and to manage pay matters within national guidelines and agreements;
 - Protect and remunerate low paid employees at appropriate levels and this includes the Council's commitment to the Living Wage, and;
 - Protect jobs and services for as long as reasonably possible and this includes a prudent, affordable and fair approach to pay.

Policy on Remunerating Chief Officers

7. Sheffield City Council's policy is to pay Chief Officers' basic annual salary; Chief Officers' salaries do not attract enhancements or bonus of any kind. There are no additional enhancements to redundancy payments, pension contributions or pension payments outside of the Council's normal arrangements for all Sheffield City Council employees. Travel and other expenses are paid through the normal authority procedures.
8. It is the policy of this authority to establish a remuneration package for each Chief Officer post that is sufficient to attract and retain staff of the appropriate skills, knowledge, experience, abilities and qualities that is consistent with the authority's requirements of the post in question at the relevant time. Grading decisions are determined through a process of Job Evaluation which assesses the key factors of each role. The Chief Officer Grading Structure is attached as **Annex 2**.
9. Recruitment to a Chief Officer post is undertaken by the Senior Officers Employment Committee which is a sub-committee of the Council; membership is agreed by Council on an annual basis. All recommendations for appointment at this level are ratified by Cabinet.
10. All posts will be advertised and appointed to at the appropriate approved salary for the post in question, unless there is good evidence that a successful

appointment of a person with the required skills, knowledge, experience, abilities and qualities cannot be made without varying the remuneration package. In such circumstances a variation to the remuneration package may be appropriate under the authority's policy and any variation will be approved through the appropriate authority decision making process.

11. The authority will apply any pay increases that are agreed by relevant national negotiating bodies and/or any pay increases that are agreed through local negotiations. The authority will also apply any pay increases that are as a result of authority decisions to significantly increase the duties and responsibilities of the post in question beyond the normal flexing of duties and responsibilities that are expected in senior posts.
12. The authority will not make additional payments beyond those specified in the contract of employment unless varied by the appropriate authority decision making process
13. The Council sets and makes payment to the Returning Officer for the management and administration of local elections. The Returning Officer will make payments to those officers who undertake specific duties in relation to the elections (including Chief Officers) dependent on their role.
14. It should be noted that any fees payable for duties in connection with Parliamentary and European elections, election for Police Commissioners or referenda are recouped from Central Government subject to a prescribed aggregate maximum amount, and are not funded by the Council.
15. The authority does not operate a performance related pay system as it believes that it has sufficiently strong performance management arrangements in place to ensure high performance from its senior officers. Any areas of under-performance are addressed rigorously.
16. The authority does not operate an earn-back pay system as it believes that it has sufficiently strong performance management arrangements in place to ensure high performance from its senior officers. Any areas of under-performance are addressed rigorously.

Policy on Remunerating the Lowest Paid in the Workforce

17. The authority applies terms and conditions of employment that have been negotiated and agreed through appropriate collective bargaining mechanisms (national or local) or as a consequence of authority decisions, and these are incorporated into contracts of employment. The lowest pay point in this authority is Grade 1, point 1. This relates to an annual salary of £17,346 and can be expressed as an hourly rate of pay of £9.00 (April 2019 to March 2020).

18. A decision was taken at Cabinet on 16 January 2013 to uplift the pay of employees earning less than the nationally recognised Living Wage and align this with the Living Wage Foundation rate.
19. From April 2020 this will increase to £9.30 per hour. The payment will be made as a supplement which will be reviewed on an annual basis.
20. Pay rates are increased in accordance with any pay settlements which are reached through the National Joint Council for Local Government Services.

Remuneration ratios

21. The requirement for the Policy also reflects the concerns over low pay highlighted in Will Hutton's 2011 Review of Fair Pay in the Public Sector. This stated that the ratio between the highest paid salary and the median average, should provide a pay multiple of no more than 20:1. It is not a requirement to publish this ratio as part of the Council's Pay Policy Statement, but is a requirement of the Local Government Transparency Code 2014. Currently in this authority the ratio between the highest salary (£195,905) and the median average salary (£25,801) is 7.59:1. This demonstrates the authority's commitment to a fair approach to pay.

Approval of Salary Packages in Excess of £100k

22. The authority will ensure that, at the latest before an offer of appointment is made, any salary package for any post (not including schools) that is in excess of £100k will be considered by full Council. The salary package will be defined as base salary plus any fees, routinely payable allowances and benefits in kind that are due under the contract.

Flexibility to Address Recruitment Issues for Vacant Posts

23. In the vast majority of circumstances the provisions of this policy will enable the authority to ensure that it can recruit effectively to any vacant post. There may be exceptional circumstances when there are recruitment difficulties for a particular post and where there is evidence that an element or elements of the remuneration package are not sufficient to secure an effective appointment. This policy statement recognises that this situation may arise in exceptional circumstances and therefore a departure from this policy can be implemented without having to seek full Council approval for a change of the policy statement. Such a departure from this policy will be expressly justified in each case and will be approved through an appropriate authority decision making route.

Amendments to the Policy

24. As the policy covers the period April 2020 to the end of March 2021, amendments may need to be made to the policy throughout the relevant period. As the Localism Act 2011 requires that any amendments are approved by the

Council by resolution, proposed amendments will be reported to the Cabinet Member for Finance and Resources for recommendation to the Council.

Policy for Future Years

25. This policy statement will be reviewed each year and will be presented to full Council each year for consideration in order to ensure that a policy is in place for the authority prior to the start of each financial year.

Mark Bennett
Director of Human Resources & Customer Services
January 2020

Annex 1 – Chief Officer Posts

None of the Post holders listed below receives an honorarium payment for increased duties and responsibilities. Nor do any receive a payment related to joint authority duties. The following table sets out pay as of 1/4/20 using the Chief Officer pay scale as of 1/4/20. Any pay award during 20/21 would be applied as agreed.

Status	Post <i>(relevant statute, if any, given at paragraph 5, above)</i>	Base Salary (£)	Other relevant payments, and notes
Head of Paid Service	Chief Executive	195,905	
Statutory Chief Officers which in Sheffield City council are the posts of:	Executive Director of People (Director of Children's Services)	150,192	
	Director of Adult Services	102,165	
	Director of Legal and Governance (Monitoring Officer)	88,384	Election duty fees are in accordance with normal authority procedures.
	Executive Director of Resources (Chief Financial Officer)	150,192	
	Director of Public Health	123,247	
Non Statutory Chief Officers (those who report to the Head of the Paid Service or a Statutory Officer) which in Sheffield City Council are the posts of:	Executive Director of Place	150,192	
	Director of Policy and Performance	88,384	The Returning Officer's fee is based upon that payable at a national election and is variable dependent upon the type of election taking place.
	Director of Children and Families (People)	107,338	
	Director of Business Strategy (People)	88,384	
	Director Libraries Learning Skills & Communities (People)	88,384	
	Director of Culture (Place)	85,258	The post is currently vacant
	Director of Commissioning Inclusion & Learning (People)	88,384	

	Director of Human Resources & Customer Services (Resources)	88,384	
	Director of Finance & Commercial Services (Resources)	97,245	
	Director of Business Change and Information Solutions (Resources)	97,245	
	Director of Transport and Facilities Management (Resources)	88,384	
Chief Officers (those who report to Non Statutory Chief Officers) which in Sheffield City Council are the posts of:	Director of Housing Services (Place)	97,245	
	Director of City Growth (Place)	97,245	
	Director of Business Strategy (Place)	88,384	
	Director of Capital & Major Projects (Place)	97,245	
	Assistant Director of Legal & Governance x2 (Deputy Monitoring Officer) (Resources)	60,166 & 63,032	Directors in same post - only one of these acts as Deputy Monitoring Officer

Annex 2 - Chief Officer Grading Structure

Grade Desc	Spinal Pt	01/04/2019
DG 7	1	58,729
	2	60,166
	3	61,599
	4	63,032
DG 6	1	69,091
	2	70,772
	3	72,452
	4	74,137
DG 5	1	79,295
	2	81,284
	3	83,271
DG4	1	85,258
	2	87,242
	3	88,384
DG3	1	90,597
	2	92,814
	3	95,029
	4	97,245
DG2	1	99,673
	2	102,165
	3	104,720
	4	107,338
DG 1	1	111,963
	2	114,597
	3	117,535
	4	120,359
	5	123,247
Executive Director	1	124,070
	2	130,612
	3	137,139
	4	143,668
	5	150,192
Chief Executive		195,905

Budget 2020-21

Equality Impact Assessment

Purpose

1. The purpose of the Revenue Budget report is to:
 - Approve the City Council's revenue budget for 2020/21, including the position on reserves and balances;
 - Approve a 2020/21 Council Tax for the City Council, and;
 - Note the levies and precepts made on the City Council by other authorities.

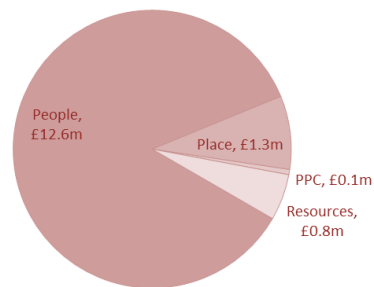
Background

2. Section 149 of the Equality Act 2010, the Public Sector Equality Duty states that a Public Authority must, in the exercise of its functions, have due regard to:
 - Eliminating discrimination, harassment, and victimisation.
 - Advancing equality of opportunity.
 - Fostering good relations.
3. Having due regard to these involves:
 - Removing or minimising disadvantage suffered by persons.
 - Taking steps to meet the needs of persons with different characteristics.
 - Encouraging people to participate in public life.
 - Tackling prejudice and promote understanding.
 - Taking steps to take account of a person's disabilities.
4. This is with regard both to people who share Protected Characteristics under the Act and those who don't. The Duty means we need to understand the effect of our policies and practices have on inequality. To do this we will examine the available evidence and work with staff and people who use services to consider the impact of Council activity and actions on the people who share protected characteristics. One of the ways we do this is through conducting Equality Impact Assessments (EIAs).

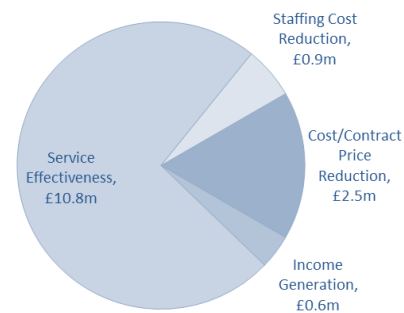
5. The Council-wide EIA and the individual service EIAs on budget proposals that underpin it are focused on the impact on the protected characteristics in the Equality Act 2010. These are age, disability, race, marriage and civil partnership, sex, sexual orientation, religion/belief, gender reassignment, pregnancy and maternity.
6. In Sheffield, we have decided to go beyond our statutory duty under the Equality Act 2010. We also assess the impact on health and wellbeing, the Voluntary and Community Sector (VCS), poverty and financial exclusion, carers, armed forces and cohesion. We believe that this gives us a wider understanding than the statutory framework would without these additions.
7. This Equality Impact Assessment is based upon the EIAs completed by services for each budget proposal. The individual EIA is not however a one-off task; instead it is an ongoing process that develops as the budget saving proposal develops and evolves over time. So, for example, an EIA may identify the need to consult with a particular section of the community and the outcome of this may mean the EIA needs to be updated and change the way the proposal is to be implemented. The EIA should be a record of the process not just the ultimate outcome. Through our 'live' EIA process we will be monitoring closely any adverse equality impacts as reductions and changes in provision occur during the next year.
8. As a consequence, not all EIAs are currently complete and therefore this assessment should be seen as a reflection of our current understanding of the impact but not necessarily how the impact may look in three or nine months' time. Therefore, it's important to ensure that all equality impacts are fully considered when services report on the specific implementation plans for their Budget Saving Proposals.
9. All reports outlining a budget reduction proposal include an outline of the key findings of the EIA undertaken for that Budget Saving Proposal. This should describe:
 - The main impacts anticipated if any;
 - How this has been assessed and the evidence used;
 - How the views of those impacted have been sought;
 - What options for mitigation should be considered as part of the proposal; and
 - How the actual impact will be reviewed after implementation.
10. A list of EIAs available is attached and can be requested individually or as a group.

11. It is possible that some decisions will have a disproportionate impact on some groups in comparison to others. The impact assessments help us identify, and avoid or mitigate, these impacts. There could, for example, be disproportionate impacts on certain geographic locations or different parts of the population, such as younger or older people, women or men, disabled people, Black, Asian and Minority Ethnic (BAME) communities or lesbian, gay, bisexual, and transgender (LGBT) communities etc. It's also important that we consider the cumulative effect of any decisions made on these groups. This could be cumulative, year on year or different proposals on the same group. EIAs also help us identify and make positive changes wherever possible.
12. A commitment to tackling inequality, ensuring fairness and increasing social justice is at the heart of the Council's values. We have a [Corporate Plan](#) for 2015-18 which includes tackling inequalities as one of the Council's five key priorities. We have also supported the Fairness and Tackling Poverty and Social Exclusion Partnership and the [Making Sheffield Fairer](#) Campaign. The Fairness and Tackling Poverty Partnership, of which the Council is a part of, has produced a Sheffield wide [Tackling Poverty Strategy](#). The Fairness Framework and campaign, as well as our Corporate Plan and Tackling Poverty Strategy, have influenced our priorities and decision making across the Council.
13. In the last year, we have launched our new [Equality Objectives 2019-23](#) which demonstrate our commitment to challenging inequality and promoting a fair and inclusive Sheffield. Our Equality Objectives are based on evidence and feedback that we collect from residents, customers and our staff. They also reflect and help address areas of persistent inequality, as outlined in our [Annual Equality Report 2017-18](#). The four Objectives are:
 - Strengthen knowledge and understanding of our communities
 - Ensure our workforce reflects the people that we serve
 - Lead the city in celebrating diversity and promoting inclusion
 - Break the cycle of inequality and improve life chances
14. The total amount of Portfolio savings we are required to make in 2020/21 amount to £14.7m, mainly focusing on service effectiveness, cost reductions and staff savings.

Portfolio Savings, by Portfolio
Total = £14.7m



Portfolio Savings, by Category
Total = £14.7m



15. As set out in the full Revenue Budget report, the Government's Spending Review in September 2019 allocated a small increase in local government funding for 2020/21 which addresses the in-year cost pressures that the Council faces but does not reverse the reductions in funding we have seen over the last nine years.
16. In addition to the budget reductions that we have seen, all of the Council's services are affected by demand, pay or price inflation, as well as by legislative changes. One of our biggest cost pressures arises from the need to continue to provide key services for the growing and ageing population of Sheffield, particularly in social care and children's social care.
17. In line with the priorities of citizens in our budget engagement, the Council has prioritised support for social care with a proposed (subject to Council approval) investment of £17.9m, the third successive year of investment totalling approximately £53m. This has been funded by in the Social Care Grant of £12.2m and the increase in council tax, including the Adult Social Care precept. This demonstrates the focus on protecting the most vulnerable in the city but again does not compensate for the reductions in funding from Government over previous years.
18. As shown elsewhere in the report, inequality is widening,(see below?) and growing numbers of people are experiencing financial insecurity following a decade of austerity. We are also aware of our need to meet the needs of an increasingly diverse population, in a context of public services austerity and a continuing to attract and retain diversity. Our approach aims to ensure that different groups of people get services that are appropriate and meet their needs, such as older people accessing timely care and support and also that groups, including disabled people, people from BAME backgrounds, young people and women are more able to access better quality employment.

19. The issue of inequality is fundamental to the Council and is considered throughout our proposals. One of the strongest mitigations is that we continue to prioritise those in greatest and complex need, targeted solutions, prevention and an inclusive economy.
20. Our work to tackle inequality will prioritise supporting those at risk or in need, and will focus on ensuring we do not slide backwards or lose ground in tackling existing persistent areas of inequality. However, it is inevitable when funding levels have been cut year on year that there is an impact on the services we deliver, including some of the work we do with people who are most vulnerable. As far as practically possible within the confines of a cumulatively reduced financial settlement, we have tried to minimise the impact on those in greatest need and most at risk. However, these are extremely challenging choices and difficult decisions have to be made.
21. Impact analysis is started early in the process of considering service changes, to ensure we involve all relevant individuals and groups, such as those who use the services. This also gives us time to understand and consider any evidence we have about the potential impact of any proposal. The action plans for individual EIAs are designed to ensure that the services concerned implement changes with as little negative impact as possible. There will be careful management control of each proposal. The impact analysis process helps to shape both proposals which are not included in the budget and those that are.
22. We have tried as far as possible to achieve any savings through changes to the way we work, including by working with other partners, by redesigning and restructuring our services and support teams, and by restructuring our contracts, but it is inevitable that there will be some negative impact on service delivery for those in greatest need and on those who share protected characteristics under the Equality Act.
23. The size and pace of the financial challenge over the last decade means that a number of the reductions or changes in service provision began in previous years will continue although in 2020/21, reductions are smaller and we are again seeing more investment in social care. The impacts on individuals and groups will be monitored to ensure that any potential negative impact is reduced as far as possible.
24. Elected Members have ensured that they are familiar with the equality implications of proposals and consider the aggregated impact on different communities. Impact assessments are made available to all Council Members in advance of any decision being taken at Cabinet or Full Council.

Cabinet Members have been briefed on impact assessments related to proposals in their area of responsibility.

25. We are confident that our budget proposals mean that services for those that most need our help and support will be prioritised. However this may mean reductions and changes in universal provision could impact on those households who, although not in the greatest need, are still struggling financially and may not be able to pay for alternative provision.

Evidence: what we already know – Sheffield demographics

26. As well as evidence from consultations, we have used monitoring information we already hold to help us identify possible impacts and to help shape and inform the EIA process. To help us identify possible impacts requires an understanding of how the city is made up and the issues people face and we have used [2011 Census](#), [Sheffield Facts and Figures](#), [State of Sheffield](#), and [Community Knowledge Profiles](#) to support our EIA. In summary, these show:

- Sheffield's population has grown at the same rate as the national average and above that of the City Region, rising from 513,100 in 2001, to 552,700 at the time of the 2011 census, and 582,500 by 2018. This has resulted from increases in births, net inward migration, and longer life expectancy.
- Sheffield is a diverse city and the ethnic profile continues to change. The proportion of residents classifying themselves as BAME (Black, Asian and Minority Ethnic includes everyone except for those who classify themselves as White British) has grown from 11% in 2001 to 21% in 2017. BAME adults make up 18% of the population and BAME children 36% (based on reception to Year 11 pupils, Feb 2020).
- The Pakistani community, at 4%, is the second largest ethnic group in Sheffield after the White British category. Sheffield's BAME population is increasingly dispersed across the city, although there remain geographical areas with high proportions of BAME people. These areas tend to correlate with the areas of the city which are also the most economically deprived. More than a third of the BAME population live in areas that are amongst the 10% most deprived in the country and for some groups this is higher. This is above the citywide average of 23.8%.
- Sheffield has a higher proportion of its population aged 65 years or over (16%, or 93,600 people) than the other English Core Cities. This is projected to increase to 19.2% by 2034, with the largest increase in the

number of people aged over 85.

- The age group that has increased the most from 2011 to 2018 is 25-34 year olds, with 15.5% of our population being in this group. 18.1% of the population is under 16. The factors which are having the most impact on this changing city profile are increasing numbers of university students and the inward migration of households with young families.
- Sheffield has a geographical pattern of communities that experience differing levels of deprivation and affluence. Generally, the most deprived communities are concentrated in the north and east of the city whilst the most affluent are located in the south and west.
- There are currently approximately 46,600 households who receive Council Tax Support, and of these approximately 27,900 are of working age.
- Sheffield has around 25,522 households (10.7%) in fuel poverty, which is slightly lower than the percentage for all England (10.9%). Nationally, there is a large difference in the proportion of households that are fuel poor between those that are working, full-time or part-time, or are retired (8%, 17.3% and 7.6%, respectively) compared to those that are unemployed or in full-time education (31.9% and 24.4% respectively).
- Sheffield is the seventh least deprived of England's eight core cities, however almost a quarter (23.8%) of Sheffield LSOAs (lower-layer super output areas) are in the most deprived decile nationally, with 9.9% being in the least deprived decile.
- The broad pattern of deprivation in Sheffield has changed relatively little between 2015 and 2019; there is one more LSOA in the most deprived decile, and one fewer in the least deprived decile. There were larger changes in the second most deprived decile (three fewer) and the second least deprived decile (four more).
- In 2019, median gross weekly earnings of full time workers were £572.70 for males, and £485.10 for females. For all males, median annual pay was £27,922 compared with £18,865 for all females, a pay gap of £9,057.
- For all males, median annual pay was £27,922, compared with £18,865 for all females; a pay gap of £9,057.
- Single female pensioners tend to have a lower income than male pensioners. Other issues which cannot be separated from experiences of financial exclusion and poverty include age, ethnicity, sexuality, disability

and domestic abuse etc.

- People within some groups can be disproportionately affected by disadvantage and inequality. For example, children are more likely to live in poverty if they are from a BME background; 40.4% of Somali, 44.5% of Yemeni and 56.1% of Roma children in Sheffield are eligible for Free School Meals compared to 22.7% of all children in Sheffield. Children with SEN are also more likely to live in poverty; 38.4% of children with SEN Support, EHC Plan or Statement in Sheffield are eligible for Free School Meals compared with 19.7% of those without support (SCC, January School Census 2019)
- There are 100,000 people with a long term limiting illness, equivalent to 19% of the population, with 9% saying this limits their activity a lot. This is the closest estimate it's possible to reach of disabled people living in the city.
- Although the city is becoming healthier for most people, health inequalities across the city remain, and are in some cases are widening in particular for those living in areas of higher deprivation and those with learning disabilities and mental illness.
- Life expectancy for men in Sheffield is 79.4 years (slightly above the national average of 79.3 years) and 82.3 years for women (below the national average of 82.9 years). However, healthy life expectancy for women in Sheffield is lower, at 60.2 years, than it is for men, at 61.8 years. This compares with national healthy life expectancies of 63.6 years for women and 63.1 for men.

Evidence: what we already know – Welfare Reform and poverty

27. Although not within the scope of our budget proposals, the impacts of the UK government's programme of welfare reform, including the roll-out of Universal Credit (UC), are having a profound impact on financial insecurity, over-indebtedness and poverty in the city..
28. Universal Credit represents one of the biggest changes to the welfare system since the 1940s. UC 'Full Service' started rolling out in Sheffield from November 2018. Most new *claims* for – or certain changes to – 'legacy' benefits, now require an application instead for UC. Eventually Universal Credit will replace all working age income-related benefits. The default position with UC is one monthly payment to a household, including housing costs, paid in arrears. People then pay their rent, bills and other costs from that payment. UC is applied for and managed

online. Different arrangements can be made for vulnerable people, including disabled people, although evidence suggests that these do not always work smoothly.

29. Sheffield City Council and its partners are measuring the impact of UC on the city, both through quantitative measures and the collection of case studies. We know for example that, in common with many other parts of the country where it has been rolled out, rent arrears for people on UC has increased. We also have anecdotal evidence that loan sharks are increasingly active in the city. Whilst many people find UC straightforward, our anecdotal evidence shows that there are still people struggling on UC in Sheffield. This is particularly those whose lives are more complex or who have vulnerabilities that make managing the system harder. We have found that this is more likely to include people from BAMER communities, care leavers, people experiencing domestic abuse, tenants in private-rented accommodation, people with disabilities or health conditions, and carers.
30. It should be noted that UC has been introduced within the context of wider welfare reform changes that have had a significant impact on the city. These changes include Over-occupancy rules, Benefit Cap, Personal Independence Payments and Council Tax Support changes. Sheffield Hallam University¹ has estimated that, once completed, the government's programme of welfare reforms will lead to the city losing nearly £170m a year in benefits and tax credits. This is the equivalent to £460 a year for every adult of working age in the city, but some communities will see five times the level of reductions than others.
31. Indices of Deprivation, a relative measure of deprivation in small areas of England (known as Lower Super Output Areas or LSOAs) ranks nearly a quarter of Sheffield's LSOAs as within the most deprived 10% nationally. Five LSOAs in Sheffield are within the 1% most deprived in England, an increase from three in 2015.
32. Sheffield's Child Poverty report in 2017 shows the proportion of children living in families in receipt of out of work benefits, or in receipt of tax credits where their reported income is less than 60% of UK median, has increased. In line with other Core City and national trends, the most up-to-date data shows 31.31% or 35,820 children, after housing costs (AHC) of children in Sheffield are living in poverty in Sheffield. However, the figure masks the wide and well- documented variation between different parts of Sheffield. In

¹ <https://www4.shu.ac.uk/research/cresr/impact-welfare-reform-communities-and-households-sheffield-pdf-273-mb>

Ecclesall Ward, 7.8% (AHC) of children were living in poverty, whilst in Burngreave the figure was much higher at 51.19% and Central and Firth Park at 49% in poverty.

33. In 2017, 17 of the Sheffield's 28 wards had more than 20% of children living in relative poverty (AHC). There are clearly multiple causes of child poverty; however, it is likely that national welfare reforms are a significant driver of changes seen.

Managing impact – mitigation

34. A commitment to tackling inequality, ensuring fairness and increasing social justice is at the heart of the Council's values. We have considered the Fairness Commission and the resultant Fair City Campaign. We have also considered the Tackling Poverty Strategy, 2019-23 Equality Objectives, and our Corporate Plan. These have influenced our priorities and decision making across the Council. The five priorities of our corporate plan are:
- **An in-touch organisation:** This means listening; being connected and being responsive to a range of people. Better understanding the increasingly diverse needs of individuals in Sheffield, so the services we and our partners provide are designed to meet these needs. Also to empower individuals to help themselves, so they and their communities are increasingly independent and resilient.
 - **Strong economy:** This means creating the conditions for local businesses to grow. We want local people to have the skills they need to get jobs and benefit from inclusive economic growth.
 - **Thriving neighbourhoods and communities:** This means neighbourhoods where people are proud to live, with communities that support each other and get on well together. It means places with access to great, inclusive schools. We want people living in Sheffield to feel safe. We will work with communities to support them and to celebrate the diversity of the city.
 - **Better health and wellbeing:** This means helping people to be healthy and well, by promoting and enabling good health whilst preventing and tackling ill-health because health and wellbeing matters to everyone. We will provide early help and look to do this earlier in life, to give every child the opportunity to have a great start in life.
 - **Tackling inequalities:** This means making it easier for individuals

to overcome obstacles and achieve their potential. We will invest in the most deprived communities; supporting individuals and communities to help themselves and each other, so the changes they make are long-lasting. We will work, with our partners, to enable fair treatment for individuals and groups, taking account of disadvantages and obstacles that people face

35. As throughout austerity, our overall approach has been to protect services for those in greatest need, develop preventive solutions for the longer term, and to make savings by changing how we manage and deliver services. This will have an impact on what the Council can continue to deliver, and especially on the Council's universal offer.
36. The year on year reductions over the last nine years have impacted on the people of Sheffield, including those in greatest need and groups that share equality characteristics. **Most impacts relate to age, both younger and older people, disabled people and their carers, women and households on lower incomes.** In all of these areas mitigating actions have been identified and will be implemented as part of EIA action plans.
37. We are:
 - Investing in social care, reflecting the scale of the challenge facing social care services and our commitment to protect the most vulnerable in Sheffield
 - Continuing to invest in prevention, early intervention and delivering targeted support for those most vulnerable.
 - Working to increase our income through fees and charges, debt collection, full cost recovery, and increased trading of our services.
 - Assessing all proposals in line with the Fairness Framework and the cities Tackling Poverty Strategy.
 - Working with the private sector to encourage the support of activities/ events to promote Sheffield.
 - Improving the conversations we have with people when they first contact adult social care to help them find the right support.
 - Continuing to encourage people to be independent, safe and well through both children's and adult social care, and continuing to reduce reliance on institutional or restrictive care in Sheffield and expensive provision outside of the city.
 - Reviewing care and support arrangements, focusing on the outcomes

people want to achieve, and re-tendering services where applicable to ensure fair contributions and value for money.

- Working in partnership with the NHS to deliver better health to strengthen our preventative and community based services to provide the best outcomes we can for the people of Sheffield
 - Restructuring management and services to increase efficiencies and create simpler routes of access.
 - Continuing to invest in public health, but shifting the focus to address the root causes of ill health, to help reduce health inequalities.
 - Supporting the Voluntary and Community Sector through Grant Aid, although at a reduced level, by recognising the value of frontline organisations that help tackle inequality.
 - Continuing to support those at risk of financial hardship through a Council Tax Support Scheme and Hardship Fund, Local Assistance Scheme and Local Independence Grants.
38. Although there are very difficult choices to make, our impact assessments illustrate our commitment to fairness principles and to mitigate negative impacts where possible. Through our 'live' EIA process we will monitor closely for any adverse equality impacts as reductions and changes in provision occur during the next year.

Consultation and evidence to support EIAs

39. Notwithstanding our legal responsibilities under the Equality Act, we believe that it is critically important that we understand how the difficult decisions taken by the Council impact on different groups and communities within the city, and that we take action to mitigate any negative impacts that might be highlighted.
40. Tackling inequality is crucial to increasing fairness and social cohesion, reducing health problems, improving wellbeing and helping people to have independence and control over their lives. It underpins all that we do. [The Fairness Framework](#) has guided the approach we have taken in developing these proposals such as:
- Those in greatest need should take priority.
 - Those with the most resources should make the biggest contributions.
 - The commitment to fairness must be a long-term one.
 - The commitment to fairness must be city-wide.

- Prevention is better than cure.
 - Be seen to act in a fair way as well as acting fairly.
 - Civic responsibilities among residents contribute to the maximum of their abilities and ensuring all citizens have a voice.
 - Open a continuous campaign for fairness in the city.
 - Fairness must be a matter of balance between different groups, communities and generations.
 - The city's commitment to fairness must be both demonstrated and monitored.
41. To inform, develop and enable citizens to have their say on options for the 2020/21 budget, the Council ran a budget survey between 20 December 2019 and 24 January 2020, in addition to wider engagement with citizens, and partner organisations over the last year.
42. This has helped us to ensure that our budget proposals have been shaped by people who may be affected by decisions taken as part of the budget, and that they have had an opportunity to put forward ideas for consideration.
43. To inform longer term thinking and Equality Impact Assessments our budget consultation consisted of two main strands:
- An online survey supported by social media promotion activity that looked at the financial position and the Council-wide approach. This provided opportunities for residents to have their say on priorities, investment in services and capital projects, our proposals for Council Tax, and provide suggestions on areas for further savings or generating income.
 - On-going conversations on particular topics and specific proposals, including meetings with the VCF and Businesses and key partner agencies.
44. Over a 5 week period during December and January we ran an online survey that received **313** responses through the Council's Citizen Space consultation portal (<https://sheffield.citizenspace.com>).
45. In addition, the consultation on our 2020/21 budget proposals has taken place alongside the [Big City Conversation](#). This has been a citywide consultation exercise, talking to citizens from across the city's neighbourhoods about the issues that matter most to them, what they would like to see change in Sheffield and how they want to get involved in the decisions that affect their communities and their city. There is a clear

link between how the City Council invests its budget and the issues and priorities that Sheffieldsers have talked to us about in the Big City Conversation.

46. The findings from the budget consultation are set out in the Revenue Budget report Key findings include:

- As in the consultation on our 2019/20 budget, Adult Social Care, Children's Social Care and Public Health/Education were highlighted as the top three priorities that the Council should fund more
- Respondents cited leisure and culture, Environmental Health/Waste and Recycling, and Housing as areas where spending levels should stay the same. Respondents were more likely to say that the Sheffield City Council should spend less on the cost of borrowing, central costs and housing benefits. The majority of respondents supported raising Council Tax. Of those that gave a reason as to why they felt that Council Tax should be raised, the most common reason given was that a slight increase would be worth it to have improved public services
- Over half of respondents said that they did not want to see an increase in fees and charges and that the levels should stay the same. Many thought that fees and charges are high enough, that increases would be deemed unacceptable and likely to have most impact on poorer residents of the city
- Respondents mainly suggested that it was important for the Council to invest in transport, green and open spaces and quality of life. When asked why, people tended to suggest that investment is important to promote regeneration and the need for a fair and improved transport infrastructure to support both business and leisure.
- Transport was seen as a very important area for investment, and noted that we need a far more accessible service which can run on an upgraded infrastructure. Comments also noted that currently people who do not live in the city centre find it very difficult to travel across the city. A proportion of people felt much more investment was needed to support more environmentally friendly travel for bikes and pedestrians. A good transport network was commented on as essential for the city's regeneration along with regular and clean public transport.
- We received an extensive range of comments and suggestions on how the Council could increase income, reduce costs or make savings to support the budget. In terms of raising income these included collecting

owed Council Tax and raising Council Tax; increasing car parking charges and business rates; and lobbying central Government for more money.

47. Alongside our corporate budget consultation, we consulted people about proposals in particular areas. This consultation has taken different forms, depending on both the nature of the proposals and which providers, service users and communities are likely to be affected. This has included consultation with employees where proposals have implications for employees.
48. In **People Services**, proposals are based on a range of approaches, including: investments in Children's Social Care and Inclusion; risk and benefit sharing through integration with health partners; negotiation with fundholders and service-providers; individual support and casework; and general efficiencies. Some proposals have been informed by consultation feedback relating to dementia services; drugs and alcohol services; Adult Social Care payment processes; and Grant Aid to voluntary, community and faith sector organisations. Changes to fees and charges have been communicated. Other proposals will require communication with individuals and forms of co-production to develop ideas further. Consultation has been, or will be, carried out where proposals affect employees.
49. In **Place Portfolio**, the 2020/21 proposals are a mix of internal change and efficiencies, renegotiation of contract arrangements with partners and inflationary increase in charges/fees. A range of data has been used to help inform if there are any potential differential equality impacts and these will be considered as part of the decision making process for the proposals.
50. Across the Council, consultation on proposals will not stop once the budget has been agreed with Members. Further consultation with those affected individuals, groups, organisations and staff will take place throughout the forthcoming year as decisions are taken through the Council's governance process. Where appropriate, equality impact assessments on specific budget proposals include details about our approach to consulting people and further work that may be required.
51. This information has been considered by officers and members in developing and refining the budget proposals, and in looking forward to how future engagement around the budget will take place. Reports on the consultation activity will be made available on the Council's consultation hub and the Council's budget webpages.

Overall impact analysis

52. Inevitably, funding reductions at the scale and pace that we have experienced over the last nine years does have implications for the front-line services we deliver, on those in greatest need and on some of the work we do with groups who share equality characteristics under the Equality Act 2010.
53. We have tried to minimise the impact on the most vulnerable and those in greatest financial hardship as far as possible, however we have to make some really difficult choices. This year the savings and demand pressures that are required mean that we are less able to protect frontline services than before.
54. The substantial reductions in funding over the last nine years mean that progress on work to tackle inequality is much more focused on ensuring fairness and that we do not slide backwards and lose ground in tackling persistent areas of inequality.
55. We have tried to minimise the impact on front line services to customers as far as possible by finding more efficient ways to deliver services, including by reducing costs of:
 - Management, offices and corporate services such as legal services.
 - Renegotiating contracts, and increased partnership working.
 - Focusing on prevention and early intervention.
 - Transformational projects/creative and innovative change.
 - We know that working with people to help them avoid a crisis in their life (such as going into hospital), or intervening early when we spot an issue is better for the individual and costs us less.
56. To do this means continuing to shape and redesign public services to work in a more integrated and preventative way. However this takes time and we have had to make some really difficult choices. We are being guided in these choices by our values, commitment to fairness, and by our priorities as outlined in the Corporate Plan such as tackling inequality.
57. Our approach to the budget is in Portfolio Areas which correspond to the way Council is structured:
 - People
 - Place
 - Resources and

- Chief Executive's (Policy, Performance and Communications, or PPC).
58. **People Services** is the largest portfolio and has had a £17.9m increase in budget. The portfolio covers Children, Young People and families; social care, youth scheme, Education Lifelong and Community Learning Skills and employment; care and support for Adults; Housing & Neighbourhood services and Libraries & Community Services. The majority of funding is spent on social care.
59. **Place** has had a £1.2m in 2020/21 budget increase including £1.3m of planned savings. Work to address this affects the following services: sports & culture; highways maintenance; growth & investment; Place Hub and facilities management.
60. **Resources** is the second smallest Portfolio and together with **PPC**, has seen a £80k budget reduction. **Resources** covers: information technology; finance and commercial services; customer services; human resources and legal & governance.
61. **Policy, Performance and Communications** (inc **Public Health**, hereinafter **PPC**) has less than 100 staff and covers the corporate services of Policy; Research; Communications; Public Health Intelligence; Elections, Equalities and Involvement and Scrutiny. Public Health is distributed across the Council with the addition of a Director and small central team in PPC.
62. In line with their longer term plans Portfolios have undertaken an initial impact analysis on all budget proposals. Where the risk of disproportionate impact has been identified an in-depth impact assessment has been undertaken and mitigations sought. The impact analysis shapes proposals which do not make it forward into the budget proposals as well as those that do. See the website for more detail on the Council budget and how we spend it.

Place Portfolio

63. The **Place** Portfolio has completed 11 Budget EIAs on savings totalling £1.3m for 2020/21. Overall, the proposals are a mix of:
- Savings achieved through internal reorganisation of some services and by ensuring they operate within the principles of the Place Change Programme: better, quicker, easier and more affordable.
 - Working with our delivery partners to ensure we achieve maximum value for money through renegotiating our contractual agreements

e.g. Streets Ahead.

- Inflationary increase on fees and charges
 - Reduction in subsidy for sports and culture partners
64. A range of data and consultation through pilot schemes where appropriate, will be used to identify if there are any differential impacts of the proposals.
65. Two of the proposals will result in a reduction in posts in the Portfolio and the usual Council employee consultation framework will apply. Support and guidance through the process will be in accordance with agreed SCC policies and procedures.

Equalities impacts

66. As identified in previous years, the year on year key equalities impacts remain in relation to financial inclusion/poverty.

People Services

67. In the **People Portfolio**, 44 Equality Impact Assessments have been carried out in relation to the business planning savings proposals, including public health.
68. Some EIAs cover more than one proposal where there are close links. EIAs may also describe a larger project of work that contributes to business planning (savings). EIA titles therefore may not precisely match the names of proposals but reference is made between them.

Supporting children, young people and families

69. Through our Strengthening Families programme, we aim to reduce the number of children entering the care system and to help reunite families where it is safe to do so. We will also work with survivors and perpetrators of domestic and sexual abuse regardless of gender, with a focus on early intervention and prevention.
70. Our Fresh Start Project continues to work with those most at risk of having a child removed – including women with substance misuse issues and mental health problems, and teenage mothers. Our Parenting Project provides specific help to fathers and families in need of support.
71. We are working to increase more local foster carers. We will also consider ways that we can use resources differently to enable more children to live locally.

72. We are developing an 'all age disability' approach to ensure services work together to support children and young people at key transition points in their lives – including in preparation for adulthood.

Inclusive education

73. To increase the inclusion of children and young people with additional needs, the Strengthening Inclusion Programme is working to give Sheffield sufficient quality placements in mainstream settings that meet the needs of the majority of children and young people with special educational needs and disabilities (SEND) aged 0-25.
74. For children with the most complex needs, we are working to ensure there is the right amount of quality specialist provision as close to home as possible. As part of these investments, two new special schools will be built in Sheffield.

Making Conversations Count

75. Our social care teams are working to the principle that '*Conversations Count*' – an approach that focuses on the goals, strengths and needs of people rather than an assessment form or process based on 'deficits'. The First Contact team will continue its successful work helping people to find the right opportunities and support when they get in touch. By having conversations with people that explore personal interests and goals, First Contact is introducing more (and quicker) options for people.
76. The major focus for our Home First team will continue to be prompt support for people who are: at risk of being admitted to hospital unnecessarily; in hospital but need things sorting at home before they can leave; or have already been discharged from hospital and need some short-term help to avoid longer-term care.
77. Our locality teams are benefiting from being based in the communities they serve, helping people to connect to the opportunities around them. This will help us to keep people independent, safe and well; and address the financial pressure on Adult Social Care.

Helping people to live in their home and community

78. We will take forward our plans for people to live in new, purpose-built supported living schemes. In 2020-21, we expect a new site at Wordsworth Avenue to become available and we hope to receive planning permission for another scheme elsewhere. Supported living in Sheffield offers a more progressive option than other types of care and services that are out of the

city.

79. We will continue to focus on making use of more effective night time support and assistive technology for people with learning disabilities in supported living. Our Future Options Service (FOPS) will offer 'enablement' support to help people develop domestic and financial skills, and increase their confidence to live more independently.
80. This support will be extended into our day services to help people to gain more confidence and new skills – with a focus on work readiness and experience. FOPS will also be available for people using our short breaks services to develop their personal skills while carers are able to have a break.
81. At the same time, we will encourage more people to sign-up to Shared Lives as hosts/carers and as people who could benefit from this positive option for family-based support.

Supporting health and wellbeing

82. Through working closely with our health partners in Sheffield on the Mental Health Transformation Programme, we will continue to address the care people receive after leaving hospital and promote supported living where this is a positive alternative to residential care for people.
83. We are committed to helping more people to receive care closer to home and away from restrictive care settings under the Transforming Care programme. In 2020-21, we will work closely with NHS England and local health partners to secure a share of funding that enables us to achieve this. We will prioritise the mental health of children and young people, including focusing on eating disorders.
84. Our Public Health commitments will continue to address root causes of ill health by supporting community groups that help improve people's health and wellbeing. Additional Public Health Grant funding will help the recently redesigned Sexual Health contract to meet the needs of people with different protected characteristics, some of whom may be under-represented and others over-represented in accessing sexual health services.

Making our processes less complicated

85. We know the processes that must be navigated by people who need care and support can be too complex and we are determined to tackle this in 2020-21. We will further develop our joint ways of working with NHS

Sheffield Clinical Commissioning Group so that more people are able to benefit from Continuing Healthcare funding. We have listened to what people have told us to make improvements to the information and advice available to people who need to pay for their care and support.

Supporting the voluntary, community and faith sectors and libraries

86. We will extend Grant Aid contracts for most organisations for a further year so we can carry out a wider review. We recognise the essential support that our partners in the voluntary sector provide to diverse communities, and the role Grant Aid plays in this. The contract extensions allow us to continue prioritising frontline service delivery, particularly acknowledging work with vulnerable people living rough and work which addresses poverty and the impact of welfare reform.
87. We will achieve savings to library services that do not affect frontline delivery.

Looking for value for money

88. We are focused on achieving even better value for money in 2020-21. We will talk to organisations who provide care, and people who receive it, to make sure the support that is in place is right and proportionate. We will continue our aim to negotiate a fair cost of care on behalf of people with complex needs living in care homes and people accessing day services.
89. We will establish a new service to see how Direct Payments can most effectively benefit the people who need them and want them, and where administrative costs can be reduced.
90. When contracts come to an end we will check to see if less has been spent than planned and if this means new contracts can be issued at different rates. This would allow us more efficiently to maintain support for vulnerable people – for example, young people with substance misuse issues.
91. Several of the proposals within People Services will see changes to fees and charges as well as generating increased income. This will include increasing income from schools and local authority partners for data and information services. In addition, we are expecting increased income from schools for demand-led services such as the Physical Education, Swimming and Outdoor Learning (PESOL) and English as an Additional Language (EAL).

Our workforce

92. Where Managed Employee Reductions are required or we look to take advantage of opportunities to reduce premises costs, we will work to minimise the impact on direct provision. Appropriate support and mitigations will be provided for all employees affected by any proposal involving staffing change. We will aim to ensure there is not have a disproportionate impact on any group already under-represented within the staffing profile.

Equalities impact

93. Across People Services, many of our proposals relate to working with vulnerable people, young people, women, people with disabilities, older people and people with other protected characteristics. With any planned savings, there is a risk of a potential impact. We have sought to ensure, as far as possible, that our proposals are either for improvements that will benefit people or do not have adverse consequences. Full EIAs have been carried out and will continue to be developed and monitored throughout the year ahead.
94. We are also aware of the cumulative impact of changes in services and broader public policy. We will continue to work across the Council and with our partners to develop a shared understanding of the impact of these changes on groups with protected characteristics.

Public Health

95. There are a number of EIAs which relate to **Public Health** spending, which is approximately £32 million and is integrated throughout the Portfolios. More detail on the use of our Public Health grant is given in the portfolio sections. We continue to carefully monitor the national allocation of the Public Health grant and the impact that this has. We have limited reductions where possible and await further national guidance on the national public health grant allocation. In order to ensure that we are robust in our planning we are reviewing how and where the funding is spent to ensure that it is targeted to tackle the root causes of ill health and to have the maximum impact on reducing inequalities. This may mean that we will need to save on existing activities in order to reinvest in other areas which have been prioritised.

Equality Impacts

96. The proposals which involve more cost effective delivery, the retendering of contracts, earlier intervention leading to prevention, internal restructuring, and staff reductions will have fewer equality impacts. We will continue to support advice and information and where possible the delivery of front line services (particularly for vulnerable and at risk groups), so the impact of the overall investment will remain positive on the groups identified to be most in need within the EIAs.
97. The outcomes expected of the Public Health Grant will continue to be assessed under the Public Health Outcomes Framework (PHOF), and broadly fall into the following categories:
- Health and wellbeing is built into all that we do.
 - To protect people from preventable infections and environmental hazards to health.
 - To reduce health inequalities.
 - To support people to live healthier lives.
98. As we target the households in most need there will be an inevitable impact on those who are still struggling financially but are not on the lowest incomes and who will be not eligible for targeted programmes. The biggest impact is likely to be on families with dependent children.

Resources

99. In the Resources Portfolio there are 14 EIAs which cover all budget proposals for 2020/21. These proposals are predominantly around staff savings through vacancy management or through Managing Employee Reduction (MER) processes. Most services are meeting all or part of its savings target through a staff saving and this covers Business Change and Information Solutions (BCIS), Finance and Commercial Service (FCS), Customer Service and Human Resources.
100. Alongside the staff savings there are few additional savings being offered:
- Increasing external income in Customer Services
 - Efficiencies within services that will allow for vacant posts to be deleted.
 - To keep the same Council Tax Support (CTS) system this year.
 - An increase in Council Tax of 1.99%. There is also a 2.0% increase attributable to the social care precept for 2020/21.

101. It is not anticipated that there will be any disproportionate impacts on staff or customers however the impacts will continue to be monitored through the EIA process and action plans will be developed to mitigate impacts where appropriate.

Workforce

102. Some of the proposals will result in a reduction in posts across the Portfolio. However, there is no identified disproportionate impact on a specific group.
103. A number of Voluntary Severance/Voluntary Early Retirement schemes across **Resources** will result in voluntary staff reductions and changes. There are also some ongoing Managing Employee Reduction processes to achieve non-voluntary staff reductions. In both instances, there is a possibility of wider workforce impact through increased workload and the impact on health and wellbeing of staff.

Equalities impact

104. The greatest impact will be in relation to the increase in Council Tax. See detail later in the report and mitigation through the increased Hardship Scheme.

Policy, Performance and Communications

105. In Policy, Performance and Communications (**PPC**) there are less than 100 staff overall and only one EIA. The proposal concerns increasing external income within the Communications service. These changes will not have any workforce or customer impacts.

Key Themes

106. In summary there are a number of key themes that run through the proposals:
- The restructuring and integrating of services and teams to increase efficiency and effectiveness.
 - Developing solutions for the longer term.
 - Taking preventative action and intervening earlier.
 - Stopping some functions or activities and working with partners so they can be delivered by others where possible.
 - 'Managing Employee Reductions' processes to reduce the number of staff employed, especially in non -front line roles.

- Targeting of resources and prioritising support to those who need it most and those at risk.
 - Helping people to be independent, safe and well and to make their own choices.
 - Better value for money in the services we commission or purchase, including joint funding.
 - Working with other partners to avoid duplication, so people get co-ordinated help and support.
 - Fairer contributions and charges to ensure full cost recovery and as a way to maintain services.
 - More commercial approaches and traded services (eg with schools).
 - Supporting the Voluntary Community Sector, with a renewed focus on frontline services that directly work with people who face financial hardship and /or with protected equality characteristics.
 - Focusing to address the root causes of ill health.
 - Spending more time with those in contact with Adult Social Care to see how we can enable people to find the right support to lead better lives, and to manage demand on services.
 - Continuing with changes made in the past year to have full year effect.
 - Continuing to monitor the impact of changes over the coming year.
107. We will continue to fund a Local Assistance Scheme and to have a Council Tax Support Scheme which limits support to 77% of the Council Tax liability for working age applicants despite Government funding cuts in these areas. We will also mitigate the impact of the 3.99% increase (80p per week on the majority of households) in Council Tax, by increasing the Council Tax Hardship Scheme in 2020/21 by £200k. There are currently approximately 46,600 households who receive Council Tax Support, and of these approximately 27,900 are of working age.
108. In 2013/14, the Council made awards from the Council Tax Hardship Scheme totalling £410,000. The hardship fund has increased steadily each year and was £1.4m in 2019/20. Due to the increase in 2020/21 of Council Tax (1.99%) and Adult Social Care (2%), it is proposed that the budget for the Council Tax Hardship Scheme is increased to £1.4m. The under occupancy rules were introduced in April 2013 in Sheffield; approximately 4,000 households are currently affected by the changes, with approximately 3,300 of these being subject to the 14% reduction, and approximately 700

subject to the 25% reduction. The numbers of those affected in the city are staying quite steady over time.

109. Many of the people affected by under-occupancy rules are supported by Discretionary Housing Payments (DHP), funded by a grant we receive from the Department of Work and Pensions (DWP). However, the introduction of the revised benefit cap has placed additional demands on the DHP budget.
110. In Sheffield, 294 households are having their Housing Benefit reduced as a result of the benefit cap. The split by tenure is: Council tenants 41%; Housing Association 25%; and private-rented tenants 34%. In total, those households who are affected by the reduced benefit cap contain 1,100 children. The total annual reduction in Housing Benefit for those households is around £680,000 (£13,076 per week). This amounts to an average weekly reduction of £44.48 per household.
111. Sheffield City Council also provides grant funding to several organisations which support the financial resilience of people in the city, including Sheffield Citizens Advice. Much of the work of the Council also impacts on financial inclusion, including that of social work, Housing+ (support for Council Housing tenants), the People Keeping Well Programme and Trading Standards work with the regional Illegal Money Lending Team.
112. Overall, this year the proposals do have the potential to impact negatively in some areas and service EIAs have sought to mitigate this, however there are also positive impacts which have been identified. Further details of the impacts are contained in individual service EIAs.
113. Our impact assessments identify and provide mitigations for any potential impacts in services for younger people, older people, disabled people, BAME, women and men, religion and belief, sexual orientation, voluntary community and faith sector, cohesion and financial inclusion/ poverty. There is over representation within this last group of people financially excluded or in poverty of disabled people, carers, young people, some women and some BAME communities. Further details of the impacts are contained in individual service EIAs which are listed at the end.

Age – older people

114. In 2011 Sheffield had a higher proportion of its population aged 65 years or over (16.7 % or 85,700 people) than the other English Core Cities. The proportion of Sheffield's population aged over 65 is also projected to increase, with the largest increases in the number of people aged over 85.

115. Across all Portfolios impacts on age have been identified; however for older people the impacts are largely in **People Services**.
116. The Home First programme will continue to provide timely interventions and support to help to prevent or shorten lengthy and avoidable hospital stays. The focus remains on sorting out the home environment, community links and access, short-term support and other practical measures to help people recover and regain their independence.
117. When older people need care and support, we will aim to make sure it is right for them and promotes their wellbeing and independence. Through improved information and support, we will do more to make sure paying personal contributions to the cost of care is easier and clearer. As every year, we will raise contributions to reflect increases in national pension and benefit rates for older age people which, over recent years, have risen at a higher rate than benefits for working age adults.
118. When people get in touch for support, our First Contact team will give the time needed to explore the help they need. The service will continue to find people information and better connections to the community where they live. This is in line with our Conversations Count approach in Adult Social Care, which is focusing on people's personal goals and strengths rather than rigidly following an assessment process.
119. We will aim to work with providers to achieve fair cost of care for people who live in care homes. We are also responding to pressures in the Sexual Health contract which has identified meeting the specific needs of older people.
120. We have worked with our partners to develop the Dementia Strategy for Sheffield; in 2020-21, we will take this forward by procuring dementia-appropriate types of support. Our new All Age Disability project will aim to improve support for people at key transition points in their lives, including in preparation for adulthood.
121. Age is considered across the Mental Health Transformation Programme. It aims to commission 'all age' (lifespan) mental health services that focus on emotional wellbeing throughout people's lives. For young people, this includes improving the transition pathways to Adults' Mental Health Services and to/from CAMHS; a specific focus on Eating Disorder Services; and developing Mental Health Support Teams work in schools and colleges.
122. Many of the above proposals aims to create changes that enhance people's wellbeing, support and experience. However, there will be an inevitable impact from such changes and, where possible, we will mitigate any negative consequences of these proposals. The EIA process provides critical

information to enable us to target our approach carefully.

123. **Resources** and **PPC** have few proposals which impact directly on older people.
124. In **Resources**, the changes to the Council Tax Support Scheme are likely to have a low impact in this area as regulations prescribe that current claimants of a pensionable age continue to receive at least the same level of support as they would under the former Council Tax Benefit regulations. This means that if they are eligible for support, the amount of support that they receive is based on 100% of their net Council Tax liability. Those who receive Pension Guarantee Tax Credit will currently have their full Council Tax charge covered by CTS (less any non- dependent deductions), and this will still be the case if Council Tax increases.

Age – young people

125. The age group that has increased the most from 2001 to 2011 is the 16–24 groups. We now have 16.7% of our population in this group and a further 18.2% of the city's population is under 16. 28% of BAME residents are aged Under 16. Around 20% of people in Sheffield will live in relative poverty at any one time. In 2012 this included 23% of all Sheffield children and almost a third of all children under 10.
126. In **People Services**, the proposals that identify impacts are summarised below:
 - We are working through projects which aim to reduce the number of children entering the care system and also to facilitate the reunification of families where it is safe to do so.
 - We are working to increase the number and range of suitable places available within the city. This will help lead to vulnerable young people having a better chance of placement suitability and stability which would lead to better outcomes for the young persons and enhance a sense of belonging and engagement with society.
 - Through the Strengthening Inclusion Programme we are working to ensure that there will be sufficient, quality placements in inclusive mainstream settings (age 0-25) to meet the needs of the majority of children and young people with SEND. For the most complex children we will have a range of sufficient, quality specialist provision as close to home as possible. As part of these investments, two new special schools will be built in Sheffield.
 - We are responding to pressures in the Sexual Health contract which

has identified specific needs including those of younger people due to Sheffield's sizable student population.

- We continue to commission a service to provide support to Children and Young People who are vulnerable to the impact of substance misuse on their neurological development, physical and mental health.

127. In **Resources** and **PPC**, there are mainly none to low impacts, as most of the EIAs relate to internal restructuring. The main areas of customer impact are Council Tax. In relation to Council Tax, it is clear from the collection rates that under the CTS scheme some working age households have found (and will continue to find) it harder to meet their Council Tax liability than others, though the overall collection rate amongst Council Tax Support recipients has increased.
128. We are proposing this year to continue to keep the same Council Tax Support (CTS) scheme. The CTS scheme continues to be based on the principles of the old Council Tax Benefit (CTB) regulations and provides for the maximum financial support being made available to those with the greatest financial need. They protect some of the income of the disabled and of families whilst providing assistance to those people who move off benefits into paid employment. The Council recognises, however, that requiring all working age customers to pay a minimum of 23% of their Council Tax has caused financial hardship amongst some households. There are currently approximately 46,600 households who receive Council Tax Support, and of these approximately 27,900 are of working age.
129. As a result, we have a Council Tax Hardship Scheme (CTHS) to offer additional support to those in severe financial need. Analysis of the awards made under the CTHS scheme show that over 90% of awards have been made to working age taxpayers, the group most adversely affected by the introduction of CTS. We introduced the hardship scheme in 2013/14, and the Council made awards totaling £410,000. The hardship fund has increased steadily each year and was £1.4m in 2019/20. Due to the increase in 2020/21 of Council Tax (1.99%), and Adult Social Care precept 2% it is proposed that the budget for the Council Tax Hardship Scheme is increased to £1.6m.
130. In **Place**, we have worked closely with Cultural Trusts to identify a level of subsidy reduction that is manageable and has minimal impact on visitors. This includes continuing with a pricing policy that encourages participation

from the widest possible range of audiences e.g. work with schools across the city & the Peoples Theatre and free entry for students of Drama.

Disability

131. There are over 110,000 adults with a long term limiting illness or disability in Sheffield, equivalent to around 20% of the population, with 9% saying this limits their activity a great deal. Service EIAs have identified a potential risk of negative impact on disabled people, both directly and indirectly, through impacts on people on a low income and noted mitigations to be put in place. Over a third of disabled people in Sheffield live in areas which are in the 10% of the most deprived areas in the country, which is 10% higher compared to 23% which is the overall average in Sheffield. For further information, please see [Community Knowledge Profiles](#).
132. When the extra costs of disability are partially accounted for, half of all people in poverty are either disabled, or in a household with a disabled person.
133. In **People Services**, our work in relation to people with disabilities will be taken forward within some major programmes of work.
134. We have worked with partner organisations to develop the Dementia Strategy for Sheffield. In 2020-21, we will focus attention on procuring the right support, including: dementia-appropriate day care; a specialist advice service; a pilot project to test the need for short term early help; community-based activities, information/advice and peer support; improved access to short term reablement.
135. The Mental Health Transformation Programme (MHTP) is jointly developed and delivered by Sheffield City Council (SCC), NHS Sheffield CCG (SCCG) and Sheffield Health and Social Care NHS Foundation Trust (SHSC). Its areas of work include Crisis Care, Physical Health, Primary Care, Children's and Young People's Mental Health, Transforming Care and employment.
136. We will also develop an All Age Disability project, focusing on transition points at different stages in people's lives and the need for integrated support services. We will aim to work with providers to ensure fair cost of care in day services and care homes.
137. When people with a disability come into contact with Adult Social Care, our teams, including First Contact, will continue to use a more personalised conversation-based approach, focusing on personal goals and strengths to help people find the right support and opportunities.

138. When people need to pay contributions to their care, they will be offered improved information and support to help make payments and manage their finances. We will continue to take account of the actual inflationary cost of people's disability related expenditure.
139. We will continue to promote supported living for people with learning disabilities, looking for assistive technology options where appropriate to support people at night. Purpose-built supported living accommodation will become available to support people with complex needs to move into from more restrictive care settings. It will provide self-contained homes with opportunities for peer support and shared staff support.
140. More help will be offered for people using Council-delivered supported living and day care services to maximise their skills and independence as they work towards independent living, social inclusion, education and/or employment.
141. Our proposal to extend Grant Aid contracts by a further year to enable a wider review to be carried out recognises in part that a significant minority of people who benefit from support from voluntary sector organisations as a result of Grant Aid funding describes themselves as disabled. In 2020-21, pending the review, we are applying a small equitable reduction in funding. Although, following consultation with the organisations, we believe this is manageable with minimal impact on services, we will monitor the position closely throughout the year ahead.
142. Through the Strengthening Inclusion Programme we are working to ensure that there will be sufficient, quality placements in inclusive mainstream settings (age 0-25) to meet the needs of the majority of children and young people with SEND. For the most complex children we will have a range of sufficient, quality specialist provision as close to home as possible. As part of these investments, two new special schools will be built in Sheffield.
143. We are responding to pressures in the Sexual Health contract and identified the need to promote improved access to sexual health services for disabled people.
144. There are low impacts on disabled people in **Resources**. Most changes are internal restructures or relate to contracts, which will not impact directly on customers except for Council Tax. The Council recognises that changes to Council Tax may cause hardship for some customers in this group as there are there are in excess of 10,000 taxpayers, (working age and pensioners), with a disability who are in receipt of CTS. However, by continuing to closely align our CTS scheme with the principles of the old National Government

CTB scheme customers working age in receipt of disability benefits will continue to receive the highest possible level of CTS. Pensioners with a disability will continue to be protected under the CTS scheme.

145. To continue to offer the highest possible support to all disabled customers, the Council intends to continue to disregard as income for calculating eligibility for CTS, Attendance Allowance (AA), Personal Independence payment (PIP) & Disability Living Allowance (DLA), and War Disablement Pensions/Armed Forces Compensation Scheme.
146. In recognition of the impact that the change to CTS has on disabled taxpayers the Council introduced, and in 2020/21 proposes to maintain with increased funding, a Council Tax Hardship Scheme (CTHS) to offer additional support to those in severe financial need. This will increase by £200k this year.
147. Analysis of the CTHS shows that approximately 55% of all awards are made to customers in receipt of Employment and Support Allowance.
148. This underlines a key aim of the CTHS, which is to prioritise support to those in financial need who are least able to change their circumstances. It also supports the council's original understanding, when setting up the CTHS scheme, that hardship is not linear within customers with a shared protected characteristic, nor is it uniform across different customer groups and that targeted assistance, as opposed to blanket exemption, is an effective way of providing assistance to those taxpayers in most financial need. Under our CTHS, we do not take account of DLA (care or mobility components) or PIP (daily living element or mobility component) as income when calculating entitlement to assistance.

Race

149. Sheffield is a diverse city and the ethnic profile continues to change, with the proportion of residents of working age classifying themselves as BAME (Black, Asian and Minority Ethnic which includes everyone except for those who classify themselves as White British) growing from 11% in 2001 to 19.2 % in 2011. BAME adults make up 16% of the population and BAME children make up 29% of the BAME population as a whole. The largest group is the Pakistani community and the biggest proportional increases are occurring in the Arabic, East European, Indian and Chinese communities. Sheffield's BAME population is increasingly dispersed across the city, although there remain geographical areas of the city with high proportions of BAME people, these tend to correlate with areas of higher deprivation. For further details, we refer to the [Community Knowledge Profiles](#).

150. There were very few impact assessments which highlighted a direct medium/high impact on race. There are more indirect impacts identified; this is mainly in the areas of impacts on young people and people on low incomes. Mitigation strategies have been identified and put in place in individual service EIAs.
151. In **People Services**, almost half of Grant Aid beneficiaries describe themselves as Black, Asian and Minority Ethnic (BAME). After consulting with organisations receiving Grant Aid we propose to extend contracts by a further year with a small equitable reduction to enable a wider review to be carried out. We will monitor the position closely throughout the year ahead.
152. Work on the Strengthening Families projects will engage with wider families and the community by delivering restorative practice techniques (Family Group Conferences, Multi Systemic Therapy) for young people to stay with their families wherever possible instead of entering into the care system. This will positively impact on BAME backgrounds where a gradual increase in all children in care has been noted, though there has been an increase in BAME children in the general population as well.
153. The Strengthening Inclusion Programme will mean that children, young people and families from BAME groups will be able to access a range of local and flexible support to meet their needs.
154. There is ongoing progress to recruit more diverse foster carers.
155. We are responding to pressures in the Sexual Health contract and will promote improved access to sexual health services for BAME groups. Some BAME communities can be harder to engage with on sexual health services, this includes some of the overseas student population in Sheffield.
156. In **Resources**, the proposal to increase Council Tax will affect all working age taxpayers. It is clear from analysing overall collection rates that some households from across the City have found it more difficult to meet their Council Tax liability. As the CTS caseload is representative of the City's differing ethnic make-up, it is reasonable to assume households from different ethnic backgrounds will form part of the overall group of CTS taxpayers who are struggling financially. Also BAME communities are more likely to be working age taxpayers rather than of pension age. However, there is no evidence available which would suggest that taxpayers from differing ethnic backgrounds will be disproportionately affected by an increase. .
157. In recognition of the potential impact that the change to CTS will have on taxpayers we propose to maintain, with increased funding a Council Tax Hardship Scheme (CTHS) to offer additional support to those taxpayers

from differing ethnic backgrounds who are in severe financial need.

158. Access to the scheme is open to all taxpayers in receipt of CTS. Analysis of our CTS caseload shows that 25% of all applicants are from a BAME background whilst 26% of all awards made under the CTHS are made to BAME households.

Religion/Belief

159. According to the 2011 Census the largest religion/belief held in the city is Christian (52.5%), followed by no religion (31%), Muslim (7.7%) and no religion stated (6.8%). Few service impact assessments have detailed any disproportionate impacts in this area.
160. There are no identified disproportionate impacts in **People Services (Children, Young People and Families or Adults), Place Services, Resources, or PPC.**

Sex – including men, women, pregnancy and maternity

161. Sheffield has a population overall which is approximately 51% female and 49% male with some variations at different ages. Women account for 58% of carers and 89% of lone parents. While the pay gap between men and women has been reducing, there is still evidence that, in general, men are paid more than women; the gender pay gap in Sheffield is 17.5%. 55% of women are economically active compared to 65% of men. See Community Knowledge Profile for more information on this.
162. Few impact assessments have noted clear direct disproportionate impacts on gender. However, as women have lower incomes overall, are a larger proportion of adult social care service users, carers and lone parents, there will therefore be an indirect impact from multiple proposals such as increasing in charging, changes in Adult Social Care, and Council Tax. See the sections on older people, disability and carers for the potential of indirect impact due to multiple disadvantages in the **People** Portfolio.
163. In **People Services**, the Strengthening Families projects continue to work with survivors and perpetrators of abuse regardless of gender, with a focus on early intervention and prevention. However as most victims of domestic and sexual abuse are female this will have a disproportionate impact. The Fresh Start Project continues to work with those most at risk of having a child removed and this will include women with substance misuse issues, mental health problems and teenage mothers. The project primarily works

with women however where they are with a partner we will work with them as a couple wherever we can and link to the Domestic Abuse Project if needed.

164. The Parenting Project highlights increasing areas of support specific to fathers and works with those families in need of support.
165. The Strengthening Inclusion Programme is supporting more boys and girls. Boys are disproportionately represented in SEN and EHCP plans.
166. We are responding to pressures in the Sexual Health contract and will promote improved access to sexual health services. We will work to engage with difficult to reach service users who often have particular needs and service requirements.
167. In **People Services** there may be indirect impacts on women, who are in the majority of older people, carers and those who either use, or work in Adult Social Care services. Higher proportions of women also volunteer and work in the VCF sector.
168. There are no identified direct impacts on gender in **PPC or Place**. However, across Portfolios, women are more likely to be unemployed and have lower incomes. Any changes impacting on people on a low income, will indirectly impact on women.
169. In **Resources**, pregnant customers claiming CTS have their award based on 77% rather than 100% of their Council Tax Liability. By continuing to closely align our CTS scheme with the principles of the revoked CTB scheme, once these customers give birth their change in circumstances will be positively reflected in the level of CTS that they will receive. The Council will also continue to disregard child benefits as income when assessing a customer's eligibility to CTS. In recognition of the impact that the CTS has on pregnant taxpayers or new parents the Council proposes to maintain with increased funding of £200k, the Council Tax Hardship Scheme (CTHS) to offer additional support to those in severe financial need. By maintaining the scheme in its present format, it will continue to include in calculating entitlement to support, the family premium for working age customers, which the Government removed from Housing Benefit entitlement decisions in 2016.
170. Further, the Government proposed to reduce Housing Benefit entitlement for families or single parents who have a third child after April 2017. We could also have incorporated this change into our CTS scheme and reduce support for working age customers, but by choosing not to do so we will continue to be able to offer the maximum possible support to families with

more than 2 children. This is particularly relevant given that the second phase of the Government's "Benefit Cap" was introduced in 2017. Unlike the first phase, which predominantly affected families with 4+ children, the reduced benefit income allowed under this phase of the cap will affect households with 3 children and some with 2 children.

171. In Sheffield, there are currently just over 400 households who are affected by the benefit cap. The benefit cap, until a household moves on to Universal Credit, reduces the weekly Housing Benefit received, thus increasing the amount of rent these households have to pay. The average Housing Benefit reduction in Sheffield is £47.05 per week. By increasing the funding available for the CTHS we will increase our ability to offer, where appropriate, priority financial assistance to these families, as demand for assistance from this group of customers increases.
172. It is recognised that lone parents in receipt of CTS, the majority of whom tend to be female, are likely to be affected not just by the advent of CTS but by other welfare reforms, such as the removal of the family premium in Housing Benefit calculations, which we are proposing not to replicate for working age CTS customers, and the benefit cap. As such, by maintaining the CTS scheme in its present format and proposing to maintain and increase the funding for the CTHS, the Council will continue to offer financial assistance to single parents.

Sexual orientation

173. The Community Knowledge Profiles note that approximately 5 to 7% of people identify nationally as LGB (lesbian, gay or bi-sexual), although we do not have more local information. We estimate though that Sheffield is likely to have a similar proportion of people who identify as LGB+ as the national average, so approximately 28,000 to 38,000 people. The proportion of younger people identifying as LGB+ is usually higher than the national average.
174. In **People Portfolio** the Strengthening Families projects on domestic abuse have a positive impact on people who are in a same sex relationship and who need support.
175. We are responding to pressures in the Sexual Health Contract and we will work to engage with difficult to reach service users who often have particular needs and service requirements.
176. Overall, across the Council, in **Place, Resources** or **PPC** we do not think there will be a negative disproportionate impact for LGB+ people, but information on our service users in this area is limited. In the past year we

have integrated appropriate monitoring into key areas like social care. Further monitoring will be undertaken as part of individual EIAs to assess this as appropriate.

177. In **Resources** there is no evidence to suggest that assessing CTS based on 77% of Council Tax liability has had a greater or lesser impact on customers purely as a result of their sexual orientation. It is clear from analysing overall collection rates that some households from across the City have found (and will continue to find) it more difficult to meet their Council Tax liability. As the CTS caseload is representative of the City's differing make up, it is reasonable to assume taxpayers of different sexual orientation will form part of the overall group of CTS taxpayers who are struggling financially. Therefore the CTHS will help to mitigate the impact of CTS amongst the most financially vulnerable regardless of sexual orientation.

Trans

178. There are nationally approximately 0.6% of the population that are trans, and so we would expect there to be similar numbers in Sheffield, which equates to 3,300 people.
179. Service impact assessments have not detailed any impacts in this area except in the **People Services** The Strengthening Families projects on domestic abuse has a positive impact and recognises that trans people also face domestic abuse within a relationship.
180. We are responding to pressures in the Sexual Health contract and will continue to support those individuals who are difficult to reach or have particular needs, for example, transgender people or those identifying as non-binary.
181. Overall, across the Council in **Place, Resources** or **PPC** we do not think there will be negative disproportionate impact on trans people. However we do not have a sufficient amount of monitoring information about our service users in a lot of services, so further monitoring will be undertaken as part of individual EIAs to assess impact as relevant and appropriate.

Financial exclusion and poverty

182. The Indices of Deprivation, a relative measure of deprivation in small areas of England (known as Lower Super Output Areas or LSOAs) ranks nearly a quarter of Sheffield's LSOAs as within the most deprived 10% nationally. Five LSOAs in Sheffield are within the 1% most deprived in England, an

increase from three in 2015.

183. Sheffield's Child Poverty report in 2017 shows the proportion of children living in families in receipt of out of work benefits, or in receipt of tax credits where their reported income is less than 60% of UK median, has increased. In line with other Core Cities and national trends, the most up-to-date data shows 31.3% (35,820) children are living in poverty in Sheffield after housing costs (AHC). However, the figure masks the wide and well-documented variation between different parts of Sheffield. In Ecclesall ward, 7.8% (AHC) of children were living in poverty, whilst in Burngreave the figure was much higher at 51.19% and Central and Firth Park at 49% in poverty.
184. In 2017, 17 of the Sheffield's 28 wards had more than 20% of children living in relative poverty (AHC). There are clearly multiple causes of child poverty; however, it is likely that national welfare reforms are a significant driver of changes seen.
185. Joseph Roundtree Foundation (JRF) research ([Monitoring poverty and social exclusion 2016 report](#)) notes 'While overall levels of poverty have remained fairly static over the last 25 years, risks for particular groups have changed. Income poverty among pensioners fell from 40% to 13%, while child poverty rates remain high at 29%, and poverty among working-age adults without dependent children has risen from 14% to around 20%. The number of people in poverty in a working family is 55%. Four-fifths of the adults in these families are themselves working, some 3.8 million workers. Those adults that are not working are predominantly looking after children.
186. Between 2008 and 2014 the cost of essentials went up three times faster than average earnings and the cost of essentials went up twice as fast as general inflation. At the same time, average earnings were stagnant and benefits that low-income households rely on (both in and out of work) were cut in real terms. The face of poverty has also changed in other ways:
 - Pensioners are now less likely to be in poverty than previously, but other groups (see below) are more likely to be in poverty. Poverty amongst pensioners is directly linked to their experience in earlier life.
 - Nationally, poverty rates for disabled people have reversed, with poverty increasing.
 - When the extra costs of disability are partially accounted for, half of all people in poverty are either disabled, or in a household with a disabled person.

- People from minority ethnic backgrounds are more likely to be in poverty.
 - People in poverty face reduced and falling financial resilience. For example, 69% of the poorest fifth have no savings whatsoever, an increase from 58% in 2005/06.
 - Care leavers, and carers (both young carers and adult carers) are at increased risk of poverty.
 - Children in large or single parent families are at greater risk of poverty. Almost two thirds of children living in single parent families live in poverty; they are also one of the groups hardest hit by the new benefit changes.
187. As stated above, Government's rollout of Universal Credit (UC) is having significant implications for communities in Sheffield, particularly people with more complex lives or who have vulnerabilities that make managing the system harder. This is more likely to include people from BAMER communities, care leavers, people experiencing domestic abuse, tenants in private-rented accommodation, people with disabilities or health conditions, and carers.
188. UC has been introduced within the context of wider welfare reform changes which, once completed, may lead to the city losing nearly £170m a year in benefits and tax credits. This is the equivalent to £460 a year for every adult of working age in the city, but some communities will see five times the level of reductions than others (research by Sheffield Hallam University²).
189. Sheffield City Council's budget reductions, coupled with issues above like welfare reform, mean that preventing inequality from worsening or not widening is one of the main aims of the assessments.
190. Across all Portfolios we have tried to minimise the impact as far as possible, especially on those that are in greatest need or at risk, such as those that face financial exclusion and poverty. We have also aimed to ensure the budget proposals are in line with the Fairness Commission Principles and our priorities outlined in our Corporate Plan such as tackling inequality.
191. We have considered the key drivers of poverty and its effects (short, medium, and long term). Our proposals therefore reflect the Council's intention to tackle poverty and reduce inequality, as outlined in the Tackling Poverty Strategy 2015. The strategy notes three ways we will make an impact:

² <https://www4.shu.ac.uk/research/cresr/impact-welfare-reform-communities-and-households-sheffield-pdf-273-mb>

- Changing the way we do things so that tackling poverty is always a priority.
 - Taking action to make things better for children and adults who are struggling and in poverty now (including providing advice, reducing the cost of essentials and reducing crime).
 - Tackling some of the root causes of poverty and giving our children the best chance of a poverty-free future (including improving skills and employability, increasing the supply of good quality jobs, giving children a great start in life and a good education, improving health and tackling health inequalities and providing more affordable, decent homes).
192. In **People Services**, our Grant Aid funding arrangements for 2020-21 prioritise support that helps to alleviate poverty, manage debt and maximise income. In particular, our funding proposals respond to ongoing concerns about the impact on people in Sheffield of the introduction of Universal Credit and wider welfare reform.
193. Our Income and Payments Programme aims to improve the information, financial advice and support available to people making contributions to the cost of their Adult Social Care. The goal is to help people to maximize their income, minimize and manage debts and find it easier to keep on top of their contributions.
194. A new service to be set up will support people to get the most out of their Direct Payments, reduce administrative costs and consider other options.
195. Various proposals in **People Services** are based on the principle of promoting greater independence – for example, through supported living and the development of work-related skills – and the potential for higher disposable income.
196. Improving rates of pay to foster carers, will over a period of time will bring them in line with the rate paid in the local region.
197. More foster carers in the city will lead to greater placement choice for children in care, improved placement stability and better long term outcomes for children in care.
198. Our Strengthening Families Programme continues to work with children, young people and families to prevent the flow of children and young people into care through a range of funded initiatives such as Edge of Care Adolescents, Growing Futures, Parental Development, Integrated Front Door, Fresh Start and Fostering. Going into care impacts on the outcomes

for children and young people, one of which is increased poverty and financial exclusion.

199. These projects also work with those most at risk of having a child removed, this includes teenage mothers. In addition, projects work with care leavers and young parents who are amongst those most vulnerable to poverty.
200. By having the right support at the right time and in the right place for children and young people, we are preparing the young person for transition into independence and employment. By preparing the young person for independence and employment, we are mitigating against one of the key determinants of financial exclusion and poverty.
201. We are responding to pressures in the Sexual Health contract as sexual health inequalities are the starkest for people who are financially excluded and will contribute in meeting the needs of this vulnerable group.
202. In **Place** there are a couple of proposals with a potential impact on financial inclusion and poverty:
 - The inflationary increase in fees and charges for services provided by the Place portfolio. These services are wide-ranging with a daily and citywide impact on the lives of most people and businesses in Sheffield. This includes a number of statutory obligations for managing and maintaining the development, safety, and cleanliness of the city, as well as some discretionary activities that we choose to provide because of the benefits for the city. By keeping overheads as low as possible and providing services more efficiently, Place strives to mitigate inflation.
 - We have worked with our Sports and Culture trusts partners, to identify ongoing subsidy reductions that are manageable. This involves a minimal impact on visitors, which includes a pricing policy that encourages participation from the widest possible range of audiences e.g. reduced prices for particular groups, work with schools across the city & the Peoples Theatre, free entry for students of Drama etc.
203. The Council administers the following schemes which have an impact on financial inclusion, including:
 - Local Assistance Scheme (LAS) provides grants for those in greatest need as a result of an emergency or crisis, or in order to establish

themselves in the community (after, for example, a lengthy hospital stay).

- Council Tax Support Scheme (CTS) – this was established in April 2013, when the Government abolished Council Tax Benefit. It provides some support for people to pay their Council Tax who are eligible due to low income or being in receipt of particular benefits.
- Council Tax Hardship Scheme (CTHS) – this scheme helps people who receive Council Tax Support and who are in severe hardship.
- Discretionary Housing Payments – funded by the DWP these payments provide assistance to households who are receiving Housing Benefit and who are experiencing financial hardship as a result of a shortfall between their Housing Benefit and Rent.

204. In **Resources** it is intended that the CTS scheme continues to be closely aligned with the principles of the revoked CTB regulations. These regulations provide for the maximum financial support being made available to those with the greatest financial need. They protect some of the income of the disabled and of families whilst providing assistance to those people who move off benefits into paid employment. However, the Government in pursuing its Welfare Reform agenda has made changes to the Housing Benefit scheme which reduces support to certain working age customer groups. If we replicate those changes in our CTS scheme we will also reduce support under our scheme to those customers. It is proposed not to incorporate those changes into our CTS scheme. By taking this decision we will continue to provide the maximum available support under our scheme.

205. The Council recognises however that requiring all working age customers to pay a minimum of 23% of their Council Tax may cause financial hardship amongst these households. Therefore the Council is proposing to continue to operate the Council Tax Hardship Scheme (CTHS) in 2019/20 and to increase the assistance available under the scheme by £200k, in order to continue to offer assistance to the most financially vulnerable households. By doing so we will be able to target assistance to those customers in the greatest financial need. Further the Council also maintains a Local Assistance Scheme which can provide additional financial support to certain CTS taxpayers in financial difficulties.

206. However we will increase Council Tax by 2.99% (approx. 58p per week for most households) to enable us to continue to protect services to those who are in greatest need and at risk.

207. The Local Assistance Scheme (LAS) is run by the Council and replaces the

Crisis Loans and Community Care Grants that were previously available from the DWP. The LAS provides grants to help people as a result of an emergency or crisis, or to help them establish themselves in the community or to ease exceptional pressure, and can be awarded for household furniture and other essentials.

208. The LAS was reviewed in 2017 and the following changes have been made to the scheme:

- Instead of providing crisis loans via Sheffield Credit Union, LAS now provides Sheffield Crisis Grants, which follow the same criteria as the Local Assistance Loans except that they do not have to be repaid.
- Local Assistance Grants have been renamed Sheffield Independence Grants. Individuals under exceptional pressure are now considered in addition to families for these grants. Applications from customers who are assessed to have insufficient income, including those not in receipt of a qualifying benefit, are now considered (previously customers had to be receiving certain benefits to qualify).

209. The Council provides funding to Sheffield Citizens Advice as well as providing other organisations with grants to support people who are living in poverty or who are at the risk of poverty. The Revenues and Benefits service also has close links with this sector, particularly with advice agencies and supported housing providers. The service will continue to engage with them where appropriate to review and refine the scheme in order to ensure that it continues to be fit for purpose. By proposing to maintain the scheme in its current format and therefore not making it less generous, the Council is ensuring that during a challenging period of change for many low income households, it will provide continuity for those already claiming CTS.

Carers

210. According to the Carers Community Profile (see Community Knowledge Profiles) and 2011 Census there are 57,373 residents who provide unpaid care, including 4,559 young people under age 25. 58% of carers are women. Few impact assessments have noted clear direct negative impacts on carers. However, as carers overall have lower incomes and, by definition, care for a large proportion of adult social care service users, there will be an indirect impact from multiple proposals.

211. In the sections on older people and disability, some proposals put forward by **People Services** could have an indirect impact on carers due to multiple

disadvantages this group faces. The portfolio is taking forward plans to review the best use of its in-house short break facilities – potentially, to help more when there is an emergency or carers face a crisis. A minority of carers may be negatively impacted as we look for more consistency in the take-up of short break services; but there will be wider benefits for the majority of carers. We will also continue to develop both short-term and long-term use of our Shared Lives service, enabling people to live ordinary lives in the community, with benefits for them and their host.

212. The Better Care Fund partnership with the NHS CCG will continue, with the aim to deliver better joint commissioning, to ensure people get the right care when and where they need it. This should also lead to more effective and efficient services which will lead to positive impacts for disabled people and their carers. However the Better Care Fund is not enough to support both adult social care and the NHS to work differently. There is still a need to deliver significant change in how services are planned, commissioned and delivered in Sheffield.
213. In **People Services**, various proposals aim to have an indirect benefit for carers: the procurement of dementia-friendly support; work with health partners throughout the Mental Health Transformation Programme; improvements to Adult Social Care payment processes, support and information; the development of Council-delivered services; Home First support provided to people to prevent or end an avoidable hospital admission.
214. Recruitment of Foster Carers by Sheffield City Council may impact on other organisations ability to recruit as potential carers will come from the same or similar cohort.
215. The Strengthening Inclusion programme positively impacts on carers as children, young people and families will be able to access a range of local, flexible support at the right time and in the right place, that meets their needs and enables them to be prepared for transition to independence, employment, to access the community and manage their health needs.
216. In **People Services**, there are also some proposals which were implemented following last year's budget, where the reductions did not fully take effect until this year. We have reviewed and updated EIAs from last year to make sure that we have implemented EIA action plans and identified next steps.
217. In **Place** there are no impacts identified.

218. In **PPC** there are few impacts on carers highlighted.
219. In **Resources** there is no evidence to suggest that assessing CTS based on 77% of Council Tax liability has had a greater or lesser impact on carers. The revoked CTB scheme provided maximised financial assistance to eligible carers. By basing the current scheme on the revoked CTB scheme we will ensure that the CTS scheme continues to offer carers the maximum support they are entitled to. In addition carers may apply for support from the CTHS scheme. As carers are often amongst those who are least likely to be able to change their financial situation, through for example increasing income via employment, they are one group to whom support under the CTHS is, where appropriate, prioritised.

Voluntary and Community and Faith Sector

220. When considering the impact on the VCFS, the importance of 'social value' is recognised by the 'Best Value' guidance, which was published by the previous Government in September 2011. This states that authorities have a duty to consider the impact of budget reductions on VCF or other organisations that have a 'social value'. The Public Services (Social Value) Act requires us to take social value into consideration when we commission services. In order to do this effectively we will continue to monitor the impact of changes over the next year on service changes as well as the knock on effects of reductions on other providers, and continue detailed consultation with customers and other stakeholders as specific activities are implemented.
221. In **People Services**, we will extend Grant Aid contracts for most organisations for a further year so we can carry out a wider review. The contract extensions allow us to continue prioritising frontline service delivery, particularly acknowledging work with vulnerable people living rough and work which addresses poverty and the impact of welfare reform.
222. After consulting with each organisation receiving Grant Aid, a small equitable reduction is being applied. We recognise the important role the organisations have and the potential impact of any funding reduction. Although we believe the contract value will be manageable for each organisation with minimal impact on services and staffing, we will monitor this closely in the year ahead. People with protected characteristics – including disability (and mental illness), race, age and sex – are heavily represented amongst people who use these services. Our proposals also consider alternative sources of funding that organisations have in place.

223. Recruitment of Foster Carers by Sheffield City Council may impact on other organisations ability to recruit as potential carers will come from the same or similar cohort and there are a limited number of individuals interested in becoming Foster Carers.
224. It is possible that the combination of cumulative budget reductions over the last few years may have the unintended effect of destabilising some organisations that the Council and communities value. As stated above, we are introducing a small equitable reduction in Grant Aid this year but, having consulted with the organisations concerned, we believe the impact will be manageable. We will continue to monitor the impact over the coming year.
225. There are no identified disproportionate impacts in **Place** or **PPC**.
226. The Council provides funding to Sheffield Citizens Advice as well as providers to support people who are living in poverty or who are at risk of poverty. The Revenues and Benefits service in **Resources** has close links with this sector, particularly with advice agencies and housing providers. The service will continue to engage with them where appropriate to review and refine the Council Tax and Hardship Schemes in order to ensure that it continues to be fit for purpose. By proposing to maintain the scheme in its current format and therefore not making it less generous, the Council is ensuring that during a challenging period of change for many low income households, it will provide continuity for those already claiming CTS and ensure that no additional confusion or disruption is brought about which otherwise may result in significant additional pressures being put on the Voluntary, Community and Faith sectors as customers seek advice and assistance in order to deal with changing financial circumstances.
227. Spending in **Public Health** is integrated throughout the Portfolios, so more detail on the use of our **Public Health** grant is given in the specific EIAs. We are continuing to review
228. how and where the funding is spent to ensure that it is targeted to tackle the root causes of ill health and to have the maximum impact on reducing inequalities. This may mean that we will save on some activities in order to reinvest in other areas which have been prioritised.
229. The outcomes expected of the Public Health Grant will continue to be assessed under the Public Health Outcomes Framework (PHOF), and broadly fall into the following categories:
- Health and wellbeing is built into all that we do

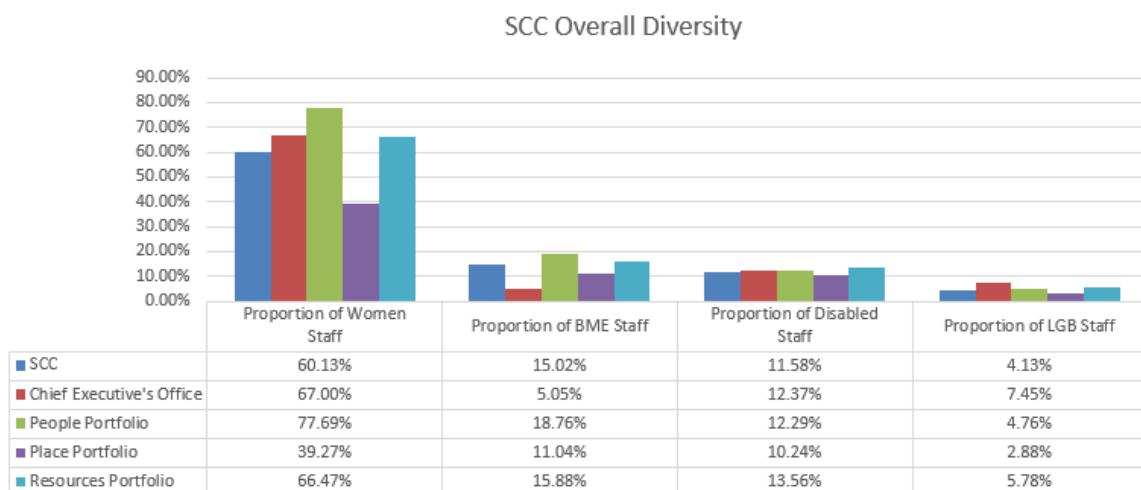
- To protect people from preventable infections and environmental hazards to health
 - To reduce health inequalities
 - To support people to live healthier lives
230. Overall however as we target the households in most need there will be an inevitable impact on those who are still struggling financially but are not on the lowest incomes and who will be not eligible for targeted programmes. The biggest impact is likely to be on families with dependent children.

Council staffing implications, including workforce diversity

231. In all Portfolios the budget proposals include some reduction on staffing budgets. The reductions arise from proposals to manage or deliver services in a different way. In all cases we will seek to manage employee reductions through voluntary early retirement, voluntary severance and by actively supporting staff that are vulnerable to redundancy to find alternative employment. The Council has also taken measures to minimise the impact on frontline staff where possible and appropriate.
232. Additionally we have introduced a stronger emphasis on workforce planning to ensure that our resourcing models and choices, including agency arrangements, are well planned and cost effective. As a consequence of this year's budget planning process managers have put a greater emphasis on delivering services in a different way which has meant that anticipated number of employee reductions is low however unfortunately, despite all our efforts and mitigations, there may be the need for compulsory redundancies, although this has been limited to five in the last 12 months.
233. There were a further **69** employees left on voluntary redundancy schemes (including Voluntary Early Retirement).
234. We continue to promote employee led measures such as voluntary reductions in hours, career breaks and annual leave purchase schemes to further contribute to savings on staffing budgets and we have seen an increase in the popularity of these options each year. We are committed to continue to pay a 'Living Wage' to Council employees and to extend this to our contracted providers where possible. We are also now a member of the Living Wage Foundation.
235. The Council believes that the composition, skills and commitment of the workforce are vital factors in our ability to deliver effective,

efficient responsive and personalised services. We continue to monitor workforce issues within Portfolios and across the Council, and are aware of the need to address:

- The degree of occupational segregation within the workforce, such as a high proportion of women in the **People** workforce and a slightly higher proportion of men in the **Place** portfolio.
- That there is still an under-representation of disabled, BAME and lesbian, gay, bisexual (LGB+) people in the workforce compared to the city average.
- There is also an under-representation of disabled, women, LGB+ and BAME staff at Chief Officer grades



236. Given the amount of internal restructuring as a result of the budget proposals and other significant drivers, for example the change programmes linked to SCC2020, and possible staff reductions of up to a further 34 FTE positions 2020/21, a significant number of workforce EIAs within Portfolios have been completed.

237. The monitoring of the MER and VER/VS schemes in 2018/19 period shows that there are no negative disproportionate impact on BAME, 3.33% of VER/VS leavers compared to SCC Workforce of 15.02%, or on LGB 0% of VER/VS leavers compared to SCC Workforce of 4.13%. However it shows a disproportionate impact on employees with a disability who left the organisation, 14.81% VER/VS leavers compared to We will continue to work within our Recruitment and Selection policy and associated procedures to promote workforce diversity to reflect the demographics of the city. We currently hold Disability Confident at Level 2 with a view to apply and be successful for Level 3 Disability Confident this

- year. We are a Stonewall Diversity Champion.
238. We are also working with managers, staff and trade unions to ensure the workforce is viable and appropriate to the council's future operating and service needs, with a balance of skills and experience. This has included the implementation of the Organisational Workforce and OD Strategy that acts as one of the enablers to ensure the programme delivery for SCC2020 SCC Workforce of 15.02%.
239. For the year 2018/19, monitoring shows that for 44.93% of VER/VS Leavers were female. The majority being people who volunteered to leave on enhanced schemes. We will continue to measure this. Workforce diversity has decreased this year in all areas but some more than others. However overall trend over 5 years is still positive. The gender split has remained relatively same as last year, with BAME, Disability and LGB increasing again continuing the long term trend.

Cumulative impact

240. As in previous years, we have regard to the cumulative impact of changes over recent years to inform our decision making this year. Whilst there are fewer implications this year and important investments in key services like social care, we should recognise the impact that almost a decade of austerity has had on communities and public services. We have found that service transformation, including staff reductions and joined up services, and the prioritisation of those in most need have been the most effective ways to mitigate the negative impact of budget reductions and increased cost pressures.
241. The groups which are impacted across EIAs and portfolios are disabled people, older and young people, women, carers and people on low incomes. Disabled people, some women such as lone parents and female pensioners, carers, young people tend to have lower incomes and some BAME groups (who are more likely to be unemployed) and are more likely to be cumulatively impacted. See [Community Knowledge Profiles](#) for details.
242. Some people who previously received a service will receive a changed, reduced or no service, as we focus services on those most in need. The reduction in universal provision is likely to impact on those who are not in the greatest need, but who are struggling financially and may find it difficult to pay for alternative provision.
243. We are continuing to work with partners, such as the NHS, to deliver better, joined up services for people in Sheffield. We are also continuing to work

across the region where appropriate to help save costs and to enable better joined up services.

244. A further impact across a range of proposals will be the transition from one provider to another, which may include moving from one location to another. These changes have the potential for significant impact on those individuals affected by the change. We will take this into account in any changes, undertake risk assessments where necessary and provide support for users and carers.
245. There has been a significant impact on the Council's workforce over the last decade due to restructuring and reductions but this is likely to be more limited this year (possible staff reductions of up to a further 34 posts in 2020/21).
246. It is difficult to quantify the cumulative level of impact as mitigations have been highlighted in all EIAs. External factors, such as welfare reform, are also impacting negatively on some of the same groups.

EIA Action Plan

Area of impact	Action and mitigation	Lead, timescale and how it will be monitored/reviewed
<p>Overall and for specific issues relating to communities sharing characteristics under the Equality Act 2010</p>	<p>Individual proposals have had detailed EIAs and specific mitigation has been devised wherever possible. These will contain the detail of the actions required be monitored as appropriate.</p> <p>In some cases as proposals are developed further and implemented alongside consultation, some impact assessments will be revisited or updated.</p> <p>Continued focus on applying corporate priorities, the Fairness Framework</p> <p>Randomly sample 10% of EIAs in the year across portfolios to assess progress and effectiveness.</p>	<p>Service Managers within Portfolios as noted in EIAs.</p> <p>Performance monitoring within Portfolios - Directors of Business Strategy.</p> <p>Strategic Equality and Inclusion Board to examine in more detail the cumulative impact of the budget cuts made on Sheffield over the last 9 years.</p>
<p>Poverty and financial exclusion</p>	<p>Analyse, assess and monitor:</p> <ul style="list-style-type: none"> • The impact and effectiveness of the Fairness Principles and poverty proofing as part of the EIA budget process. • The impact of the reduction in universal provision especially in culture, leisure, sport and young people. • The use and impact of the Council Tax Hardship Scheme. 	<p>The Tackling Poverty Group to develop further monitoring and analysis arrangements within the year which seek to assess the issues highlighted.</p>
<p>Workforce</p>	<p>The corporate workforce EIAs will be monitored annually.</p>	<p>Director of HR, annually at the Strategic Equality and Inclusion Board.</p>

Approved (Lead Officer):
James Henderson, Director of Policy, Performance and Communications
6th February 2020

Approved (EIA Lead Officer):
Laurie Brennan, Head of Policy and Partnerships
6th February 2020

Equality Impact Assessment List 2020-21

www.sheffield.gov.uk/equality

EIA No.	Title	Portfolio
	People – 44 EIA's	
119	Strengthening Families Placement Mix	People Services
187	First Contact (covering First Contact Approach to Prevention in Adult Social Care)	People Services
194	Strengthening Families: Managing Growth in Demand	People Services
223	Collaborative Approach to Continuing Healthcare (CHC)	People Services
381	Strengthening Inclusion	People Services
403	Conversations Count (covering Improved Social Work Practice through Strengths-Based Reviews)	People Services
411	Home First (part of ASC Health and Social Care System Change)	People Services
501	RFID (Radio Frequency Identification Device) end of lease	People Services
506	Strengthening Families -Fieldwork Non-staffing	People Services
510	New Builds to Support People to Live Independently at Home	People Services
514	Residential rehab (drug and alcohol)	People Services
559	Substance Misuse Services re-tender	People Services
589	Young People Substance Misuse Services re-tender in Sheffield (covering Drug and Substance Misuse Budget Realignment)	People Services
617	Procurement of support for people with dementia (part of ASC Health and Social Care System Change)	People Services
632	Reduction in Premises Costs	People Services
635	Tackling inequalities through Grant Aid	People Services
643	Income and Payments Change Programme (includes Business Strategy - Review in Social Care and Payments Team)	People Services
665	Service Review of Libraries, Archives and Information Management	People Services
668	Adult Social Care Direct Payments support service	People Services
671	Operational Commissioning Approaches	People Services
675	Mental Health Transformation Programme	People Services
679	Business Strategy - Resources and Strategy	People Services
684	Additional DSG Income	People Services
685	Council-Delivered Services Development Programme	People Services
687	Commissioning Inclusion and Learning Service- Teachers Pension Grant	People Services

Appendix 9

688	Business Strategy- Increased income from Regional Partners	People Services
693	PH- Additional Public Health	People Services
696	Commissioning and Inclusion Learning Service - Increased Income	People Services
699	Commissioning Inclusion and Learning Service- Youth Re commission	People Services
704	Business Strategy - Business Support Staff Savings	People Services
706	Joint working with NHS England and Sheffield CCG	People Services
710	Business Strategy- Joint Web Platform Project with Corporate Digital Services	People Services
713	PH - Early Years Contract Realignment	People Services
714	Commissioning Inclusion and Learning Service - Commissioning Support	People Services
715	Business Strategy- Reduced Management Costs in Information Systems	People Services
716	Business Strategy- Increased Income in Information Systems from Schools	People Services
717	Business Strategy- Reduction in Insurance Premiums	People Services
719	Strengthening Families - Gibson House	People Services
721	All Age Disability (covering ASC Preparation for Adulthood)	People Services
724	Commissioning Inclusion and Learning Services- Schools and Learning Increased Income	People Services
728	SF- Strengthening Families- Field Work Staffing-Delivery of an Integrated Social Work Model	People Services
730	Community Services Review	People Services
731	Business Strategy - Review of structure in Planning Strategy and Improvement	People Services
735	Business Strategy - Business Architecture & Infrastructure Mitigations	People Services
	Place – 11 EIA's	
200 (continuous from 18/19)	Cultural Trusts - Reduction in subsidy	Place
202 (continuous from 18/19)	Reduction in subsidy to Uppertorpe Healthy Living Centre (UHLC)	Place
437 (continuous from 19/20)	Streets Ahead Contract – Customer Experience performance requirements	Place
439 (continuous from 19/20)	Streets Ahead Contract – Urgent Defects and Category 1 Defects	Place
443 (continuous from 19/20)	Streets Ahead Contract - Review Management Information System (MIS) requirements	Place
462 (continuous from 19/20)	Traded Return - Electric Works	Place
463 (continuous from 19/20)	Traded Return – Marketing Sheffield	Place

Appendix 9

507 (continuous from 19/20)	Traded Return - Facilities Management	Place
523 (continuous from 19/20)	Inflation on existing charges	Place
725 (continuous from 2019/20)	Streets Ahead Contract – Street lighting – Distribution Network Operator	Place
742	Place Hub	Place
	PPC & Resources – 14 EIA's	
626	FCS MER	
646	Increased Registry Office Income	
647	Savings in out of hours Contact Centre	
649	Improved on-line and web chat offer staffing efficiencies	
676	Members Allowances	
681	Increased out of Hours income generation	
690	Register Office - additional income	
692	Repairs Changes – staffing efficiencies	
695	HR Contracts	
697	HR Operational Structure	
698	Learning & Development Service Delivery Model	
707	BCIS – Non Staffing Savings	
708	BCIS – Staffing Savings	
740	Council Tax and Adult Social Care Precept	

Glossary	
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 Financing Requirement	It measures an authority's underlying need to borrow or finance by other long-term liabilities for a capital purpose. It represents the amount of capital expenditure that has not yet been resourced absolutely, whether at the point of spend or over the longer term. Alternatively, it means capital expenditure incurred but not yet paid for.
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.
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 MHCLG) 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.
Council Tax	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. 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.
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.
Credit Risk	The possibility that one party to a financial instrument will fail to meet their contractual obligations, causing a loss to the other party.
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.
Equality Impact Assessment (EIA)	A process designed to ensure that a policy, project or scheme does not discriminate against people who are categorised as being disadvantaged or vulnerable within society.
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.
Hereditament	A non-domestic property occupied by a business that is liable for business rates.
HR1	Each local authority is required to submit an HR1 form to inform the Government of potential redundancies in the organisation. The Redundancy Payments Service then collects the information and distributes it to the appropriate government departments and agencies who offer job brokering services and/or training services. This happens so that the government can discharge its obligation to these employees.
LAC	Looked After Children
Least risk basis calculation	The relevant discount rate used for valuing the present value of liabilities is consistent with that used under the most recent valuation but removing the allowance for asset out-performance. In addition, the basis contains a full allowance for the market implied rate of inflation.
Mazars	The Mazar’s ruling otherwise known as “Staircase Tax”, refers

	to the separating of hereditaments down to smaller hereditaments if they are connected by communal areas to move between floors or offices. The Mazar's ruling is currently under review by the Government.
MHCLG	The Ministry for Housing, Communities and Local Government. This is the new name for what was the Department for Communities and Local Government, prior to January 2018.
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 (NNDR)	These are often referred to as Business Rates, and are a levy on business properties based on a national rate in the pound applied 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.
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.
Public Works Loan Board (PWLB)	A government agency, which provides loans to authorities at favourable rates.
Remuneration	All sums paid to or receivable by an employee and sums due by way of expenses allowances (as far as those sums are chargeable to UK income tax) and the money value of any other benefits received other than in cash. Pension contributions payable by either employer or employee are excluded.
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>MHCLG 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:</p> <p><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>
Under-borrowed	The Council's use of its own cash surpluses rather than external debt, resulting in a level of external debt below the authorised limit.
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.
VCF	Voluntary, Community and Faith Sector

CAPITAL STRATEGY and BUDGET BOOK

2020/21 - 2024/25



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1 EXECUTIVE SUMMARY AND RECOMMENDATIONS

A succinct summary of priority areas and recommendations for approval

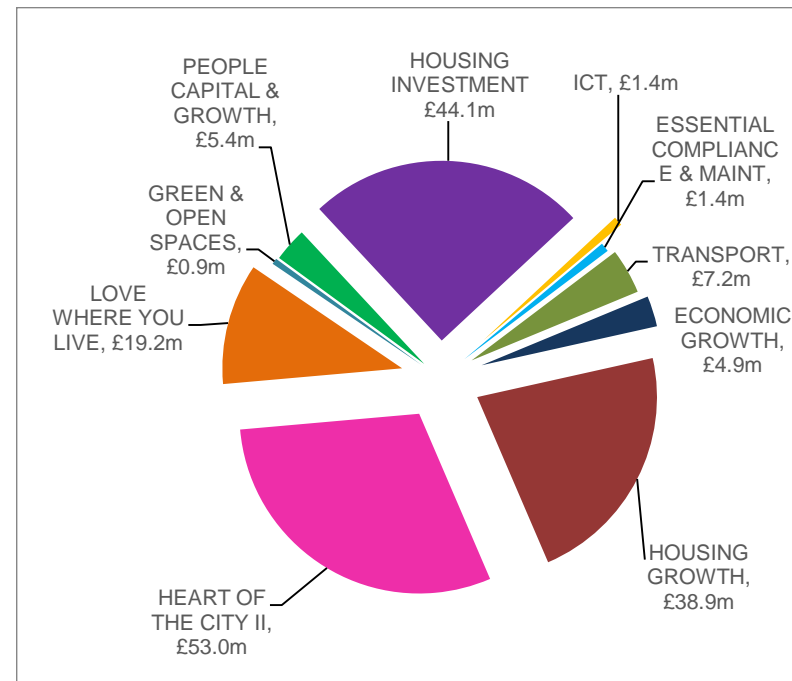
1.1 Headline summary of priorities

Capital spending pays for buildings, roads and council housing and for major repairs to them. It does not pay for the day-to-day running costs of council services. We strive to use our capital monies to make the biggest possible positive impacts upon Sheffield people. This Capital Strategy provides a high-level, longer term view of the Council's ambitions for capital investment.

Capital Programme strategic priorities: 2020/21

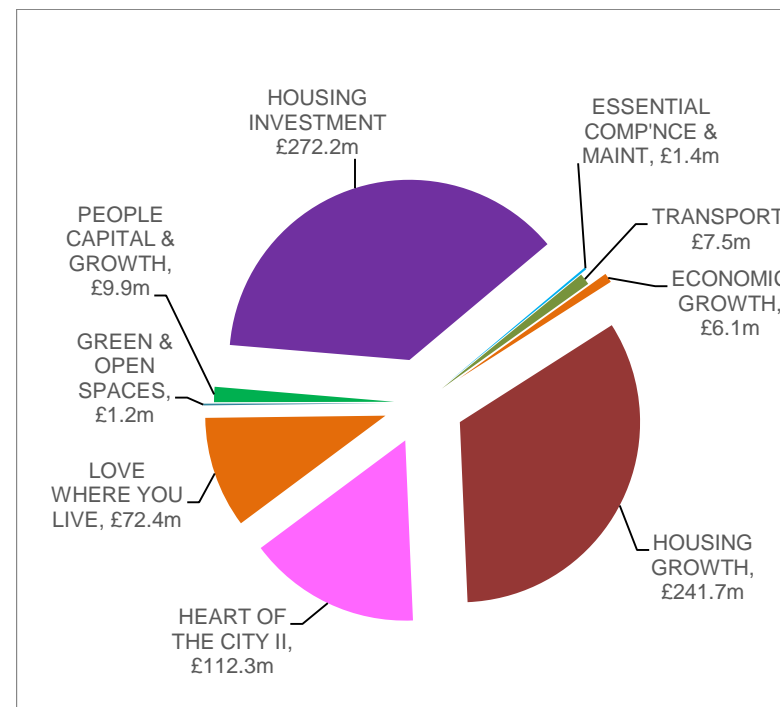
The size of the proposed capital programme in 2020/21 is £176.4m:

Economic growth	£4.9m
Transport	£7.2m
Housing growth	£38.9m
Housing investment	£44.1m
Love where you live	£19.2m
Green and open spaces	£0.9m
People: capital and growth	£5.4m
Heart of the city II	£53m
Essential compliance and maintenance	£1.4m
ICT	£1.4m



Capital Programme strategic priorities: 2020/25

Economic growth	£6.1m
Transport	£7.5m
Housing growth	£241.7m
Housing investment	£272.2m
Love where you live	£72.4m
Green and open spaces	£1.2m
People: capital and growth	£9.9m
Heart of the city II	£112.3m
Essential compliance and maintenance	£1.4m
ICT	£1.4m



The size of the proposed 5-year capital programme for 2020/21 to 2024/25 is £726.1m. These amounts represent headline figures for existing commitments within the Capital Programme and those currently within the approvals process. They do not, however, include allocations for potential pipeline projects which have not yet received approval.

1.2 How this document is structured

This document is split into twelve sections:

- Section 2: sets out the background to the Capital Programme, including its size, shape and how it is funded.
- Sections 3 – 11: set out the key investment priority principles for each of the priority areas, together with the highest value existing projects and potential pipeline projects – some of which may be brought forward for approval following feasibility and consultation. These sections also set out the key challenges faced by each priority area, together with how we are proposing to tackle these challenges.
- Appendix 1: provides background information relating to Corporate Investment Fund, together with our investment proposals.
- Appendix 2: sets out a full list of approved projects in the Capital Programme

1.3 The priority areas in more detail

This section takes each of the priority areas (contained at sections 3-11) in turn, for the period 2020-2025

1.3.1 Economic Growth: £6.1m

This priority is about getting more people into good jobs, helping them to earn more and live healthy lives, using and building their skills and knowledge. We want to see more businesses setting up, growing, innovating and creating good jobs; a connected city with the transport and digital infrastructure to support the city's growth and help everyone to connect to economic opportunities.

1.3.2 Transport: £7.5m

Our Transport priority aims to deliver safe, well maintained streets which enable the city's ongoing development and helps every resident access things like jobs and local services. We want to see an attractive public transport offer and infrastructure which encourages other means of transport than the car. We also want to improve the City's air quality to improve the quality of life for our residents. To this end, we are delivering projects which support Sheffield's existing Transport Policy.

1.3.3 Housing Growth: £241.7m

Sheffield needs a housing market that delivers choice, quality and affordability in every part of the city. The Council has set out its commitment to build between 2,000 and 2,300 new homes each year by 2022. 725 of these must be affordable. We must work in partnership across the city to deliver this objective, using a wide mix of measures to increase development.

The Council will also increase its own social housing stock, both through the delivery of new Council homes, acquiring existing homes to bring into the Council's rental portfolio and bringing empty properties back into use.

We also want to increase the amount of quality housing provision for older people and people with learning difficulties and have progressed projects to facilitate this. These projects should also release other housing stock throughout the city, thus relieving some pressures on other residents who are seeking accommodation.

1.3.4 Housing Investment: £272.2m

Our tenants should live in warm, dry, safe and secure properties which are as efficient to run as possible. To deliver this, the Council will continue to renovate and refurbish the Council's housing stock.

1.3.5 Love Where You Live: £72.4m

The Love Where You Live priority is about creating places and spaces where people enjoy being, contributing to the quality of life for our citizens. It's about ensuring access to high quality facilities – whether libraries or sport and leisure facilities – which underpin our communities

and support their mental and physical wellbeing. It's also about providing well maintained green and open spaces, creating environments which people are proud of and help them to thrive.

1.3.6 Green and Open Spaces: £1.2m

This priority focuses on a dedicated strand of works from the 'Love Where You Live' priority. Funded primarily from either s.106 contributions from developers (which are required to be spent in green spaces), Public Health monies, (with the aim of reduce health inequalities in the city) or from external funding grants (such as Sport England or Lottery Heritage Fund), this priority aims to restore and enhance civic pride in our parks, playgrounds and green spaces. Far from being left to slide into decline, we are ambitious for these precious assets and are investing as much as we can to ensure they remain relevant and well-used.

1.3.7 People – Capital and Growth: £9.9m

The People Portfolio supports children, young people and their families, and adults and communities. It has three key areas of focus:

- Improved demand for services by shifting from crisis response to a greater focus on early intervention and prevention, ensuring we listen to the people who use our services and work with our partners to do the right thing at the right time.
- Ensuring that there is high-quality, diverse and robust care and support for our customers, providing good value for money for the Council.
- Developing our workforce, making sure we have the right-sized staff groups, enabled by effective systems and supported to develop their skills.

Underpinning this is an 'all age' approach to disability-related services across the portfolio which supports individuals from childhood through to old age in a consistent and seamless way, without barriers or difficult transition points.

We use capital monies to embed these principles in the way we work for Sheffield people.

1.3.8 Heart of the City II: £112.3m

Heart of the City II is one of Sheffield's key economic projects. Backed by Sheffield City Council alongside its strategic delivery partner Queensbury, the scheme will provide contribute positively in social and economic terms making the city centre a more dynamic place to live and work.

The scheme will bring together the old and the new, maintaining the existing street patterns and balancing heritage with striking new architecture and unique outdoor squares and spaces. Rooted in the city's unique character, it will help knit together The Moor, the Devonshire Quarter and Fargate, providing a new home for Sheffield's cultural, commercial and creative trailblazers.

1.3.9 Essential Compliance and Maintenance: £1.4m

The size and age of the Council's estate produces a significant demand on the Council's funds. In particular, the Council is the owner and custodian of a number of key civic city centre buildings, and has costs to fund for essential compliance and maintenance works across its estate and public facilities (such as Central Library).

This work is essential to keep Council buildings and facilities running and to keep both staff and the public safe.

1.3.10 ICT

This represents a one-off, county-wide investment into broadband infrastructure which has been co-ordinated by Barnsley Council.

1.4 Key Notes

The purpose of this report is to:

- Set out the Council's key priority areas for capital investment;
- Provide an overview of specific projects included in the years 2020 to 2025;
- Set out the overall shape of the current Capital Programme for the 5 years to 2025 (at Appendix 2). Block allocations are included within the programme for noting at this stage and detailed proposals will be brought back for separate approval as part of the monthly approval cycle;
- Set out our principles for how we invest in non-cash assets; and
- Provide background to our Corporate Investment Fund Policy at Appendix 1.

Councillor Terry Fox
Deputy Leader / Cabinet Member for Finance
February 2020

2 BACKGROUND AND KEY FACTS

The policy environment, how the programme is funded and how it is governed

2.1 The policy environment: external

The Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential Code governs how the Council manages its finances. Recent guidance requires that Councils produce a Capital Strategy which should:

- set out a high-level view of how capital investment, capital financing and treasury management activities contribute to the provision of services; and
- provide an overview of how the associated risks are managed.

Sheffield City Council has published a Capital Strategy for a number of years, in the form of the annual Budget Book. This has historically considered a five year window for investment.

This year, we are producing a dedicated Capital Strategy which meets the new requirements of the CIPFA Code, together with supplementary guidance from the Ministry of Housing, Communities and Local Government (MCHLG). Whilst the focus of this Strategy remains at five years, work is ongoing to increase this to a fifteen year window, enabling us to take a more strategic approach to investment. However, this must be balanced against the increasingly speculative assumptions associated with longer-term financial forecasts.

Our Capital Strategy is shaped by a number of central government policies:

2.1.1 Devolving of capital spending allocations

Over recent years, many capital spending decisions have been devolved to City Region authorities and Local Enterprise Partnerships (LEP). The Council anticipates that the trend to devolve capital allocations to regional and sub-regional bodies will be maintained.

2.1.2 Creation of revolving investment funds

The Council has seen a shift towards capital funding to economic regeneration projects which generate a financial return to repay the initial investment and create a revolving investment fund. For example, the Council has intervened to ensure regeneration schemes like 'New Era' (the £66m development at St Mary's Gate) take place successfully, where the benefits of increased business rates and Council tax repay the cost of that intervention many times over.

2.1.3 Rewarding economic development

As revenue support grant from Government continues to be reduced, places are increasingly reliant on their local tax base alone. This means that Sheffield needs a growing, resilient local economy that provides the income streams which can be re-invested – in things that promote new growth and in wider social and environmental goals. New funding streams that reward economic development - such as Community Infrastructure Levy and New Homes Bonus – have been created. Furthermore, we expect to see the creation of UK funds which focus upon investment, job creation and economic growth (including improving transport links), at the expense of the ‘place-making’ and regeneration focus of recent years. We anticipate that Sheffield City Region will remain the principal body to seek and allocate this funding across the South Yorkshire authorities. We await further developments arising from the ‘Northern Powerhouse’ initiative.

2.1.4 Austerity and the wider economy

The ongoing austerity programme has reduced resources by over 50% since 2010. The impact of the Government’s austerity programme on the rest of the non-housing programme has not only led to less capital funding, but is also reducing Revenue Budget funding. This has limited the scope for additional contributions to the Capital Budget and to fund the revenue implications of capital decisions (such as Minimum Revenue Provision and Interest costs). Uncertainty surrounding the wider economy – including the potential impacts of rising inflation and interest rates – means we must plan to continue to deliver more, to more people, with ever-decreasing resources.

2.1.5 Self-financing Housing Revenue Account (HRA)

The self-financing regime for the Housing Revenue Account (HRA) has provided for a relatively well-funded programme of investment in existing and new Council housing stock. However, the recently announced reductions in the permitted level of annual increases will put pressure on this source of funding. The HRA ‘debt cap’ has been removed, which allows more freedom. However, we must still apply the principles of prudence, affordability and sustainability from the Prudential Code – see overleaf for further details.

2.1.6 The push to build new homes

Central Government has announced new powers for Councils to borrow money to build a new generation of Council houses. Sheffield is already building new Council properties and a Housing Growth Strategy is now in place. The Council will be considering how best to use these new powers to increase the supply of housing in the City.

2.1.7 The drive towards academies

Education policy now mandates that all new schools should be academies. This transfers maintenance responsibilities away from the Council’s Local Education Authority (LEA) role. It will also subsequently reduce central grant funding (which is formula-driven based on pupil numbers).

2.1.8 Climate Emergency

Sheffield City Council has declared a Climate Emergency and made a commitment to work towards Sheffield becoming ‘zero carbon’ by 2030. The scale of this challenge is considerable and we must actively consider the sustainability implications of all our projects. We will continue to

work with stakeholders throughout the City to best tackle not only our carbon emissions, but also improve our resilience to the effects of climate change.

2.1.9 Streets Ahead

The Streets Ahead programme is providing massive investment in the City's roads and street lighting, funded via a Private Finance Initiative (PFI) and Council investment. This expenditure now sits outside the capital programme – the final capital contribution to the initial core investment period was made in 2017/18.

2.2 The policy environment: internal

A number of current or anticipated locally-developed policies will impact upon our Capital Strategy over the coming years. At the time of writing, these include the Council's Corporate Plan, Local Plan, Treasury Management Strategy, Corporate Asset Management Strategy, Tech2020 Strategy, Infrastructure Delivery Plan, Infrastructure Funding Statement and Medium Term Financial Strategy.

This Capital Strategy will be regularly reviewed to ensure it supports the aims and objectives set out in those documents.

Further details on specific capital financing policies are provided at section 2.7 below.

2.3 Working in partnership

We will work proactively and in partnership with other public, third sector and private organisations - both locally and nationally - to deliver the best possible outcomes for the citizens of Sheffield, whilst ensuring that we remain accountable and responsible for the activities we deliver. The Council must build effective partnerships in order to deliver its ambitions for the City, including:

- **Sheffield City Region** – we work closely with the Combined Authority to push for greater control over the things that matter to Sheffield and the wider City Region, with a particular focus on skills, transport and jobs. The recent signature of the devolution deal will unlock further investment monies for our region, and we will continue to lobby hard to get the best possible deals for Sheffield from the funding allocations.
- **Core cities throughout the North** – we are working with other northern cities with the hope of unlocking additional funding to drive economic growth. We are focussing particularly on opportunities for investment in transport to make Sheffield a more attractive place to live, work and invest.
- **Health and social care** - we are working closely with our partners in this area to take advantage of joint investment opportunities, co-location and more efficient working.
- **Other public sector partners** – we participate in a Strategic Estates Group which brings together the Clinical Commissioning Group (CCG), NHS Property Services and both Universities to consider the establishment of integrated public sector hubs, mapping existing estates and developing proposals to improve utilisation to deliver ever-increasing value to the public purse.

- **Other private sector partners** – to be ambitious for Sheffield, we must all work together to drive our City forward. An example of this is our work to improve the City’s sustainability through our Green City Strategy, which requires both public and private sectors to work together to create an environment where sustainable development can thrive and the threats from Climate Emergency can be tackled.

2.4 Our key capital planning and investment principles

2.4.1 Capital planning principles

Our capital spending will be used support the delivery of the Council’s aims and objectives. We must also ensure we comply with all the rules and regulations which govern how local authorities can spend public money. To this end, we will always ensure that:

- Capital planning is **integrated into the Council’s overall strategic planning**, ensuring capital activities are considered in relation to the Council’s overall corporate plans, its budget, its financial strategies and the Priorities set out in this Capital Strategy;
- We **maximise the external funding** of capital investments wherever possible to maximise the availability of the Council’s scarce funds to support agreed activity, using our funds as ‘match’ funding to lever in external investment as much as we can;
- Our capital investments are **affordable, sustainable and prudent** (ensuring compliance with the CIPFA Prudential Code);
- Our capital projects **deliver value for money**, by ensuring that our governance processes for the appraisal and approval of capital projects are robust and challenging; and
- We ensure **effective risk management** through our governance, in accordance with best professional practice set out in the Treasury Management Code of Practice.

2.4.2 Investment principles for Non-Cash investments (including Land and Property, Loans to third parties and Equity Investments)

Land and property

The Chartered Institute of Public Finance and Accountancy (CIPFA) define investment property as property held solely to earn rentals or for capital appreciation or both. Returns from property ownership can be both income driven (through the receipt of rent) and by way of appreciation of the underlying asset value (capital growth). The combination of these is a consideration in assessing the attractiveness of a property for acquisition.

Some local authorities are speculatively investing monies in land and commercial property outside of their local areas to purely generate a return. Sheffield City Council has made no such investments to date and currently has no intention to do so in the future. We will only acquire investment property when there is an ongoing service objective (such as the regeneration of our City).

Loans to third parties and equity investments

The Council has the discretion to make loans and equity investments for a number of reasons, primarily for service delivery, economic development or regeneration. However, such investments are limited and only granted in exceptional circumstances.

In making loans, the Council is exposing itself to the risk that the borrower defaults on repayments. Therefore, in making these loans, the Council must therefore ensure they are prudent and has fully considered the risk implications of not only the individual loan, but also that the cumulative exposure of the Council is proportionate and prudent.

The Council will ensure that a full due diligence exercise is undertaken and, where appropriate, adequate security is in place. The business case will balance the benefits and risks.

Risk appetite

The Council's risk appetite to any such investments is very low. Risk taken to date and going forward on such investments has been at the amount of risk that the Council is prepared to accept, tolerate, or be exposed to at any point in time. It is important to note that risk will always exist in some measure and cannot be removed in its entirety.

A risk review is embedded within the investment strategy principles and will be considered in line with the risk management strategies we have in place. This risk review is commensurate with the Council's low risk appetite.

Investment strategy principles

Sheffield City Council will invest in Land and Property and provide loan/equity investments to third parties when:

- The **primary purpose of the investment is to benefit the people of Sheffield** – for example through regeneration or redevelopment – rather than income generation for its own sake;
- The investment **supports the delivery of an existing Council policy or strategy**;
- The investment will take place **within Sheffield City Council's boundary** (or immediate environs);
- The investment adheres to **clear criteria** set for investment decisions and risk management both individually and cumulatively;
- A **full risk and return analysis of the investment** has been completed and Members and senior officers are content that any risks are appropriate for the Council to take and proportionate to the potential benefit being delivered;
- The investment has been taken through Sheffield City Council **robust and transparent governance** procedures and been subject to **enhanced decision making and scrutiny** prior to approval;
- The investment would be subject to **ongoing monitoring and management** with reporting by exception to Full Council when necessary; and
- The loan to a third party/equity investment is **state aid compliant**.

More work will be undertaken on these principles and their implementation to specific schemes over the coming year.

CIPFA guidance

CIPFA have recently issued new guidance which introduces a new requirement that every local authority sets a limit that cannot be exceeded for commercial income as a percentage of net service expenditure.

As set out above, our Heart of the City II investments are for regeneration purposes (as opposed to commercial activity), and are therefore not within the scope of this requirement. However, we do have some commercial income generated from advertising hoardings and 'incidental' commercial property rents.

We will therefore set a limit of commercial income not exceeding 3% of net budget. This is linked to the level of un-earmarked reserves maintained by the Council, and enables us to subsume any shortfall in income in-year without affecting service delivery. We can then amend budget plans for the following year to account for the anticipated reductions in income, but also ensure the un-earmarked reserves are repaid to the required level, as determined by the Section 151 Officer.

2.5 Size and shape of the capital programme

The capital programme over the 5 years (2020-25) shows a broadly balanced position, with proposed expenditure totalling £726.1m. The full programme is set out at Appendix 2.

Wherever possible, attempts are made to match the timing of the receipt of resources and the incurrence of expenditure to protect the Council's cash flow position. Where the levels of expenditure are significant, individual management arrangements are put in place to mitigate the impact as far as possible. These are overseen by the Director of Finance and Commercial Services (in conjunction with the respective Head of Service).

The funding of the programme comes from a diverse range of resources, such as government grants, other grants and contributions from other public bodies or third parties, capital receipts, prudential borrowing and revenue contributions to capital – section 2.6 below contains further detail. The majority falls within either prudential borrowing or contributions from the revenue account to the capital programme, which together represents £543m (74.8 %) of the overall programme value.

The 2019-20 programme was set on 06 March 2019, and at the time totalled £136.2m. This has been revised in-year. The effect of outturn slippage from 2018/19, in-year additions, variations slippage and re-profiles result in a current approved programme for 2019/20 of £240m (as at 31 December 2018).

The Council's current anticipated capital investment profile for existing commitments (excluding potential pipeline projects) is set out overleaf:

	Priority	2020/21 (£m)	2021/22 (£m)	2022/23 (£m)	2023/25 (£m)	TOTAL (£m)
1	Economic Growth	4.9	1.2	0.0	0.0	6.1
2	Transport	7.2	0.3	0.0	0.0	7.5
3	Housing Growth	38.9	76.3	75.6	51.0	241.7
4	Housing Investment	44.1	56.8	57.7	113.5	272.2
5	Love Where You Live	19.2	17.6	17.7	17.9	72.4
6	Green and Open Spaces	0.9	0.2	0.0	0.0	1.2
7	People: Capital and Growth	5.4	2.4	2.2	0.0	9.9
8	Heart of the City II	53.0	30.3	22.3	6.7	112.3
9	Essential Compliance and Maintenance	1.4	0.0	0.0	0.0	1.4
10	Information and Communication Technology	1.4	0.0	0.0	0.0	1.4
	TOTAL	176.4	185.1	175.4	189.1	726.1

2.6 How the capital programme is funded

The funding of the programme comes from a diverse range of resources. The table below gives a breakdown of how the overall Capital Programme is currently funded:

	Source of funding	20120/21		2021/22		2022/23		2023/25		Total	
		£m	%	£m	%	£m	%	£m	%	£m	%
1	HRA contribution to capital	-47.7	27.0	-73.0	39.5	-97.7	55.7	-110.9	58.6	-329.3	45.4
2	Prudential Borrowing	-71.4	40.5	-45.9	24.8	-55.4	31.6	-41.0	21.7	-213.7	29.4
3	Government Grants	-26.8	15.2	-33.2	17.9	-12.0	6.8	-18.6	9.9	-90.7	12.5
4	Capital receipts	-11.8	6.7	-2.6	1.4	-2.0	1.1	0.0	0.0	-16.4	2.3

5	Other grants and contributions	-18.6	10.6	-30.4	16.4	-8.3	4.7	-18.6	9.8	-75.9	10.5
6	C.I.L.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
7	Overall total	-176.4	100.0	-185.1	100.0	-175.4	100.0	-189.1	100.0	-726.1	100.0

A further breakdown of each of these funding sources is set out below.

2.6.1 Revenue budget contributions to Capital

The Council can use revenue resources to fund capital projects on a direct basis. However, ever-increasing pressures on the Council's revenue budget have reduced the scope of this. Revenue contributions to capital now largely reflect the contribution to the Housing Capital Programme of 329.3m. In addition, £1.4m has been allocated from revenue budgets to support non-housing projects relating mostly to the implementation of Parking Pay and Display Schemes (£0.6m) and the Superfast broadband scheme (£0.5m).

2.6.2 Prudential borrowing

Prudential borrowing is used where no external funding is available to fund schemes which will generate a Revenue Budget saving. This saving then repays the principal and interest. The Council can often borrow funds cheaper than its commercial sector partners because of its perceived higher credit rating. It therefore makes sense to inject such capital where there is a potential economic benefit.

Under the rules of the Prudential Code 2004 (revised in 2017), the Council has the power to finance capital schemes using prudential borrowing (borrowing that does not attract financial support from the Government, which is also known as 'unsupported borrowing'). The principles for entering into such borrowing were approved by Cabinet on 22 September 2004, and generally relate to 'invest to save' schemes (including land assembly and funding for major capital projects). These principles remain in accordance with the Prudential Code for Capital Expenditure for Local Authorities, namely that they adhere to the principles of affordability, sustainability and prudence.

It remains the Council's current view that it's best overall financial interest is generally served by substituting prudential borrowing for leasing. It is considered that borrowing in lieu of leasing can be undertaken as an element of 'invest to save' (where it is considered to be more cost effective over the whole life of the asset when compared to leasing), and can be contained within an overall annual limit established for such borrowing. However, this type of borrowing does have revenue implications for the Council in the form of financing costs, which include interest payable and an allocation for repayment of debt (Minimum Revenue Provision) as a result of the borrowing.

Included within the 2020/21 Capital Programme are the following amounts of prudential borrowing for projects funded in whole or part from prudential borrowing (last year's figures shown in *bracketed italics*):

Project	Total Project Value £m	Project	Total Project Value £m
Heart of the City II	£53.030 (£33.767)	Major sporting facilities financing	£14.641 (£13.767)
New Cremators	£2.427 (£0)	Superfast Broadband	£0.990 (£0)
Capital Grant (Green Estates)	£0.330 (£0)		
TOTAL	£71.417 (£47.535)		

The Heart of the City II figure has increased, representing the current expected delivery profile of the scheme.

The increase in major sporting facilities reflects the changing profile of the relevant bond payments.

New Cremators, Superfast Broadband and the Capital Grant represent new planned investment, for which revenue provision has been made to cover the costs of borrowing.

Any amendments to these limits will be approved by Full Council and undertaken in line with the Prudential Code. There are other commitments outside of the capital programme and these are described in the Revenue Budget report.

Tax Increment Financing (TIF) was announced in September 2010. The principle is to allow the authority to borrow funds to undertake capital improvements in a geographic area. The money would be repaid from increased tax revenues (i.e. business rates) in the area as land values rise as a result of the capital investment. This scheme has been used successfully in the United States over the last fifty years, often for major transport, infrastructure or regeneration projects.

A scheme to develop infrastructure required for Heart of the City II is partially complete and further enabling works are underway. Some of the borrowing will be repaid out of the anticipated additional rates revenue generated by the redevelopment of the city centre.

Prudential borrowing does not receive any government support. If the Council enters into any prudential borrowing, it will incur additional capital financing costs. Prudential borrowing will only be entered into where it can be demonstrated that funding is available within the overall Council budget to meet the ongoing borrowing costs.

2.6.3 Government Grants

The largest proportion of external grant funding comes as grant allocations from Government departments. Although many of these grants are to support specific areas of investment, the Government removed capital ring-fencing in 2010. This enabled local authorities to prioritise grants to support local needs, pressures and statutory responsibilities.

Capital Grant funding falls into two main categories: recurring annual allocations and project specific grants:

- The **major recurring allocations** relate to funding for schools places and maintenance, Disabled Facilities Grants and Local Transport. Programmes of work are developed to obtain maximum impact from the funding received.

The New Homes Bonus (NHB) grant has also been created out of two government incentive payments for building new homes and reducing the number of long term empty properties. Council policy is to make this available for projects which improve the local housing or neighbourhood environment or assist in regeneration. This grant is now included within the Corporate Investment Fund (see Appendix 1). It is being used to provide infrastructure or clear derelict buildings to kick start developments at sites which have been unattractive to developers. Often this improves the neighbourhood through removing opportunities for anti-social behaviour as well meeting the Council's priority of providing new homes. However, recent developments have indicated that the future of the NHB grant may be in question with no payments now expected for any net increase in new homes from October 2019.

- In relation to **project specific grants**, officers usually bid against advertised funding streams following consideration of the terms by the Council's External Funding Team and its legal advisers. Requests to enter into funding agreements are considered by Cabinet prior to acceptance of the grant.

Sources of grant funding continue to evolve, with increased roles for:

- **Local Enterprise Partnerships** – working as part of Sheffield City Region, these are local, business-led partnerships between local authorities and businesses which play a role in determining local economic priorities and undertaking activities to drive economic growth and the creation of local jobs; and
- **Education and Skills Funding Agency** – this body provides direct support and grants to specific free school and academy build projects, as well funding education and skills projects for children, young people and adults.

2.6.4 Capital receipts

Capital receipts also fall into two broad categories:

- 1) Those generated from the sale of land and buildings falling within the Housing Revenue Account (HRA) and Council Houses under Right to Buy schemes. There are legislative provisions in place governing the use of these receipts restricting it to investment in housing.
- 2) Those generated from the sale of general (non-HRA) Council assets. These funds are those over which the Council has full discretion over how to utilise and are incorporated into the Corporate Investment Fund.

These capital receipts can be reinvested in the Capital Programme or be used to reduce the Council's borrowing liability. Any projects in the Capital Programme funded by capital receipts can only be undertaken if the receipts are realised.

The receipts from the sale of surplus assets are used to fund the Corporate Investment Fund (CIF) – see Appendix 1. This allows Members at their discretion to undertake projects for which there is no external funding. It is also used by the authority as a strategic reserve to cover to emergencies such as the total loss of a key piece of infrastructure e.g. as occurred in the 2007 Floods.

As external funding sources are reduced because of austerity cut backs, the CIF assumes an even greater significance in funding the Capital Programme.

Proposals are currently being developed with Cabinet Members to ensure the CIF is deployed to deliver maximum advantage to the Council. This requires a balance of allowances for both risks and opportunities. The Council must maintain a prudent level of reserves to mitigate infrastructure failures, grant claw back or project overspends. That said, there is the potential opportunity to invest in growth (in accordance with our Capital Planning and Investment Principles set out at 2.4 above), which could potentially create new revenue streams for the Council. Furthermore, we must ensure our statutory obligations are met. We will therefore take a balanced approach, ensuring adequate investment and reserves levels to mitigate risk and ensure our infrastructure remains fit for purpose. In addition, an assessment of the Council's dependence on profit generating investments (and the borrowing capacity allocated to funding these activities) to achieve a balanced revenue budget will be disclosed over the life-cycle of the Medium Term Financial Plan.

2.6.5 Community Infrastructure Levy (CIL) / Section 106 (s.106) contributions

Elements of the Capital Programme are funded by contributions from private sector developments and partners. CIL supplements the current s.106 (Town & Country Planning Act 1990) arrangements which fund many of the local neighbourhood facility improvements.

CIL allows local authorities in England and Wales to raise funds from developers undertaking new building projects in their area. The money can be used to fund a wide range of infrastructure that is needed as a result of development. This includes new or safer road schemes, flood defences, schools, hospitals and other health and social care facilities, park improvements, green spaces and leisure centres.

The Council has used CIL to develop strategic infrastructure projects such as roads and schools (such as the development of the Bus Rapid Transit North link and the Lower Don Valley Flood Defence Scheme). Further commitments will be considered and included in the Integrated Infrastructure Delivery Plan which will feed into the Local Plan. Historically, we have used this fund creatively to cash flow new schools' funding prior to these monies being repaid. We will always seek to use our funds most effectively to drive best value and reduce costs to taxpayers.

The Council has developed its rating tariff and introduced the scheme from July 2015. Current estimates predict annual revenues of approximately £6m in 2019/20 with expectations of an upward trend as Housing Growth continues.

New CIL Regulations have recently been introduced. They encourage more use of S.106, and introduce the ability to use both CIL and S.106 in delivering infrastructure priorities. Previously, the Regulations restricted this. Further details on the implications of this are given at Appendix 1. However, broadly speaking, this is good news which enables us to pursue S.106 agreements on sites that will also be making a CIL contribution.

CIL and s.106 contributions are held in the Corporate Investment Fund (see Appendix 1).

2.6.6 Private Finance Initiative (PFI) / Public Private Partnership (PPP) funding

Like many other Councils, Sheffield has historically made use of government funding through the above schemes when this was often the only source of funding available. This includes some schools, waste management facilities, office buildings and, most recently, the Streets Ahead programme. Both main national political parties have signalled that new PFI / PPP initiatives are to end, and no further new funding will be allocated through this route.

Sheffield currently does not fund any PFI payments out of capital.

2.7 Capital financing strategies and associated policies

A number of strategies and policies relate directly to capital financing:

2.7.1 Treasury Management Strategy

Treasury management is defined by CIPFA as: “The management of the organisations’ borrowing, investments and cash flow; its banking, money market and capital transactions; the effective control of the risk associated with those activities; and the pursuit of optimum performance consistent with those risks.”

The nature and scale of the Council’s capital programme means that it is a key factor in the Council’s Treasury Management Strategy. This includes the need to borrow to fund capital works.

The Council has operated within the CIPFA Prudential and Treasury Management Codes since their inception. The Codes contain a requirement for the Council to agree an annual Treasury Management Strategy, which is approved by the Executive and Council as part of the budget process. This defines the types of investments the Council will make during the year, together with the framework for decision-making around new debt. Treasury management decision making and monitoring is devolved to various bodies and officers, with responsibility for the delivery of the treasury management function delegated to the Director of Finance and Commercial Services.

We also have regard to the Ministry of Housing, Communities and Local Government (MCHLG) Investment Guidance and are aware of the importance of security, liquidity and yield in treasury management investment decisions.

Interim and outturn monitoring reports are provided to the Cabinet Member for Finance and Resources throughout the year.

2.7.2 Asset sales and capital receipts

All land and buildings which are surplus to existing use will be reviewed by the Head of Property before any Executive decision is made. This will be in accordance with the forthcoming Corporate Asset Management Plan. Any reuse or disposal must provide best value in supporting the Council’s objectives. Any exceptions to this must be agreed by Cabinet.

As a general principle, land no longer required for its existing use should be declared surplus so that options for its future use or sale can be considered by the Head of Property and relevant Members prior to proceeding for formal decision. Ongoing surveys of our corporate estate (which cover a number of different facets) have been commissioned to support and evidence this process. In the context of ever-increasing budget pressures, difficult decisions may need to be made which balance the budget challenges and the needs of local communities.

The Council also encourages community involvement in the delivery of local public services using the Council's assets. The Council may therefore be prepared to sell or lease Council assets at less than best value to third sector organisations which have the capabilities to use the assets to provide agreed services in accordance with the arrangements set out for Community Asset Transfers of property. This will however reduce the capital receipts available to fund other Council needs and priorities, and therefore robust governance is in place to identify proposals which have a strong strategic alignment to the Council's priorities and a good chance of success.

Capital receipts will be used to finance capital expenditure, including capitalised revenue costs under the Government's capital receipts initiative. They are also used for debt redemption in accordance with the Council's Minimum Revenue Provision Policy. They form part of the Corporate Investment Fund and are therefore subject to the governance for that Fund (see Appendix 1).

2.7.3 Prudential borrowing and debt; revenue budget implications

Local authorities may borrow to finance capital expenditure. The affordability of debt is the key constraint. The Council has used its prudential borrowing freedoms actively and successfully to deliver key outcomes (such as regeneration – for example, by its work to regenerate the city centre as part of the Heart of the City II project). It continues to be an important way of funding our priorities where external funding cannot be obtained. The cost of borrowing is usually recharged to the borrowing service, thus recognising that borrowing is not a key asset, but has a revenue cost.

In approving the inclusion of schemes and projects within the Capital Programme, the Council ensures all of the capital and investment plans are affordable, prudent and sustainable. In doing so, the Council will take into account the arrangements for the repayment of debt, through a prudent MRP policy in line with MRP guidance produced by the Ministry of Housing, Communities and Local Government.

The Council sets and monitors prudential indicators to manage its debt exposures. Borrowing costs (including interest and repayment charges) in 2018/19 represented 17.8% of the net revenue budget and are expected to drop slightly in 2019/20. Borrowing costs as a proportion of the net revenue budget are then expected to rise in the coming years as a result of continued investment in the City and further reductions in funding.

The Treasury Management Strategy (TMS) sets out how the Council's borrowing will meet the prudential code and good practice to ensure borrowing does not exceed permitted limits. However, an overarching consideration of affordability of these costs must be addressed (given the Council's immediate and medium term budget constraints). This assessment of affordability in relation to the total cost of borrowing for capital projects forms part of the Section 151 Officer's review of the sustainability of budgets and level of reserves. Details of both the TMS and the Section 25 review of the sustainability of budgets and level of reserves can be found in the 2020/21 Revenue Budget report.

The Council will ensure the most cost-effective financing arrangements for the Capital Programme as a whole. Where possible, the Council aims to maximise the use of balance sheet assets so we can utilise cash balances derived from working capital and reserves, rather than borrowing externally.

We will also calculate the financing costs and interest payable for every individual scheme which is funded this way before any borrowing is sanctioned. This forms an integral part of the business case for each project.

The capital financing charges and any additional running costs arising from capital investment decisions are incorporated within the annual budget and medium term financial plans. This enables Members to consider the consequences of capital investment alongside other competing priorities for revenue funding. As part of the appraisal process, the financing costs of prudential borrowing may be charged to portfolio budgets.

Different arrangements apply to Housing Revenue Account (HRA) borrowing. We have a self-financing HRA over a 30-year investment period. The HRA plans new prudential borrowing of £16.6m in the next 3 years (20/21 to 22/23) in accordance with our approved HRA Business Plan. HRA resources can only be applied for HRA purposes, and HRA receipts may only be applied to affordable housing, regeneration or housing-related debt redemption. This is not the same as external borrowing, as they are under-borrowed. The Council will need to externalise some of this debt over the next few years.

We assume the Public Works Loan Board will be our primary source of borrowed funds, although we will maintain a watching brief over other sources of funding to ensure we deliver best value for money for local people.

2.7.4 Debt repayment

The Prudential Code requires the Council to make an annual Minimum Revenue Provision (MRP) for the repayment of debt. This revenue provision spreads the cost of repaying the debt for an asset over the useful economic life of the asset (in accordance with Ministry of Housing, Communities and Local Government guidance). This is done in accordance with the annual MRP Policy Statement which is approved by Council each year as part of the budget process.

MRP replaces other capital charges (such as depreciation) in the statement of accounts. It has an impact on the Council's revenue outturn. It will increase and decrease throughout the capital programme and is sensitive to both expenditure and funding changes. Careful consideration is therefore given to this when considering prudential borrowing as a funding source – it bears a real cost.

2.8 Programme governance

We maintain assurance of our capital investment priorities and projects through effective governance which runs throughout the organisation:

2.8.1 Ensuring Members' leadership and engagement

Elected Members are responsible for setting the strategic direction for the Council. Therefore, in addition to setting the Council's approach through key strategies and policies, they are also responsible for signing off capital projects at key checkpoints:

- Individual consultation with the relevant Members at 'project mandate' stage;
- Individual consultation and endorsement of relevant Executive Member at 'outline business case' stage;
- Formal approval at Cabinet

The ability for Members to inform – and be kept informed – of the capital programme is vitally important. They need to ‘own’ the capital programme, understanding the risks and opportunities facing the City and setting the priorities so money is invested in the right areas.

2.8.2 Delivering real value

Value for money (VFM) is a key component of all capital projects. All projects must evidence a level of economy, efficiency and effectiveness in order to be approved. Projects must therefore demonstrate that there is a valid need to be addressed, that all potential options to address the need have been considered and that the option selected is the most efficient and effective way of achieving the Council’s aims. We have therefore built this into our core operating model and ensure VFM in four key ways:

2.8.2.1 The Capital Approval Process

During 2015-16 the Council introduced a number of “checkpoints” at which the validity of the project is tested by the Programme Groups and then the Capital Programme Group. These include:

- Approval of a **mandate** to ensure that all projects are linked to the Council’s priorities so scarce resource is not wasted on irrelevant projects;
- Approval of an **initial business case** to set potential parameters to the project and to test assumptions;
- Approval of an **outline business case** which will set out the benefits of the project against our strategic objectives. It also sets out the delivery and procurement options for the project. The Programme Groups will test if the proposal is value for money; and
- Approval of a **final business case** once the preferred option has been selected and procurement completed, showing all the anticipated project costs, benefits and savings.

The Council’s Capital Delivery Service (CDS) and Finance and Commercial Services (F&CS) functions advise on the financial, procurement and operational deliverability of the proposed project plan and procurement route at every stage. They participate in each Programme Group to provide effective challenge throughout the process.

Embedding a capital governance process ensures that we use our scarce resources in the most effective way – on the projects that make the most difference, are funded and procured cost-effectively and deliver the greatest benefits for Sheffield people.

2.8.2.2 Effective financing

Funding options are constantly reviewed to ensure the most effective use of the Council’s resources.

2.8.2.3 Effective procurement

Robust options appraisals are carried out at outline business case stage to determine the most efficient and effective procurement route. We have introduced new measures to prioritise local contractors whenever we can (within the constraints set down within procurement legislation) to keep the Sheffield pound within Sheffield. We also use regional frameworks whenever we can to maximise the benefits of our spend to the Sheffield City and Yorkshire regions.

As well as procurement routes, we also work with colleagues in the Capital Delivery Service and Legal Service to ensure the most appropriate forms of contract are used which will deliver the best VFM for local people, protect the Council's interests and enable the market to respond with cost-effective tender submissions.

2.8.2.4 Effective project management

The Programme Management Office within the Capital Delivery Service provides information and guidance to continually strengthen project management skills within the Council. They ensure that lessons learned are fed back across the wider Council so we can continually improve our performance.

2.8.3 Leadership and Strategy Group

Leadership and Strategy Group (LSG) is a new group attended by Cabinet Members and Executive Directors. It is chaired by the Leader of the Council. Its remit is wider than capital, but one of its functions is overseeing the relative shape of the capital programme, developing policy and endorsing overarching priorities for officers to deliver within. All formal capital funding decisions are taken by Cabinet in public in the usual way.

2.8.4 Cabinet

Each and every capital project will be brought to Cabinet (or delegated processes) for consideration and approval. Officers will consult with Cabinet Members (and Ward Councillors where appropriate) to ensure that projects have broad support, prior to investing time in developing them further.

2.9 Slippage

Historically, there has always been an underspend against the approved capital programme. The risk of slippage is present in all capital programmes, bearing in mind the size and complexity of the schemes. Subject to Cabinet approval, funds are rolled forward into the next year in order to complete projects. Slippage reflects re-profiling of funding or delays in physical progress of a project. In most cases the work is delivered in the next financial year.

However, our current reporting system has provided greater transparency and identified instances where money appears to be repeatedly carried forward from earlier years. This allows Members to test if the funding is really needed and could be reallocated to other priorities. It also shows the delivery performance on the capital programme.

As at 31 December 2019, the value of net slippage approved to date is £2.1m. This relates to largely to delays in bus operators drawing down grant funding to deliver cleaner vehicles. This is offset by a net acceleration of £2.5m against schemes in delivery relating to the Council Housing Kitchen and Bathrooms renewal programme.

£25.2m of allocations have been re-profiled - i.e. moved from current year into future years for schemes not yet in the delivery phase. £13.3m of this relates to the Heart of The City II project, and reflects of the policy decision to pursue a phased (rather than “Big Bang”) approach to this development to mitigate project risks and safeguard taxpayers’ money. A further £8.5m relates to the delay in the award of the contract for Phase 4 of the Council Housing New Build Scheme. This was due to additional work required to ensure best value for money was achieved. This contract has now been awarded and works will soon be on site.

2.10 Effective risk management

Major capital projects require careful management to mitigate the potential risks which can arise. The effective monitoring, management and mitigation of these risks is a key part of managing the Capital Strategy.

2.10.1 General Risks – Identification and Mitigation

General risks are those which are faced as a consequence of the nature of the major projects being undertaken. Most of these risks are outside of the Council’s control but mitigations have been developed as part of the business planning and governance process. These risks are set out below along with key mitigations:

Interest Rate Risk – the Council is planning to externally borrow £211m as set out in this Capital Strategy over the next three years. This will cover new capital investment and ensure internal borrowing is maintained at a sustainable level. Whilst the Council tends to borrow at fixed rates, interest rates in themselves are variable and a rate rise could mean that there would be an increase on the cost of servicing future debt to a level which is not affordable. To mitigate this, the Council has used interest rate forecasts which include a prudent provision against interest rate rises. However in the event that interest rates rose beyond this forecast the revenue cost to the Council would increase. A rise of an extra 1% in the interest rate would cost an extra £2.11m by the end of the 3 year period.

Inflation Risk – construction inflation over and above that budgeted by the Council’s professionals and advisors and built into project budgets could impact on the affordability of the capital programme. A 1% rise in the cost of the programme would increase the cost of the programme. This is mitigated through the provision of contingencies, updating estimates regularly as they change and monitoring the impact through governance processes. This is also mitigated post the signature of contracts with construction companies and developers through fixed price contracts.

Change in Law Risk – Capital schemes need to comply with the latest law and regulations which can change leading to an impact on construction costs. This is mitigated by awareness of pipeline legislative changes and through contingencies.

Market Health / Commercial Values – the Council’s Capital Programme relies on commercial activity as a key supporting strategy. This involves generation of income from property letting, generation of capital receipts from property sales (in some cases post development), attracting developers to projects based on a potential share of profits and other revenue/capital financial flows.

In some cases it is likely that the Council will commit to large projects, property acquisitions or other forms of expenditure on the basis of further business case assumptions about the market value of future asset or economic values. Should market movements mean that these assumptions are inaccurate, then the Council may suffer financially. This risk can be mitigated through carefully testing assumptions and allowing for contingencies in projects where necessary.

2.10.2 Management of Project Risks

Project risks are those which relate to the delivery of capital projects which in many cases can be controlled, influenced or directly mitigated in ways other than making contingencies available. These risks would mostly be related to unforeseen project delays and cost increases which could arise from a range of circumstances. The effective management of these risks is primarily linked to the following strategies:

Supplier Financial Stability – construction companies and developers contracting with the Council would, if they experience financial instability, pose a significant risk. They may not be able to raise finance to cash flow operations, any potential insolvency process could lead to a costly process of changing suppliers without any guarantee of remaining within overall budget, the Council could suffer direct financial loss and any defects or other issues may not be resolvable as anticipated. To mitigate this, the Council carefully considers the financial robustness of any contractor and requests appropriate financial standing assurance and support wherever possible. Furthermore, the Council only pays contractors in arrears, minimising its exposure to this risk.

Effective Business Case Development – as set out at section 2.8.2.1 above.

Risk Management - Projects are required to maintain a risk register. Risk registers are aligned with general guidance on risk review. We have now introduced costed risk registers on projects managed by the Capital Delivery Service. This enables us to maintain appropriate levels of contingency.

Highlight reporting – monthly highlight reports are created for all projects to flag progress and risks of projects to Programme Groups and Project Sponsors.

Appointment of professional team - to ensure timely delivery of projects and robust planning and review, the Capital Delivery Service has a team of professionally-trained project managers. Qualified roles are in place for key surveying and financial planning roles to give assurance on quality of work and project assumptions.

2.11 Skills and knowledge

Those involved in decision-making must have the appropriate skills and knowledge to take those decisions. The Council has many years' experience of delivering capital programmes and uses this experience to evaluate new proposals, monitor on-going capital investment and manage any risks that may arise.

Capital investments are reviewed under a robust approval process that receives input from appropriately qualified and skilled finance professionals and receives scrutiny from Elected Members. Information, advice and guidance on these processes are made available for Officers and Elected Members.

If additional skills and knowledge requirements are identified, the Council will source appropriate specialist skills and knowledge to supplement and, where possible, upskill Members and in-house staff.

3 ECONOMIC GROWTH

An inclusive economy that creates more good jobs for Sheffield people, attracts investors and visitors to the city, and improves people’s lives so that they can live well and contribute to the life of the city

1 Background and context

We want Sheffield to be known as an inclusive, inventive, vibrant city. A city where young people have the best training and job opportunities, businesses are thriving and we have more skilled workers in quality jobs, earning more. A city whose economy nurtures independents, start-ups and existing businesses of all sizes, in all parts of the city. A city that is developing, building new spaces and places for a growing community of businesses and entrepreneurs.

We have identified four pillars that will form our city’s approach to economic development: the economy, transport, housing and sustainability. A strategic plan for each of these pillars will guide priority investments in this area. Projects from each of the areas will form part of the capital programme to make appropriate investments that:

- Connect people to jobs and training, particularly young people and disadvantaged groups
- Support business growth and investment to create more good jobs for Sheffield people
- Champion the city’s key sectors, including advanced manufacturing, creative and digital industries, and energy and the environment
- Prioritise the development of skills at all levels, to not only enable people to access and progress in work, but also to drive productivity benefits for Sheffield businesses
- Develop the city’s business districts and economic hubs, strategic neighbourhoods and sites, and cultural assets
- Provide transport infrastructure that enables and sustains growth in jobs and visitors.

Our decisions about where to invest locally need to align with national priorities for economic growth. This will improve our chances of securing external funding to match our own financial contribution to capital projects.

2 Projects completed in 2019/20

	Project and value	Impact
1	Knowledge Gateway	The strategic rationale for the Knowledge Gateway is to unlock and connect key development sites in order to generate additional economic growth. The corridor links the Cultural Industries Quarter, Hallam’s Central Campus,

		the Digital Campus and the emerging innovation zone of Castlegate.
2	Sanderson's Fish Pass	<ol style="list-style-type: none"> 1. Improved diversity of fish and associated / companion species present in the river Don 2. Improved water quality and river ecology associated with the return of salmon and other fish to the river 3. Increased awareness and appreciation of the river environment by stakeholders

3 Current projects already in delivery

	Project	Budget (£) (all years)	Year(s)	Invest to save?	Funding source(s)	Outputs	Outcomes for Sheffield people
1	Culvert Renewal Programme	3,067,500	18/19-20/21	No	Department of Environment, Food and Rural Affairs (DEFRA) Regional Flood Levy Potential Council contribution	Strengthening and renewal of 9 culverted watercourses Major roads resilient to flooding Prevention of future serious injury/fatality Prevention of third party damages	Homes, businesses, development sites, educational facilities, medical, emergency and rescue facilities and utility sub-stations protected from flooding Major roads resilient to flooding Prevention of future serious injury/fatality Prevention of third party damages
2	Digital Incubator	3,450,000	Sep 16-Mar 24	No	Department for Digital, Culture, Media and Sport	High quality workspaces for digital SMEs	More good jobs Development of digital skills at all levels
3	Grey to Green Phase 2	5,830,865	17/18 – 20/21	No	Corporate Investment Fund (CIF) S106 Sheffield City Region Investment Fund (SCRIF) European Regional Development Fund (ERDF) Clean Air Fund Third party contributions	New highway, cycleway, footpath and sustainable urban drainage New urban meadow planning, trees Three public art commissions Reduced carbon and harmful pollutant emissions	Improved air quality Safer and more sustainable transport through segregated cycleways and footpaths

	Project	Budget (£) (all years)	Year(s)	Invest to save?	Funding source(s)	Outputs	Outcomes for Sheffield people
4	Inner Relief Road Junction Schemes	4,540,490	17/18 – 20/21	No	Sheffield City Region Investment Fund (SCRIF) Local Transport Plan New Homes Bonus	Additional 2,000 m2 of new highway traffic lanes will be constructed. A segregated pedestrian and cycle crossing facility encouraging the choice of quieter routes between Alma Street and Bridge Street in both directions will be constructed	Improved junction operation on the Inner Relief Road Reduced journey times for all traffic modes Reduced traffic congestion and its attendant contribution to air quality Increased connectivity for cycling and walking to and through the City Centre and the existing and new job opportunities created
5	Upper Don Valley Flood Scheme	Anticipated 9,250,000 subject to Cabinet approval	18/19-21-22	No	Sheffield City Region Investment Fund (SCRIF) Environment Agency	The Scheme will provide a comprehensive linear flood defence to three discrete flood 'cells' within an area at high risk of flooding on the River Loxley (a tributary of the River Don) and at the confluence of the Loxley and the River Don.	63 homes and 152 commercial properties will have much reduced likelihood of flooding £30.179 million of damages avoided £8.657 million in Gross Value Added (GVA) that would otherwise be lost to the local economy over a 10-year appraisal period due to flood risk disruption to businesses (estimated using the Frontier Methodology) At least £18.1 million GVA in potential growth due to the removal of one of the key constraints to business development and job creation in the flood risk area Potential generation of 98 Full Time Equivalent jobs to the local economy 12.5 Full Time Equivalent construction job years 1,900 jobs in the area will benefit from reduced flood risk (calculated using the Frontier Methodology) 2 A roads protected (A61 and A 6101) 2 Tram routes protected – city centre routes through to Malin Bridge and Middlewood

4 Potential priority areas / projects under consideration

These are initiatives which we are currently considering before we develop business cases and bring them forward for consideration for approval. They will be subject of separate Cabinet reports if, as and when they are brought forward.

	Project	Value	Year(s)	Funding source(s)	Outputs	Outcomes for Sheffield people
1	Parkwood Springs – Sheffield Ski Village Site (Feasibility)	c£4.8m	19/20	TBC	New & upgraded highway Remediation of brownfield land	Increase in visitors to the city Increase in housing growth adjacent to site Supply chain opportunities for local businesses associated with the development and its ongoing operations

5 Key challenges and how we are addressing them

	Challenge	Actions to address
1	Lack of revenue funding for early development and feasibility works for capital projects	Corporate Investment Fund to ensure investment in development of projects that are best aligned to Member priorities and strategic objectives for the city
2	Availability of match funding for capital investments	As above - and continue to explore and identify options for external funding
3	Uncertainty about future availability of European funding	Work with European funding partners to maximise current opportunities for funding, minimising risk of clawback and keep implications of Brexit under scrutiny

4 TRANSPORT

Safe, well maintained streets which do not restrict the city's ongoing development. An attractive public transport offer and infrastructure which encourages other means of transport than the car. Promoting improvements in air quality to improve the quality of life for our citizens.

1 Background and context

The key principles which underpin our investment strategies are set out in Sheffield's Transport Strategy:

A city that's easier to get around

- Faster, better integrated and simpler bus services
- Securing the future of Supertram and supporting its expansion
- New mass transit routes and services creating more public transport capacity for a growing city
- An inner ring road that has more capacity and is easier to cross into the city centre

A better connected Sheffield

- Faster, longer and more frequent train services to other cities and to the rest of the city region
- A transformed Sheffield Station bringing High Speed rail services into the heart of the City
- Improved major road network, keeping Sheffield connected to motorways, airports, and other cities

A safer and more sustainable Sheffield

- Sustainable safety, safe walking and cycling as standard
- Improved air quality and working to manage congestion
- Improving poor health and poor access to jobs and services

All of our projects are focused upon delivering these priorities for the city.

It is the Council's ambition that public transport, cycling and walking are all natural choices for making journeys within our City. We believe that by working closely with our communities, the third sector, and the wider public and private sector, a strong basis for achieving our sustainable transport ambition can be developed, and ultimately delivered.

The Council wants to support the transformation of local areas through this ambition to promote sustainable forms of transport. Making the change away from private car ownership will tackle congestion, improve physical and mental health through mobility and support local economies. Specifically, capital delivery of improved active travel will see employers benefit from a healthier workforce, whilst at the same time creating more opportunities by delivering thriving streets which are made more accessible with reduced severance caused by car movements.

As this ambition is bold and will require a significant change in behaviour, the Council has undertaken a number of recent public consultations. Specific questions were asked about people’s perceptions of active travel, the barriers of use and associated expected outcomes and benefits.

The Big City Conversation survey covers a wide range of Council functions to help understand from the public’s perspective what the Council should be prioritising and investing in. Although not complete, initial findings from this survey identify that traffic congestion, poor air quality and the need to improve local streets are all key areas of public concern. This further outlines the importance of the investment associated with the forthcoming Transforming Cities Fund (if Sheffield’s bid is successful) and the Clean Air Zone mandate. Investment in active travel and public transport should be positively received.

Realising the Council’s ambition to create an environment without reliance on the private car will take sustained investment in supporting infrastructure. It will take long-term transport planning and will require a change in attitudes – amongst, businesses, communities and individuals.

2 Projects completed in 2019/20

	Project and total value	Impact
1	Parking Pay and Display Replacement (£1.1m)	Upgrade of parking pay and display machines across city, generating operational savings and providing more ways for people to pay
2	Blackburn Valley cycle route (£1.4m)	New cycle link to complete route from Chapeltown to City Centre
3	City Centre West Cycle Route (£0.9m)	Construction of interventions on Wellington Street, Fitzwilliam Street, Broom Green and Hanover Way. This will improve junctions and crossing points, provide segregated cycle tracks and include minor improvements to public realm.
4	Cycle Crossing Portobello (£0.3m)	Delivering two new cycle crossings at the junctions of West Street / Holly street and Mappin Street.
5	Various 20mph Schemes	20mph speed limit to reduce traffic speeds within the city to improve road safety and the environment for walking and cycling
6	School Keep Clear Review	Improvements to waiting restrictions outside schools to improve safety

	(£0.7m)	
7	Bramall Lane / Cherry Street road safety scheme (£0.3m)	Changes to the road junction to simplify traffic movements and reduce conflict. Improvements to road safety.
8	Sheaf Valley Riverside Route (£0.2m)	Development of a cycle track through Hutcliffe Wood, widening and resurfacing an existing footpath. Improving facilities for current users, enabling cyclists to use a path that is currently a footpath.

3 Current projects already in delivery

	Project	Budget (£) (all years)	Year(s)	Invest to save?	Funding source(s)	Outputs	Outcomes for Sheffield people
1	Broadfield Road junction	£3,442,000	2018/19 – 2020/21	No	NPIF LTP	Remodelled junction to improve bus journey times and reliability	Bus journey time improvements; bus journey time reliability
2	Clean Bus Technology	£4,947,000	2019/20 – 2020/21	No	Clean Bus Technology Fund	Catalytic Reduction Technology Retrofitted to Bus fleet	Improved Air Quality
3	Clean Air Zone Implementation	£3,800,000	2019/20 – 2020/21	No	NO ₂ Plan Implementation Fund	Infrastructure to implement Clean Air Zone Charging	Improved Air Quality Delivery subject to Government approval of Outline and Final Business cases; additional funding required.
4	City Centre Cycle Routes	£1,502,000	2019/20 – 2020/21	No	Transforming Cities Fund	Improved Cycle Connectivity across city centre	Improved infrastructure, reduced congestion.
5	Ultra Low Emission Vehicle Chargers	£1,252,096	2019-20-2020-21	No	NO ₂ Plan Implementation Fund / ULEV Funding	Infrastructure to support electric vehicles	Improved Air Quality

4 Potential priority areas / projects under consideration

	Priority	Impacts
1	Managing the existing highway network	Improve journey time reliability and improving access from growing neighbourhoods to jobs, education and training as well as improving conditions for business through effective network management
2	Reducing the number of accidents	Improved road safety through a range of interventions city-wide
3	Increasing active travel (cycling and walking)	To be inclusive and open up the city's opportunities to all and improve health outcomes
4	Improving the public transport offer	Helping to underpin sustainable growth and promote a city that is open for business
5	Infrastructure investment	Ensuring the benefits of investment in transport infrastructure continue year after year; including supporting the introduction of alternative fuel technologies where appropriate
6	Improving Air Quality and supporting the decarbonisation of the transport system	To reduce levels of air pollution across Sheffield to improve the health of people in Sheffield and the move to zero carbon transport through a range of interventions

5 Key challenges and how we are addressing them

	Challenge	Actions to address
1	Lack of appropriate funding to develop 'pipeline' schemes identified in the Sheffield Transport Strategy	The lack of revenue funding for this activity has been escalated within the Council and is being considered for funding from the Corporate Investment Fund. Without development funding we will not be able to develop a business case for projects to effectively secure external funding to assist in delivering our Transport Strategy adopted in 2019. In particular, this has the potential impact on the Council's ability to develop significant infrastructure projects that are required to support the City's Housing and Economic ambitions.
2	Ongoing maintenance of the highway infrastructure (commuted sums)	Agreement on way forward required to provide confidence in our ability to address infrastructure required to support economic growth. There are constraints on the majority of Sheffield City Region (SCR) funds and Government funds that mean these cannot be used to fund the commuted sums associated with projects. This acts as a constraint, as either Local Transport Plan (LTP) funding or local revenue funding needs to be identified to pay the commuted sum. Wherever possible, we seek to reduce the upfront cost of the commuted sum through design and aligning projects to Amey's programmed maintenance work, but these opportunities are limited following the Core Investment Period. A review of commuted sum liabilities will be undertaken for all projects at an early stage of project development to inform implications on future programmes.

3	<p>Constrained timescales to meet the Government direction for Air Quality and associated Clean Air Zone (CAZ) development and delivery</p> <p>Transforming Cities Fund (TCF) constrained timescales – still subject to decision</p>	<p>Funding from Government is available to resource the associated Clean Air Zone Feasibility Study, business case development and (subject to approval) implementation, but the scale and required speed of delivery is a significant challenge. Resources from across the Council have been brought into a virtual team during 2019/20 and this will be kept under review.</p> <p>Early engagement with key stakeholders and the public to clearly articulate the programme of work and its benefits. There has also been discussion around design and build contracts to ensure that the programme of works is delivered on time and within budget. Each scheme has been designed to be scalable, therefore opposition and scope creep can be managed within the programme.</p>
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5 HOUSING GROWTH

Increasing the city’s stock of new housing – for both sale and rent - through delivery by the Council, Registered Providers or private developers

1 Background and context

Cabinet has set out a commitment to build between 2,000 and 2,300 new homes each year by 2022 as part of its new Homes Delivery Programme (approved by Cabinet November 2018) to meet the growing need for more new homes. This commitment is set out in the Council’s Housing Strategy 2013-2023, which is due to be updated in 2020.

The 2013 Strategic Housing Market Assessment that informs this strategy and programme advised that 725 of new homes built each year should be affordable to meet the shortfall of affordable homes for rent and sale in the city. The draft 2019 SHMA is recommending that affordability has worsened since 2013, and advises that this figure should increase to an additional 902 affordable homes a year (70% social or affordable rent) to address this shortfall. The Council will work in partnership across the city to deliver this objective, using a wide mix of measures and utilising Government Grant Funding Programmes to increase the supply of new homes.

The Council will also increase its own social housing stock through its Stock Increase Programme. This will increase the number of new affordable homes for rent over the next 10 years to 3,100 by 2029. It is aiming to add 1,600 new properties up to 2023, funded from our Housing Revenue Account. We will deliver this through building new Council homes, acquiring existing homes to bring into the Council’s rental portfolio and bringing empty properties back into use.

2 Projects Completed in 2019/20

	Project	Impacts
1	Older Persons’ Independent Living (OPIL) and Learning Disability (LD) Accommodation Phase 3 (Wordsworth)	8 units of learning/disabilities accommodation delivered, increasing quality Learning Disability and Older Persons Independent Living stock, reducing care costs and releasing stock to wider market
2	Council Housing Stock Acquisitions	Acquisition of approximately 75 existing properties into Council Housing Stock, increasing supply of homes at affordable rent.

3 Current Projects In Delivery

These are existing projects which have already received Council approval. Their delivery spans a number of years.

	Project	Budget	Year(s)	Invest to save?	Funding source(s)	Outputs	Outcomes for Sheffield people
1	Council existing housing acquisitions programme	£32.9m	2021-25	N	Housing Revenue Account	TBC in programme	Increased Council housing stock to address housing register demand
2	Council New Build acquisition programme	£15.6m	2015/21	N	Housing Revenue Account	156 in programme	Increased Council housing stock to address housing register demand
3	Older Persons' Independent Living Phase 4a (Adlington)	£20.9m	2017-22	Y	Housing Revenue Account	132 units of OPIL accommodation delivered	Increase quality OPIL stock, reduce care costs and enable homes to be brought back into use for young people and families
4	New Council Housing Phase 2 (Weakland)	£65.7m	2015-20	N	Housing Revenue Account	36 units of accommodation delivered	Increased Council housing stock to address housing register demand
5	Learning Disabilities Accommodation Phase 4b (Adlington)	£1.4m	2017-20	Y	Capital receipts and Housing Revenue Account	8 units of learning/disabilities accommodation delivered	Increase quality LD stock, reduce care costs and enable homes to be brought back into use of young people and families
6	New Build Council Housing Phase 10	£13.8m	2019-22	N	Capital receipts, Housing Revenue Account, Homes England Grant	92 new affordable homes	Increased Council housing stock to address housing register demand

4 Top priority areas for consideration

These are initiatives which we are currently considering before we develop business cases and bring them forward for consideration for approval. They will be subject of separate Cabinet reports if, as and when they are brought forward.

	Project	Value	Year(s)	Funding source(s)	Outputs	Outcomes for Sheffield people
1	Land acquisition to increase pipeline of affordable housing	£7.0m	2018-2023	Growth & Investment Fund	Ha of brownfield land acquired to increase pipeline	Increased council housing stock to address waiting list

2	Strategic Site Assembly in Priority investment areas	£10.0m	2018-2023	Growth & Investment Fund	Ha of brownfield land acquired to increase pipeline	Increase number of housing of all tenures to meet identified needs
3	Asset Enhancement fund to de-risk SCC owned land	£5.0m	2018-2023	Growth & Investment Fund	Ha of brownfield land acquired to increase pipeline	Increase number of housing of all tenures to meet identified needs
4	SCC shared ownership model to retain SCC equity in land and to provide affordable housing for home ownership	TBC	2019-	Growth & Investment Fund	Model formulated for an off plan shared ownership model that is self-financing or can access external grants such as HRA.	Increase number of family dwellings
5	Newstead (Phase 5)	£25.0m	2021-23	Housing Revenue Account	207 unit scheme of OPIL, general needs accommodation	Increase quality LD and OPIL stock, reduce care costs and release stock to wider market
6	Temporary Accommodation	£7.2m	2021-23	Housing Revenue Account	60 units to provide temporary accommodation for families and single people	Accommodation provided funded by SCC to support vulnerable people.

5 Key challenges and how we are addressing them

	Challenge	Actions to address
1	Reductions in nationally-funded programmes and capital receipts (caused by economic climate and changes to Right to Buy legislation) have limited our ability to invest	Our introduction of the self-funded business model has created greater freedom for the Council to invest in its housing stock through contributions from the Housing Revenue account.
2	Identifying and releasing sites for private sector development in a timely manner, balancing delivery against commercial risks of flooding the market	Identification of priority sites pipeline and introduction of Key Account Holder Role.
3	Potential declining land values / capital receipts (linked to 2 above) limit our ability to invest	New project to support investment in sites to de-risk them.
4	Private sector development does not provide the required breadth of housing needed for Sheffield people	SCC to support private sector to develop housing to meet identified needs in Housing Market Areas.
5	Welfare budget reforms – impact on SCC rent	Work underway within the housing service to support tenants to ensure they can continue to pay rent, without evicting any tenants due purely to delays in receipt of Universal Credit

6 HOUSING INVESTMENT

Quality Council-owned housing stock for our tenants on well-managed estates

1 Background and context

This priority covers investment and asset management priorities for our Council-owned properties within the context of the wider business plan. The Council wants to deliver well-maintained homes, investing in priorities which improve the quality of our existing homes and tenants' quality of life. We also want to minimise the volume of (comparatively expensive) responsive repairs.

Council tenants should live in warm, dry, safe and secure properties which are as efficient to run as possible. These overarching principles inform our investment priorities. We will also continue to invest in keeping our residents safe, putting in place a number of fire prevention and fire safety measures for high rise blocks and high risk properties (including sheltered schemes) which we will be consulting on this year. We are minded to close remaining waste chutes in tower blocks and install a sprinkler system if appropriate.

This year we will also continue existing planned work programmes already identified as priorities with tenants. We will also continue to increase the number of homes in the Council's stock, and develop a clear plan for environmental improvements across the city. We will continue to work with tenants and residents to consider options for improving Gleadless Valley as part of this master-planning work. This may result in the need to bring forward capital investment from later years to begin delivering priority housing improvements in this area.

2 Projects completed in 2019/20

	Project and value (all years)	Impact
1	Hanover recladding (£3.7m)	Replacement cladding to tower block
2	External Wall Insulation Package 1 (£3.2m)	Improved energy efficient to 174 homes
3	Garage Improvements (£3m)	Approx. 3200 garages brought to appropriate standard.
4	Adaptations (£2.7m – in year)	Approx. 700 properties adapted to meet accessibility requirements

3 Current projects already in delivery (over £1.000m)

	Project	Budget (all years) (£m)	Year(s)	Invest to save?	Funding source(s)	Outputs	Outcomes for Sheffield people
1	Roofing Replacements Programme	£38.6m	2019-25	Yes	HRA	New roofing to approx. 6,400 properties.	Safe, water tight, structurally sound properties.
2	Electrical Strategy	£22.0	18-21	Yes	HRA	22,500 properties included for electrical rewiring	Safe homes which are compliant with electrical safety regulations and meet modern day standards
3	Adaptations (ongoing programme)	£10	20-25	Yes	HRA	2,400 properties anticipated to receive adaptation works	Accessible and fit for purpose homes
4	Obsolete Heating	£5.7	20-24	Yes	HRA	3,100 replacement boilers and / or heating systems installed	Warm and energy efficient homes
5	Heating Breakdowns	£3.7	18-24	Yes	HRA	3,924 appliances	Warm and energy efficient homes
6	Lift Maintenance	£2.2	18-24	Yes	HRA	25 new lifts fitted	Reliable and safe access to properties

4 Potential priority areas / projects under consideration (over £1m)

These are initiatives which we are currently considering before we develop business cases and bring them forward for consideration for approval. They will be subject of separate Cabinet reports if, as and when they are brought forward.

	Project	Value £m	Year(s)	Funding source(s)	Outputs	Outcomes for Sheffield people
1	Roofing and Roofline	£44.1	19-24	HRA	New roofs, pointing, render and rain water goods.	Water tight, warm homes
2	Communal Areas	£21.2	19-24	HRA	Improved communal areas to maisonette	Attractive and safe environment to live

					blocks	
3	Walls, Pointing, Render	£18	19-24	HRA	Render, improved cladding and rain water goods.	Water tight, warm homes
4	Health & Safety Environmental Works	£17	19-24	HRA	Improved communal spaces, walls / steps path ways	Contribute to a safe environment, improved access.
5	Electrical Strategy (Future Phases)	£16.1	21-24	HRA	Electrical rewiring	Safe homes which are compliant with electrical safety regulations and meet modern day standards
6	Kitchens & Bathrooms	£15.5	19-24	HRA	Replacement of Kitchens and bathrooms	Modern Homes
7	Sprinklers	£15	19-24	HRA	New sprinkler and fire suppression systems	Safe homes which are compliant with fire safety assessments
8	External Wall Insulation Packages 2-4	£12.6	19-23	HRA	Council Dwellings	Warm and energy efficient homes
9	Gleadless Valley Regeneration	£12.3	19-24	HRA	Regenerated homes and attractive neighbourhood	Attractive environment and sustainable homes.
10	Boundary Walls, Fencing	£8.6	21-24	HRA	Property boundary treatments.	Attractive and safe environment to live.
11	Community (District) Heating	£6.3	19-24	HRA	Council Dwellings	Warm and energy efficient homes
12	Plastering	£6.3	18-24	HRA	Re-plastering works	Modern homes
13	Windows & Doors (inc. Deer Park)	£3.8	19-24	HRA	Council Dwellings	Warm and energy efficient homes
14	Waste Management	£2.5	19-22	HRA	Communal Spaces	Contribute to the city's environmental strategy and improved environment for residents
15	Non Traditional Structural	£2.4	20-21	HRA	Council dwellings	Structural repairs combined with external wall insulation

5 Key challenges and how we are addressing them

	Challenge	Actions to address
1	Inflation and increase in interest rates	Modelling inflation / interest rates through the Housing Revenue Account (HRA) Business Plan and the effect of changes on the programme
2	The implementation of Welfare Reform and Universal Credit in late 2018	Work will continue to support tenants who are affected by changes to welfare reform changes and Universal Credit to ensure they can afford to manage their home, continue to pay rent and other charges, without evicting any tenants due purely to delays in receipt of Universal Credit
3	Any future impact of changes to national policies	Working directly with Government to address any future policy changes and, impacts on the HRA Business Plan
4	Increase in the number of 'right to buys' which reduces the levels of Council-owned stock	Modelling within business planning to mitigate funding pressures; build and acquire new Council houses (see 'Housing Growth' section) and maximising grant from the Government to reduce costs for the HRA Business Plan

7 LOVE WHERE YOU LIVE

Making our neighbourhoods good places to live and ensuring that all of our communities are treated with respect

1 Background and context

We care about making Sheffield's neighbourhoods good places to live. We are committed to listening to our citizens about the things that matter to them, making improvements and getting the basics right. Every part of our city should have a clean physical environment with well-maintained roads, green and open spaces, and sports, leisure and play facilities that are open to all. We want people to feel secure in their local area and, working with residents and local groups, we want to build communities that are safe and sociable, and where people are protected from the dangers of things like rogue traders, environmental or housing hazards, and neighbour nuisance.

A major proportion of the Council's revenue spending is invested in maintaining the city's neighbourhoods on a day-to-day basis including services like waste management, licensing, parking services, pest control, trading standards, health and environmental protection, parks and green estates, public health, neighbourhood housing management, tenant support and housing repairs and maintenance.

Our decisions about where to invest capital funding need to enhance the significant investment that the Council already makes to support our love where you live ambition. We can achieve this by putting investment into activities that:

- Improve public health by ensuring that people live in neighbourhoods that are safe, clean and sustainable;
- Deliver green and open spaces which are well-managed and maintained;
- Provide people with access to quality sports, leisure and play facilities;
- Support people to influence and shape where they live so that our neighbourhoods are safe and sociable.

2 Projects completed in 2019/20

	Project and value	Impact
1	Brown Bin Implementation £4,488,500	Improved recycling offer to residents
2	Pipworth Rec Sustainable Drainage £535,000	Improved drainage facilities to facilitate new housing development

3 Current projects already in delivery

	Project	Value	Year(s)	Funding source(s)	Outputs	Outcomes for Sheffield people
1	Replacement Cremators City Road	2,478,000	2019/20 – 20/21	Prudential Borrowing	Renewed Infrastructure at Crematorium	Improved infrastructure / reduced environmental impacts
2	General Cemetery Phase 2	3,881,420	2019/20 – 23/24	Heritage Lottery Fund, S106, Revenue Contribution, Capital Receipts	Address structural / infrastructure repair issues. Conserve and interpret the heritage Create a safe and more accessible public park	Provision of improved public space.

4 Potential priority areas / projects under consideration

In addition to the projects that are already being delivered, a programme of new projects for 20/21 is being developed in response to our Love Where You Live priorities and matters that are of most concern to our citizens.

This will involve developing business cases and Cabinet reports as required for specific initiatives, setting out the benefits of investment and bringing these forward for approval. The current 5-year allocation covers the capitalisation of bond payments regarding our major sporting facilities.

	Project	Value	Year(s)	Funding source(s)	Outputs	Outcomes for Sheffield people
1	Leisure review	TBC	TBC	TBC	A review of Sport, activity, Leisure Centre, swimming and entertainment assets to ascertain investment need and funding strategies.	A fit-for-purpose, well maintained and accessible leisure centre and entertainment offer.

5 Key challenges and how we are addressing them

	Challenge	Actions to address
1	Limited revenue funding for initial project development and feasibility work to assess things like return on investment and likelihood of achieving benefits	Review of governance of the Corporate Investment Fund to ensure investment in development of projects that best fit with strategic priorities and that are most likely to deliver financial and non-financial benefits
2	Identifying and securing match funding for capital investments and complying with match funding requirements	Explore and identify options for external funding working with finance and legal services to ensure that the match funding requirements are understood and can be complied with
3	Ensuring alignment with delivery partner priorities where this is relevant	Collaborative working with delivery partners at strategic and operational levels

Parks, playgrounds and green spaces which are well-used and our residents are proud of.

1 Background and context

This priority focuses on a dedicated strand of works from the 'Love Where You Live' priority. Funded primarily from either s.106 contributions from developers which are required to be spent on green spaces - or from Public Health monies committed to reduce health inequalities in green spaces - this priority aims to restore and enhance civic pride in our parks, playgrounds and green spaces. Far from being left to slide into decline, we are ambitious for these precious assets and are investing as much as we can to ensure they remain accessible, safe and well-used.

The Council undertakes a wide range of improvements, including replacing worn and dated playground equipment, restoring green spaces, enhancing biodiversity and promoting accessibility for all our citizens – by repairing footpaths, replacing stiles, aiding interpretation and reducing vandalism and fear of crime.

Local authorities have a statutory duty to improve the health of the people who live in their areas under the 2012 Health and Social Care Act. The importance and significance of well designed, safe and accessible green space in achieving this duty should not be underestimated. Sheffield has a proud tradition of well-maintained parks and green spaces, and this priority demonstrates our commitment to ensuring this high quality is maintained and improved upon, even in challenging financial circumstances. Indeed, this priority is taking on greater importance with the emerging 'wellness' agenda. Evidence of the positive impacts of good quality green spaces on physical and mental health and wellbeing has seen an increase in GPs prescribing outdoor activities in nature to promote as an alternative to traditional medicines. This priority is key to supporting this shift in practice.

2 Projects completed in 2019/20

	Project and value	Impact
	Burngreave Green Space improvements (Wensley St, Nottingham Cliff and Denholme Close)	Play improvements, Access improvements, Sight-line
2	Colley Park improvements Phase 2	Landscape improvements -Improved sight-lines Play provision

3	Environmental Improvements Project	Works to Grange Road, Birley Spa, Silkstone Ravine and Bowman Drive. Access improvements Habitat improvements
4	Parson Cross Park – access improvements.	New Path creation
5	Weston Park – band stand refurbishment	Improved heritage facility – refurbished bandstand

3 Current projects already in delivery

	Project	Budget (£) (all years)	Year(s)	Invest to save?	Funding source(s)	Outputs	Outcomes for Sheffield people
1	Play improvement projects (phases 3 and 4)	£180k	2019 & 2020	No	S106 & Public Health Funding	Improved play & recreational opportunities Green Space Quality Play Value	Works to Broadfield Road Open Space, Batemoor Road Open Space, Darnall Community and Phillimore Parks, Mortomley Park, Upper Hanover Playground, Ruskin Park, Lydgate Lane Improved Health and Wellbeing for children and families Increase in community pride and value
2	Norton Woodseats Cricket Pavillion	£421k	2019/20 – 20/21	No	S106 & Sport England	Improved Sporting Facilities	Increased number of users of site. Improved health & wellbeing
3	Sheffield Lakeland Partnership	£196k	2019/20 – 21/22	No	Heritage Lottery Fund & Timber Sale Income	Improve access, biodiversity and resilience to trees in North West Sheffield Generate new timber income for SCC Move from commercial forestry toward a sustainable woodland	A more connected and resilient landscape A better landscape for all to learn about, value, experience, and enjoy More joined up natural environment for people and wildlife
4	Ponderosa Active Play Improvements	£187k	2019/20	No	S106, Public Health Funding / parks Improvement Fund	Improved play and recreational facilities	Increased usage of site. Improvements to health & wellbeing
5	Parson Cross Park –	£70k	2019/20	No	S106	Skate Park	Improved Health and Wellbeing for local communities

	Project	Budget (£) (all years)	Year(s)	Invest to save?	Funding source(s)	Outputs	Outcomes for Sheffield people
	Skate Park.		– 20/21			Provision	
6	Shirebrook Valley Visitor Centre – renewal	£180k	2019/20 – 20/21		Public Health Funding	Re-configuration and modernisation of internal space of the visitor centre – to make fit for purpose.	Educational opportunities Community cohesion
7	Southey Ward Green Space improvements (Cookson Park, Foxhill Rec and Wolf Road Park)	£61k	2019/20 – 20/21		S106 and Public Health	Play improvements Access improvements Sight-line improvements Informal Recreation improvements	Reduced ASB Improved Health & Wellbeing for children and families Increase in community pride and value Improved biodiversity
8	Ecclesall Woods – access and habitat improvements	£16.2k	2019/20 – 20/21		S106	Access improvements Habitat improvements and associated access controls	Improved biodiversity Improved Health and Wellbeing Improved woodland accessibility

4 Potential priority areas / projects under consideration

These are initiatives which we are currently considering before we develop business cases and bring them forward for consideration for approval. They will be subject of separate Cabinet reports if, as and when they are brought forward. A number of additional potential projects are also currently being considered by Members. However, funding will need to be sought for any agreed projects, and this will be discussed over the coming months.

	Project	Value	Year(s)	Funding source(s)	Outputs	Outcomes for Sheffield people
1	Masterplan implementation projects	£1m +	2019/20	s.106, external funding including HLF	A 'whole site' approach taken to a number of sites, including	Sites which, following consultation with local people, are well used by all sections of the local community.

					Ponderosa Park, Bannerdale Green Spaces, Mather Road Recreation Ground, Ecclesfield Park, Parkwood Springs and Hillsborough Park, Parson Cross Park	
2	Access and environmental improvements	c. £150k	2019/20	s.106	Delivering safe, clean, welcoming and accessible sites at Sky Edge, Arbourthorne Playing Fields, Corker Bottom / Manor Playing Fields, plus small-scale environmental improvements	Sites which, following consultation with local people, are well used by all sections of the local community.

5 Key challenges and how we are addressing them

Challenge	Actions to address
Section 106 monies will become depleted and are likely to be exhausted by 2020.	Proactively seek alternative funding sources to replace section 106; ensure we can evidence benefits to maximise our chances of success. Progress the 'Better Parks' initiative to selectively seek out and secure appropriate increases in income (such as more and better catering opportunities, increased social value initiatives and new franchises and activities/events) on appropriate sites. We must however ensure we maintain the balance between peace and tranquillity and income generating activity.
Quantifying the outcomes for our communities.	This is required in order to evidence benefit to current (e.g. Public Health) and future funders. A project is underway to scope measurable metrics, such as activity levels and usage.
Prolonging asset life in challenging financial circumstances.	Engagement of and consultation with local communities at planning stage pays dividends in reducing vandalism when the works are complete. We also often undertake improvements to sight-lines and boundaries as part of our works, minimising vandalism and ensuring people feel safer using the facilities. We allocate funds for maintenance (currently five years) as part of our project approvals. And we are currently developing an asset management strategy for our play equipment to strike the right balance between efficient and effective asset management whilst ensuring that the equipment choices of funders (such as local 'Friends Of' groups) can be accommodated as much as possible.

8 PEOPLE: CAPITAL AND GROWTH

Improving and maintaining the quality of provision and services for all our citizens, ensuring we are meeting the needs of our diverse communities; improving the quality of life for our citizens for the whole of their life.

1 Background and context

The People Services Portfolio supports children, young people and their families, adults and communities. It has three key areas of focus:

- Improving demand for services by shifting from crisis response to a greater focus on early intervention and prevention, ensuring we listen to the people who use our services and work with our partners to do the right thing at the right time.
- Ensuring that there is high-quality, diverse and robust care and support for our customers, providing good value for money for the Council.
- Developing our workforce, making sure we have the right-sized staff groups, enabled by effective systems and supported to develop their skills.

Underpinning this is an 'all age' approach to disability-related services across the portfolio. This supports individuals from childhood through to old age in a consistent and seamless way, without barriers or difficult transition points.

The quality of children's school experiences is fundamental to their later life chances. Children who experience high quality teaching and learning are much more likely to experience positive outcomes, such as sustained employment, good mental and physical health, and avoidance of poverty and increase social mobility.

A significant element of the People: Capital and Growth Programme has been prioritised around ensuring the Council meets its statutory duty to provide sufficient quality school places in environments that are fit for purpose. This has resulted in a £100m programme of new schools and refurbishment projects. Oasis Don Valley, Astrea Academy, Mercia Academy and Ecclesall Primary are shining examples of the new state of the art education facilities available to Sheffield children.

The Council has a responsibility to ensure the People estate is fit for purpose and supports effective service delivery. There is a significant backlog of outstanding maintenance, which it is making headway in tackling against an extremely challenging financial context.

Clearly it is important to maximise all capital grant funding available to the Council. Existing strategies and policies around investment opportunities such as Disabled Facilities Grants (DFG) are being reviewed to ensure the impact is improving the quality of life for residents of all ages.

2 Projects completed in 2019/20

	Project and value	Impact
1	Astrea Academy £28.6m	New school delivering 2 form entry primary, 5 form entry secondary and 6 th form provision
2	Don Valley Academy Sports Provision £1.3m	Reconfiguration of EISS facilities to accommodate school indoor sports facilities
3	Whole Family Case Management £2.9m	Capital costs of implementation of new social care IT system
4	Fire Risk Assessment Works £3m	Fire Risk Assessment at various school sites

3 Current projects already in delivery

	Project	Budget (£) (all years)	Year(s)	Invest to save?	Funding source(s)	Outputs	Outcomes for Sheffield people
1	Disabled Facilities Grants	Approx £2.8m p.a.	On going	No	Department of Health	Adapted properties	Suitably adapted properties which meet people's needs
2	Minor Works Grants	Approx. £150k p.a.	Ongoing	No	Department of Health	Improvements to private homes	Improved homes for local people
3	Aldine House 2 Bed Extension and MUGA	£2.5m	2019/20 – 20/21	No	Department For Education	Increased beds and facilities for looked after children	Improved facilities for looked after children
4	Shooters Grove Primary Electrical Works	£687k	2019/20 – 20/21	No	Department For Education	Full electric rewire of school	School facilities fit for purpose.

4 Potential priority areas / projects under consideration

These are initiatives which we are currently considering before we develop business cases and bring them forward for consideration for approval. They will be subject of separate Cabinet reports if, as and when they are brought forward.

	Project	Value	Year(s)	Funding source(s)	Outputs	Outcomes for Sheffield people
1	Specialist provision	£1.8m	2019-21	Capital Grant – Education & Skills Funding Agency (ESFA)	TBC	Supporting the increasing needs of children and young people with special educational needs and disabilities (SEND).
2	Early years' provision	TBC	2019-20	Capital Grants – allocated to individual providers – Education & Skills Funding Agency (ESFA)	TBC	Ensuring Sheffield's children have the best possible start in life through supporting schools to deliver quality provision.
3	Children's Social Care Capital Investment	c.£3.5m	2020 onwards	Strengthening Families – Invest to Save	Appropriate Residential Care for young adults and children on the edge of care.	Improved ability to accommodate young adults and children on the edge of care within the city.
4	Building condition	TBC	2020 onwards	Capital Grant – Education & Skills Funding Agency	Programme of repairs and upgrades to a range of schools	Well-maintained schools buildings which ensure our children are educated in fit-for-purpose learning environments.
5	People's estate and infrastructure	TBC	2020 onwards	TBC	TBC	Fit-for-purpose property and infrastructure which supports an integrated services delivery model.

5 Key challenges and how we are addressing them

	Challenge	Actions to address
1	<p>School Places: Risk that advance investment in new or expanded schools (£11m) is not repaid from future government funding allocations.</p>	No commissioning of new school places that requires significant capital investment from Basic Need. New school places/capital opportunities from other Department for Education programmes to be maximised.
	<p>Specialist Provision: Significant growth in need an complexity of special education provision.</p>	SCC has been successfully included in the Specialist Provision Free School Programme which will result in 2 new schools (160 places) funded and delivered by the DfE by 2022.

		A modest capital grant to support the delivery of specialist education provision has been allocated to SCC by DfE. The challenge will be to manage all of the emerging requirement within the budget allocated.
2	<p>Building Condition:</p> <p>Backlog maintenance is currently estimated at £95m. Existing resources of around £2.7m annually are largely absorbed by reactive maintenance and certain elements require urgent renewal.</p> <p>Annual reduction to the Building Condition Grant allocated to Local Authorities as more schools transfer to Academy Status. Demands on the capital budget will also decrease proportionately. However, significant challenges relating to the condition of the primary estate remain. The reduction in Building Condition funding leaves a disproportionate number of schools in a worse condition within the council's control</p>	<p>Prioritise repairs on a 'worst first' basis, whilst aggregating requirements wherever possible to maximise efficiency of delivery. Continue to lobby DfES for additional funding. Consider making funding requests to the Corporate Investment Fund to tackle this backlog, prioritising schools which will remain in the City's control. Opportunities for SCC Schools to be included in DfE funded significant refurbishment and rebuild programmes will be maximised.</p>
3	<p>Children's Social Care:</p> <p>Increase in demand for Children's services with higher referrals into social care system. There is a clear strategy to manage demand, improve supply of provision and performance. This may involve more innovative and different delivery methods which could require capital investment to implement.</p>	<p>A clear business case approach to capital investment will focus on ensuring the impact of any changes is effectively monitored and achieving the outcomes set out.</p>
4	<p>Adult Social Care:</p> <p>Keeping people out of hospital and accessing the right care in their own homes and communities.</p> <p>Increasing the independence of adults of working age</p>	<p>Work closely with colleagues in Health and Social Care and Housing to enable people to remain in their homes as long as possible and avoid unnecessary hospital admissions.</p> <p>Work closely with colleagues in Health, Social Care and Housing to ensure the right type of accommodation is available in the right areas.</p>

10 HEART OF THE CITY II

A vibrant and attractive 'destination' City Centre which creates more good jobs for Sheffield people, attracting new investors, visitors and residents to the city centre.

1 Background and context

Heart of the City II is one of Sheffield's key economic projects. Backed by Sheffield City Council alongside its strategic delivery partner Queensbury, the scheme will contribute positively in social and economic terms, making the city centre a more dynamic place to live and work.

In addition to encouraging new retailers to the city centre, the scheme will provide Grade A office space, two 4 or 5 star hotels, residential developments, restaurants and cafes, leisure destinations, parking and stunning public realm – all creating the type of high quality central quarter that helps attract jobs and investment.

The scheme will bring together the old and the new, maintaining the existing street patterns and balancing heritage with striking new architecture and unique outdoor squares and spaces. Rooted in the city's unique character, it will help knit together The Moor, the Devonshire Quarter and Fargate, providing a new home for Sheffield's cultural, commercial and creative trailblazers.

2 Projects completed in 2019/20

	Project and value	Impact
1	HOC2 Phase 1 occupation	With the occupation by HSBC of its new office space, further letting has been secured with retailers Monki and Weekday opening and with legal firm CMS Taking the remaining 25,000 office space. The block is now more than 90% occupied with further interest for the remaining units.
2	HoC2 Block F Trafalgar Works	Following a competitive tender process the site has been secured by developer Angelo Gordon who will build circa 300 residential properties of varying size. This will increase the residential offer in the city centre and provide a link with HoC2 and the Division Street/ Devonshire Green areas.
3	HoC2 Block G1 38 Carver Street	Following a competitive tender process the block has been secured by operator Staton Young and will be refurbished to provide co-working and business start-up accommodation. This will bring back into life a key office building currently vacant and subject to vandalism

3 Current projects already in delivery

	Project	Budget (£)	Year(s)	Invest to save?	Funding source(s)	Outputs	Outcomes for Sheffield people
1	HOC2 Land Acquisitions and Feasibility work	£2.9m remaining expenditure	Oct 13 - Mar 22	No	Prudential Borrowing	All land interests secured and final payments settled.	<p>The HoC2 projects are collectively providing a high class mixed use development in the heart of Sheffield City Centre, enabling Sheffield to have an improved retail and leisure offer and increased vibrancy through the creation of Office and Residential accommodation.</p> <p>This very first stage of the project was to bring the land ownership into the Council's hands so that it can control the quality and pace of development and to carry out initial feasibility work to develop a viable delivery masterplan.</p> <p>The £2.9m is the remaining forecast expenditure of a £66.4m total budget.</p>
2	HoC2 Block A Palatine	£3.0m Remaining expenditure of a £4.3m budget	Sep 18 - May 20	No	Prudential Borrowing	Pre- construction phase of development of mix of Hotel, Office and retail units with pre-conditions satisfied to move the project into the construction phase with necessary budget approval	Bringing increased vibrancy to the buildings in key corridor in the city centre attracting visitors, jobs and residents.
3	HoC2 Block B Laycock	£14.6m Remaining expenditure of a £17m budget	Sep 18 – Mar 22	No	Prudential Borrowing	Circa 60 residential units, small office and ground floor retail	Increased residential offer in the city centre helping to make the city centre a 24 hour economy.
4	HoC2 Block C Pepperpot	£15.7m Remaining expenditure of a £18.1m budget	Sep 18 – Dec 21	No	Prudential Borrowing	Office accommodation and ground floor retail	Increased office capacity in the city centre attracting inward investment.
5	HoC2 Block E Telephone	£2.4m	Sep 18 –	No	Prudential Borrowing	Asbestos removal and	Bringing back into life a number of previously

	Project	Budget (£)	Year(s)	Invest to save?	Funding source(s)	Outputs	Outcomes for Sheffield people
	House Retail	Remaining expenditure of a £2.85m budget	Mar 21			refurbishment of retail units and car park refurbishment	vacant properties and improved exterior of the multi-story car park.
6	HoC2 Block G Wellington Street	£4.9m Remaining expenditure of a £5.2m budget	Sep 18 – Dec 21	No	Prudential Borrowing	Pre- construction phase of development of mix of Hotel, Office, Car parking and retail with pre-conditions satisfied to move the project into the construction phase with necessary budget approval	Increased high quality office capacity in the city centre attracting inward investment, increased car parking capacity serving the city centre offer.
7	HoC2 Block H Henrys	£1.6m Remaining expenditure of a £4m budget	Sep 18 – Sep 20	No	Prudential Borrowing	Pre- construction phase of development of mix Leisure, Food, Office and retail with pre-conditions satisfied to move the project into the construction phase with necessary budget approval	Increased leisure offer in the city in a cutting edge food hall concept combined with further grade A office space
8	HoC2 Block H1 Leah's Yard	£4.0m Remaining expenditure of a £4.5m budget	Sep 18 – Mar 21	No	Prudential Borrowing	Pre- construction and stabilisation phase of development of Listed building with pre-conditions satisfied to move the project into the construction phase with necessary budget approval	Bringing back into life iconic heritage building.
9	HoC2 Infrastructure & Public Realm	£7.3 Remaining expenditure of a £7.5m budget	Oct 18 – Mar 22	No	Prudential Borrowing	Development wide planning and delivery programme for the infrastructure and public realm	Improved street grid and high quality public spaces.

4 Future phases

These specific projects form an integral part of future phases of the Heart of the City II project. Further work will be required to develop these individual business cases in order to finalise the design and ascertain the cost of these elements. Once that work is complete they will be the subject of separate Cabinet reports to formally add them to the Capital Programme in the years indicated in the table below.

	Project	Value*	Year(s)	Funding source(s)	Outputs	Outcomes for Sheffield people
1	HoC2 Block A Palatine	£56.7m	May 20- Aug 22	Prudential Borrowing	Construction phase of development of mix of Hotel, Office and retail units subject to meeting pre-conditions and necessary budget approval	Bringing increased vibrancy to the buildings in key corridor in the city centre attracting visitors, jobs and residents.
2	HoC2 Block E Telephone House Retail	£3m	Apr 21- Mar 22	Prudential Borrowing	Final unit fits outs for retail / leisure spaces .	Bringing back into life a number of previously vacant properties and improved exterior of the multi-story car park.
3	HoC2 Block G Wellington Street	£89m	Dec 21- May 23	Prudential Borrowing	Construction phase of development of mix of Hotel, Office, Car parking and retail subject to meeting pre-conditions and obtaining necessary budget approval	Increased high quality office capacity in the city centre attracting inward investment, increased car parking capacity serving the city centre offer. This site may be offered to the market to be delivered by third party developer(s).
4	HoC2 Block H Henrys	£52m	Jul 20- Dec 22	Prudential Borrowing	Construction phase of development of mix Leisure, Food, Office and retail subject to meeting pre-conditions and obtaining necessary budget approval	Increased leisure offer in the city in a cutting edge food hall concept, combined with further grade A office space. This block may be developed in separate phases.
5	HoC2 Block H1 Leahs Yard	£3m	Jan 20 – Dec 21	Prudential Borrowing	Fit-out phase of development of Listed building subject to meeting pre-conditions and obtaining necessary budget approval	Bringing back into life iconic heritage building.

* N.B. all values in this column show the remaining expenditure for infrastructure relating to the construction phase of each block in addition to pre-construction budget above

5 Key challenges and how we are addressing them

	Challenge	Actions to address
1	Managing costs within budget and keeping to programme in an increasingly challenged construction sector with inflationary pressures	Review and manage procurement routes to secure most competitive appointments. Pass risk on the contractors when/where appropriate. Strong project management.
2	Changing UK retail market leading to lack of demand for retail and/or more aggressive commercial terms being demanded.	Ongoing review and consideration for finalised design of each of blocks to maximise market appeal. Proposed pre-letting hurdles before moving to construction phase.
3	Lack of demand for increased office space leading to empty properties or displacement elsewhere in the city.	Analysis and review of office market demand. Consideration for finalised design of each of blocks to maximise market appeal. Consider pace of development to ensure there isn't oversupply.
4	Changing investment yields caused by increased uncertainty over Brexit leading to lower than expected exit values.	Ongoing review of exit strategies. Consider holding properties for a period until properties are successfully trading and yields increase.

11 ESSENTIAL COMPLIANCE AND MAINTENANCE

Ensuring legal and regulatory compliance for our corporate accommodation estate, improving its fitness for purpose for the customers we serve and our workforce when budgets allow. Spending on essential maintenance works to avoid further deterioration in the building fabric which will then cost more to repair. Improving the energy efficiency of our estate to reduce our carbon footprint and save money on energy bills

1 Background and context

Sheffield City Council has a portfolio of over 900 built assets - many of which are buildings - from which it delivers services to the community. These buildings are physical assets which need to be properly maintained to ensure that they continue to function as efficiently and effectively as possible – and comply with our statutory obligations - to support our delivery of a wide range of services.

The deterioration of buildings due to the lack of maintenance can lead to future financial burdens, pose health and safety risks, create legal liabilities and a range of other issues that affect the delivery of services. The maintenance of buildings is critical to the proper management of physical assets, ensuring we provide an appropriate environment for customers, staff and other users of our buildings.

A programme for the management of maintenance is required to provide a consistent approach to the planning, management and reporting of building maintenance within the current challenging financial environment.

Linking into the “Sheffield Land and Property Plan”, the aim of the Essential Compliance and Maintenance Programme is to set out what short, medium and long term investments are needed to co-align with the outcomes signposted in that Plan. We must ensure we prioritise our spend effectively and have already rationalised our corporate estate. Further work is ongoing in this regard. Rather than trying to spread money across the entire corporate estate – which would leave no money for other priorities – we must ensure we invest according to our new mantra: “Right asset, right place, right time, right decision”. An Asset Management Strategy has been developed and a rolling programme of condition surveys is underway to support this activity.

The Council’s Strategic Objectives are all supported by services that deliver them - working from the council’s Operational Estate. If parts of that estate are no longer able to remain open due to failures in the fabric or infrastructure of a building, it will impact directly on the ability of those services to deliver these objectives.

2 Projects completed in 2018/19

	Project	Value	Impact
1	Fire Risk Assessment Mitigation	£585,000	Delivery of suitable fire precautions to meet statutory compliance across the estate
2	Electrical Works	£69,000	Re-wiring/replacement of distribution boards to maintain electrical installation in safe condition
3	Roofing	£69,000	Replacement of failed flat roofing
4	Windows and Doors	£143,000	Replacement of fenestration in danger of failure
6	Moorfoot Lifts	£1,896,000	Refurbishment of lifts in civic buildings
7	Paths and Surfacing	£173,000	Maintenance of paths and hard surfacing in Parks and Cemeteries, mitigating potential injuries and claims from slips, trips and falls
8	Dams and Water Courses	£225,000	Maintenance of dams and watercourses to prevent potential breaches and subsequent flood risk
9.	Mechanical Works	£464,000	Planned replacement of failing mechanical installations

3 Current projects already in delivery

	Project	Budget (Future years)	Year(s)	Invest to save?	Funding source(s)	Outputs	Outcomes for Sheffield people
1	Fire Risk Assessment red tape Studio	£493,000	2019/20 – 20/21	No	Growth and Investment Fund	Delivery of suitable fire precautions to meet statutory compliance	Safe premises for our customers and staff.
2	Dams & Water Courses	£60,000	2019/20 – 20/21	No	Growth and Investment Fund	Maintenance of dams and watercourses to prevent potential breaches and subsequent flood risk	Protecting property and livelihoods from flood risk.
3	Structural Surveys	£220,000	2019/20 – 20/21	No	Growth and Investment Fund	Robust	Reliable and more efficient heating for our customers and staff.

4 Potential priority areas / projects under consideration

These are initiatives which we are currently considering before we develop business cases and bring them forward for consideration for approval. They will be subject of separate Cabinet reports if, as and when they are brought forward and represent those minimum essential elements of building maintenance required to keep the Council's estate compliant.

	Project	Value	Year(s)	Funding source(s)	Outputs	Outcomes for Sheffield people
1	Fire Risk Assessment Mitigation	£2.7m		Corporate Investment Fund	Delivery of suitable fire precautions to meet statutory compliance	Safe premises for our customers and staff.
2	Electrical Works	£0.4m		Corporate Investment Fund	Re-wiring/replacement of distribution boards to maintain electrical installation in safe condition	Safe premises for our customers and staff.
3	Roofing	£1.2m		Corporate Investment Fund	Replacement of failed flat roofing	Weathertight premises for our customers and staff, safeguarding the fabric of the building; improved energy efficiency.
4	Windows and Doors	£1m		Corporate Investment Fund	Replacement of fenestration in danger of failure	Weathertight premises for our customers and staff, safeguarding the fabric of the building; improved energy efficiency.
5	Structural Repairs	£1.4m		Corporate Investment Fund	Repair of major structural elements to prevent deterioration of building fabric	Safe premises for our customers and staff; avoiding deterioration to the building fabric to mitigate against further expensive repairs.
6	Lift Refurbishment	£0.3m		Corporate Investment Fund	Refurbishment of lifts in civic buildings	Reliable, accessible lifts for our customers and staff.
7	Paths/Surfacing	£1m		Corporate Investment Fund	Maintenance of paths and hard surfacing in Parks and Cemeteries, mitigating potential claims from slips, trips and falls	Safer paths to minimise injuries to our customers and staff.
8	Dams & Water Courses	£1m		Corporate Investment Fund	Maintenance of dams	Protecting property and livelihoods from flood

					and watercourses to prevent potential breaches and subsequent flood risk	risk.
9	Mechanical Works	£2.5m		Corporate Investment Fund	Planned replacement of failing mechanical installations	Reliable and more efficient heating for our customers and staff.
10	Town Hall	£5.9m		Corporate Investment Fund	Fire precautions, electrical installation, mechanical installation	Safe premises for our customers and staff.
11	Central Library	£9m		Corporate Investment Fund	Structural Repairs, fire precautions, mechanical installation	Safe premises for our customers and staff.
12	Moorfoot	£5.6m		Corporate Investment Fund	Mechanical installation, thermal performance	More efficient premises to minimise our environmental impacts.
13	Howden House	£0.8m		Corporate Investment Fund	Fitness for purpose	Safe and efficient premises for our customers and staff.
14	Millennium Gallery	£1.1m		Corporate Investment Fund	Lifecycle maintenance	Proper lifecycle maintenance for a city centre asset.

5 Key challenges and how we are addressing them

	Challenge	Actions to address
1	Obtaining granular data on the Condition, Utilisation, Suitability and Quality of buildings that make up the council's estate	We have established a rolling programme of Condition Surveys and are currently undertaking Condition Surveys to gather this data. This will however take some time to cover all properties.
2	Strategic review of the core council estate, to concentrate maintenance investment in viable buildings and divest those buildings that are surplus to core delivery	Working with Members and officers in Property and the wider Council to understand and implement the Corporate Asset Management Strategy.
3	Insufficient funding to adequately maintain the existing corporate estate in a satisfactory condition	Identify available funding and judiciously invest it to maintain the core estate in a satisfactory condition. Accept that lack of funding will lead to the closure of non-core property due to lack of maintenance investment.

A1 CORPORATE INVESTMENT FUND (CIF) POLICY

This appendix 1 sets out our proposed policy for the Corporate Investment Fund (CIF).

1 Background

The Corporate Investment Fund (CIF) was created in 2017/18 in order to provide a single coordinated fund to prime economic and housing growth activity in the city. It is comprised of a range of individual funding streams – New Homes Bonus, Community Infrastructure Levy (CIL), section 106 and elements of the Corporate Resource Pool (CRP). It is the Council's structure for managing discretionary capital funding.

Historically, the CRP had been made up largely of capital receipts from the sale of surplus council land and assets. It was used to fund investment needs not met by Government funding, such as backlog maintenance demands / core repairs and unplanned failures of large critical assets or other property losses caused by natural disasters (such as the floods in 2007).

CRP was also used to demolish empty properties to redevelop land for sale. This brought benefits to the Revenue Budget by reducing the costs of safeguarding vacant properties, as well as replenishing the CRP.

With the advent of the New Homes Bonus and Community Infrastructure Levy as further “unrestricted” funds available for investment at the discretion of the authority, it was decided to combine the income from these new funding streams with those previously included in the CRP (i.e. Capital Receipts). Together, these create the Corporate Investment Fund (CIF). It is therefore a blend of restricted and unrestricted funds.

The national programme of expenditure reductions has increased the importance of this facility as central government support has decreased. We may be required to use our own resources to fund essential infrastructure. And we also need to maintain sufficient funds to match - often at short notice - those available from external funders like the European Union, Heritage Lottery Fund, Sport England etc. in order to lever in funding to replace that lost from Central Government.

2 Purpose of the Corporate Investment Fund (CIF)

The GIF is intended to fund investment projects which cannot attract other sources of funding. This may include maintenance of our corporate buildings, or projects which have attracted external funding but require an element of matched funding in order to proceed. It may also provide funding for growth projects – whether as core funding or feasibility funding – which generate sustainable growth for everyone in the city.

3 Risks and demands on the CIF

Key risk factors on the ability to allocate the CIF relate to the uncertainty surrounding the income flows from the key components of capital receipts, New Homes Bonus and Community Infrastructure Levy.

Payment of Capital Receipts will continue to be subject to the inherent risk in all property and land transactions, such as local / national economic factors and the housing market. Furthermore, the application of the Affordable Housing Policy, to address the citywide affordable housing shortfall, will affect the level of capital receipts generated, although potential reductions may be partially offset by future Council Tax and New Homes Bonus. The Council will also receive s106 commuted sum (on and off site) contributions for the provision of new affordable housing and this income will be used to increase the number of affordable homes in the Affordable Housing Programme.

Community Infrastructure Levy income will be dependent on the level of development taking place in the city which is subject to the levy. While estimations can be made of potential receipts, again, wider economic factors can quickly impact on the level of development in the city.

New Homes Bonus income is dependent not only on the number of new homes delivered in the city but also, on an ongoing basis, a continued commitment from central government to maintain the scheme at its current levels. However, recent developments have indicated that the future of the NHB grant may be in question with no payments now expected for any net increase in new homes from October 2019.

4 CIF Allocation Policy

Our previous policy was that Members approved capital expenditure commitments no more than one year in advance. Lower levels of capital receipts put considerable constraints on the CIF. However, in the current difficult financial circumstances, the Council must be ambitious and bolder in its vision to progress the city's development. We will therefore agree allocations up to a ten-year lifespan. Anything beyond this would be on an exceptional basis.

Consideration of the granting of CIF funds will only be given to projects which meet the following criteria:

A Funding

Projects requesting CIF funding will:

- Have no other available funding sources from central government, internal investment funds (e.g. Housing Revenue Account) or other grant funding bodies; or
- Already be in receipt of external funding and require an element of match funding to proceed; or
- Are strategic projects which require cash flow support until a funding package can be arranged.

B Suitability

Projects requesting CIF funding will:

- Be in line with corporate priorities; and
- Have a robust business case; and
- Where applicable, be necessary to make an asset compliant with legislation; or
- Where applicable, be an emergency requirement not capable of prior notification and a failure to undertake the project as an emergency will result in a threat to life and limb.

Non-cash investments (such as in land or property) will comply with the Investment Strategy Principles set out at section 2.4.2 of this Capital Strategy.

Outcomes and benefits will, as ever, be robustly assessed. And if any project does not proceed, abortive project costs will have to be financed from the sponsoring portfolio's Revenue Budget.

Alongside the funding of key development and investment priorities, a suitable reserve level will be maintained within the CIF to allow swift response to emergency situations such as the floods of 2007 and also to provide match funding at short notice to lever in additional grant funding from central government and others.

Cabinet Members are currently engaged in a strategic commissioning process, whereby they are reviewing all potential capital projects and deciding where best to invest the Council's resources. A number of these projects will require CIF funding. We anticipate that the first stage of this process will be completed early in the new financial year.

5 Future developments – s.106, CIL and the Local Plan

New CIL Regulations that impact on the operation of CIL and S.106 came into force in September 2019.

The Council will have to publish an **Infrastructure Funding Statement** (IFS) covering the current financial year. This will require us to be much more open in terms of CIL and S.106 receipts and spending. It will also require us to set out a list of priorities for projects to be funded by CIL. This replaces the previous 'Regulation 123 List' and will have to be updated at least annually.

When determining what the priorities will be, we will have to have regard to the **Infrastructure Delivery Plan** (IDP) – which is being prepared to support the Local Plan- together with the **Corporate Integrated Infrastructure Delivery Plan** (IIDP) which will set out the Council's infrastructure priorities. This may also need to dovetail with the Corporate Investment Fund (CIF) priorities for funding. All of these Plans will be considered as part of the ongoing development of the Council's overarching Capital Strategy.

The new CIL Regulations encourage more use of S.106, and introduce the ability to use **both** CIL and S.106 in delivering infrastructure priorities. Previously, the Regulations restricted the ability to ask for both S.106 and CIL for the same project and also restricted how many S.106s could be used for the same item of infrastructure. These restrictions have now been removed. The viability assessments that underpinned the setting of the CIL rates always allowed for S.106 contributions, so the Council should now be able to pursue S.106 agreements on sites that will also be making a CIL contribution, where a S.106 is required to make an application acceptable in planning terms.

The Local Plan

The [Local Development Scheme](#) sets out the timetable for producing the new Local Plan (the 'Sheffield Plan'). A revised Local Development Scheme, setting out the steps involved in producing the plan, came into effect on 20 November 2019.

A new 'Issues and Options' consultation (under Regulation 18 of the Town and Country Planning (Local Planning) Regulations (2012)), is proposed to take place from July to September 2020. An IDP will be required for the Publication Draft Plan (Regulation 19) consultation, due to take place a year later between July and September 2021.

A2 PROJECT LIST SPLIT BY PRIORITY

This appendix 2 sets out the full list of projects, which have either been approved or approval has been requested, split by priority area.

ECONOMIC GROWTH

	Values in £'000s	Project Start	Project End	Approval Status	Expenditure				Expenditure
					2020-2021	2021-2022	2022-2023	2023-25	Total
94024, DIGITAL INCUBATOR (NAQNO)		SEP 2016	MAR 2024	Approved - Active	58	10	10	22	100
94014, UDV FLOOD SCHEME PHASE 1 (NAQNO)		MAR 2019	AUG 2022	Approved - Active	3,449	1,219			4,668
94032, CULVERT RENEWAL PROGRAMME (NAQNO)		OCT 2018	MAR 2021	Approved - Active	1,251				1,251
93374, IRR JUNCTION SCHEMES (NAQNO)		NOV 2016	MAR 2020	Approved - Active	104				104
Total					4,864	1,229	10	22	6,124

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TRANSPORT

Values in £'000s	Project Start	Project End	Approval Status	Expenditure				Expenditure
				2020-2021	2021-2022	2022-2023	2023-25	Total
92637, ANTI IDLING : AIR QUALITY (NAQNO)	APR 2018	MAR 2021	Approval Requested	17				17
92644, OUGHTIBRIDGE RS SCHEME (NAQNO)	APR 2018	MAR 2020	Approved - Active	23				23
92890, FOX HILL 20 MPH ZONE (NAQNO)	APR 2019	MAR 2021	Approval Requested	35				35
92891, SHARROWVALE 20 MPH ZONE (NAQNO)	APR 2019	MAR 2021	Approval Requested	65				65
92892, HILLSBOROUGH 20 MPH ZONE (NAQNO)	MAR 2019	APR 2021	Approval Requested	85				85
93079, CAZ BACK OFFICE (NAQNO)	JAN 2009	DEC 2009	Approved - Active	140				140
93080, CAZ COMMS (NAQNO)	NOV 2019	MAR 2022	Approved - Active	67				67
93081, CAZ SIGNAGE (NAQNO)	JAN 2018	MAR 2021	Approved - Active	309				309
93082, CAZ ANPR INFRA (NAQNO)	JAN 2008	JAN 2009	Approved - Active	2,592				2,592
93121, CLEAN BUS TECHNOLOGY (NAQNO)	APR 2018	SEP 2020	Approved - Active	1,800				1,800
93132, KELHAM NEEPSSEND PARKING (NAQNO)	APR 2019	JUN 2020	Approval Requested	580				580
93134, EFFINGHAM PARKING SCHEME (NAQNO)	APR 2020	MAR 2021	Approved - Active	18				18
93376, BROADFIELD ROAD JUNCTION (NAQNO)	JAN 2018	MAR 2021	Approval Requested	1,312	308			1,620
92942, PROW 19-20 (NAQNO)	SEP 2019	MAR 2021	Approved - Active	51				51
92945, BARKBY ROAD STEPS (NAQNO)	APR 2019	MAR 2021	Approved - Active	62				62
Total				7,155	308	-	-	7,464

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HOUSING GROWTH

Values in £'000s	Project Start	Project End	Approval Status	Expenditure				Expenditure
				2020-2021	2021-2022	2022-2023	2023-25	Total
94030, BROWNFIELD SITE (NAQNO)	APR 2018	MAR 2021	Approved - Active	991				991
97551, COUNCIL HSG ACQUISITIONS PROG (Q0067)	APR 2014	MAR 2025	Approval Requested	7,028	7,028	7,028	14,056	35,139
97553, NEW BUILD COUNCIL HSG PHASE 2 (Q0067)	APR 2015	MAR 2021	Approval Requested	912				912
97555, NEW BUILD COUN HSG PH 4A (NAQNO)	MAR 2017	OCT 2022	Approval Requested	12,955	7,932			20,886
97556, NEW BUILD COUN HSG PH 4B (NAQNO)	APR 2016	MAR 2022	Approval Requested	622	527			1,148
97557, ON SITE ACQUISITIONS (NAQNO)	APR 2018	MAR 2021	Approval Requested	462				462
97564, NEW BUILD COUN HSG PH10 (NAQNO)	APR 2019	MAR 2023	Approval Requested	8,054	5,710			13,764
97566, NEW BUILD COUN HSG PH11 (NAQNO)	DEC 2019	MAR 2025	Approval Requested	187				187
00140591Q0087 STOCK INCREASE (CHS)	APR 2014	MAR 2025	Approval Requested	6,465	53,858	67,355	34,545	162,223
97444, GENERAL/RTB ACQUISITIONS CHS (Q0069)	APR 2015	MAR 2025	Approval Requested	1,199	1,199	1,199	2,398	5,994
Total				38,873	76,253	75,582	50,998	241,706

HOUSING INVESTMENT

	Values in £'000s	Project Start	Project End	Approval Status	Expenditure				Expenditure
					2020-2021	2021-2022	2022-2023	2023-25	Total
00100000Q0094 HRA REGENERATION		APR 2019	MAR 2024	Approval Requested	1,000	5,000	5,000	10,000	21,000
00100000Q0095 IT UPGRADE (HSG)		APR 2019	MAR 2022	Approval Requested	500	1,500	750		2,750
90136, CHAUCER SQUARE MAINTENANCE (NAQNO)		JAN 2009	DEC 2030	Approval Requested	18	18	18	36	90
97222, PSH EMPTY PROPERTIES (NAQNO)		JAN 2008	MAR 2024	Approval Requested	120	120	120	240	600
97390, PHS ACTIVITY (NAQNO)		APR 2010	MAR 2024	Approval Requested	130	130	130	260	650
97150, RHB LOANS HAL (NAQNO)		JAN 2008	MAR 2022	Approval Requested	215	220			435
97394, HULL - HUMBER SUB REGION HAL (NAQNO)		JAN 2008	MAR 2021	Approval Requested	250				250
97451, REGIONAL ENERGY HAL (NAQNO)		APR 2016	MAR 2021	Approval Requested	180				180
97452, REGIONAL ERL (NAQNO)		APR 2016	MAR 2021	Approval Requested	150				150
97507, SHEFFIELD REPAYMENT LOANS (NAQNO)		APR 2018	MAR 2021	Approval Requested	97				97
97520, KIRKLEES RF FUNDS HAL(2) (NAQNO)		APR 2014	MAR 2021	Approval Requested	169				169
97453, EMPTY PROPERTY LOANS (NAQNO)		APR 2019	MAR 2021	Approval Requested	219				219
97321, PROGRAMME MANAGEMENT COSTS GF (NAQNO)		JAN 2008	MAR 2021	Approval Requested	2,710				2,710
97338, PROGRAMME MANAGEMENT COSTS RTB (NAQNO)		JAN 2008	MAR 2025	Approval Requested	416	416	416	832	2,080
97348, HRA PROGRAMME MANAGEMENT (NAQNO)		JAN 2008	MAR 2024	Approval Requested	250	250	250	500	1,250
97127, OBSOLETE HEATING (NAQNO)		APR 2010	MAR 2024	Approval Requested	1,847	1,615	1,662	578	5,702
97131, ASBESTOS SURVEYS (NAQNO)		APR 2010	MAR 2024	Approved - Active	180	180			360
97147, ADAPTATIONS (NAQNO)		APR 2010	MAR 2024	Approval Requested	2,500	2,550	2,550	5,100	12,700
97148, S H MGMT FEES COMMISSIONED (NAQNO)		APR 2011	MAR 2024	Approval Requested	2,505	2,530	2,555	5,213	12,804
97264, H & S ELECTRICAL REWIRES (NAQNO)		APR 2010	MAR 2024	Approval Requested	45	45	45		135
97269, EMERGENCY DEMOLITIONS (NAQNO)		JAN 2008	MAR 2024	Approval Requested	40	40	40		120
97404, HEATING BREAKDOWNS (Q0069)		APR 2012	MAR 2024	Approval Requested	600	600	600		1,800
97463, SUNDRIES - 250 BARNESLEY ROAD (NAQNO)		MAR 2019	MAR 2021	Approval Requested	252				252
97464, ROOFING REPLACEMENTS PROG (NAQNO)		MAY 2019	MAR 2025	Approval Requested	4,940	7,000	8,848	17,696	38,484
97466, CAPITALISED REPAIRS (NAQNO)		AUG 2019	MAR 2021	Approved - Active	500				500
97471, EWI NON-TRADITIONAL1 (NAQNO)		JAN 2018	MAR 2021	Approved - Active	159				159
97968, LIFT REPLACEMENTS (NAQNO)		APR 2011	MAR 2024	Approval Requested		450	450		900
98002, ELECTRICAL STRATEGY (NAQNO)		AUG 2016	MAR 2021	Approved - Active	6,000				6,000
00140653Q0079 HEATING, ENERGY EFFIC & CARBON RED		APR 2014	MAR 2024	Approval Requested	4,805	5,100	5,100	14,145	29,150

00140653Q0080 ENVELOPING & EXTERNAL WORK	APR 2014	MAR 2024	Approval Requested	1,800	3,837	3,837	7,673	17,146
00140653Q0083 WASTE MGT & ESTATE ENVIRONMENTALS	APR 2014	MAR 2024	Approval Requested	1,000	4,250	4,250	8,500	18,000
00140653Q0084 H & S ESSENTIAL WORK	APR 2015	MAR 2024	Approval Requested	6,721	11,815	11,968	24,956	55,460
00140653Q0085 COMMUNAL AREAS INVESTMENT	APR 2014	MAR 2024	Approval Requested	2,500	4,500	4,500	9,000	20,500
00140653Q0086 INTERNAL WORKS	APR 2014	MAR 2024	Approval Requested	1,000	3,150	3,150	6,300	13,600
00140653Q0089 OTHER ESSENTIAL WORK	APR 2014	MAR 2024	Approval Requested	291	1,250	1,250	2,500	5,291
00140653Q0090 GARAGES & OUTHOUSES	JAN 2008	MAR 2023	Approved - Active		230	229		459
Total				44,109	56,796	57,718	113,530	272,153

LOVE WHERE YOU LIVE

Values in £'000s	Project Start	Project End	Approval Status	Expenditure				Expenditure
				2019-2020	2020-2021	2021-2022	2022-2025	Total
94090, CITY CENTRE SAFETY (NAQNO)	DEC 2018	JUN 2021	Approval Requested	1,371				1,371
94122, NEW CREMATORS CITY ROAD (NAQNO)	SEP 2019	MAR 2021	Approved - Active	2,427				2,427
94531, GENERAL CEMETERY HLF PH2 (NAQNO)	JAN 2008	MAR 2024	Approved - Active	377	1,995	1,153	279	3,804
94119, MSF FINANCE (NAQNO)	FEB 2017	MAR 2023	Approval Requested	14,641	15,570	16,559	17,608	64,378
94544, GREEN ESTATE CAPITAL GRANT (NAQNO)	NOV 2019	MAR 2021	Approved - Active	330				330
94545, UPPERTHORPE HL CENTRE (NAQNO)	APR 2019	MAR 2021	Approved - Active	88				88
Total				19,234	17,565	17,711	17,887	72,398

GREEN & OPEN SPACES

Values in £'000s	Project Start	Project End	Approval Status	Expenditure				Expenditure
				2020-2021	2021-2022	2022-2023	2023-25	Total
94528, SHIREBROOK VISITOR CENTRE (NAQNO)	APR 2018	MAR 2021	Approved - Active	51				51
94529, SHEFFIELD LAKELAND LANDSCAPE (NAQNO)	JAN 2008	MAR 2022	Approved - Active	51	0			51
94541, MATTHEWS LA. CRICKET PAVILION (NAQNO)	APR 2019	MAR 2021	Approved - Active	389				389
00120461Q0093 GREEN AND OPEN SPACES S106 STRATEGY	APR 2016	MAR 2021	Approved - Active	455	213			668
Total				945	214	-	-	1,159

PEOPLE CAPITAL & GROWTH

Values in £'000s	Project Start	Project End	Approval Status	Expenditure				Expenditure
				2020-2021	2021-2022	2022-2023	2023-25	Total
90761, DON VALLEY SCHOOL (Q0061)	JAN 2014	MAR 2022	Approval Requested	34	245			278
90797, MERCIA SCHOOL (Q0061)	AUG 2015	APR 2022	Approved - Active	52	9	6		67
90889, PEOPLE -BEIGHTON STRUCT WORKS (NAQNO)	MAR 2018	MAR 2021	Approval Requested	32				32
90894, ASTREA - SPORTS PITCH (NAQNO)	JAN 2019	MAR 2021	Approved - Active	3				3
90896, PIPWORTH PMY STRUCTURAL WORKS (NAQNO)	APR 2018	MAR 2021	Approval Requested	21				21
90916, RIVELIN PMY SCHOOL ROOF (NAQNO)	JAN 2009	MAR 2021	Approval Requested	74				74
90919, SHOOTERS GROVE - ELECTRICAL (NAQNO)	OCT 2019	MAR 2021	Approved - Active	642				642
95601, DOBCROFT INF MOBILE REPLACE (NAQNO)	JAN 2009	MAR 2021	Approval Requested	63				63
90906, ALDINE HSE- 2 BED EXTN & MUGA (NAQNO)	JAN 2008	MAR 2021	Approval Requested	2,282				2,282
97333, MINOR WORK GRANTS (NAQNO)	JAN 2008	MAR 2023	Approved - Active	150	150	150		450
97334, DISABLED GRANTS (NAQNO)	JAN 2008	MAR 2023	Approved - Active	2,000	2,000	2,000		6,000
Total				5,351	2,404	2,156	-	9,911

HEART OF THE CITY II

Values in £'000s	Project Start	Project End	Approval Status	Expenditure				Expenditure
				2020-2021	2021-2022	2022-2023	2023-25	Total
00100000Q0097 SRQ 2	JAN 2008	JAN 2009	Approved - Active	11,106	21,960	22,265	6,708	62,039
94050, SHEFFIELD RETAIL QUARTER 2 (NAQNO)	OCT 2013	MAR 2022	Approved - Active	842	1,740			2,582
94055, SRQ - STRATEGIC DEV PARTNER (Q0078)	JAN 2008	MAR 2022	Approved - Active	761	517			1,278
94057, A PALATINE CHAMBERS BLOCK (NAQNO)	APR 2018	MAR 2022	Approved - Active	2,000				2,000
94058, B LAYCOCK HOUSE NEW BUILD (NAQNO)	APR 2018	MAR 2022	Approved - Active	10,922	1,579			12,501
94060, C PEPPER POT BUILDING (NAQNO)	APR 2018	MAR 2022	Approved - Active	12,802	1,253			14,055
94061, E TELE.HSE RETAIL & CAR PARK (NAQNO)	JAN 2008	SEP 2020	Approved - Active	2,050				2,050
94063, G WELLINGTON ST CAR PARK (NAQNO)	SEP 2018	DEC 2024	Approved - Active	2,981	1,830			4,811
94064, G1 38 CARVER STREET (NAQNO)	APR 2018	MAR 2022	Approved - Active	1,454	1	0		1,455
94065, H HENRYS BLOCK (NAQNO)	APR 2018	MAR 2024	Approved - Active	544				544
94066, H1 LEAHS YARD (NAQNO)	APR 2018	MAR 2021	Approved - Active	3,638				3,638
94067, HOC II INFRASTRUCTURE & PR (NAQNO)	APR 2018	MAR 2022	Approved - Active	3,930	1,431			5,361
Total				53,030	30,311	22,265	6,708	112,314

ESSENTIAL COMPLIANCE & MAINT

Values in £'000s	Project Start	Project End	Approval Status	Expenditure				Expenditure
				2020-2021	2021-2022	2022-2023	2023-25	Total
90084, FRA RED TAPE STUDIOS (NAQNO)	JAN 2008	MAR 2021	Approved - Active	492				492
90187, NORTON NURSERY FRA AND REDEV'T (Q0073)	JAN 2008	MAR 2021	Approval Requested	6				6
90188, BOLEHILL REINSTATEMENT (Q0073)	APR 2017	MAR 2021	Approved - Active	205				205
93487, CBER-CONDITION SURVEYS 17-19 (NAQNO)	JUL 2017	MAR 2021	Approval Requested	394				394
93531, DAMS & WATERCOURSES PHASE 5 (NAQNO)	NOV 2018	MAR 2021	Approved - Active	59				59
95621, MANOR LANE FLAT ROOF (NAQNO)	OCT 2019	JUN 2021	Approved - Active	32				32
95623, GRAVES PARK FARM WELFARE (NAQNO)	JAN 2008	MAR 2021	Approved - Active	242				242
Total				1,431	-	-	-	1,431

ICT

Values in £'000s	Project Start	Project End	Approval Status	Expenditure				Expenditure
				2020-2021	2021-2022	2022-2023	2023-25	Total
96000, SUPERFAST SY PHASE 2 (NAQNO)	APR 2019	MAR 2022	Approved - Active	1,447				1,447
Total				1,447	-	-	-	1,447

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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: *19th February 2020*


Subject: *Revenue and Capital Budget Monitoring 2019/20 –
As at 31st December 2019*

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 checked="" 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:-				

<p>Purpose of Report:</p> <p><i>This report provides the outturn monitoring statement on the City Council's Revenue and Capital Budget as at the end of Month 9, 2019/20.</i></p>
<p>Recommendations:</p> <p>1. Cabinet are asked to:</p> <p style="margin-left: 40px;">(a) Note the updated information and management actions provided by this report and the attached appendices on the 2019/20 Revenue Budget Outturn.</p> <p style="margin-left: 40px;">(b) In relation to the Capital Programme, note the forecast Outturn position</p>

described in **Appendix 2**.

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>Henry Watmough-Cownie</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 Terry Fox</i> <i>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.
	Lead Officer Name: <i>Dave Phillips</i> 
	Job Title: <i>Head of Strategic Finance</i>
Date: 3 rd February 2020	

1. PROPOSAL

1.1 This report provides the outturn monitoring statement on the City Councils Revenue and Capital Budget for 2019/20.

2. HOW DOES THIS DECISION CONTRIBUTE?

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

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

4.2 Financial and Commercial Implications

4.2.1 The primary purpose of this report is to provide Members with information on the City Council's Budget Monitoring position for 2019/20, and it does not make any further recommendations that have additional financial implications for the City Council.

4.3 Legal Implications

4.3.1 There are no specific legal implications arising from the recommendations in this report that are not dealt with within relevant sections.

4.4 Other Implications

4.4.1 Although this report deals, in part, with the Capital Programme, it does not, in itself, contain any property implications, nor are there any arising from the recommendations in this report.

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.

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Revenue Budget & Capital Programme Monitoring As at 31st December 2019

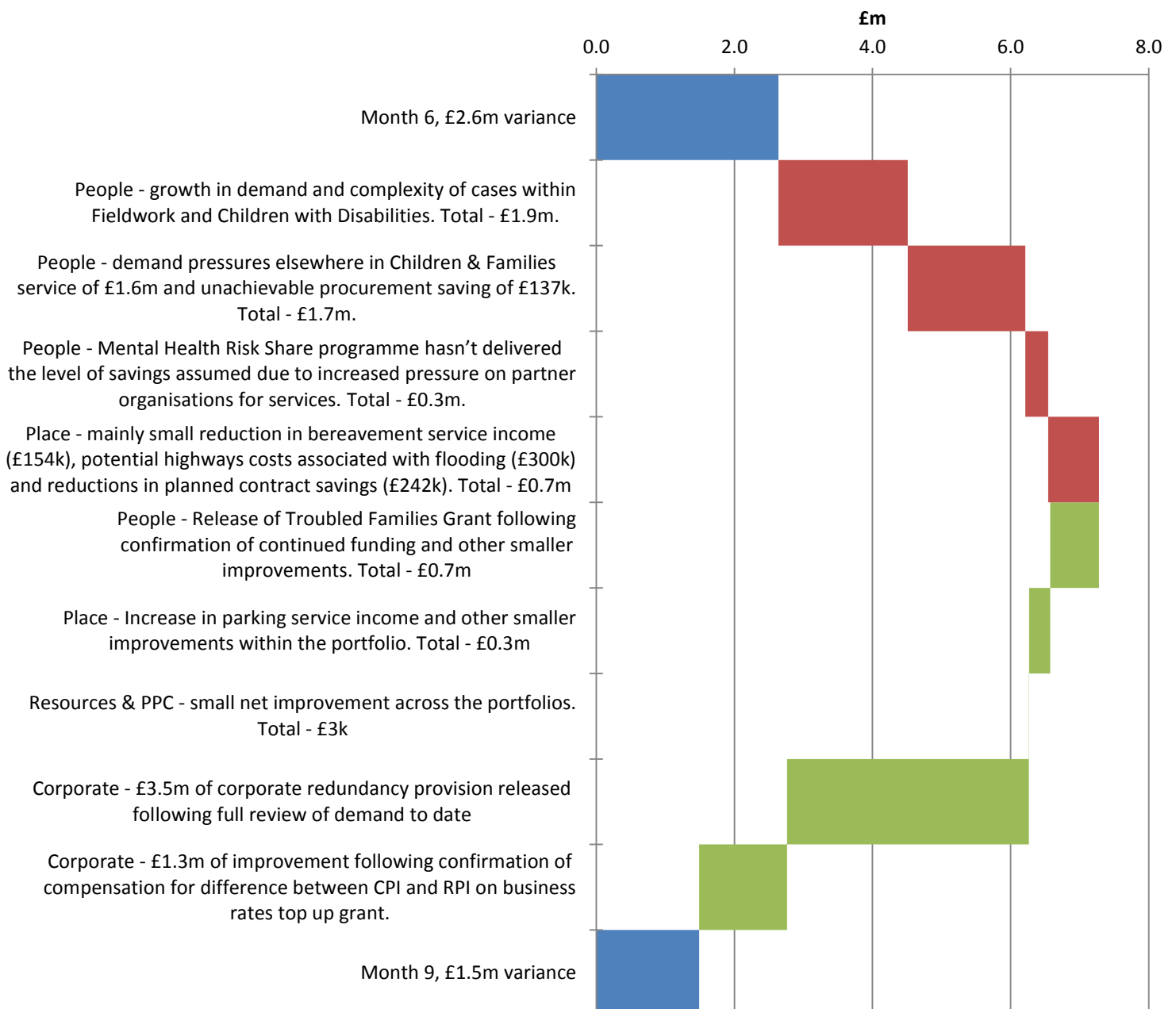
Report author: Dave Phillips, Head of Strategic Finance

Purpose of the Report

1. This report describes the budget monitoring position on the City Council’s Revenue Budget and Capital Programme as at Month 9.

Summary

2. The Council’s revenue budget is currently forecast to be overspent by £1.5m. The below graph summarises the movements toward this forecast outturn from the Month 6 position¹.



¹ [Item 11, Cabinet](#), 16th November 2019.

3. It should be noted that this position represents the worst case scenario, and represents significant improvements in the overall budget outturn since the Month 6 (£2.6m) and Month 2 (£5.4m) forecasts. Most (£6.8m) of the overspend is in the Children and Families Service, reflecting nation-wide and much publicised demand and cost pressures in Children’s social care. The Council has made a significant investment in social care services within its 2019/20 Budget, and this investment is reflected in a much reduced forecast overspend compared to this time last year (a £10.9m overspend was forecast at Month 9 18/19). We expect this position will improve further over the course of the rest of this year, as measures to control demand and spending have further effects

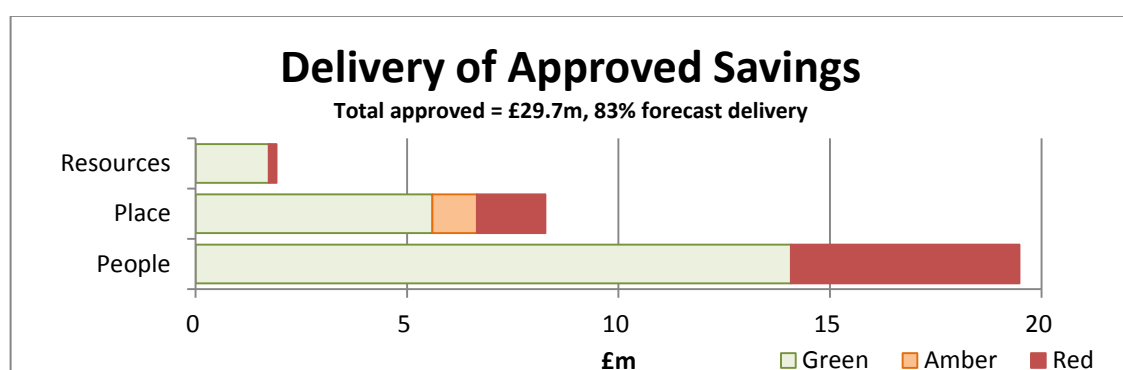
Portfolio Outturn Position

4. The below table summarises the Month 9 Outturn position split by individual portfolios. The movements to the Month 6 position are given in the above chart.

Portfolio	Forecast Outturn	Full Year Budget	Forecast Variance	Movement from Month 6
People	267,434	259,664	7,770	↑
Place	202,839	202,442	397	↑
Policy, Performance & Communications	2,747	2,828	(81)	↔
Resources	4,441	4,634	(193)	↔
Corporate	(475,970)	(469,569)	(6,401)	↓
Grand Total	1,491	-	1,491	↓

Savings Monitoring

5. The 2019/20 Budget approved £29.7m of savings within Portfolios. These savings are monitored by Business Partner Teams within Finance and Commercial Services to assess their prospects of delivery.
6. The below graph displays the amount of savings proposals categorised using the traffic light approach with the following parameters – Green (no more than 10% or £50k at risk of non-delivery), Amber (no more than 25% or £500k at risk) and Red (less than 75% deliverable, or more than £500k at risk).



7. The overall amount of savings considered at risk of non-delivery in the above is £5.0m, representing 17% of the original approved amount. This amount has worsened by 2% from 15% at Month 6, representing £699k of additional risk of non-delivery since Month 6. At Month 9, work is ongoing to secure the delivery of challenging savings and to identify other mitigations.

Dedicated Schools Grant (DSG)

8. At Month 9, the Council is forecasting a £1.9m overspend on DSG budgets. The key reasons for the £1.9m overspend are a forecast £1.4m overspend relating to SEND, mainly in placements, reflecting higher costs and demands for these placements, £229k overspend on Children with Disabilities placements in Children and Families, due to an increase in the number and costs for these placements and £215k overspend on Home to School Transport, due to an increase in demand and costs.
9. The movement from month 6 is an increase in the overspend of £400k, mainly due to an increase in demand for Special School places of £81k and in SEND Out of City Places of £49k and an increase in demand and cost of Home to School Transport of £161k.

Public Health

10. Public Health services are funded by Public Health Grant – any variances to budgeted expenditure will be managed by adjusting the drawdown of grant income to match, therefore Public Health variances will be nil in terms of net expenditure and therefore do not impact the above reported position. The Public Health reserve will be utilised in case of any overspend at year end – there is forecast to be no General Fund impact this year. This table demonstrates the variances to budget before the application of grant income.

Public Health	Forecast Outturn	Full Year Budget	Forecast Variance	Movement from Month 6	Variance Mth 6	Diff Mth 9 to Mth 6
People	27,955	27,390	565	↔	471	94
Place	2,816	2,872	(56)	↔	(42)	(14)
Director of Public Health	1,756	1,916	(160)	↔	(145)	(15)
Total	32,527	32,178	349	↔	284	65

11. The key reason for this position is additional costs relating to the sexual health services in Children's Public Health, relating to late commencement of the new contract (and services commissioned on the old basis in the interim), later implementation of improved delivery methods and the costs of the eventual contract. This results in a £565k overspend. This is partly offset by improvements in Place and Director of Public Health of a combined £216k. This is mainly due to reductions in spend on employees of £200k.
12. This position has worsened by £65k across the Council since the Month 6 Report. The Children's Public Health contract within People is now concluded, and extra costs have been identified in the implementation which explains this movement in forecast.

Housing Revenue Account

13. The HRA income and expenditure account provides a budgeted contribution towards funding the HRA capital investment programme of £3.3m. As at Month 9 there is a positive variance of £1.4m from this budgeted position.

Housing Revenue Account (<i>excluding Community Heating</i>)	Forecast Outturn	Full Year Budget	Forecast Variance	Movement from Month 6	Variance Mth 6	Diff Mth 9 to Mth 6
1. Net Income - Dwellings	(139,149)	(138,761)	(388)	↔	(327)	(61)
2. Other Income	(6,364)	(6,311)	(53)	↔	(42)	(11)
3. Tenant Services incl. Repairs & Maintenance	88,389	89,241	(852)	↓	456	(1,308)
4. Depreciation	39,284	39,284	0	↔	(0)	0
5. Interest on borrowing	13,186	13,265	(79)	↔	(15)	(64)
6. Contribution to Capital Programme	4,654	3,282	1,372	↑	(72)	1,444
Total	-	-	-	↔	0	(0)

14. The main factors influencing the outturn position are higher than budgeted rental income and an overall net decrease in repairs and running costs. The position on the account will be monitored throughout the year.

15. There is also an improvement within Community Heating of £47k, reflecting lower than expected usage due to milder weather.

Collection Fund

16. As at Month 9, the local share of the Collection Fund income stream is forecast to have an overall in-year surplus of £0.5m, made up of a £0.2m surplus on Council Tax and a £0.3m surplus on Business Rates. This position is discussed in more detail within **Appendix 1**.

Capital Summary

17. The approved capital programme budget for 2019/20 at 31 December 2019 was £165.1m. The overall outturn of expenditure against this approved budget is forecast to be £141.4m, representing a variance of £23.7m. Further monitoring of the Capital Programme is reported in **Appendix 2**.

Corporate Risk Register

18. The Council maintains a Corporate Financial Risk Register which details the key financial risks facing the Council at a given point in time. There has been one significant addition to this Register since the Month 6 Report² to reflect the impact of the flooding in November 2019. This is reproduced in **Appendix 3**.

Implications of this Report

Financial implications

19. The primary purpose of this report is to provide Members with information on the City Council's Budget Monitoring position for 2019/20, and it does not make any further recommendations that have additional financial implications for the City Council.

² Available at Note 1, above.

Equal opportunities implications

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

Legal implications

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

Property implications

22. There are no other property implications arising from the recommendations in this report this report.

Recommendations

23. EMT are asked to:

- (a) Note the updated information and management actions provided by this report and the attached appendix on the 2019/20 Revenue Budget Outturn.
- (b) In relation to the Capital Programme, note the forecast Outturn position described in **Appendix 2**.

Reasons for Recommendations

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

Alternative options considered

25. 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.

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Collection Fund Monitoring

As at 31st December 2019

Summary

1. In 2019/20 approximately £315.6m of SCC net expenditure is forecast to be financed directly through locally collected taxation. This taxation is initially collected by the Council and credited to the Collection Fund.
2. As at the end of December, the local share of the Collection Fund Income Stream is forecasting an overall in-year surplus of £0.5m made up of a £0.2m surplus on Council Tax and a £0.3m surplus on Business Rates. Due to Collection Fund accounting regulations, this surplus is not available for in-year use and will be fed into the budget process for 2020/21.

Income Stream (all figures £m)	Budget 19/20	Forecast Year End Position	Variance
Council Tax	(216.3)	(216.5)	(0.2)
Business Rates Locally Retained	(99.3)	(99.6)	(0.3)
Total	(315.6)	(316.1)	(0.5)

Council Tax

3. The forecast year end position for Council Tax is a surplus of £0.2m. This is primarily because of an additional £2.0m of Council Tax income resulting from an increase in the number of dwellings and a reduction in Council Tax Support of £0.6m. This improvement is offset by a £2.4m increase in exemptions mainly due to increased student exemptions. This forecast surplus maintains the position as at Month 6.

Business Rates

4. The forecast year end position for Business Rates is a £0.6m surplus of which Sheffield's share is £0.3m. The £0.6m surplus is primarily made up of an increase on the Gross Rates Income Yield of £4.2m offset by an increase in reliefs of 0.9m, losses on collection of £1.0m and Transitional protection payments of £1.7m. Further analysis of the business rates position can be found on the following pages.

Collection Fund - Business Rates (all figures £m)	Budget 19/20	Forecast Year End Position	Variance
Gross Business Rates income yield	(262.7)	(266.9)	(4.2)
Estimated Reliefs	46.7	47.6	0.9
Losses on collection, appeals and increase/(decrease) to bad debt provision	11.0	12.0	1.0
Net Collectable Business Rates	(205.0)	(207.3)	(2.3)
Transitional Protection Payments due from Authority	2.7	4.4	1.7
Cost of Collection allowance	0.8	0.8	0.0
Non Domestic Rating Income	(201.5)	(202.1)	(0.6)
Appropriation of net business rates:			
Sheffield City Council (49.2%)	(99.3)	(99.6)	(0.3)
SY Fire Authority (1%)	(2.0)	(2.0)	-
Central Government (49.4%)	(99.5)	(99.8)	(0.3)
Designated Areas (0.4%)	(0.7)	(0.7)	-
Total Appropriations	(201.5)	(202.1)	(0.6)

Gross Rates Income Yield

5. The Gross Business Rates Income Yield has increased primarily due to delays in a major retail development. As part of the 2019/20 budget setting process, we built in an expected decline in gross business rates due to a large scale retail redevelopment. For the period of the redevelopment, it was expected that business rates income will drop due to affected hereditaments appealing and thus reducing their rateable value. This development has subsequently been delayed, and we are now forecasting no reduction in income relating to this development for 2019/20.

Reliefs and Discounts

Reliefs (all figures £m)	Budget 2019/20	Forecast Year End Position	Variance
Small Business Rates Relief	13.3	13.8	0.5
Transitional Relief	(2.7)	(4.4)	(1.7)
Mandatory Charity Relief	23.6	24.4	0.8
Discretionary Relief	1.5	0.7	(0.8)
Empty Property / Statutory Exemption	7.2	9.0	1.8
Partly Occupied Premises Relief	0.6	0.9	0.3
New discretionary reliefs	3.2	3.2	(0.0)
Total Reliefs	46.7	47.6	0.9

6. Most reliefs and discounts are generally awarded in full at the point of billing in March. The total level of reliefs awarded to the end of December amounts to £44.1m which is £2.6m below the £46.7m in the budget. These reliefs are expected to rise to £47.6m by year end.

Appeals

7. The 2019/20 Council budget anticipated £7.5m of in year refunds resulting from appeals. To date, the number of Check, Challenges and Appeals being processed by the VOA are significantly reduced on previous years. Data released by MHCLG in September 2019 show that there were over 130 Challenges and approximately 100 Checks outstanding for Sheffield.
8. There have been discussions with MHCLG and the VOA about the data that we receive with the hope of extracting more user friendly management information. These discussions are ongoing, and we anticipate seeing improved results in 2020/21.
9. The VOA have committed to resolving all outstanding 2010 list appeals bar for any in litigation by September 2019; this deadline has been met on the whole. There are currently 330 appeals outstanding relating to the 2010 list, however the majority of these relate to one major case currently under litigation.
10. The major case relates to Supermarkets and ATM's and whether the ATM's should have their own rateable value. The case is currently decided in favour of the parties bringing this suit and will see a significant reduction in rateable value if the ATM's are removed from the rating list .We have a prudent provision to meet all obligations should this be the eventual outcome. The VOA have been granted leave to appeal the latest decision by the Supreme Court, however this appeal is not expected to be heard for approximately 18 months.

Conclusion

11. The forecast in year position of a £0.5m surplus for Sheffield on the Collection Fund is healthy, and it is anticipated this has the potential to increase as new hereditaments come on line. Due to the size of the Collection Fund, a small percentage variation in income or expenditure over the coming months will have a significant impact on the forecast outturn. Monthly monitoring of the Collection Fund position is conducted to ensure that we are fully aware of any changes and the potential budget impacts.
12. The delay in the major retail development has had a positive impact on the current surplus. It should be noted however that the significant delay or cancellation of this major redevelopment will negatively impact on the long-term Business Rates growth forecast for the city.

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CAPITAL PROGRAMME MONITORING AS AT DECEMBER 2019

1 - Statement of Budget Movement

The table below summarises the movement in budget from month 6 to month 9 and Capital programme budget position as at December 2019.

	2019/20	2020/21	Future	Total	Comments
Month 6 Approved Budget	175.2	168.5	369.0	712.7	The key changes to the programme from month 6 relate to: ADDITIONS + £138m - Approval of Council Housing Stock Increase Block Allocation + £2.5m - General Cemetery Cremators
Additions	1.9	9.2	132.0	143.1	VARIATIONS - £3.5m Reduction in block allocations for Communal Areas & Misc Essential Works for Housing Investment + £1.8m increase in usage of Disabled Facilities Grant
Variations	-0.4	-4.4	3.6	-1.2	REPROFILE + £6.1m - relates to partial approval of re-profiling of Block Allocation for Stock Increase Programme
Reprofile	-9.5	6.0	9.6	6.1	SLIPPAGE 19/20 - £1.8m Clean Bus Technology 19/20 - £0.3m Upper Don Valley Flood Scheme
Slippage and Acceleration	-2.1	2.1	0.0	0.0	
Month 9 Approved Budget	165.1	181.4	514.2	860.7	

2 - Top 20 Projects by value as at December 2019

The table below summarises the Top 20 projects in the Capital Programme by budget value in 2019/20. This group accounts for 56% of the 2019/20 capital programme. The major in-year and all-year variations are explained below and in sections 4 and 5.

PROJECT	Current Year							Remaining Life of Project					Comments	
	YTD Actual	YTD Budget	YTD Variance	FY Outturn	FY Budget	FY Variance	Variance %	Delivery Forecast RAG	All Years Outturn	All Years Budget	All Years Variance	Variance %		Delivery RAG
Msf Finance	10,361	10,361	-	13,767	13,767	-	0.0%	NR	78,145	78,145	(0)	0.0%	NR	
Electrical Strategy	8,258	6,101	2,157	9,447	7,958	1,488	18.7%	G	13,958	13,958	0	0.0%	G	See item 5.2
Council Hsg Acquisitions Prog	4,988	5,582	(594)	7,061	7,318	(257)	-3.5%	G	42,200	41,922	278	0.7%	G	Slight revision to number of completions expected
Programme Management Costs Gf	2,710	2,710	(0)	5,419	5,420	(1)	0.0%	G	8,129	8,130	(1)	0.0%	G	
New Build Council Hsg Phase 2	2,262	4,448	(2,186)	4,130	5,377	(1,247)	-23.2%	G	5,389	5,389	0	0.0%	G	See Item 4.5
Devonshire Quarter	3,832	3,790	42	4,245	5,100	(855)	-16.8%	NR	5,100	5,100	(0)	0.0%	NR	See Item 4.9
Brownfield Site	1	-	1	401	4,990	(4,589)	-92.0%	NR	5,981	5,981	0	0.0%	NR	See Item 4.1
Transport Efficiency	675	4,490	(3,815)	4,888	4,888	0	0.0%	NR	4,888	4,888	0	0.0%	NR	
Grey 2 Green Ph2	1,673	2,930	(1,258)	3,844	4,824	(980)	-20.3%	A	4,824	4,824	0	0.0%	A	See Item 4.6
Astrea Academy	3,477	3,296	182	4,115	4,119	(4)	-0.1%	A	4,115	4,119	(4)	-0.1%	A	
U Laycock House New Build	1,664	1,579	85	2,837	3,615	(778)	-21.5%	A	16,116	16,116	(0)	0.0%	A	Second stage negotiations are have been extended but now largely complete
C Pepper Pot Building	1,791	1,811	(19)	3,006	3,186	(180)	-5.6%	A	17,240	17,240	(0)	0.0%	A	See Laycock House (above) same contract.
Pitched Roofing & Roofline	1,701	2,692	(991)	2,025	3,000	(975)	-32.5%	G	3,000	3,000	(0)	0.0%	G	See Item 4.7
Disabled Grants	2,041	1,978	63	2,975	2,791	184	6.6%	G	8,975	8,791	184	2.1%	G	See Item 5.5
Broadfield Road Junction	69	2,231	(2,163)	1,871	2,714	(843)	-31.1%	R	3,499	3,182	317	10.0%	R	See Item 4.10
Adaptations	1,716	2,144	(428)	2,406	2,704	(298)	-11.0%	G	15,404	12,704	2,700	21.3%	G	Forecast includes figure for budget increase as part of Housing Programme refresh. Will be reflected in January monitoring
Clean Bus Technology	1,177	1,772	(595)	1,872	2,672	(800)	-29.9%	NR	4,472	4,472	(0)	0.0%	NR	Further issues awaiting invoices from bus companies
Garage Strategy improvement	1,437	1,891	(454)	2,121	2,521	(400)	-15.9%	G	2,521	2,521	(0)	0.0%	G	Late start to contract resulting in slippage
S H Mgmt Fees Commissioned	1,879	1,879	-	2,505	2,505	-	0.0%	NR	15,309	12,676	2,633	20.8%	NR	Forecast includes figure for budget increase as part of Housing Programme refresh. Will be reflected in January monitoring
Srq Offices	1,291	1,533	(242)	6,640	2,501	4,139	165.5%	A	9,512	2,501	7,011	280.3%	A	See item 5.1
Top 20 Value	53,002	63,218	(10,216)	85,574	91,970	(6,396)	-7.0%		268,777	255,659	13,118			
Rest of Programme	29,834	43,055	(13,221)	55,832	73,160	(17,328)	-23.7%		612,224	605,026	7,198			
Total Capital Programme Value	82,836	106,273	(23,437)	141,406	165,129	(23,723)	-14.4%		881,001	860,686	20,315			
% of Programme within the Top 20	64%	59%	44%	61%	56%	27%			31%	30%	65%			

3 - Current Year to date and Forecast Outturn Position

The forecast outturn position is £23.7m below budget. This represents a reduction of £1.7m from the £25.4m below budget reported at Mth 6. The key variances by board are explained in the tables below.

The key underlying reasons for the movement are due to a reduction in budgets of £11m relating to slippage on Housing Growth and Housing Investment schemes which have been matched with revised forecasts. Net increased forecast expenditure on tenant payments under the Heart of The City II scheme account for the reduction in the forecast underspend against budget

BOARD	YEAR TO DATE			FULL YEAR			Comments
	Actual	Budget	Variance	Forecast	Budget	Variance	
QUALITY OF LIFE	10,625	10,795	(170)	15,413	16,063	(649)	Slippage on City Centre Safety Scheme
HOUSING INVESTMENT	26,277	29,308	(3,032)	38,375	45,050	(6,675)	£4.5m Block allocations not expected to be utilised plus £1m slippage on previous roofing contract final payments, £0.4m slippage on Garage Improvements Strategy, £0.6m reprofiling of Regional Loans.
HOUSING GROWTH	13,256	16,840	(3,585)	21,226	28,816	(7,590)	See Items 4.1, 4.5, 4.9. Also £0.65m Stock acquisition spend now recategorised as appropriation and £0.25m slippage on council housing acquisition programme.
ESSENTIAL COMPLIANCE & MAINT	2,637	7,256	(4,618)	8,686	9,609	(923)	Forecast saving on Sorby House FRA (£262k), slippage on Woodhouse Hub (£317k), Condition Surveys (£174k) remainder slippage on various Essential Replacement schemes
ECONOMIC GROWTH	6,215	8,848	(2,633)	10,603	12,478	(1,875)	See Item 4.6 plus slippage on Culvert Renewal Scheme (£190k), Upper Don Valley Flood (£194k) and expected saving on BRT North due to refund (£277k) and IRR Junctions scheme (£169k)
PEOPLE CAPITAL & GROWTH	10,473	12,032	(1,558)	13,663	15,110	(1,447)	Slippage on Astrea Sports Pitch (£709k), failure to forecast DFG High Value Equipment (£431k - incorrect), potential saving on DFG funded Minor Works grants (£226k), Slippage on Aldine House Extension (£212k), Saving on Don Valley Academy Sports Hall (£121k) offset by Disabled Facilities Grant o/spend (See Item 5.5)
HEART OF THE CITY II	8,137	11,057	(2,919)	20,387	20,180	207	See Items 4.3, 5.1 and 5.4. In addition various slippage across remainder of programme due to development of phased approach.
TRANSPORT	3,250	8,065	(4,815)	10,619	15,155	(4,535)	See Items 4.8 and 4.10 plus slippage on Kelham Parking (£570k), Portobello Crossing (£382k), Clean Bus Technology (£800k), slippage on Transforming Cities Projects (£738k) and various slippage on smaller schemes
CORPORATE	1,250	1,250	-	1,250	1,250	-	
GREEN & OPEN SPACES	716	823	(107)	1,182	1,420	(238)	Slippage on Ponderosa Park Improvements (£115k) and low level slippage on other schemes.
Grand Total	82,835,915	106,273	(23,437)	141,406	165,129	(23,723)	

4 - Top 10 Forecast Slippage against Full Year Budget

The table below illustrates that of the £15.8m main forecast underspends against budget, £3.1m relates to delays in schemes in delivery or where contract has been awarded. £11.9m relates to re-profiling of allocations not yet committed and £0.8m relates to the reprofile and increase of the budget for the Broadfield Road Junctions scheme now a programme of work has been agreed.

Business Unit	Board	FY Budget	FY variance on budget	Explanation
4.1	Brownfield Site	4,990	(4,589)	REPROFILE - This relates to block allocation for opportunistic acquisition of Brownfield sites to facilitate Housing Growth. No further purchases now expected in current financial year.
4.2	Waste Mgt & Estate Environmentals	1,900	(1,900)	REPROFILE - This relates to block allocation for works on council Housing Stock. Now not anticipated to be utilised in current year.
4.3	Hoc li Infrastructure & Pr	2,082	(1,801)	REPROFILE - The budget represents a proportion of the pre-construction costs for each of the block appraisals relating to public realm and infrastructure. This is based on the cost plan split between building and infrastructure costs. However, as all blocks have slipped against budget profile and no material actual spend on Infrastructure & public realm, forecasting based on more realistic estimate of likely costs with balance of budget on contingency in 20/21 & 21/22.
4.4	H & S Essential Work	1,737	(1,737)	REPROFILE - This relates to block allocation for works on council Housing Stock. Now not anticipated to be utilised in current year.
4.5	New Build Council Hsg Phase 2	5,377	(1,247)	SLIPPAGE - Current year variation due to delay in progress on site. This delay does not impact on the current approved programme. Slippage approval presented to be presented as part of Housing Programme refresh
4.6	Grey 2 Green Ph2	4,824	(980)	SLIPPAGE - Variation between Current Full Year budget and Latest Outturn Forecast Current Year due to slippage associated with programme delays. Also, the contractor's original cashflow has proven to be inaccurate and contract payments to date have been less than anticipated. Slippage approved January Cabinet will be reflected in Jan monitoring.
4.7	Pitched Roofing & Roofline	3,000	(975)	REPROFILE - SBS - The final account has now been provisionally agreed in the sum of £6,071,574.41. This figure will not be altered unless further instructions are issued during the defect period for the final orders. A final payment will be made to release the remaining retention, which is forecast for April 2020. Kier - QS now forecasting a much reduced payment to Kier in 2019/20 following another month in which no payment was made. No payment expected in January and only forecasting payment totalling £250,00 for February and March. Estimate a total outstanding balance of £1,115,000 therefore a carry over of £865,000 would be required in 2020/21.
4.8	Ulev Rapid Chargers	1,117	(862)	SLIPPAGE - Due to tendering delays forecast completion is now Q1 20/21
4.9	Devonshire Quarter	5,100	(855)	REPROFILE - This relates to block allocation for acquisition of sites at in the Devonshire Quarter to facilitate Housing Growth. No further purchases now expected in current financial year.
4.10	Broadfield Road Junction	2,714	(862)	OVERSPEND - SLIPPAGE - Delays in the scheme due to CPD issues and tender returns higher than initial estimates. Forecast overall overspend of £317,361. Shortfall to be funded from Local Transport Plan. Budget Variations approved at cabinet. Will be reflected in January monitoring.
Total		32,841	(15,789)	

5 - Top 10 Forecast Overspends over Full Year Budget

The table below indicates that of the current major in year forecast spends above budget 3 items represent genuine overspends, however funding is available the Disabled facilities Grant and Transforming Cities Fund and HRA respectively to cover these.

	Business Unit	Board	FY Budget	FY variance on budget	Explanation
5.1	Srq Offices	HEART OF THE CITY II	2,501	4,139	AWAITING APPROVAL - Forecast now included for payments to be made to retail/food and beverage tenants for fit out costs under lease agreements. Budget to accommodate this presented for approval this month.
5.2	Electrical Strategy	HOUSING INVESTMENT	7,958	1,488	ACCELERATION - Contractor works ahead of schedule. Variation to accommodate this presented for approval this month.
5.3	New Build Coun Hsg Ph 4a	HOUSING GROWTH	358	729	ACCELERATION - Updated profile based on contractors forecast now received. Variation to accommodate this approved as part of Housing Capital Review. Will be reflected in January monitoring.
5.4	Srq - Strategic Dev Partner	HEART OF THE CITY II	708	208	ACCELERATION - Acceleration in delivery partner works. Variation to accommodate this presented for approval this month.
5.5	Disabled Grants	PEOPLE CAPITAL & GROWTH	2,791	184	OVERSPEND - Slight overspend on most recent anticipated budget. However sufficient Disabled Facilities Grant Funds are held to fund this.
5.6	York - Ny Sub Region Hal	HOUSING INVESTMENT	119	124	AWAITING APPROVAL - Loan redemption income received to cover expected costs of new loans. Budget to reflect this approved as part of Housing Capital Programme Refresh. Will be reflected in January monitoring.
5.7	City Centre West Cycle Route	TRANSPORT	802	116	OVERSPEND - At final business case stage total costs have increased by £75k. However sufficient Transforming Cities Fund monies are held to meet this increased cost and budget increase will be reflected in January monitoring. No forecast committed this month. Therefore investigations on going as to whether £115k is revised overspend figure
5.8	Communal Areas-low Rise Flats	HOUSING INVESTMENT	450	110	OVERSPEND - Approval is being sought to meet the cost of the Gleadless Valley structural surveys and Going Local projects from this budget, and approval for the remaining retention payments to be made from this budget as it is currently insufficient at £450,000 for the current financial year to cover the total forecast spend. The additional funding of £110,000 required to meet these costs to be identified
5.9	Calderdale Rf Funds Hal	HOUSING INVESTMENT	-	79	AWAITING APPROVAL - A variation to be presented as part of the Housing programme refresh fo to increase the approved budget from £0 to £78,891 as loan redemption income of £78,891 has been received which will cover the cost of increased loan values
5.10	Don Valley School	PEOPLE CAPITAL & GROWTH	12	77	ACCELERATION - Remaining budget for IT equipment only. Expenditure on this occurring earlier than originally forecast.
	Total		15,699	7,255	

6 - Key Issues and Risks

Key Issues

- **Housing Right To Buy 1-4-1 Receipts** - Buffer before repayment of 1-4-1 receipts is required is narrowing. Current estimates indicate between £4.3m and £4.9m eligible expenditure per quarter on new council housing must be incurred in 2020/21. Plans are in place to achieve this but will require careful monitoring.

Key Risks

- **Upper Don Valley Flood Defence Scheme**- Tender returns on this scheme have come in approx. £3.75m over the £4m budget allocation at Outline Business Case stage. value engineering works are ongoing, alongside negotiations with Environment Agency for additional funding. Key risk is that SCR have stated that no further grant funding will be made available to SCC until funding issues are resolved. **UPDATE** - In principle approval received from Leader to underwrite gap from CIF allowing contract to be awarded.

Changes to the Corporate Risk Register As at 30th September 2019

1. The Council maintains a Corporate Financial Risk Register which details the key financial risks facing the Council at a given point in time. This was published alongside the 2019/20 Revenue Budget¹.
2. The following paragraphs contain significant amendments to that version.
3. The following has been added as a new risk, within the ‘Corporate Risks’ section. This should be read alongside the additions detailed within the Month 2² and Month 6³ Reports.

Flooding

- i. The Council has made significant investment into the flood defences within the city since the flooding in 2007. Despite this, and as the weather in November 2019 demonstrated, the risk of flood water overwhelming current flood defences remains. This would present a risk to thousands of homes and business and disruption to major road networks and other vital infrastructure (schools, health centres etc).
- ii. To mitigate this, the Council engages in regular flood risk assessment and flood defence maintenance and works in partnership with DEFRA and other government agencies. As the Lead Local Flood Authority, the Council has worked closely with the Environment Agency to develop the ‘Sheffield Flood Risk Management Strategy.’ The aim of the plan is to reduce the likelihood of flooding, provide more support to local communities to help individuals and groups take action to protect themselves, and improve the city’s environment.

¹ Available at Sheffield.gov.uk for the Revenue Budget Book, Appendix 5 of Item 8 of March Council 2019.

² Available at Sheffield.gov.uk – Item 12, July Cabinet.

³ Available at Sheffield.gov.uk – Item 11, November Cabinet.

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Author/Lead Officer of Report:
Damian Watkinson,
Finance Manager

Tel: 0114 273 6831

Report of: *Eugene Walker (Executive Director, Resources)*

Report to: *Cabinet*

Date of Decision: *19th February 2020*

Subject: *Capital Approvals for Month 09 2019/20*

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 checked="" type="checkbox"/>		

Which Cabinet Member Portfolio does this relate to? ***Finance and Resources***

Which Scrutiny and Policy Development Committee does this relate to?
Overview and Scrutiny Management Committee

Has an Equality Impact Assessment (EIA) been undertaken? Yes No

If YES, what EIA reference number has it been given? *(Insert reference number)*

Does the report contain confidential or exempt information? Yes No

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

Purpose of Report:

This report provides details of proposed changes to the Capital Programme as brought forward in Month 09 2019/20.

Recommendations:

- Approve the proposed additions and variations to the Capital Programme listed in Appendix 1, including the procurement strategies and delegate authority to the Director of Finance and Commercial Services or nominated Officer, as appropriate, to award the necessary contract

- Approve the making of grants to 3rd Parties as detailed at Appendix 2

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>Tim Hardie</i>
		Legal: <i>Nadine Sime / Sarah Bennett</i>
		Equalities: No
<p><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></p>		
2	EMT member who approved submission:	<i>Eugene Walker</i>
3	Cabinet Member consulted:	<i>Councillor Terry Fox 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.	
	Lead Officer Name: <i>Damian Watkinson</i>	Job Title: <i>Finance Manager Business Partner Capital</i>
	Date: 07/02/20	

MONTH 09 2019/20 CAPITAL APPROVALS

1. SUMMARY

1.1 A number of schemes have been submitted for approval in line with the Council's capital approval process during the Month 09 reporting cycle. This report requests the relevant approvals and delegations to allow these schemes to progress.

1.2 Below is a summary of the number and total value of schemes in each approval category:

- 12 additions of specific projects to the capital programme creating a net increase of £3.093m;
- 12 variations creating a net increase of £5.594m;
- 21 re-profiles of expenditure with no increase to budgets

1.3 Further details of the schemes listed above can be found in Appendix 1.

2. WHAT DOES THIS MEAN FOR SHEFFIELD PEOPLE

2.1 The proposed changes to the Capital programme will improve the recreational leisure facilities, schools, roads and homes used by the people of Sheffield, and improve the infrastructure of the city council to deliver those services.

3. BACKGROUND

This report is part of the monthly reporting procedure to Members on proposed changes to the Council's capital programme.

4. OUTCOME AND SUSTAINABILITY

4.1 By delivering these schemes the Council seeks to improve the quality of life for the people of Sheffield.

5. OTHER IMPLICATIONS

5.1 Finance Implications

The primary purpose of this report is to provide Members with information on the proposed changes to the City Council's Capital Programme further details on each scheme are included in Appendix 1 in relation to schemes to be delivered and Appendix 2 in relation to grants to be issued.

5.2 Procurement and Contract Award Implications

This report will commit the Council to a series of future contracts. The procurement strategy for each project is set out in Appendix 1. The award of

the subsequent contracts will be delegated to the Director of Financial and Commercial Services.

5.3 Legal Implications

Any specific legal implications in this report are set out in Appendix 1 and Appendix 2 in relation to grants to be issued.

5.4 Human Resource Implications

There are no direct Human Resource implications for the Council.

5.5 Property Implications

Any specific property implications from the proposals in this report are set out at Appendix 1.

6. ALTERNATIVE OPTIONS CONSIDERED

- 6.1 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.

7. REASONS FOR RECOMMENDATIONS

- 7.1 The proposed changes to the Capital programme will improve the services to the people of Sheffield
- 7.2 To formally record changes to 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.
- 7.3 Obtain the relevant delegations to allow projects to proceed.

Finance & Commercial Services | Commercial Business Development

January 2020

Scheme name / summary description		Value £'000
A	Economic growth	
	New additions	
	None	
	Variations and reasons for change	
Page 441	<p>Culvert Renewal Programme</p> <p>Scheme description</p> <p>The scheme was approved in October 2018 to undertake work to renew and strengthen 9 culverted watercourses, the condition of which are significantly deteriorated, extending the asset life by up to 70 years.</p> <p>Works include internal structural lining (estimated length 1856 meters), new pipeline (estimated length 253 meters), diversion of culvert into the public highway with a new pipeline and transfer of ownership to the City Council (estimated length 510 metres), new manhole chambers to improve access for culvert maintenance, replacement of substandard inlet debris screens reducing the risk of blockage and surface land reinstatement to the original condition where required.</p> <p>The culvert locations are as follows:- Shay House Lane (Stocksbridge), Fox Hill / Penistone Road (Wadsley Bridge), Tongue Gutter (Parson Cross), Pack Horse Lane (High Green), Allen Croft Brook (Stocksbridge), Fulwood Road (Fulwood), Crimicar lane (Fulwood), Deer Park (Stannington) and Dobicraft Road / Pingle Avenue (Millhouses).</p> <p>What has changed?</p> <p>The project delivery has experienced delays as the surveys / investigations, design and planning works took longer than initially expected, however the result of this was a more efficient design solution. In addition, construction works were disrupted by high flows from extreme rainfall experienced during the autumn of 2019.</p> <p>This will result in project slippage funding of £222k being moved into the 2020-21 Capital Programme to enable continuation of works.</p> <p>Variation type: -</p> <ul style="list-style-type: none"> [slippage] 	<p>19-20 -222</p> <p>20-21+222</p>
	Funding	Environment Agency

	Procurement	No change	
Page 442	Inner Ring Road Junctions		
	Scheme description		19-20 -169 20-21 -31
	<p>The Sheffield City Centre Masterplan (2013) set out to establish and grow the Riverside Business District and to bring forward the West Bar Development. The Masterplan also recommends the continued removal of general traffic travelling through the City Centre and re-directing that traffic onto the A61 Sheffield Inner Relief Road. Currently, a number of key city centre development sites around the Inner Relief Road are constrained by the lack of highway capacity. Traffic congestion and journey times in this area are increasing, particularly during peak travel hours.</p> <p>The proposed project will provide additional traffic lane in each direction on the A61 Sheffield Inner Ring Road. There will also be modifications to the existing junctions at Corporation Street, Gibraltar Street, Bridgehouses and Derek Dooley Way which will improve the efficiency of the operation of the junctions between Corporation Street and Savile street. These will provide increased capacity for planned city centre regeneration particularly in the Riverside Business District.</p> <p>What has changed?</p> <p>As a result of the removal of the Bridge Street works and the absence of contaminated material, the project is expecting to make a saving on the approved budget of £200k. The Bridge Street finishes were planned to be supported by a retaining wall built by third parties. To date, the construction of the required sub-structure has not commenced.</p> <p>Variation type: -</p> <ul style="list-style-type: none"> [budget decrease] 		
	Funding	Sheffield City Region Investment Funds (SCRIF) & Local Transport Plan (LTP)	
Procurement	No change		
B	Transport		
	New additions		
	Milton Street Car Park		+84
	Why do we need the project?		
	<p>The Council's Property directorate purchased unsurfaced land on Milton Street in September 2019. Previously the land was used as a temporary unsurfaced car park but is now vacant and unoccupied.</p> <p>The city centre currently has 21 car parks managed by Parking Services providing approximately 724 spaces. These car parks are located on areas of land designated for redevelopment intended to support the City's regeneration and economic growth. It is anticipated that over the next 12 months there will be a loss of approximately 252 Council operated off street parking spaces. The loss of these spaces will have an impact on the availability of off</p>		

Page 443	<p>street parking in an area servicing key businesses in the city centre. In addition, another 162 spaces will be lost at the end of this financial year due to the development of the Sheffield Hallam University science car park.</p> <p>How are we going to achieve it?</p> <p>To manage the oncoming shortfall in off street parking, Sheffield City Council Parking Services are proposing to manage the land on Milton Street as a short stay pay and display car park for approximately 18 months until the land is ready to take it to market.</p> <p>The temporary car park will provide 49 spaces including 2 disabled bays using pay and display machines enabled to take phone and contactless payments. The total cost of the project is £84k and will be funded from Revenue Contribution to Capital income</p> <p>What are the benefits?</p> <ul style="list-style-type: none"> Support traffic management by minimising the impact in lost off street parking spaces. <p>When will the project be completed?</p> <p>[June 2020-21]</p>							
	Funding Source	Revenue Contribution to Capital	Amount	84k	Status		Approved	
	Procurement	<ul style="list-style-type: none"> i. Detailed design and surveys via the Capital Service Delivery Partner ii. Direct award via the Non-Highways Resurfacing measured term contract for resurfacing works iii. Installation of parking machine by Amey Hallam Highways via Schedule 7 of the Streets Ahead PFI iv. Supply of parking machine via the existing Pay and Display supplier contract 						
<p>Cut Gate Bridleway</p> <p>Why do we need the project?</p> <p>The Cut Gate Bridleway is a public right of way that Sheffield City Council (SCC) has a statutory duty to maintain in a good condition. The Bridleway is 7km leading from Langsett Reservoir to Slippery Stones in the Upper Derwent Valley over the high moors in north west Sheffield. It is of national importance to mountain bikers and of regional importance to horse riders and currently out of repair. The improvement works are estimated to cost £275k.</p> <p>The Peak District National Park Authority (PDNPA), via the Moors For The Future (MFF) Project, has taken lead in seeking the funding and project managing the works. Allowing MFF to take the lead has enabled other funding sources to be identified and as a result, SCC will not be required to fund the entire cost of the works.</p> <p>MFF have requested a contribution of £40k from SCC towards the cost of the improvement works.</p> <p>How are we going to achieve it?</p>							+42	

<p>SCC will make the £40k contribution via a legal agreement. This will be funded from Local Transport Plan along with £2k fees. The total cost of the project is £42k.</p> <p>What are the benefits?</p> <ul style="list-style-type: none"> Improved quality of surfacing on the PROW network, providing better accessibility for all users Continuing the Green Route project to provide leisure routes and open up green spaces Improvement of well used leisure route Providing physical infrastructure which is fit for purpose and cost effective, but respectful of its setting 																																										
Funding Source	Local Transport Plan	Amount	42k	Status	Ring-fenced for Transport Projects	Approved																																				
Procurement		n/a – funding agreement																																								
Page 444	Variations and reasons for change																																									
	<p>20 MPH Projects</p> <p>Scheme description</p> <p>On 8 March 2012, the City Council Cabinet Highways Committee approved the ‘Sheffield 20mph Speed Limit Strategy’, the long-term aim of which is to establish 20mph as the maximum speed in appropriate residential areas of Sheffield.</p> <p>In June 2019, Cabinet approved feasibility, consultation and design works to be carried out in Fox Hill, Hillsborough and Sharrowvale with a view of implementing 20 mph zones.</p> <p>What has changed?</p> <p>The initial design works are now complete and all three schemes will progress to construction. The budgets will be increased by £48k for 2019-20 and £185k for 2020-21 as shown in the table below. All three schemes are fully funded from Local Transport Plan:-</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th rowspan="2"></th> <th colspan="3">Project Costs</th> <th colspan="2">Budget Increase</th> </tr> <tr> <th>2019-20 £000</th> <th>2020-21 £000</th> <th>Total £000</th> <th>2019-20 £000</th> <th>2020-21 £000</th> </tr> </thead> <tbody> <tr> <td>Fox Hill</td> <td>22</td> <td>35</td> <td>57</td> <td>12</td> <td>35</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Sharrowvale</td> <td>28</td> <td>65</td> <td>93</td> <td>16</td> <td>65</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table>								Project Costs			Budget Increase		2019-20 £000	2020-21 £000	Total £000	2019-20 £000	2020-21 £000	Fox Hill	22	35	57	12	35							Sharrowvale	28	65	93	16	65						
	Project Costs			Budget Increase																																						
	2019-20 £000	2020-21 £000	Total £000	2019-20 £000	2020-21 £000																																					
Fox Hill	22	35	57	12	35																																					
Sharrowvale	28	65	93	16	65																																					

	Hillsborough		35	85	120	20	85		
			85	185	270	48	185		
	Variation type: - <ul style="list-style-type: none"> [budget increase] 								
	Funding	Local Transport Plan							
	Procurement	i. Direct award to Amey Hallam Highways via Schedule 7 of the Streets Ahead PFI							
Page 445	Clarkehouse Road Parking								
	Scheme description								
	<p>This project is part of the Sheffield City Councils corporate objective of increasing active travel as part of its overall transport strategy designed to improve travel choice and tackle congestion.</p> <p>It has previously been approved to deliver the following proposed works with the aim of achieving a safe flow for cycles on Clarkehouse Road :-</p> <ul style="list-style-type: none"> Remove the peak hour waiting restrictions on Clarkehouse Road between Glossop Road and Brocco Bank Remove the uncontrolled parking area between Park Lane and Broomgrove Crescent Introduce double yellow lines on both sides of Clarkehouse Road for its whole length Retain the existing peak hour loading restriction Provide some pay by phone parking spaces on College Street under an experimental traffic regulation order <p>What has changed?</p> <p>Delays in the project delivery has occurred due to consultation issues. As a result, £43k of Local Transport plan funding will be moved into 2020-21</p> <p>Variation type: -</p> <ul style="list-style-type: none"> [slippage] 								
	Funding	Local Transport Plan							19-20 -43k 20-21 +43k
	Procurement	No change							
	ITS Network Management								
	Scheme description								
	<p>This scheme is part of the Urban Traffic Control, Intelligent Transport Systems (ITS) programme of corridor improvement works, which are interventions designed to address existing problems at known identified hot spots on key strategic routes in the city. The aim is to reduce congestion and delay by</p>								19-20 -94 20-21+ 94

Page 446	<p>improving journey time reliability and smoothing traffic flows.</p> <p>The A57 Mosborough Parkway from the A630 Sheffield Parkway to the Mosborough and Crystal Peaks townships is subject to severe delay and congestion at the B6064 Coisley Hill junction at peak periods. Traffic monitoring has shown that during the PM peak traffic is queuing on the A57 Mosborough Parkway from the B6064 Coisley Hill Junction onto the A630 Sheffield Parkway – A57 Mosborough Parkway gyratory, impacting on eastbound traffic on the A57 / A630 Sheffield Parkway heading towards the M1 J33</p> <p>The proposed scheme is to install new part-time signals on the Coisley Hill approach to the roundabout. To achieve this, there will be some minor changes to the existing kerb line on the approach to the roundabout.</p> <p>What has changed?</p> <p>Delays have been experienced due to extended consultation and delays in obtaining required approvals. As a result, funding to the value of £94k will be moved into 2020-21 to enable continuation of the scheme.</p> <p>Variation type: -</p> <ul style="list-style-type: none"> [slippage] 		
	Funding	Local Transport Plan	
	Procurement	No change	
	<p>Ultra Low Emission Vehicles (ULEV) Rapid Chargers</p> <p>Scheme description</p> <p>Sheffield City Council has been instructed by Government to develop an air quality plan that will achieve compliance to legal nitrogen dioxide levels in the shortest possible time.</p> <p>It is widely recognised that taxis, in particular Hackney carriages, are significant contributors to declining air quality due to their high level of use and, in the case of Hackneys, the age of the fleet. Transitioning the cities taxi fleet to ULEV will deliver significant air quality benefits and is therefore an important part of the city’s emerging air quality strategy.</p> <p>In order to support the move to electric vehicles, it is vital that the appropriate charging infrastructure is in place.</p> <p>This project has been previously approved to install 10 taxi only rapid charging points funded by a grant award from ULEV (Ultra Low Emission Vehicles) and combined with additional funding to install up to a further 12 multi use chargers across the city; totalling 22 for this project.</p> <p>What has changed?</p> <p>Following recent tenders, it is proposed the contract to carry out the works will be issued in February 2020 with a forecast completion date for quarter 1 2020-21. The project budget / funding [ULEV, Local Transport Plan, Early Measures] will be adjusted accordingly to align with the project spend. £1,073k of funding will be moved into the 2020-21 Capital programme with an project overall increase of £130k</p> <p>The increase will be funded from Local Transport Plan.</p>	<p>2019-20</p> <p>-1,073</p> <p>2020-21</p> <p>+1,203</p>	

	Variation type: - <ul style="list-style-type: none"> [budget increase] [slippage] 		
	Funding	Ultra Low Emission Vehicles, Local Transport Plan, Early Measures	
	Procurement	No change	
Page 447	Herries Road Parking Scheme description This project is an element of the Council’s overall objective of increasing active travel, focusing on minor adaptations to improve accessibility and road safety of pedestrians. It has previously been approved to provide safer crossing points on Herries Road, Shiregreen Road and Moonshine Lane. Works involve:- <ul style="list-style-type: none"> A Pedestrian refuge on Herries Road Enhancements to existing crossing points at Shiregreen Road and Moonshine Lane (carriageway narrowing / build out) What has changed? The works are to be delivered by AMEY however due to resource issues, construction will now commence in quarter 1 in 2020-21. As a result, £68k of Local Transport funding will be moved in the 2020-21 Council’s Capital Programme. Variation type: - <ul style="list-style-type: none"> [slippage] 		2019-20 -68 2020-21 +68
	Funding	Local Transport Plan	
	Procurement	No change	
	Carterknowle Road Pedestrian Enhancements Scheme description This project is an element of the Council’s overall objective of increasing active travel, focusing on minor adaptations to improve accessibility and road safety of pedestrians. It has previously been approved to provide two enhanced crossing points on Carter Knowle and Langdale Road where accidents have occurred. What has changed? The works are to be delivered by AMEY however due to resource issues, construction will now commence in quarter 1 in 2020-21. As a result, £70k of		2019-20 -70 2020-21 +70

	Local Transport funding will be moved in the 2020-21 Council's Capital Programme. Variation type: - <ul style="list-style-type: none"> [slippage] 		
	Funding	Local Transport Plan	
	Procurement	No change	
Page 448	Transforming Cities Funding: City Centre		2019-20
	Scheme description		-167
	Sheffield City Council has previously been awarded £2m through the Transforming Cites Fund tranche 1 (TCF) to invest in schemes that promote active travel (cycling and walking) to enable people to access jobs, education etc. through greener and healthier forms of travel and two projects are currently underway to utilise this funding. A further opportunity was given through the Transforming Cities Fund to make a bid for up to £200m across the City Region and Cabinet have previously approved a number of feasibilities to be undertaken in early preparation and in anticipation of a successful bid.		2020-21 +167
	The feasibility for the City Centre project included measures to improve city bus services via bus route changes, with the primary aim of reducing bus journey times by giving preferential access to buses in certain parts of the city. This will include new bus stops and may link to a free electric bus service in the city centre. The project will also encourage active travel by creating a network of cross city centre cycling infrastructure.		
What has changed?		The project has experienced delays as a result of the need to carry out additional feasibility works to ensure the scheme aligns to the Council's City Centre Strategic Vision. As a result, £167k of funding will be moved into the 2020-20 Capital Programme to enable continuation of the project.	
Variation type: - <ul style="list-style-type: none"> [slippage] 			
	Funding	Capital Receipts	
	Procurement	No change	
	Transforming Cities Funding : Housing Zone North		19-20
	Scheme description		-169
	Sheffield City Council has previously been awarded £2m through the Transforming Cites Fund tranche 1 (TCF) to invest in schemes that promote active travel (cycling and walking) to enable people to access jobs, education etc. through greener and healthier forms of travel and two projects are currently underway to utilise this funding. A further opportunity was given through the Transforming Cities Fund to make a bid for up to £200m across the City Region and Cabinet have previously approved a number of feasibilities to be undertaken in early preparation and in anticipation of a successful bid.		20-21 +169

	<p>The project aims to reduce bus journey times through Kelham Island by giving priority to buses in certain areas, which maintaining the access needed for businesses in the area.</p> <p>This will be achieved by junction changes; and access and directional changes on some of the roads. In parallel to this, quieter roads will have improved cycle paths and public realm improvements in key areas, aimed at encouraging active travel.</p> <p>What has changed?</p> <p>The project has experienced delays in completion of surveys and modelling therefore £169k of funding will be moved into the 2020-21 Capital Programme.</p> <p>Variation type: -</p> <ul style="list-style-type: none"> • [slippage] 			
	<table border="1"> <tr> <td data-bbox="170 600 322 663">Funding</td> <td data-bbox="322 600 1998 663">Capital Receipts</td> </tr> </table>	Funding	Capital Receipts	
Funding	Capital Receipts			
	<table border="1"> <tr> <td data-bbox="170 663 555 727">Procurement</td> <td data-bbox="555 663 1998 727">No change</td> </tr> </table>	Procurement	No change	
Procurement	No change			
Page 449	Quality of life			
	New additions			
	None			
	Variations and reasons for change			
	<p>General Cemetery</p> <p>Scheme description</p> <p>In June 2018, SCC was successful in securing a Heritage Lottery Fund (HLF) grant offer towards the Sheffield General Cemetery (SGC) project.</p> <p><i>Problem to address:</i></p> <ul style="list-style-type: none"> - Health & Safety / repair liability: The value of capital repair work required to address just the high risk repairs needed is estimated at £536K. This does not included fees for procurement, project management, specialist experts to design and specify work to RIBA 4 and fees associated with discharging planning / Listed Building consents. - Statutory obligation: The site is of national historic importance and is Grade II* on the Historic England Register of Parks and Gardens), as such SCC has a statutory duty to appropriately manage and maintain the property. The poor / declining condition of the site and inappropriate management / maintenance has resulted in the site being on the HE 'Heritage at Risk' register for many years. The site is also on the SCC Asset risk Register as a result of H&S issues relating to structures. - Open space deficit in the area: The area has a recognised open space deficit and this is the largest park within the Sharrow catchment. However 	<p>19/20 -28</p> <p>20/21 +28</p>		

Page 450	it is not currently fit for purpose and as a result is under-used.	
	<p>What has changed? Slippage of the 19/20 budget required due to the delay in permission to start, delays to agreement of new job descriptions & subsequent appointment of new staff.</p> <p>Variation type: Slippage</p> <p>Budget: Current 19/20 Budget £77.9K - £28.2K = £49.7K Current 20/21 Budget £376.9K + £27.7K = £404.6K Current 21/22 Budget £1,994.7K + £0.0K = £1,994.7K Current 22/23 Budget £1,152.5K + £0.0K = £1,152.5K Current 23/24 Budget £279.4K + £0.5K = £279.9K Current Total Budget £3,881.4K + £0.0K = £3,881.4K</p>	
	Funding	HLF £3,098.4K CIF £344.0K FDF £292.2K S106 £91.2K Parks RCC £55.6K
	Procurement	No change
Green and open spaces		
New additions		
None		
Variations and reasons for change		
<p>Ponderosa Active Play Improvements</p> <p>Scheme description The Ponderosa Park project aims to deliver improvements identified in the masterplan for the site produced in 2010. This project will draw upon these original ideas and transform the park through delivering a variety of green space improvement elements, and move the green space towards becoming an active park including:</p> <p>Woodlands (Phase 1 complete), footpaths and connectivity (Phase 2), play and sports (Phase 3) and site improvements to the entrance and access (Phase 4).</p> <p>Phase 1 is complete, a slight increase in budget was approved at the Phase 2 Final Business Case stage in December 19, and Phase 3 FBC has now been brought forward to install 4 pieces of play equipment by May 2020.</p>		19/20 -115 20/21 +115

Page 451	<p>What has changed? The scope is still the same but due to delays through the design/consultation process, the full budget is now not expected to be spent by the end of March20 and therefore some of the Phase 3 and all the Phase 4 costs needs slipping into 20/21</p> <p>Variation type: Slippage</p> <p>Budget: Spend 18/19 £14.0K Current 19/20 Budget £195.1K - £115.1K = £80.0K <u>Current 20/21 Budget £0.0K + £115.1K = £115.1K</u> Total Project Budget £209.1K + £0.0K = £209.1K</p> <p>Costs Phase 1 Woodlands £13.7K Phase 2 Paths £53.5K Phase 3 Play £49.0K (£27.8K slipped into 20/21) Phase 4 Entrance £80.7K Fees £12.2K (£6.5K slipped into 20/21) TOTAL £209.1K</p>		
	Funding	Public Health £100K + Parks Investment Fund £22K + S106 £87K	
	Procurement	No change	
	E Housing growth		
	New additions		
	<p>New Build Phase 5 – Newstead General Needs <u>FEASIBILITY</u></p> <p>Why do we need the project? This site is part of the original Scowerden, Weaklands, Arbourthorne & Newsteads (SWAN) sites regeneration proposals and is HRA land that is still to be developed to provide affordable housing. Strategy & Policy, as part of their research, has defined the housing need within this Housing Market Area. This proposed Housing Growth project to provide General Needs properties is part of the New Homes Delivery Plan and the HRA Business Plan and aims to deliver new homes in line with the identified need.</p> <p>How are we going to achieve it? The aim is to build 79 General Needs properties of various types on the site (see below). At this stage the following will be carried out by CDS to inform how to progress the scheme:</p>		+112

- Development and confirmation of brief
- Options appraisal leading to costed options report to present to client
- Design of preferred option to RIBA2
- Development and agreement of procurement strategy
- Development of detailed programme
- Procurement of surveys (phase 2 geo tech, tree and CCTV)

What are the benefits?

Objectives

To provide General Needs properties as part of the New Homes Delivery Plan and the HRA Business Plan.

Outputs

79 properties of various types (depending on the outcome of the feasibility)

General Needs House Type

B	3 bed 5 person WAH unit	2 Storey	Semi detached	6
E2	4 bed 6 person	2 Storey	Detached/ Semi detached	13
K1	3 bed 5 person	2 Storey	Semi detached	24
FA	1 bed 2 person WAH unit	1 Storey	Flat	24
FB	1 bed 2 person WAH unit	1 Storey	Flat	12
				79

Benefits

Contribute towards achieving the New Homes Delivery Plan and the HRA Business Plan, which aims to create more affordable housing in areas that have had an identified need.

When will the project be completed?

The current aim is to complete the scheme in 2023/24

Costs

Fees 19/20	£31.6K
Fees 20/21	£67.9K
<u>Surveys 20/21</u>	<u>£12.5K</u>
Total	£112.0K

	Funding Source	HRA	Amount	£112K	Status	Approved			
	Procurement		i. Design via the Capital Delivery Service Partner ii. Surveys via competitive quotations						
Page 453	<p>New Build Phase 6 – Newstead Older Persons Independent Living (OPIL) <u>FEASIBILITY</u></p> <p>Why do we need the project? This site is part of the original Scowerden, Weaklands, Arbourthorne & Newsteads (SWAN) sites regeneration proposals and is HRA land that is still to be developed to provide affordable housing. Strategy & Policy, as part of their research, has defined the housing need within this Housing Market Area. Further research into the specific property type need has also been carried out within the Housing & Neighbourhood Service and further market research will be carried out to determine the plans of potential customers for over-60s living. This proposed Housing Growth project to provide Older Persons Independent Living supported properties is part of the New Homes Delivery Plan and the HRA Business Plan and aims to deliver new homes in line with the identified need.</p> <p>How are we going to achieve it? The aim is to build 146 OPIL properties of various types on the site (see below). At this stage the following will be carried out by CDS to inform how to progress the scheme:</p> <ul style="list-style-type: none"> • Development and confirmation of brief including: <ul style="list-style-type: none"> ○ Establish proposed Operating Model for the OPIL scheme ○ Confirm planned Care Model in conjunction with Adult Care Commissioning ○ Establish rent levels and service charges, including confirmation those which are benefitable, to aid the viability modelling ○ Use of lessons learned from Adlington, with regards to design parameters, decision making governance and setting design freeze deadlines • Options appraisal leading to costed options report to present to client • Design of preferred option to RIBA2 • Development and agreement of procurement strategy • Development of detailed programme • Procurement of surveys (phase 2 geo tech, tree and CCTV) <p>What are the benefits? <i>Objectives</i> To provide OPIL supported living properties as part of the New Homes Delivery Plan and the HRA Business Plan.</p> <p><i>Outputs</i> 146 properties of various types (depending on the outcome of the feasibility)</p> <ul style="list-style-type: none"> • Main OPIL block of apartments: circa 66 x 1 bed/2 person apartment - wheelchair adaptable (Building Regulations Part M Category 3 Adaptable) 							+118	

<p>circa 30 x 2bed/3 person apartment - wheelchair adaptable (Building Regulations Part M Category 3 Adaptable)</p> <ul style="list-style-type: none"> Standard supported OPIL housing: circa 12 x 1 bed/2 person apartments - wheelchair adaptable (Building Regulations Part M Category 3 Adaptable) circa 6 x 2 bed/3 person apartments - wheelchair adaptable (Building Regulations Part M Category 3 Adaptable) circa 8 x 2 bed/4 person terraced bungalows - wheelchair adaptable (Building Regulations Part M Category 3 Adaptable) circa 8 x 2 bed/4 person terraced housing - (Building Regulations Part M Category 2) Complex needs accommodation: circa 16 x 1 bed/2 person apartments - wheelchair adaptable (Building Regulations Part M Category 3 Adaptable) <p><i>Benefits</i> Contribute towards achieving the New Homes Delivery Plan and the HRA Business Plan, which aims to create more affordable housing in areas that have had an identified need.</p> <p>When will the project be completed? The current aim is to complete the scheme in 2023/24</p> <p>Costs</p> <table border="0"> <tr> <td>Fees 19/20</td> <td>£33.6K</td> </tr> <tr> <td>Fees 20/21</td> <td>£71.7K</td> </tr> <tr> <td><u>Surveys 20/21</u></td> <td><u>£12.5K</u></td> </tr> <tr> <td>Total</td> <td>£117.8K</td> </tr> </table>								Fees 19/20	£33.6K	Fees 20/21	£71.7K	<u>Surveys 20/21</u>	<u>£12.5K</u>	Total	£117.8K
Fees 19/20	£33.6K														
Fees 20/21	£71.7K														
<u>Surveys 20/21</u>	<u>£12.5K</u>														
Total	£117.8K														
Funding Source	HRA	Amount	£118K	Status		Approved									
Procurement	<ul style="list-style-type: none"> i. Design via the Capital Delivery Service Partner ii. Surveys via competitive quotations 														
Variations															
<p>Council Housing Stock Increase Block Allocation</p> <p>Scheme description Block allocation of HRA funding to be used for the Stock Increase Programme</p> <p>What has changed? A draw down of £230K; £112K for Newstead General Needs feasibility, and £118K for Newstead OPIL feasibility, is required to allow those schemes to</p>							<p>19/20 -146</p> <p>20/21 -84</p>								

	<p>progress. An allocation is held in Q0087 for these schemes following the recent Annual Review of the Housing Capital Programme.</p> <p>Variation type: - budget decrease</p> <p>Budget Current 19/20 Budget £930K - £146K = £784K Current 20/21 Budget £6,456K - £84K = £6,372K Total 19-21 Budget £7,386K - £230K = £7,156K</p>			
	<table border="1"> <tr> <td data-bbox="170 619 322 687">Funding</td> <td data-bbox="322 619 1980 687">HRA</td> </tr> </table>	Funding	HRA	
Funding	HRA			
	<table border="1"> <tr> <td data-bbox="170 687 555 756">Procurement</td> <td data-bbox="555 687 1980 756">N/A</td> </tr> </table>	Procurement	N/A	
Procurement	N/A			
F	Housing investment			
	New additions			
Page 455	<p>Housing Demolitions Programme</p> <p>Why do we need the project? <i>Problem trying to address?</i> The demolition contract for Garages & Outhouses ended in March 2018 and most demolition work since then has been carried out through the Emergency Demolition or Garage Investment contract. The Emergency Demolition contract is no longer available as the contract rates reflect emergencies only, therefore a new demolition contract needs procuring so that demolition works can continue.</p> <p><i>Why address it now?</i> There are vacant garages and outhouses throughout the city which are currently in a state of disrepair and it's not financially viable to invest in them further. This project will address this issue and the associated issues of rent loss, ongoing maintenance obligations, and anti-social behaviour.</p> <p><i>Implications of not doing it now</i> These units will continue to be an eyesore and a hazard to the neighbourhoods attracting anti-social behaviour. The cost of maintenance will be ongoing and will increase, and rent loss will continue.</p> <p>How are we going to achieve it? Procure a measured term contract to be in a position to demolish units as required.</p> <p>What are the benefits? <i>Objectives</i> To successfully demolish the units identified as being vacant, in disrepair and too expensive to maintain.</p>	+1,579		

Outputs

Definitely expect to demolish:
35 blocks of outhouses (279 units)
68 blocks of garages (507 units)

The costs also include demolishing:
88 blocks of pre-cast concrete garages (638 units)

Benefits

- Demolition of vacant garages which are currently leading to rent loss, ongoing maintenance, and management costs dealing with anti-social behaviour.
- Demolition of outbuildings to reduce maintenance and management costs for anti-social behaviour, especially as there's no rent returns
- Demolition of pre-cast concrete garages at an anticipated competitive rate and the creation of garage parking sites

When will the project be completed?

3 year contract; May 2020 – April 2023

Costs:

Works £1,401.2K
Fees £108.0K
Contingency £70.1K
Total £1,579.3K

Funding:

From BU 97456 £114.4K
From BU Q0090 £459.0K
From BU Q0089 £1,005.9K
Total £1,579.3K

Budget:

19/20 £30.0K
20/21 £525.9K
21/22 £513.5K
2022+ £509.9K
Total £1,579.3K

Funding Source	HRA from various budgets	Amount	£1,579.3K	Status		Approved	
Procurement	i. Restricted procedure with PQQ						

Variations and reasons for change				
Page 457	<p>Garages Strategy Demolition (Council Housing)</p> <p>Scheme description Demolition budget for the demolition of Garages and Outhouses.</p> <p>What has changed? The contract ended in March 2018 and most demolition work since then has been carried out through the Emergency Demolition or Garage Investment contract. The Emergency Demolition contract is no longer available as the contract rates reflect emergencies only, therefore a new demolition contract needs procuring.</p> <p>The remaining budget on this Capital scheme is to be transferred to the new project (see above).</p> <p>Variation type: budget decrease</p> <p>Budget Current 19/20 Budget £143.4K – Current Actuals £29.0K = £114.4K</p> <p>Therefore transfer £114.4K to the new Housing Demolitions Programme (see Additions section).</p>	-114		
	<table border="1"> <tr> <td>Funding</td> <td>HRA</td> </tr> </table>	Funding	HRA	
	Funding	HRA		
<table border="1"> <tr> <td>Procurement</td> <td>N/A</td> </tr> </table>	Procurement	N/A		
Procurement	N/A			
	<p>Garages & Outhouses (Council Housing)</p> <p>Scheme description Block allocation of HRA funding to be used for Garage and Outhouse related projects.</p> <p>What has changed? A drawdown of £459K is available and therefore to be used for the new Housing Demolitions Programme (see above)</p> <p>Variation type: budget decrease</p> <p>Budget Current 19/20 Budget £0K Current 20/21 Budget £0K Current 21/22 Budget £230K - £230K = £0K <u>Current 22/23 Budget £229K - £229K = £0K</u> Current Total Budget £459K - £459K = £0K</p>	-459		

	Funding	HRA	
	Procurement	N/A	
Page 458	Other Essential Work (Council Housing)		-1,006
	Scheme description Block allocation of HRA funding for Essential Works not covered by the other Q numbers.		
	What has changed? A further drawdown of £1,005.9K is needed for the new Housing Demolitions Programme (see above) after pooling any other garage demolition resources.		
	Variation type: budget decrease		
Budget			
Current 19/20 Budget £0.0K			
Current 20/21 Budget £291.4K - £291.4K = £0.0K			
Current 21/22 Budget £1,250.0K - £714.5K = £535.5K			
Current 19-22 Budget £1,541.4K - £1,005.9K = £535.5K			
Funding	HRA		
Procurement	N/A		
Various Slippage (Council Housing Schemes)		19/20 1,003	
Scheme description 4 Housing Investment schemes which are forecasting either a material underspend or overspend (due to acceleration).		20/21 -1,003	
What has changed?			
<ul style="list-style-type: none"> • Obsolete Heating: slippage due to delays starting the programme. Still expecting to spend the budget just not all in 19/20. • Lansdowne and Hanover Cladding: slippage expected as appointed contractor now not doing the works. • Adaptations: delays to extensions work due to customer postponements and some issues with the contractor. Contractor has now presented an accelerated programme to catch up the work but some slippage still expected. • Garage Strategy Improvements: the contract sum will be spent, however the contract start was delayed so it won't conclude until January 2021. 			

Page 459	<ul style="list-style-type: none"> Lift Replacements: due to delays with the delivery of materials the first lift replacement was delayed, and works are still running behind. Electrical Strategy: work being done sooner than planned when the budget was profiled, therefore outputs will be achieved early but some budget needs bringing forward from 20/21. 								
	<p>Variation type: Slippage</p> <p>Budget:</p>								
				Values in £'000s			Values in £'000s		
	SCHEME			19/20 Current Budget	FY Variance Dec19	19/20 New Budget	20/21 Current Budget	Slippage	20/21 New Budget
	0014065397127 OBSOLETE HEATING			1,798.0	-119.8	1,678.2	1,847.0	119.8	1,966.8
	0014065397139 LANSDOWNE AND HANOVER CLADDING			78.3	-72.1	6.2	0	72.1	72.1
	0014065397147 ADAPTATIONS			2,704.1	-297.8	2,406.3	2,500.0	297.8	2,797.8
	0014065397459 GARAGE STRATEGY-IMPROVEMENT			2,520.8	-400.0	2,120.8	0	400.0	400.0
	0014065398002 ELECTRICAL STRATEGY			7,958.2	1,488.3	9,446.5	6,000.0	-1,488.3	4,511.7
				19/20 Current Budget			21/22 Current Budget		
SCHEME			FY Variance Dec19	19/20 New Budget	21/22 Slippage	21/22 New Budget			
0014065397968 LIFT REPLACEMENTS			505.7	-86.5	419.1	450.0	86.5	536.5	
Funding	HRA								
Procurement	N/A								
G	People – capital and growth								
	New additions								
	<p>Fire Risk Assessment (FRA) Post-feasibility works - split across 3 sites:</p> <ul style="list-style-type: none"> ➤ Rivelin Primary School: £501k ➤ Royd Nursery Infant School: £272k ➤ Mundella Primary School: £394k <p>Why do we need the project(s)?</p>							1,167	

- What is the issue?
 - In response to duties under The Regulatory Reform (Fire Safety) order 2005 a programme of Fire Risk Assessments (FRAs) was undertaken across the Sheffield City Council (SCC) estate. The resulting FRAs generated a report which identified management and building construction requirements.
 - In order for SCC to meet statutory obligations as landlord, the following activities are required: Review FRA reports to identify appropriate actions; Record management actions to be implemented by Transport & Facilities Management (T&FM) & identify required building works to ensure compliance with fire safety regulations.
- Why do we need to address it now?
 - FRAs have identified issues which cannot be managed and therefore require construction works. FRAs were undertaken a number of years ago but works have not been completed. South Yorkshire Fire and Rescue Service (SYFRS) have raised concerns regarding the need to address issues identified in the FRAs.
- What are the implications of not doing it now?
 - SYFRS take action against SCC due to the lack of progress with delivering a programme of work. This could lead to the closure of some of the SCC estate with associated operational and reputational risks.

How are we going to achieve it?

- Proposed solution / recommended option:
 - The current Measured Term Contract (MTC), established to deliver FRA work, cannot be used due to unsatisfactory contractor performance.
 - Now propose to select a contractor through competitive open tenders.
 - CDS in-house team to deliver design, project and cost management.

What are the benefits?

- Objectives:
 - Installation of electrical and builders work, emergency lighting and fire alarm systems, also including fire doors and fire compartmentation work.
 - Completion of works at the top four priority sites for FRA within the school estate (Rivelin Primary, Royd NI, Mundella Primary, and Angram Bank Primary Schools) in 2020. However, completion of all works could be in the region of £1.6m. It may only be possible to complete works at three sites due to the current allocated budget but scope will be reviewed and cost estimate updated prior to tender should further funding be found.
 - Should further funding be found to cover all 4 sites, the 4 sites have been identified in the latest Business Case rather than create a separate OBC for the additional site. The Procurement Strategy can be adjusted to reflect the increase in funding if this changes.
- Outputs: CYPF 2018-19 FRA programme to include FRA compliance.
- Benefits:
 - Completion of FRA works at Rivelin Primary, Royd NI, Mundella Primary, and Angram Bank Primary Schools in 2020. Ensure the

<p>schools meet Statutory Obligations in relation to the Fire Regulation Order.</p> <ul style="list-style-type: none"> o Use of an alternative contractor to the current Framework contractor to improve performance. <p>When will the project be completed?</p> <p>October 2020</p>							
Funding Source	DfE Condition Allocation	Amount	£1,167k	Status		Approved	
Procurement		<ul style="list-style-type: none"> i. Capital Delivery Service to provide design work, project and cost management ii. Works procured by open procedure with suitability assessment 					
Page 461	<p>Mossbrook Special School Expansion - Post-feasibility works</p> <p>Why do we need the project(s)?</p> <ul style="list-style-type: none"> • What is the issue? <ul style="list-style-type: none"> o Built in 1960 the school is a clasp system building predominantly single storey, but there is a small first floor area. Due to school expansion and roll number increases, there is a recognised requirement to improve the existing kitchen facilities to accommodate both current provision and future requirements. The school is unable to provide appropriate meals provision to pupils at the current rate of expansion. o There is also a requirement to repair some pipework which forms part of the filtration system for the swimming pool. The pool is currently unable to be used due to this defect so a repair is required as soon as possible. In order to generate savings and ensure disruption is kept to a minimum, this element of work will be included in the contract for the kitchen works. • Why do we need to address it now? <ul style="list-style-type: none"> o to allow the school the capability to meet meal requirements for expanded pupil numbers; o to allow the school to start using the swimming pool again, once repaired. • What are the implications of not doing it now? <ul style="list-style-type: none"> o Non-compliance with Local Education Authority school meal requirements; o Loss of additional provision for specialist school services; o Loss of provision and use of swimming pool; o Reputational damage to Sheffield City Council. <p>How are we going to achieve it?</p> <ul style="list-style-type: none"> • Proposed solution / recommended option: <ul style="list-style-type: none"> o Design and tender a package of works to address the issues identified. 						122

Page 462	<p>What are the benefits?</p> <ul style="list-style-type: none"> • Objectives: <ul style="list-style-type: none"> ○ Enable the school to cater for increased numbers of pupils, and repair the swimming pool filtration system. • Outputs: <ul style="list-style-type: none"> ○ Extension and refurbishment of the catering kitchen (including new appliances); ○ Works to facilitate mobile heated 'Thermoport' units for storage and transporting hot food; ○ Repair a burst pipe underneath the swimming pool to ensure it can re-open. • Benefits: <ul style="list-style-type: none"> ○ Capability to meet meal requirements for expanded pupil numbers; ○ Capability to use the swimming pool. <p>When will the project be completed? 01/12/2020</p>						
	Funding Source	DfE Condition Allocation	Amount	£18,750	Status		Approved
		Special Provision Capital	£106,250				
	Procurement		i. Capital Delivery Service to provide design work, project and cost management ii. Works procured by closed competitive tender procedure inviting Sheffield suppliers registered on Constructionline				
Variations and reasons for change							
<p>Don Valley School: Acceleration</p> <p>Scheme description</p> <ul style="list-style-type: none"> • This project has delivered a new school on the Don Valley site, which originally had budgets running up to 2021/22 to phase in equipment purchases as required to meet pupil demand. <p>What has changed?</p> <ul style="list-style-type: none"> • The purchase of some of the equipment has been brought forward to match pupil demand requirements. 							19/20 +84.6 20/21 -19.8 21/22 - 64.8

	<p>Variation type: -</p> <ul style="list-style-type: none"> Acceleration: of £84,642 into 2019/20 (£19,794 from 2020/21 and £64,848 from 2021/22), due to purchase of additional ICT equipment by school to meet current pupil requirements. 			
	<table border="1"> <tr> <td data-bbox="170 443 322 523">Funding</td> <td data-bbox="322 443 1998 523">DfE Basic Need Allocation Funding</td> </tr> </table>	Funding	DfE Basic Need Allocation Funding	
Funding	DfE Basic Need Allocation Funding			
	<table border="1"> <tr> <td data-bbox="170 523 555 603">Procurement</td> <td data-bbox="555 523 1998 603">No change.</td> </tr> </table>	Procurement	No change.	
Procurement	No change.			
Page 463	<p>Dobcroft Infants Mobile Replacement: (Slippage / Procurement)</p> <p>Scheme description</p> <ul style="list-style-type: none"> To replace the unsafe double classroom unit and thereby provide sufficient teaching accommodation at the school, with the addition of a WC and drainage to be included in the replacement where site services and programme allows. <p>What has changed?</p> <ul style="list-style-type: none"> The incumbent contractor is unable to deliver the making good works following installation of the unit and so have been removed from the original contract. Works includes excavation, drainage and building a retaining wall. Therefore a new contractor will be procured to deliver the remaining works; work won't be invoiced until 20/21. <p>Variation type: -</p> <ul style="list-style-type: none"> Slippage: of £62,682 due to termination of the current contractor's contract and the time involved to renegotiate with a new contractor to complete the outstanding work. An additional procurement is required to complete the full scope of works 	<p>19/20: -62.7 20/21: +62.7</p>		
	<table border="1"> <tr> <td data-bbox="170 997 322 1061">Funding</td> <td data-bbox="322 997 1998 1061">DfE Condition Allocation Funding</td> </tr> </table>	Funding	DfE Condition Allocation Funding	
	Funding	DfE Condition Allocation Funding		
<table border="1"> <tr> <td data-bbox="170 1061 555 1173">Procurement</td> <td data-bbox="555 1061 1998 1173"> i. Capital Delivery Service to provide design work, project and cost management ii. Works procured by closed competitive tender procedure inviting Sheffield suppliers registered on Constructionline </td> </tr> </table>	Procurement	i. Capital Delivery Service to provide design work, project and cost management ii. Works procured by closed competitive tender procedure inviting Sheffield suppliers registered on Constructionline		
Procurement	i. Capital Delivery Service to provide design work, project and cost management ii. Works procured by closed competitive tender procedure inviting Sheffield suppliers registered on Constructionline			
	<p>Beighton School Structural Works: (Slippage)</p> <p>Scheme description</p> <ul style="list-style-type: none"> Replacement of the basement roof at Beighton Nursery Infant School. <p>What has changed?</p> <ul style="list-style-type: none"> Construction work was postponed from 2019 School Holidays to 2020 due to issue with gas mains in school basement. <p>Variation type: -</p>	<p>19/20 -31.9 20/21 +31.9</p>		

	<ul style="list-style-type: none"> Slippage: of £31,862 arising from gas mains construction work in school basement being postponed to 2020. 		
	Funding	DfE Condition Allocation Funding	
	Procurement	No change	
Page 464	<p>VARIOUS FRA Compliance Project Variations – School Sites</p> <p>Scheme description</p> <ul style="list-style-type: none"> Projects were commissioned to address the Council's obligations under The Regulatory Reform (Fire Safety) order 2005 and a programme of Fire Risk Assessments (FRAs) was undertaken across the Sheffield City Council (SCC) estate. The resulting FRAs generated a report which identified management and building construction requirements. <p>What has changed?</p> <ul style="list-style-type: none"> Minor cost changes to the works carried out by the existing contractor, Kier, are shown spilt by site in the table shown in the Variance section below. Note, whilst this position reflects the current stage of these costs for works now completed by Kier, there is still potential scope for some further cost movement pending final contract settlement negotiations. This set of variations gets us to the best known cost position for completed works, prior to engaging a different supplier to finish off any sites identified as still requiring work in order to meet the expected standards of works necessary to ensure the Council's duties under the Regulatory Reform (Fire Safety) order 2005 are met. Any of the post-Kier contract costs will be met by a separate procurement route as a variation to the existing Procurement Strategy to contract out to an alternative supplier as the overall spend is within the originally authorised expenditure figure quoted. These post-Kier works will be added to the parent Business Units in each affected portfolio until such time that individual site costs are known and specific budget recharges can be made accordingly. <p>Variation type: -</p> <ul style="list-style-type: none"> Budget increases and decreases – with a net request for further Condition funding to cover the net cost increase of £80.6k as noted below: 		+80.6

Site	Net Payment	Retention	Gross Payment	Fees	Directs	Total Spend to Date	Budget	Remaining Budget	Variation	
Firshill Primary	£310,811	£5,492	£316,303	£35,867	£43,890	£396,060	£370,520	-£25,540	£25,540 increase	
Greenhill School	£170,099	£2,972	£173,071	£21,197	£33,392	£227,660	£232,038	£4,378	£4,378 decrease	
Beighton N&I	£161,560	£2,848	£164,408	£9,357	£4,129	£177,894	£183,248	£5,354	£5,354 decrease	
Hunters Bar Infants	£97,132	£1,659	£98,791	£13,907	£11,355	£124,053	£129,279	£5,226	£5,226 decrease	
Hunters Bar Junior	£187,781	£3,357	£191,138	£19,508	£6,085	£216,731	£226,424	£9,693	£9,363 decrease	
Ecclesall Junior	£189,046	£3,391	£192,437	£19,726	£29,579	£241,742	£209,515	-£32,227	£32,227 increase	
Pipworth Primary	£302,964	£5,397	£308,361	£30,741	£11,034	£350,136	£338,697	-£11,439	£11,440 increase	
Bankwood Primary	£322,940	£5,779	£328,719	£40,146	£19,182	£388,047	£374,312	-£13,735	£13,736 increase	
Lydgate Junior	£239,697	£4,176	£243,873	£27,231	£20,872	£291,976	£269,652	-£22,324	£22,325 increase	
CYP Total	£1,982,030	£35,071	£2,017,101	£217,680	£179,518	£2,414,299	£2,333,685	-£80,614		
Funding	DfE Condition Allocation Funding									
Procurement	N/A: no change (relates to existing Kier Contract work)									
Page 465	VARIOUS FRA Compliance Project Variations (New Contract) – School sites									+53
	Scheme description									
	<ul style="list-style-type: none"> Projects were commissioned to address the Council's obligations under The Regulatory Reform (Fire Safety) order 2005 and a programme of Fire Risk Assessments (FRAs) was undertaken across the Sheffield City Council (SCC) estate. The resulting FRAs generated a report which identified management and building construction requirements. 									
	What has changed?									
<ul style="list-style-type: none"> Following the termination of a Measured Term Contract to deliver Fire Risk Assessment Works at various sites across the schools estate, a new contractor is to be procured to complete elements of works not delivered under the previous contract. 										
Variation type: -										
<ul style="list-style-type: none"> Budget increase – with a net request for further Condition funding to cover the net cost increase of £53k. 										
Funding	DfE Condition Allocation Funding									
Procurement	i. Capital Delivery Service to provide design work, project and cost management ii. Works by rotation via the YORbuild2 framework									

H	Essential compliance and maintenance							
New additions								
Page 466	MANOR LANE PITCHED ROOF (feasibility)							16
	Why do we need the project?							
	<ul style="list-style-type: none"> Issue: Manor Lane Stores is a double height warehouse with a pitched asbestos roof installed some 50 years ago or more. The roof is believed to be at or beyond the end of its expected lifetime. It is known to leak and is likely to be beyond economical repair. Why now?: as this building houses the main storage area for fixtures and fittings such as new kitchen units and bathroom suites for the Council Housing Service it is central to the service operations. Implications of not doing it now: this would lead to further deterioration and very considerable Health & Safety risks both to staff on site and anyone handling the items stored within it. 							
	How are we going to achieve it?							
Proposed solution / recommended option: conduct a feasibility study into options for addressing the roof and implications for maintaining the operation of the stores function, including any potential need for temporary relocation of stored items; appoint asbestos consultants through the corporate contract to advise on a strategy for addressing the asbestos roof itself.								
What are the benefits?								
<ul style="list-style-type: none"> Objectives: feasibility study to address the leaking roof and the implications for maintaining the stores function for the Council Housing Service. Outputs: completion of feasibility study. Benefit: present options for addressing the leaking roof at Manor Lane Stores and order of cost estimates for those options; understanding of the impacts and potential additional cost estimates of each option in terms of maintaining the stores function for the Council Housing Service 								
When will the project be completed?								
Final project completion date to be confirmed following outcome of feasibility work.								
Funding Source	Capital Receipts	Amount	£16k	Status		Approved		
Procurement		<ul style="list-style-type: none"> i. Feasibility undertaken in-house via the Capital Delivery Service ii. Surveys will be procured by quotation 						
Variations and reasons for change								

	Norton Nursery FRA and Redevelopment: (Slippage)		19/20: -5.9
	Scheme description <ul style="list-style-type: none"> New staff welfare facilities and fuel store at Norton Nursery. 		20/21: +5.9
	What has changed? <ul style="list-style-type: none"> Delays in design have led to postponed start date. 		
Variation type: - <ul style="list-style-type: none"> Slippage: £5,948 slipped as design was delayed while options for staff welfare facilities were investigated. 			
Funding	Capital Receipts		
Procurement	No change		
Page 467	CBER – Condition Surveys 17-19 (Slippage)		19/20: +174
	Scheme description <ul style="list-style-type: none"> Condition Surveys as part of the CBERP (Corporate Buildings Essential Replacement Programme) 		20/21 -174
	What has changed? <ul style="list-style-type: none"> Slight delay (3months only) to planned survey works. 		
Variation type: - <ul style="list-style-type: none"> Slippage: of £174,006 as some education sites will be completed in first three months of next financial year. 			
Funding	Capital Receipts		
Procurement	No change		
VARIOUS FRA Compliance Project Variations – Corporate Estate			-228.9
Scheme description <ul style="list-style-type: none"> Projects were commissioned to address the Council’s obligations under The Regulatory Reform (Fire Safety) order 2005 and a programme of Fire Risk Assessments (FRAs) was undertaken across the Sheffield City Council (SCC) estate. The resulting FRAs generated a report which identified management and building construction requirements. 			

What has changed?

- Minor cost changes to the works carried out by the existing contractor, Kier, are shown split by site in the table shown in the Variance section below. Note, whilst this position reflects the current stage of these costs for works now completed by Kier, there is still potential scope for some further cost movement pending final contract settlement negotiations.
- This set of variations gets us to the best known cost position for completed works, prior to engaging a different supplier to finish off any sites identified as still requiring work in order to meet the expected standards of works necessary to ensure the Council's duties under the Regulatory Reform (Fire Safety) order 2005 are met.
- Any of the post-Kier contract costs will be met by a separate procurement route as a variation to the existing Procurement Strategy to contract out to an alternative supplier as the overall spend is within the originally authorised expenditure figure quoted. These post-Kier works will be added to the parent Business Units in each affected portfolio until such time that individual site costs are known and specific budget recharges can be made accordingly.

Variation type: -

- Budget increases and decreases – with a net request to return Capital Receipts funding resulting from the net cost decrease of £228.9k as noted below:

Site	Net Payment	Retention	Gross Payment	Fees	Directs	Total Spend to Date	Budget	Remaining Budget	Variation
Chancet Wood Childrens Home	£156,693	£2,741	£159,434	£19,679	£1,694	£180,807	£179,848	-£959	£959 Increase
Claywheels Lane Depot	£74,925	£1,291	£76,216	£10,290	£1,368	£87,874	£95,314	£7,440	£7,440 decrease
Ecclesfield EPU	£78,304	£1,395	£79,699	£8,450	£3,464	£91,613	£88,730	-£2,883	£2,883 increase
Jordanthorpe Library	£21,610	£378	£21,988	£2,744	£478	£25,210	£24,988	-£222	£222 increase
Newfield Green Library	£24,654	£431	£25,085	£3,056	£478	£28,619	£28,708	£89	£89 decrease
Totley Library	£74,168	£1,385	£75,553	£5,251	£739	£81,543	£67,035	-£14,508	£14,508 increase
Stannington CC	£34,752	£603	£35,355	£5,288	£375	£41,018	£50,696	£9,678	£9,678 decrease
Anns Road YC	£38,204	£689	£38,893	£3,588	£567	£43,048	£52,333	£9,285	£9,285 decrease
Broomhall Centre	£67,801	£1,179	£68,980	£8,280	£600	£77,860	£77,364	-£496	£496 increase
Greenhill Bradway YC	£47,361	£748	£48,109	£6,324	£680	£55,113	£56,760	£1,647	£1,646 decrease
Lower Manor Centre	£174,527	£3,071	£177,598	£12,179	£1,820	£191,597	£200,665	£9,068	£9,067 decrease
Broomhill Library	£71,475	£1,229	£72,704	£6,624	£300	£79,628	£64,114	-£15,514	£15,514 increase
Frecheville Library	£22,991	£396	£23,387	£2,030	£315	£25,732	£26,355	£623	£623 decrease
Stannington Park	£48,486	£911	£49,397	£2,040	£95	£51,532	£38,339	-£13,193	£13,193 increase
Wisewood Cemetery	£20,897	£342	£21,239	£2,125	£478	£23,842	£23,152	-£690	£690 increase
Darnall Housing Office	£62,575	£1,064	£63,639	£9,008	£600	£73,247	£72,172	-£1,075	£1,075 increase
High Green Miners	£2,859	£42	£2,901	£5,362	£190	£8,453	£14,602	£6,149	£6,149 increase
Sorby House	£168,477	£1,799	£170,276	£38,567	£2,322	£211,165	£473,279	£262,114	£262,114 decrease
Osgathorpe Park	£44,582	£702	£45,284	£1,912	£250	£47,446	£22,155	-£25,291	£25,291 increase
Hollinsend Park	£69,796	£697	£70,493	£4,828	£273	£75,594	£73,190	-£2,404	£2,404 increase
Endcliffe Park	£20,845	£217	£21,062	£6,929	£475	£28,466	£28,540	£74	£74 decrease
ECM Total	£1,325,982	£21,310	£1,347,292	£164,554	£17,561	£1,529,407	£1,758,339	£228,932	
Funding	Capital Receipts								
Procurement	No change (relates to existing Kier Contract work)								
VARIOUS FRA Compliance Project Variations – Corporate Estate									
Scheme description									
<ul style="list-style-type: none"> Projects were commissioned to address the Council's obligations under The Regulatory Reform (Fire Safety) order 2005 and a programme of Fire Risk Assessments (FRAs) was undertaken across the Sheffield City Council (SCC) estate. The resulting FRAs generated a report which identified management and building construction requirements. 									
What has changed?									
<ul style="list-style-type: none"> Following the termination of a Measured Term Contract to deliver Fire Risk Assessment Works at various sites across the corporate estate, a 									

	<p>new contractor is to be procured to complete elements of works not delivered under the previous contract.</p> <p>Variation type: -</p> <ul style="list-style-type: none"> Budget increase – with a net request for further Condition funding to cover the net cost increase of £82k. 		
	Funding	Capital Receipts	
	Procurement	<ul style="list-style-type: none"> i. Capital Delivery Service to provide design work, project and cost management ii. Works by rotation via the YORbuild2 framework 	
I	Heart of the City II		
Page 470	New additions		
	None		
	Variations and reasons for change		
	<p>Heart of The City Offices (Retail Offer)</p> <p>Scheme description</p> <ul style="list-style-type: none"> Heart of the City 2 seeks to transform Sheffield city centre with an improved retail, working, leisure and living environment. Block D (Grovesnor House) is now complete and office space largely occupied by an anchor tenant. <p>What has changed?</p> <ul style="list-style-type: none"> With the occupation of the Grade A offices developed for the anchor tenant HSBC at Grovesnor House, this has stimulated interest in letting of the remaining commercial spaces. The construction of the block was completed by BAM and included the creation of the unlet Office, Retail and Food & Beverage (F&B) units to a shell state. Within the overall masterplan approved by Cabinet in March 2018 assumptions were made regarding the level of capital investment required in each of the vacant retail, Food & Beverage (F&B) and Office units to bring them to full operational state. However, the specific values can only be determined as tenants are secured and the particular uses and fit out requirements are quantified. With the confirmation of CMS, Monki & Weekday as tenants of the block and strong interest from perspective tenants of the remaining F&B and Retails units, approval is now being sought to draw down budget to make the necessary capital contributions. SCC will enter into long leases with the selected tenants. In return the Council will make payments up to the contractually agreed value and in accordance with the terms of those leases. The tenants will carry out the direct works themselves, the Council through its delivery partner Turner & Townsend, will oversee and certify that the works are acceptable. <p>Variation type: -</p>		7,011

	<ul style="list-style-type: none"> [budget increase] 		
	Funding	Prudential Borrowing	
	Procurement	N/A Capital payments to tenants	
Page 471	Heart of the City II Slippage		
	Scheme description		2019-20
	Heart of the City 2 seeks to transform Sheffield city centre with an improved retail, working, leisure and living environment.		-3830k
	What has changed?		2020-21
	A number of HOCII budgets have been re-aligned to reflect the current project delivery, slippage and acceleration. The table below shows the movements in the budgets.		+1933
			2021-22
			+1897
		19-20 Slippage / Acceleration	
		<u>000k</u>	
		SRQ Strat Dev Partner	+208
	A Palatine Chambers	-600	
	B Laycock House New Build	-963	
	C Pepper Pot Building	-190	
	G1 38 Carver Street	-183	
	H Henrys Block	-272	
	HOCII Infrastructure	-1830	
		<u>-3830</u>	
	Variation type: -		
	<ul style="list-style-type: none"> [slippage] 		
	2019-20	-3830	
	2020-21	+1933	
	2021-22	+1897	
	Funding	Prudential Borrowing	
	Procurement	N/A	

Page 472	<p>SRQ Demolitions: Heart of the City 2</p> <p>Scheme description</p> <p>This project is an element of the Heart of the City 2 projects and was originally approved to fund demolition works.</p> <p>What has changed?</p> <p>The project is now complete and the remaining budget of £115k will be moved to the Charter Square Heart of the City project.</p> <p>Variation type: -</p> <ul style="list-style-type: none"> [budget decrease] 		-115k
	Funding	Prudential Borrowing	
	Procurement	N/A	
	<p>Charter Square Enabling Works: Heart of the City 2</p> <p>Scheme description</p> <p>Heart of the City 2 seeks to transform Sheffield city centre with an improved retail, working, leisure and living environment. This project is to undertake the required highways and utility works for the Heart of the City 2 programme.</p> <p>What has changed?</p> <p>The budget has been increased by £306k [2019-20 +6k, 2020-21 +300k] to match the expected expenditure and enable completion of the remedial works.</p> <p>Variation type: -</p> <ul style="list-style-type: none"> [budget decrease] 		219-20 +6k 2020-21 +300k
Funding	Prudential Borrowing		
Procurement	N/A		

	Scheme name / business unit / summary description of key terms	Recipient	Value £'000
A	Economic growth		
	None		
B	Transport		
	<p>93137 Cut Gate Bridleway</p> <p>Background / Financial Implications – See Appendix 1 Section B</p> <p>Legal Implications The Funding Agreement will ensure that such funds will be used by the Grant Recipient to the satisfaction of the Council. Cut Gate is part of a larger project of repairing public bridleways in the area and in the event of the Council not approving this grant, the works would be de-scoped to fit available budget. The Grant amount is fixed amount and cannot be increased under the terms of the Agreement.</p> <ul style="list-style-type: none"> - The Recipient is required to provide a full description / with associated costs to SCC which will form part of the Agreement. - It is proposed that the Grant is paid on 1st March 2020 - SCC has a wide discretion under the Agreement to clawback the funding - The Project is to be completed by 31st March 2023, unless otherwise agreed to by SCC 	Peak District National Park Authority	40

C	Quality of life	
	None	
D	Green and open spaces	
	None	
E	Housing growth	
	None	
F	Housing investment	
	None	
G	People – capital and growth	
	None	
H	Essential compliance and maintenance	
	None	
I	Heart of the City II	
	None	



Lead Officer of Report: Janet Sharpe, Director of Housing and Neighbourhoods Service

Tel: 0114 2735493

Report of: *Executive Director, Place*

Report to: *Cabinet*

Date of Decision: *19 February 2020*

Subject: Appropriation of the Former Hemsworth Primary School site (Blackstock Road, Gleadless Valley, S14 1AA) for housing purposes.

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? Finance, Resources and Governance				
Which Scrutiny and Policy Development Committee does this relate to? Overview and Scrutiny Management Committee				
Has an Equality Impact Assessment (EIA) been undertaken?	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
If YES, what EIA reference number has it been given? 385 (Hemsworth), 404 (Housing Revenue Account Business Plan)				
Does the report contain confidential or exempt information?	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
<i>Appendix 2 of the report is not for publication because it contains exempt information under Paragraph 3 of Schedule 12A of the Local Government Act 1972 (as amended).</i>				

Purpose of Report:

The purpose of this report is to seek approval for the former Hemsworth Primary School site (Blackstock Road, Gleadless Valley, S14 1AA) to be appropriated for the purposes of Part II of the Housing Act 1985 to be used for the provision of extra care housing or other older person housing (such as Older Persons Independent Living), and to request that previous decisions by Cabinet regarding the use and disposal of the site be rescinded.

Recommendations:

R1: That the Cabinet decisions of September 2002 and June 2007, in respect of the disposal of the former Hemsworth Primary School site for extra care housing and that the disposal be to the Extra Care Charitable Trust, be rescinded.

R2: That, subject to no objections to the open space notice being received, the former Hemsworth Primary School site be appropriated for the purposes of Part II of the Housing Act 1985 for the provision of extra care housing or other older person housing through the Housing Revenue Account Stock Increase Programme.

Background Papers:

- Appendix 1:
Site Plan
- *Appendix 2 (Closed):
Financial Information*
- Appendix 3:
Council Housing Stock Increase Programme report to Cabinet Member (October 2019)

Lead Officer to complete:-	
1	<p>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.</p> <p>Finance: <i>Karen Jones</i></p> <p>Legal: <i>Andrea Simpson</i></p> <p>Equalities: <i>Louise Nunn</i></p>
	<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	<p>EMT member who approved submission:</p> <p><i>Laraine Manley</i> <i>Executive Director: Place</i></p>
3	<p>Cabinet Member consulted:</p> <p><i>Finance, Resources and Governance</i></p> <p><i>Neighbourhoods and Community Safety</i></p> <p><i>Transport and Development</i></p>
4	<p>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.</p>
	<p>Lead Officer Name: <i>Janet Sharpe</i></p> <p>Job Title: <i>Director of Housing and Neighbourhoods</i></p>
	Date: 25/11/2019

1. PROPOSAL

- 1.1 The former Hemsworth Primary School site is a 2.45 hectare site that lies on the corner of Blackstock Road and Constable Road in Gleadless Valley, Sheffield (S14 1AA). It is held by the Council for education purposes, although it was declared surplus to requirements for the delivery of education services by the Interim Executive Director of People's Services in July 2019. The school building itself was demolished in 2005 and since then the site has remained open space used for public recreation.
- 1.2 It is proposed that the site be appropriated to housing purposes (Part II of the Housing Act 1985) and used for the for the provision of extra care housing or other older person housing (such as Older Persons Independent Living) through the Council Housing Stock Increase Programme (approved by the Cabinet Member for Neighbourhoods and Community Safety in October 2019).
- 1.3 The site has been the subject of a number of Cabinet decisions in respect of extra care housing. In September 2002, while Hemsworth Primary School was still operating but due to amalgamate under the Primary Schools Reorganisation Plan, Cabinet identified the site for development as Extra Care Housing and approved its disposal.
- 1.4 Further decisions on the tender process and marketing approach were made in 2004 and 2006 and in June 2007 Cabinet approved the sale of the Hemsworth site to Extra Care Charitable Trust (ECCT) for the development of an extra care housing scheme. However, the sale did not take place due to the downturn in the housing market.
- 1.5 Cabinet has not considered the site further since 2007. The decisions of 2004 and 2006 were implemented. The decisions of 2002 and 2007 (detailed above) remain in force. In order to facilitate the development of extra care housing at Hemsworth by the Council, or to give flexibility to develop other forms of older persons housing (such as Older Persons Independent Living), these decisions must be rescinded.
- 1.6 Since the proposed disposal to ECCT failed to proceed, there have been attempts to market or soft market test the site for general needs or extra care housing. Consideration has been given to development of an extra care housing scheme either by the Council or a registered provider of social housing. None of these have resulted in a sufficiently attractive offer or viable scheme to enable a proposal to be presented to Cabinet.
- 1.7 As the Council Housing Stock Increase Programme has developed (as detailed in the October 2019 Cabinet Member report – see Appendix 3), the site has been identified as being suitable to meet a need for new older persons housing. It is estimated to deliver in the region of 75-80 new units (capacity dependent) which would contribute to the Council's aspiration within the Stock Increase Programme to deliver new units for

older people's independent living or extra care housing in the next 10 years.

2. HOW DOES THIS DECISION CONTRIBUTE ?

2.1 Appropriating the site for the purposes of Part II of the Housing Act 1985 will enable much needed new housing to be delivered on a site that has stood vacant since 2005. It will also contribute to the following Council priorities:

2.2 Thriving Neighbourhoods and Communities

Whilst no formal design work has yet commenced, the current ambition is to develop the Hemsworth site with approximately 75-80 new units (capacity dependent) of high quality older persons housing, as part of the Council Housing Stock Increase Programme. This will positively contribute to achieve the following three aims in the Council's Housing Strategy 2013-23:

- Increase the supply of new homes in the city;
- Help younger, older and vulnerable people live independently;
- Make best use of the city's existing housing stock.

2.3 Providing new housing on the site will also meet the growing demand for new homes identified in the Council's New Homes Delivery Plan (2018-23). Age friendly homes (which are proposed to meet Lifetime Homes standards) will allow older, vulnerable people to live independently whilst freeing up larger, existing homes for families.

2.4 Developing accommodation suitable for older people will also help achieve ambitions within the Council's Older People's Independent Living (OPIL) 2017-21 strategy to deliver three new OPIL schemes and provide an attractive offer to a wide range of local older people, potentially including "fourth-agers" with high level care needs and "third-agers" with none.

2.5 Better Health and wellbeing

Older people who move into more suitable accommodation before it becomes necessary to do so achieve better health and wellbeing outcomes than those who move much later when they are very frail and less able. Informal support and provision of activities - both social and physical - will supplement or delay the need for formal care and more costly health services, providing greater levels of health and wellbeing for individuals.

3. HAS THERE BEEN ANY CONSULTATION?

3.1 The Council is not required to consult on this proposal. However, the proposal to develop the former Hemsworth Primary School site for the

provision of older people's housing forms part of the Council Housing Stock Increase Programme. Consultation on this programme has been undertaken as part of the HRA Business Plan with tenants and residents, who support proposals to increase the number and type of new homes in the city to increase housing choice in neighbourhoods to meet the growing demand for affordable housing. An annual review of the HRA Business Plan is consulted on with tenants to approve Capital Programme spending priorities.

- 3.2 The proposals for this site will complement future plans for the wider Gleadless Valley area.

4. RISK ANALYSIS AND IMPLICATIONS OF THE DECISION

4.1 Equality of Opportunity Implications

- 4.1.1 The completed Hemsworth Equality Impact Assessment (EIA) concludes that a proposal for developing the site with older people's accommodation will positively impact older people, disabled people, carers and the less well off. The EIA records a neutral impact for race.

There are no negative impacts.

4.2 Financial and Commercial Implications

- 4.2.1 As explained in paragraph 4.3.2 below, there is a statutory requirement on appropriation that the Council *must make such adjustment in its accounts as may be requisite in the circumstances by virtue of section 24 of the Town and Country Planning Act 1959.*

It is proposed that the requisite adjustment will take into account the proposed use of the land and any benefits that the Council accrues as a result. Further information is provided in Appendix 2.

4.3 Legal Implications

- 4.3.1 In respect of the proposed appropriation of the Hemsworth site, section 122 of the Local Government Act 1972 empowers the Council to appropriate for any purpose land belonging to it and no longer required for the purpose for which it is held immediately before the appropriation. Section 122(2A) provides that no disposal of Open Space land can take place until notice of the intention to dispose has been advertised for two consecutive weeks in a local newspaper and any objections have been considered.
- 4.3.2 As a local housing authority the Council may appropriate land for the purposes of Part II of the Housing Act 1985 under section 19 of that Act. The property must then be accounted for within the HRA by virtue of Part VI of the Local Government and Housing Act 1989. On appropriation it must make such adjustment in its accounts as may be requisite in the circumstances by virtue of section 24 of the Town and

Country Planning Act 1959.

4.4 Other Implications

4.4.1 There are no other implications identified.

5. **ALTERNATIVE OPTIONS CONSIDERED**

5.1 Three alternatives have been considered:

1) **'Do nothing'**. As the site has been left vacant since at least 2005 and is currently a maintenance liability for the Council 'doing nothing' is not considered to be a suitable option.

2) **Develop the site for older persons' accommodation via market disposal** which might attract Registered Providers and/or institutional investors (based on soft market testing).

3) **Develop the site with non-age-specific general needs housing via market disposal.**

In relation to alternative options 2) and 3) - as the Council is now delivering older persons' developments elsewhere in the city, it is able to make best use of that understanding and expertise to deliver the site for the provision of extra care housing or other older person housing through the Council Housing Stock Increase Programme. If the site remains in Council ownership, the Council will be able to retain greater control over the type of development that best meets the needs of older people in the city. Keeping the asset in Council ownership will deliver a rental income to the Housing Revenue Account over the lifetime of the development.

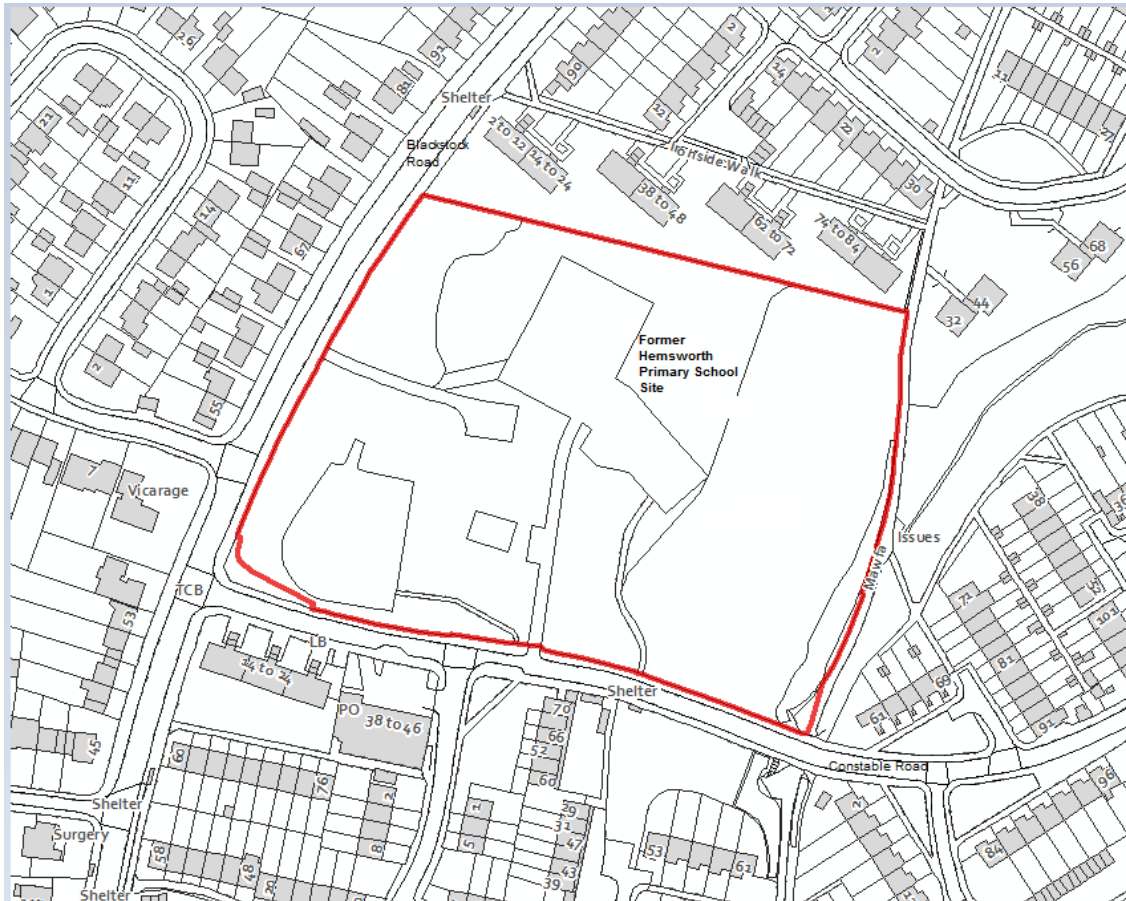
6. **REASONS FOR RECOMMENDATIONS**

6.1 The former Hemsworth Primary School site has remained vacant since 2005 and was recently declared surplus to the requirements of the 'People' portfolio. Appropriating the site for the purposes of Part II of the Housing Act 1985 will enable the Council to fulfill its longstanding intention to develop older persons housing on the site as part of the Council's Stock Increase Programme.

Appendix 1: Site Plan

Former Hemsworth Primary School, Blackstock Road, Sheffield, S14 1AA (Indicative boundary)

Total approximate area = 2.45ha;



Appendix 3: Council Housing Stock Increase Programme report to Cabinet Member (October 2019)

**Cabinet Member for Neighbourhoods and Community Safety
Executive Decision Report: 14th October 2019**

Council's Stock Increase Programme: Principles for Increasing the Council's Stock Increase Programme

<http://democracy.sheffield.gov.uk/ieDecisionDetails.aspx?ID=2392>

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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